

# Advancing Formulas for a Sustainable Future



**Chevron  
Phillips**  
Chemical Company LLC

SUSTAINABILITY REPORT

ADVANCING FORMULAS FOR A SUSTAINABLE FUTURE

# OUR SUSTAINABILITY JOURNEY

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# A MESSAGE FROM OUR CEO

## LAYING THE FOUNDATION FOR SUSTAINABLE GROWTH

Chevron Phillips Chemical Company has always been focused on creating shareholder value and growing our business in a way that is sustainable for our employees, customers and communities. To us, sustainable growth means keeping the health and safety of our workforce at the forefront of everything we do; it means creating the chemical building blocks for end-use products that leave a smaller carbon footprint and improve the quality of consumers' lives; and it requires that we act ethically and responsibly as a model corporate citizen in a diverse, global business climate.

Since we published our last report, we have made great progress toward a new phase of sustainable growth. Driven by increased demand for our products and fueled by the shale boom in North America, in 2013, our owners green-lighted a \$6 billion project to build new assets along the U.S. Gulf Coast. As we continue with planning, construction and operation of our new facilities, we are committed to being good stewards of this investment.

Additionally, in 2013 we refined our business strategy to better position us for long-term success in this period of unprecedented growth. As a company, we reaffirmed our focus on continued improvement in

all areas of our business, including our safety and environmental performance and developing the highly diverse workforce we need to stay competitive and profitable.

From setting safety records in Qatar and reducing seawater consumption in Singapore to building Habitat for Humanity houses in Baytown and Conroe, the pages of this report reveal the dedication of Chevron Phillips Chemical employees worldwide to safely manufacture quality products, better their communities and support their neighbors. Our stories demonstrate the progress we are making toward integrating sustainable practices into the fabric of everything we do as a company and as people.

At Chevron Phillips Chemical, we hold ourselves to the highest ethical standards, and we always aim to act with authenticity and communicate with transparency. While this report serves as an important reminder of where we've been on our sustainability journey, it also forces us to keep an eye toward where we are going and how we will get there safer, faster, with a smaller environmental footprint and greater positive social impact.



Peter L. Cella  
CEO, Chevron Phillips Chemical



“ This report forces us to keep an eye toward where we are going and how we will get there safer, faster, with a smaller environmental footprint and greater positive social impact.”

**PETER L. CELLA**  
CEO, Chevron Phillips Chemical



# PERSPECTIVES FROM OUR GLOBAL SUSTAINABILITY MANAGER



## ADVANCING OUR JOURNEY

Growing sustainably in today's connected world requires Chevron Phillips Chemical to listen to our stakeholders, align our business practices with what matters most to them and share our progress regularly. That's why we are thrilled to publish our third report, which demonstrates how we're building on our foundational practices in safety, environmental and product stewardship, corporate citizenship and economic pragmatism to accelerate our performance.

As we foster open dialogue with our stakeholders – customers, suppliers, communities, industry partners and employees – we are prioritizing sustainability issues that are relevant to them and focusing our resources to make positive impacts in those areas. Increasingly, these groups expect more from us, and as a result, we continue to raise the bar for ourselves.

Throughout 2013, we continued the conversation about sustainability with our employees by completing our first internal materiality assessment which led us to create a team to investigate life cycle assessment processes. In our communities, representatives from Chevron Phillips Chemical's manufacturing sites regularly engaged with local leaders and residents to collaborate on issues of mutual importance, from developing the local workforce to reducing emissions.

We also engaged industry stakeholders to bring our company's perspective to the conversation about sustainability. For example, at the inaugural Gulf Petrochemicals & Chemicals Association's Sustainability Summit in Dubai, we provided guidance to the chemical industry on how to choose a sustainability reporting standard. Core members of our leadership team participated in sustainability-related committees with leading organizations like the American Chemistry Council and Society of Plastics Engineers.

For Chevron Phillips Chemical, continuing this open dialogue is paramount to determining the next steps on our sustainability journey. Without the support of our customers, industry, employees and neighbors, we cannot achieve our aggressive growth goals. As we anticipate this next chapter in our company's expansion, we are even more committed to working hand in hand with you, our stakeholders, to identify and understand the challenges and opportunities ahead.

Please let us know how we are doing in our journey. Your feedback will advance all of us toward a sustainable future.

A handwritten signature in black ink, appearing to read "R. Wagner".

Rick Wagner  
Global Sustainability Manager,  
Chevron Phillips Chemical

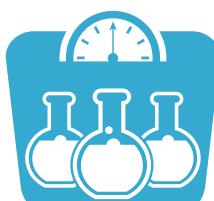
# CHEVRON PHILLIPS CHEMICAL BY THE NUMBERS



billion in assets



manufacturing and research & technology facilities worldwide



25 BILLION

pounds of chemical products manufactured annually

70,000+

products use the materials we produce



in community donations

2500+ PATENTED

domestic and international patents and patent applications



overall reduction in Process Safety Event Rate in the last 3 years



overall reduction in emission events



pounds of metal recycled at 3 of our facilities



trillion Btu reduction over last 5 years equivalent to powering the city of Philadelphia for one month

P E O P L E

P L A N E T

P R O F I T

# OUR COMPANY AT A GLANCE

As one of the world's top producers of olefins and polyolefins and a leading supplier of aromatics, alpha olefins, styrenics, specialty chemicals, piping and proprietary plastic, Chevron Phillips Chemical Company LLC is committed to driving sustainable practices throughout all of its businesses. Our chemicals and plastic resins are essential to the manufacture of more than 70,000 consumer and industrial products which makes us highly invested in preserving natural resources, developing our employees and caring for the communities around us.

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 \$10.5 billion in assets, interest in 37 manufacturing facilities worldwide and nearly 5,000 employees.

## JOINT VENTURE\*

**Saudi Chevron Phillips Company (SCP, in operation since 2000) and Jubail Chevron Phillips Company (JCP, 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).

**Petrochemical Conversion Company (PCC)** is a joint venture between Saudi Industrial Investment Group (50 percent) and a Chevron Phillips Chemical subsidiary (50 percent), a wholly owned subsidiary of Chevron Phillips Chemical LLC.

**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 (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 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 Company (60 percent), a subsidiary of Sinopec (China Petroleum and Chemical Company).

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 with INEOS.

**Americas Styrenics LLC** 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.

\*Reflects current information at the time this report was published – December 2014

## RESEARCH & TECHNOLOGY

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

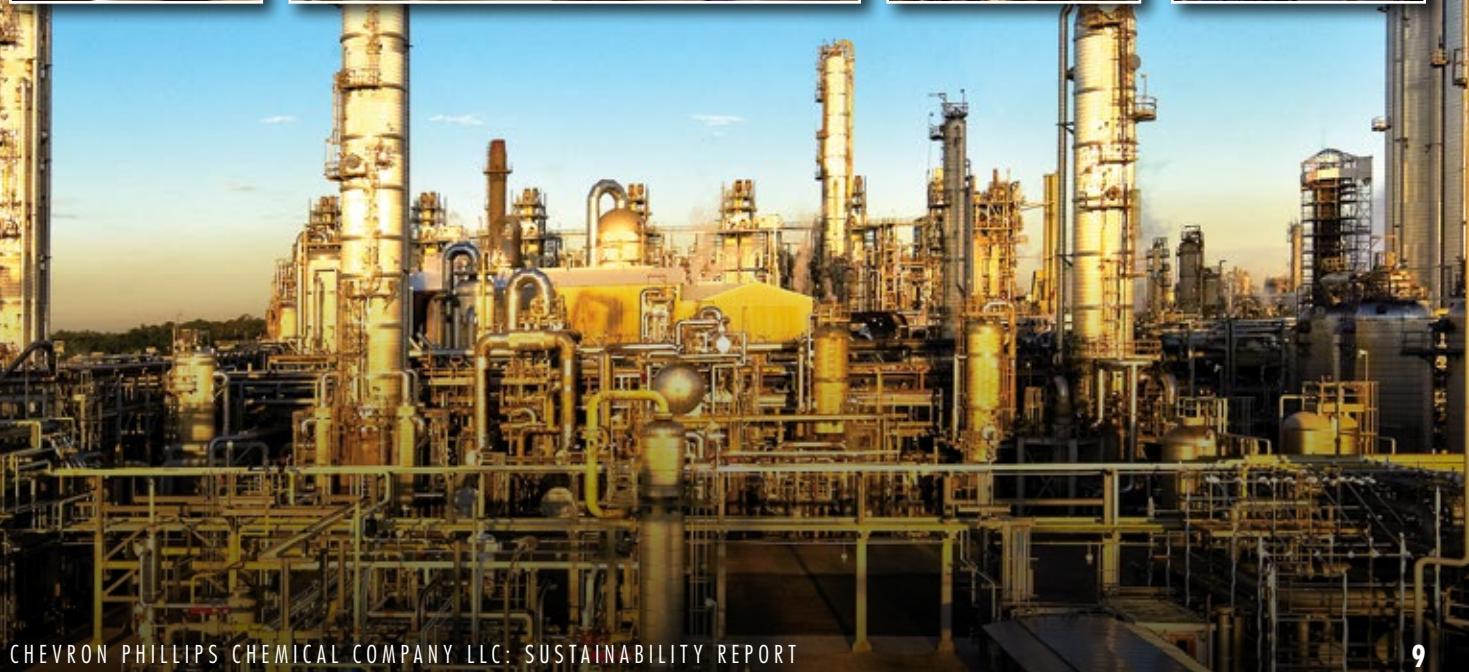
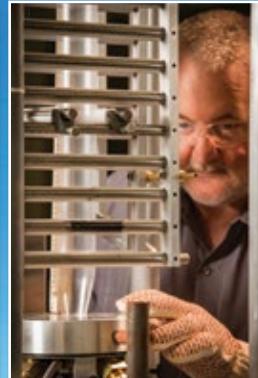
The company holds more than 2,500 domestic and international patents and patent applications, and employs more than 260 scientists, researchers and engineers who

conduct a range of research activities. Laboratory/bench and pilot scale process development, analytical and mechanical testing, patent support, and technical and service support for customers worldwide are only a few of our activities. Our state-of-the-art Plastics Technical Center is equipped with the latest processing and testing technology for molding and extruding polymer and copolymer resins.

