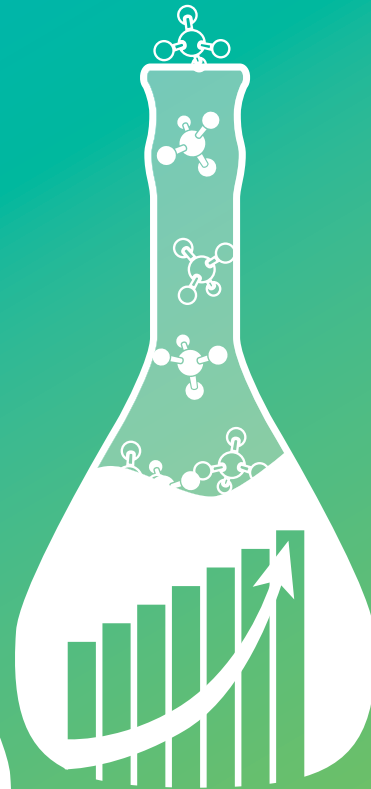
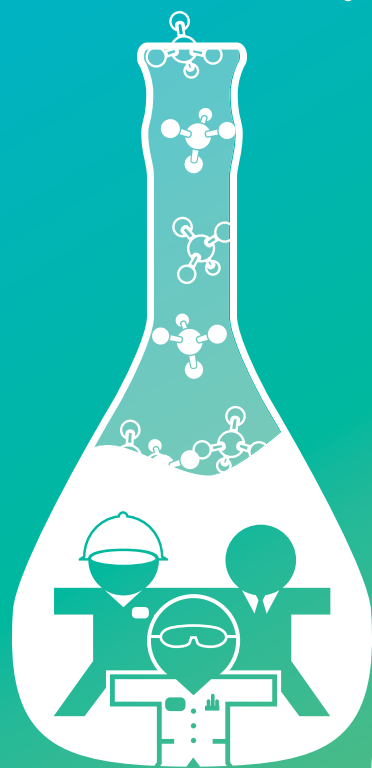


2012 SUSTAINABILITY REPORT



ADVANCING FORMULAS FOR SUSTAINABILITY

Sustainability: The Only Choice

At Chevron Phillips Chemical, we embrace our responsibilities as a leading corporate citizen. That's why every day we strive to operate in a manner that promotes economic growth and societal advancement in a safe, secure and environmentally responsible way -- and we encourage the same from our customers, suppliers and businesses with whom we work.

We are committed to meeting the highest standards of corporate citizenship by protecting the health and safety of our employees and guests; preserving the environment and conserving natural resources; and creating a positive legacy in the communities in which we do business. We place a strong emphasis on continuous improvement by learning from our experiences and those of others, and applying scientific, economic and technical analysis to adopt and deploy best practices across the entire enterprise.

This combination of thoughtful action, shared responsibility and continuous improvement is the foundation of Chevron Phillips Chemical's sustainability philosophy. We integrate the broader meaning of the word "sustainability" into every aspect of our business and make impactful changes that benefit the global community to which we all belong.

To be a trusted petrochemical leader requires open communication and active engagement. In this report, we demonstrate our ongoing commitment to the environment, to our communities and to our stakeholders. This report provides transparency for you to judge our efforts to continuously improve the sustainability of our operations, including how we operate and where we are headed. For Chevron Phillips Chemical, being excellent stewards of the environment, contributing to the advancement of society and creating economic value for our stakeholders isn't simply the best choice: it is the only choice. ●

We welcome your feedback.

The Journey to Sustainability

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A Message from our CEO

A sustainable company excels at protecting the health and safety of its workforce and guests; acts as a responsible steward of the environment as it manufactures its products and moves them through commerce; creates economic value for its broad array of stakeholders; and advances the greater interests of society by achieving all these while improving the quality of life of those touched by its products.

At Chevron Phillips Chemical Company, we produce petrochemicals and polymers that are essential to manufacturing over 70,000 consumer and industrial products. Our company has a long history of leading corporate citizenship. Both of our owner companies are conscientious environmental, health, and safety stewards, a philosophy that we inherited upon our formation.

From the beginning, we deployed our Tenets of Operation to serve as the guiding principles for how we conduct ourselves and our business. As we grew, we deepened this commitment with the implementation of our Operational Excellence System,

a management system that we use worldwide to set goals for continuous improvement; provide clarity of expectations for our activities and use of resources; assess and manage risks; gain stakeholder input; and, rigorously audit our performance against operational objectives and compliance requirements.

Today, our sustainability efforts are aimed at creating a comprehensive approach to enhancing performance in a safe and socially responsible way. We understand that we must be able to improve the lives of today's society without compromising the ability of future generations to do the same. We are committed to acting with transparency and with the highest ethical and environmental standards across our business; and we expect the same level of commitment from everyone with whom we do business. We deliberately choose to work with those organizations and individuals who share our values and are willing to work with us to create a sustainable future. We work to extend our influence internally and externally to embed new thinking and better ways of collaboration within our business and along our value chains.

We strive to be active and responsible citizens in the communities in which we operate and encourage our employees to do the same. Since Chevron Phillips Chemical's inception in 2000, we have invested more than \$17 million and our employees have volunteered thousands of hours in communities where we live and work. We also support our neighbors by operating safely, complying with local laws and respecting local cultures, using local vendors and suppliers, and paying local taxes to maintain the infrastructure. We develop and implement technologies to increase resource efficiency, decrease environmental emissions, and reduce waste.

We are convinced that sustainability is a business imperative for Chevron Phillips Chemical. While we are proud of our accomplishments and have made significant strides in laying the foundation for future success, we are mindful that we must continue to strengthen our systems and processes to improve. ●



Peter L. Cella
CEO, Chevron Phillips Chemical



“We are convinced that sustainability is a business imperative for Chevron Phillips Chemical.”

PETER L. CELLA
CEO, Chevron Phillips Chemical

About Chevron Phillips Chemical

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

Chevron Phillips Chemical is 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. We produce chemical products that are essential to manufacturing over 70,000 consumer and industrial products.

The company is headquartered in The Woodlands, Texas, has more than \$9.4 billion in assets, has interest in 38 manufacturing facilities worldwide and has approximately 4,700 employees.

Joint Ventures

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 (SIG). The SCP and JCP joint venture facilities, commonly referred to collectively as "S-Chem," represent Chevron Phillips Chemical's first two investments in the Kingdom of Saudi Arabia.

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), resulting in our third major project in the Kingdom of Saudi Arabia. Commercial production commenced in 2012.

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) and Qatar Petroleum (51 percent). Q-Chem commenced operations in 2003, while Q-Chem II began operations in 2010. The Ras Laffan Olefins Company (RLOC) facility commenced operations in 2010 featuring a world-scale ethylene unit that delivers ethylene feedstock to the company's Q-Chem

II facility and to a partner Qatofin facility. The 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. Ethylene produced at RLOC is shipped from Ras Laffan to Mesaieed via a purpose-built 133 km pipeline.

Chevron Phillips Singapore Chemical (CPSC) was incorporated in April 1980, and is a joint venture between Chevron Phillips Chemical (50 percent), Singapore Economic Development Board Investments (30 percent) and Sumitomo Chemical (20 percent). CPSC is located on Jurong Island; a world-class industrial hub located one mile off the Singapore mainland. CPSC is a part of the Singapore Petrochemical Complex, home to several major chemical company facilities. Construction of Plant 1 with one polyethylene train was completed in 1984 with a second train added in 1987, and Plant 2, adding another two trains, was completed in 1997.

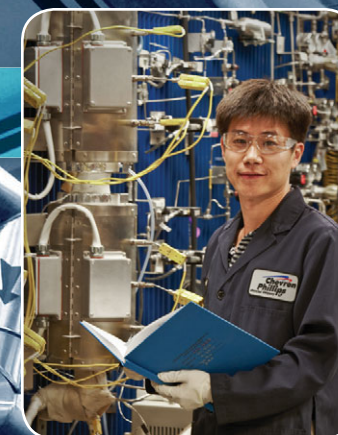
K R Copolymer Co., Ltd (KRCC) is a joint venture company with ownership by Chevron Phillips Chemical (60 percent) and Daelim Company (40 percent). KRCC was formed in February 2000. The plant is located in the Yeosu Petrochemical Complex, which is the largest and newest petrochemical

complex located on the southern-most coast of South Korea.

