We’re living today in a rapidly changing world. Globalization and technology are accelerating the pace of change, and a growing population is putting more pressure on our planet’s resources. Through science and collaboration, Dow’s people are working across the Company to redefine the role of business by innovating solutions that advance business and society and by valuing nature in all of our decisions. With our 2025 Sustainability Goals, Dow is focused on developing collaborative blueprints that integrate public policy solutions, science and technology, and value chain innovation. The aim is to build solutions between government, business and society that generate shared value and are long lasting, scalable and transformative. These 10-year goals are designed to harness Dow’s innovation strengths, global reach and the passion of our employees.
The Dow Chemical Company has been committed to transparently reporting our progress on sustainability for many years. This report reflects the Company’s performance for the calendar year ended December 31, 2017.

Except where noted, the scope of this report includes The Dow Chemical Company before the merger transaction and Dow as a subsidiary of DowDuPont after the merger. The Company is proud to present this summary of the achievements of Dow employees around the world that advance our corporate sustainability strategy and goals.

This document also serves as Dow’s UN Global Compact Communication on Progress for 2017.

For the 15th year, Dow has applied the framework provided by the Global Reporting Initiative (GRI) to its annual sustainability report. This report has been prepared in accordance with the GRI Standards Comprehensive option. The Comprehensive option requires that the Company report all of the General Disclosures described in the GRI Standards as well as all of the Specific Disclosures related to issues material to us. Neil C. Hawkins, chief sustainability officer and corporate vice president, Environment, Health & Safety, provides formal internal review of the report.

We also have used an independent assurance process to verify compliance with the GRI standards. See page 124 of this report for the Independent Assurance Statement.

Effective August 31, 2017, The Dow Chemical Company (“Dow”) and E. I. du Pont de Nemours and Company (“DuPont”) completed the previously announced merger of equals transaction contemplated by the Agreement and Plan of Merger dated as of December 11, 2015, as amended March 31, 2017 (the “merger transaction”). The merger transaction resulted in each of Dow and DuPont surviving as subsidiaries of DowDuPont Inc. (“DowDuPont”). For purposes of this report, references to “the Company” refer to Dow.

DowDuPont is now pursuing the intended separation of the Agriculture, Materials Science and Specialty Products divisions into three independent, publicly traded companies (the “Intended Business Separations”). DowDuPont announced dates for the Intended Business Separations: Materials Science is expected to separate from DowDuPont by the end of the first quarter of 2019, and Agriculture and Specialty Products are each expected to separate from one another by June 1, 2019.

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For the 15th year, Dow has applied the framework provided by the Global Reporting Initiative (GRI) to its annual sustainability report. GRI 102-92 This report has been prepared in accordance with the GRI Standards: Comprehensive option. GRI 102-54 The Comprehensive option requires that the Company report all of the General Disclosures described in the GRI Standards as well as all of the Specific Disclosures related to issues material to us. Neil C. Hawkins, chief sustainability officer and corporate vice president, Environment, Health & Safety, provides formal internal review of the report. GRI 102-32 We also have used an independent assurance process to verify compliance with the GRI standards. See page 124 of this report for the Independent Assurance Statement.

Additional reporting that may be of interest to the reader can be found at www.dow.com or www.dow-dupont.com:

• DowDuPont Annual Report
• DowDuPont Form 10-K
• Dow’s Code of Business Conduct (“Dow’s Code” and “Code”)
• Dow’s most recent previous report, covering the year ending December 31, 2016, and archive of earlier annual sustainability reports, GRI 102-32

Thank you for your interest in our report. We welcome your questions, comments and feedback. You may contact us at:

Jennifer Pingi
Dow Sustainability Reporting
j.pingi@dow.com
989-496-7154
At Dow, we see the role of business as a catalyst for change – as a driver of innovations that protect life and the environment, while creating sustainable economic growth. With our ambitious 2025 Sustainability Goals, we have committed to help redefine the role of business in society. A common thread across our goals is our focus on finding collaborative business models that will lead to transformative and more sustainable ways to do business. Not just for Dow, but for other companies, communities and society too.

Just as important, we see our sustainability efforts as an important way to strengthen our long-term competitiveness. As a global material science company, we have the talent and tools to help impact climate change, energy, food waste, sustainable infrastructure and consumer living. Our 2025 Sustainability Goals address each of the 17 UN Sustainability Development Goals and are influencing every aspect of our strategy – from helping guide future innovation efforts for our customers to inspiring employee empowerment and leadership opportunities. While we don’t have all the answers, I’m proud of the progress we already have made in many areas:

- **Rethinking a Linear Economy**: We are collaborating with groups such as Ocean Conservancy, Ellen MacArthur Foundation and stakeholders across the packaging value chain to identify paths to new business models that enable a more circular economy. Last year, we launched the first quantitative studies to reduce plastic waste in Japan and helped the Indonesian government to turn plastic waste into sustainable roads – paving the way to a more sustainable future.

- **Promoting Inclusion and Diversity**: Dow has long believed in the business case for diversity. With the appointment of our first-ever chief inclusion officer last year, we are driving forward a number of initiatives to create a more inclusive and diverse workforce.

- **Investing in Workplace Safety**: The safety of our people and the communities in which we operate is at the heart of everything we do. As part of our 2025 LIFE multigenerational technology plan, we are innovating new technologies to remove workers from high-hazard activities. Examples include the use of robots in confined space projects and drones to eliminate certain elevated work.

- **Pioneering Practical Ways to Value Nature**: We continue to work with The Nature Conservancy to find ways to incorporate nature into decision-making and to develop tools that can be used by other businesses as well. Just last year, we generated $120 million in cost savings or new cash flow through projects that were good for business and better for ecosystems.

At Dow, our business is not just about the products we create, but the problems we solve. At the heart of our purpose-led business approach are the women and men of Dow. It is their passion, innovation and commitment that fuel our progress. Together, we continue to help lead the transition to a more sustainable society through our commitment toward collaboration and science-based solutions.

Sincerely,

Jim Fitterling
Chief Executive Officer, Dow
Chief Operating Officer, DowDuPont Materials Science Division
GRI 102-14
Driving a Culture of Collaboration

As a global materials science company, we recognize the role that science and business can play in building a better world for 2030 and beyond. That’s why our 2025 Sustainability Goals are focused on creating shared value — value for business and society. Our aim is to use the powerful combination of our innovation capabilities, global reach and know-how in science to create market-based solutions that help shape the transition to a more sustainable planet.

Just two years into our 2025 Goals, we have taken a number of actions to translate our ambitious set of targets into practical business practices.

While I am excited about our progress, I am even more excited about how these goals are helping us rethink business models and product designs across Dow. Take, for example, our approach to circular economy solutions. Adopting a mindset that moves away from a “take-make-dispose” economic model to one that is regenerative has led us to innovate and collaborate in new ways and across multiple value chains. We are exploring how to give new life to old mattresses by recycling polyols. We are working with municipalities in water-stressed regions to reuse water for our operations. We are piloting programs that convert plastics that once went to landfills into valuable energy resources. And we are just getting started.

In 2017, we affirmed that our 2025 Sustainability Goals would continue to be the goals of the future Dow, currently the Materials Science Division of DowDuPont, upon intended separation of the Company. In reviewing and assessing our metrics and targets, it became clear that the societal challenges and business opportunities that inspired our actions to help make the world more sustainable, we also will accelerate our path to become an even more innovative, resilient and growing company – now and in the decades to come.

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We invite you to learn more about our progress and welcome your feedback. Just two years into our 2025 Goals, we have taken a number of actions to translate our ambitious set of targets into practical business practices.

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We invite you to learn more about our progress and welcome your feedback.
In 2015, Dow announced a strategic set of commitments designed to redefine the role of business in society. These goals, the Company’s third set of sustainability-related goals since 1995, build upon its previous decade-long commitments. Dow’s 2005 Environment, Health & Safety Goals resulted in $5 billion in safety, waste, water and energy savings from a $1 billion investment. Dow’s 2015 Sustainability Goals provided more sustainable products and solutions addressing global challenges in food, energy, sustainable water supplies and improved personal health.

Dow’s 2025 Sustainability Goals aim to expand the Company’s impact around the world, driving unprecedented collaborations to develop societal blueprints that will facilitate the transition to a sustainable planet and society. To achieve these bold and aggressive sustainability targets, Dow is harnessing its innovation strengths, global reach and dedicated employee population.

In November 2017, Dow affirmed that its 2025 Sustainability Goals would continue to be the goals of the future Dow (see page 4 for discussion of the DowDuPont merger and plans for future Dow). Goal implementation leaders reviewed and assessed metrics and targets associated with each goal, taking into account changes in global conditions over the past three years, as well as the scope and scale of the future Dow. Refreshed metrics and targets were rolled out to accelerate sustainability and the accomplishment of our 2025 Sustainability Goals.
Leading the Blueprint
Dow leads in developing societal blueprints that integrate public policy solutions, science and technology, and value chain innovation to facilitate the transition to a sustainable planet and society. Dow’s blueprints will align with the United Nations Sustainable Development Goals (SDGs) to ensure significance and relevance to solving societal challenges and transitioning to a sustainable planet and society. The blueprints will draw on the best practices of existing collaborations and, in partnership with the other Dow 2025 goals and businesses, forge new collaborations for greater impact.

In 2017, the goal team finalized a framework for blueprints, including defining criteria to determine topics for blueprint development. Based on these criteria, a pipeline of blueprint topics was defined, and working groups were assigned. The Watershed Management blueprint was developed in 2017 and launched at the World Water Forum in March 2018.

Delivering Breakthrough Innovations
Dow delivers breakthrough sustainable chemistry innovations that advance the well-being of humanity. Dow seeks to lead in developing societal blueprints that integrate public policy solutions, science and technology, and value chain innovation to facilitate that transition. Dow’s blueprints will align with the United Nations Sustainable Development Goals (SDGs) to ensure significance and relevance to solving societal challenges and transitioning to a sustainable planet and society.

Safe Materials for a Sustainable Planet
We envision a future where every material we bring to market is sustainable for our people and our planet.

World-Leading Operations Performance
Dow maintains world-leading operations performance in natural resource efficiency, environment, health and safety.

Advancing a Circular Economy
Dow advances a circular economy by delivering solutions to close the resource loops in key markets.

Valuing Nature
Dow applies a business decision process that values nature, which will deliver business value and natural capital value through projects that are good for businesses and better for ecosystems.

Engaging for Impact: Communities, Employees, Customers
Dow people worldwide draw on their passion and expertise to advance the well-being of people and the planet.

Delivering Breakthrough Innovation
Dow’s Delivering Breakthrough Innovation Goal is to deliver breakthrough sustainable chemistry innovations that advance the well-being of humanity. The core belief behind this goal is that collaborations of passionate and creative people at the intersections of the sciences will solve world challenges. In addition, the design, manufacture and use of efficient, effective, safe and more environmentally benign products and processes will move us toward a more sustainable future. Dow products and processes again were acknowledged in 2017 by awards recognizing sustainability, including the U.S. Presidential Green Chemistry Award; six of our 10 R&D 100 awards for sustainability-related products; and an EPA Safer Choice Partner of the Year award. The goal uses five targets to track progress.

2025 Sustainability Goals

2025 Sustainability Goal Team Updates

Leading the Blueprint
The health of people, planet and business are intrinsically linked. Collaboration in new and deeper ways across the public and private sectors is essential for the transition to a sustainable planet and society. Dow seeks to lead in developing societal blueprints that integrate public policy solutions, science and technology, and value chain innovation to facilitate that transition.

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The Blueprint for Sustainable Watershed Management is about sharing the story of Dow’s journey toward more sustainable water management, which centers on the power of collaboration. In those collaborations, stakeholders can play multiple roles, from framing the initial collaboration, to being a key supporter for project execution — from a technical, financial or policy standpoint.

Matt Davis, President, Dow North America, and Senior Vice President, Global Public Affairs & Government Affairs

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In 2017, Dow refreshed what was previously known as the Increasing Confidence in Chemical Technology Goal to Safe Materials for a Sustainable Planet. Significant progress was made in 2017 against the refreshed Safe Materials Goal, including these accomplishments:

- We initiated our Product Stewardship Academy, with outreach in Kenya, Nigeria and Ghana, to promote product safety. The Dow Product Stewardship Academy is about recognizing the needs of emerging countries and growing economies, and helping them to make chemistry smarter by generating data, making data more accessible, analyzing the data and applying it in ways that move chemistry toward the design-by-discovery approach.
- Dow met this challenge with an award-winning submission that highlighted our efforts to compile large inventories of acute toxicity data for use in predictive safety assessment and sustainable chemistry development. This critical information can be used to help inform safer, more sustainable chemistry selection during product development.
- Dow received a LAUNCH Chemistry Award for their innovation in the area of predictive toxicology. They are making significant progress on the development of practical frameworks that leverage computational tools to inform chemical safety assessment. Such approaches are critical to the advancement of the science of toxicology and are a core component of Dow’s sustainability strategy.
- Through innovation and collaboration, Dow will help facilitate the world’s transition to a circular economy, where waste and pollution are designed out of new products and services. The goal is to advance a circular economy by delivering solutions to close the resource loops in key markets. We will advance the circular economy through two different types of business models.

- **Circulating Molecules** – Maximizing the utility of existing molecules through recycle/reuse. Achievements in 2017 included collaboration on a pilot project in Europe to develop a market for recycled polyols from end-of-life mattresses. Dow Packaging and Specialty Plastics also delivered the first certified renewable low-density polyethylene to customers.

- **Circling Molecules** – Ensuring products that enable higher durability of goods, making products suitable for a circular economy, where waste and pollution are designed out of new products and services. The goal is to advance a green revolution by engaging for impact: communities, employees, customers and future opportunities for Valuing Nature projects.

- The workshops are used to identify current knowledge gaps and educate employees to incorporate nature into decision-making. In 2017, the Valuing Nature team also conducted a first-ever global online meeting to discuss and share knowledge.

- Valuing Nature – A few examples of accomplishments from projects that are good for business and for the planet, and sustainable for our people and our planet. In 2017, Dow delivered the first certified renewable low-density polyethylene to customers.

- **Safety materials for a sustainable planet**

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Engaging for Impact

Dow people around the world directly apply their passion and expertise to advance the well-being of people and the planet. The power of Dow employees using their professional skills will enable sustainable development one community at a time, all over the world. In 2017:

• More than 3,200 STEM Ambassadors supported more than 2,500 teachers and 700 projects – enhancing STEM opportunities for more than 380,000 students.

• The Dow Business Impact Fund provided nearly $1 million in support of all global projects.

• Funds supported the Herff Energy Ball™ in the United States, a clean water initiative in Ethiopia, flexible package recycling in Ghana, clearwater for schools in India, a marine debris project in Indonesia, and recycled plastic bricks for low-cost, resilient housing in Colombia.

• Dow invested $39.74 million in corporate and foundation contributions, with non-governmental organizations (NGOs) and universities in Vietnam and Ghana. Projects addressed issues related to water quality and access, workforce development, environmental cleanup, education and career readiness.

• Dow continued to evolve our skill-based volunteer programs through our fifth year of the Dow Business Impact Fund. Nearly 50 employees were deployed to work on 10 projects in Asia Pacific, Europe, the Middle East and Africa, and Latin America.

Turning Plastic Waste Into Roads

Dow’s 2025 World-Leading Operations Performance Goal states: “We will maintain world-leading operations performance in natural resource efficiency, environment, health and safety.” In 2017, Dow developed four key indicators of World-Leading Operations: Unplanned Event Reduction, Total Worker Health™ Index, Environmental Stewardship Index and Transportation Stewardship Index. Each indicator is based on several metrics. In 2017, we achieved or exceeded annual targets for each of the four indicators.

• Dow’s Texx Tate City is working on ways to reduce its energy consumption. These efforts resulted in quick wins that led to 10 percent reduction in equivalent tons of CO2 emitted. With the help of Dow’s Energy Tech Center, an energy assessment also was performed, identifying a portfolio of projects that have the potential to deliver even more energy savings. The project is an example of actions that Dow is taking to meet its 2025 target, which states: “through we will grow globally over the next 10 years, Dow’s absolute greenhouse gas emissions will not exceed our 2006 baseline.”

• Dow eliminated 30 Priority 1 health risks in 2017, exceeding its 2017 target of 15 reductions and bringing the total to 50 reductions since the launch of the 2025 Goals. Among the actions that Dow is taking to realize its Total Worker Health™ targets is the implementation of Life’s Simple 7 (LS7), a program created by the American Heart Association (AHA) to evaluate employees’ health. LS7 measures seven health behaviors and risk factors (physical activity, healthy eating, tobacco use, blood pressure, glucose, total cholesterol and body mass index). In 2017, Dow achieved Gold level recognition in the AHA Workplace Health Achievement Index by scoring 175 out of a maximum 217 points.

• To meet its goal to “eliminate all preventable Motor Vehicle Accident Fatalities,” Dow will introduce telematics devices in all company-owned or leased vehicles by January 1, 2019. These devices will help improve safety and skills by alerting the driver when the speed limit is being exceeded, when harsh acceleration, braking or cornering is observed or when a lane-deviation occurs. In 2017, Dow also banned employees and contractors from accepting incoming or outgoing cellphone calls while driving, even if a hands-free system such as Bluetooth® is used. This is consistent with widely available information that proves even the use of a hands-free cellphone is a significant distraction and results in a higher probability of being involved in an accident than when the phone is switched off or left in a bag or the trunk.