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:

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

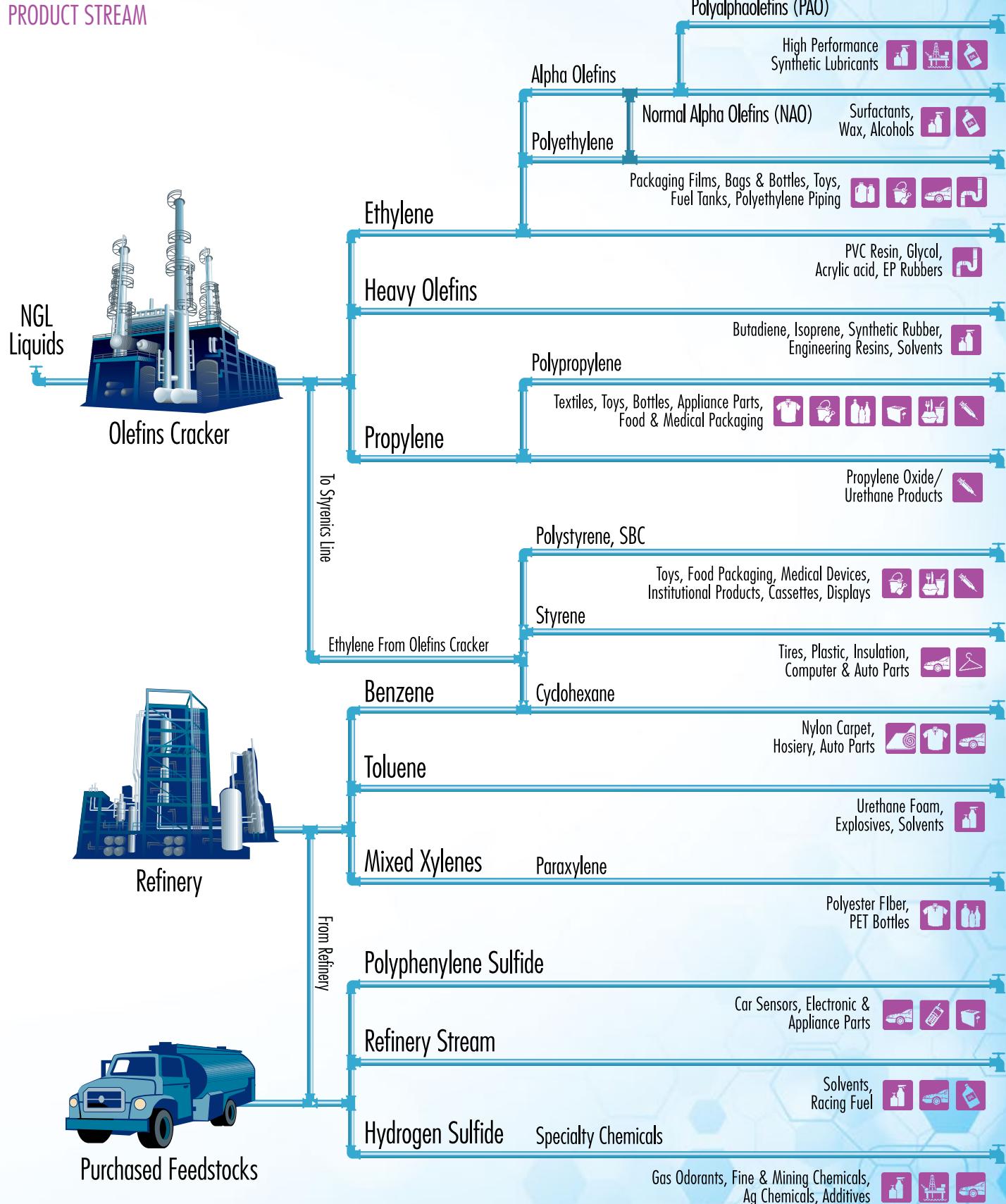


# CHEVRON PHILLIPS CHEMICAL PRODUCTS

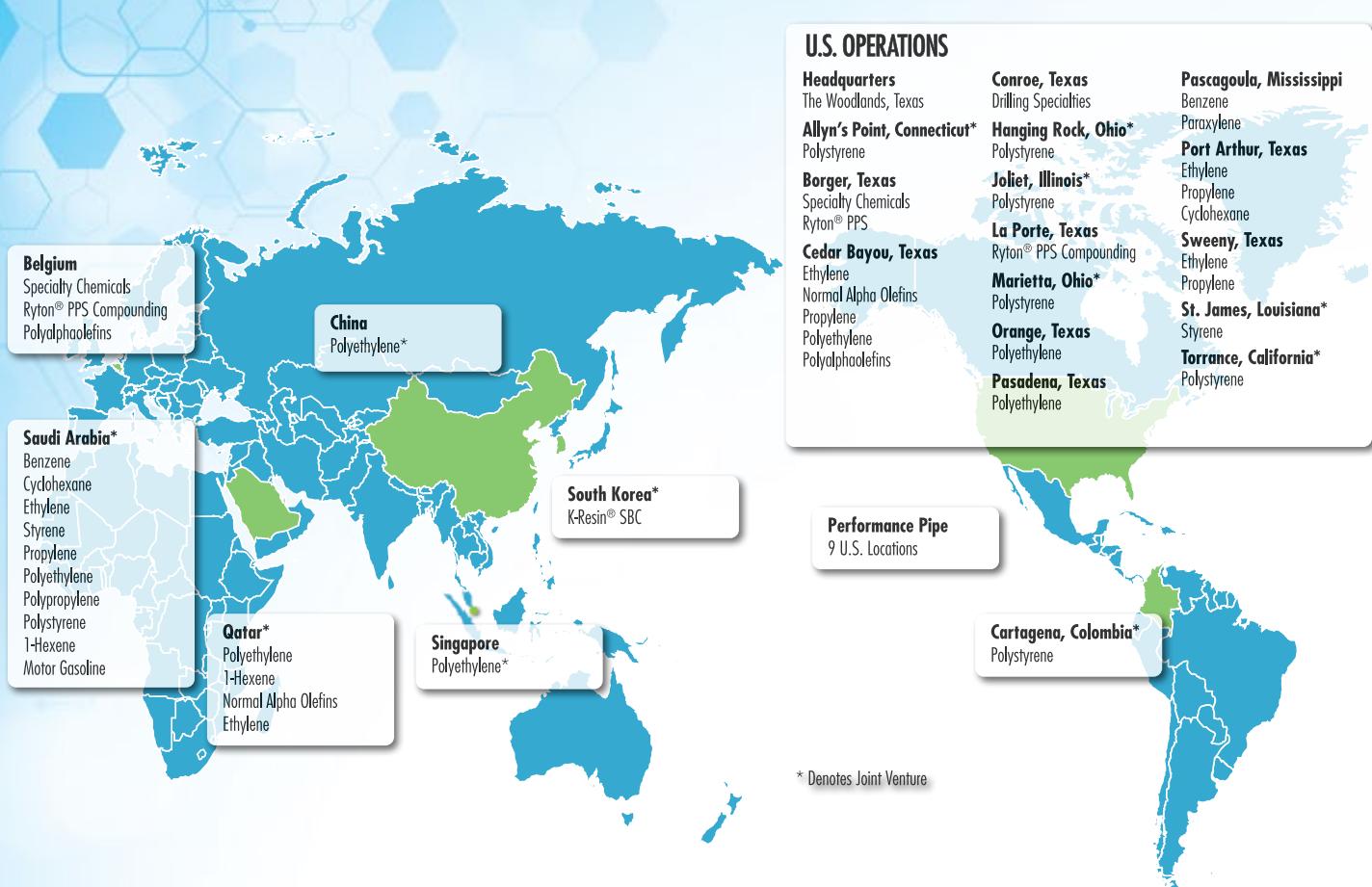
## PRIMARY BRANDS



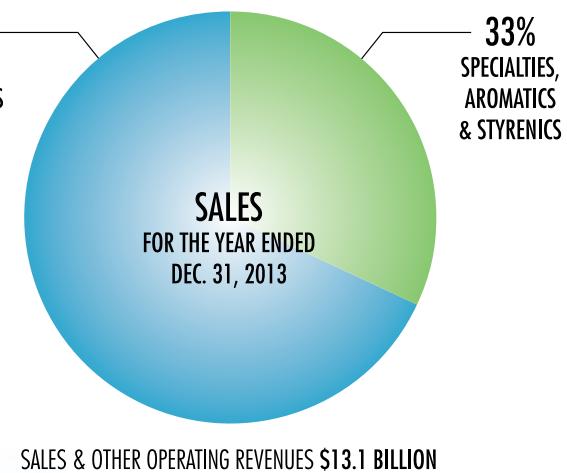
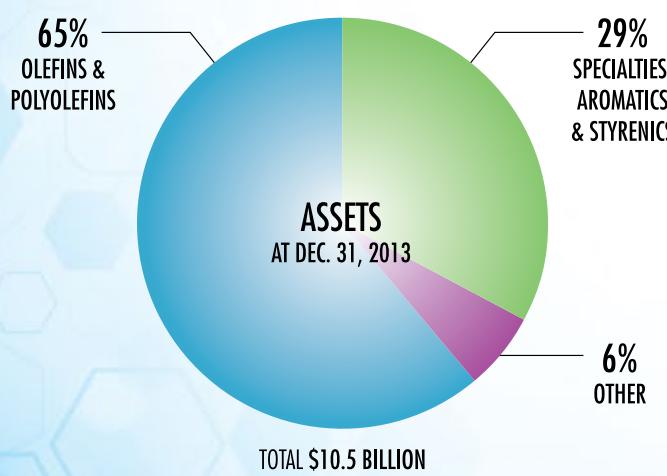
## PRODUCT STREAM



## PRODUCTION FACILITIES



## ASSETS AND SALES FOR THE YEAR ENDED DEC. 31, 2013



## 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. Certain major decisions and actions require the approval of the Board. All Board actions require the approval of at least one representative each of Chevron and Phillips 66.

\*Reflects senior leadership at the time this report was published – December 2014



**PETER L. CELLA**  
President & CEO



**MARK LASHIER**  
EVP Olefins & Polyolefins



**RON CORN**  
SVP Specialties, Aromatics and Styrenics



**TIM HILL**  
SVP, Legal and Public Affairs, General  
Counsel & Corporate Secretary



**TIM LEVEILLE**  
SVP, CFO & Controller



**DAN COOMBS**  
SVP Manufacturing



**DON LYRETTE**  
SVP Research & Technology



**SCOTT SHARP**  
SVP, Projects



**PEGGY COLSMAN**  
VP & Chief Information Officer



**KATE HOLZHAUSER**  
VP Environment, Health, Safety & Security



**JIM TELLJOHANN**  
VP Corporate Planning & Development



**GREG WAGNER**  
VP Human Resources



**KELLY RADCLIFFE**  
General Manager, Auditing

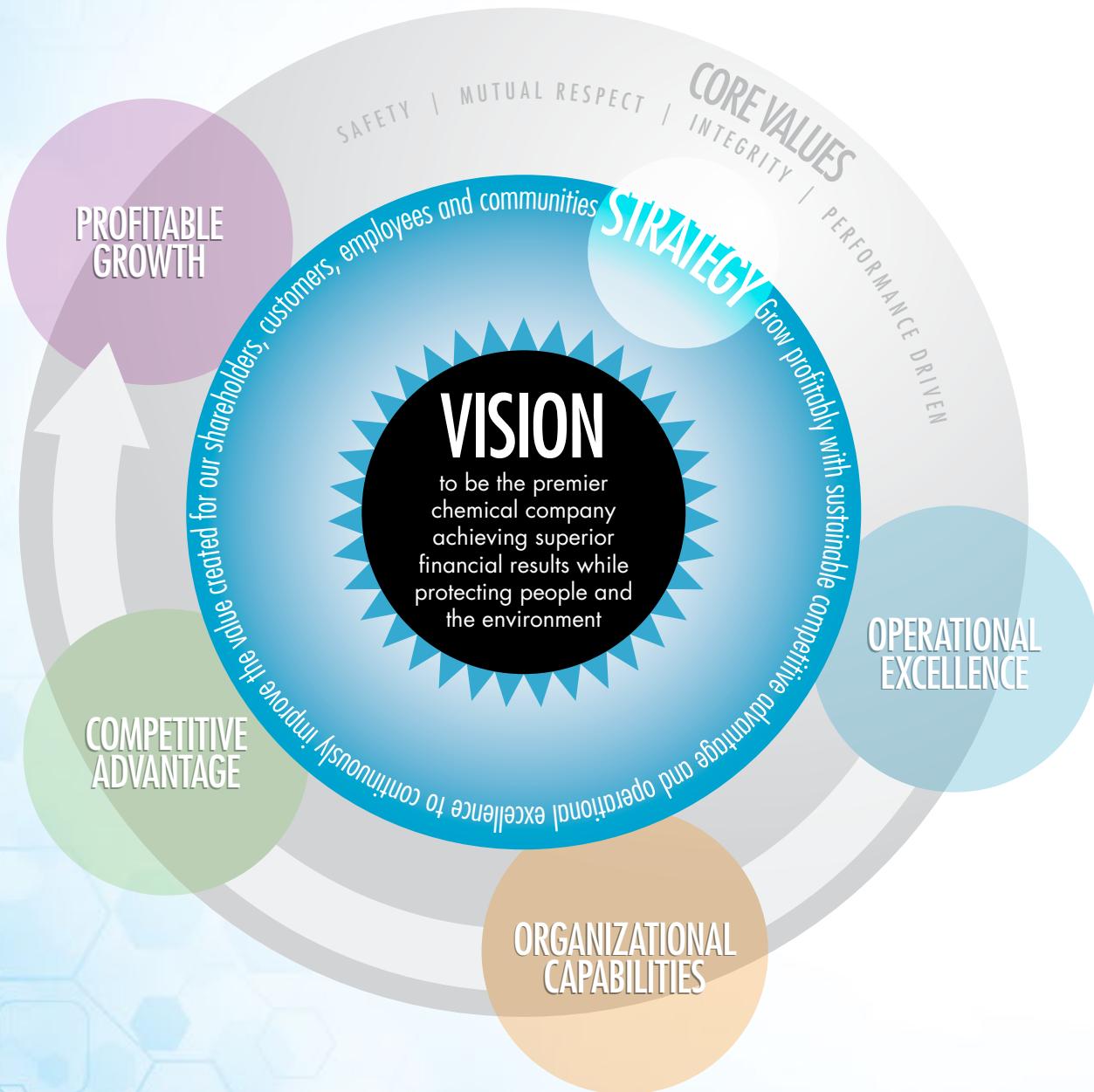
# EVOLVING OUR BUSINESS STRATEGY TO SUSTAIN GROWTH