Shanghai Golden Phillips Petrochemical Co., Ltd (SGP) is a joint venture between Chevron Phillips Chemical (40 percent) and Shanghai Petrochemical Company (60 percent), a subsidiary of Sinopec (China Petroleum and Chemical Company). Shanghai Golden is located within Sinopec Shanghai Petrochemical Complex one and one-half hours south of Shanghai on the Hangzhou Bay. The joint venture agreement was signed in December, 1995 and construction started in 1997. The single polyethylene reactor started up at the end of the first quarter 1998 and operated at capacity in 2001. HDPE output is sold into the domestic China market.

Chevron Phillips Chemical operates the largest loop slurry high-density polyethylene plant in North America at its Cedar Bayou, Texas, complex and shares production on a 50/50 basis through a production 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 Styron LLC. ●



Research & Technology

Chevron Phillips Chemical has two research, technology and quality control centers worldwide. These facilities provide full-scale petrochemical and polymer research, including new catalyst development, product and process development, and commercial process support. The company holds more than 2,500 domestic and international patents and patent applications, and employs more than 250 scientists, researchers and engineers within the research organization.

At our research and technology facilities we conduct a full range of research activities, including laboratory/bench and pilot scale experimentation, analytical and mechanical testing, patent support, and technical and service support for customers worldwide. 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's worldwide operations are supported with the latest technological advances and process improvements by the efforts of our research and technology personnel. Chevron Phillips Chemical continues to build on a long history of scientific discoveries. Our proprietary loop-slurry process for high-density polyethylene production is one of the most licensed petrochemical processes in the world with more than 80 commercial reactor facilities utilizing the technology.

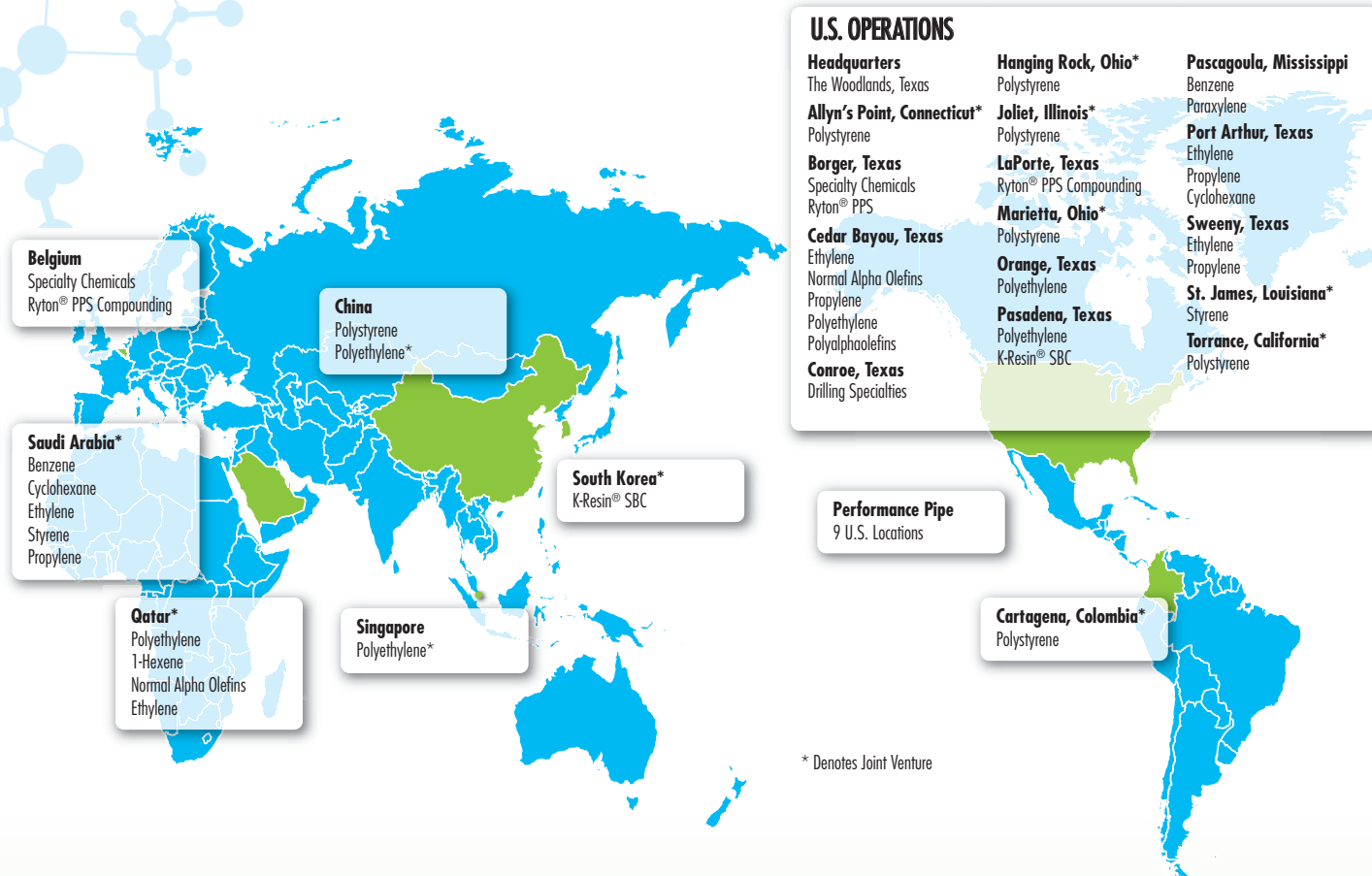
Other technological achievements and proprietary technology include:

- On-purpose 1-hexene technology
- Proprietary primary normal alpha olefin technology
- Ryton® PPS generation V process
- Tapering technology for K-Resin® SBC
- Methyl mercaptan process and technology
- Aromax® catalyst and production process for aromatics
- First and second generation functional drilling fluids
- Polyalphaolefin stability and low temperature performance enhancements ●

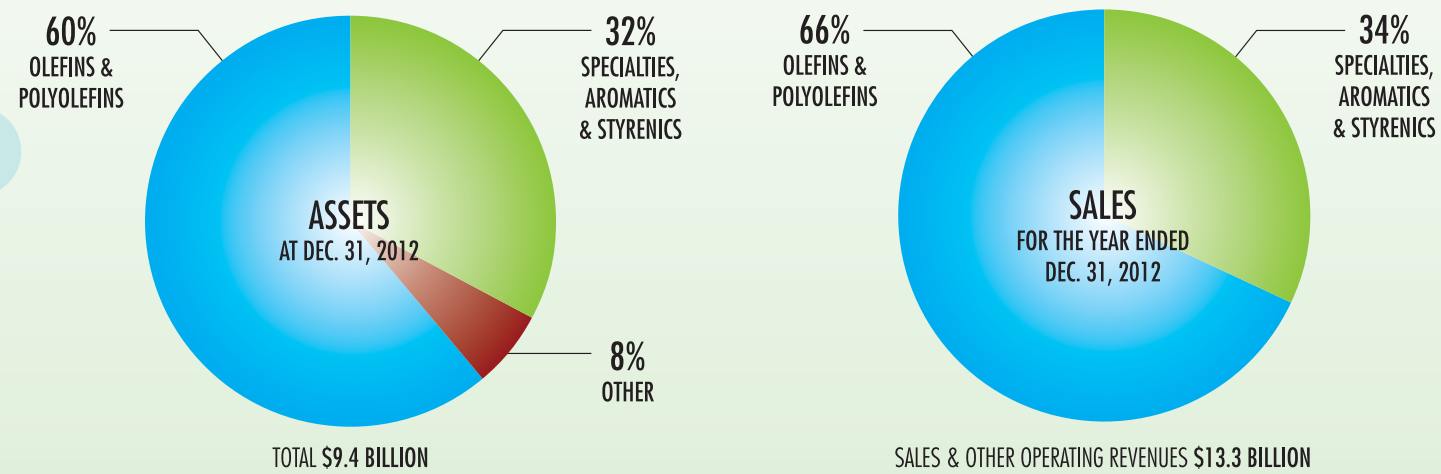
Primary Brands



Production and Research Facilities



Assets and Sales for the year ended Dec. 31, 2012



Leadership

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



PETER L. CELLA
President & CEO



MARK LASHIER
EVP Olefins & Polyolefins



DAN COOMBS
SVP Specialties, Aromatics & Styrenics



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



TIM LEVEILLE
SVP, CFO & Controller



RICK ROBERTS
SVP Manufacturing



PEGGY COLMAN
VP & Chief Information Officer



RON CORN
VP Corporate Planning & Development



DENNIS HOLTERMANN
VP Research & Technology



DON LYCETTE
VP Environment, Health,
Safety & Security



GREG WAGNER
VP Human Resources



EDD DUNLAP
General Manager Auditing

Our commitment to operating in a safe and responsible manner is exemplified in the company's Operational Excellence System (OES) – a global framework for managing the health and safety of our employees and contractors as well as operating responsibly within our communities. Building upon heritage systems from our owner companies, OES helps us strive to conduct our business in a safe, secure, injury-free, and environmentally responsible manner.

