

WHEREAS: Plastic, with a lifecycle social cost at least ten times its market price, threatens the world's oceans, wildlife, and public health.¹ Concern about the growing scale and impact of global plastic pollution has elevated the issue to crisis levels.² Of particular concern are single-use plastics (SUPs), which make up the bulk of the 24-34 million metric tons of plastic ending up in waterways annually.³ Without drastic action, this amount could triple by 2040.⁴

A shift from virgin plastic production is critical to reducing plastic pollution.⁵ The Environmental Protection Agency's draft strategy to prevent plastic pollution calls for a voluntary reduction in production.⁶ A robust pathway addressing plastic pollution is presented in the widely respected *Breaking the Plastic Wave* report, which found that plastic leakage into the ocean can be reduced 80 percent under its System Change Scenario (SCS), but it requires a significant absolute reduction of virgin SUPs.⁷

In response to the plastic pollution crisis and the necessity of reducing plastic production, countries and major packaging brands are beginning to drive reductions in plastic use.⁸ This will affect the plastic production supply chain. BP has recognized the potential disruption global SUP reductions could have on the oil industry, finding a global SUP ban by 2040 would reduce oil demand growth by 60 percent.⁹

Several implications of the SCS, including a one-third absolute demand reduction (mostly of virgin SUPs) and immediate reductions in new investment in virgin production, are at odds with Chevron Phillips Chemical's (CPChem's) planned investments. CPChem is estimated to be the 16th largest global producer of SUP-bound polymers, with 4.6 million metric tons produced in 2021. Its current business model projects rapid expansion in producing virgin plastics from fossil fuels.

As partial owner of CPChem, Phillips 66 faces growing risk from continued investment in virgin plastic production infrastructure. The Company also uses pyrolysis oil from waste plastic for new plastics feedstock, a process cited as inefficient, greenhouse gas-intensive, with toxic byproducts and emissions, which increases financial and reputational risk.¹⁰

RESOLVED: Shareholders request that Phillips 66 issue a report, at reasonable cost and omitting proprietary information, addressing whether and how a significant reduction in virgin plastic demand, as set forth in *Breaking the Plastic Wave's* System Change Scenario, would affect the Company's financial position and the assumptions underlying its financial statements.

SUPPORTING STATEMENT: Proponents recommend that, at Board discretion, the report include:

¹ https://wwfint.awsassets.panda.org/downloads/wwf_pctsee_report_english.pdf, p.15

² <https://www.unep.org/resources/pollution-solution-global-assessment-marine-litter-and-plastic-pollution>

³ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32019L0904&from=EN#page=8;>

<https://www.minderoo.org/plastic-waste-makers-index/findings/executive-summary/>

⁴ <https://www.nationalgeographic.com/science/article/plastic-trash-in-seas-will-nearly-triple-by-2040-if-nothing-done>

⁵ <https://www.theguardian.com/environment/2021/jul/01/call-for-global-treaty-to-end-production-of-virgin-plastic-by-2040>

⁶ https://www.epa.gov/system/files/documents/2023-04/Draft_National_Strategy_to_Prevent_Plastic_Pollution.pdf, p.17

⁷ https://www.pewtrusts.org/-/media/assets/2020/07/breakingtheplasticwave_report.pdf

⁸ <https://www.pbs.org/newshour/science/bold-single-use-plastic-ban-kicks-europes-plastic-purge-into-high-gear;>

<https://www.businessforplasticstreaty.org/>

⁹ <https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energy-economics/energy-outlook/bp-energy-outlook-2019.pdf#page=18>

¹⁰ <https://eandt.theiet.org/content/articles/2022/11/is-chemical-recycling-greenwashing>

- Quantification of its polymer production for SUP markets;
- A summary of existing and planned investments that may be materially impacted by the SCS; and
- Disclosure of key metrics for chemical recycling processes including inputs, outputs/yield, energy use, carbon and waste emissions, and measures taken to ensure safe operations.