With the goal of reducing marine debris and advancing a circular economy, Dow is collaborating with local governments and other stakeholders to help turn plastic waste into long-lasting roads in Asia Pacific. In India, Dow worked with the cities of Bangalore and Pune and waste collectors to bring together the people and materials needed for 40 kilometers of roads – diverting 100 metric tons of waste from landfills. Volunteers picked up the plastic waste, which was taken to local recyclers that ground the material into small pieces. Those pieces were then sent to local asphalt plants and added into the asphalt mixture, resulting in roads that last two times longer than traditional roads. In Indonesia, Dow worked with the government and various stakeholders to complete the first plastic road trial in Depok. Approximately 3.5 metric tons of plastic waste material was mixed into asphalt to create a 1.8-kilometer-long road.
WHO WE ARE
Profile & People

OUR PEOPLE FUEL OUR SUCCESS

Dow is a company of innovators, built on our founder’s philosophy to “do it better.” The curiosity and creativity of our people fuel our growth and help solve complex global challenges. Together, we’re committed to using science and technology to help create an economy that works for everyone – people and planet, as well as business and industry.

Company Profile

The Dow Chemical Company, with global headquarters in Midland, Michigan, is a diversified, worldwide manufacturer and supplier of products used primarily as raw materials in the manufacture of customer products and services.

On August 31, 2017, Dow and DuPont became subsidiaries of DowDuPont as a result of the merger between the two companies. (Reference page 4 for details about the merger and intended business separations). There are 100 shares of Dow common stock outstanding, all of which are held by the parent company, DowDuPont.

Location of Operations

The Company operates 178 manufacturing sites in 35 countries. Properties of Dow include facilities which, in the opinion of management, are suitable and adequate for their use and have sufficient capacity for the Company’s current needs and expected near-term growth.

<table>
<thead>
<tr>
<th>Geographic Region</th>
<th>Number of Sites</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. and Canada</td>
<td>60</td>
</tr>
<tr>
<td>Europe, Middle East, and Africa</td>
<td>46</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>44</td>
</tr>
<tr>
<td>Latin America</td>
<td>23</td>
</tr>
</tbody>
</table>

Company Profile GRI 102-1, GRI 102-3, GRI 102-5

Manufacturing Sites
Science & Technology Centers
Governance/Sales Centers

dow.com/sustainability
2017 Overview

In 2017, Dow’s net sales were $55.5 billion, up 15 percent from $48.2 billion in 2016, primarily reflecting increased local price and product mix, higher sales volume and the addition of Dow Corning’s silicones business. The Company employed approximately 54,000 people at December 31, 2017, down from approximately 56,000 at December 31, 2016, primarily due to the Company’s restructuring programs.

GRI 102-7

2017 Sales by Geographic Area

Total Sales: $55,508 MM

<table>
<thead>
<tr>
<th>Region</th>
<th>Sales (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>$16,146</td>
</tr>
<tr>
<td>Europe/Middle East/Africa</td>
<td>$16,393</td>
</tr>
<tr>
<td>Rest of World</td>
<td>$19,949</td>
</tr>
</tbody>
</table>

2017 Financial Highlights

In 2017, Dow delivered top- and bottom-line growth on robust consumer-led demand in core end markets where our segments hold leadership positions today. The Company also continued to advance its long-term growth projects—most notably on the U.S. Gulf Coast, with the startup of the new world-scale ethylene, polyethylene and elastomers facilities, as well as with our Sadara joint venture in the Middle East, which achieved full commercial operations for all 26 production units, with additional value-added products across these key chains and others including isocyanates, propylene oxide/propylene glycol, polyls, amines and glycol ethers. In addition, our innovation engine delivered more than 2,500 new products in our target markets and won numerous awards.

Our confidence in the future, in large measure, comes from the energy and passion of our people. Their creativity and curiosity will help us to continue to anticipate and quickly adapt to change and maintain our leadership positions—connecting science to the marketplace and creating new opportunities to help our customers solve the world’s challenges.

GRI 201-1

**Economic value generated, distributed and retained, dollars in millions**

<table>
<thead>
<tr>
<th>Category</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$55,508</td>
<td>$48,158</td>
</tr>
<tr>
<td>Operating costs</td>
<td>$38,533</td>
<td>$32,623**</td>
</tr>
<tr>
<td>Wages/benefits</td>
<td>$8,000</td>
<td>$7,427</td>
</tr>
<tr>
<td>Payments to providers of capital</td>
<td>$1,216*</td>
<td>$1,101***</td>
</tr>
<tr>
<td>Payments to governments</td>
<td>$2,346</td>
<td>$2,036</td>
</tr>
<tr>
<td>Community investments</td>
<td>$42</td>
<td>$42</td>
</tr>
<tr>
<td>Economic value retained</td>
<td>$5,371</td>
<td>$4,929</td>
</tr>
</tbody>
</table>

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* Includes $1,056 million paid to Dow’s parent company for funding of parent company dividends and stock repurchases.

**This value is a change from what was reported in 2016 as $32,972MM. This amount reflects what was moved from Cost of sales, R&D and SG&A to a new line in the 2017 10-K for Integration and separation costs. This occurred as a result of the Merger with DuPont, as certain reclassifications of prior period amounts for TDCC were made to improve comparability with DowDuPont and to conform with the presentation presented for 2017.

***Restatement from what was reported in 2016 as $3213MM. The prior value reflected “Net interest expense” as reported in the 2016 Dow 10-K, which included expenses in addition to payments to providers of capital. The updated value is the sum of “interest expense and amortization of debt discount” and “capitalized interest”.

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2017 Taxes (payments to governments), Millions of Dollars

<table>
<thead>
<tr>
<th>Region</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia/Pacific</td>
<td>309</td>
<td>336</td>
</tr>
<tr>
<td>North America</td>
<td>896</td>
<td>968</td>
</tr>
<tr>
<td>Europe/Middle East/Africa</td>
<td>1184</td>
<td>1315</td>
</tr>
<tr>
<td>Latin America</td>
<td>39</td>
<td>41</td>
</tr>
</tbody>
</table>

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dow.com/sustainability
Investing in Our Workforce

Employee Learning and Development

In 2018, Dow launched a global, cloud-based Learning Management System (LMS) called Diamond Learning. This is an important element of “Enabling Growth” as part of our strategic roadmap on People priorities. The system offers a simple, engaging user experience and integrates modern learning technology solutions such as Massive Open Online Content (MOOCs), social collaboration, mobile learning and much more.

Diamond Learning also supports Dow’s strategy of providing learning that is simple, continuous and value-added. Our employees select and manage curriculum that aligns with their core role responsibilities and personal development interests and the Company can ensure compliance with important safety training. Diamond Learning is improving our ability to make learning more relevant and engaging as we continue to leverage more of the system’s capabilities. There are more than 40,000 courses available in Diamond Learning. Dow creates internal learning content and partners with external content providers (such as Harvards ManageMentor, Skillsoft, Franklin Covey, Ken Blanchard Company and Wilson Learning) to ensure our employees have a diverse, rich and engaging learning experience.

The system and content are a catalyst to employee development, but our employees are the core of our learning culture. According to the Gartner (formerly CEB) Learning Culture Survey completed in 2017, 68 percent of Dow employees feel accountable for contributing to the learning of others, and 76 percent share their knowledge and expertise regularly which, respectively, is 28 and 29 percentage points higher than the survey benchmark. On average, there were 61.5 hours of training per employee in 2017. Leaders completed 2,623 leadership training sessions. Also, 3,750 new employees participated in Great Start@Dow, an onboarding development program critical to setting new employees up for success – immersing them in Dow’s structure, culture and strategy.

The difference in the training hour average among males and females in the Tech and Other categories is largely influenced by the distribution of gender by function and role. Females in the Tech and Other categories are the majority in our support services functions and roles, while males in these categories are the majority in our plant-aligned functions and roles. The employees working in the production facilities have a higher number of required training hours to ensure safe and effective operation of our plants.
The Dow Chemical Company
EUROPE

New Employee Hires and Employee Turnover GRI 401-1

NEW EMPLOYEE HIRES – Male & Female by Job Category

GLOBAL

<table>
<thead>
<tr>
<th>Job Category</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrators</td>
<td>34%</td>
<td>66%</td>
</tr>
<tr>
<td>Professionals &amp; Managers</td>
<td>95%</td>
<td>94%</td>
</tr>
<tr>
<td>Technical</td>
<td>77%</td>
<td>76%</td>
</tr>
</tbody>
</table>

Dow’s Global Parental Leave Policy is intended to provide greater flexibility and work-life balance for mothers and fathers. Both parents have a minimum of 12 weeks of paid leave and the non-birthing parent has 12 weeks of paid leave, which can be taken during the 12 months following the birth of a child.

Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings GRI 404-2

Dow employees have access to materials that support the entire employee life cycle, with the wealth of resources available on Dow’s online people resource, My HR Connection. My HR Connection gives employees access to development resources, online internal job postings and customized notifications based upon employee preferences, compensation and benefit information, health and wellness programs, and career stages, including late-stage career planning. Employees take advantage of these offerings to develop their careers, enhance their employee experience and plan for career changes.

In addition, Dow supports lifelong learning through specific skill building programs provided through functions, externally licensed development tools and an internal talent review process focused on delivering developmental opportunities.

Examples of development resources and programs include:

- Employee workshops exploring personal and career values, preferences and orientations
- Forms and guidelines to prepare for employee career development discussions
- Global Educational Assistance that supports employees in pursuing external training/educational opportunities for career development
- Access to HR and line service call centers for personalized answers to HR questions
- Benefits counseling for employee retirement planning purposes
- Financial planning seminars for all employees
- Employee Resource Groups that support a variety of development opportunities
- A Learning Management System for tailored learning curricula aligning to role responsibilities and personal development
- Total health, nutrition and wellness centers and associated programs and counseling
- Career transition assistance benefits including outplacement counseling services

Percentage of employees receiving regular performance and career development reviews by gender GRI 404-3

In 2017, 93 percent of employees were eligible to receive an Annual Performance Review and have a performance rating in the system. There is no difference in eligibility by gender. Seven percent of employees that were ineligible included students, interns, co-ops, those who were part of divestitures, specific joint ventures and other Dow employees based on local contractual agreements. All employees are encouraged to have continuous development discussions and develop a plan for continued growth. On our annual engagement survey, we ask our global employees to report whether they have experienced a recent Annual Performance Review and/ or employee development discussion. This information is helpful for guiding Talent Management to understand and improve the effectiveness of our Performance Culture.

GRI 404-3

encouraging continuous development feedback and dialogue, and reviewing progress on an on-going basis throughout the year. PM aligns with Dow’s overall Employee Development strategy by building skills that promote change, aligning behaviors with corporate strategies and ethical standards, and providing employees the opportunities to improve their performance and effectiveness.

Our PM cycle provides a structure to facilitate the alignment of expectations and goals, the integration of ongoing coaching and feedback, and the summary of contributions – including both “What” (core job, goals, impact) and “How” (behaviors/competencies).

Setting clear, meaningful and challenging performance expectations along with providing regular coaching and feedback are critical leadership skills. Our leaders are encouraged to partner with their employees to identify their strengths as well as opportunities for development. This ongoing collaboration is one way we can engage our employees and drive Dow’s success.

The PM cycle concludes with an annual review. This discussion features recognition for contributions and feedback on areas for development for the future. In preparation, leaders gather multi-rater feedback throughout the year to enhance the quality of the discussion and ensure multiple inputs to performance ratings.

In 2017, 93 percent of employees were eligible to receive an Annual Performance Review and have a performance rating in the system. There is no difference in eligibility by gender. Seven percent of employees that were ineligible included students, interns, co-ops, those who were part of divestitures, specific joint ventures and other Dow employees based on local contractual agreements. All employees are encouraged to have continuous development discussions and develop a plan for continued growth. On our annual engagement survey, we ask our global employees to report whether they have experienced a recent Annual Performance Review and/or employee development discussion. This information is helpful for guiding Talent Management to understand and improve the effectiveness of our Performance Culture.

GRI 404-3

- Administrative | 78% | 70%
- Professional | 85% | 84%
- Technical | 86% | 102%
- Total | 82% | 92%

dow.com/sustainability

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**Inclusion and Diversity**

Dow’s global inclusion and diversity (I&D) is rooted in our culture and core values. We believe that a diverse and inclusive culture on that values and embraces differences is key to our Company’s success. It contributes to making Dow a great place to work, enhances our innovation and customer experience, and strengthens our understanding of the communities we serve. It also is a contributor to sustainable business growth.

As we move toward launching the future Dow with the intended spin of the Materials Science Division in 2019, we are accelerating our actions and deepening our commitment to strengthening our inclusion and diversity. In 2017, we appointed our first chief inclusion officer, Karen S. Carter, and implemented a focused and holistic I&D strategy that is now part of Dow’s business strategy with a governance structure, key areas of focus and measures in place for an effective, sustainable strategy implementation and sustained performance.

Based on external research, the Office of Inclusion identified seven foundational pillars that encompass all dimensions of Dow’s business strategy. The pillars are:

- **Governance:** Institutionalize an inclusive culture.
- **Customers:** Deliver an unparalleled customer experience.
- **Talent:** Increase employee engagement and create an environment where everyone can thrive.
- **People leaders:** Cultivate an inclusive culture.
- **Suppliers:** Achieve top benchmark performance in supplier diversity.
- **Communities:** Strengthen communities where we live, work and do business.
- **Reputation:** Establish a leadership position and be recognized as a great place to work.

We have identified five areas in which we intend to deliver concrete, visible and meaningful results globally by 2020.

- **Address diversity dimension gaps in employee perceptions of equal opportunity and valuing diverse perspectives.**
- **Activate employee resource groups (ERGs) and align their strategies and actions with Dow’s business imperatives.**
- **Accelerate our spend with diverse suppliers and achieve top benchmark performance.**
- **Advance representation globally and across multiple dimensions of diversity.**
- **Achieve targeted premier recognition globally.**

We will measure our progress through ERG engagement,发声社区和领导力 representation, supplier diversity, employee surveys and external recognition as a great place to work.

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**For other employee categories, please refer to disclosure 102-8. To learn more about our Board, see disclosure 102-22, Comparison of the Highest Governance Body and Its Committees.**
In 2017, in partnership with the Erb Institute of the University of Michigan, Dow launched the Sustainability Academy. The Sustainability Academy is a development program that provides Dow employees with the tools needed to bring sustainability business insights into their jobs as well as give them hands-on experience on a sustainability related project.

“Increasingly, employees want a sense of pride and fulfillment from their work, and they want to work for a company whose values match their own,” said Sustainability Academy creator and leader Erica Ocampo. “The Academy helps our employees unlock that potential and develop with purpose.”

In July 2017, the first cohort started with 35 employees in North America who were selected to the Academy. They spent four days on the campus of the University of Michigan, learning fundamentals of sustainability from various university professors, building sustainability acumen and knowledge from those experts. Afterward, the employees spent six months working on a sustainability project aligned with Dow’s Sustainability Goal—effortless projects proposed by various Dow business units—and then matched Dow sustainability subject matter experts. Teams were given six months to complete the project and solve the sustainability challenge. At the end of the six months, the teams presented their projects and solutions to an open audience that includes leaders such as Chief Sustainability Officer Neil Hawkins. These projects yielded real, lasting business impact.

The successful creation and deployment of the Sustainability Academy is another outstanding collaboration between Dow and Erb Institute of the University of Michigan. In 2018, the second cohort of the Academy is well underway, and the third cohort is scheduled to kick off in July 2019. As of March 2018, the second cohort of the Academy is well underway, and the third cohort is scheduled to kick off in July 2019. As of March 2018, the second cohort of the Academy is well underway, and the third cohort is scheduled to kick off in July 2019.
Combining on-the-job training with classroom instruction, Dow’s U.S. Apprenticeship Program is helping to build the workforce of tomorrow – and the Company’s global competitiveness – by increasing the pipeline of highly skilled technical workers to support and grow manufacturing. One of the greatest challenges facing the manufacturing industry today is a shortage of candidates with the technical skills necessary to qualify for key roles now available. Building on 40 years of successful apprenticeship programs in Europe, the fully paid U.S. Apprenticeship Program offers three-plus years of training and on-the-job experience in STEM-related career pathways. Since its 2015 launch, the program has grown to more than 100 apprentices at seven sites across four states – Michigan, California, Texas and Louisiana – with plans for expansion. In 2017, the program received U.S. Department of Labor Registration, and participants receive an industry-issued, nationally recognized credential that certifies occupational proficiency.

Employee Turnover

<table>
<thead>
<tr>
<th>Percentage</th>
<th>EU</th>
<th>LA</th>
<th>NA</th>
<th>PA</th>
<th>Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>3.8%</td>
<td>5.3%</td>
<td>3.9%</td>
<td>4.0%</td>
<td>4.1%</td>
</tr>
<tr>
<td>Voluntary</td>
<td>3.3%</td>
<td>3.2%</td>
<td>4.0%</td>
<td>4.1%</td>
<td>3.7%</td>
</tr>
<tr>
<td>Involuntary</td>
<td>0.5%</td>
<td>2.1%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.4%</td>
</tr>
</tbody>
</table>

Voluntary Attrition by Age Group

- Under 30: 6.8%
- 30-50: 2.9%
- Above 50: 4.5%

Involuntary Attrition

- Female: 5.4%
- Male: 5.7%
- Total: 5.6%

*Involuntary attrition includes the impact of divestitures.