OES is used worldwide to:

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

Each day we strive to conduct our business in a safe, secure, injury free and environmentally responsible manner. We strive to make optimal use of the resources we consume and minimize emissions and waste. We use OES to recognize and reduce the risks of our operations and products throughout their lifecycles.

Through OES we openly communicate our results and welcome the input of our employees and contractors, regulatory agencies, our communities, our customers and other interested stakeholders.

Our OES 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. OES 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 made substantial progress toward Responsible Care® certification working with the Gulf Petrochemicals Association (GPCA) and 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 OES is designed to fulfill ACC's Responsible Care® Management System requirements. ●

Safety Performance

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.

Since 2002, we have decreased the combined employee and contractor recordable incidence rate by 64 percent. Seventeen of our 20 eligible U.S. sites have achieved the STAR designation through OSHA's Voluntary Protection Program (VPP). Eight of our facilities have completed five years or more without an employee recordable injury or illness and five facilities have completed all 12 years of operation since formation of the company without a single employee recordable injury or illness.

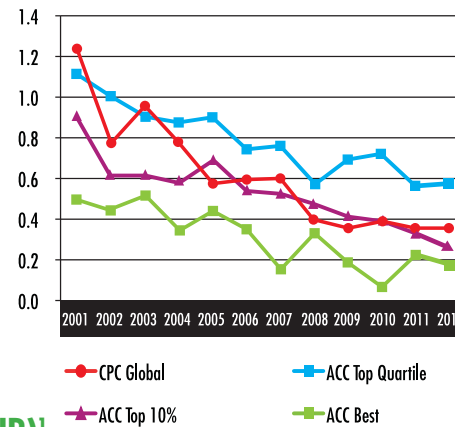
Our progress is the result of the commitment of our entire workforce and the success of our Operational Excellence System. Each year, we continue to see increased employee involvement and leadership support, expanded behavioral safety processes at all facilities, increased involvement of cross-functional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

because both are of equal importance to our company's success.

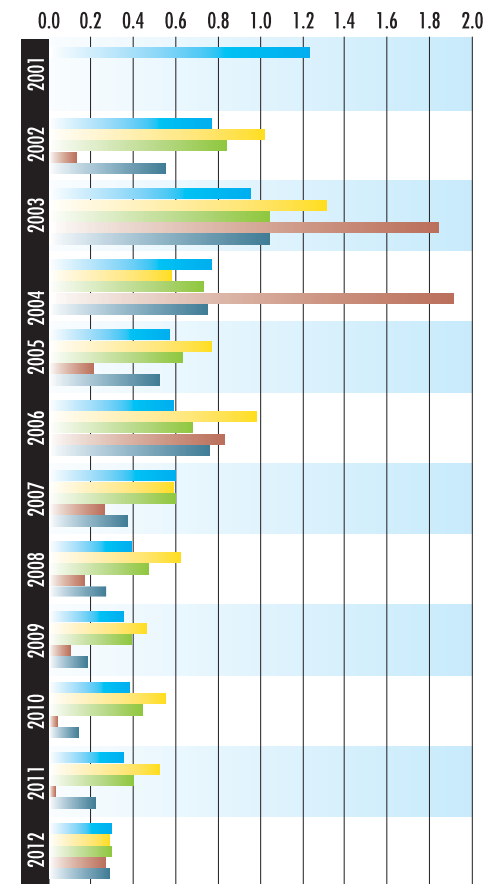
Management, employees and contractors are expected to reinforce safety expectations and ensure competence in safety matters inherent to their roles. The company provides safety leadership training for executives, managers, professionals, and hourly employees that are tailored for their respective responsibilities.

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. ●

Employee and Contractor Performance vs. ACC Member Companies²

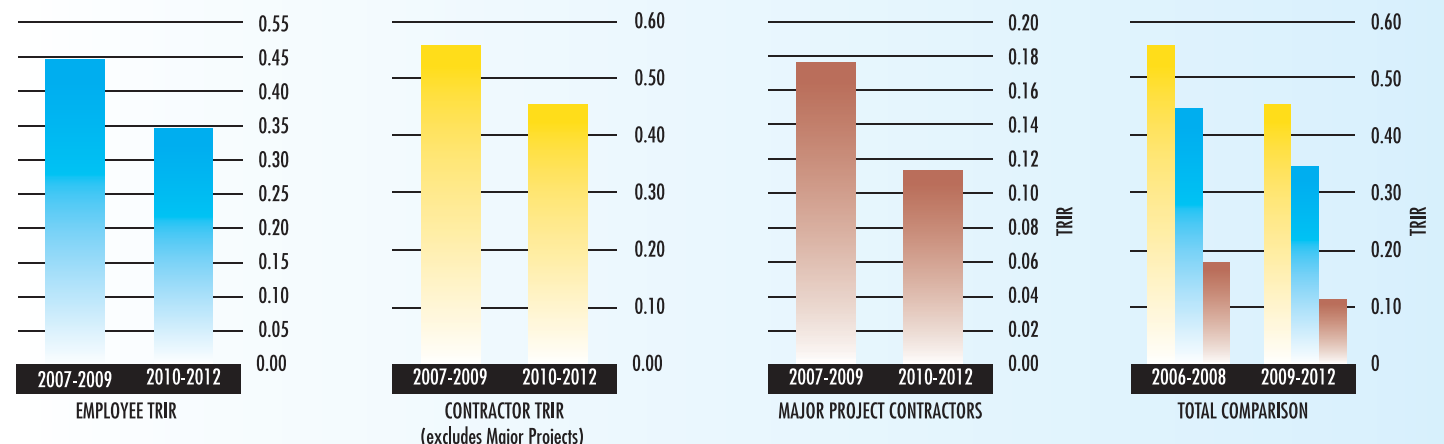


Safety Performance¹



EMPLOYEE
 CONTRACTOR (excludes Major Projects)
 EMPLOYEE + CONTRACTOR (excludes Major Projects)
 MAJOR PROJECT CONTRACTORS
 TOTAL

Total Recordable Incidence Rate (TRIR)¹



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 principles: Work safely or not at all; There is always time to do it right; and, 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 and incidents. At Chevron Phillips Chemical, 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 employees arrive at work and go home safely while targeting zero injuries or incidents. ●



TENETS FOCUS

1,000,000 safe work hours

In 2012, our Kallo, Belgium Facility reached a safety milestone of 1,000,000 safe work hours. As an expression of our appreciation and to extend our commitment to safety, employees received dual fire detectors to install in their homes. ●



Zero RIR

Since K R Copolymer's (KRCC) founding in February 2000, there have been no recordable work related injuries and no lost workdays (including contractors) at the facility. Additionally, the K-Resin[®] SBC compounding facility in South Korea has not experienced any environmental spills, releases, property losses or vehicle accidents. KRCC completed 1,600,000 man-hours without a recordable injury on October 4, 2012. ●



Process Safety

Effectively managing process safety to help prevent incidents and manage key risks inherent to our business is a cornerstone of our company's Operational Excellence System. In addition to helping drive growth and economic stability, process safety is core to protecting our people and ensuring asset integrity.

Our process safety systems meet, and in many cases, exceed industry norms. While maintaining consistency with external industry standards, our internal standards provide an extra level of accident prevention assurance. Results of process safety indicators are reported by each manufacturing site and are reviewed routinely by management.

In 2012, we renewed our focus on preventing loss of primary containment events by enhancing our programs to identify and correct conditions that could result in potential incidents. As a result of a continued strong focus on incident prevention, Chevron Phillips Chemical made further progress in the reduction of Tier 1 and Tier 2 process safety events during the year. We continue to learn from these and other events and focus on our hazard assessment, risk management and asset integrity programs to improve our performance.

