



Phillips 66 Limited & Phillips 66 International Trading Pte. Ltd. Sustainability Clause for Biofuels

Except where expressly agreed otherwise at the time of deal conclusion, all transactions entered into by Phillips 66 Limited or Phillips 66 International Trading Pte. Ltd. ("**P66L/ P66IT**") for the sale or purchase of biofuels and biofuels feedstocks (all referred to hereinafter as "**Product**") are subject to the following terms and conditions:

1. RED Compliance

- 1.1.** The seller of Product under the Agreement guarantees, for the complete duration of the Agreement, seller's compliance and the Product's compliance with Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (recast) ("**RED II**"), as may be amended or re-enacted or itself recast from time to time.
- 1.2.** For the purposes of compliance under this section 1, it is a condition of the Agreement that:
 - 1.2.1.** the Product shall comply with all applicable EU and EU Member State directives, orders, legislation, regulations and customs requirements relating to the implementation or amendment of RED II that are current at the time of the Product loading; and
 - 1.2.2.** the seller shall, for the complete duration of the Agreement and with respect to the full quantity of Product sold under the Agreement, be certified under the International Sustainability and Carbon Certification ("**ISCC**") EU system or under an alternative voluntary scheme that is applicable to the Product in question, compliant with ISCC requirements and recognised by the European Commission as meeting all legal requirements of RED II; and
 - 1.2.3.** the Product and its supply chain shall comply with all requirements of certification under section 1.2.2 above for sustainability and traceability from the point of origin; and
 - 1.2.4.** the Product sold shall not, save for in connection with the Agreement, count towards any support scheme or renewable energy obligation in any country; and
 - 1.2.5.** the seller shall not issue and has not previously issued any sustainability documentation in respect of the Product except to the buyer in accordance with the seller's obligations under the Agreement.
- 1.3.** In the event of an amendment to RED II that is implemented after the Product has loaded but prior to its discharge, the seller shall make reasonable endeavours to provide the buyer with all requisite information and documentation for the purposes of buyer's compliance with any such amendment.
- 1.4.** In the event that seller's certification for the European Commission-approved scheme lapses during the duration of the Agreement, seller shall immediately advise the buyer of such lapse. If the seller does not hold a valid certification or it lapses during the Agreement, the seller shall be in breach of a condition of the Agreement and the buyer may at its sole discretion, without prejudice to any of its other rights, immediately terminate the Agreement without incurring any liability either orally (and subsequently confirmed in writing) or upon service of a written notice.

2. UK Renewable Transport Fuel Obligations Order

- 2.1. Unless expressly agreed otherwise by the Parties, the Product shall meet the requirements of the United Kingdom's Renewable Transport Fuel Obligations Order 2007 No. 3072, as amended, extended, replaced or re-enacted from time to time (the "**RTFO Regulations**").
- 2.2. References herein and in the Agreement to "**Credits**" mean credits represented by Renewable Transport Fuel Certificates ("**RTFCs**") under the RTFO Regulations for the relevant compliance year and, where Product has been sold on the basis that it is eligible for the issue of double RTFCs, references to "Credits" shall be read and construed as requiring double such RTFCs.
- 2.3. Seller represents, warrants and undertakes to the buyer that seller is aware of and understands the provisions of the RTFO Regulations.
- 2.4. It is a condition of the Agreement that the Product supplied is eligible for Credits under the RTFO Regulations and that such Credits will not be revoked in whole or in part.
- 2.5. Prior to invoicing the buyer for any balance amount as may be specified under the Payment clause of the Agreement, the seller shall provide the buyer, at seller's cost, all documentation required by the buyer in support of its claim for Credits under the RTFO Regulations in respect of the Product; provided, however, that no provision of the Agreement, including without limitation anything contained in the Payment clause, will be taken to relieve the seller of its obligation in respect of documentation required by the buyer in support of its claim for Credits under the RTFO Regulations whenever such request is made and whether before or after discharge of Product and/or payment is made. The provisions of the paragraph survive termination and expiry of the Agreement.
- 2.6. Notwithstanding any other provision of the Agreement, the seller shall indemnify the buyer against any reasonable and documented costs, losses or expenses (including without limitation any sum payable in respect of a buy-out of the buyer's obligations under the RTFO Regulations), that are incurred as a direct result of buyer's inability to claim Credits in respect of the Product and/or due to any act or omission on the part of the seller.