To determine the median annual total compensation for all employees other than the CEO, a median employee was identified from the population of all employees worldwide as of October 31, 2017. As is permitted under SEC rules, DowDuPont utilized base pay and annual incentive at target – rather than Summary Compensation Table compensation – to determine the median employee. DowDuPont calculated annual base pay based on a reasonable estimate of hours worked during 2017 for hourly workers, and upon salary levels for the remaining employees. DowDuPont used a valid statistical sampling methodology to identify employees who DowDuPont expected to be paid within a .05 percent range of the median. DowDuPont selected an employee from that group as the median employee for purposes of preparing the ratio of CEO pay to median employee pay. DowDuPont then calculated the compensation for the median employee based upon the same components of compensation used to determine the CEO’s pay for purposes of Summary Compensation Table disclosure in the DowDuPont 2018 Proxy Statement. Based upon the calculation of compensation for both the CEO and the median employee, the ratio of CEO pay to median employee pay is 175:1.

However, the compensation of the CEO disclosed in the Summary Compensation Table is reflective of only that compensation earned as CEO of DowDuPont and does not reflect the value of all compensation earned by the CEO during 2017. If the compensation in the Summary Compensation Table were to include the value of all such compensation earned during 2017, the ratio of CEO pay to median employee pay would have been 387:1. The pay ratio presented above is a reasonable estimate. Because the SEC rules for identifying the median employee and calculating the pay ratio allow companies to use different methodologies, exemptions, estimates and assumptions, the pay ratio may not be comparable to the pay ratio reported by other companies.

Ratio of percentage increase in annual total compensation for the organization’s highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees GRI 102-39

GRI 102-39

Dow’s annual total compensation is evaluated on a role specific basis. Each employee is paid on a market-competitive basis. In the interest of confidentiality and competitiveness, Dow does not report ratios based on individual compensation, or make pay decisions based on these ratios. See GRI 102-36 for a full description of the process for determining remuneration at Dow.

Dow Global Employee Opinion and Action Survey (GEOAS)

People in my work area are protected from health and safety hazards. 94%

I am held accountable for doing my work in a safe manner. 98%

Building a Pipeline of Manufacturing Talent

FAVORABLE

FAVORABLE
Dow Taps an Experienced Business Leader as First Chief Inclusion Officer

In 2017, Dow announced that Karen S. Carter was named the Company’s first chief inclusion officer—a role created to strengthen the integration of inclusion and diversity with business strategy and results.

Carter, who has a long history as a proven business leader at Dow, is leading efforts to foster an inclusive and diverse workforce.

“Karen brings a strong international business background and diverse perspective to this new position,” said Dow Chief Executive Officer Jim Fitterling. “Through her focus and leadership, we will continue to build an atmosphere where employees of all backgrounds can come together to fulfill their own personal and professional goals and work together to help the Company succeed.”

Carter has more than 20 years’ experience at Dow. She has held several strategic business leadership roles across Dow’s Packaging & Specialty Plastics, Building and Construction, and Polypropylene Licensing and Catalyst businesses. Most recently, she held the role as North American commercial vice president for Dow Packaging & Specialty Plastics with responsibility for the overall profit and loss for the business’s North America region.

Among Carter’s goals are to raise the profile of Dow’s Employee Resource Groups in contributing insights to the Company’s business strategies and to bring more diversity into leadership roles. At the same time, Carter emphasizes that inclusion and diversity isn’t a program or initiative—it is how we work at Dow. For that reason, another key area of focus is to address gaps in equal opportunity and valuing diverse perspectives that have been identified in Dow’s global employee survey.

“Ultimately, our goal is to drive sustainable progress toward ensuring every employee is fully empowered and valued. In an increasingly global world, we need a culture even more welcoming of diversity of thought and opinions so that we can meet the ever-growing and increasingly complex challenges of this generation and ones to follow,” Carter said.

For Carter, the subject of inclusion and diversity is a personal one. She was only a sophomore in college when she first came to Dow’s Midland, Michigan, headquarters to work as an intern.

At the time, she couldn’t help but notice that she didn’t see many people who looked like her. However, later in her career, encouragement from a mentor helped her believe she could succeed. The mentor took her into Dow’s executive wing, sat her in the CEO’s seat, and said: “You belong here.”

Those words have become a mantra for her. She continues to embrace them as she moves forward in her latest role and to share these words with employees—“to focus less on how they might be different and more on how they can make a difference.”

“I’m proud to play a role in Dow’s inclusion and diversity efforts. Dow has long had a commitment to diversity and inclusion that has informed our strategies and helped fuel our success. It’s a privilege to build on that success with a fully-conceived strategy that is woven into the Company’s overall business strategy,” Carter said.
WHY WE DO IT

Global Challenges & Our Commitments

A COMMITMENT TO DO WELL AND DO GOOD

In 2030, the world’s population will reach 8.3 billion, placing increasing demands on the Earth’s finite resources. To help lead the transition to a sustainable planet, Dow is doing what we do best: innovating, adapting and collaborating. We want to lead by example and work with others to address global challenges, helping advance solutions for energy, infrastructure and food waste, among other global challenges. By embedding sustainability into our business strategy and innovation engine, we seek to create a better company and a better world.

Values, Principles, Standards and Norms of Behavior

GRI 102-16

With more than 95 percent of manufactured products enabled by chemistry, world challenges will ultimately be solved by companies such as Dow, who collaborate with customers, industries, governments, academia and civil society. Our innovation engine is focused on water purification, crop productivity, building efficiency, development and commercialization of carbon mitigation, alternative energy and many more solutions that improve lives while protecting the planet. We are as committed to maintaining our own footprint as we are to delivering technologies that help the rest of society do the same. Our commitment to sustainability is integral to Dow’s Mission, Vision and Values – which continue to drive change that is good for the environment, good for people and good for business.

The Diamond Standard, Dow’s Code of Business Conduct (“Dow’s Code” and “Code”), summarizes the ethical principles and policies intended to deter and prevent corrupt activity such as bribery; outlines appropriate political contributions; and provides Dow’s position on equal employment opportunity, environment, health and safety. All of us at Dow, no matter where we happen to live, are expected to apply these principles in the daily performance of our job responsibilities. Dow’s policy is to be lawful, highly principled and socially responsible in all of its business activities. Dow expects employees to understand and comply with all Company policies and applicable laws, and to adhere to the guiding principles outlined in the Code. Employees must certify compliance with the Code annually.

In December 2010, a new Code was approved by Dow’s Board of Directors. The Code has been translated into 24 languages. A review of the Code is underway; a refreshed version is expected to be issued in early 2019.

More information about ethics and compliance at Dow can be found on our website. Winning in today’s volatile, global marketplace requires sound strategy and disciplined execution. Building on our strengths, we continue to accelerate our market-driven approach – going narrower and deeper into strategically aligned end markets, increasing productivity across our integrated value chains, and maximizing the value of our investments.

In September 1998, Dow established its Office of Ethics and Compliance (OEC) to reinforce the Company’s long-standing commitment to ethical business conduct. The OEC communicates the Company’s standards, provides guidance on issues related to ethical conduct, and has oversight for mechanisms for action. Staff in this critical area are responsible for administering the Code and promoting practices that maintain an environment in which the Company’s Values: Integrity • Respect for People • Protecting Our Planet

Mission: To passionately create innovation for our stakeholders at the intersection of chemistry, biology and physics

Vision: To be the most valuable and respected science company in the world

Corporate Strategy: Invest in a market-driven portfolio of advantaged and technology-enabled businesses that create value for our shareholders and customers.
Bicyclists in São Paulo and Rio de Janeiro know that using bikes instead of cars is better for the environment. What they may not know is that the coating on the bike lanes they’re using also is more sustainable. Combining the durability of acrylics with the chemical resistance of epoxies, MAINCOTE™ AEH Resin is a novel hybrid technology for two-component concrete coatings that offers ultra-low VOC capability with the chemical resistance of epoxies. MAINCOTE™ AEH Resin is a novel hybrid technology for two-component concrete coatings that offers ultra-low VOC capability with the chemical resistance of epoxies. MAINCOTE™ AEH Resin is a novel hybrid technology for two-component concrete coatings that offers ultra-low VOC capability with the chemical resistance of epoxies.

The Dow Chemical Company works to reduce the carbon footprint of its own operations and provide innovative solutions that can help reduce the carbon footprint of other industries as well. The company is committed to achieving a net-zero greenhouse gas (GHG) emissions profile by 2050 and has set aggressive science-based targets to reduce the environmental impact of its products and operations. Dow’s products and technologies can help customers reduce their carbon footprint, improve energy efficiency, and support sustainable practices across a range of industries.

For example, Dow’s maincote™ AEH Resin technology is a novel hybrid coating technology for two-component concrete coatings that offers-ultra-low VOC capability with the chemical resistance of epoxies. This technology is designed to improve durability and reduce environmental impact.

In addition to its own efforts, Dow is actively involved in promoting sustainability and supporting initiatives that encourage the use of sustainable practices. The company is committed to making a positive impact on the world and contributing to a better future for all.

The Science Behind a More Sustainable Bike Path

The Dow Chemical Company

dow.com/sustainability

2017 SUSTAINABILITY REPORT

WHAT THE CHEMICAL INDUSTRY CAN DO:

Climate Change
- Provide solutions in transportation and mobility
- Develop new renewable energy and clean-energy sources
- Find smarter ways to use energy
- Increase emissions control

Water
- Reduce water scarcity with new treatments
- Develop technologies to improve water availability, water quality, cost and energy efficiency
- Turn wastewater into a valuable resource through advanced reclamation processes

Food
- Offer technologies for healthier diets
- Provide technologies to prevent food loss and food waste
- Increase crop yields

Waste
- Provide solutions to prevent and reduce waste
- Collaborate to improve waste management infrastructure
- Advance a circular economy

Consumer Goods
- Design products that are better for the health of the population’s evolving needs
- Help meet the population’s evolving needs
- Increase the safety, durability and service life of products
- Offer technologies that help support an active lifestyle

Collaboration, Innovation, and Science are the Solution

95% of the world’s manufactured goods are created from chemistry

In the U.S., for every one job created from the business of chemistry, 6 jobs are created in other sectors

The Dow Chemical Company
Our process for determining materiality is a continual four-step cycle of identification, prioritization, validation and review. Defining our material topics and boundaries for reporting relies on the continuous process that we have used to develop three generations of corporate Sustainability Goals. The process assures that we are addressing material topics, and that our Sustainability Goals are aligned with external concepts of sustainability and global challenges. It also assures that we have considered the full scope of the impacts caused by our activities, both within our own operations and externally through interactions with suppliers, customers, consumers, communities, the environment and others.

Identification
A critical element in the development of the 2025 Sustainability Goals was extensive dialogue with stakeholders on a wide range of topics, which later became the key components of the goals. In 2013, we developed a first draft of the goals using a “bottom-up” approach with a number of functional experts and resources within the Company. We also conducted an extensive stakeholder and corporate interview process to identify the issues that are the most important to our stakeholders and most relevant for Dow. More than 300 one-on-one and small group discussions were conducted across the globe with stakeholders, including individuals from non-governmental organizations, academics and government bodies as well as the environmental and sustainability communities. Key customers, consumer-facing companies and Community Advisory Panels (CAPs) were also interviewed. More than 500 telephone interviews were conducted to understand and prioritize environmental, social and economic needs in the communities in which Dow has significant operations. Further, individual conversations were conducted with Sustainability External Advisory Council (SEAC) members, senior leadership and employees in focus groups. Robust analytics and text mining were applied to analyze the extensive data collected through the interview process to assess the importance of issues to stakeholders and to the Company, which resulted in validation and prioritization of the topics.

One of the external stakeholders was the SEAC, who since 1992 has been a key contributor to Dow’s outside-in perspective on environment, health and safety, and sustainability issues for the Company. The SEAC played a critical role in developing the 2005 EH&S Goals, 2015 Sustainability Goals and 2025 Sustainability Goals.

In addition, part of our stakeholder engagement is through our annual Public Policy Issues Prioritization process. Through the Government Affairs, Public Policy, Regulatory Affairs and Issue Management teams, Dow’s Issue & Policy Management Council drives alignment of global issues and policy management strategies, setting priorities, and coordinating efforts and resources.

Prioritization
By extending the reach of our scope outside our operations, we understand that each action taken to address the material issues will have broader and long-term impact upstream and downstream of the value chain, which often can be beyond the Company’s direct control. However, to truly understand the pros or cons of our decisions, we weigh them against other options and measure impact over time. Life Cycle Assessment (LCA) is an excellent methodology for examining the total impact of a product or service. Rather than focusing on a single process, LCA takes a holistic view, examining the impacts over the complete “cradle to grave” life cycle. A life cycle perspective helps us prioritize material aspects according to their impact, given the sustainability context and the influence on stakeholder assessments and decisions. Dow applies life cycle thinking across the entire portfolio.

The Dow Chemical Company
The Dow Chemical Company

40 41

Our 2025 goals are well aligned to address the sustainability topics determined to be material. GRI 102-47

The analyses show that Dow’s sustainability activities will bring significant benefits to Dow from growing top-line and bottom-line value by improving reputation, protecting nature can be both a global business strategy and a Company priority. By combining the resources and expertise of two organizations, we are integrating the content of Dow’s sustainability report, but also an important element for the Company to continually incorporate sustainability into its strategy and leverage existing resources for sustainable value creation.

The Dow Chemical Company

2017 SUSTAINABILITY REPORT

Broad Consultation

• Analysis of internal and industry standards, public policy
• Interviews with specialists
• More than 500 telephone interviews
• Customers
• Community Advisory Panels
• SEAC members
• Employee focus groups
• Senior leadership

Alignment of Dow 2025 Goals with UN SDGs

Leading the

Delivering Breakthrough Innovations
Advancing Industry

Market

Valuing Nature

Safe Networks, Healthy Planet

Engaging for Impact:

World-Leading

Performance

Operations

Communities,

Customers

for Impact:

World-Leading

Valuing Nature

for a Sustainable

Safe Materials

Planet

Employees, Customers

Key Impacts, Risks and Opportunities GRI 102-15, 102-29, 102-30

Dow’s impact through the products we produce is far-reaching. The Company’s research and development efforts are essential to Company growth and future success. The Company is engaged in a continuous program of basic and applied research to develop new products and processes, to improve and refine existing products and processes, and to develop new applications for existing products. Research and development (R&D) expenses were $1.637 billion in 2017. At December 31, 2017, the Company employed approximately 8,800 people in R&D activities. Our industry-leading development engine is continuing to produce products each year that enable growth of the Company and solve world challenges.

Dow’s commercial teams align the Company’s capabilities with opportunities in the marketplace, including those that enable solving the sustainability challenges of customers and consumers.

Refer to the Corporate Citizenship section starting on page 107 for details about the Company’s impact on communities where we have operations.

Risk management is considered to be a strategic activity within Dow and our ability to manage risk creates opportunity as well. Corporate-level identification and management of risk is systematically accomplished within Dow and our ability to manage risk creates opportunity as well. Corporate-level identification and management of risk is systematically accomplished using an Enterprise Risk Management approach. The Board of Directors is responsible for overseeing the overall risk management process. Committees of the Board and the Board as a whole participate in the oversight of the process. The Audit Committee ensures there is a risk management process and that it is being followed. Responsibility for managing risk rests with executive management. Examples include the potential impact of weather-related events, access to credit,

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Our 2025 goals are well aligned to address the sustainability topics determined to be material. GRI 102-47

The analyses show that Dow’s sustainability activities will bring significant benefits to Dow from growing top-line and bottom-line value by improving reputation, increasing ecosystem value and improving life resilience. The analyses also show that many external stakeholders will receive mutual benefits from Dow’s sustainability activities, such as reducing environmental impacts, increasing ecosystem value and improving life resilience. The analyses also show that many external stakeholders will receive mutual benefits from Dow’s sustainability activities, such as reducing environmental impacts, increasing ecosystem value and improving life resilience.

For example, as highlighted by the Carbon Disclosure Project (CDP), despite having no federal regulatory quality.

For example, as highlighted by the Carbon Disclosure Project (CDP), despite having no federal regulatory quality.
The Dow Chemical Company

MATERIALS SCIENCE DIVISION: INNOVATION THAT DRIVES COMMERCIAL VALUE

Silicones

Ethylene

industries in which Dow sells its products could reduce demand for these products and result in decreased sales. Regional trade agreements could result in lower sales volume, which could negatively impact the Company’s results of operations.

Economic conditions around the world, and in certain industries in which the Company does business, also impact sales price and volume. As a result, market uncertainty or an economic downturn in the geographic regions or industries in which Dow sells its products could reduce demand for these products and result in decreased sales volume, which could have a negative impact on Dow’s results of operations.

In addition, volatility and disruption of financial markets could limit customers’ ability to obtain adequate financing for their business, which could result in a decrease in sales volume and have a negative impact on Dow’s results of operations. The Company’s global business operations also give rise to market risks related to changes in foreign exchange rates, interest rates, and market factors such as equity prices. To manage such risks, Dow enters into hedging transactions pursuant to established guidelines and policies. Dow fails to effectively manage such risks, it could have a negative impact on its results of operations.