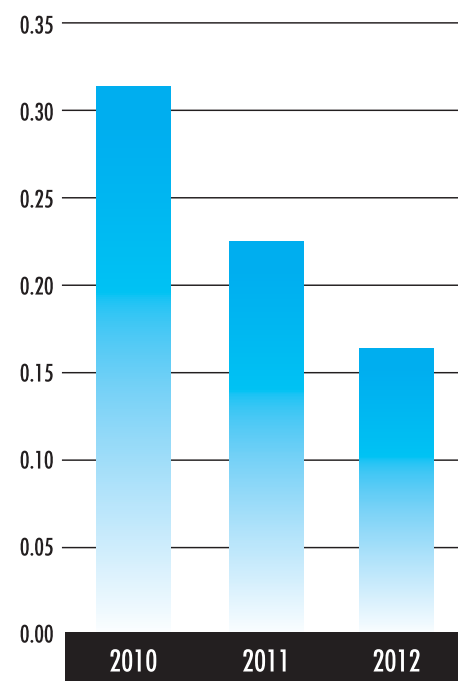
In line with our risk management processes, facilities are assessed periodically and situations with significant potential are reviewed. Process Safety Management is related to the safe design and operation of our process units and equipment. This includes taking precautions to ensure equipment is designed, operated and maintained in a fashion to prevent a process safety event, defined as an unplanned or uncontrolled release of any material from a process. In essence, it is keeping what's in the pipes, in the pipes. In addition, our facilities conduct periodic Process Hazard Analyses and track any resulting action items to closure. Sixteen sites worldwide capture Tier 1 and Tier 2 process safety event rate data consistent with the industry recognized API 754 Recommended Practice. Through our Operational Excellence system these sites are required to conduct self-evaluations to ensure that they are meeting Chevron Phillips Chemical internal standards. In 2012, risk management systems were upgraded through further improvements to auditing processes. This ensures that our self-evaluations remain in step with both internal and external expectations.

During 2012, we completed two additional blast resistant process control room projects, which is a continuation of risk reduction efforts complementary to industry standards.

In addition, a new training course was introduced to instruct management and front line supervisors on process safety fundamentals. This ensures that our people are knowledgeable about the risks and requirements involved in working with our processes.

We continue to maintain a healthy sense of vulnerability to our safety risks, and our focus on process safety is critical to ensuring that we effectively manage them. ●

Tier 1 Process Safety Event Rate³



Security

Chevron Phillips Chemical strives to provide a safe and secure environment for personnel, contractors, clients and visitors. To that end, our Global Security team has developed and implemented a Security Management System that is aligned with the Operational Excellence System, featuring structured security programs to protect personnel, assets, operations, information and company reputation in a dynamic threat environment. In addition, Global Security has developed and published a variety of security guidelines, best practices, and global operational excellence procedures including a security vulnerability 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

vulnerability assessments (SVAs) through our Operational Excellence program. Individual facilities are also required to comply with additional security standards or regulations as dictated by location, facility type, chemicals onsite or product produced. We take pride in maintaining full compliance with applicable U.S. and international security regulations. ●



Our Drilling Specialties – Alamo plant completed 2012 without an OSHA recordable injury or illness, bringing their total to 593 days without a recordable injury.

Emergency Response Preparedness

While we manage our businesses with the goal of preventing incidents, Chevron Phillips Chemical maintains a strong capability to respond to operational emergencies in order to minimize the potential impact of incidents. 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 with briefings and drills covering a gamut of scenarios including product spills, fires, explosions, natural disasters and security incidents. ●

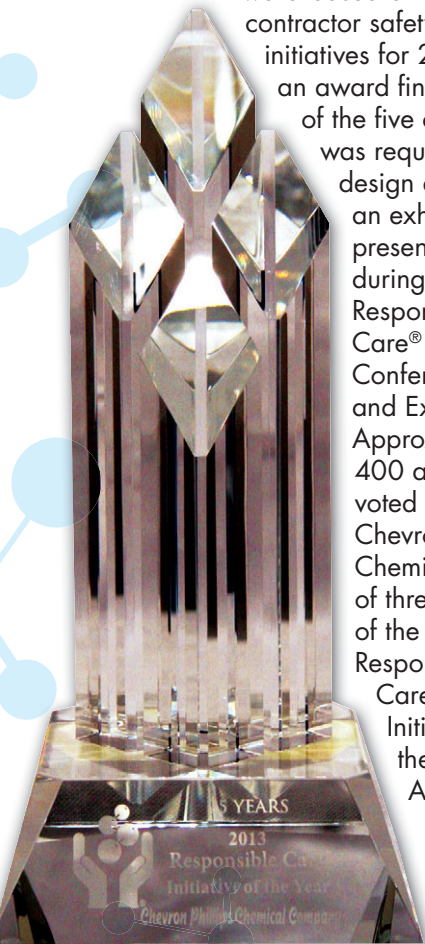


ACC Responsible Care® Initiative of the Year Award

Since the company's inception, our facilities have achieved significant reductions in employee injuries; however, reducing the contractor injury rate proved more elusive. With the goal of improving both contractor and employee safety performance, a team comprised of Environmental, Health, Safety and Security (EHSS), Global Procurement and Manufacturing employees developed an enhanced Contractor Safety Program. By detailing roles and responsibilities, initiating targeted programs and implementing well-defined practices for all onsite personnel, a 42 percent reduction in the Contractor Recordable Incidence Rate was achieved for 2012.

In recognition of this impressive achievement, the American Chemistry Council selected Chevron Phillips Chemical as one of five finalists for a Responsible Care® Initiative of the Year Award based on our contractor safety program initiatives for 2012. As an award finalist, each of the five companies was required to design and host an exhibit for presentation during the Responsible Care® Conference and Expo.

Approximately 400 attendees voted to select Chevron Phillips Chemical as one of three winners of the 2012 Responsible Care® Initiative of the Year Award.



Contractor Safety Forum More than 35 contractor companies attended the second annual Contractor Safety Forum, an event that brings together Chevron Phillips Chemical managers and contractor representatives to discuss key areas of safety focus as well as programs, processes, and procedures.

A sampling of successful components of the new Global Contractor Safety Management Program include:

- Strengthening the pre-qualification and re-qualification systems
- Expanding training programs
- Implementing compliance auditing processes
- Deploying a "Summer of Safety" campaign focused heavily on heat-related injury prevention
- Assigning mentors to short-service workers
- Developing a VPP STAR mentoring program for contractor companies

Contractor participation is necessary to improve contractor safety rates. In an effort to create a more collaborative work environment, more than 35 contractor companies participated in the third annual Contractor Safety Forum – an event that brings together Chevron Phillips Chemical managers and contractor representatives to discuss key areas of safety focus as well as programs, processes and



procedures. During the forum, CEO Peter Cella presented the President's Contractor Safety Award to three outstanding contractor companies in recognition for their efforts.

"The 2012 Responsible Care® Initiative of the Year Award was particularly meaningful since it recognized Chevron Phillips Chemical during Responsible Care's® 25th anniversary," said Ron Lewis, OE, Safety and Health Manager. "While we are proud of this award, we are even more proud that fewer contractors' were injured in 2012." ●