3. Additional EU Member State Compliance

3.1. Dutch Compliance

Where it is agreed by the parties to the Agreement that the Product must meet Dutch sustainability requirements, then, in addition to the provisions of section 1. above, the seller shall:

- 3.1.1. ensure that, at the time of title transfer, the Product is eligible, through mass balance, for double counting under the Dutch Energy Transport Regulations and meets all requirements under the "Regeling hernieuwbare energie vervoer" 2018, the Decree of 21st June 2018 on rules to implement Titles 9.7 and 9.8 of the Hernieuwbare energie vervoer van de Wet milieubeheer ("Besluit hernieuwbare energie vervoer" 2018) and the latest version of the Dutch Verification Protocol for the Double Counting of Biofuels ("Verificatieprotocol Dubbelstelling Biobrandstoffen") and any subsequent amendments to these, together with any applicable supplementary or amending directives, orders, legislation and/or regulations, including all rules current at the time of loading under the Regeling Energie Vervoer as applicable at the time of delivery (including the eligibility of the the raw material used to produce the delivered biofuel, as prescribed under the version of the "Grondstoffen in het REV" that is current at the time of delivery) and as may be amended from time to time; and
- 3.1.2. provide (i) a declaration that the raw material(s) have not been intentionally modified; and (ii) the original Dutch Double Counting Certificate (as issued by an accredited double counting verifier accredited by the Dutch Accreditation Council) within 6 months of the bill of lading date or by the end of January of the following year, whichever is earlier (notwithstanding that the corresponding Proof of Sustainability shall be provided in accordance with section 4 below).

3.2. German Compliance

The Product shall meet German sustainability requirements. In addition to the provisions of section 1 above, the seller shall therefore:

- 3.2.1.** ensure that the Product and its raw material shall be in compliance with the German biofuels sustainability ordinance "Biokraft-NachV" of 30th September 2009; the "Biomasseverordnung" of 21st June 2001, last amended by article 8 of the law effective from 13th October 2016, in the relevant version; and with clause 37b (1), (2) and (8) sentence 1, number 3, of the "Bundes-Immissionsschutzgesetz", in the relevant version as set out in German taxation law; and any subsequent amendments to these, together with any applicable supplementary or amending directives, orders, legislation and/or regulations; and
- 3.2.2.** unless agreed otherwise, issue the buyer the Proofs of Sustainability for finished product via Nabisy* ; and
- 3.2.3.** ensure that, in the case of UCOME cargoes, the Proof of Sustainability is for raw material entirely of vegetable origin, as is applicable for the German market (Nabisy UCOME product code 38260010-200125); and
- 3.2.4.** ensure that, where applicable to the Product in question, (i) the Product meets the relevant German specification standard and (ii) the seller shall, where requested by P66L/P66IT, provide a statement that the Product meets the appropriate fuel quality, any such requisite statement to be on company letterhead and in form and content as required by the relevant German ordinances.

*** Nabisy Applicant IDs:**

Phillips 66 Limited:	EU-BM-13-Lfr-10002459
Phillips 66 International Trading Pte. Ltd.:	EU-BM-13-Lfr-10007996

3.3. Other

Where it is agreed by the parties to the Agreement that the Product must meet sustainability requirements and be eligible for incentives under national schemes and legislation in a country not otherwise specified herein, the seller shall provide to the buyer all documentation, as legally required by the country in question, that demonstrates the Product's compliance and relevant eligibility.

4. Sustainability Documentation (applicable to RED and/or RTFO-compliant Product)

- 4.1.** Seller shall issue all sustainability documentation to buyer by no later than 30 calendar days after the date of Product's dispatch (dispatch date to count as day zero).
- 4.2.** The requisite sustainability documentation shall cover the full quantity of Product sold to the buyer and shall consist of:
 - 4.2.1.** *in the case of raw materials or intermediate products:* Sustainability Declaration(s) compliant with the requirements of (i) ISCC EU; (ii) RED II; and (iii) applicable EU member state(s) for sustainability and traceability from the point of origin (always as valid at the date of delivery); and
 - 4.2.2.** *in the case of biofuels:* Proof(s) of Sustainability ("**PoS**") compliant with the requirements of **(i)** ISCC EU; **(ii)** RED II; and **(iii)** applicable EU member state(s) for sustainability and traceability from the point of origin (always as valid at the date of delivery).

PoS issued via Nabisy shall always to be applicable EU-wide for GHG savings compliance.

- 4.2.3.** *in the case of all Product:* any additional documentation required by the relevant authorities/legislation to demonstrate that the Product is a sustainable renewable biofuel/ raw material (including, if applicable, that it is eligible for double counting) and to comply with any applicable verification requirements of the country of destination.

5. Argus Open Markets & Product Sustainability Obligations

The seller acknowledges that, where the deal is concluded via *Argus Open Markets*, the qualifying criterion for seller being able to provide material that is UK double-counting eligible, German mandate compliant or Netherlands double-counting eligible (as set forth in the *Argus Biofuels Methodology and Specifications Guide*, latest edition) consists of meeting the requirements of sections 2, 3.1 and 3.2, respectively, of this *Phillips 66 Limited & Phillips 66 International Trading Pte. Ltd Sustainability Clause for Biofuels*.

For all deals concluded between the parties via *Argus Open Markets* and where applicable to the price assessment in question, the seller therefore warrants and represents that it:

- (a) is informed of the laws, regulations, rules, directives and guidelines (as amended from time to time) governing the requirements of section 2, section 3.1 and section 3.2 herein; and
- (b) is capable, at the time of posting an offer/initiating a deal, of complying with the relevant provisions under section 2, section 3.1 and section 3.2 herein; and
- (c) shall, where requested by buyer (as declared in accordance with the *Argus Biofuels Methodology and Specifications Guide*), comply with the requirements under any of section 2, section 3.1 or section 3.2 herein.