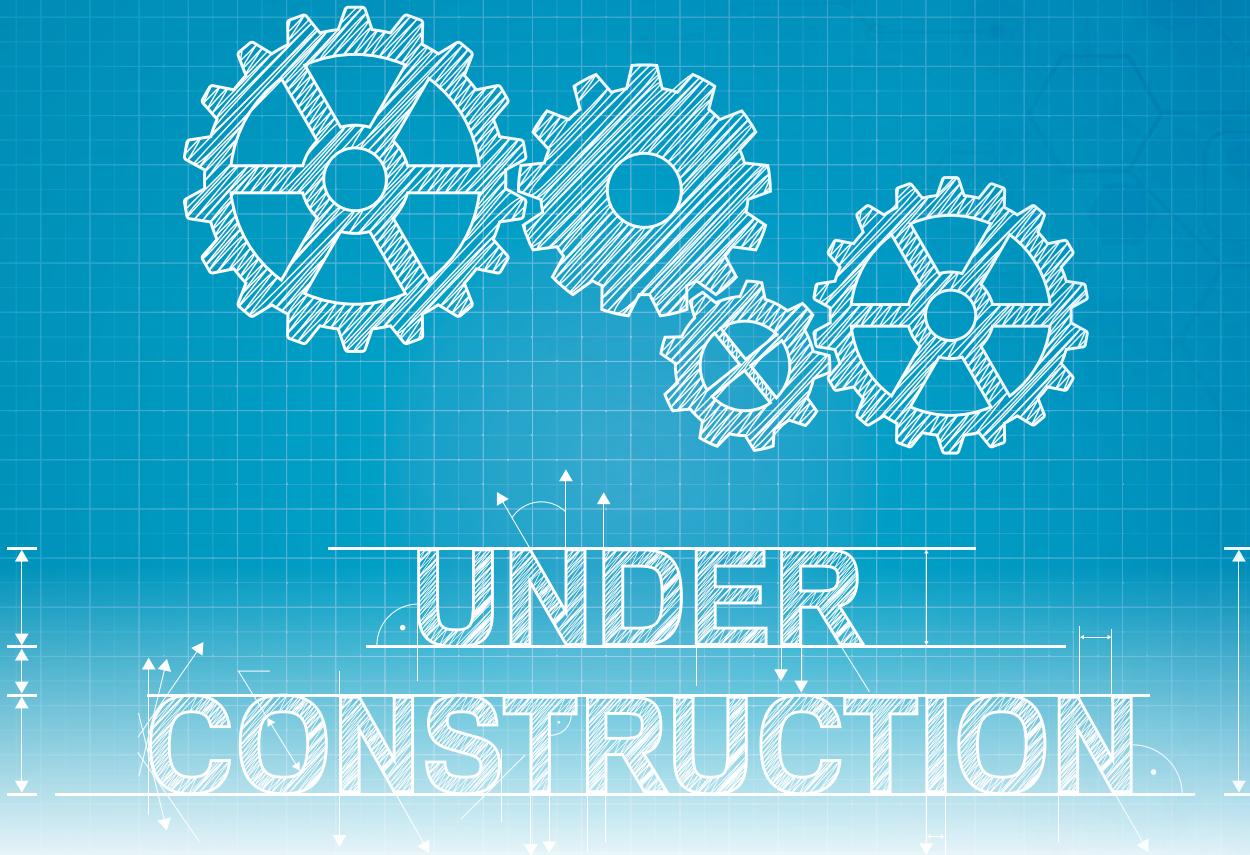
Chevron Phillips Chemical's vision for the future is to be the premier chemical company achieving superior financial results while protecting people and the environment. We recently refined our business strategy to add more dimension, better align with our vision and set us on a path to sustainable growth for years to come.

As we re-envisioned our strategy, we used our core values of safety, mutual respect, integrity and performance

driven as the foundation. We added four newly refined strategic elements to support our growing structure: Operational Excellence, Organizational Capabilities, Competitive Advantage and Profitable Growth. While we have practiced all of these elements since the company's inception, they are now more clearly defined and part of a formal process that will guide us as we move forward.

Every day we strive to make progress against our business strategy. By operating in the manner that the diagram is laid out – keeping our vision at the center of everything we do, reinforcing it with a sound strategy and executing on the most critical elements of our business – we will reach our vision safely and profitably.





## U.S. GULF COAST PETROCHEMICALS PROJECT

In 2013, Chevron Phillips Chemical received board approval to execute its groundbreaking U.S. Gulf Coast (USGC) Petrochemicals Project, a \$6 billion expansion project critical to its sustainable growth strategy. Initially announced in 2011, the USGC Petrochemicals Project consists of the construction of a world-scale ethane cracker, the first to be built in the U.S. in a decade, and two polyethylene units.

"We remain in the first mover position as we take another critical step in executing a project that will benefit our customers, suppliers, local communities and existing and future employees," said Peter L. Cella, president and chief executive officer of Chevron Phillips Chemical. "We are able to realize this important milestone thanks to continued strong growth in demand for our products, shale resource development in the United States, and the tremendous support of our owners."

The state-of-the-art, world-scale polyethylene units will be capable of producing a wide variety of high and linear low density polyethylene products including bimodal and metallocene-based polyethylene polymers. These facilities will incorporate Chevron Phillips Chemical's leading edge MarTECH™ SL, mPact® metallocene and MarTECH™ Advanced Dual Loop bimodal technologies.

The ethane cracker is being built at Chevron Phillips Chemical's Cedar Bayou plant in Baytown, Texas, and two polyethylene units are being built at a site in Old Ocean, Texas, near Chevron Phillips Chemical's Sweeny plant. The USGC Petrochemicals Project is expected to create approximately 400 long-term direct jobs and 10,000 engineering and construction jobs.

"Overall, this project aligns perfectly with Chevron Phillips Chemical's strategy of profitable growth, competitive advantage, operational excellence and organizational capability, and we look forward to a successful and safe startup in 2017," said Cella.

### 2013 ACCOMPLISHMENTS

- Zero recordable injuries
- Surpassing 1 million man hours without a recordable injury
- Zero reportable spills or releases during initial field preparation work and substation construction
- Implemented numerous Operational Excellence initiatives and improvements in existing programs/processes
- Employee-led development of protocols utilized to conduct quarterly fire drills and safety audits
- Implemented storm water pollution prevention plans to ensure that Cedar Bayou and Little Linnville Bayou were protected against pollutants in storm water run-off
- Incorporated several environmental factors into the facilities' designs – low pressure vent systems and operational elements for minimizing flare emissions
- Designed system to reduce emissions by eliminating pellet storage and blending operations, and conveying product directly to rail cars

# DRIVING OPERATIONAL EXCELLENCE



Our commitment to operating in a safe and responsible manner is exemplified in the company's Operational Excellence System – a global framework for managing the health and safety of our employees and contractors as well as operating responsibly within our communities. An essential component to our sustainable growth strategy, Operational Excellence helps us continually improve process safety, asset security, reliability and utilization as well as the delivery of quality products and services to our customers in an environmentally responsible manner.

Building upon heritage systems from our owner companies, our Operational Excellence System is used worldwide to:

- Set goals for and assume measurement of continual improvement
- Provide alignment of activities and resources to meet objectives
- Assess and manage risks
- Gain shareholder input
- Assure the quality of our products and services throughout a product's lifecycle
- Rigorously audit our performance against operational objectives and compliance requirements

Each day we strive to make optimal use of the resources we consume and minimize emissions and waste. We use our Operational Excellence System to recognize and reduce the risks of our operations and products throughout their lifecycles.

Through our Operational Excellence System framework, we communicate company results and welcome the input of our employees and contractors, regulatory agencies, our communities, our customers and other interested stakeholders. At Chevron Phillips Chemical, Operational Excellence incorporates a "Plan-Do-Check-Act" model to achieve continual improvement. It requires that each facility and product line be formally audited by our Corporate Environment, Health, Safety and Security Department. Our Operational Excellence System reduces operating risks and promotes regulatory compliance.



## RESPONSIBLE CARE®

OUR COMMITMENT TO SUSTAINABILITY

As a member of the American Chemistry Council (ACC), Chevron Phillips Chemical participates in the Responsible Care® program for our U.S. petrochemical manufacturing facilities, product lines, headquarters, and research and technology operations. In addition, Chevron Phillips Chemical affiliates in Qatar and the Kingdom of Saudi Arabia are on track to complete Responsible Care® RC14001 certification, demonstrating their commitment to the principles of Responsible Care® promoted by the Gulf Petrochemicals & Chemicals Association (GPCA) and the ACC.

Responsible Care® embraces the development and application of innovative chemistry, helping our industry contribute to sustainable development while allowing us to meet the world's growing need for essential chemicals and the products those chemicals make possible. Chevron Phillips Chemical's Operational Excellence System is designed to fulfill the ACC's Responsible Care® Management System requirements.