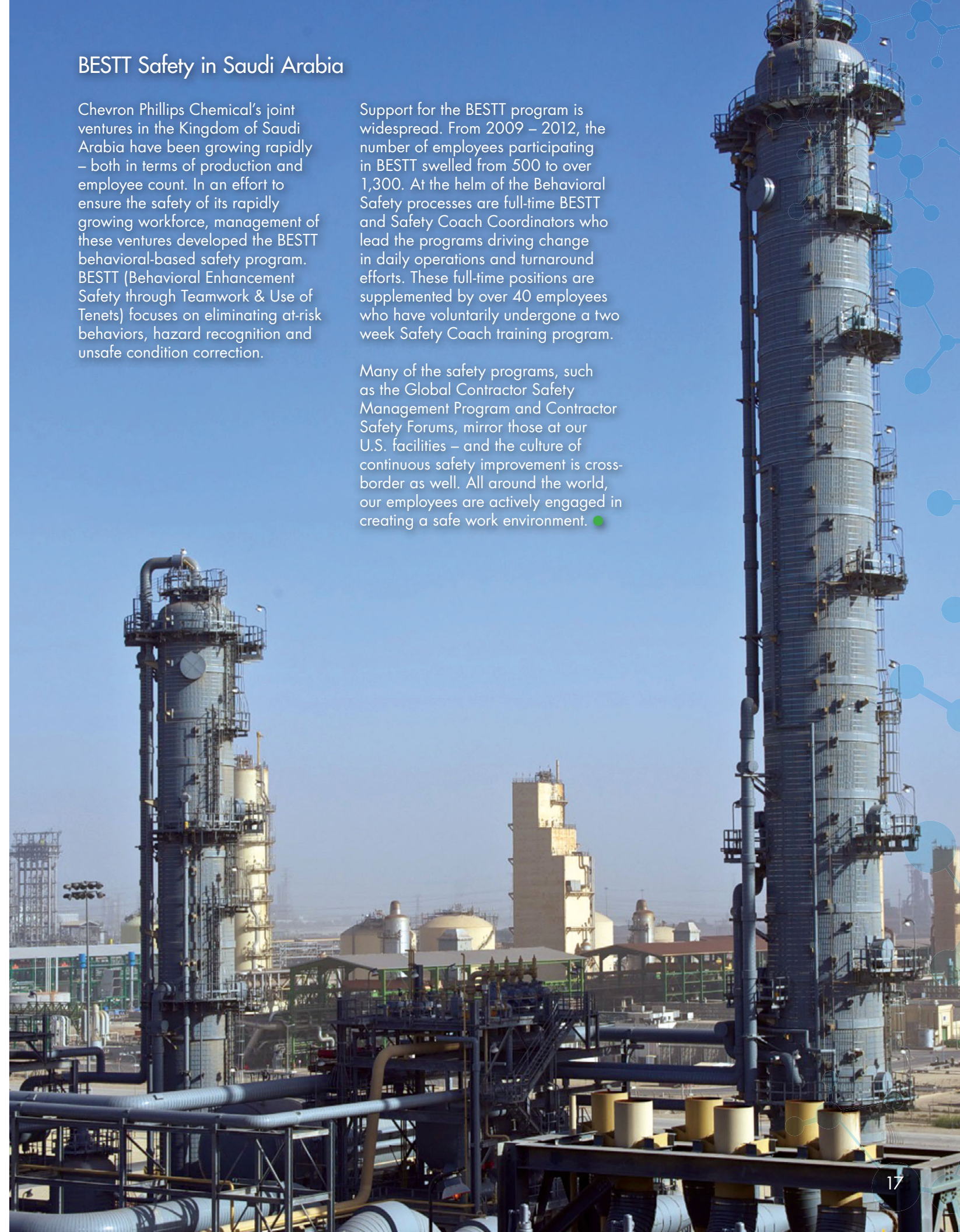


BESTT Safety in Saudi Arabia

Chevron Phillips Chemical's joint ventures in the Kingdom of Saudi Arabia have been growing rapidly – both in terms of production and employee count. In an effort to ensure the safety of its rapidly growing workforce, management of these ventures developed the BESTT behavioral-based safety program. BESTT (Behavioral Enhancement Safety through Teamwork & Use of Tenets) focuses on eliminating at-risk behaviors, hazard recognition and unsafe condition correction.

Support for the BESTT program is widespread. From 2009 – 2012, the number of employees participating in BESTT swelled from 500 to over 1,300. At the helm of the Behavioral Safety processes are full-time BESTT and Safety Coach Coordinators who lead the programs driving change in daily operations and turnaround efforts. These full-time positions are supplemented by over 40 employees who have voluntarily undergone a two week Safety Coach training program.

Many of the safety programs, such as the Global Contractor Safety Management Program and Contractor Safety Forums, mirror those at our U.S. facilities – and the culture of continuous safety improvement is cross-border as well. All around the world, our employees are actively engaged in creating a safe work environment. ●



Energy Efficiency & Environmental Performance

We recognize that to grow our business and meet the increasing global demand for petrochemicals, we must do so in a manner that protects the world'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.

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.

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 (purchased fuel, electricity and steam).

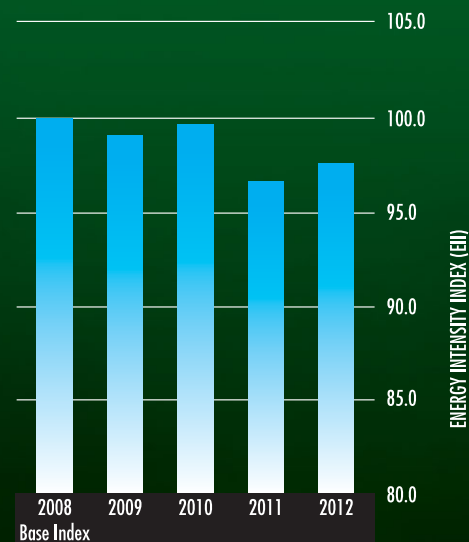
Our energy consumption data is compiled in accordance with the methods used by the American Chemistry Council for the ACC Energy Efficiency and Greenhouse Gas Annual Survey. Because Chevron Phillips Chemical is a diversified chemical company that operates a variety of process plants, we use an Energy Intensity Index that establishes a baseline expected

energy consumption rate 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 2012 Global Annual Energy consumption was 165 trillion Btu. In 2012, we reduced our Energy Intensity Index by 3.27 trillion Btu, which was 2.5 percent below 2008 levels. This is equivalent to saving enough energy to power 61,000 homes for one year.

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 each of our eight major U.S. manufacturing locations are tasked with the capture and documentation of energy management practices for implementation. This

US Manufacturing Energy Intensity⁴

Actual Energy Consumed Divided by Expected Energy Consumption

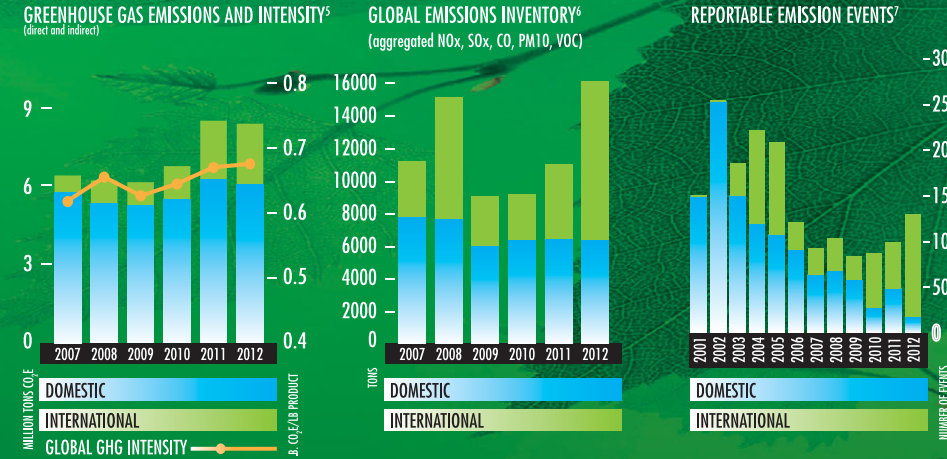


process allows each location to capitalize on "lessons learned" at other sites. Results are reported monthly to senior leadership.

Examples of our energy efficiency improvement activities include:

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

In 2012, the team's activities primarily focused on furnace efficiency improvements, daily process monitoring and optimization, 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

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, and the global GHG intensity is stabilizing as international projects move into steady-state operation which is shown by our performance in 2012. The GHG intensity metric is the measurement of pounds of CO₂ equivalent emissions per pounds of product produced.

In the last eight 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 continue our expansions at U.S. sites. International emissions overall continue to increase as new construction is completed and facilities begin to operate. Additional international increases in 2008 and 2012 are due to major plant shutdowns and startups. Minimizing shutdown and startup events are crucial in 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 one of the other reportable emission event criteria.

Although the global performance has been negatively impacted temporarily due to startup operations at international sites, U.S. sites have experienced a 62.5 percent reduction in emission events from 2011 to 2012. This reduction brought the total reportable emission events at domestic U.S. sites to an all-time low. 2012's U.S. performance 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 decade, our Environmental Best Practice Team shares experiences from each site to capitalize on "lessons learned," much like the Energy Best Practice Team. Each team's initiatives establish a continuity between each site and encourages continuous improvement in environmental performance on a global level. ●

Global Water Consumption

Chevron Phillips Chemical is 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 Chevron Phillips Chemical manufacturing facilities to generate the steam and cooling water required for balanced, efficient manufacture of olefins, polyolefins, and other related 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.