Raw Materials: Available of purchased feedstocks and energy, and the volatility of these costs, impact Dow’s operating costs and add variability to earnings. Purchased feedstock and energy costs account for a substantial portion of the Company’s total production costs and capital expenditures. The cost of certain feedstocks, such as hydrogen, includes raw materials such as ethane, propane, butane, and naphtha. For example, the Company also purchases certain raw materials, primarily ethylene and propylene, to supplement its production capacity, as well as other raw materials. The Company purchases natural gas, primarily to generate electricity, and purchases electric power to supplement internal generation. Feedstock and energy costs generally follow price trends in crude oil and natural gas, which are sometimes volatile. While the Company uses its hedging flexibility and physical and financial hedging programs to help manage its exposed positions, it is not always able to immediately raise selling prices. Ultimately, the ability to pass on underlying cost increases is dependent on market conditions.

Conservatively, when feedstock and energy costs decline, selling prices generally decline as well. As a result, volatility in these costs could impact the Company’s results of operations.

The Company has a number of investments in the U.S. Gulf Coast to take advantage of increasing supplies of low-cost natural gas liquids (NGLs), which can be used as feedstocks for the production of ethylene. These investments include the restart of the St. Charles Operations (SCO-2) ethylene production facility in December 2012; construction of a new on-purpose propylene production facility, which commenced operations in December 2015; completion of a major maintenance turnaround in December 2016 at an ethylene production facility in Plaquemine, Louisiana; and the Company’s propylene production expansion project that will bring the facility’s total ethylene capacity to 2,500 KTA. As a result of these new investments, the Company’s exposure to purchased ethylene and propylene is expected to decline, offset by increased exposure to ethane- and propane-based feedstocks.

While the Company expects abundant and cost-advantaged supplies of natural gas liquids (NGLs) in the United States to persist for the foreseeable future, if NGLs were to become significantly less advantageous than crude oil-based feedstocks, it could have a negative impact on the Company’s results of operations. Dow’s current feedstock positions and energy usage are in line with market conditions in which such a scenario might occur. Dow is well positioned for such a scenario, with 22 percent of its own domestic natural gas supply, production in regions with ample access to expeditiously available NGLs, and ongoing investments to provide increased flexibility; and construction of a new world-scale ethylene production facility in Freeport, Texas, which commenced operations in the third quarter of 2017, as well as a capacity expansion project that will bring the facility’s total ethylene capacity to 2,500 KTA. As a result of these new investments, the Company’s exposure to purchased ethylene and propylene is expected to decline, offset by increased exposure to ethane- and propane-based feedstocks.

The Company is subject to extensive federal, state, local and foreign laws, regulations, rules and ordinances relating to health and safety regulatory matters could result in significant unanticipated costs or liabilities. Environmental considerations regarding the safe use of chemicals in commerce and their potential impact on the environment as well as perceived impacts of plant biotechnology on health and the environment have resulted in more restrictive regulations and could lead to new regulations.

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Major hurricanes have caused a significant disruption in Dow’s operations on the U.S. Gulf Coast, logistics across the region, and the supply of certain raw materials, which had an adverse impact on volume and cost for some of Dow’s products. Due to the Company’s substantial presence on the U.S. Gulf Coast, similar severe weather conditions or other natural phenomena in the future could negatively impact Dow’s results of operations.

Additional risk factors with less relevance to the Company’s sustainability activities, including financial commitments and credit markets, supply-demand balance, cyber threat, company strategy, pension and other post-retirement benefits, and the DowDuPont merger are listed in the 2017 10-K.

Operational Event: A significant operations event could negatively impact the Company’s results of operations. As a diversified chemical manufacturing company, the Company’s operations, the transportation of products, cyber-attacks, severe weather conditions and other natural phenomena (such as drought, hurricanes, earthquakes, tsunamis, floods, etc.) could result in an unplanned event that could be significant in scale and could negatively impact operation, neighbors or the public at large.

Local, state, federal and foreign governments continue to propose new regulations related to the security of chemical plant locations and the transportation of hazardous chemicals, which could result in higher operating costs.

Governance: At Dow, the Executive Sustainability Team is appointed by the Dow Board of Directors to identify material sustainability risks and opportunities, including climate-related issues, and reports to the Board every quarter. The Executive Sustainability Team also monitors the progress made on the Company’s 2025 Sustainability Goals, which consist of the following climate-related goals:

- Dow will obtain 750 MW of its power demand from renewable sources by 2025.
- Though we will grow globally over the next 10 years, Dow’s absolute greenhouse gas emissions will not exceed our 2006 baseline.
- To help meet our goals, a working group is in charge of analyzing the various climate change scenarios and developing strategies, in conjunction with the Executive Sustainability Team, for the Energy business to deploy. In 2017, the Dow Energy & Climate Change business completed an updated scenario planning study to develop plans to mitigate costs and capital on opportunities over the next 10 years. Four boundary scenarios were considered, and the profitability impacts to Dow were evaluated at a high level. This scenario-based approach is widely used across industries (i.e., EIA, CERA, Wood Mackenzie, BHP, etc.).

Sustainability Team: for the Energy business to deploy. In 2017, the Dow Energy & Climate Change business completed an updated scenario planning study to develop plans to mitigate costs and capital on opportunities over the next 10 years.

The Dow Chemical Company
## Physical Climate Parameters

Many scientific academies throughout the world have concluded it is likely that human activities are contributing to global warming. At this point, it is difficult to predict and assess the probability of potential risks related to a global warming trend on Dow specifically. Concerns have been raised that climate change may result in more frequent incidents of severe weather and the potential for rising sea levels. In this regard, Dow has undertaken a number of initiatives to address such risks.

### Climate Change

- **Reducing GHG Emissions**
  - To reduce greenhouse gas emissions, Dow is implementing a multi-pronged approach that includes energy efficiency improvements, renewable energy adoption, and carbon capture and storage technologies.
  - Dow has set a target to reduce its absolute greenhouse gas emissions by 2030 compared to 2017 baseline.

- **Enhancing Supply Chain Resilience**
  - Dow is working with suppliers to reduce their greenhouse gas emissions and improve energy efficiency throughout the supply chain.

- **Innovating Products and Solutions**
  - Dow is developing new products and solutions that reduce energy consumption and greenhouse gas emissions across various industries.

### Climate Adaptation

- **Enhanced Emissions Reporting**
  - Dow reports its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol and is committed to transparency.

- **Addressing Extreme Weather Events**
  - Dow has developed contingency plans to address potential disruptions from extreme weather events, such as hurricanes and floods.

### Risk Management

- Dow's climate change risk management framework includes proactive measures to identify, assess, and prioritize climate risks.

### Regulatory Matters

- **Cap-and-Trade Schemes**
  - Dow is closely monitoring various cap-and-trade schemes and is prepared to adapt its operations accordingly.

- **Taxes on Greenhouse Gas Emissions**
  - Dow is evaluating the potential impacts of taxes on greenhouse gas emissions to ensure compliance and profitability.

### Potential Impacts on Business

- **Operational Efficiency**
  - Dow continues to implement energy efficiency initiatives to reduce costs and improve operational performance.

- **Market Dynamics**
  - Dow is monitoring market trends to identify opportunities and address potential risks related to climate change.

### Potential Financial Impacts

- **Costs and Revenues**
  - Dow is evaluating the potential financial impacts of climate change on its operations and investments.

- **Regulatory Compliance**
  - Dow is continuously reviewing regulatory requirements to ensure compliance and minimize costs.

### Potential Opportunities

- **Innovative Solutions**
  - Dow is exploring new business opportunities that leverage its expertise in climate change solutions.

- **Brand Reputation**
  - A positive reputation for addressing climate change can enhance Dow's brand image and customer trust.

### Potential Impacts on Future Developments

- **Technology Development**
  - Dow is investing in research and development to mitigate risks and seize opportunities related to climate change.

- **Corporate Governance**
  - Dow is improving its corporate governance practices to better address climate change risks.

### Climate Adaptation Market

Dow's climate change risk management framework assists in identifying global challenges including energy security, climate change and energy efficiency, water availability and quality, natural resource, capital, ecosystem services and biodiversity, and human health and wellbeing.

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*Image credits: The Dow Chemical Company*
In September 2017, Dow and the IOC announced Dow as the Official Carbon Partner of the IOC. This announcement is another step in a long journey of support by Dow for the Olympics. Through Dow’s appointment as the Official Carbon Partner of the Olympic Winter Games Sochi 2014 and the Olympic Games Rio 2016, Dow has already delivered to date third-party verified greenhouse gas reductions amounting to 3.1 million tonnes of carbon dioxide equivalent. By 2026, the reductions are projected to exceed 4 million tonnes of CO2 eq. Beyond balancing the carbon footprint of the Olympic Games, the program evolved in Rio to have a much broader impact in terms of ongoing adoption of energy-efficient and low-carbon-technologies across major sectors of the Brazilian and greater Latin American economies.

Now as the Official Carbon Partner of the IOC, Dow is taking the carbon-mitigation program beyond the Games, beyond the venues and beyond the host cities to engage its customers, partners, stakeholders and other business communities around the world in joining the IOC and Dow in our quest to provide a blueprint for a new type of climate collaboration. This collaboration calls on the industry to make different decisions along its value chain and stretches its capabilities and imagination for the benefit of positive action and innovation.

As the Official Carbon Partner of the IOC, Dow is leveraging the Olympic brand to drive engagement and implement a series of impactful mitigation projects around the world. In alignment with the IOC Sustainability Strategy, the projects will balance Dow’s operational carbon footprint while demonstrating environmental leadership on a global level. Between 2017 and 2020, Dow will develop and implement projects in various countries across different sectors of the market. Aided by Dow’s science and technology, these projects will be tailored to country-specific needs and will mitigate greenhouse gas (GHG) emissions in areas such as infrastructure, transportation, packaging and manufacturing, for which Dow has proven solutions.

In close collaboration with the IOC, Dow will work with multiple players – businesses, governments, communities and non-governmental organizations (NGOs) – to evaluate technologies and support implementation of economically viable projects that can deliver significant climate benefits and maximize positive impacts within the program time frame. Working within the Dow Climate Solutions Framework, each project will provide GHG reductions and help drive the adoption of low-carbon innovations where implemented. Climate benefits will be monitored through 2026 and verified by third-party experts.

This innovative partnership uses the platform of sport and the Olympic brand to demonstrate how science and technology can help the transition to a lower-carbon society and offers an exceptional opportunity to collaborate with industry leaders to introduce solutions that will benefit generations to come.

The Dow-IOC Carbon Partnership represents a new type of sustainability collaboration supporting Dow’s 2025 Sustainability Leading the Blueprint Goal. Through this innovative partnership, Dow is working with customers and expert partners across the globe to understand local market environments and identify opportunities to increase awareness and adoption of energy efficient and low-carbon technologies. In addition to leading the program implementation, Dow is also offering life-cycle expertise, technologies, application expertise and market access to support the Carbon Mitigation Program. The goal is to raise awareness and provide education on this important topic, alter existing business operations and create sustainable legacies.

The United Nations (UN) General Assembly recognizes how all sectors of society, including sport and business, play an important role in supporting its 2030 Agenda for Sustainable Development and the 17 Sustainable Development Goals (SDGs). Both Dow’s 2025 Sustainability Goals and the IOC’s Sustainability Strategy reflect each organization’s commitment to contribute to the 2030 Agenda for Sustainable Development and closely align to a number of SDGs, including partnerships for sustainability (SDG #17) and climate action (SDG #13). As the Official Carbon Partner of the IOC, Dow recognizes the 2030 Agenda for Sustainable Development and the 17 Sustainable Development Goals (SDGs). Both Dow’s 2025 Sustainability Goals and the IOC’s Sustainability Strategy reflect each organization’s commitment to contribute to the 2030 Agenda for Sustainable Development and the 17 Sustainable Development Goals (SDGs).
Stakeholder Engagement

Stakeholder analysis helps identify and evaluate stakeholders that can and do impact or influence Dow’s business priorities and reputation. A stakeholder is defined as anyone who affects, or is affected by, corporate operations. Identification and engagement with stakeholders are key to Dow’s success, in that it ensures the Company’s businesses.

Stakeholder analysis is accomplished helping to avoid negative impacts for the stakeholders and providing a basis for collaboration with them to advance Dow’s corporate strategy.

The Dow Chemical Company (the “Company”) is to identify stakeholders who can drive, block or influence issues. Those who are affected may then influence how this contributes to identification of material risks and the Company’s strategy and reputation as well as the sustainability of the Company’s operations. Stakeholder analysis helps identify and evaluate stakeholders that can and do impact or influence Dow’s business priorities and reputation. Stakeholder analysis is accomplished helping to avoid negative impacts for the stakeholders and providing a basis for collaboration with them to advance Dow’s corporate strategy.

Advocacy and Advisory Groups

Advocacy and Advisory Groups (e.g. Stakeholder Groups, Mechanism for Engagement, Typical Frequency, Key Topics of Interest)

<table>
<thead>
<tr>
<th>Stakeholder Groups</th>
<th>Mechanism for Engagement</th>
<th>Typical Frequency</th>
<th>Key Topics of Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advocacy and Advisory Groups</td>
<td>Meetings, email communications</td>
<td>Monthly</td>
<td>Progress on Dow’s 2025 Sustainability Goals, advice on how to address Dow’s “rightful role” in a community and also provides direct recommendations on identified opportunities where Dow can have a positive impact. Dow also demonstrates its impact as a corporate citizen and identifies concerns through periodic community assessment surveys at select sites. These surveys generate feedback related to quality of life issues, identifies Dow’s “rightful role” in a community and also provides direct recommendations on identified opportunities where Dow can have a positive impact.</td>
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<tr>
<td>Communities (e.g. Community Advisory Panels, Town Hall Meetings)</td>
<td>Meetings, social media</td>
<td>Monthly</td>
<td>Site finances, employee and employment trends, environmental impacts; community health impacts and needs, etc.</td>
</tr>
<tr>
<td>Customers/Retailers (e.g. Trade Associations)</td>
<td>Emails, meetings, email communications, surveys, social media</td>
<td>Monthly</td>
<td>Daily</td>
</tr>
<tr>
<td>Company employees</td>
<td>Surveys, emails, Global Employee Opinion and Action Survey, Employee Resource Groups, Sustainability Network</td>
<td>Daily</td>
<td>Company’s strategy, Dow’s 2025 Sustainability Goals progress, engagement</td>
</tr>
<tr>
<td>Industry professionals</td>
<td>Calls, emails, meetings</td>
<td>Monthly</td>
<td>Dow’s financial performance, risk management</td>
</tr>
<tr>
<td>Industry and Trade Associations/Consortia (e.g. the National Environmental Information, Global Network, Dow’s “rightful role” in a community</td>
<td>Meetings, emails, conferences</td>
<td>Monthly</td>
<td>Key industry issues, opportunities, collaborations and partnerships opportunities</td>
</tr>
<tr>
<td>Suppliers</td>
<td>Panels, meetings, research projects, publications, internal/external associations, social media</td>
<td>Monthly</td>
<td>Company’s financial performance, risk management</td>
</tr>
<tr>
<td>Shareholders</td>
<td>Meetings, email communications, conferences</td>
<td>Monthly</td>
<td>Research, Dow’s 2025 Sustainability Goals progress, opportunities, workforce development</td>
</tr>
<tr>
<td>NGOs and Other Stakeholders</td>
<td>Visits, Meetings, emails, media, social media</td>
<td>Monthly</td>
<td>Company’s financial performance, risk management</td>
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<tr>
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The survey is administered globally to all employees of Dow, with minimal parameters around eligibility. Specifically, any employee who is full time, not on a leave of absence, and has been with Dow for at least three months is eligible. This includes bargained-for employees. Survey confidentiality is also protected, and the governance behind confidentiality is reviewed each year with legal counsel and European Works Council representation.

The intent of the survey program is to provide a tracking mechanism, which enables the Company to focus on priority actions that will increase engagement in the workforce and ultimately improve corporate performance. External research shows that higher scores on engagement lead to more positive organizational outcomes (e.g., performance, productivity and retention). Organizations with highly engaged employees achieve greater total shareholder return (TSR).

The 76 percent global response rate achieved on the survey demonstrates the value employees place on providing their feedback to Dow. Employee feedback from the 2017 GEOAS showed that, on the whole, survey results were down from the previous year. This result is consistent even after taking into consideration the effects of removing the Dow AgroSciences and Electronic Materials business divisions from participation. Feedback shows employees’ desire for continued focus on improving overall career development, appreciation and recognition, and work-related stress. We continue to maintain emphasis on employee appreciation and career planning. In addition, our Health Services team has carefully examined the data to pinpoint the root causes of work-related stress and develop interventions to eliminate or reduce it. Since 2013, we have measured gradual improvements in each of the focus areas.

In addition to the critical metric of employee engagement, the 2017 GEOAS was again paired with a Leadership Effectiveness Survey (LES). The LES allowed employees to provide confidential feedback on their supervisors and the areas where they can develop to better lead and engage. Employees are encouraged to think about recent interactions with their leaders, call attention to their strengths, and provide candid, constructive feedback on specific opportunities for development. The Leadership Development Guide and Leadership Effectiveness Feedback Report provide leaders with insight into where they are in their journey toward superior leadership. Together, they offer ideas on the areas to focus on as they work to build relationships and enhance their interactions with individuals on their team to motivate, engage and lead them to success. Dow connects leaders with specific development resources as part of the LES feedback process. In 2017, scores on the survey were also realigned to simplify the reporting model. Items now roll up to dimensions that are one-for-one with Company values and leadership expectations.

