Science for a Sustainable World

Dow people are the world’s best problem-solvers focusing on the world’s biggest challenges. Our commitment to Innovations for Tomorrow, Partners for Change, Smart Solutions for Today and Responsible Operations delivers results that are good for business and good for the world.

This issue includes:

- Innovations for Tomorrow
- Partners for Change
- Smart Solutions for Today
- Responsible Operations

Goal Updates

- Sustainable Chemistry
- Addressing Climate Change, Energy Efficiency and Conservation
- Product Safety Leadership
- Breakthroughs to World Challenges
- Contributing to Community Success
- Local Protection of Human Health and the Environment
Innovations for Tomorrow
We contribute to the sustainability of society and our planet by developing innovative technologies for current and future markets.

Dow Receives $2.9 Million from the U.S. Department of Energy for Next Generation Insulation Solutions
The U.S. Department of Energy (DOE) has awarded Dow $2,955,156 to develop the next generation of advanced insulation for high-performance, energy-efficient wall, roof and foundation insulation systems. The funding was awarded specifically to Dow Building Solutions, a business within Dow’s Building and Construction business group. It was granted as part of the American Recovery and Reinvestment Act, with the research expected to lead to the creation of higher performing insulation solutions with a lower carbon footprint and greater ease-of-use for builders.

Dow Kokam Breaks Ground on New Electric Car Battery Plant in Midland, Michigan
On June 21, Dow Kokam, a joint venture between Dow and TK Advanced Battery, LLC, held a groundbreaking ceremony for a new manufacturing facility that will produce lithium-ion battery packs for next-generation hybrid and electric vehicles. The plant will employ more than 800 people and have the capacity to manufacture 1.2 billion watt-hours of large format affordable lithium-ion batteries. Vice President Joe Biden and Michigan Governor Jennifer Granholm participated in the ceremony. Read more about this on Dow.com: (http://news.dow.com/dow_news/corporate/2010/20100621b.htm).

Alstom, Dow Technology Selected for Industrial CCS Demonstration Facility in France
In late May, Alstom and Dow announced that the EDF Group awarded a contract to Alstom to develop, construct, operate and test in partnership an industrial demonstration facility to capture CO₂ at the Le Havre coal-fired electric power plant in France. The objective of this innovative project is to demonstrate the operability and efficiency of post-combustion CO₂ capture utilizing the Advanced Amine Process jointly developed by Alstom and Dow. The project is scheduled for start-up by 2012 and is partly funded by French governmental body ADEME (The French Environment and Energy Management Agency).

CBS News Names Dow a “Green Giant”
In an article published on April 22, CBS News named Dow as one of the “10 Green Giants That Could Change the World.” The 10 companies mentioned are seen as most likely to “produce, develop and promote the ideas and products that will have the widest ranging effects.” Dow was chosen because of its “multi-pronged strategy to exploit its know-how in membranes, coatings and material science to reduce the amount of fossil fuels consumed by others in manufacturing their own products.” The article mentioned Dow Corning’s work on its silicone sealant, Dow’s multimillion dollar research alliance with Caltech, Dow Kokam’s work with electric cars and the expansion of desalination with Rohm and Haas.

Partners for Change
We are leaders in advancing all aspects of sustainability, openly collaborating with customers, suppliers, communities, civil society and governments.

Dow Becomes Worldwide Olympic Partner
Dow announced that the company has become an official, worldwide Olympic partner as part of The Olympic Partners Program. As the official “Chemistry Company” of the Olympic Movement, Dow will partner with the International Olympic Committee and national Olympic Committees around the world through 2020. This partnership demonstrates our longstanding commitment to global sustainability, innovation, scientific excellence and addressing world challenges.