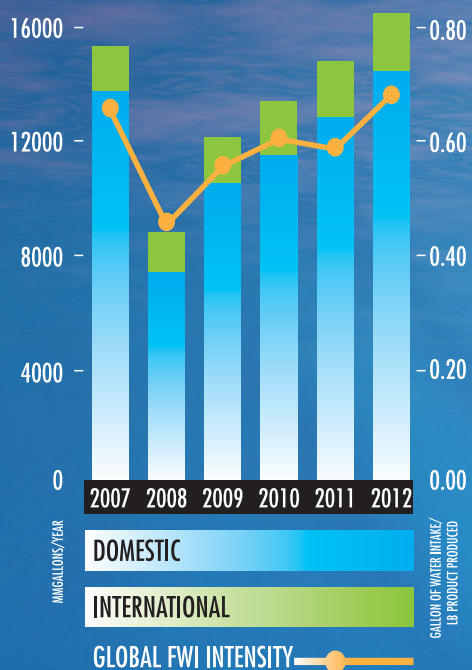
The water consumption data presented is the sum of measured or estimated fresh water intake at all Chevron Phillips Chemical facilities worldwide. This data does not take

into account water that is returned to the source or sea water, which is used as cooling water at our international facilities in Qatar and Saudi Arabia to help preserve fresh water resources.

Older data was based in large part on estimated use. In more recent years, the information collected is based on improved site-specific measurement and accounting of fresh water use. In 2008, domestic water use was significantly reduced due to U.S. Gulf Coast facilities having to shut down operations for an extended period because of Hurricane Ike's landfall and the area's subsequent slow startup and recovery.

Excepting 2008 as an anomaly and considering improved fresh water measurement in recent years, Chevron Phillips Chemical's fresh water intensity in terms of gallons of water used per pound of production has remained fairly consistent in the past few years, even as the company continues to expand its production worldwide. ●

Fresh Water Intake⁸



Performance Pipe Realizes a 91 Percent Reduction in Water Usage

Sustainability has long been associated with the color green, but at our Performance Pipe facilities they are thinking "blue" — as in clean, fresh water.

The manufacture of plastic pipe requires a significant amount of water chilled to 65°F. The traditional method for providing chilled process water is through a cooling tower and water cooled chillers.

In an effort to improve its water conservation, Performance Pipe embarked on an equipment and infrastructure modernization project

to upgrade outdated process water systems. The end goal was to eliminate the secondary cooling tower loop and associated pumps, chemicals and water usage requirements.

At the Pryor, Oklahoma; Hagerstown, Maryland; and Fairfield, Iowa facilities, traditional cooling tower and water cooled chillers have been replaced with air cooled chillers. Similar to air conditioning systems used in homes, air-cooled units use a Freon-based cooling system. The change from water cooled chillers to air cooled chillers reduced the amount of water used to cool the finished pipe. As a result, the annual water usage for these three facilities declined by 91 percent from 14 to 1.3 million gallons a year collectively.

Along with the reduction in overall water consumption, the new air cooled chiller systems provide significant benefits in other areas such as:

- Built-in controls for maintaining target water temperature have helped to stabilize the entire manufacturing process, resulting in less off specification material.
- Eliminating the cooling tower loop has resulted in a significant reduction in water treatment chemicals required.
- With fewer pumps and motors to fail, the facilities are more reliable with less downtime and repairs.

As an added bonus, the air cooled chiller systems were installed utilizing Performance Pipe HDPE pipe and fittings which is an excellent application for our products, both in terms of ease of installation and long-term product life. ●

Separating Fresh Water from Wastewater

Conservation success stories can be found all across the globe. Our Specialty Chemicals facility in Tessenderlo, Belgium is just such a case. In 2012, the facility completed a water conservation project that benefits not only the facility, but the community at large.

Tessenderlo devised a plan for separating fresh rainwater from wastewater in order to limit the amount of wastewater entering the public

sewer system. To accomplish this goal, Tessenderlo built one additional wastewater pond, one additional rain water pond, two infiltration ponds where clean rainwater can infiltrate into the ground and installed 1,500 meters of new sewer piping. The infiltration ponds have a 100 meter buffer zone next to the plant which will evolve into a green space and natural habitat for local wildlife.

Construction took 7,500 contractor hours without a recordable or first aid incident. Tessenderlo partnered with the environmental non-profit organization "Regionaal Landschap Lage Kempen" and the Commune of Tessenderlo to bring this project to fruition. ●

Recycling & Waste Reduction

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

Palladium-Based Catalyst Recycling

At our Port Arthur, Texas facility, spent catalyst had been historically disposed of at Newton County Landfill, in East Texas, as Class 1 Industrial Waste. In 2012, the facility began recycling this catalyst into the production of palladium salt. In just one year, the facility was able to recycle 48,110 pounds of spent palladium catalyst and keep the material out of local landfills. ●



Metal Recycling

Through a partnership 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. The reclaimed materials are recycled into the manufacture of new tubes. ●

| TYPE OF METAL | RECLAIMED MATERIAL (LBS) |
|---------------|--------------------------|
| Nickel | 127,791 |
| Chrome | 96,361 |
| Iron | 90,147 |
| TOTAL | 314,299 |



Water Recycling & Solid Waste Reduction

Our Ryton® PPS compounding facility in La Porte, Texas achieved significant gains in reducing wastewater from 529,461 gallons per year in 2011 to 448,069 gallons per year in 2012, for a total reduction of 15.4 percent. From 2007 to 2012, the facility reduced industrial wastewater by more than 57 percent overall. Water reduction initiatives included:

- Reducing fresh water into scrubber tower process from five gallons a minute to two gallons a minute
- Recycling water into scrubber tower process
- Improving metering and controls of water flow
- Improving inspection and repair of water leaks throughout the plant

In addition, La Porte reduced its total solid waste by 82 percent between 2008 and 2012. This was accomplished by recycling wooden pallets, cardboard, woven super sacks and selling scrap product. ●



Operation Clean Sweep

Our pellet-producing facilities at Pasadena, Cedar Bayou, 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. ●

| FACILITY | PLASTIC PELLETS RECYCLED (LBS) |
|--------------|--------------------------------|
| Cedar Bayou | 7,289,198 |
| Pasadena | 223,400 |
| Orange | 3,173,040 |
| TOTAL | 10,685,638 |



Borger

In 2012, our Borger, Texas facility made great strides in the recovery of numerous waste materials including:

- Recovered 759,870 pounds of hydrocarbons for use as fuel
- Recycled 372,040 pounds of spent nickel catalyst to recover the nickel
- Recycled 4,542,100 pounds of sulfur byproducts into feedstock for sulfuric acid production
- Recycled 325,000 gallons of spent caustic to reduce fresh caustic ●



Product Responsibility

Chevron Phillips Chemical creates products and services that make life better for people around the world. 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. In addition to the continuous process, annual reviews of associated hazard communication documents, transportation options, customer feedback, regulatory and technical data are 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 and satisfaction programs in place that ensure rapid response to concerns and complaints. ●

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 less product goes 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.



Xtel® PPS is used as a coating for high-temperature wire and cable applications. This halogen-free resin does not require cross-linking thereby avoiding the use of heavy metals and radiation.

Marlex® Polyethylene and *Ryton® PPS* are used in the manufacture of automobile parts including coolant, fuel, turbochargers, emissions control, and braking systems, making vehicles lighter and more fuel efficient.

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.



Some viscosities of *Synfluid® Polyalphaolefins* are products that allow bio-based lubricants to meet the demanding performance requirements necessary for a variety of applications.



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. ●

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

Ryton® PPS products are inherently fire retardant without the use of additional additives. *Ryton® PPS* high temperature capable fibers provide excellent application support for particulate removal from coal-fired power generation plants.

Ryton® PPS products are being used in new water meter applications to replace the older brass water meter technology. Brass can contain up to 8% lead which can leach from the old meters in trace quantities over time into drinking water. *Ryton® PPS* is lead-free, tough, durable and can be easily molded to meet the exacting demands of this application.



Ethylthioethanol (ETE) is a key ingredient in an anti-diarrheal drug called Tinidazole. Chevron Phillips Chemical's Tessengerlo 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 prepacked 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.

