2011 was another year of strong progress as Dow implemented changes that foster ongoing growth to help address the needs of the planet in sustainable ways. We are learning to find opportunities by being increasingly aware of megatrends that impact how the economy is changing. It is clearer than ever that companies need to develop solutions to make the planet a good place to live for future generations while being responsible for economic, environmental and the social dimensions of their pursuits.

**HIGHLIGHTS**

› Comprehensive Progress in Safety

A comprehensive set of safety metrics is tracked and performance carefully scrutinized to help make Dow as safe a place to work as possible. Two metrics achieved breakthrough performance in 2011... beating ambitious 2015 targets.

- 19 Process Safety Incidents, down from 37; beating the goal for the year 2015 (25)
- 0.19 Severe Motor Vehicle Accident rate, down from 0.24; beating the goal for the year 2015 (0.28)

› Joint Venture with Mitsui to proceed in Santa Vitoria, Brazil to make polyethylene from sugar cane. Polyethylene is the highest volume of all plastic resins.

› International Year of Chemistry helped stakeholders understand chemistry is at the center of finding solutions to the challenges of today and tomorrow.

› Launched a breakthrough collaboration with The Nature Conservancy to incorporate the value of ecosystem services into business strategies and decisions.

**CHALLENGES**

› Governments need to provide wise energy policies. Meeting the world’s need for clean, sustainable and affordable energy will require getting beyond partisanship and self-interest.

› Nurturing individual business engagement; maturing their strategies to effectively incorporate sustainability

› Energy Intensity improvements are lagging the intended progress toward the 2015 Sustainability Goal.
### STRONG SAFETY PROGRESS

<table>
<thead>
<tr>
<th>SAFETY DIMENSION</th>
<th>IMPROVED VS 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal injury rate</td>
<td>9% less frequent</td>
</tr>
<tr>
<td>Injury severity</td>
<td>23% less severe</td>
</tr>
<tr>
<td>Process Safety Incidents</td>
<td>Reduced by half, 19 in total</td>
</tr>
<tr>
<td>Severe motor vehicle accident rate</td>
<td>21% lower; better than 2015 target</td>
</tr>
<tr>
<td>Leaks at manufacturing sites (Loss of Primary Containment)</td>
<td>27% fewer</td>
</tr>
<tr>
<td>Leaks while in transit (Loss of Primary Containment)</td>
<td>Down by 43%, 17 in total</td>
</tr>
</tbody>
</table>

### WORLD MEMBER OF THE DOW JONES SUSTAINABILITY INDEX

**Dow Jones Sustainability Indexes**
Member 2011/12

**Global Reporting Initiative™**

**Statement**

**GRI Application Level Check**

GRI hereby states that *The Dow Chemical Company* has presented its report "The Annual Sustainability Report" to GRI’s Report Services which have concluded that the report fulfills the requirement of Application Level A.

GRI Application Levels communicate the extent to which the content of the G3.3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.3 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 27 June 2012

Nils Marie Arnesen
Deputy Chief Executive
Global Reporting Initiative

This "A" has been added to this Application Level because *The Dow Chemical Company* has submitted part of this report for external assurance. GRI accepts the reporter’s own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a neutral international body that has pioneered the development of the world’s most widely used sustainability reporting framework and is committed to its continuous improvement and applicability worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance: www.globalreporting.org

Information relates to current sustainability reporting within internal third-party reports, including those external reports, this statement only concerns material submitted to GRI at the time of the Check on 27 May 2012. GRI explicitly excludes the statement being applied to any year changes on such material.
## Year-end Update on 2015 Sustainability Goals

### Local Protection of Human Health and the Environment

In our ten-year goal period from 2005 to 2015 we have challenged ourselves to achieve breakthrough improvements in traditional Environmental Health and Safety metrics. We are building upon the improvements accomplished in the 1995–2005 Dow goal period. For three improvement goals, we have already achieved a performance superior to our target for the end of the goal (2015).