Dow AgroSciences, Iowa State University Enter into Research Agreement
Dow AgroSciences and Iowa State University have entered into a research agreement to study how EXZACT™ Precision Technology can help improve the development of renewable bioproducts in microalgae. Dow AgroSciences’ EXZACT Precision Technology provides a versatile and comprehensive toolkit for targeted genome modification. Its demonstrated ability to specifically and efficiently add, edit, or delete genes at targeted locations in plant genomes has made it the leading tool for precise engineering of multi-gene stacks, editing native gene sequences and targeted gene disruption in crops. This new research will extend those functionalities into algal systems.
Dow Among Industry Leaders on New Sustainability Innovators Working Group

Fourteen major industry leaders have formed the Sustainability Innovators Working Group – aiming to define and develop state-of-the-art approaches for environmental management and corporate sustainability. Esty Environmental Partners (EEP), the organizer of the group and a premier sustainable business consulting firm and IBM, a participant and supporting partner, announced the launch. In addition to The Dow Chemical Company and IBM, industry members include a diverse combination of companies also recognized for their advanced work in sustainability practices, such as Boeing, CH2M Hill, Coca-Cola, Delhaize Group, Disney, Diversey, FedEx, Johnson & Johnson, Shaklee, Unilever, Walmart, and Xerox. Read more about this on Dow.com (http://news.dow.com/dow_news/corporate/2010/20100625a.htm)

Dow Receives Presidential Green Chemistry Challenge Award for HPPO Technology

Dow and BASF received a 2010 Presidential Green Chemistry Challenge Award at a ceremony held June 21 at the Ronald Reagan Center in Washington, D.C. The two companies were honored for their jointly developed hydrogen peroxide to propylene oxide (HPPO) technology that vastly improves the production process of a key chemical intermediate, propylene oxide. Propylene oxide from the HPPO process can be used in a variety of applications from home insulation, appliances, automobiles and furniture to aircraft de-icers, paints, brake fluids and Pharmaceuticals. Read more about this on Dow.com (http://news.dow.com/dow_news/corporate/2010/20100622a.htm)

Dow and WaterBrick® International Support Haiti’s Relief Efforts

On April 8, WaterBrick® International announced that it received a donation of key raw materials from Dow that will be used to produce WaterBricks aimed at speeding relief to Haitians in need of clean water and food. Dow has donated three rail car loads, or approximately 600,000 pounds, of its new high-performance CONTINUUM EP™ High Density Polyethylene Resin for the manufacture of WaterBricks that will be sent to Haiti. Dow’s contribution is expected to provide enough plastic to manufacture more than a quarter of a million WaterBricks. Once manufactured, the WaterBricks will be shipped to Haiti, filled with clean water and distributed to Haitians in need. The brick containers can be reused as a means to transport and store water or food. Read more about this on Dow.com (http://news.dow.com/dow_news/corporate/2010/20100415b.htm)
Dow Sponsors United Nations Environment Program Global Summit in South Korea

Dow brought the power of chemistry and collaboration to the United Nations Environment Program’s (UNEP) Business for the Environment Global Summit (B4E) held in Seoul, South Korea. As a strategic sponsor of the world’s leading international conference for dialogue and business-driven action for the environment, Dow’s sustainability leadership team convened with leaders from governments, international agencies and international media. Neil Hawkins, Dow’s Vice President of Sustainability and Environment, Health & Safety, and other leaders from Dow’s corporate headquarters and Asia Pacific and European operations participated in this year’s conference. Dow hosted a special luncheon dialogue on the topic of “The Sustainable World of 2100” that featured renowned sustainability expert John Elkington. The event was headlined by former Vice President Al Gore, Secretary-General of the United Nations Ban Ki-moon, and Republic of Korea President Lee Myung-bak.

Smart Solutions for Today

Our technologies enable our customers, and their customers, to develop more sustainable products and services.

Dow Fabric & Surface Care Introduces DURAGREEN™

Dow Fabric & Surface Care recently introduced DURAGREEN™ 4373 Polymer, a new zinc-free film former for institutional floor care applications. DURAGREEN 4373 Polymer reduces the cost associated with removing zinc particles from wastewater, which can be harmful to aquatic species. Developed for use in floor polishes for medium to high traffic settings such as retail stores, formulations based on DURAGREEN 4373 demonstrate excellent gloss and gloss retention and outstanding soil resistance as compared to traditional zinc-containing film formers.

Dow Introduces New Binder Technology for Low-Odor, High-Performance Paints

Dow Coating Materials has introduced a new binder technology designed to help formulators develop low-odor paints with outstanding performance. Dow is integrating this technology with other initiatives to achieve extremely low odor profiles in high performance paints. The first example is RHOPLEX™ VSR 2015 with VERSAIR™ technology, which was introduced earlier this year. By incorporating VERSAIR technology into RHOPLEX VSR 2015 chemistry, Dow is able to achieve these low-odor characteristics without compromising the paint performance and low- to no-VOC formulating capabilities inherent in RHOPLEX VSR 2015.