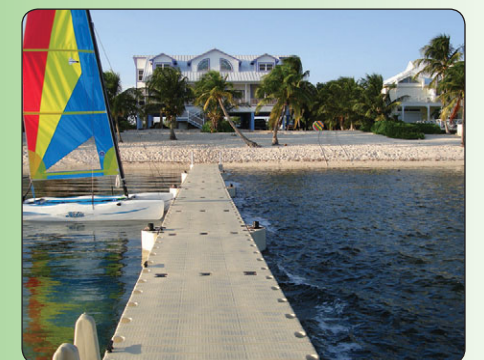
PA-18 Polyamide Resin (PA-18) acts as a waterproofing agent in sunscreen and is gentle enough to be used in children's formulations. ●



Doubling the Life of Outdoor Structures

Outdoor structures like boat docks and children's playhouses really take a beating from Mother Nature; luckily our *Marlex® polyethylene* can stand up to the challenge. That's why the *Miracle®, Little Tikes Commercial®* and *EZ Dock®* brands turn to Chevron Phillips Chemical when they need a good impact/stiffness balance and cold temperature impact for their rotomolded applications. *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. ●

*A 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.



Supply Chain



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 procurement policy integrates 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 use a risk-based system to vet every supplier and choose to collaborate only with those who act in an ethical and responsible manner.

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

- Assessing the risk of human trafficking and slavery in our product supply chain
- Auditing for compliance with our values and respect for human rights
- Requiring suppliers to certify compliance with all laws, including those pertaining to human rights, anti-slavery and anti-human trafficking
- Maintaining and rigorously enforcing internal accountability procedures for employees, contractors, and suppliers regarding compliance with our values and respect for human rights
- Facilitating training on our Operational Excellence System, Global Procurement policies and Code of Conduct, with a particular focus on mitigating risks ●

Workforce Development

Great chemistry begins and ends with great people. The quality products we produce, the technologies we create, the state-of-the-art facilities we build, the communities we support, the environmental and safety accolades we earn – none of these things would be possible without Chevron Phillips Chemical’s talented professionals worldwide.

Chevron Phillips Chemical’s employees are focused, diverse, enthusiastic and innovative. The company’s achievement-based environment encourages them to take personal ownership of their own and their team’s performance. We give our employees the freedom to innovate as necessary and support them with topnotch training to keep their skills sharp. We encourage them to get involved in the community at large as well as play a role in the global enterprise. We place a high priority on safety and environmental performance. Chevron Phillips Chemical employs some of the most talented, dedicated, and forward-thinking people on the planet. Ask any Chevron Phillips Chemical employee what they like best about their job and universally, the answer is “the people I work with!”

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.

We strive for a culture built around our Diversity & Inclusion Guiding Principles collectively known 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 a valued member. 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, 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. We therefore encourage global communication between our employees because the best solutions are developed when people from a variety of backgrounds come together to build upon each other’s knowledge.

Much like the blending of high-quality ingredients makes a superior chemical product, blending the unique skills and talents of a diverse workforce creates a superior chemical company.

Our Executive Diversity Council, Diversity Ambassadors and Local Diversity Councils all work together to help promote an inclusive work environment in which every employee has the opportunity to contribute to company goals. By valuing and welcoming diversity, we create an environment where ideas flourish. In turn, we also create a workforce that embraces entrepreneurial thinking, is committed to dynamic leadership, and feels supported in their jobs. This type of diverse, high-performing workforce provides Chevron Phillips Chemical with a sustainable competitive advantage.

Diversity and inclusion in all its dimensions is valued at Chevron Phillips Chemical. It is fundamental to the quality of our products and services, ties directly to our bottom line, is essential to accomplishing our corporate goals and is crucial to our continued success. ●



icare
INCLUSION | COOPERATION | ACCOUNTABILITY | RESPECT | EVERYDAY



Fruit@Work:

"An apple a day keeps the doctor away." By offering fruit in the office on a weekly basis our, European headquarters located in Overijse, Belgium keeps its employees happy, hydrated and healthy.

Learning & Development

Continual improvement is an integral part of working at Chevron Phillips Chemical and is strongly supported at all levels of the organization. We provide a myriad of 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.

Talent Stewardship Committees identify the skill sets needed to achieve future business objectives and develop plans to attract, retain and develop the talent necessary to meet those future needs. High-performing individuals are identified and groomed for future opportunities – ensuring the company has the right talent needed to maintain its leadership position in the petrochemical industry. ●

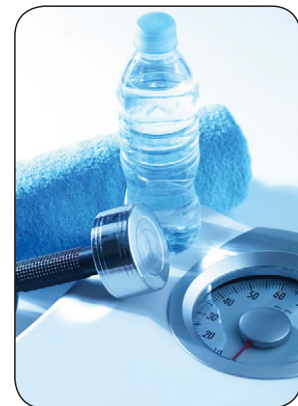


Keeping Employees Healthy

Investing in the wellness of our employees means actively supporting healthy lifestyle choices and work/life balance as well as continually working to eliminate accidents and injuries. This 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% 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
- Health Testing



ADVANCING FORMULAS FOR SUSTAINABILITY

Social Performance

At Chevron Phillips Chemical, we are committed to making a long-lasting positive impact on the communities where we do business. We believe that real benefits can be gained by establishing effective relationships 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
- Promoting basic research related to the various interests of the company and the community; and sponsoring educational opportunities for students in professional disciplines utilized by the chemical industry

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

Headquarters Employees Help Family Put Down New Roots

Every Saturday for 10 weeks, a crew of red-shirted volunteers descended on a quiet street in Conroe, Texas' Cedar Creek subdivision to help build a new future for single mother Delvina Davis, her 13-year-old daughter and 4-year-old son.

Over the course of six months, 100 volunteers from Chevron Phillips Chemical's Houston-area facilities joined forces with Montgomery County Habitat for Humanity (HFHMC) to build a brand-new 1,200 square foot home for Davis. The house has three bedrooms, an ample kitchen and plenty of room to fill with new memories.

Davis applied for the house through HFHMC after hearing about the program through a friend. She said she didn't think in her wildest dreams that she would have been chosen for the house due to lack of credit and her low income.

"I never thought I would have the opportunity to become a homeowner," Davis said. "I feel blessed and am so grateful to both Habitat and Chevron Phillips Chemical."

Davis herself was at the site each week and helped with the building of her future home.

"I'm so excited because now my kids will have their own bedrooms, they have their own yard to play in, and we're going to have a house as a family together," Davis said.

"Having Delvina there made it very personal for all of our volunteers,"



Peter Cella, CEO of Chevron Phillips Chemical, joined volunteers at the site and donned a hard hat and tools himself.

"Helping out in the community has been part of our company's ethos from the beginning," Cella said. "The other volunteers and I were thrilled to be part of this outreach effort. The end result was something that's really tangible."

Davis couldn't believe she was getting a new home. She previously lived in a smaller apartment with her two children, and said that they're both looking forward to having a house.

"I keep asking myself, am I dreaming? Someone pinch me," Davis said. "It is such a blessing to be able to have a safe and secure place to call our own and a place for my children to come home to. I'm so excited and I'm very thankful." ●



CHEVRON PHILLIPS CHEMICAL COMPANY LLC: SUSTAINABILITY REPORT

Social Investments

Since the company's inception, Chevron Phillips Chemical has invested more than \$17 million and made countless in-kind contributions of equipment and volunteer hours in communities where we live and work. In all, we recognize that establishing sound partnerships with our neighbors – in our international, national, and local communities – provides for a lasting relationship built on trust and goodwill. Example social investment projects include:

- Establishment of an Eco Lab at 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, school supply drives, toy drives, food drives and more
- Educational outreach programs including the literacy based, "Read Across America," engineers making presentations in local classrooms to promote careers in engineering, math or science, and to foster interest in chemistry as part of National Chemistry Week
- Fundraising for a variety of charitable organizations including the American Cancer Society, the American Red Cross, 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
- Donation to the Qatar Red Crescent Society to purchase two ambulances and provide food and medical supplies to families in need ●



A Lesson in Environmental Education

In an effort to contribute to environmental education in Singapore's schools, Chevron Phillips Chemicals Asia (CPCA) partners with the National Environmental Agency to administer a variety of educational programs designed to safeguard human health and the environment.

For the last eight years, CPCA has focused its backing on Lakeside Primary School. CPCA supports Lakeside's administrators in implementing environmental education programs that have the potential to improve the local community in a more effective, efficient and sustainable way.



In 2012, Lakeside Primary's "Project We Care@Lakeside" program had two main components – building a butterfly trail and volunteering at an eldercare center.