Finally, in 2017, new action planning resources were developed and launched for people leaders and their HR business partners. These resources were aligned to themes of items that fit well together and helped leaders to zero in on more focused areas of improvement. These resources will evolve in 2018 to become more robust.

Employee Resource Groups

Eight employee resource groups (ERGs) — each with a senior executive sponsor — bring together people with a common interest to share experiences, find mentors, seek professional development, and gain access to senior leadership.

- African American Network
- Asian Diversity Network
- Disability Employee Network
- Gays, Lesbians & Allies at Dow
- Hispanic Latin Network
- Middle East Intercultural Network
- Women’s Innovation Network
- Veteran’s Network

The ERGs serve as an internal resource to help cultivate a multicultural competency within Dow, as the groups partner with businesses and functions to develop people and influence culture, engage employees for impact on sustainability goals, and work collaboratively to maximize local and national inclusion and diversity partnerships.
In alignment with Dow’s 2015 Sustainability Goals, the Sustainability Innovation Student Challenge Award (SISCA) program was launched in 2009. To promote forward thinking in social and environmental responsibility, SISCA acknowledges the energy, commitment and enthusiasm of the students and their university professors, sponsors and facilitators who support their sustainability innovations and efforts in continued excellence.

NGOs

NGOs raise awareness in the public and advocate for many issues that impact Dow and its reputation. In some cases, the company engages NGOs by providing public information about historical issues and challenges such as Agent Orange, asbestos, Bhopal and dizin. Dow engages select NGOs more directly through collaboration. For example, since 2011 The Nature Conservancy (TNC) and Dow have been working side by side to advance our understanding of the value of nature and to carry these findings into the business setting. Our hypothesis is: Investing in nature will lead to conservation and business benefits. It is a new way of thinking, rooted in Dow’s commitment to the global environment, health and well-being of people. As this is one of the core goals of the collaboration, we are looking to identify additional benefits that can be quantified, reported and potentially tied to Dow’s internal metrics. For example, the team is concerned that lack of transparency in the external reporting of progress made toward the $1 billion in business value for the Nature Goal might experience a credibility gap. This concern will be addressed by more complete reporting on progress details.

Another challenge is to define what a nature project is, and how it is different from sustainability or efficiency projects. The collaboration team re-evaluation of the scorecard is intended to address this confusion. As the collaboration moves toward engaging other companies in the Nature Goal, it will be helpful to strengthen the collaboration’s own communication as to how its engagement helps TNC and Dow. As this is one of the core goals of the collaboration, we are looking to identify additional benefits that can be quantified, reported and potentially tied to Dow’s internal metrics. For example, the team is concerned that lack of transparency in the external reporting of progress made toward the $1 billion in business value for the Nature Goal might experience a credibility gap. This concern will be addressed by more complete reporting on progress details.

Regulators

The actions and proposed actions of regulators can impact Dow’s operations and reputation. Regulators were engaged on several topics in 2017 including microplastics, cyclic methyl siloxanes and others. Dow’s Integrated Business Services and Policy Management Council drives alignment of global issues and policy management strategies, setting priorities, and coordinating efforts and resources.
SOLUTIONS ESSENTIAL TO HUMAN PROGRESS

Through diverse but focused businesses, Dow delivers innovative products and solutions to markets across the world. In an increasingly competitive business environment, we are harnessing our strong science and chemistry position to accelerate the commercialization of solutions for our customers and strengthen our leadership position in high-growth end-markets.
Construction Chemicals

Construction Chemicals combines its deep application know-how, materials science and formulation competence to offer manufacturers key building blocks for formulating efficient and differentiated building and construction materials. With a broad range of technologies — including colloidal silica, indispersible latex powders, silicones and acrylic emulsions — Construction Chemicals is a leading supplier to customers around the world and addresses the specific requirements of the industry across many market segments and applications, from roofing to flooring, and gypsum, cement, concrete or dispersion-based building materials. Construction Chemicals’ chemistries are designed to advance performance, durability and aesthetics of buildings and infrastructure.

Consumer Solutions

Consumer Solutions collaborates closely with global and regional brand owners to deliver innovative solutions for creating new and unique consumer benefits and experiences; provides stand-alone silicone and acrylic-based materials that are used in a wide range of applications including adhesion promoters, coupling agents, crosslinking agents, dispersing agents and surface modifiers; and uses innovative, versatile silicone-based technology to provide solutions and ingredients to customers in personal care, consumer goods, silicone elastomers and the pressure sensitive adhesive industry.

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Energy Solutions

Energy Solutions supplies smart, innovative and customized solutions to enhance productivity and efficiency in the oil, gas and mining markets. This product grouping is aligned with all markets of the oil and gas industry – including exploration, production (including enhanced oil recovery), refining, gas processing and gas transmission.

APPLICATION/MARKET SEGMENT
Helping customers in exploration, production, transmission, refining, mining and gas processing to optimize supply, improve efficiencies and manage emissions.

MAJOR PRODUCTS/TECHNOLOGIES
Demulsifiers, drilling and completion fluids, heat transfer fluids, rheology modifiers, scale inhibition, scale inhibitors, specialty wax emulsions, surfactants, water stabilizers, frothing separating agents.

Industrial Solutions

Industrial Solutions provides a broad portfolio of sustainable solutions that address world needs by enabling and improving the manufacture of consumer and industrial goods and services, including products and innovations that minimize friction and heat in mechanical processes, manage the oil and water interface, deliver active ingredients for maximum effectiveness, facilitate dissolvability, enable product identification and provide the foundational building blocks for the development of chemical technologies. Industrial Solutions supports manufacturers associated with a large variety of end-markets, notably better crop protection offerings in agriculture, coatings, detergents and cleaners, solvents for electronics processing, inks and textiles. Dow is also the world’s largest producer of purified ethylene oxide.
Polyurethanes & CAV

Polyurethanes & CAV is the world’s largest producer of propylene oxide and propylene glycol, a leading producer of polyether polyols and aromatic isocyanates that serve energy efficiency, consumer comfort and industrial market sectors; and an industry leader in the development of fully formulated polyurethane systems. Propylene oxide is produced using the chlorohydrin process as well as hydrogen peroxide to propylene oxide manufacturing technology. The product group also provides cost advantaged chlorine and caustic soda supply and markets caustic soda, a valuable co-product of the chloralkali manufacturing process, and ethylene dichloride and vinyl chloride monomer.

Packaging and Specialty Plastics

Packaging and Specialty Plastics serves high-growth, high-value sectors using world-class technology and a rich innovation pipeline that creates competitive advantages for customers and the entire value chain. Dow is also the leader in polyolefin elastomers and ethylene propylene diene monomer elastomers. Market growth is expected to be driven by major shifts in population demographics; improving socioeconomic status in emerging geographies; consumer and brand owner demand for increased functionality; global efforts to reduce food waste; growth in telecommunications networks; global development of electrical transmission and distribution infrastructure; and renewable energy applications.

APPLICATION/MARKET SEGMENT

Aircraft deicing fluids, alumina, pulp and paper, appliances, automobiles, building, housing and construction, flooring, fresh food, foodservice fluids, hydraulic and brake fluids, infrastructure, packaging, bedding and transportation.

MAJOR PRODUCTS/TECHNOLOGIES

Aniline, caustic soda, ethylene dichloride, methylene diphenyl diisocyanate (MDI), polyurethane, propylene oxide, propylene oxide-polyurethane systems, toluene diisocyanate (TDI), vinyl chloride monomer.

APPLICATION/MARKET SEGMENT

Advanced, automotive, construction, electrical transmission and distribution, food and supply chain packaging, functional houses, health and hygiene, industrial specialties, irrigation pipe, photovoltaic, sporting goods, water treatments, wire and cable insulation.

MAJOR PRODUCTS/TECHNOLOGIES

Acrylics, bio-based plasticizers, elastomers, ethylene copolymer resins, ethylene-propylene-diene monomer elastomers (EPDMs), ethylene vinyl acetate copolymers, ethylene-propylene-diene monomer (EPDM) elastomers, high-density polyethylene, low-density polyethylene, metallocene catalyzed polyethylene, metallocene polyethylene elastomers, pipe, packaging, resin additives and ingredients, semiconductive and jacketing compounding solutions and wire and cable insulation.
Hydrocarbons & Energy

Hydrocarbons & Energy is one of the largest global producers of ethylene, an internal feedstock, and a leading producer of propylene and aromatics products that are used to manufacture materials that consumers use every day. It also produces and procures the power used by the Company’s manufacturing sites. Hydrocarbons & Energy leverages its global scale, operational discipline and feedstock flexibility to create a cost-advantaged foundation for the Company. In the U.S. and Canada, the increased supplies of natural gas and natural gas liquids remain a key cost-competitive advantage for the Company’s ethane- and propane-based production. The Company’s U.S. and European ethylene production facilities have the flexibility to use different feedstocks in response to price conditions.

Crop Protection

Crop Protection serves the global production agriculture industry with crop protection products for field crops, such as wheat, corn, soybean and rice, and specialty crops such as trees, fruits and vegetables. Principal crop protection products are weed control, disease control and insect control offerings for foliar or soil application or as a seed treatment.

INSECTICIDES

BROADWAY™; CLINCHER™; DESTROYER™; DIRECT™; DURAMID™; FENCER™; GARLON™; INSTIGATE™; LUSTRE™; MILESTONE™; PANZER™; PRIMUS™; RESICORE™; RINSKOR™; SPIDER™; STARANE™; SURESTART™; and TORDON™

FUNGICIDES

DITHANE™; INSTINCT®; Neogen’s brand of disease control products - FONTELIS®; VERTISAN®; TREORIS®; FRELIZON®; AYLORA®; INTELLIS™; ORLIAN™; REFINZAR™; and ZORVEC®

HERBICIDES

ARIGO®; ARYLEX™; BROADWAY™; CLINCHER™; DURAMID™; FENCER™; GARLON™; INSTIGATE™; LUSTRE™; MILESTONE™; PANZER™; PRIMUS™; RESICORE™; RINSKOR™; SPIDER™; STARANE™; SURESTART™; and TORDON™

OTHER

INSTINCT®; LUMIGEN® Seed Sense family of seed treatment products - LUMIDERM™ and LUMIVIA™; N-SERVE™ Nitrogen Stabilizer; and TELONE™

APPLICATION/MARKET SEGMENT

Purchaser of feedstocks; production of cost-competitive monomer and polymer concentrates; and energy principally for use in the Corporation’s global operations.

MAJOR PRODUCTS/TECHNOLOGIES

Ethylene, propylene, benzene, butadiene, coke, aromatics co-products, power, steam, other utilities; Advanced feedstock positions in the United States, Canada, Argentina and the Middle East.
Industrial Biosciences

Industrial Biosciences is an innovator that works with customers to improve the performance, productivity and sustainability of their products and processes through advanced microbial control technologies such as advanced diagnostics and bioconverters, enzyme discovery and biocatalysis, and product and process development.
**Nutrition & Health**

Nutrition & Health uses cellulose and other technologies to improve the functionality and delivery of food and the safety and performance of pharmaceutical products.

**APPLICATION/MARKET SEGMENT**
- Food and beverage, dietary supplements, nutritional, sports, functional health and cosmetic

**MAJOR PRODUCTS/TECHNOLOGIES**
- Cellulose and other technologies help bring new classes of products to market and create foods that are healthy, gluten-free, reduced calorie content. Notable technologies include excipients and delivery mechanisms, ingredients, enhancers, enhancers, granulation and binders, as well as coatings and controlled release. Other major products include probiotics, soy protein, fibers, cultures, antioxidants, antimicrobials, emulsifiers, texturants, ingredient systems and sweeteners.

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**Transportation & Advanced Polymers**

Transportation & Advanced Polymers provides high-performance adhesives, lubricants and fluids to engineers and designers in the transportation, electronics and consumer end-markets. Key products include MOLYKOTE® lubricants, DOW CORNING® silicone solutions for healthcare, MULTIBASE™ TPSiV™ silicones for thermoplastics, and BETASEAL™, BETAMATE™ and BETAFORCE™ structural and elastic adhesives.

**PERFORMANCE RESINS**
- MULTIBASE™ TPSiV™ silicones for thermoplastics

**PERFORMANCE SOLUTIONS**
- DOW CORNING® silicone solutions for healthcare; BETASEAL™ BETAMATE™ and BETAFORCE™ structural and elastic adhesives.
### Seed

Seed provides seed/plant biotechnology products and technologies to improve the productivity and profitability of its customers. Seed develops, produces and markets canola, cereals, corn, cotton, rice, sunflower and sunflower seeds.

### Safety & Construction

Safety & Construction unites market-driven science with the strength of highly regarded brands such as STYROFOAM™ brand insulation products, GREAT STUFF™ insulating foam sealants and adhesives, and DOW FILMTEC™ reverse osmosis and nanofiltration elements to deliver products to a broad array of markets including industrial, building and construction, consumer and water processing. Safety & Construction is a leader in the construction space, delivering insulation, air sealing and weatherization systems to improve energy efficiency, reduce energy costs and provide more sustainable buildings. Safety & Construction is also a leading provider of purification and separation technologies including reverse osmosis membranes and ion exchange media to help customers with a broad array of separation and purification needs such as reusing wastewater streams and making more potable drinking water.

#### Protection Solutions

- **Industrial personnel protection, military and emergency response, medical devices, aerospace, automotive, oil and gas and solid surfaces**
  - **Major Products/Technologies**
    - DUPONT™ NOMEX® fiber and paper
    - DUPONT™ TYCHEM® protective suits
    - DUPONT™ CORIAN® solid and quartz surfaces

#### Building Solutions

- **Water filtration and purification technology for residential and industrial use. Key industries include municipal, power, electronics, pharmaceuticals, food and beverage, mining and oil and gas applications**
  - **Major Products/Technologies**
    - DOWEX™ and AMBERLITE™ ion exchange resins
    - DOW FILMTEC™ reverse osmosis (RO) and nanofiltration elements
    - INTEGRAFLUX™ ultrafiltration modules
    - FORTILIFE™ RO Elements for challenging waters and applications
  - **SMARTSTAX® and POWERCORE™ multi-event technology developed by Dow AgroSciences LLC and Monsanto Technology LLC. SMARTSTAX®, the SMARTSTAX® logo, POWERCORE™ and the POWERCORE™ logo are trademarks of Monsanto Technology LLC.**

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1. AGROMEN™ trademark used under license from Agromen Sementes Agricolas Ltda.
2. SMARTSTAX® and POWERCORE™ multi-event technology developed by Dow AgroSciences LLC and Monsanto Technology LLC. SMARTSTAX®, the SMARTSTAX® logo, POWERCORE™ and the POWERCORE™ logo are trademarks of Monsanto Technology LLC.
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Sustainable Chemistry
Sustainable Chemistry Index (SCI) Methodology Aligns with Our 2025 Sustainability Goals
As one of the metrics for our 2025 “Delivering Breakthrough Innovation” Sustainability Goal, Dow has developed the Sustainable Chemistry Index (SCI), a tool which scores Dow’s sustainability in 10 areas of science-based evaluation. These SCI areas are focused on 1) environmental performance, 2) occupational safety and health performance, 3) raw material and energy use, 4) product stewardship and quality, 5) research and development, 6) regulatory and legal, 7) corporate reputation, 8) innovation, 9) customer experience, and 10) social responsibility. The SCI index is aligned with Dow’s 2025 Sustainability Goals and is used to measure Dow’s progress towards achieving these goals.

The SCI index is calculated by Dow using a standardized methodology that evaluates Dow’s performance across the 10 areas of sustainability. The index provides a comprehensive assessment of Dow’s sustainability performance and helps Dow identify areas for improvement.

Recovering Chemical Developers with Air

The Dow Chemical Company

Risk Characterization Process
All products (100 percent) are assessed in an appropriate manner – depending upon EU’s profile, application and exposure potential – for improvement opportunities as part of Dow’s EU’s management approach at each stage of the product life cycle. The human and environment risks of all products are characterized using Dow’s risk characterization process. As a result of Dow’s business activities, some risks are identified that are not fully understood. For many of these risks, measurement and monitoring are used to determine the risk. The risks are then ranked based on their potential impact and probability. Dow’s risk management approach should be based on the risk.

The Dow Declaration was amended at the Johannesburg Summit to include health impacts, in addition to environmental impacts. We believe that approaches should encompass the identification, selection and implementation of alternative actions for addressing risk through the control of identified hazard(s) and/or exposure. The precautionary approach shall be widely applied by States according to their scientific certainty shall not be used as a reason for postponing cost-effective capabilities. Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation. Additionally, the selected chemicals management approach should:

• Proportional to the objective being pursued;
• Proven;
• The least burdensome option that provides adequate protection from the risk.

As a responsible corporate citizen, Dow continues to use a well-defined process for assessing and managing risks in the face of uncertainty. This process is science-based, ensuring decision-making includes an appropriate evaluation of risk and benefits. It applies to current products as well as those being contemplated for development.

We view the precautionary principle as an application of the principles of risk assessment and risk management. Risk assessment includes hazard identification, characterization, exposure assessment and risk assessment. Risk management encompasses the identification, selection and implementation of alternative actions for addressing risk through the control of identified hazard(s) and/or exposure.