6. United States EPA Compliance

Where specified in the Special Provisions, raw material supplied under the Agreement shall comply with the renewable feedstock requirements of the United States Environmental Protection Agency, in which case:

6.1. The seller of the Product under the Agreement guarantees, for the complete duration of the Agreement, seller's compliance and the Product's compliance with renewable fuels standards for segregated food wastes and/or biogenic oils/fats/greases adopted and codified at 40 CFR 80 "Subpart M, Renewable Fuel Standard" pursuant to the US Energy and Independence and Security Act of 2007, as may be amended or re-enacted or itself recast from time to time and that the Product delivered to the buyer qualifies as renewable biomass as defined in 40 CFR 80.1401.

6.2. For the purposes of compliance under section 6.1, it is a condition of the Agreement that:

- 6.2.1.** Buyer will not accept any Product with untraceable origin. At all times, the Product must be traceable to the point of origin (e.g. the restaurant, in the case of Used Cooking Oil) where the Product is first formed;
- 6.2.2.** The Product (feedstock) must be kept segregated from non-RFS compliant feedstocks from the Point of Origin (eg. restaurants in the case of Used Cooking Oil) until delivered to the buyer;
- 6.2.3.** Seller provide, within one week of delivery, supply chain information and supporting documents (including weighbridge tickets and, where applicable, bills of lading) starting from the point(s) of origin; addresses of points of origin, addresses of any collecting point(s) and/or port of loading as well as the associated quantities collected from each of its suppliers shall be included; all such traceability information shall be submitted by Buyer to Seller in Buyer's standard template form (also a "**Sustainability Declaration**");
- 6.2.4.** Seller provide a signed Separated Food Waste Certification ("**SFWC**"), in form and content determined by buyer and as may be amended from time to time, certifying that each shipment of feedstock qualifies as renewable biomass, as defined under 40 CFR 80.1401; an SFWC shall be provided for the first delivery and thereafter every calendar quarter as long as deliveries are made under the Agreement;
- 6.2.5.** Seller provide any statements or documentation that Buyer might reasonably require to export the Product to the USA and as evidence of the Product's eligibility as a renewable feedstock in the US

and as meeting the criteria for US state and federal renewable fuel policies and credit programmes and as required by the country of export.

- 6.3.** In the event that the seller is a registered feedstock supplier under 40 CFR 1090.805, the seller must have the same approved QAP as specified in 40 CFR 80.1476(e) as the buyer and the seller must keep all applicable records for the collection of separated food waste. Under such a scenario, the requirement of section 6.2.3. can be waived.

7. Compliance Audits

- 7.1.** Notwithstanding any confidentiality provisions of the Agreement, a party to the Agreement (the "**Disclosing Party**") may disclose details of the Agreement without the other party's prior written consent if such disclosure is to the Disclosing Party's certification scheme or, as required by the certification scheme, to an auditor appointed on behalf of the Disclosing Party's certification body, to the extent it relates to the sustainability compliance of Product delivered under the Agreement, and both parties to the Agreement shall comply with any reasonable requests made by either party's certification scheme or certification body or by any applicable government or regulatory body to verify compliance with the requirements of the certification scheme.
- 7.2.** In addition to the provisions of section 7.1, the buyer reserves the right to nominate at any time, up until the date that is two (2) years from the date of receipt by buyer from seller of the Product's sustainability information, a duly qualified independent auditor to inspect and verify the seller's compliance with the sustainability requirements of this Agreement, in which event (i) the seller shall promptly supply the buyer's auditor with any information or documents requested by buyer's auditor to the extent that they relate to the delivery of Product under the Agreement; and (ii) the buyer shall procure that the auditor keeps the documents confidential and does not disclose them to any third party, including the buyer, without the seller's prior written consent. Where and to the extent that the seller does not have control of party(ies) involved in the sourcing, cultivation, production and transportation of the Product prior to transfer of property in the Product to seller, the seller shall exercise reasonable efforts to enable the buyer's auditor access to the relevant sustainability documentation held or controlled by such third parties.

8. General

"**Agreement**" herein means the oral or written agreement (the "**Special Provisions**") under which terms the parties have agreed on the sale and purchase of volume(s) of biofuels or its raw materials;

All references to "**biofuels**" shall be understood in accordance with the defined terms under Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 ("**RED**"), as amended under RED II and as may be further amended from time to time;

This *Phillips 66 Limited & Phillips 66 International Trading Pte. Ltd Sustainability Clause for Biofuels* is incorporated, by reference, into the Agreement but without limiting the application of any sustainability requirements set out in the Special Provisions. In the event of a conflict or inconsistency between this *Phillips 66 Limited & Phillips 66 International Trading Pte. Ltd Sustainability Clause for Biofuels* and the Special Provisions, the Special Provisions shall prevail.