Sydney Desalination Plant Runs with Dow Technology

As Australia’s largest desalination plant, Sydney now joins the ranks of other coastal cities in Australia using seawater desalination as a sustainable and rainfall-independent route to provide drinking water for its metropolitan area. Dow Water & Process Solutions supplied approximately 36,000 DOW FILMTEC™ reverse osmosis (RO) elements to the new, efficient desalination facility, which was officially inaugurated on April 19, 2010.

SAFETOUCH™ Fiberglass-free Insulation by Dow Expands Retail Presence

Dow has announced that SAFETOUCH™ Fiberglass-free Insulation is now available nationally at multiple retail and professional outlets. In addition to Lowe’s, SAFETOUCH Insulation will soon be available in select northeast Home Depot stores and numerous Do It Best-affiliated lumberyards and building supply centers. SAFETOUCH Insulation is gaining significant traction with homeowners, particularly those with families in the 25-44 year old age segment. A technical breakthrough by Dow in the traditional fiberglass category, the thermal and acoustic insulation is made from polyester fibers – the same material used in clothing – so it’s itch-free, safe and healthy for consumers’ families and their homes.

Innovative Renewable Plasticizers Enable More Eco-friendly Cables

The ECOLIBRIUM™ line of bio-based plasticizers from Dow Wire & Cable is a phthalate-free technology meant for use in wire insulation and jacketing. The plasticizers are made from nearly 100 percent renewable feedstocks. Dow conducted lifecycle analysis tests, which were third-party reviewed, on cables made with these bio-based plasticizers and concluded the technology can help cable-makers and original equipment manufacturers reduce greenhouse gas emissions by up to 40 percent if used instead of traditional PVC plasticizers. ECOLIBRIUM plasticizers are intended for use in a variety of wire and cable applications, including personal electronics, appliances, automotive, building and construction, as well as data communications.
Responsible Operations

Our infrastructure has a positive impact on our company, our communities and ourselves. Our operations are a model for others, wherever we operate.

Dow Wins 2010 Responsible Care® Award

Dow was chosen to receive a 2010 Responsible Care Performance Award, which recognizes member companies making progress toward the approved set of goals and targets established by the American Chemistry Council’s (ACC) Board of Directors. The Responsible Care Performance Award was presented on May 3, during the Annual Responsible Care Conference and Expo. Dow was one of 10 companies, out of a total of 138, that met the criteria for the award, including:

- Five percent improvement in the Total Recordable Injury Rate over the previous reporting year
- Four percent improvement in the Lost Workday Incidence Rate over the previous reporting year
- Zero fatalities for the past calendar year
- Twenty percent improvement in High Priority Chemicals covered by publicly available product stewardship summaries

Employees Make More Than 7,000 Green Commitments

Between Earth Day (April 22) and World Environment Day (June 5), more than 1,400 Dow employees pledged over 7,000 green commitments as part of the EVERGREEN Commitment Tree Contest. Employees from around the world committed to personal actions that will not only help the environment, but help them save money as well. The types of commitments ranged from “conserve energy” to “educate my children” to “use less water” and more.

Dow Works with Congress and Stakeholders to Revise TSCA

Dow believes chemicals management is a shared responsibility of government authorities, chemical manufacturers and consumers throughout the value chain. Dow has provided congressional testimony and has been actively engaged with the American Chemistry Council (ACC) and other external stakeholders to help shape Toxic Substances Control Act (TSCA) reform legislation. Dow experts have actively participated in the dialogue on TSCA reform to urge Congress to incorporate the 10 chemicals management principles proposed by the industry last year to better ensure consumer safety while preserving America’s role as the world’s leading innovator and creator of safe and environmentally sound technologies and products.