59% of Sales are from products that address world challenges
70% of R&D Projects address world challenges

Precautionary Principle or Approach GRI 102-11

We support a precautionary approach as set out in Principle 15 of the Rio Declaration on Environment and Development. “In order to protect the environment, the precautionary approach shall be widely applied by States according to their capabilities. Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation.”

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A breakthrough innovation originally developed to improve architectural paints is finding renewed value in making receipts printed on thermal paper more sustainable. Dow’s ROPAQUE™ NT-2900 Opaque Polymer for BLUE 4EST™ Thermal Paper is a first-of-its-kind technology, offering a thermal paper option that is free of chemical developers. Instead the new technology relies solely on chemicals management and our product stewardship program, visit the Market & Solutions section on dow.com.

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Membership of Associations

Dow recognizes that the actions of one company alone cannot achieve the scope of change required to overcome global challenges such as climate change or food waste. As a global industry leader committed to advancing science and sustainability, Dow openly collaborates with customers, academia, suppliers, communities and governments. Through collaboration, we can help spur innovation, solve some of society’s greatest challenges, and lead the transition to a more sustainable planet and society by championing a more inclusive model of business. Over the years, we have nurtured successful collaborative partnerships with dozens of organizations and institutions around the world in pursuit of shared goals.

Below is a partial list of associations that Dow supported in 2017.

Collaborations GRI 102-13
WHAT COMES FIRST
Reducing our environmental impact and managing our operations safely and responsibly is fundamental to our business. We put the health and safety of our people, communities and environment at the heart of everything we do. Our goal is to maintain world-leading operations and to collaborate across the value chain and with our communities to optimize our natural resource efficiency, environment, health and safety performance.

Supply Chain Sustainability Strategy Overview

Integrated Supply Chain recognizes the importance of safe, secure and responsible operations throughout our value chain. With this in mind, we have included sustainability as one of the four key tenants of our overall Integrated supply chain strategy. With customers, suppliers and operations across the globe, supply chain sustainability is critical to our success, and core to Dow and the customer experience.

In 2017, we launched our Supply Chain Sustainability Strategy. This strategy puts the customer experience at the core of our supply chain operations, helping us to achieve long-term business success while protecting people and the planet.

Throughout 2017, we made huge strides in putting our strategy into action: We have implemented our Green Transportation Initiative, working in collaboration with our carriers; executed our Transportation Stewardship Program, achieved external recognition for our approach to end-to-end transparency within the value chain and applied our advocacy blueprint within our supply chain operations.

At Dow, we recognize the importance of collaboration for long-term success and have further enhanced our already deep-rooted relationships with our logistic service providers, suppliers and customers by proactively identifying opportunities for collaborative supply chain sustainability projects and initiatives.

Our Integrated Supply Chain Sustainability strategy is built on the following pillars:

Partnering Through the Value Chain
Partnering through the value chain:
• End-to-end transparency
• Sustainable Suppliers
• Advocacy Blueprint
• Culture of Systems Thinking

World Leading Transportation
World Leading Transportation:
• Design & Optimization for Sustainability
• Sustainable Packaging
• Energy & Resource Efficient
• Reliability and Resilience

破through Innovations in Supply Chain Design
Breakthrough Innovations in Supply Chain Design:
• Design & Optimization for Sustainability
• Sustainable Packaging
• Energy & Resource Efficient
• Reliability and Resilience

Courageous Collaboration
Courageous Collaboration:
• Industry-Leading Initiatives
• Incident-Free Performance
• Risk Management Across the Value Chain
• Safety and Security in a Constantly Changing World

Unlocking the Potential of People & Science
Unlocking the Potential of People & Science:
• Industry-Leading Initiatives
• Incident-Free Performance
• Risk Management Across the Value Chain
• Safety and Security in a Constantly Changing World

Risk Management, Governance, Compliance
Risk Management, Governance, Compliance:
• Incident-Free Performance
• Risk Management Across the Value Chain
• Safety and Security in a Constantly Changing World
• Transparency

HOW WE DO IT
Operations & Performance
Case Study: Dow Road Logistics Mission to Help End Human Trafficking

According to the U.S. Department of Justice, human trafficking is the world’s fastest-growing crime. After learning about this growing and often hidden crime through our partnership with one of our logistics carriers, Quality Carriers, the Dow Logistics Road Team made it their goal to help educate the industry and spread preventative methods. Dow joined the Department of Transportation (DOT) in North America to partner on their Transportation Leaders against Human Trafficking initiative and became a shipping partner with Truckers Against Trafficking (TAT). Additionally, Dow created a proposed multigenerational human trafficking prevention plan that requires Dow North American road carriers and third-party logistic service providers to become TAT Certified by April 1, 2018.

Along with our carrier and 3PL participation, the proposed plan includes the following:

- Train and educate Dow Logistics and Site Leadership on what to look for and who to call.
- Using Dow’s learning management system, Diamond Learning, create a course for all employees.
- Educate our customer base.
- Review employee agreements to consider adding immediate termination clauses for participation in trafficking activities.
- Work with government officials on education and prevention methods, such as requiring commercial drivers to complete a course on how to recognize human trafficking.
- Promoting overall community awareness through local and national prevention and educational campaigns.

To date, Dow has been identified as being one of the best-in-class TAT shipping partner.

World-Leading Transportation Stewardship and Performance

Dow launched its Transportation Stewardship program in 2017 to drive the industry to new levels of safety performance. We believe it is critical to have strategic alignment and collaboration with our logistics service providers and other chemical producers and shippers to achieve safe and secure transportation of materials throughout the chemical supply across the globe.

Case Study: Emerging Geographies – Managing Risk within Supply Chains – India

India is one of the fastest-growing economies in the world and, although it is rapidly transitioning to the digital economy, it remains a significant market. Dow has taken a number of steps to engage internally and externally to mitigate the impact of digital advancements on our transportation operations.

We are proud of our commitment to environmentally friendly and socially responsible operations, as well as our accomplishments in transportation safety and security. We recognize the importance of safe and secure transportation and have taken a number of steps to engage internally and externally to make a positive long-term impact. This approach has helped us to achieve business success while continuing to protect the communities within which we operate and the planet.
The Dow Chemical Company

80 81

environmental awareness training to create more awareness about green transportation in collaboration with other international companies and the Federal University of Rio de Janeiro. In 2017, an important collaboration resulted in an actionable strategy for Dow, consisting of internal activities to actively manage and reduce our impact, as well as external engagement to drive and promote sustainable logistics. Implementation took place in 2017.

In China, Japan, Korea, South East Asia and Australia, Dow has implemented multiple programs related to transportation.

In addition to the award programs, we also have a number of regional initiatives aligned to green transportation:

- In Brazil, Dow is leading the implementation of a Green Transportation Program in collaboration with the TRANSCAER Executive Committee, as well as a handful of personnel either serving as the regional or location manager.
- Dow has engaged with external organizations in each region, which has resulted in greater than 150 programs now active globally. As part of this initiative, best practice programs were identified within each region. These programs will continue to be leveraged into regions that do not have established pre-existing programs in place.
- For example, the Niger Great Initiative in India, Brazil’s Green Freight Initiative, China’s AICM initiative and the North American Layers of Protection Partnership program were all identified as being of a high standard and could be leveraged by other regions.

To measure our progress, we created a Transportation Stewardship Index that looks at leading indicators and is comprised of metrics in three categories: 1) incident-free performance; 2) leading-edge programs; and 3) transportation risk across the value chain. By 2025, Dow has committed to achieving a 50 percent improvement in the Transportation Stewardship Index and eliminating severe transportation incidents that impact the communities through which our products, raw materials and intermediates flow. 2016 was our first year using the index, and we continue to be successful in improving towards our 2025 goals.

To achieve our 2025 goal of eliminating severe transportation incidents, we’ve changed the way that we manage incidents to take a holistic view of Dow’s transportation impact. Our incident matrix includes three categories of incidents and enables us to weigh the impacts (human, environmental and community) and severities of any incidents caused by Dow products. Our incident management programs helped us to achieve our goal of zero serious transportation incidents in 2017.

In 2017, Dow launched a number of Responsible Transportation Initiative programs globally. These programs emphasize collaboration between stakeholders to achieve a standard and long-term success within our value chain and to continue to drive the industry to new standard of transportation safety and security.

Dow has engaged with external organizations in each region, which has resulted in greater than 150 programs now active globally. As part of this initiative, best practice programs were identified within each region. These programs will continue to be leveraged into regions that do not have established pre-existing programs in place.

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Dow's Supplier Diversity initiative includes small businesses and diverse businesses identified as being owned by minorities, women, veterans (including service disabled), LGBTQ and disabled. We are committed to supplier diversity as an element of our global procurement strategy. In 2017, Dow executed our three-year multi-generational plan to ensure alignment to our corporate Inclusion & Diversity strategy. In addition, we have incorporated provisions into our Supplier Code of Conduct and contract templates to set expectations with our suppliers as it relates to their role in supplier diversity. We measure, track, and report our small and diverse business spend, which currently represents approximately 3 percent of the United States.

Supplier Code of Conduct
At Dow, we continue to engage new vendors globally and communicate Dow’s expectations that all suppliers are compliant with regulations and Dow’s values through the Dow Code of Conduct. In 2017, the Dow Code of Conduct was refreshed to add a provision on supplier diversity. Suppliers are encouraged to have an active supplier diversity program and support the businesses and programs in the community. Dow conducts periodic supplier diversity assessments to ensure that our suppliers are correctly classifying their diverse business spend.

In water-scarce countries such as India, near half of a household’s daily water use comes from hand-washing laundry. DOWSIL™ EasyRinse technology is a cost-effective laundry solution that enables more precious potable water to be used for fresh water until no foam is observed. The technology supports development of rich color washes while reducing the number of rinses needed and saving consumers water and energy.

Sustainable Packaging
The Dow Packaging Sustainability Council continues to focus on implementing key projects as well as developing global and regional frameworks for each of the global packaging strategies:

- Seek innovative technology
- Design for sustainability
- Drive sustainable behavior
- Share the sustainability story

Case Study: Universal Packaging Specification System Launch
The Universal Packaging Specification System is one of the key global strategies for packaging. In 2017, the Packaging Sustainability Council focused on implementing the Universal Packaging Specification System (UPSS), which resulted in the implementation of the Universal Packaging Specification System (UPSS).

We have procurement centers around the world to establish effective relationships with global and local suppliers of raw materials, services, and business practices. We work with a variety of suppliers ranging from raw material, logistic service providers (LSPs) and labor service providers to corporate equipment and service provider suppliers. Dow has approximately 50,000 suppliers in our supply chain, and in approved suppliers, which represents approximately $27 billion.

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Innovative Laundry Technology Tackles Water Scarcity
The Dow Universal Packaging Specification System delivers an end-to-end packaging process and a controlled management system of record for packaging specifications on Dow’s SAP platform. The process builds on sustainability considerations at the start of all design projects and uses an impact assessment to evaluate benefits across a wide range of areas beyond traditional material choices. The assessment looks at supplier selection, including their sustainability practices, filling operations and logistics efficiencies, to determine optimal packaging systems. From concept to implementation, packaging data can be rapidly shared with internal partners and external customers. Having a single source of packaging data is providing a new means for opportunity analysis. Combined with efficiency gains from a robust work process, packaging professionals now have more time to innovate the next generation of sustainable packaging solutions.

Suppliers
We work with a variety of suppliers ranging from raw material, logistic service providers (LSPs) and labor service providers to corporate equipment and service provider suppliers. Dow has approximately 50,000 suppliers in our supply chain, and in approved suppliers, which represents approximately $27 billion.

In the implementation of the Universal Packaging Specification System (UPSS), this helps provide us with a stable supply of raw materials.
Employee Health and Safety

Worker safety has always been a core value of Dow. Personal safety incident reduction goals have been a part of sustainability goals since inception and are represented in our 2025 Sustainability Goals under our World-Leading Operations Performance Goal. Looking ahead, we are working to eliminate the most severe incidents (incidents that result in fatality or life-altering injuries).

Dow has integrated our approach to managing worker safety into our Operating Discipline Management System, which broadly applies to all Dow work groups and locations. Within that management system, Dow has created a series of standards that lay the foundational expectations of hazard assessment and risk mitigation. All safety standards apply to all Dow locations regardless of geography or operating unit. Every workgroup within Dow must establish site and unit-specific procedures that assure full implementation of all requirements within our standards. Standard effectiveness is evaluated through required work group self-assessments and periodic audits from an independent group within the Company.

Dow’s robust safety management system is maintained through a continuous improvement cycle, with regular effectiveness checks. In 2017, a comprehensive update of all of the Company’s safety standards was made with implementation of the changes carrying into 2018. The update involved consolidating similar requirements, simplifying the way requirements are written, and harmonizing approach between standards to achieve greater consistency. Additional requirements were added to address management system gaps identified through investigation of incidents and near misses.

One aspect of our safety standards that was improved in the 2017 refresh was the reinforcement to use technology and other innovative approaches to avoid putting people at risk altogether. In support of this, Dow has driven the industry in innovating new technologies to remove workers from higher-hazard activities. Examples include robotic high-pressure water cleaning, robotics and drones to eliminate the need for confined space entry, drones to eliminate certain elevated work, and protection devices on aerial lifts.

It is important to note that when discussing both our safety goals and performance at Dow, we concern ourselves not only with the safety of our processes and employees, but with all workers who perform business on Dow property or on behalf of the Company.

With the goal of having every worker go home safely at the end of each day, all of our workers have the opportunity to participate in site or workgroup specific Environmental, Health and Safety teams. Additionally, our largest manufacturing locations extend this opportunity to contract employees through joint Dow-contractor site safety steering teams.

GRI 403-1

In 2016, Dow reshaped its incident reporting and measurement system. Our new system defines incident levels from 1–5, with Level 1 being the most severe. Our new measurement system allows for the collection of low-level incident and near-miss information (Level 4–5) in a consistent way globally, and alleviates incidents with actual or potential severe impact (Level 1–3). All Dow facilities and teams that have a strong near-miss reporting culture have proven to have better safety performance compared to those who do not. Near-miss reporting is a key factor in improved safety performance and supports Company-wide learning from near-miss events.

Our 2025 Company Injury and Illness goal is to reduce the most severe incidents by 85 percent versus our 2015 baseline.
In 2017, we ramped up our support for and visibility of our non-injury pLIFE metric. A non-injury pLIFE describes an unsafe behavior or condition for which there was no actual injury, but the incident might have led to a life-altering injury if one aspect had been different. Heightened awareness of and response to situations with the potential for life impact is a key driver of our safety improvement efforts. These observations are stable globally and reviewed weekly for learnings to leverage.

The safety performance on our most significant incidents improved in 2017, with no work-related fatalities. Unfortunately, however, the Company did still have one event severe enough to be counted as a Level 1 event. As always, our management system actions were adjusted based on recent trends. The key management system elements driven in 2017 were:

- Top leadership assessments at Dow facilities globally
- Increased visibility and focus on near misses and leading indicators via our new measurement system, with emphasis on our non-injury pLIFE observations
- Engagement of motorized lift equipment manufacturers to offer collision and crush protection technology

The Company maintains the more traditional lost time and incident rate data, based on U.S. OSHA’s classification criteria to facilitate external reporting and intercompany benchmarking. Dow continues to demonstrate a safety record well ahead of the competition in both the manufacturing sector and the chemical industry.

### Safety Metrics by Region – Employees and Contractors GRI 403-2

<table>
<thead>
<tr>
<th>Area</th>
<th>Recreational Injury Rate</th>
<th>Lost Workday Case Rate (DMC &amp; Facility)</th>
<th>Lost day Rate (DLR)</th>
<th>Fatality Count</th>
<th>Occupational Disease Rate</th>
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</table>

1) Recreational injury rate includes fatalities but does not include first aid visits.
2) Recreational injury rate includes Dow employees on Dow business and contractors performing work at Dow locations.
3) Due to a change in data collected on lost and injury cases, incident rate by gender is not available for 2017.
4) In our days lost calculation, we begin counting the day after the incident and count every calendar day toward total days lost.

### Employee Health Protection GRI 403-3

Dow controls occupational health risks in our workers’ environments. Comprehensive workplace risk assessments are completed to evaluate hazards in the chemical manufacturing, office and field settings. Workers are provided detailed education and training along with specific procedures for safe operation. General and tailored health protection programs to reduce overall health risk are also provided. Risk-control measures in the workplace are implemented, and emergency planning is coordinated with external medical and public health experts. Detailed exposure controls are implemented as global standards. All workers are provided baseline and periodic medical screening, testing, evaluation and health counseling to identify and control health problems. Clinical treatment is available, which includes specialized protocols for Dow’s workplaces.

As a global organization, we have employees that work in areas with high-risk occupational hazards and are monitored medically and tracked through our health records systems. Such high-risk groups include production/processing, confined space entry and other potential exposures, such as butane, butadiene, post asbestos.

dow.com/sustainability
The Dow Chemical Company

... decades ago and was an early pioneer in recognizing the importance of health promotion in mitigating occupational injury and illness. Community health risks are examined and opportunities for community health partnership are initiated. Workers in each area and travelers to the region are given specific advice about occupational health problems, such as communicable diseases, vaccinations, and air and water quality. Additionally, performing a risk assessment is an early step in carrying out occupational medicine, vaccination and medical treatment. Pandemic- and crisis-management planning for emergency risks are implemented when necessary. Direct support for the community is also provided (e.g., hurricane damage, tsunami, earthquakes, radiation, HIV/AIDS).