# BUILDING A CULTURE OF SAFETY

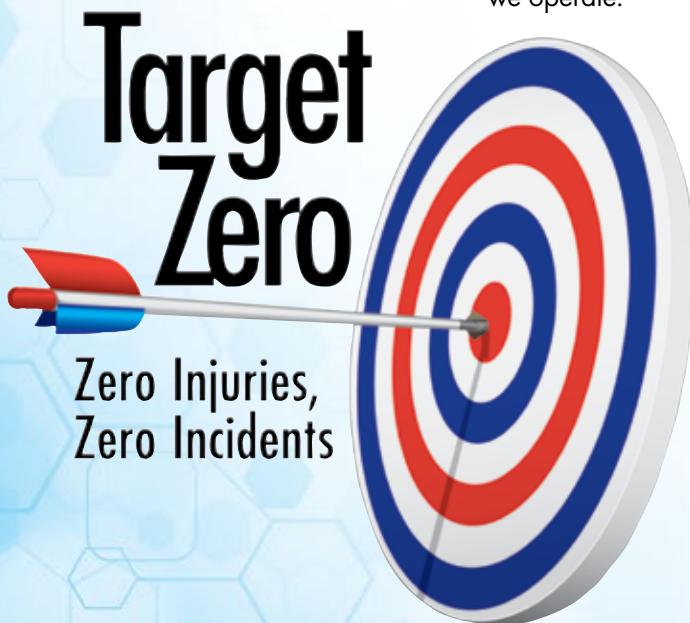
At Chevron Phillips Chemical, safety is more than a priority — it is ingrained in our company culture. Our “Target Zero” safety philosophy ensures that all of our facilities practice stringent processes to maintain the safe operation of company assets around the globe. We set aggressive targets to drive continual improvement and to ensure that our employees and contractors return home safely every day.

Since 2002, we have decreased the combined employee and contractor recordable incidence rate by 60 percent. Seventeen of our 20 eligible U.S. sites have achieved the STAR designation through OSHA’s Voluntary Protection Program (VPP). Seven of our facilities have operated for five years or more without an employee recordable injury or illness and five facilities have operated without a single employee recordable injury or illness since the formation of the company in 2000.

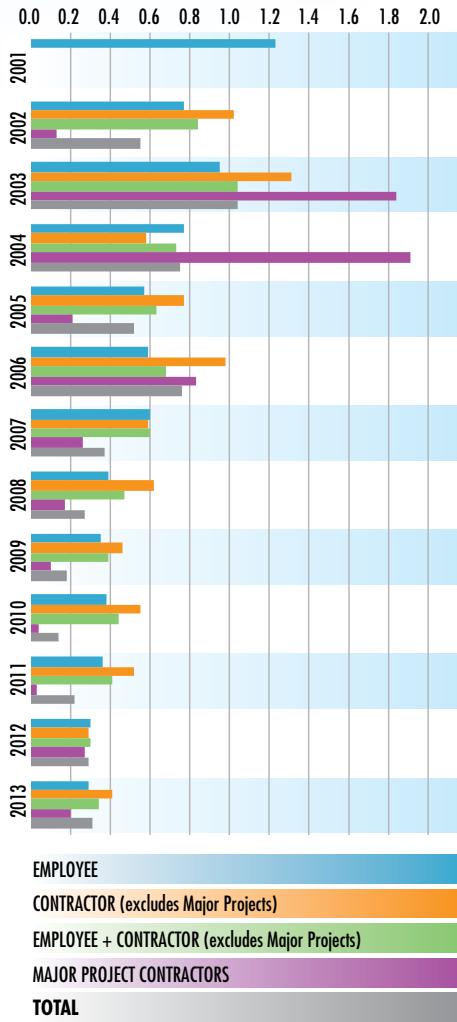
Our progress is the result of the commitment of our entire workforce and the success of our Operational Excellence System. Each year, we continue to see increased employee involvement and leadership support, expanded behavioral safety processes at all facilities, increased involvement of cross-functional employee safety networking and action teams, and an increased focus on contractor safety. We view employee and contractor safety statistics together as one unit because both are of equal importance to our company’s success.

Management, employees and contractors are expected to reinforce safety expectations and ensure competence in safety matters inherent to their roles. The company provides safety training for executives, managers, professionals and hourly employees that is tailored to their respective responsibilities.

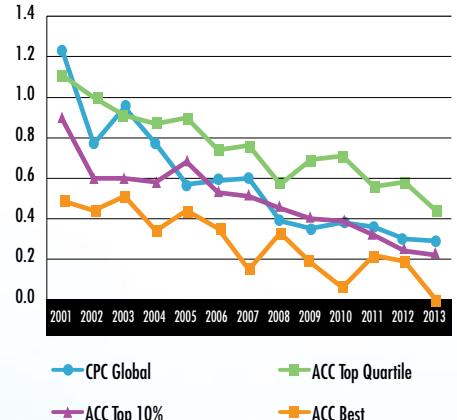
We remain focused on continuing to improve our safety performance and protecting the health and safety of our employees, our contractors, our partners and the communities in which we operate.

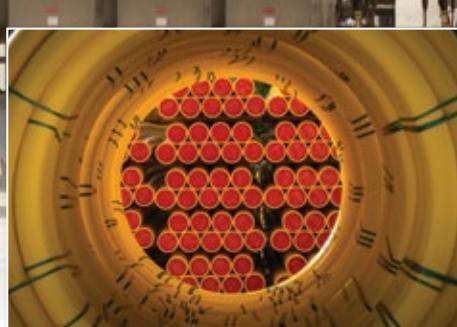


## SAFETY PERFORMANCE<sup>1</sup>



## EMPLOYEE PERFORMANCE VS. ACC MEMBER COMPANIES<sup>2</sup>





## Q-CHEM SETS SAFETY RECORDS IN 2013

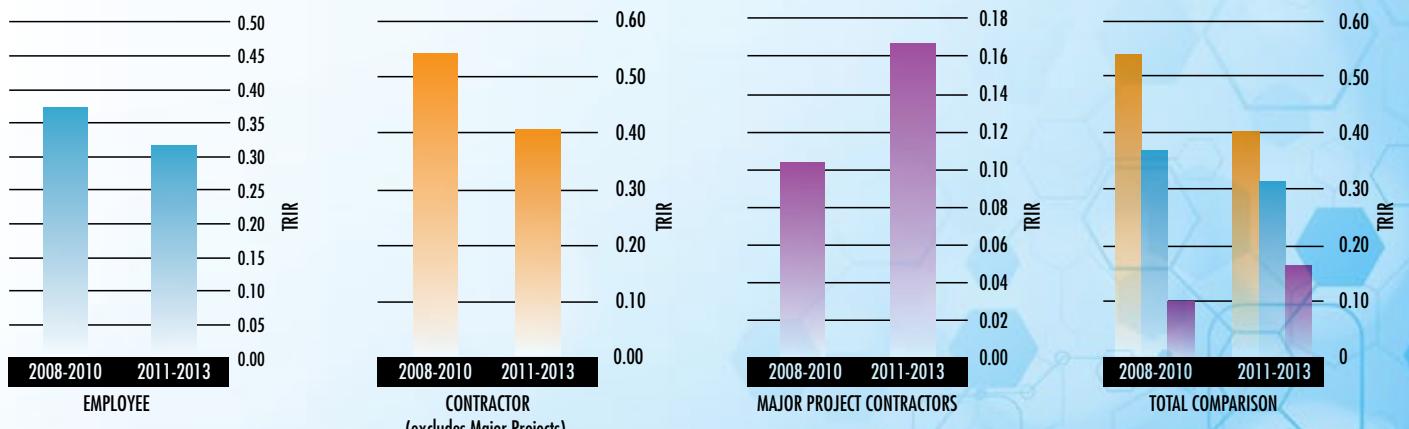
Q-Chem's strong safety performance is built on a culture that extends from senior management to shift workers. In 2013, the facility achieved a number of safety performance milestones. While operating at record levels, injury rates for employees and contractors were at the lowest ever, with zero injuries for contractors and a recordable incidence rate of 0.03 for employees.

Q-Chem follows a rigorous safety reporting and training process that aligns with OSHA and ISO Standards for measurement of safety performance. In 2013, Q-Chem committed more than 114,000 hours toward training its staff on Health, Safety and Environmental topics. Focusing on the site's life-critical procedures, the team revamped its training program to include multiple languages and a field-based, hands-on component.

## MAKING SAFETY A PRIORITY IN PLANO

At our Performance Pipe division headquarters in Plano, Texas, employees are committed to making safety and Operational Excellence a priority. In 2013, this facility completed 1 million work hours without a recordable injury/illness and was instrumental in developing a Division Supervisor Safety Leadership Academy for front line supervisors. The team also installed Electronic Communication Stations at strategic locations within each plant to ensure that employees receive Operational Excellence messages on safety and quality in real time.

## TOTAL RECORDABLE INCIDENCE RATE (TRIR)<sup>1</sup>



## TENETS OF OPERATION

The achievement of Operational Excellence is ultimately determined instant to instant, day after day, by the actions of employees and contractors through adherence to our Tenets of Operation. The Tenets provide a universal code of conduct to guide decision-making by all employees and contractors for working safely and is viewed as a "license to act." Our company's Leadership Team conveys its priorities through the following guiding principles:

- Work safely or not at all
- There is always time to do it right
- If it's worth doing, do it better

The Tenets empower Chevron Phillips Chemical employees and contractors at all levels of the organization to work safely and to respond consistently and appropriately in a timely manner, thus preventing injuries/illnesses and process safety events. We believe that safety is everyone's responsibility. Any employee or contractor has the right and obligation to stop any work activity deemed unsafe.

This corporate philosophy, supported by the Tenets and our Operational Excellence System, helps our co-workers arrive at work and go home safely while targeting zero injuries/illnesses or incidents.

If it's worth doing,  
do it better!

There is always  
time to do it right!

Work safely  
or not at all!



### STARS SHINE IN TURNAROUND

Every five to six years, nearly all of our production units undergo a scheduled turnaround. This is the time when maintenance tasks and construction projects that can only be completed during a full shut down are performed. With an influx of workers in the area of the unit to quickly make the necessary changes and return it to full production, safety is an imperative, and, as such, it is built into every one of our turnaround job plans. The goal is always Target Zero.

In 2013, our Chevron Phillips Singapore Chemical (CPSC) facility met this safety goal by completing a 56-day plant turnaround with zero employee and contractor recordable injuries/illnesses. An incredible amount of effort was involved – more than 500 turnaround contractors were assigned safety coaches and attended safety orientation training,

a kick-off event and group safety toolbox meetings. In addition, daily focused inspections, management walkabouts and behavior-based safety observations took place to reinforce safe behavior expectations.

CPSC also created the Safe Turn-Around Reward (STAR) program which involved all employees and contractors. The objective of the program was to reinforce the expectation to work safely, one day at a time. In this program, each employee and contractor answered the question – what have you done to make today a safe day? Each week, plant leadership selected the 10 brightest STARs. Five overall best entries were then selected and the brightest STARs of the week were presented with prizes. Building a great team early on, involving everyone in fun and unique ways to promote safety and following safe behaviors increases the likelihood that everyone goes home safely every day.





## PROCESS SAFETY

Effectively managing process safety to prevent incidents and manage key risks inherent to our business is a cornerstone of our company's Operational Excellence System. Process safety is core to protecting people and ensuring asset integrity, as well as supporting growth and economic stability. Through our Operational Excellence System, facilities are required to conduct self-evaluations to ensure compliance with Chevron Phillips Chemical internal standards and regulatory requirements.

Our process safety systems are designed to meet, and in many cases, exceed industry norms. Additionally, our process safety organization collaborates throughout the year to identify best practices.