Dow Epidemiology Study Demonstrates Employee Health

A comprehensive study of disease conducted by Dow revealed that employees had lower mortality rates when compared to national rates. Dow’s epidemiology department conducted the study as part of its ongoing epidemiology surveillance program. The purpose was to establish whether working in a chemical company places employees at increased risk of disease. The study was conducted over a 45-year time frame on U.S. Dow and heritage UCC employees at 25 U.S. sites between 1960 and 2005. The research involved employee records and death certificates of former employees. Standardized mortality ratios (SMRs) were calculated for the 61 classifications of diseases that caused deaths. Read more about this on Dow.com (http://news.dow.com/dow_news/corporate/2010/20100701b.htm)

Dow and Philadelphia’s Mayor Announce Winner of RetroFIT Philly “Coolest Block” Contest

On May 13, Dow, Philadelphia mayor Nutter and the Energy Coordinating Agency of Philadelphia (ECA) announced the winners of the RetroFIT Philly “Coolest Block” contest. The winners, the 1200 block of Wolf Street, received an energy efficiency upgrade for their entire block, including an energy-saving “cool roof,” air sealing and insulation. Dow contributed products and technologies, and The Dow Chemical Company Foundation provided financial support.
Dow Earns Third Straight A+ for Sustainability Report

On July 14, Dow issued its 2009 Global Reporting Initiative (GRI) Sustainability Report with UN Global Compact Communication on Progress. For the third year in a row the report earned an application level of "A+" as defined by GRI. Dow utilizes GRI’s reporting guidelines to communicate the Company’s sustainability efforts and achievements. This report presents a consistent and balanced summary of progress on Dow’s 2015 Goals and underscores the company’s commitment to addressing energy, climate change and other world challenges. Read more about this on Dow.com. (http://news.dow.com/dow_news/corporate/2010/20100714a.htm)

NASDAQ OMX Adds Dow to Global Sustainability 50 Index

On June 16, Dow announced it had been added to the NASDAQ OMX CRD Global Sustainability 50 Index for the first time. The NASDAQ OMX CRD Global Sustainability 50 Index is made up of companies that have taken a leadership role in disclosing their carbon footprint, energy usage, water consumption, hazardous and non-hazardous waste, employee safety, workforce diversity, management composition and community investing. Read more about this on Dow.com (http://news.dow.com/dow_news/corporate/2010/20100616a.htm)

Storebrand Investments Awards Dow “Best in Class” Status

In May, Storebrand Investments completed its 2010 analysis of the chemicals industry, giving Dow “Best in Class” status for its leading financial, environmental and social performance. This qualifies Dow for investment in Storebrand’s SRI mandates. Storebrand’s new industry analyses are comprised of an initial selection of companies based on financial criteria set by Storebrand’s portfolio managers. Only this selection of companies is analyzed on ESG performance.

Dow Latin America Relocates for Sustainability, Transparency and Innovation

Dow’s Latin American team relocated to new headquarters at the Diamond Tower, a new building in São Paulo’s Rochaverá Condominium complex — one of the most modern and environmentally friendly corporate condos in Brazil. The complex is certified Green by the U.S. Green Building Council Institute, and the Diamond Tower itself goes beyond in terms of sustainability and was built and furnished according to criteria for Gold Certification from LEED (Leadership in Energy and Environmental Design). Additionally, the new Dow headquarters is in tune with the most recent trends on corporate architecture, adopting an “open space” concept in order to nurture better communication, transparency and interaction between employees. The new building symbolizes Dow’s growth over more than 50 years in Latin America and its commitment to a people-centric culture, innovation and sustainability.

Dow Health Services Receives 2010 Health Information Technology Innovation Award

Dow’s Health Services Organization received the 2010 Health Information Technology Innovation Award from the Michigan Health Information Technology (HIT) Commission. The award recognizes groundbreaking use of technology in the state’s health care system. Dow’s technology strategy was recognized for its use of HIT to provide care, to empower and engage individuals and to provide additional layers of health and wellness promotion outside of the Dow environment.

Goal Updates

Sustainable Chemistry

The Sustainable Chemistry Index (SCI) was recalibrated, taking into account the Rohm and Haas integration as well as corrected and updated information from 2009 data reviews more accurately reflecting actual company performance. Absolute SCI for company aggregate performance has increased slightly, and the overall trend of a dip in 2008 and increase in 2009 is consistent with the historical performance. For the Sustainable Chemistry Index, aggregate Company performance increased by 1.1 points for 2009 sales from 20.1 for 2008 to 21.2 in 2009 with a 2007 baseline of 20.4. This improvement reflects an overall shift of the sales mix of the Company toward products with better performance, including the addition of new product lines from the acquisition of the Rohm and Haas Company.
The percentage of sales from products with Highly Advantaged sustainable chemistry performance increased from 1.7 percent in 2008 to 3.4 percent in 2009, further reflecting the transformation of the Company. As part of the recalibration, Dow made the requirements for these Highly Advantaged sales more aspirational to further challenge the Company. The Company target for Highly Advantaged sales remains 10 percent, but that is now a five-fold increase over the recalibrated 2007 baseline, instead of the two-fold increase targeted previously.

