WHEREAS: Plastics, with a lifecycle social cost at least ten times higher than its market price, actively threaten the world's oceans, wildlife, and public health. Concern about the growing scale and impact of global plastic pollution has elevated the issue to crisis levels. Of particular concern are single-use plastics (SUPs) which make up the largest component of the 11 million metric tons of plastic ending up in waterways annually. Without drastic action, this amount could triple by 2040.

In response to the plastic pollution crisis, countries and major packaging brands are beginning to drive reductions in virgin plastic use.

Several studies demonstrate that a shift away from virgin plastic production is critical to curbing the flow of plastic into oceans. One of the most robust pathways is presented in the widely respected *Breaking the Plastic Wave* report, which finds that plastic leakage into the ocean can feasibly be reduced 80 percent under its System Change Scenario (SCS), which is based on a global shift to recycled plastics (almost tripling demand for recycled content) coupled with a one-third absolute reduction of virgin demand (mostly of virgin SUPs).

The future under the SCS – one built on recycled plastics and circular business models – looks drastically different than today's linear take-make-waste production model and would peak virgin plastic demand globally before 2030.

Chevron Phillips Chemical Company (CPChem), jointly owned by Phillips 66 and Chevron, is a major producer of virgin plastics. CPChem is estimated to be the 15th largest global producer of SUP-bound polymers with 1.8 million metric tons produced in 2019, an estimated 42 percent of its total production. While CPChem has made significant investments into circular polymers, and states a goal to "not only end post-consumer plastic waste, but also keep plastic where it belongs," its core business model of producing virgin plastics (especially SUPs) from fossil fuels is rapidly expanding. As a partial owner of CPChem, Phillips 66 faces growing risk from CPChem's continued investment in virgin plastic production infrastructure.

BE IT RESOLVED: With board oversight, shareholders request that Phillip 66 prepare a report (at reasonable cost and omitting proprietary information) describing how the Company could shift its plastic resin business model from virgin to recycled polymer production as a means of reducing plastic pollution of the oceans.

SUPPORTING STATEMENT: Proponents suggest, at Company discretion, the analysis include:

- Quantification (in tons and/or as a percentage of total production) of the company's polymer production for SUP markets
- An assessment of the resilience of the company's portfolio of petrochemical assets under virgin to recycled transition scenarios of five and ten years, and the financial risks associated with such scenarios
- The benefits of such a shift in terms of plastic pollution avoided
- Any risks or benefits to the Company's finances or operations