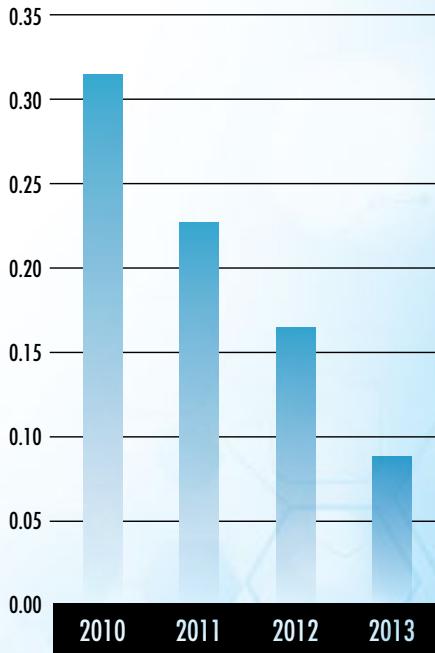
In 2013, our company expanded its process safety metrics to better evaluate and manage programs. Results of process safety indicators are reported by manufacturing facilities and are reviewed routinely by management. Sixteen sites worldwide capture Tier 1 and Tier 2 process safety event rate data consistent with industry standards. This data

demonstrates that our continued focus on preventing loss of primary containment events resulted in a reduction of Tier 1 and Tier 2 process safety events during the year.

Mechanical integrity was a primary focus within our facilities throughout 2013. We enhanced our organization's mechanical integrity procedures to more comprehensively ensure our process equipment is properly constructed, installed and maintained to prevent failures and accidental releases. Additionally, we improved our ability to leverage mechanical integrity data across our facilities to support decision making, planning and maintenance processes.

We also expanded our process safety training to ensure employees and contractors are knowledgeable about the risks and requirements involved in our manufacturing processes. By focusing on the human element, we hope to better understand, predict and influence behavior to maintain operational discipline.

## TIER 1 AND TIER 2 PROCESS SAFETY EVENT RATE<sup>3</sup>





## SECURITY

Chevron Phillips Chemical strives to provide a safe and secure environment for personnel, contractors, customers and visitors. Our Global Security team has developed and implemented a Security Management System. Aligning with our Operational Excellence System, it features structured security programs to protect personnel, assets, operations, information and the company's reputation in a dynamic threat environment. Global Security has also developed and published a variety of security guidelines and global Operational Excellence procedures. These include a security risk

assessment methodology, alert levels and security response measures, and security incident reporting guidelines.

Chevron Phillips Chemical facilities are compliant with the Responsible Care® Security Code, which requires security risk assessments (SRAs) through our Operational Excellence System.

Specific facilities are compliant to one or more additional security regulations as dictated by location, facility type, chemicals onsite or products produced and modes of transportation. We take pride in maintaining full compliance with applicable domestic and international security regulations.



## EMERGENCY RESPONSE PREPAREDNESS

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

### EMERGENCY RESCUE TEAM NAMED WORLD CHAMPIONS

Chevron Phillips Chemical's emergency rescue team at the Cedar Bayou facility in Baytown, Texas, exemplifies excellence at work. Each year the team competes against other petrochemical companies from across the country at the International Rescue Emergency Care Association (IRECA) conference. In 2013, the team placed first in technical rescue and was named world champions. This win marked the team's tenth victory in technical rescue.

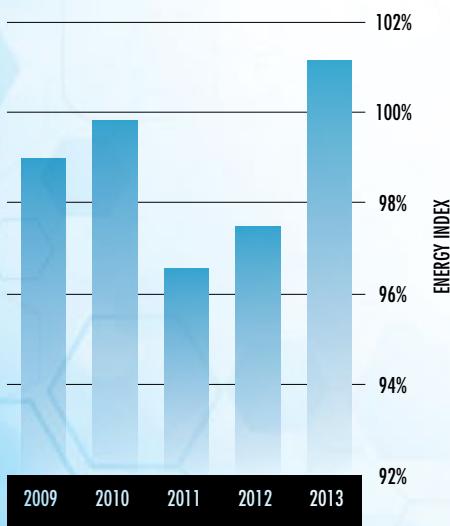
# BEING GOOD STEWARDS OF OUR ENVIRONMENT

We strive to conduct business in a safe, secure, injury-free and environmentally responsible manner and are committed to complying with federal, state and local environmental regulations. To support these goals, our Operational Excellence System promotes internal consistency, while encouraging continuous improvement in environmental performance.

We recognize that to reach our goal of sustainable growth and meet the increasing global demand for petrochemicals, we must do so in a manner that protects the planet's land, water and air resources. We have assessed baseline emissions, and our ongoing monitoring demonstrates that our energy efficiency measures have resulted in lower emissions and a reduced carbon footprint. Our challenge will be to continue to improve our performance while we execute our dramatic growth strategy.

## US MANUFACTURING ENERGY INTENSITY<sup>4</sup>

ACTUAL ENERGY CONSUMED DIVIDED BY EXPECTED ENERGY CONSUMPTION



## ENERGY EFFICIENCY AND CONSERVATION

Chevron Phillips Chemical's energy data reflects our total energy consumption, including both energy consumed from fuels as byproducts and the energy purchased and consumed by our manufacturing sites (fuel, electricity and steam).

Our energy consumption data are compiled in accordance with the methods used by the American Chemistry Council for the ACC Energy Efficiency and Greenhouse Gas Annual Survey. Because Chevron Phillips Chemical is a diversified chemical company that operates a variety of process plants, we use an energy intensity index that establishes a baseline expected energy consumption per pound of product for each unit to monitor the company's energy reduction progress. The energy intensity index is a ratio of the actual energy consumed over a baseline energy consumption value. Chevron Phillips Chemical's 2013 global annual energy consumption was 176 trillion Btu. Over the last five years, we reduced our domestic energy intensity index by 7.6 trillion Btu with the annual consumption averaging 1.2 percent below 2008 levels, or enough energy to power 28,000 homes for five years.

We have implemented an energy efficiency and conservation program with the goal to institutionalize an energy management system that will enable our U.S. manufacturing sites and eventually all company sites worldwide to optimize energy consumption and make energy conservation part of the routine decision-making process. Energy best practice teams from eight U.S. manufacturing locations are tasked

with the capture and documentation of energy management practices for implementation. This process allows each location to capitalize on "lessons learned" at other sites.

Results are reported monthly to senior leadership. In 2013, three of our international facilities participated in this program.

Examples of our energy efficiency improvement activities include:

- Furnace efficiency improvement through burner retrofits and optimization
- Furnace safety system upgrades
- Improvement of steam turbine efficiency
- Addition of steam generation
- Execution of heat integration projects
- Efficient operation of utility systems
- Implementation of process monitoring and optimization programs

In 2013, the best practice teams' activities primarily focused on daily process monitoring and optimization, steam system improvements, insulation upgrades, and operating utility and flare systems efficiently. Energy management practices are an integral part of our business strategy. Through our Operational Excellence System and energy efficiency and conservation program we are committed to making continuous improvements in energy efficiency and conservation.

## GREENHOUSE GAS AND GLOBAL EMISSIONS MANAGEMENT

At Chevron Phillips Chemical we continually strive to make our operations more energy efficient. The benefits are threefold: reduced greenhouse gas (GHG) emissions, reduced global emissions and lower production costs. Over the past decade we have expanded our international operations to include olefin production and associated derivative facilities in Qatar and The Kingdom of Saudi Arabia. These additions to our operating capacity have achieved historically high levels of production on a global scale. This growth brings increases in the company's tonnage of GHG and global emissions inventory. However, during that same period, Chevron Phillips Chemical has worked to improve energy efficiency. The global GHG tonnage and intensity increased in 2013 as the result of operational challenges and increased production. The GHG intensity metric is the measurement of pounds of CO<sub>2</sub> equivalent emissions per pounds of product produced.

In the last nine years, U.S. sites have incorporated emission controls projects that have reduced emissions events and led to emission stabilization even though production is at historically high levels. Our consistent performance is a benchmark we continue to strive for as we expand in the U.S. International emissions overall continue to increase as new construction is completed and facilities begin to operate. Additional international increases in 2013 are due to major plant shutdowns and new plant startups. Minimizing shutdown and startup events is crucial to ensuring our products are made with optimum quality in a safe and efficient manner.

## REPORTABLE EMISSION EVENTS

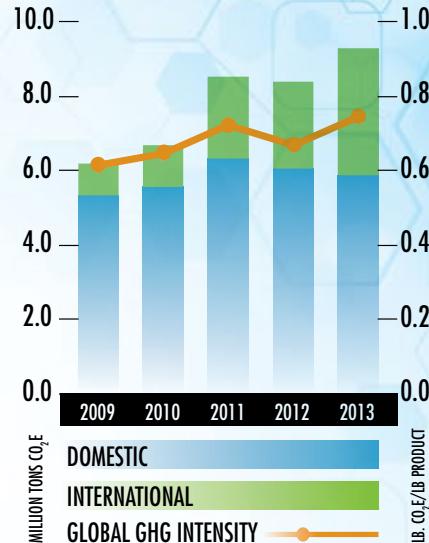
We strive to be a good neighbor and steward of our natural resources. In support of these goals, we track and investigate global reportable emission events. A reportable emission event is one in which a release of material to the air, water or land exceeds a statutory or regulatory reportable quantity (RQ). We also consider events resulting in a water release in excess of water discharge limits found in permits and/or regulations as reportable emission events. Further, events specifically defined in local regulations or permit conditions that require immediate reporting are also treated as reportable emission events, even if they do not meet any other reportable emission event criteria.

Overall the company experienced a 45 percent reduction in emission events from 2012 to 2013, with international sites leading the way with a 61 percent reduction. This reduction brought the total reportable emission events at all sites to an all-time low. Global performance in 2013 exemplifies Chevron Phillips Chemical's commitment to reducing our environmental footprint and it is a practice that we continue to promote through our Operational Excellence System on a global basis.

Our guiding principles and Tenets of Operation have helped Chevron Phillips Chemical implement sustainable reductions in the number of reportable emission events over the company's first operating decade. To help develop a sustainable path forward for the next 10 years, our environmental best practice network shares experiences from each site to capitalize on "lessons learned," much like the energy best practice team. The teams' initiatives establish continuity between sites and encourage continuous improvement in environmental performance on a global level.

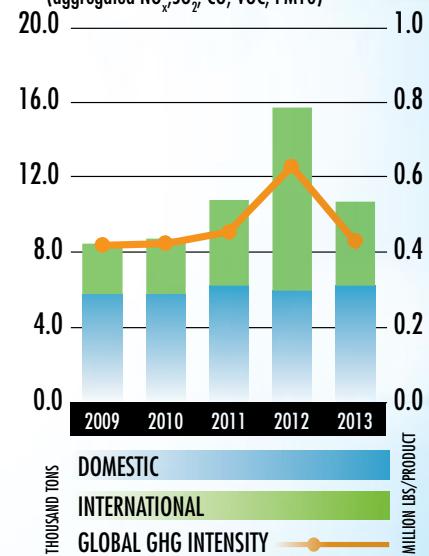
## GREENHOUSE GAS EMISSIONS AND INTENSITY<sup>5</sup>

(direct and indirect)

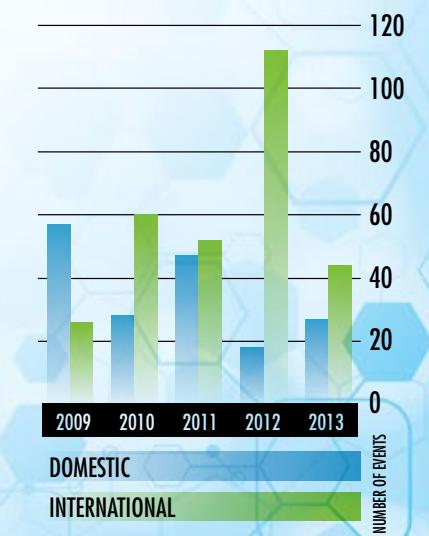


## GLOBAL EMISSIONS INVENTORY<sup>6</sup>

(aggregated NO<sub>x</sub>, SO<sub>2</sub>, CO, VOC, PM10)



## REPORTABLE EMISSION EVENTS<sup>7</sup>



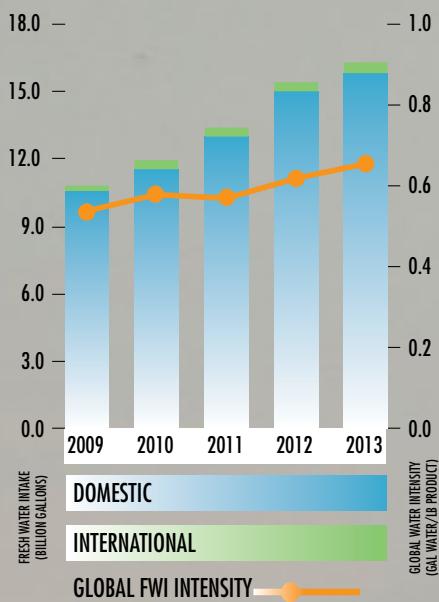
## GLOBAL WATER CONSUMPTION

We are committed to developing management practices that conserve and protect fresh water resources and enhance water efficiency at our facilities. Fresh water management and conservation is an important global issue that is critical to the sustainability of both our business and our communities. Water is a necessity at all of our manufacturing facilities to generate the steam and cooling water required for the efficient manufacture of olefins, polyolefins and many other chemical and plastic products. Many Chevron Phillips Chemical facilities work 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. These data do 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 The Kingdom of 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.