<table>
<thead>
<tr>
<th>Key Performance Metric</th>
<th>2011 Actual</th>
<th>2010 Actual</th>
<th>Reduction over 2010</th>
<th>Outperforming</th>
</tr>
</thead>
<tbody>
<tr>
<td>Process Safety Incidents</td>
<td>19</td>
<td>37</td>
<td>49%</td>
<td>Outperformed the 2015 Goal target of 25.</td>
</tr>
<tr>
<td>Severe MVA Rate (accidents per million miles)</td>
<td>0.19</td>
<td>0.24</td>
<td>21%</td>
<td>Outperformed the 2015 Goal target of 0.28.</td>
</tr>
<tr>
<td>By-product Synergy</td>
<td>310</td>
<td>285</td>
<td>NA</td>
<td>Exceeding the 2015 Goal of 300 Million lbs.</td>
</tr>
</tbody>
</table>

### Status

- **Injury/Illness Rate**
  - All Reportable Incidents (per 200,000 hours of work)
    - 2011: 0.30
    - 2010: 0.33
    - Reduction: 9%
    - Status: 280 Employees were hurt in an incident in 2011, 11 fewer than the year before.
    - Achieving our target of 0.12 in 2015 is equivalent to having an incident at a frequency that is 36 times lower than as reported for U.S. manufacturing during 2009.

- **DAWC**
  - Days Away from Work Cases (per 200,000 hours of work)
    - 2011: 0.08
    - 2010: 0.12
    - Reduction: 46%
    - Status: We reduced more serious incidents where the injury caused the employee to miss work by 46%.

- **Leaks at Manufacturing Plants**
  - (includes breaks and spills)
    - 2011: 262
    - 2010: 357
    - Reduction: 27%
    - Status: A 27% reduction is a significant improvement. On track to cut these events in half by 2015, beating target of 130.

- **Leaks of Hazardous Material**
  - (During Transportation)
    - 2011: 17
    - 2010: 30
    - Reduction: 43%
    - Status: In 2005 we experienced 56 events. Our 2015 goal is no more than 14 incidents. Reduction improves safety and reduces the risk to the environment.
A Community Success plan focused on the most important quality of life issues as determined locally is being implemented at ten sites where Dow has a major presence. Community Acceptance Ratings determined through surveys define the baseline reputation of the company in each location. Our Community Success goal is to improve the Company Community Acceptance rating in each of the sites where we have a major presence by working directly with the communities in identifying and addressing quality of life priorities. Four locations have been re-measured and the improvement in each location is encouraging.

Community Acceptance: Improving the Quality of Life

During 2011 Dow reevaluated the effectiveness of the approach to tracking and reporting progress on addressing climate change. We have expanded our goal to include limiting global Green House Gas (GHG) emissions to the level that Dow experienced in 2006, growing our Company, but not the emitted carbon. The Company will continue to report GHG intensity.

Additionally we are now regularly reporting on a target to grow the use of Clean Power to exceed 400 megawatt equivalents by 2025. At the end of 2011 Dow had identified 215 megawatts that are either low carbon or from renewable sources. This goal is helping us pursue opportunities to incorporate economically-viable, clean-technology energy alternatives into our operations. Examples of projects that will help increase our Clean Power portfolio include:

- Dow’s Pittsburg, California facility utilizes solar energy
- Electricity from recaptured landfill gas being used as a partial source of power to Dow’s Midland, Michigan Headquarters
- In 2013, Dow will begin use of eucalyptus biomass as a source for steam to serve its Aratu, Brazil site. Upon project completion, the Aratu site will be more than 75 percent sourced for power and steam from clean energy, relying in large part on hydroelectricity.

Another improvement has been initiated to develop understanding and effectively communicate about the impact of Dow products. We will quantify the impact of our products both in the supply chain, before Dow operations, and during the use phase by our customers and ultimate end users. This assessment will be accomplished with an Impact Tool that quantifies the energy and GHG profile of products and helps convey the benefits by communicating a ratio of burden compared to benefit. For example, we report in EN17 that the ratio of benefit throughout the life of the STYROFOAM insulation product line is seven times the GHG emissions involved in the manufacturing and construction phases of making a homes and other applications more energy efficient.

