

<p>Owner: Manager, Total Rewards Local Contact: HR Manager/Business Partner</p>	<p align="center">SERVICE RECOGNITION – U.S.</p>	<p>Policy Center </p>
<p>Approver: Senior Vice President, Human Resources</p>		<p>Date Issued/Revised: 07/01/2016</p>

If you have questions, please contact: [HR Connections](#) 855-480-6634 or 918-977-7905.

I. PURPOSE

The purpose of this policy is to identify and define the various service dates that will be used to determine an employee's eligibility for a number of benefits. This policy applies to active employees on the U.S. direct dollar payroll of a “Company” which has adopted this policy, effective on or after May 1, 2012.

II. DEFINITIONS

A. Affiliated Group: The Employer plus its subsidiaries and affiliates (5% or more equity interest).

B. Company: A member of the Employer which has adopted this policy.

C. Delayed Transfer Employee: An employee whose transfer from ConocoPhillips to Phillips 66 will be delayed until after the effective date of the Separation.

D. Employer: Phillips 66 and the members of its controlled group of corporations (80% or more equity interest).

E. Original Date of Hire: The date that an employee first reported for work and became an employee of the Affiliated Group. It includes any type of direct payroll employment -- regular full-time, regular part-time, temporary or intermittent, but does not include any period in which services are provided under contract and not as a direct-payroll employee.

F. Service Award Entry Date (SAED): This date is used by the following programs or plans to determine an employee's eligibility for the Service Award Program and Layoff/Severance benefits.

G. Separation: The separation of Phillips 66 business from ConocoPhillips and the distribution of Phillips 66 shares to the shareholders of ConocoPhillips.

Unless adjusted below, the SAED is the employee's Original Date of Hire. The SAED can be adjusted as follows:

1. **Rehire**

- If rehired within ninety (90) days following termination of employment, the SAED will be the same as if employment had not been terminated.
- If rehired after ninety (90) days of termination of employment, but within five (5) years of the termination date, the SAED will be adjusted, e.g., moved forward by the amount of time the employee was not employed by the Affiliated Group.
- If rehired after five (5) years following termination of employment, the SAED will not be adjusted and will be the date the employee commences employment upon rehire.
- For purposes of these provisions, periods of intermittent employment will only be considered for rehire on intermittent status.

2. **Employee Acquired from Other Companies**

A. ConocoPhillips employees hired at time of Separation (includes Delayed Transfer Employees)

Employees of the ConocoPhillips controlled group transferred to this Company as a result of the Separation from ConocoPhillips will have their initial Phillips 66 SAED determined under the provisions of the ConocoPhillips U.S. Service Recognition Policy in effect on April 30, 2012.

B. ConocoPhillips employees hired after Separation

Employees hired from the ConocoPhillips controlled group to this Company within five years from their termination date with ConocoPhillips will have their initial Phillips 66 SAED determined under the provisions of the ConocoPhillips U.S. Service Recognition Policy in effect on April 30, 2012. The employee shall be given service credit for all pre-Separation ConocoPhillips service. No ConocoPhillips service after the Separation date will be included in the Phillips 66 service date.

C. Mergers, Acquisition, Purchase, Trade, Unitization or Other Means

The SAED of an employee employed as a result of the Employer's assumption of operations or properties of another company through merger, acquisition, purchase, trade, unitization or other means will be the date the employee commences employment with the Employer unless otherwise provided for by agreement entered into at the time of acquisition.

3. **Cooperative Education Work-Study Plan (Co-op Students), Certain Summer Student Hires, and Inexperienced College Graduate Hires**

College students from accredited universities pursuing degrees in disciplines hired by the Company during the summer or as Co-op students will be classified as temporary employees during the actual summer or Co-op work period, and terminated at the end of the summer or Co-op work period. The SAED of such a student who, after college graduation, is hired for regular exempt employment on an Inexperienced College Graduate schedule within twelve (12) months of the termination date of the employee's last work period with either ConocoPhillips or Phillips 66 will be the beginning date of the employee's last work period while classified as a temporary employee. Further adjustments for additional periods as a prior temporary or regular employee will also be considered under the other provisions of this policy.

4. **Converting From Temporary to Regular Status (Full-Time or Part-Time)**

When a temporary employee is converted to regular status, the SAED will remain the SAED established for the employee when last hired on temporary status.

5. **Converting From Intermittent to Regular Status**

The SAED of an intermittent employee converting to regular status will be the date the employee was converted to regular status. Further adjustments for additional periods as a prior temporary or regular employee will also be considered under the other provisions of this policy.

6. **Converting From Regular to Temporary Status**

When a regular employee is converted to temporary status, the SAED will not change.

7. **Converting From Regular to Intermittent Status**

When a regular employee is converted to intermittent status, the SAED will be the later of the Date of Last Hire or the date the employee converted to intermittent status.

F. Date of Last Hire

This is the beginning date of the employee's most recent employment period with the Employer. If the employee has never terminated employment with the Employer, this date will be the same as the Original Hire Date and the Service Award Entry Date.

G. Vacation Eligibility Date (VED)

This date is used to determine an employee's recognized service for certain benefits and/or programs: Vacation and Short Term Disability - Non-Occupational.