Considering our improved fresh water measurements in recent years, total fresh water usage at international sites has declined slightly and stabilized over the past five years, even as more production capacity is brought online.

## FRESH WATER INTAKE<sup>8</sup>



## CPSC REDUCES SEAWATER CONSUMPTION

At our CPSC facility in Singapore, our team made small changes that resulted in big reductions. Optimizing the use of our seawater coolers and taking them out of service when additional reactor cooling was not required resulted in an 8.9 percent reduction of seawater consumption compared to 2012.

## REDUCING WASTE WATER THROUGH CONTINUOUS IMPROVEMENT

At our manufacturing facility in La Porte, Texas, reducing industrial waste water has been a priority since 2007. By reducing the amount of fresh water and recycling it into the scrubber tower process, improving metering, water flow controls and the inspection process, and repairing water leaks throughout the plant, the team was able to reduce waste water by more than 57 percent from 2007 to 2013. That's equivalent to a reduction from 1.06 million gallons a year to 449,000 gallons a year.

## WATER TRENCHING SYSTEM MAKES BIG DIFFERENCE

Our Performance Pipe facility in Williamstown, Kentucky, made simple changes to its plant water trenching system which resulted in a water usage reduction of 3.8 million gallons, a 47 percent improvement compared to 2012.



## RECYCLING & WASTE REDUCTION

Chevron Phillips Chemical facilities around the world are finding innovative ways to recycle and lower their environmental footprint.



### OPERATION CLEAN SWEEP

Our pellet-producing facilities in Texas (Cedar Bayou, Pasadena and Orange) participate in Operation Clean Sweep (OCS), a program sponsored by the American Chemistry Council and the Society of the Plastics Industry (SPI). Clean Sweep promotes voluntary best management practices to help control the accidental release of plastic pellets into the environment. OCS requirements have been added into our procurement guidelines and participation in the program is part of our supplier scorecard. Internationally, OCS practices have been incorporated in our Operational Excellence System.

### METAL RECYCLING

Collaborating with MetalTek International, Chevron Phillips Chemical recovered 83 percent of the nickel, chrome and iron from end-of-life furnace tubes at our Cedar Bayou, Port Arthur and Sweeny facilities in 2013. The reclaimed materials are recycled into the manufacture of new tubes.

TYPE OF METAL	2013 RECLAIMED MATERIAL (LBS)
Nickel	152,219
Chrome	123,831
Iron	116,101
<b>TOTAL</b>	<b>392,151</b>





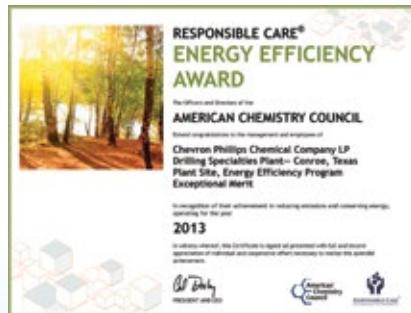
## SOLID WASTE REDUCTION

Our Performance Pipe facility in Brownwood, Texas, recycled 66,948 pounds of high density polyethylene (HDPE) saw shavings, which otherwise would have been placed in a landfill. They exceeded their scrap rate goal and set an all-time record for minimum year-ending scrap on hand for a large diameter pipe facility. Not to be outdone, our Performance Pipe plant in Fairfield, Iowa, reduced the scrap generated at that plant in 2013 by 420,533 pounds (9.5 percent reduction), while at the same time increasing the amount of scrap being sent for recycling by 123,246 pounds (57 percent increase).



## RECYCLING WASTE FOR BIG SAVINGS

Our plant in Sweeny, Texas, initiated a demolition project to eliminate a decommissioned unit that had the potential to become a safety hazard. Rather than send everything to the landfill, the plant team opted to recycle as much as possible. They spent thousands of man hours preparing the equipment including cutting up the larger pieces and safely removing mercury and other chemicals from tanks and drums to meet recycling requirements. As a result, hundreds of thousands of dollars were saved in disposal fees.



## ACC RESPONSIBLE CARE®

### ENERGY EFFICIENCY PROGRAM AWARD

All of our manufacturing facilities strive to be energy efficient through the implementation of continuous improvement processes such as operator involvement, intensive process reviews and plant testing. Many sites have made great strides but our Drilling Specialties Company in Conroe, Texas, excelled in 2013. Recorded as one of the plant's best years for energy intensity, the team improved energy efficiency by 14.4 percent, compared to the 2010-2012 historical average. This translates to a reduction in energy use by 21,949 million Btu and CO<sub>2</sub> emissions by 1,303 tons for the 2013 production basis, garnering the Conroe plant an Exceptional Merit Award for the American Chemistry Council's Responsible Care® Energy Efficiency program.



# CREATING PRODUCTS THAT IMPROVE LIVES

Chevron Phillips Chemical creates products and services that make life better for people around the world. 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 supplying gas odorants that act as a warning system, our products make a difference in people's lives.

## OUR RESPONSIBILITY

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

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

We clearly communicate information on potential hazards to the people who use our products or who might be affected by them both internal and external to our operations. Information on Chevron Phillips Chemical's products is readily accessible via

downloadable Safety Data Sheets (SDS) and Product Stewardship Summaries on our corporate website.

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

We respect our customers' right to privacy and have internal controls as well as third-party audits to reduce the risk of unintended customer data loss. We have customer service satisfaction programs in place that ensure rapid response to concerns and complaints.

## REACH

Chevron Phillips Chemical remains vigilant in its effort to comply with all aspects of the European Union's REACH (Registration, Evaluation, Authorization and restriction of Chemicals) regulation. REACH was adopted to improve the protection of human health and the environment from the risks that can be posed by chemicals, while enhancing the competitiveness of the European Union (EU) chemicals industry. To comply with the regulation, companies must identify and manage the risks linked to the substances they manufacture and market in the EU. They have to demonstrate how the substance can be safely used, and they must communicate the risk management measures to the users.

REACH Compliance is a multi-year process and is designed as a registration-phased approach. Chevron Phillips Chemical has successfully registered substances required to be registered in 2010 and 2013 and is working toward completion of the

third tier registration due in 2018. The implementation of REACH does not stop with the registration of substances; this is just a step toward compliance. Therefore, continuous efforts on REACH are necessary in order to ensure that our chemicals remain compliant in the EU market.

## PRODUCTS THAT REDUCE ENVIRONMENTAL IMPACT

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



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 animal feeds, defoamers, pesticides and insecticides for crops and livestock, 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 blended with recycled resins.



MarFlex® polyethylene and K-Resin® SBC are used in flexible packaging that reduces food waste by extending the shelf-life of pre-packaged fresh produce, meats, cheeses and bakery items. Flexible packaging made with MarFlex® polyethylene and K-Resin® SBC also provides more efficient transportation of packaging to filling sites. As an example, the use of flexible packaging for pasta sauces reduced the number of 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. Corrosion resistance and long service life along with the energy savings provide an exceptional balance of economic value and performance.

## TAKING ROOT

Reports indicate that each year paper companies cut down more than 4 billion trees to make their products, and each year those same companies are required to replace every tree. Traditional planting methods can be time consuming so researchers developed a tree seed spraying system to speed up the process but found that many seeds quickly washed away.

Enter Chevron Phillips Chemical. Adhesive manufacturers developed a unique solution using Chevron Phillips Chemical's Sulfole® 120 mercaptan. Using our product as a polymer modifier to create adhesive properties in the mixture, they were able to produce a pre-planting soil that would secure the seeds and improve their chance of growth. The planting success ratio has significantly increased with the new composite mixture, making it a winning solution for the environment.



## PRODUCTS THAT IMPROVE SAFETY

Scentinel® gas odorants are used as stenching agents for natural gas and propane to provide gas users an effective and inexpensive warning system for leaks in their gas delivery system.



Marlex® high density polyethylene is used in crash barriers during road construction.

## PRODUCTS THAT IMPROVE HEALTH

N-propyl mercaptan is an essential ingredient in the manufacture of albendazole, an anthelmintic drug used to reduce and control intestinal

worm infection and illness. Chevron Phillips' Borger facility is the only producer in the world for n-propyl mercaptan.

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.

Marlex® polyethylene geomembrane pond and landfill liners are used to prevent leaching, water contamination and cracking.