More information about addressing Climate Change is found in the Environmental Summary, (page 44–46) and in indicators EN16, EN17 and EN18.
After improving our Energy Intensity by 22% from 1994 to 2005, we set out to pursue a 25% improvement over the 2005 level by 2015. The Energy Intensity for all of Dow manufacturing during 2011 was 4,058 BTUs/lb, an overall improvement of 2.6% compared to 2005. We have invested specifically to modernize operations in the last 24 months, but annual intensity improvement has slowed due to the greatest inefficiencies in our processes having been eliminated in earlier years.

Using the Energy Intensity (EI) 1994 baseline, the company has accomplished a cumulative savings of 1,900 trillion Btu’s which is equivalent to reducing the Company’s cost of energy by more than $10 billion since that time. The same calculation, using 1990 as a base year, illustrates that Dow has saved about 5,200 trillion BTUs of source energy, equal to about $24 billion.

Using the Energy Intensity (EI) 1994 baseline, the company has accomplished a cumulative savings of 1,900 trillion Btu’s which is equivalent to reducing the Company’s cost of energy by more than $10 billion since that time. The same calculation, using 1990 as a base year, illustrates that Dow has saved about 5,200 trillion BTUs of source energy, equal to about $24 billion.

The 2015 Goal to promote Product Safety commits the Company to publish a Product Safety Assessment (PSA) for each of Dow’s products by 2015. You can visit www.dowproductsafety.com website to view a typical PSA. PSAs are written for the lay public and cover topics such as basic hazards, exposure potential and risk management measures. They complement other product safety, handling and stewardship documents. This holistic approach enables Dow customers and the communities in which Dow does business to stay informed about the Company’s products and the plants that produce them. Dow is dedicated to providing the public with accurate information and building trust as it uses technology to develop better products.

At the end of 2011, there were 411 PSAs posted at www.dowproductsafety.com and they now cover products accounting for 78% of Dow’s 2011 revenue.

For more information on this and other Dow Energy initiatives: www.dowenergy.com

Energy Efficiency and Conservation

For more information on this and other Dow Energy initiatives: www.dowenergy.com

Product Safety Leadership

The 2015 Goal to promote Product Safety commits the Company to publish a Product Safety Assessment (PSA) for each of Dow’s products by 2015. You can visit www.dowproductsafety.com website to view a typical PSA. PSAs are written for the lay public and cover topics such as basic hazards, exposure potential and risk management measures. They complement other product safety, handling and stewardship documents. This holistic approach enables Dow customers and the communities in which Dow does business to stay informed about the Company’s products and the plants that produce them. Dow is dedicated to providing the public with accurate information and building trust as it uses technology to develop better products.

Cumulative Product Safety Assessments

At the end of 2011, there were 411 PSAs posted at www.dowproductsafety.com and they now cover products accounting for 78% of Dow’s 2011 revenue.
Breakthroughs to World Challenges

In the Breakthroughs Goal we are striving to find three significant breakthroughs by 2015. During 2011 we continued to drive our search for Breakthroughs to World Challenges through the innovation efforts driven by the investment in R&D at Dow. World challenges as articulated by the UN Millennium Development Goals and the lens of global mega-trends are helping aim the R&D investment at challenging needs of current and future generations.

In Quarterly Updates during 2011, we reviewed how Dow contributions help convert wind into clean energy, how reverse osmosis filters are being used to clean water with lower energy requirements, how absorptive paint can mitigate toxic levels of formaldehyde problematic in some fast growing urban areas, and how Dow POWERHOUSE™ Solar Shingles are being shipped for use in new home construction.

The first Breakthrough accomplishment will be announced in 2012.

Sustainable Chemistry

Highly Advantaged Sales

Dow Aggregate SCI

The 2015 Goal for Sustainable Chemistry is to increase to 10% the percentage of total Company sales that are highly advantaged by sustainable chemistry, as measured by our Sustainable Chemistry Index (SCI). The SCI is updated annually and involves assessing sustainability attributes of the Company portfolio at a detailed level. During 2010 the SCI increased from 21.4 to 21.8. The fraction of Company revenue that was from Highly Advantaged sales grew to 4.8%, up from 4.3% as measured for 2010. Opportunities have been identified to enable additional products to be included in the Highly Advantaged category. Engagement is ongoing to further integrate these opportunities into the business strategies.

Find information about our ongoing implementation of the 2015 Sustainability Goals each quarter at our Reporting Center.