Dow offers medical benefits that cover a range of preventive, diagnostic and treatment services. Programs vary by country and other criteria. Dow Health Services makes the following available in the area of Occupational Health and Health-related Human Performance:

- **Employees clinical treatment services** are available on-site at approximately 80 Dow clinics globally.
- **Periodic employee health assessments** screen for a variety of diseases (including heart, lung, liver, kidney, blood, etc.). Specific counseling and follow-up are provided to assist in making any identified risks.
- **Health promotion programs** are offered to all employees and their dependents. These programs include education on important health risks such as tobacco use, inactivity, obesity and drinking. Employees are taught to assess their risks and are given specific advice about endemic health problems, such as communicable disease issues, vaccinations, air or water quality. Dow Health Services makes the following available in the area of Occupational Health and Health-related Human Performance:

- **Employee Assistance Programs** are offered globally. These provide assistance for employees and their dependents for issues such as general stress, anxiety, financial and family relations.

In 2015, Dow started a Total Worker Health (TWH) initiative in alignment with The National Institute for Occupational Safety and Health Total Worker Health concept. The program aims to integrate traditional health protection and promotion programs into one single package. This initiative is part of the Company’s 2025 Sustainability Goals and is comprised of three main elements: Healthy Culture, Healthy Workplace and Healthy People.

- **Healthy Culture** represents the underlying values driving healthy behaviors and forms the foundation of TWH efforts to promote and maintain both a Healthy Workplace and Healthy People. Using a set of questions, the Healthy Culture Index (HCI) measures a site’s alignment with evidence-based best practice strategies and interventions in the following broad-based areas: Each question has an assigned score, depending on the impact of that question on employee health. At the end of each year, Dow sites evaluate themselves based on these questions to achieve a site score. Overall, Dow’s HCI score improved in 2017, achieving 41 percent of the 2025 target.

- **Healthy Workplace** refers to continuous efforts to identify workplace health risks, prioritize and reduce them utilizing the hierarchy of control (preventing engineering controls over the use of personal protective equipment).

- **Occupational health and preventive health programs** both contribute to the Healthy People component of our strategy. To measure the impact of preventive health programs, we have retooled the Health Assessment Program exams so that they align with the MyLife Check approach for evaluating “Life’s Simple 7” risk factors as defined by the American Heart Association (AHA). The impact of occupational health programs and workplace health risk reduction is measured as a reduction in the number of occupational injuries and illnesses from workplace health hazards.

Growing evidence indicates that comprehensive policies and programs that simultaneously address health protection and health promotion may be more effective in preventing disease and promoting health and safety than either approach taken separately.

Examples of the integrated approaches:

- **Smoking cessation programs** are included in the education of respirator wearers.
- **Resiliency training** is included in leaders’ training curriculum.
- **Roles of prolonged sitting training** is integrated with the introduction of sit/stand workstations and flexible work environments.

- **Fitness for duty procedures** cross all functions involved (Health Services, Industrial Hygiene, Human Resources, EH&H and Hiring functions).

- **Physical activity programs** are targeted to people exposed to ergonomic risks to minimize injuries and illnesses and increase their fitness for duty.

Overall, the TWH score improved by 22 percent in 2017 compared to the 2015 baseline. Dow’s health program is recognized internationally, and the Company is regularly invited to present as a benchmark model of practice to provide scientific information to regulators and experts in the field. Examples include: International Neurotoxicology Association, International Commission on Occupational Health, American Cancer Society, Workplace Health Initiatives, the Institute of Medicine, U.S. Environmental Protection Agency, California Office of Environmental Health Hazard Assessment, Dutch Health Council, Center for Disease Control, OSNSA, NIOSH, and the Health Enhancement Research Organization. Dow’s efforts were recognized through several awards, including Excellence in Business Action on Health (Global/Business Coalition – Africa), SESI Quality in the Workplace Award (São Paulo, Brazil), Asia Pacific Business Services Paragon Award (Japan), Bureau of Health Department, Back of the ArcNorth Healthy Workplace (Spain), and the Alzheimer’s Association’s Mission Move Award (United States). In 2017, Dow achieved Gold level recognition by participating in the AHA Workplace Health Challenge. Between 2015 and 2017, the number of health and safety incidents at Dow sites decreased by 22 percent, with the Gold level having achieved an index of 195-217 out of a maximum 217 points. More than 800 companies completed the Index assessment this year and, of those companies, 87 percent achieved either Gold, Silver or Bronze recognition.
The Dow Chemical Company

Environmental

Dow is committed to world-class environmental, health and safety (EH&S) performance, as demonstrated by industry-leading performance, a long-standing commitment to Responsible Care®, and a strong commitment to achieving the Company’s 2025 Sustainability Goals – goals that set the standard for sustainability in the chemical industry by focusing on improvement in Dow’s local corporate citizenship and product stewardship, and actively pursuing methods to reduce the Company’s environmental impact.

To meet the Company’s public commitments, as well as stringent laws and government regulations related to environmental protection and remediation to which its global operations are subject, Dow has well-defined policies, requirements and management systems. Dow’s EH&S Management System (EMS) defines the “who, what, when and how” needed for the businesses to achieve the Company’s policies, requirements, performance objectives, leadership expectations and public commitments. To ensure effective utilization, the EMS is integrated into a companywide management system for EH&S, Operations, Quality and Human Resources.

Safety remains a top priority for the entire Company. Further improvement in these areas, as well as environmental protection and remediation to which its global operations are subject, Dow has well-defined policies, requirements and management systems. Dow’s EH&S Management System (EMS) defines the “who, what, when and how” needed for the businesses to achieve the Company’s policies, requirements, performance objectives, leadership expectations and public commitments.

The Dow Chemical Company operates in an integrated manufacturing environment. Basic raw materials are processed through many stages to produce a number of products that are sold as finished goods at various points in these processes. The major raw materials that feed the production of the Company’s finished goods is hydrocarbon-based raw materials. The Company purchases hydrocarbon raw materials including ethane, propane, butane, naphtha and condensate as feedstocks. These raw materials are used in the production of both saleable products and energy. Dow also purchases certain commodities, primarily ethylene and propylene, to supplement internal production. In 2017, Dow moved 36.75 million metric tons of product in trade and consignment movements.

Key raw materials purchased for use in the manufacturing process include: acetone, benzene, butane, condensate, electricity, ethane, propane, naphtha and condensate. These raw materials are used in the manufacturing process to produce ethylene and propylene, to supplement internal production. In 2017, Dow moved 36.75 million metric tons of product in trade and consignment movements.

We measure our business units’ progress on sustainable chemistry as part of the 2025 “Delivering Breakthrough Innovation” Sustainability Goal using the Sustainable Chemistry Index (SCI). The SCI is an internal metric that asks each business to report in four areas: product risk, addressing world challenges, business strategy and recognition, and value chain sustainability. There are questions that ask the business to estimate the amount of their raw material inputs that are recycled, and the amount of their sold products that are recycled at the end of their life. In 2017, businesses reported small percentages for both questions. Opportunities for recycling vary depending on chemistry inputs that are recycled, and the amount of their sold products that are recycled at the end of their life.
The Dow Chemical Company

### Energy Intensity GRI 302-3

The Dow Chemical Company measures energy intensity, power, steam, compressed air, cooling water pumps and other equipment used by manufacturing facilities. In 2017, we estimated our energy intensity was 5.452 Btu/ft². This represents total energy, power, steam, compressed air, cooling water, and other equipment used by manufacturing facilities. Dow has a corporate database called Global Emissions Inventory (GEI). The emitting businesses track their emissions and report them to the corporate database. The Emissions Management team, led by a global business director and through regional directors and their organizations, both purchase and trade any required allowances for these emissions, and consider the cost of carbon in the production and acquisition of steam and power for the Company. This includes developing long-term projections of the cost of carbon at each of our production locations globally.

### Energy Consumption Outside of Dow (in million gigajoules)

<table>
<thead>
<tr>
<th>Source</th>
<th>Capacity (MW)</th>
<th>Consumption (Million GJ)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchased steam</td>
<td>757</td>
<td>311</td>
</tr>
<tr>
<td>Fuel and energy related activities</td>
<td>364</td>
<td>41.2</td>
</tr>
<tr>
<td>Packaging materials</td>
<td>364</td>
<td>2.0</td>
</tr>
<tr>
<td>Purchased goods</td>
<td>364</td>
<td>68.5</td>
</tr>
<tr>
<td>Purchased power</td>
<td>364</td>
<td>128.0</td>
</tr>
<tr>
<td>Purchased natural gas</td>
<td>364</td>
<td>58.0</td>
</tr>
<tr>
<td>Total</td>
<td>364</td>
<td>250.0</td>
</tr>
</tbody>
</table>

### Energy Consumption Outside of the Organization GRI 302-2

### Energy Consumption within the Organization GRI 302-1

<table>
<thead>
<tr>
<th>Source</th>
<th>Capacity (MW)</th>
<th>Consumption (Million GJ)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchased steam</td>
<td>255</td>
<td>219</td>
</tr>
<tr>
<td>refurbished power</td>
<td>64</td>
<td>54.1</td>
</tr>
<tr>
<td>Net purchased power</td>
<td>75</td>
<td>35.9</td>
</tr>
<tr>
<td>Net purchased natural gas</td>
<td>13</td>
<td>11.7</td>
</tr>
<tr>
<td>Total</td>
<td>343</td>
<td>281.7</td>
</tr>
</tbody>
</table>

Energy efficiency projects and their energy savings from 2017:

- In Bahia Blanca, Argentina, the Energy Management program aims to track all energy efficiency improvements throughout the Company. Many improvements come as an ancillary benefit of other capital projects. For example, if a pump fails and is replaced, rather than replacing it with the same pump and driver, a higher-efficiency pump and driver may be chosen. Insulation is upgraded, replaced and repaired regularly.
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- Projects saved 324,630 MMBtu/yr.
- A reduction achieved equals to 480,000 MMBtu/yr.
- In T exas City a project to reduce steam usage in the Vinyl Acetate site using advanced process control, helped reduce 310,000 MMBtu/yr.

- Energy consumption outside of the Company occurs throughout the upstream and downstream activities associated with our operations. The results are summarized in the figure above. In past years, energy comes from cogeneration (combined heat and power (or CHP) plants) because Dow needs both steam and power in manufacturing processes. CHP is considered the most efficient way for power plant to produce steam and power since it typically uses 20 to 40 percent less fuel than conventional power generation while also reducing GHGs. The Energy Business goal is to operate Dow’s energy assets with manufacturing excellence and safety, creating value from our assets and commercial strategies while managing the power, steam and industrial gas exposure for Dow. Dow’s Energy Business is led by a Global Energy & Climate Change Director. Under his leadership, the regional directors and energy managers define the local integrated asset and commercial strategies for major sites and the Company exposures. The Energy Tech Center supports the need to manage energy in the most effective way through energy efficiency projects within Dow’s sites.

- Dow’s integrated approach to renewable energy is represented through purchased renewable energy. Dow should:
  - Conserve energy by aggressively pursuing energy efficiency and conservation.
  - Optimize, increase and diversify domestic hydrocarbon energy resources.
  - Accelerate development of clean and renewable energy resources.
  - Transition to a sustainable future.

### Scope 3 GHG Emissions GRI 305-3

- In 2017, we estimated our energy intensity was 5.452 Btu/ft². This represents total energy, power, steam, compressed air, cooling water, and other equipment used by manufacturing facilities. Dow has a corporate database called Global Emissions Inventory (GEI). The emitting businesses track their emissions and report them to the corporate database. The Emissions Management team, led by a global business director and through regional directors and their organizations, both purchase and trade any required allowances for these emissions, and consider the cost of carbon in the production and acquisition of steam and power for the Company. This includes developing long-term projections of the cost of carbon at each of our production locations globally.

- In addition, the global carbon management director and team are responsible for developing an optimized list of projects to reduce carbon emissions and to increase efficiency and to ensure the present and future cost of carbon is included in all capital investment and maintenance decisions. Dow tracks progress in reducing emissions through three specific goals as part of our 2025 Sustainability Goals:
  - By 2025, Dow will reduce 750 MW of its power demand from renewable sources by 2025.
  - Through this we will grow globally over the next 10 years, Dow’s absolute greenhouse gas emissions will not exceed our 2006 baseline.

- Using hydrogen as fuel utilization optimization has saved 20,805,000 MMBtu/yr.
- In Texas City a project to reduce steam usage in the Vinyl Acetate site using advanced process control, helped reduce 310,000 MMBtu/yr.

- The 2017 energy reductions achieved in the examples above equal 21,932,030 MMBtu/yr. The types of facilities performing projects described above include the four sites the projects reported above are disclosed, the basis used for calculating savings was year-over-year, subtracting the year after the project was completed from the year before the project was completed. The energy used before the project and the energy used after the project was measured, and the efficiency gain was calculated directly.
Dow will grow, but offset emissions of priority compounds, volatile organic compounds (VOCs) and nitrogen oxides (NOx). We are well on track to meet these goals. We have long-term contracts to procure clean energy in the United States, Latin America and Europe. Approximately 9.5 percent of purchased electricity is from renewable sources. Similarly, our new plants have significantly improved efficiency, enabling us to increase sales significantly with stable emissions.

Our intensity metrics are calculated as a ratio to global production. The Kyoto Protocol covers emissions of main greenhouse gases: carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF6) and nitrogen trifluoride (NF3). Our direct greenhouse gas (GHG) emissions are sourced by Dow and include Kyoto and non-Kyoto GHGs using IPCC Fifth Assessment Report (AR5). Significantly, Dow is in compliance with the Montreal Protocol so that Dow no longer emits non-Kyoto gases, which may deplete the ozone layer rapidly.

Dow’s portfolio of products are energy intensive and many are mature technologies. Since their initial introduction, the efficiency of most processes has been improved dramatically, just as the technologies have hydropower in Brazil and Sweden, and biomass-based steam in Brazil. Dow is actively looking into energy efficiency projects, new technologies and more renewable energy contracts to reduce Scope 2 emissions. We have hydropower in Brazil and Sweden, and biomass-based steam in Brazil. Dow and include Kyoto and non-Kyoto GHGs using IPCC Fifth Assessment Report (AR5). Significantly, Dow is in compliance with the Montreal Protocol so that Dow no longer emits non-Kyoto gases, which may deplete the ozone layer rapidly.

Dow’s Scope 2 emissions have decreased since 2006. Dow’s Scope 2 emissions have decreased since 2006. More recently, our emissions have remained stable as increases in production from new facilities associated with our U.S. Gulf Coast Gulfstream investments (i.e., a new PDH unit, cracker and derivative units) have been largely offset by reductions elsewhere.

We are constantly evaluating new technologies, new materials science products, renewable energy and alternative feedstocks that will allow us meet our 2025 Sustainability Goals. We use the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard provided by the World Resources Institute and the World Business Council for Sustainable Development. The results are summarized in the Scope 3 chart. We are transitioning from a calculation method based on economic factors to a methodology utilizing actual data and engineering mass-balance calculations combined with emissions factors for mass-based operations from ecoinvent v2.2. This more rigorous calculation method will give us a more accurate estimate of Scope 3 emissions, although the actual Scope 3 emissions with respect to each category could differ significantly. Dow’s CDP climate change response for 2017, when published, will have additional information.

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Avoided emissions resulting from the use of Dow products are an important contribution to reducing the overall footprint of human activities. One of the targets for the 2025 "Delivering Breakthrough Innovation" Sustainability Goal is for Dow’s product portfolio to achieve three times the greenhouse gas benefit in use than the burden of producing it. We are still in the process of calculating this metric for all of the Dow portfolio. An example is the analysis we have completed to quantify the GHG benefit of our insulation portfolio.

The estimated GHG-avoided emissions for 2017 from the use of Dow’s insulation products in buildings and pipe systems. The emissions factors are based on the Montreal Protocol. Ozone-depleting emissions have been reduced 96 percent since 2005.

The NOx (nitrogen oxides) total was reduced 23 percent since 2005, but has remained relatively flat over the last five years. The SOx (sulfur oxides) total has increased approximately 10 percent from 2016. This is mostly related to increased production.

The VOC total is down by 8 percent when compared to the 2015 baseline. The VOCs are volatile organic chemicals with high vapor pressures that react photochemically with the atmosphere. Volatile organic compounds (VOCs) are organic chemicals with high vapor pressures that react photochemically with the atmosphere. VOC emissions total is down by 36 percent when compared to 2005.

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2017
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Chemical emissions are any release or discharge to the air or water of any pollutant from a facility. Chemical emissions exclude items such as NOx, SOx, CO, CO₂, particulates, methane, hydrogen, nitrogen, oxygen, water, aluminum and certain salts. The chemical emissions total is down by 36 percent when compared to 2005.

The NOx (nitrogen oxides) total was reduced 23 percent since 2005, but has remained relatively flat over the last five years.
The Dow Chemical Company

Water Use Across Dow Facilities

Clean and sufficient water is a critical resource for society and for Dow's operations. The global challenge of protecting this supply is addressed through a broad range of activities by the Company - from business offerings that enable water treatment to millions of people globally; to operations that have been working to improve the efficiency of water use for decades, to external partnerships improving water quality and availability around the globe.

This section focuses primarily on the water footprint of our global operations. It also highlights examples of where we leverage solutions from our own portfolio of business offerings and partners with others to improve sustainable water management.