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

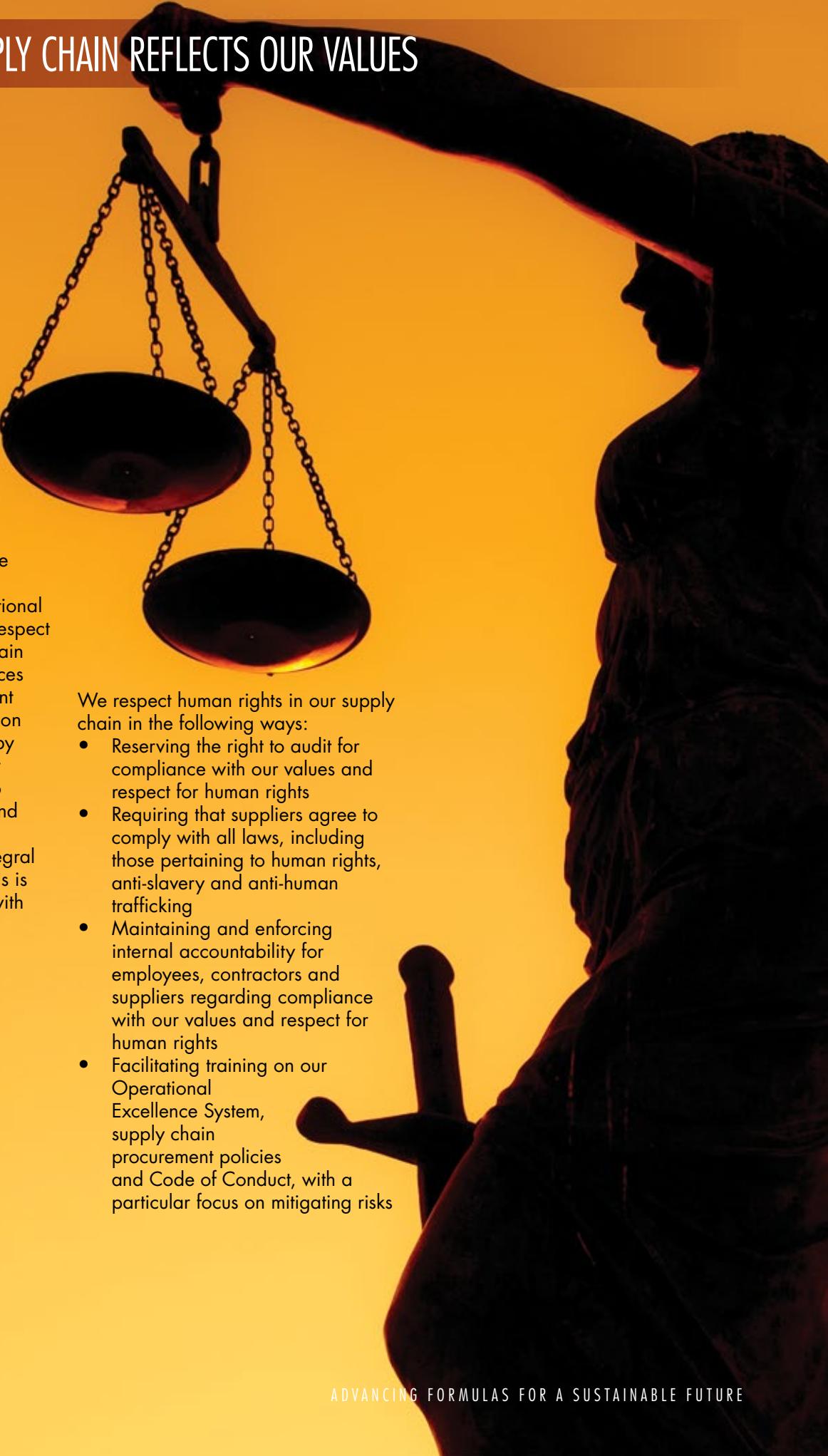
Polyanhydride resin (PA-18) acts as a waterproofing agent in sunscreen and is gentle enough to be used in children's formulations.

## MANAGING 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.



# ENSURING OUR SUPPLY CHAIN REFLECTS OUR VALUES



Chevron Phillips Chemical and its affiliates around the world are committed to ensuring that our supply chain reflects our Operational Excellence System, values and respect for human rights. Our supply chain procurement policies and practices integrate sustainable procurement criteria that promote the protection of the environment and society by seeking goods and services that are resource-efficient, while also balancing quality, availability and cost considerations. Respect for fundamental human rights is integral to how we conduct business. This is why we choose to collaborate with those who act in an ethical and responsible manner.

We respect human rights in our supply chain in the following ways:

- Reserving the right to audit for compliance with our values and respect for human rights
- Requiring that suppliers agree to comply with all laws, including those pertaining to human rights, anti-slavery and anti-human trafficking
- Maintaining and enforcing internal accountability for employees, contractors and suppliers regarding compliance with our values and respect for human rights
- Facilitating training on our Operational Excellence System, supply chain procurement policies and Code of Conduct, with a particular focus on mitigating risks

# GROWING OUR WORKFORCE

To grow sustainably, we must recruit, develop and retain the best people. With 400 new jobs coming on line as part of our USGC project and as one-third of our employees become retirement eligible in the next few years, workforce development at Chevron Phillips Chemical is a tall order. In 2013, we implemented a new strategic focus on organizational capability, which has led to a number of initiatives aimed at attracting the next generation of chemical industry employees. We also provided our existing employees with top-notch training to keep their skills sharp, and tools to engage with each other efficiently and respectfully.

## DIVERSITY & INCLUSION

At Chevron Phillips Chemical, we view diversity and inclusion as more than just gender, country of origin, age or race. Diversity is about the blending of experience levels, cultures, talents, competencies and decision-making styles. We embrace a culture that respects unique differences and recognizes the perspectives of all our employees.

Throughout 2013, we remained focused on our efforts to build a culture around our Diversity & Inclusion Guiding Principles, which we refer to collectively as ICARE. The "I" is for Inclusion which relates to how we make decisions. We want to ensure that every member of the team knows that they are valued. The "C" stands for Cooperation or how we work together. We want an environment where employees cooperate to get results by helping each other succeed. The "A" is for Accountability where every individual feels accountable for maintaining a positive work environment for all. "R" stands for Respect where we treat each other with dignity and consideration regardless of differences in culture, background and social identity or organizational position. "E" stands for Everyday — these guiding principles would not be effective if we did not implement them every day, in every

situation. ICARE fosters a culture where each person is valued for his or her distinctive skills, experiences and perspectives.

Chevron Phillips Chemical's diversity and inclusion efforts are governed by our Executive Diversity Council and promoted by our Diversity Ambassadors and Local Diversity Councils. They all work together to help promote an inclusive work environment in which every employee has the opportunity to contribute to company goals.

Since the launch of ICARE, we have made great progress toward ensuring that diversity and inclusion and the foundational Guiding Principles are an integral part of our culture. One of our stated objectives was for 80 percent of our global workforce to complete four-hour diversity and inclusion training, and we exceeded that goal. By the end of 2013, 98 percent of our employees had participated in the training led by their Local Diversity Council members. We also held our first Global Diversity Ambassador meeting, which brought together employees from around the globe to receive training, discuss local issues and share best practices.



### CELEBRATING DIVERSITY AT D&I DAY

During the month of May, Chevron Phillips Chemical locations across the globe celebrated Global Diversity & Inclusion Day. Coinciding with the United Nations' World Day for Cultural Diversity for Dialogue and Development, the event provided an opportunity for employees and contractors to celebrate how they apply the ICARE principles and learn about different cultures. Local Diversity Councils set up booths for employees to visit that offered knowledge, resources, educational and fun opportunities to engage on all aspects of diversity. Many sites also had meals locally catered with a variety of cuisines from around the world.





## LEARNING & DEVELOPMENT

Chevron Phillips Chemical provides many learning and development opportunities through face-to-face workshops, conferences and our online Learning Management System. Training opportunities are selected based on individual development and long-term business objectives.

In 2013, we focused on building skills for supervisors and employees, improving our performance management process and ensuring we have the resources to support learning and development for new and existing employees on a long-term basis. Our efforts included:

- Introducing a formal mid-year review process with a focus on development planning
- Implementing a course for supervisors on providing ongoing positive and developmental feedback to their people
- Adding to the roster of professional and technical courses we offer to all employees
- Developing a three-year plan to enhance our leadership capability

## MASTERING THE "ART OF FEEDBACK"

As part of the ongoing effort to enhance our organizational and leadership capability, we recognized a need to better equip managers to deliver constructive feedback. That's why the company designed a training course for supervisors, called "Art of Feedback." Rolled out in 2013, the course is designed to encourage employee development, a critical component of preparing our people to grow into new roles as their colleagues reach retirement.



## ATRACTING THE NEXT GENERATION OF WORKERS

Four Chevron Phillips Chemical facilities donated a total of more than \$300,000 in 2013 to Houston-area technical schools and junior colleges to purchase laboratory equipment and supplies as well as to fund endowments and scholarships. The Pasadena Plastics Complex donated to San Jacinto College and worked closely with the school to develop a mentoring program which allows

company employees to share industry expectations and real-life workplace experiences with the students.

The Port Arthur and Orange plants funded the Lamar Institute of Technology's process operations and instrumentation programs and awarded 28 scholarships – to be dispersed over a four-year period – to area high school students interested

in pursuing careers in those areas. Wharton County Junior College received a donation from the Sweeny Complex to purchase a state-of-the-art laboratory distillation skid for its Process Technology Department. Collaborating with schools in our local communities helps us develop local workforce talent in preparation for continuing company growth.

## KEEPING EMPLOYEES HEALTHY

We recognize the need to invest in the wellness of our employees by actively supporting healthy lifestyle choices and work/life balance as well as continually working to eliminate accidents and injuries. The company's commitment to wellness is instilled in employees from day one, and reinforced with corporate initiatives and awareness-raising programs that keep health, safety and wellness top of mind and allow employees to make better choices outside of work.

Chevron Phillips Chemical promotes wellness through targeted programs such as:

- 100 percent company-paid preventive care for medical plan participants
- Alere® Quit for Life™ Smoking Cessation
- Diabetes America
- MyTotalCare Chronic Condition Assistance
- Weight Watchers
- MyActiveHealth Wellness Web Portal
- Employee Assistance Programs
- 24-Hour Nurse Lines
- Fitness Center Discounts
- Onsite Flu Shots
- Onsite Health Fairs
- Onsite Health Testing



## WELLNESS WINS IN WILLIAMSTOWN

Leaders and employees at the Performance Pipe plant in Williamstown, Kentucky, are committed to creating an environment of health and wellness. In 2013, the facility received the Platinum Status Award from the Kentucky State Health Department for its efforts to sustain worksite wellness strategies long term. To maintain its platinum status, the plant has a dedicated wellness team, funding for regular health-related activities like screenings and fairs, and a comprehensive wellness policy.

# POSITIVELY IMPACTING OUR COMMUNITIES

At Chevron Phillips Chemical, we are committed to making a long-lasting, positive impact in the communities where we do business. As we move forward with our sustainable growth strategy it is even more imperative that we continue to strengthen the relationships we've built with our neighbors. That is why the company is dedicated to being a good neighbor and a force for positive change around the world. We donate funds, time and resources to worthy causes and we encourage our employees to do the same.



Our community support and involvement objectives include:

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

These guidelines cover community investments made to charitable organizations, colleges, universities, education-related organizations and public-service groups.



## SOCIAL INVESTMENTS

Since the company's inception in 2000, Chevron Phillips Chemical has invested more than \$19 million and countless in-kind contributions of equipment and volunteer hours in the communities where we live and work. In all, we recognize that establishing meaningful relationships with our neighbors in the communities where we operate – both internationally and domestically – builds trust and goodwill.

Example social investment projects include:

- Establishment of the Eco lab at the Armand Bayou Nature Center to teach hands-on science education to children in the Pasadena Independent School District
- Donation of money and hundreds of volunteers to teach the principles of free enterprise to school children through the Junior Achievement program

- Good neighbor outreach efforts including neighborhood clean-ups, home repair projects for elderly citizens, drives to collect school supplies, food, toys and blood, and much more
- Educational outreach programs including engineers making presentations in local classrooms to promote careers in engineering, math and science, and to foster interest in chemistry as part of National Chemistry Week
- Tree plantings to maintain the ecosystem and provide natural wind barriers
- Participation in an environmental exhibition in Jubail, Saudi Arabia, to increase public awareness of sustainable practices
- Fundraising for a variety of charitable organizations including the American Red Cross, Qatar Red Crescent, United Way, Juvenile Diabetes Research Foundation, Jane Phillips Society and more
- Donation of funds to schools for computer purchases
- Matching corporate donations for major disaster relief efforts

## COMMUNITY ADVISORY PANELS

### PLAY CRITICAL ROLE

At Chevron Phillips Chemical we strive to be a good neighbor in the communities where we do business. All of our U.S. chemical production facilities sponsor community advisory panels made up of residents and companies that are representative of the diverse needs and interests of the various communities. Our plant leadership meets regularly with these panels to engage in dialogue to better understand issues of mutual importance and concern.

Citizen input and perspective has proven invaluable to the success of our business and has led to changes in select processes. For example, at our Orange and Port Arthur plants the community advisory panels have expressed concerns over flaring and community notification. In response to their concerns, our plants have worked diligently to minimize flaring and to post notifications on the Southeast Texas Alerting Network (STAN) line when flaring does occur.