Our progress and contributions to the world in sustainable chemistry continue to have real business impact while garnering third-party recognition. In June, we took home our unprecedented seventh Presidential Green Chemistry Award for our hydrogen peroxide to propylene oxide (HPPO) technology, jointly developed with BASF.

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In 2009, Dow’s comprehensive efficiency efforts resulted in additional, cumulative energy intensity and bottom-line cost savings, despite continued fluctuation in energy prices. Since 1990, Dow has reduced its energy intensity by 38 percent. And, since 1994, the Company has saved over 1,700 trillion Btu of energy, enough to supply the residential electrical needs of the state of California for one year. During that time, Dow reduced its absolute greenhouse gas (GHG) emissions by 20 percent – well beyond Kyoto targets. This has prevented approximately 90 million metric tons of CO₂ from entering the atmosphere – a clear demonstration of the power of energy efficiency. Through the end of 2009, savings due to improved energy intensity exceeded $9.2 billion.

2015 Goal
- Increase the percentage of sales to 10% for products that are highly advantaged by sustainable chemistry

### Highly Advantaged Sales

<table>
<thead>
<tr>
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<th>Sales</th>
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<tr>
<td>2008</td>
<td>2.1%</td>
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<tr>
<td>2009</td>
<td>2.0%</td>
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<tr>
<td>2010</td>
<td>2.3%</td>
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<tr>
<td>2011</td>
<td>2.6%</td>
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<tr>
<td>2012</td>
<td>2.9%</td>
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<tr>
<td>2013</td>
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<tr>
<td>2014</td>
<td>3.5%</td>
</tr>
<tr>
<td>2015</td>
<td>3.4%</td>
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</table>

### Dow Aggregate SCI

<table>
<thead>
<tr>
<th>Year</th>
<th>SCI</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>20.4</td>
</tr>
<tr>
<td>2008</td>
<td>20.1</td>
</tr>
<tr>
<td>2009</td>
<td>21.2</td>
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</tbody>
</table>

### Energy Efficiency Savings

$9.2 Billion saved since 1994

Cumulative $Billion savings
By 2025, we aspire to reduce absolute emissions within the Company. The chart above demonstrates that we have begun to do just that — absolute emissions have been reduced in 2007, 2008 and 2009. The estimate for Dow’s absolute GHG emissions in 2009 is 41.4 million metric tonnes. This is 4 percent less than the GHG emissions in 2008.

The greenhouse gas information above includes the emissions of the operations acquired from the Rohm and Haas Company in 2009.

The other direct emissions are primarily related to foaming agents used in the manufacture of insulating materials.

By 2015, we have a goal to achieve a 25 percent reduction in the global Energy Intensity (Btu/lb) of Dow operations. The average Energy Intensity of year 2005, adjusted for mergers and acquisitions, is the basis for calculating performance against this target. Our target for Energy Intensity for the full year of 2010 is 5,397 Btu/lb, or 87.5 percent of the value in 2005. Our actual performance through 2Q2010 was 6,003 Btu/lb, which is 97 percent of the 2005 baseline.
Dow’s greenhouse gas (GHG) emissions intensity during 2009 was 0.88 metric tons per metric ton of production. This is about a 5 percent increase in intensity from 2008. The increase was largely due to the impact of operating at lower rates throughout 2009 compared to prior years. By improving energy efficiency and implementing technology improvements, Dow’s goal is to reduce GHG intensity 2.5 percent per year from 2005 to 2015.

Intensity of Kyoto GHG as CO₂ Equivalent

Kyoto GHG intensity is the sum of CO₂-equivalent direct and indirect emissions of the Kyoto family of greenhouse gases divided by production. Indirect emissions are the consequence of Dow’s consumption of energy, but are emitted from sources controlled by another company.