- Butterfly Trail – Pupils and teachers built a butterfly garden with insect friendly trees and plants in order to give the students a real-world biology lesson outside the classroom. CPCA funded this project.
- Eldercare Centre – Students created gift baskets with recycled magazines, personal care items and flower seeds that were presented as gifts to the senior citizen residents. CPCA employees helped assemble the baskets and accompanied the children during the presentation.

The success of the Project We Care@Lakeside program was recognized citywide when it took first place in the national primary school category at the annual Clean and Green Singapore Schools' Carnival. ●



Preserving a Piece of Sweeny's Historical Roots

In the midst of Chevron Phillips Chemical's sprawling Sweeny Complex stands a lone tree with very deep historical roots.

The Sweeny Complex sits on land once owned by John Sweeny, founding father of Sweeny, Texas. The family's plantation home can still be found within the grounds of the complex. Considering the site's storied history, when it came time to build a new derivatives unit, the decision on where on the property to place it was not taken lightly.

"As part of the site selection process we researched the history of the entire property. Imagine our surprise when we uncovered that an old, dead tree behind the plantation house played an important role in U.S. history," said Wayne McDowell, Plant Manager at the Sweeny Complex.

In 1865, slaves from 14 neighboring plantations gathered under what became known as the Freedmen's

Tree on the John Sweeny Plantation to hear the reading of the Emancipation Proclamation. Although the tree has since died a natural death, it still holds a significant place in both regional and U.S. history.

In an effort to honor the tree's significant past, McDowell devised a plan to preserve the tree in all its symbolic glory.

"We saw an opportunity to commemorate an event that occurred almost 150 years ago – an event that changed people's lives," said McDowell. "If we did not act, it would be lost."

Working with the Brazoria County Historical Museum, Sweeny native and artist Earl Jones was commissioned to create a work of art commemorating the site. In addition to being a well-respected sculptor, Jones had direct ties to the land as his great-grandmother worked on the plantation. Jones decided a



fitting tribute would be to sculpt the tree's fallen limbs and the uprooted remains of the tree's base into scenes depicting the arrival of the slaves and the reading of the Emancipation Proclamation following the Civil War.

Upon its completion, the sculpture will be housed at the Brazoria County Historical Museum in Angleton, Texas. ●

Over \$1.7 Million Dollars Raised



Every September for the last 14 years our facilities in Orange and Port Arthur, Texas have joined together to host a charity golf tournament in support of Buckner Children and Family Services. Buckner Children and Family Services is a non-profit organization that transforms the lives of vulnerable children and builds strong families through foster care, adoption, residential care, transition programs, education and job readiness training programs.

Port Arthur and Orange plant employees, along with other community members, organized and hosted the tournament, which raised a record breaking \$180,800 for the children. All told, plant employees have raised \$1.7 million dollars and 43,396 Southeast Texas lives have been impacted from 1999 to present. Our employees are actively involved in this project on a year round basis with seven individuals participating on the Steering Committee. Our employees donated approximately 700 working hours to this project in 2012. ●

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 | 2012 | 2011 | 2010 |
|-------------------------------------|--------|--------|--------|
| Annual Sales Revenue | 13,307 | 13,935 | 11,204 |
| Net Income | 2,403 | 1,970 | 1,388 |
| Current Assets | 3,177 | 2,890 | 2,695 |
| Total Assets | 9,409 | 8,634 | 8,016 |
| Current Liabilities, excluding debt | 1,996 | 1,354 | 1,615 |
| Total Liabilities | 2,508 | 2,806 | 3,162 |
| Equity | 6,901 | 5,828 | 4,854 |
| Debt-to-Capital Ratio | 0% | 15% | 20% |

Selected financial data will be updated quarterly on the following dates, which are subject to change:

| 2013 PERIOD | TARGETED DATE |
|-------------|---------------|
| 9 months | 11/1/13 |
| 12 months | TBD |

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 | BBB+ |
| 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 economic performance. The goal is to demonstrate that since the formation of Chevron Phillips Chemical in July 2000, the company has had a focus of continuous improvement in all areas of its operations.

This report reflects Chevron Phillips Chemical's efforts during the calendar year of 2012. The previous report reflected Chevron Phillips Chemical's performance during the calendar year of 2011. Report boundaries and measurement methods are similar in both reports. Any information included referencing prior years is provided for context only. This report includes information on wholly owned operations as well as joint venture

operations where Chevron Phillips Chemical employees participate in the direct operations or management of the facilities or product lines.

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 environment, 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.

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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>

Stakeholder Engagement Outreach

Employees

Town Halls, Surveys, Intranet, Best Practice Committees, Video, Newsletters, Employee Reviews



Communities

Citizen Advisory Panels, Town Halls, Community Consultations, Direct Mail, Media, Online, Local Emergency Planning Committees, Rotary Clubs, Chambers of Commerce, Various Boards and Committees



Governments

Consultation, Negotiation, Regulatory Advocacy, Legislative, Voluntary Initiatives, Grassroot Efforts, Town Halls, Site Visits



Industry Trade Sector

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

NGOs

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



Suppliers/Customers

Business to Business Relationships, Face-to-Face Communication, Customer Satisfaction Surveys and Benchmarking



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.

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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 12, 14, 18-20

¹Safety Performance Graphs

The graph depicts Chevron Phillips Chemical’s continual improvement in safety. We follow US Occupational Health and Safety Administration (OSHA) guidelines for injury classification and reporting at all our operations 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 22 percent reduction in the Employee Total Recordable Incident Rate (TRIR) in the last three years compared with 2007 – 2009 period. The Major Capital Project Contractor TRIR has decreased 36 percent over three years. The project hours have significantly decreased in the past few years due to the completion of the Q-Chem II Project and Saudi Polymers Company Project.

²ACC Graph

The safety performances of the Chevron Phillips Chemical Combined Employee and Contractor workforce and American Chemistry Council (ACC) Peer Member Companies are compared in the graph. Chevron Phillips Chemical has been ranked in the top quartile amongst ACC Peer Member Companies since tracking began in 2008. In 2010, Chevron Phillips Chemical ranked in the top 10 percent of ACC Peer Member Companies. The ACC Peer Member Companies represents companies that have worked a minimum of two million employee and contractors hours collectively, in a given year in the United States. Ten facilities within Chevron Phillips

Chemical report metrics data to ACC annually: Bartlesville, Borger, Cedar Bayou, Conroe, Kingwood, Orange, Port Arthur, Pasadena, Sweeny and The Woodlands (headquarters).

³Process Safety

The graph shows a 46 percent overall reduction in the Process Safety Event Rate in the last 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.”

⁴Energy Intensity Index Graph

This graph reflects improvements in energy efficiency at our manufacturing sites in the United States. Chevron Phillips Chemical tracks both energy consumed from fuels as a by-product and the energy purchased and consumed (purchased fuel, electricity and steam). The compilation of our energy consumption data is consistent with the methods used by the 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 Energy Intensity Index is a ratio of the actual energy consumed over an expected baseline energy number.

⁵Greenhouse Gas

This graph includes the net total emissions of greenhouse gases expressed as tons of CO₂ equivalent summed separately for our plants worldwide. The intensity metric included on the graph represents the ratio of the total greenhouse gases expressed as million pounds of CO₂ equivalent divided

by the total annual production of product in million pounds at each of the facilities. For plants where Chevron Phillips Chemical has only partial equity ownership, the reported emissions and production data represents the equity stake.

⁶Global Emissions

This graph includes the total emissions of criteria pollutants (NO_x, SO_x, CO, PM10, VOC) from each of the plants grouped by location. The intensity metric included on the graph represents the ratio of the total emissions of criteria pollutants divided by the total annual production of product in million pounds at each of the facilities. For plants where Chevron Phillips Chemical has only partial equity ownership, the reported emissions represent the equity stake.

⁷Reportable Emission Events

This graph provides historical 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: releases above the Reportable Quantity (RQ), exceedance of a water discharge limit (permit and regulatory), and other 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.).

⁸Fresh Water Intake

This graph includes the total water intake in million gallons for each of the plants grouped by location (i.e., domestic or international). The water intake data includes fresh water brought in for process uses, including steam, and for potable water. 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 sea water. The global water intensity is a ratio of the fresh water intake in gallons over the products produced in pounds. For plants where Chevron Phillips Chemical has only partial equity ownership, the reported water intake and production data represent the equity stake. ●



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