

January, 2022

Tobacco Sales Compliance Preventing Youth Access to Tobacco

Dear Phillips 66 Company Customer:

On December 28, 2007, Phillips 66 Company (“PSX”) notified all of its branded customers that it had agreed to adopt policies and procedures that were expected to discourage underage tobacco sales at gas station/convenience stores operating under the CONOCO, 76, or PHILLIPS 66 trademarks. PSX believes that the Assurance of Voluntary Compliance (“AVC”) it entered into with the Attorneys General of 40 participating states is an important step in helping prevent sales of tobacco products to minors. We are sending this letter to again remind you of the importance of preventing underage sales of tobacco products and the seriousness of complying with laws regarding youth access to tobacco.

We request that you provide a copy of this letter to each branded outlet you supply. We also request that you confirm that you have done so by logging on to U.S. Marketing’s website, BizLink. You can do this by utilizing the automated Tobacco Assurance of Voluntary Compliance>Manage Compliance feature which you find under “Contracts.” If you need assistance, please contact the BizLink Help Desk at 866-882-4440. These steps should be completed by **April 1, 2022.**

We also want to highlight The BARS® Program, as we think it may be useful for you. It is an independent testing service that performs at least one compliance check every six (6) months that evaluates how well your training and other safeguards are working. As we advised you last year, PSX’s branded customers and trademark licensees can utilize the third party testing service to perform compliance checks at branded retail outlets that they supply, own and/or operate. If you are interested in using the testing service, visit The BARS® Program website at <http://www.barsprogram.com/index.htm>.

Other prevention efforts include:

- Adopting standards for hiring and training employees regarding sale of tobacco products, including instructing employees on the compelling health reasons underlying restrictions on youth access to tobacco.
- Instructing store employees to check I.D. for all tobacco customers who appear to be under 35, and accepting only valid, government-issued photo I.D.
- Using security videotapes of tobacco sales transactions to monitor compliance, and posting signs warning would-be underage purchasers that their attempt to purchase may be caught on tape.
- Programming cash registers to aid store employees, when possible (for example, by locking when a tobacco product is scanned, and prompting the store employee to ask for I.D.).
- Eliminating self-service tobacco displays, including vending machines, and prohibiting distribution of free tobacco products on store property.
- Maintaining a policy against increasing youth demand for tobacco through in-store advertising, and limiting such advertising to brand names, logos, other trademarks, and pricing.

- Designating an employee who will be responsible for addressing compliance with underage tobacco sale laws, and who will monitor implementation of policies and procedures as well as review reports of violations of laws concerning the sale of tobacco products to minors.

If you have not done so already, we strongly recommend that you establish your own compliance check and tobacco compliance program.

As you know, your supply agreement with PSX contains provisions stating that you will strictly comply with all applicable federal, state and local laws, regulations, orders and ordinances relating to your business, including but not limited to compliance with laws regarding youth access to tobacco. It also contains brand and image standards stating that you will not permit the sale of tobacco to minors at a branded location you supply. Violation of such laws and/or standards could constitute grounds for termination or nonrenewal of the agreement or the debranding of the non-complying branded outlet.

If required by your supply agreement, the Assurance of Voluntary Compliance with the state attorneys general also requires that you inform PSX in writing within five (5) business days of any notices of violation received from local, state or federal authorities concerning the sale of tobacco to minors. If you receive such a notice of violation, the appropriate method for you to report the matter promptly to PSX is located on U.S. Marketing's website, "BizLink":
Use the Tobacco Assurance of Voluntary Compliance>Manage Violations feature which can be located under "Contracts".

Please contact your Sales Representative or Account Specialist if you have any questions.

Thank you for your cooperation in this important matter.

Sincerely,

PHILLIPS 66 COMPANY
U S Marketing



Louis J. Burke
Manager, Branded Sales