Every quarter, Dow continues to demonstrate commitment to our climate change, energy efficiency and conservation goals. Below are some proof points of our commitment in action:

**Dow Energy Solutions Put Net-Zero Homes Within Reach**

On May 21, Dow and Cobblestone Homes introduced Michigan’s first, affordable net-zero energy home. Using readily available energy efficiency technologies from Dow, the house, dubbed the “Vision Zero” home, is expected to save $3,507 in energy costs and avert 44,855 lbs of CO₂ annually. The net-zero energy home project is another example of Dow’s collaboration with partners like Cobblestone Builders—a Great Lakes Bay Region homebuilder focused on energy-efficiency—and the State of Michigan to meet the shared goal of increasing our nation’s energy security, creating jobs and addressing the important goal of combating climate change. Read more about this on Dow.com (http://news.dow.com/dow_news/corporate/2010/20100521a.htm)

**Dow Wins Four 2010 Responsible Care® Energy Efficiency Awards**

Dow won four 2010 American Chemistry Council (ACC) Responsible Care Energy Efficiency Awards for programs that improved energy efficiency at three of the Company’s U.S. facilities. The programs and their successes are in keeping with Dow’s 2015 Sustainability Goals, which include a commitment to reduce energy intensity 25 percent from 2005 to 2015. Dow’s 2010 Responsible Care Energy Efficiency Award winners are:

- Exceptional Merit, Freeport, TX
- Exceptional Merit, Houston Dow Center, Houston, TX
- West Alexandria, OH
- Freeport, TX
At the end of the 2Q 2010, there were 274 Product Safety Assessments (PSA) posted at www.DowProductSafety.com with the addition of 22 new PSAs during the quarter. We have also posted revisions to four PSAs consistent with our goal. Dow’s published Product Safety Assessments now cover products accounting for approximately 55 percent of revenue. Dow’s 2010 goal is to post 110 new PSAs to the website, and we have made significant progress in the first half of 2010. The 2015 goal is to have publicly available PSAs for all applicable Dow products.

**Dow Shares Best Practices at UN’s Commission on Sustainable Development Meeting**

In May, Dow joined industry and government leaders at the United Nations’ Commission on Sustainable Development (CSD) meeting to discuss the future of worldwide sustainable development and best practices in chemicals management and regulatory compliance. The meeting, known as CSD18, is part of an ongoing United Nations effort that brings together a variety of key government, NGO and industry stakeholders to address pressing global sustainability issues. Demonstrating its unique leadership role in chemicals management, Dow was the first corporation invited to conduct a “think and learn” interactive session as part of the official CSD18 meeting agenda.

**Breakthroughs to World Challenges**

In a recent edition of *The Economist*, it was stated that “Developing countries are becoming . . . engines of the world economy. ‘Since 2008,’ says the World Bank, ‘they have contributed almost all of what economic growth there has been. In the 1980s they accounted for 33.7 percent of global income, at purchasing-power parities. This year, the share will be 43.4 percent.’ Clearly, as the world’s population grows, we need to find affordable solutions to challenges like food, water, housing, health and energy/climate change.

Using our process of looking throughout the Company to identify potential candidates, Dow has identified more than 30 projects or products that could qualify as Breakthroughs to World Challenges. The chart below offers a visual representation of this process. This quarterly report will feature candidate products and projects that have shown the greatest potential to be considered a Breakthrough. These candidates have risen to the top for a variety of reasons, but they all have one thing in common: the potential to be significant. Significance means different things to different challenges. They may have the potential to save huge quantities of energy or greenhouse gases, or improve the health of millions of people. They also have the ability to be applied in many places.

One of the key challenges the world faces is how to feed its people – which Dow addresses from many angles. We supply critical materials for the packaging value chain to make sure the food produced gets to the market intact. We also provide seeds that allow farmers to grow more food per acre than ever before. SmartStax™ Corn Hybrid, a multi-event technology developed by Dow AgroSciences and Monsanto, is a great example.