## MOBILE LIBRARY BRINGS LEARNING TO STUDENTS

As part of our commitment to supporting literacy and education, our Q-Chem facility in Doha, Qatar, worked with Eid Charity to launch a mobile library aimed at raising awareness of educational, cultural and health topics. The program, "Kunuz," targets young students at schools and kindergartens throughout Qatar. The mobile library program includes workshops, educational games and book distribution. The purpose of the project is not only to encourage youth to read but also to inspire creativity through the promotion of science and arts.



## EDUCATION IS OUR PRIORITY

At Chevron Phillips Chemical education is a top priority. Each year the company offers our employees' dependents a total of 30 scholarships, including 25 undergraduate scholarships and five graduate scholarships. Our scholarships are renewable up to three additional years contingent upon satisfactory academic performance as a full-time student and can be used at any accredited university. In 2013, we awarded 30 new scholarships and renewed 77 existing scholarships for a total of \$212,000. Since the program's inception in 2001, we have awarded \$2.37 million in scholarships to 389 deserving students.



## MOTIVATING STUDENTS TO LEARN ABOUT CHEMISTRY

Each year during National Chemistry Week in October, Chevron Phillips Chemical volunteers head to their local elementary schools to educate students about the role of chemistry and plastics in their lives. Several of our U.S. facilities participate in this program targeted to fourth and fifth graders.

Impacting nearly 2,000 elementary students, the hands-on experiments and demonstrations showcase chemistry in action and how the products and plastics made by Chevron Phillips Chemical can help improve the quality of life. This year's experiments included erupting dry ice to illustrate the different properties of matter; applying pressure on different types of plastics to determine the amount of force it takes to break each one; and stretching plastic materials to demonstrate their flexibility. New for 2013 was a polystyrene recycling demonstration that explains the process of recycling.

## EMPLOYEES TEACH FIRE SAFETY

Every October, many of our facilities celebrate Fire Prevention Week, a national campaign to educate children about fire safety. At our Cedar Bayou plant in Baytown, Texas, and our Pasadena Plastics Complex, in Pasadena, Texas, members of our emergency response teams visited neighboring schools in the plants' fire trucks. They talked to the students about what to do in emergency situations and demonstrated how to use safety equipment. The most exciting part of the visits occurred when the kids climbed aboard the fire trucks, sat in the drivers' seats and pretended to be firefighters.



*Solutions  
for the  
Future*

# LIVE UNITED



## Montgomery County United Way

[MCUW.org](http://MCUW.org)

### HELPING UNITED WAY MOBILIZE

### THE CARING POWER OF COMMUNITIES

Partnering with United Way has resulted in one of our most significant investments to date. As one of 10 Pacesetter companies in Montgomery County, Texas, home to our corporate headquarters, we have worked with United Way to help our communities for the past 13 years. Over the last five years, our headquarters site has raised more than \$1.3 million. In 2013, our headquarters, all of our chemical manufacturing sites in the U.S. and many of our Performance Pipe sites raised \$687,205 and volunteered hundreds of hours at United Way agencies.



### BUILDING HOMES, CHANGING LIVES

Nearly everyone dreams of owning their own home but not everyone has the resources to make it happen. At Chevron Phillips Chemical we believe in doing our part to help deserving people make that dream a reality. Partnering with Habitat for Humanity, our employees and contractors spend several weekends every year hammering nails, painting, laying floors, hanging sheetrock and anything else that needs to be done to make a house a home.

This year, as part of its fiftieth anniversary celebration, our Cedar Bayou facility in Baytown, Texas, was the sole sponsor and financial donor of our company's third Habitat for Humanity home. More than 100 employees and contractors, along with others from the community, completed construction in record time so that the family could celebrate the holidays in their new home.

In 2013, our headquarters facility began building a fourth house in Conroe, Texas, scheduled to be completed in 2014.

### CARING FOR COMMUNITY

Employees from our S-Chem facility in Jubail, Saudi Arabia, volunteered at several community outreach projects in 2013, including teaching students about fire safety, planting trees at an elementary school and clearing trash from a neighboring beach. They also participated in an exhibition at a local mall to increase public awareness of how to preserve the environment.

### SOCIAL MEDIA EFFORTS EXPANDED

In 2013, we expanded our social media efforts to include Facebook, LinkedIn, Twitter and YouTube. Increasing our transparency and building closer relationships with potential and current employees, media and people living near our facilities, as well as potential suppliers, distributors, customers and other companies is important to us. Updates on job openings, industry progress, new products, awards, company happenings and company-sponsored community events are examples of information found on our various social media platforms.



# OUR ECONOMIC PERFORMANCE

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

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

SELECT FINANCIAL DATA	2013	2012	2011
Annual Sales and Other Operating Revenues	13,147	13,243	13,867
Net Income	2,743	2,403	1,970
Current Assets	3,141	3,202	2,949
Total Assets	10,533	9,409	8,634
Current Liabilities, excluding debt	1,855	1,989	1,352
Total Liabilities	2,178	2,508	2,806
Equity	8,355	6,901	5,828
Debt-to-Capital Ratio	0%	0%	15%

2014 annual information will be made available on or about following date, and select interim results are disclosed quarterly:

2014 PERIOD	TARGETED DATE
12 months	February 20, 2015

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:

COMPANY	COMMERCIAL PAPER	LONG-TERM DEBT
Standard & Poor's	A-2	A-
Moody's	P-2	A3

General information concerning Chevron Phillips Chemical is available through Dun & Bradstreet under DUNS number 03-891-2866. Further questions can be addressed to the Treasurer at (832) 813-4100 or by e-mail at: FinancialStatements@cpchem.com.

# ABOUT THIS REPORT

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

This report reflects Chevron Phillips Chemical's efforts during the 2013 calendar year. The previous reports reflected Chevron Phillips Chemical's performance during the 2011 and 2012 calendar years. Report boundaries and measurement methods are similar in all reports. 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.

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](http://www.cpchem.com). Questions or comments are welcomed.

## RICK WAGNER

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Or a detailed list can be found at  
[http://www.cpchem.com/en-us/  
Pages/contactus.aspx](http://www.cpchem.com/en-us/Pages/contactus.aspx).

## STAKEHOLDER ENGAGEMENT OUTREACH

### EMPLOYEES

Town Halls,  
Surveys, Intranet,  
Best Practice  
Committees,  
Videos,  
Newsletters,  
Employee  
Reviews, Social  
Media



### COMMUNITIES

Community Advisory  
Panels, Town Halls,  
Direct Mail, News  
Media, Website, Social  
Media, Local Emergency  
Planning Committees,  
Rotary Clubs, Chambers  
of Commerce, Various  
Boards and Committees



### NGOS

Partnerships,  
Voluntary  
Initiatives, Funding,  
Various Boards  
and Committees  
of Industry  
Organizations



### GOVERNMENTS

Consultation, Negotiation,  
Regulatory Advocacy,  
Legislative, Voluntary  
Initiatives, Grassroots  
Efforts, Site Visits



### INDUSTRY TRADE SECTOR

Trade and Professional Associations,  
Benchmarking, Working Groups,  
Conferences, Various Boards and  
Committees of Industry Organizations



### SUPPLIERS/CUSTOMERS

Business-to-Business Relationships,  
Face-to-Face Communication,  
Customer Satisfaction Surveys,  
Benchmarking, Social Media



# INDEX TO REPORTING GUIDELINE INDICATORS

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.

REPORT SECTION	GRI CONTEXT	REPORT PAGE
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Perspectives from our Global Sustainability Manager	1.2	6
Our Company at a Glance	2.1, 2.3, 2.4, 2.6, 2.7, 2.8	8
Research & Technology	2.5	9
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Sales	2.8	12
Leadership	4.1	13
Evolving our Business Strategy to Sustain Growth	4.8	14-15
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Responsible Care®	4.13	16
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# HEALTH, SAFETY, ENERGY AND ENVIRONMENT DATA ASSUMPTIONS

Our Operational Excellence System incorporates a "Plan-Do-Check-Act" Model to achieve continuous improvement. It requires that each facility and product line be formally audited by our corporate environmental, health, safety and security department and fulfills the requirements of the American Chemistry Council Responsible Care® Management System. The Operational Excellence System reduces operating risks and promotes regulatory compliance. Our Operational Excellence program provides the framework that supports the development and quality of data found in this report.

## Notes to Pages:18-19, 21, 24-26

### <sup>1</sup>SAFETY PERFORMANCE GRAPHS

The graph depicts Chevron Phillips Chemical's continual improvement in safety. We follow U.S. Occupational Health and Safety Administration (OSHA) guidelines for injury classification and reporting at all of our facilities around the globe. In this system, a recordable injury is defined as an injury requiring treatment beyond first aid and the yearly rate is measured as the number per 200,000 hours worked (approximately 100 people). Chevron Phillips Chemical has experienced a 26 percent reduction in the Employee Total Recordable Incident Rate (TRIR) in the last four years compared with the 2007-2009 period. The Major Capital Project Contractor TRIR has decreased 26 percent over the last year.

### <sup>2</sup>ACC GRAPH

The safety performances of the Chevron Phillips Chemical Employee workforce and American Chemistry Council (ACC) Peer Member Companies are compared in the graph. Chevron Phillips Chemical has been ranked in the top quartile among ACC Peer Member Companies since 2012. In 2010, Chevron Phillips Chemical ranked in the top 10 percent of ACC Peer Member Companies. The ACC Peer Member Companies represent companies that have worked a minimum of 2 million employee and contractors hours collectively in a given year in the U.S. Ten Chevron Phillips Chemical facilities report metrics data to ACC annually: Bartlesville, Borger, Cedar Bayou, Conroe, Kingwood, Orange, Port Arthur, Pasadena, Sweeny and The Woodlands (headquarters).

### <sup>3</sup>PROCESS SAFETY

The graph shows a 63 percent decrease in the 2013 PSER compared to the previous three years. It represents the number of Tier 1 and Tier 2 Process Safety Events (PSEs) divided by work hours of employees and contractors. Chevron Phillips Chemical currently captures Process Safety Management (PSM) event rate data consistent with the industry recognized API 754 Recommended Practice at 16 sites worldwide. A Tier 1 PSE represents the highest level of PSEs captured and is defined as "a loss of primary containment with the greatest consequence" by an industry-recognized standard. A Tier 2 PSE is the next level of PSEs captured and is defined as "a loss of primary containment with lesser consequence."

### <sup>4</sup>ENERGY INTENSITY INDEX GRAPH

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

### <sup>5</sup>GREENHOUSE GAS

The CO<sub>2</sub>e Emissions graph includes the net total emissions of greenhouse gases (GHG) expressed as tons of CO<sub>2</sub> equivalent (CO<sub>2</sub>e) summed separately for the domestic and international plants. The Global GHG Intensity is a ratio of the greenhouse gases emitted (pounds of CO<sub>2</sub>e) 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.

partial equity ownership, the reported emissions and production data represent the equity stake.

### <sup>6</sup>GLOBAL EMISSIONS INVENTORY

The Global Emissions Inventory graph includes the total aggregated criteria pollutants (NO<sub>x</sub>, SO<sub>2</sub>, CO, VOC, PM10) emitted in 2013 from each of the plants grouped by location. The data only includes permitted emissions from each source collected from the Emissions Inventory (EI). For plants that Chevron Phillips Chemical has partial equity ownership, the reported emissions and production data represent the equity stake.

### <sup>7</sup>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.).

### <sup>8</sup>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 does 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 does not include seawater. 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.



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