Unless adjusted below, the VED is the same as the employee's SAED. The VED may be adjusted as follows:

1. Recognition for Prior Service With Another Employer – “Experienced Employee Vacation Allowance”

- New hires, or conversions of a Temporary employee, into regular full-time or regular part-time jobs classified as “exempt” under F.L.S.A. who have prior valuable “exempt” experience which is not recognized in determining their SAED’s, may be granted vacation service recognition for prior applicable “exempt” experience.
- Experienced professional employees who are hired in salaried, non-union, non-exempt jobs which require a 2-year or 4-year degree or equivalent training and experience may also be granted vacation service recognition for prior applicable experience.
- An employee who is converted from non-exempt to exempt status may be granted vacation service recognition for prior applicable “exempt” experience, provided the recognition was not made at the time of hire.
- The Human Resources manager of the hiring organization will determine whether the “exempt” or “non-exempt” employee’s prior experience is valuable for the position or function for which the employee is being hired by a Company. Any vacation service recognition adjustments other than those specifically set out in this paragraph G.1. cannot be made unless approved by the Vice President of Human Resources.
- The granting of such vacation service recognition will only affect the VED.
- The time period equal to the amount of the valuable exempt experience to be recognized for vacation service will be subtracted from the SAED determined under the other provisions of this policy to establish the adjusted VED.
- The VED will remain as adjusted during the employee’s continuous employment at Phillips 66.

2. Intermittent Employees

Intermittent employees are not eligible for vacation. If a VED established is established for record purposes, it will be the same as the SAED.

3. Temporary Status Employees

The VED of an employee hired or rehired on temporary status will be the Date of Last Hire. The VED of an employee converted from regular or regular part time status to temporary status will be the date the employee is converted to temporary status.

H. Severance Service Date (SSD)

This date is used to determine service for the purpose of severance pay calculations, if it is different than the employee's SAED. The SSD is the employee's SAED adjusted as follows:

1. If after June 30, 2007, an employee is rehired, or enters an employment category or group which is eligible for the Phillips 66 Severance Pay Plan, and the employee has received severance pay after June 30, 2002 attributable to a period of employment, the employee's SSD will be determined by adjusting the employee's SAED forward by the number of years attributable to a period of employment for which the severance pay was received, and that will be recognized in the employee's SAED;
2. If an employee is acquired from another Employer, or hired from an outside employer, an adjustment to the employee's SAED may be approved by the Company.
3. If an employee is acquired, rehired or transferred from ConocoPhillips, and the employee has received severance pay from ConocoPhillips after June 30, 2007 attributable to a period of employment, the employee's SSD in this policy will be determined by adjusting the employee's SAED forward by the number of years attributable to a period of employment for which the severance pay was received, and that will be recognized in the employee's SAED;

Once an SSD is established for an employee, it will be adjusted by the same amount that the employee's SAED is adjusted upon later rehire, absences, or changes in employment category, as specified under the other provisions of this policy.

III. EFFECTS OF ABSENCES ON SERVICE

A. Time Off Without Pay

An excused absence without pay of less than thirty (30) consecutive calendar days will not interrupt the continuous service of an employee. Employees who desire or must be absent without pay in excess of thirty (30) consecutive calendar days should be placed on a leave of absence.

B. Time Off With Pay

Absences that qualify for unpaid disability leave, short-term disability leave, excused leave with pay and hardship assistance, death in family, serious illness in family, and community service, will not interrupt the continuous service of an employee.

C. Military Leave of Absence

The time spent on a Military Leave of Absence will be considered continuous until employment is terminated and upon reinstatement with a Company and the SAED and VED of an employee who is reinstated in accordance with an approved Military Leave of Absence will be reinstated.

D. Personal Leave of Absence

Service Recognition for SAED and VED purposes will be continuous up to a maximum of one (1) year for time spent on an approved Personal Leave of Absence. No service recognition will be allowed for time spent on extensions of Personal Leave of Absence.

The SAED and VED of an employee who returns from an approved Personal Leave of Absence in excess of one (1) year will be adjusted, i.e., moved forward by the amount of time in excess of one (1) year that the employee remained on an approved personal leave.

E. Family Medical Leave of Absence (FMLA) and Disability Leave

Time spent on Family Medical Leave and Disability Leave will be considered as continuous service.

The Company establishes plans, policies and programs appropriate to the business needs and requirements of its various operations and organizations. The plans, policies or programs shown here are provided as guidelines to employees. Company plans, policies and programs are continually under review, and are subject to revision at any time without notice, at the sole discretion of the Company subject to applicable law and/or the terms of any applicable collective bargaining agreement or contract. The plans, policies and programs may differ by location, business, or employee group. Accordingly, individual employees are advised to confirm whether the information accessed here applies to them. Employees may contact HR Connections at 855-480-6634 or 918-977-7905 or their local HR representative if they have any questions. Nothing contained on this site is intended to create, nor is it to be construed to constitute, a contract between Phillips 66 or its subsidiaries and any employee or employees of Phillips 66 or its subsidiaries. Absent a specific written contract to the contrary, employment with Phillips 66, its subsidiaries and affiliates may be terminated with or without cause at any time by the employee or the Company. Nothing contained in these plans, policies or programs shall create a required procedure, practice or policy that must or should be followed in the investigation, evaluation, or disposition of any personnel matter. The information provided is not intended to supersede applicable local, state or federal law or the terms or provisions of any current collective bargaining agreement. In the event of conflict, the law or collective bargaining agreement shall prevail.