Dow AgroSciences also provides insecticides to help make sure that more people, and fewer bugs, are feeding on what farmers grow. Appropriate use of insecticides is also a challenge for the world. Recently, Dow AgroSciences introduced Spinetoram, a low toxicity insecticide. Spinetoram is derived from natural fermentation products (spinosyns) that, following minor chemical modifications, improve the effectiveness of the product by increasing both spectra of activity and residuality. Spinetoram is potent,
fast acting, and contact active — all while controlling a wide range of important insect pests in various fruits, citrus, vines, tree nuts and vegetable crops. For example, apples are the most significant deciduous tree crop in the U.S., and the codling moth presents the biggest insect threat to apples. Two organophosphates, azinphos-methyl and phosmet, are the most widely used insecticides for codling moth control. Spinetoram, a 2008 winner of the Presidential Green Chemistry Challenge Award for Designing Greener Chemicals, is an effective green chemistry alternative, delivering equal codling moth control, but at a use rate 10 to 34 times lower. Spinetoram has very low mammalian toxicity, reducing risks to agricultural workers, and has low non-target organism toxicity, short environmental persistence, and high compatibility with Integrated Pest Management programs. Spinetoram is expected to reduce the amount of organophosphate insecticides applied to pome fruit, stone fruit and tree nuts by about 1.8 million pounds during its first five years of use in the U.S. alone.

Contributing to Community Success

As we implement our Community Success plans, one of our focuses will be re-measuring strategic sites in an effort to show progress toward the goal. Progress will be reflected by a site’s scorecard, which measures the site’s favorability (“glad to have Dow in my community”) with how Dow plays a positive role in making the community a better place to live (impact on quality of life). As an example, Aratu, Brazil’s 2009 scorecard had a favorability rating of 64 percent and a rating of 37 percent with making the community a better place to live. Community Success plans have been put into place by the strategic sites in an effort to enhance our favorability as well as residents’ awareness that Dow is committed to playing a positive role in making the community a better place to live. Due to the Company’s transformation, our approach to smaller sites is being re-evaluated.

In an effort to enhance the quality of life in our communities, one strategy that has been implemented is to improve the alignment of local philanthropic efforts to help deliver the specific quality-of-life improvements that the community has defined to be most important. In the past, Dow has always strived to meet the goals of the community by maintaining a contribution strategy that Dow felt was important to the needs of the community. The difference today is a direct result of the quality-of-life surveys Dow conducted, gathering quantitative and qualitative data that assist a site to better identify issues that are important to the community. More importantly, these data offers a better understanding of where the community feels Dow can play a rightful role in making their community a better place to live.

Below are data collected from Midland, Michigan’s Contributing to Community Success plan, depicting a targeted 20 percent budget re-alignment towards critical issues that were identified in the first year (2008) and a 10 percent target each year thereafter compared to actual increases.

![Shifting Community Contributions to Support Success Plans Data for the Midland Michigan Plan](image)

The 2008 target for budget realignment during the first year of Midland’s Contributing to Community Success plan was 20 percent with an actual re-alignment of 28 percent. This means that 28 percent of contributions were made in 2008 that directly affected the critical issues identified by the community where the survey was performed. In 2009, the actual goal increased to 34 percent and realignment for 2010 is on track to reach the actual goal of 40 percent. This strategy demonstrates Dow’s commitment towards addressing the critical issues identified by the community, while at the same time allowing our giving strategy to include those charitable contributions that have always been a part of Dow’s giving culture.
Local Protection of Human Health and the Environment

In the 3Q 2009, Dow added four new metrics to the Local Protection of Human Health and the Environment goal. In the 1Q 2010 Update, progress was reported for the goal, in which we are seeking to find 300 million lbs. of by-product synergy by 2015. This quarter we provide an update for the other metrics that target achieving a 30 percent reduction in emissions levels by 2015. In each case, partly as a result of lower operating rates for our facilities, we are well ahead of our goal line as of the end of 2009.

VOC Emissions

Volatile organic compounds (VOCs) are found in the air as a result of naturally occurring processes and a variety of chemical processes.

NOx Emissions

Nitrogen oxides (NOx) are produced during combustion, especially at high temperature, and contribute to acid rain.

2015 Goal

- Achieve on average a 75% improvement in key indicators for Environment, Health & Safety operating excellence from 2005 baseline.
Priority compounds are a category of chemicals defined by Dow. These emissions are comprised of chemicals with persistent, bio-accumulative and toxic hazards and chemicals with carcinogenic, mutagenic or reproductive hazards.

During the first 10-year goal period, the Company reduced by more than 80 percent the rate of injury and illnesses per 200,000 hours of work time. During the 2005 to 2015 timeframe, the goal is to achieve a similar reduction in the rate at which people are hurt. Dow workers are now 19 times less likely to experience injury or illness than the U.S. manufacturing rate reported for 2008.

At the end of Q2 2010, the Injury and Illness rate was .31 per 200,000 hours of work. This represents 6 percent worse performance compared to all of 2009. The rate of .31 is 10 percent worse than the goal for all of 2010. The 2015 goal of 0.12 per 200,000 hours is a 75 percent improvement from 2005.
At the end of 2Q 2010, the Injury and Illness Severity rate was 1.37 per 200,000 hours of work. This is 20 percent worse than our performance for all of 2009. The rate of 1.37 is 4 percent worse than our goal for all of 2010. The 2015 goal of 0.67 per 200,000 hours is a 70 percent improvement from 2005.

At the end of 2Q 2010, 188 Loss of Primary Containment incidents have occurred. This translates into an annual rate that is 10 percent better than our goal for all of 2010. The 2015 goal of 130 or fewer incidents is a 90 percent reduction from 2005.

At the end 2Q 2010, 30 Process Safety Incidents have occurred. When annualized, this represents a rate that would be 36 percent higher than the number of incidents in 2009. The 2015 goal of 25 or fewer incidents is a 72 percent reduction from 2005. The trend line labeled “2015 goal” represents a smoothed line over the period and does not reflect year-to-year targets. Process Safety Incidents are classified in terms of the new Center for Chemical Processing Safety and American Chemistry Council Process Safety Incident (PSI) definitions.
At the end of 2Q 2010, the Severe Motor Vehicle Accident (MVA) incident rate was 0.12 accidents per million miles driven. This represents a rate that is 54 percent lower than our rate in the prior year. The rate of 0.12 is 65 percent better than our goal for all of 2010. Our 2015 goal is to reduce the Severe MVA rate to no more than .28 accidents per million miles driven. This target represents a 33 percent improvement in our performance over the 2007-2015 timeframe. Severe MVA was not measured in the heritage Rohm and Haas Company. The 2007-2008 values represent the heritage Dow population.

At the end of 2Q 2010, Dow experienced 14 Hazmat Transportation Loss of Primary Containment events. The annualized total of 28 is 10 percent better than our experience for all of 2009. There was one Highly Hazardous LOPC event in the second quarter, resulting in a total of two through the end of 2Q 2010. Our 2015 goal to reduce all Hazmat Transportation incidents to 14 or less is a 75 percent improvement from 2005.
Dow believes it is part of our corporate responsibility to reduce the shipping volumes of Highly Hazardous Materials that it controls. As such, we have set a 2015 goal to reduce the number of tonne-miles (a measure of how much we’re shipping and how far) by 50 percent from our levels in 2005, which was 1,400 million tonne-miles. We will accomplish this by looking at ways to redesign our supply chain to reduce or eliminate many shipments or the distances they must travel. (A tonne-mile is one metric ton of freight moved 1 mile or 1.6 km.)

By reducing the number of tonne-miles of these materials, we will reduce the chance of in-transit incidents that could impact communities and areas through which our products travel. It is important to recognize that supply chain redesign is a long-term strategic business effort that may not show annual change. Strong progress toward this goal has been made over the last four years. Despite the slight increase in shipments due to the economic recovery during the first half of 2010, we remain well ahead of our reduction targets.

At the end of 2Q 2010, there were 431 million tonne-miles of Highly Hazardous Materials shipped via road and rail. The annualized total of 862 is 19 percent lower than the 2010 target of 1,060 million tonne-miles.

Dow remains committed to continuously improving our performance and to publicly reporting our progress. Please visit www.dow.com for the latest Dow sustainability, business and performance news.

Science For a Sustainable World

We only have one planet, with limited resources. So everything we do and how we do it matters.

Dow is committed to minimizing our own footprint, and to delivering solutions that help our customers and the rest of society do the same. The world needs solutions for big challenges like energy, climate change, water, food, housing and health. And Dow has some of the world’s best scientists and engineers dedicated to solving world challenges through innovation. When we do that, it’s not just good for the planet, it’s good for business.