Developing sustainable water management practices is critical to our business. Establishing a long-term vision for water is also a key part of our water management strategy and is reflected in the connection to water in several of our 2025 Dow Sustainability Goals.

Water Stewardship in Action

The company has identified six of its manufacturing sites as key water-stressed sites. These sites are designated based on a number of factors: their location in a water-stressed/water-scarce area; water quality; competition among users of the same water/groundwater resource, local experience at the site; and long-term projections. Water supply issues are evolving and not isolated to water-stressed sites. Dow also keeps track of sites that are under local experience at the site; and long-term projections. Water supply issues are evolving and not isolated to water-stressed sites.

Dow is collaborating with the municipal water board, the City of Terneuzen and a local water company to implement an innovative wastewater recycling program that uses one liter of water for three times – by the local community, Dow’s manufacturing plants, and not isolated to water-stressed sites. These projects are examples of how Dow is reducing the potential for impact on natural areas by recycling a portion of the water used at the plant. The strategy is part of a broader emphasis in Dow’s water stewardship program on reducing water stress and improving resilience in water-stressed areas. At key water-stressed sites, the freshwater recycle and reuse rate is approximately 20 percent, and the volume of recycled and reused water is about 50 MM m³/year.

The Dow Terneuzen site serves as a demonstration of Dow’s commitment to sustainability. The site draws water from the Rhine and Meuse Rivers, which are designated as a Ramsar site (593). The site withdraws less than 0.007 percent of the combined flow from the rivers in the Netherlands. Dow Terneuzen participates in the Dutch Watershed Management blueprint, a blueprint launched in 2017 for the “2025 Staging the Blueprint” Sustainability Goal.

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Water Intake

Water is used for a variety of purposes in Dow production facilities across the globe. Surface water withdrawals are 68 percent freshwater and 32 percent seawater/brackish. In locations where sea/brackish water is readily available, such as at production facilities at the coast, it is used for cooling. This accounts for the high proportion of seawater/brackish withdrawal in some locations. The majority of the freshwater intake is used for cooling, and most of it is evaporated in cooling towers — returning the water to the environment. Rainwater is recovered in multiple locations and reused for firewater and other purposes, but its volume compared to other intakes is relatively small.

Only a small proportion of the water intake ends up in product (e.g., consumption). Past assessment of the major use in the site with the highest freshwater intake showed that more than 85 percent of the source water was returned within the watershed at equal or better quality than at withdrawal.

Once the water has been used in Dow facilities, it is typically treated at a wastewater treatment plant and discharged. The total volume of wastewater discharged in 2017 was 141 million metric tons. The majority of the water is discharged as surface water with a small portion returned to oceans. A few Dow sites, wastewater goes to a third party for treatment before discharge (typically to surface water).

Wastewater Intensity is the ratio of pounds of wastewater per pound of production. Over many years, the wastewater intensity has been consistent at approximately three pounds of wastewater discharged per pound of product.

Wastewater quality is strictly governed by local regulations, and parameters are set specifically for each watershed. Dow’s operations abide by these local regulations. Therefore, wastewater discharge quality is not reported consistently across all Dow sites. Total Suspended Solids (TSS) and Biochemical Oxygen Demand (BOD) are reported for the sites listed below, which account for over 85 percent of Dow’s wastewater discharge. The seven Major Wastewater Discharge Sites were identified to establish the baseline for the 2015 Sustainability Goals and account for more than 80 percent of Dow’s wastewater discharge. The six Key Water-Stressed Sites were added to the wastewater discharge quality reporting with the addition of the 2025 Sustainability Goal to reduce freshwater intake intensity at key-water stressed sites by 20 percent.

Water Intake by Source GRI 303-1

Water Intake Quantity

Water Withdrawal by Source GRI 303-1

Wastewater GRI 306-1

Wastewater Discharge Destination

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2017 Sustainability Report

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2017 Sustainability Report
Dow Volunteer Helps with Blue Accounting

The Great Lakes are the world’s largest freshwater ecosystem, containing about 20% of the surface freshwater supply for the world. Recognizing the importance of Great Lakes resources, the governors in the region and the premiers of Ontario and Québec have called for a more collaborative and comprehensive approach for goal-setting, monitoring and reporting on key water issues.

Enter Blue Accounting. Launched in 2017, Blue Accounting is a groundbreaking initiative that helps Great Lakes communities set shared goals, monitor the effectiveness of efforts and measure progress toward achieving them.

“Hundreds of different groups – across eight states and two provinces – invest billions of dollars in protecting and restoring the Great Lakes, but we don’t currently have a way to measure how effective these efforts are,” said Helen Taylor, Michigan director of The Nature Conservancy. “Blue Accounting gives us the tools to do this type of monitoring. It provides decision-makers a big-perspective view of critical and complex issues.”

Currently, the initiative, which is managed by The Nature Conservancy and The Great Lakes Commission, is focused on five key pilot issues: aquatic invasive species, coastal wetlands, maritime transportation, phosphorus control and source water protection. The initiative is supported by an innovative online platform and a set of related services. Dow has collaborated with the initiative through the pioneering efforts of one of our employees, Dave McLean, business IT director for Packaging & Specialty Plastics, Feedstocks & Energy and Hydrocarbons. McLean advises on the overall program design, program management and IT approaches to help enable the success of the initiative and the pilot projects. He also provides connections to other technical Dow expertise as needed.

“By providing a cutting-edge, single information source for key experts and stakeholders, we are helping to enable the cross-organization collaboration needed to combat key issues facing the lakes today,” said McLean. “The website is helping transform existing data into useful information.”

Taylor added that McLean’s work is an example of how businesses and conservation organizations can collaborate to reach shared goals.

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The Great Lakes provide drinking water for 84 million people, $5 trillion regional economy, two countries, eight states, two provinces, and 249 counties. We must work together to succeed.

The government agencies of The Great Lakes region, in collaboration with businesses, are making thankless contributions to this progress towards a healthy lakes ecosystem, and create information that helps decision-makers set priorities and allocate resources.

Blue Accounting, an innovative approach to helping transform existing data into useful information, helps decision-makers with a big-picture view of critical Great Lakes issues.

Initially, Blue Accounting is supporting five complex issues:

- Aquatic invasive species
- Coastal wetlands
- Maritime transportation
- Phosphorus control
- Source water protection

The web portal helps experts and stakeholders to understand progress toward goals, share best practices and find data to support decision-making.

We encourage waste minimization, which includes current efforts to reduce waste generation in our manufacturing units and also pollution prevention advancement at the R&D site to avoid waste creation in the future. Our strategy is guided by a Waste Minimization Hierarchy.
Every year, we recognize hundreds of individuals through the Waste Reduction Always Pays (WRAP) award program for their waste reduction achievement. Encouraging a culture of raw material efficiency and rewarding individuals for positive behavior is key to a successful waste reduction goal. Projects that address one of the top three categories of the Waste Hierarchy can be nominated for a WRAP award. The WRAP program has recognized individual projects since 1986, with a total projected monetary value to Dow of greater than half a billion dollars since 1995.

Environmental Compliance GRI 307-1

Dow Corning Corporation, a wholly owned subsidiary of Dow, has received the following notifications from the U.S. Environmental Protection Agency (EPA), Region 5, and the DOJ of a proposed penalty for alleged violations of the Clean Air Act at Film Tec's Edina, Minnesota, manufacturing facility. Discussions between the EPA, Region 5, and the DOJ of a proposed penalty for alleged violations of the Clean Air Act at Film Tec's Edina, Minnesota, manufacturing facility, are ongoing.

On March 14, 2017, Film Tec Corporation, a wholly owned subsidiary of Dow, received notifications from the EPA, Region 5, and the DOJ of a proposed penalty for alleged violations of the Clean Air Act at Film Tec's Edina, Minnesota, manufacturing facility. Discussions between the EPA, Region 5, and the DOJ of a proposed penalty for alleged violations of the Clean Air Act at Film Tec's Edina, Minnesota, manufacturing facility, are ongoing.

Significant Spills GRI 308-3

Beginning in 2015, the Company began using a new metric, Process Safety Containment Event (PSCE), in place of our previous Process Safety Incident (PSI) and Loss of Primary Containment (LOPC) metrics. Our PSCE metric is derived from an industry best practice, API RP-754. As an industry leader (PSCE), in place of our previous Process Safety Incident (PSI) and Loss of Primary Containment (LOPC) metrics, the Company has defined Levels 1–4, with Level 1 incidents having the highest actual or potential impact. By 2025, the Company's goal is to reduce the number of Level 1 and Level 2 events by 80 percent from our 2015 baseline of 125. A total of 45 events (compared to 59 in the previous year) resulted in releases of 82.3 metric tons of material (compared with 290 metric tons in 2016). Just two years into our decade-long 2025 goal cycle, the Company is 75 percent of the way toward the original 2025 target, achieving an overall 83 percent reduction from baseline in the number of these releases. These releases resulted in very minimal impact to any of our stakeholders. Impacts may have included localized shelter in place for vapor releases, while liquid spills are generally captured in some form of secondary containment and recovered or properly disposed of.

In 2017 the Company achieved an impressive 22 percent reduction in Level 1 and Level 2 events, combined, versus 2016 results. A total of 45 events (compared to 59 in the previous year) resulted in releases of 82.3 metric tons of material (compared with 290 metric tons in 2016). Just two years into our decade-long 2025 goal cycle, the Company is 75 percent of the way toward the original 2025 target, achieving an overall 83 percent reduction from baseline in the number of these releases. These releases resulted in very minimal impact to any of our stakeholders. Impacts may have included localized shelter in place for vapor releases, while liquid spills are generally captured in some form of secondary containment and recovered or properly disposed of.

Corporate Citizenship

GLOBAL CITIZENSHIP AT DOW GRI 413-1

Each day, Dow people are seeking solutions to the complex environmental, economic and social challenges facing our world. Through global citizenship, we put into action the Company's commitment to advancing human progress by striving to create sustainable communities.

As part of our efforts, we look for solutions to enable economic development, sustainability and education that lead to socially healthy and resilient communities, while also supporting and furthering business success, in alignment with the Company’s 2025 Sustainability Goals. Our holistic approach promotes relevant, long-term change for communities by applying integrated solutions and cross-sector collaborations at the intersection of sustainability, innovation and citizenship.

Dow’s Global Citizenship strategy focuses on three strategic commitments – Workforce Solutions, Community Solutions and Business Solutions. Through these commitments, we look to address global and local challenges.

The passion and expertise of our people are the heart and soul of our work. In support of our 2025 Sustainability Goal to positively impact the lives of 1 billion people across the globe by 2025, Dow people are committing their time and talents through our DowCorps volunteer program.

The Intersection of Sustainability, Innovation and Citizenship

Driven by our rapidly expanding global population, we ensure our unique chemical, physical and biological science capabilities work together to provide innovative products and solutions where they are needed most. Dow is an engaged partner in applying products, solutions and expertise to solve some of the world’s greatest challenges and build sustainable communities.

By understanding how solving a social problem can drive business results, companies have clear incentives to invest resources to innovate more deeply and scale socially oriented business opportunities and markets. 
Nurturing Learning and Play in Safe, Sustainable Environments!* An element to nurturing and inspiriting the workforce of tomorrow is to assure that students and teachers are able to learn, teach and play in an environment that is a catalyzer for creativity and development.

• Singapore: On a successful collaboration model in China, Dow has been working with customers, industry partners and the Grace Orchard School – a school for children with autism and mild intellectual disabilities – to transform sports facilities, including a running track, basketball court, parade square, therapy rooms and classrooms. With partners such as Nippon Paint, KDD Industries and sport-instructor B.T. Sports, Dow incorporated the R&D 100 award-winning ECOGROUND™ and FORASHIELD™ technologies. The ECOGROUND™ Waterborne Acrylic Binder System, used for the running tracks, basketball court and parade square, is a white-edge-free VOC (volatile organic compound) solution that does not contain TDI/MDI and provides an improved environment-friendly and high-quality performance alternative to solvent-based systems. DowCorps volunteers joined volunteer organizations to create a living environment that is environmentally compliant with FORASHIELD™ Formaldehyde-Abatement Technology, which is the only known paint technology that achieves greater than 80 percent efficiency in purifying indoor air by absorbing harmful formaldehyde and converting them to water vapor.

• Colombia: More than 200 children in Cartagena, Colombia, have benefited from the construction of two classrooms built with 100 percent recycled plastic blocks. These classrooms, constructed with the help of DowCorps volunteers, will change the educational dynamics of more than 200 Cartagena children by improving their training. In addition, the project is an example of collaboration between local and a diverse group of partners, including Mamonal Foundation, Conceptos Plásticos, Rochester Institute of Technology, University of Rochester, Rochester Institute of Technology, University of Cartagena and the Colombian Council of Sustainable Construction. The project also was endorsed by the Ministry of Education and the Direction of the Secretariat of Cartagena. The innovative and cross-sector collaboration is using the principles of a circular economy to help close the plastic cycle and create sustainable learning spaces that benefit low-income communities. This effort offers an economic and sustainable alternative to the development of housing projects using plastic construction blocks.

Developing a Circular Economy with the Business Impact Fund: The Business Impact Fund, in its second year, aims to the development of housing projects using plastic construction blocks. The future of innovation and the development of sustainable new ideas and technologies are not only essential for Dow in meeting customer needs, but in the growth and development of the global economy. Are Innovators, young people will have the knowledge and tools to spark innovative ideas that bring positive change in the world and drive economic growth. Craig McKegney, founder of WE

*This project sums up the wonderful collaboration between Dow, our customers and key partners when we believed that the environment should always be safe and friendly for everyone to unleash their potential. With commitment and dedication from everyone, we have created a safer environment for the children of Grace Orchard School to study and play.

Paul Fung, country manager for Dow Singapore and Malaysia

The Dow Chemical Company

Nurturing Learning and Play in Safe, Sustainable Environments! An element to nurturing and inspiriting the workforce of tomorrow is to assure that students and teachers are able to learn, teach and play in an environment that is a catalyzer for creativity and development.

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These partnerships provide Dow with unique ability to further develop relationships with key stakeholders as the Company progresses its growth strategy in the Asia Pacific geographic area. LIK has helped develop 202 Dow leaders since 2013 and applied pro-bono services to 35 skill-based DowCorps volunteer projects in Ghana, Ethiopia, Indonesia, the Philippines and Vietnam.

- **Global Health Corporate Champions:** Working to build global leadership talent through pro-bono services, Dow, in partnership with PYXERA Global and peer companies, has come together for Global Health Corporate Champions (GHCC), an activity of USAID Global Health Fellows Program- II. This innovative collaborative approach brings together the diverse perspective and talent of the public, private and social sectors to address high priority health issues in Ghana in 2017.

- **Dow Leadership Institute:** Since the program’s launch in North America in 2016, the Dow Leadership Institute has expanded globally to support sustainable communities – doing our part to make the places where Dow people live and work more resilient. In 2017, 1,000 of our leaders in 2017 champion diversity and collaborate effectively. As part of the program, 1,000 of our leaders in 2017 gained greater understanding of community and global challenges, and volunteered their time with nonprofit partners in Illinois, Louisiana, Michigan and Texas.

**GROWING SUSTAINABLE COMMUNITIES THROUGH PARTNERSHIP AND DISASTER RECOVERY**

For employees around the world, Dow’s focus year-round is on supporting sustainable communities – doing our part to make the places where Dow people live and work more resilient. The reason for these efforts is simple: As a science and technology company, our ability to drive innovation to help address many of the world’s most challenging problems is rooted in the health and safety of our employees and neighbors, and the economic viability of our communities. In 2017, the world watched in shock at the devastation of life and property resulting from Hurricane Harvey in Texas, Hurricane Maria in Puerto Rico, and earthquakes in Mexico. Dow was one of many companies with tremendous impact from these natural disasters, but our employees found hope in the strength of the human spirit and the healing power of working together.

In each of these disasters, Dow mobilized resources for immediate relief and long-term recovery efforts with a commitment to support impacted employees and our communities in the aftermath.

Upon impact, we immediately began coordinating with national partners, such as the American Red Cross and Team Rubicon, that provide critical support to individuals affected by the hurricane and resulted in the need of the displaced. As we worked with our local nonprofit partners, such as the strong network of United Way agencies and volunteers, we focused not just on financial support but applying Dow technology and engaging employees through our DowCorps volunteer network in the days and months afterward. Having trusted partners is critical. Building on a strong 35+ year partnership between Dow and Habitat for Humanity, we have launched a new initiative, Habitat Heroes, which mobilizes DowCorps volunteers in the days and months afterward.

An essential part of Dow’s leadership development philosophy is action learning. The Leadership in Action program continues to be one of our flagship programs and has proven to help transform the way we develop superior leaders by introducing them to real world challenges and giving them learning experiences that test their ability to lead courageously, collaborate effectively and deliver innovative solutions that generate value.

Johanna Soderstrom, chief human resources officer and senior vice president, Human Resources and Aviation

$39.74 MM

Corporate & Foundation Contributions

$7.34 MM

Product Donations

1,073

Grants Delivered... Organizations

15,000

DowCorps Volunteers

2,300

Volunteer Projects

150,000

Volunteer Hours Served

2017 Dow STEM Ambassadors

Building the STEM (Science, Technology, Engineering and Math) Workforce for the World.
Corporate Governance

Chair of the Highest Governance Body: DowDuPont Leadership GRI 102-23

In order to ensure that DowDuPont benefited from the experience and expertise of both Dow’s and DuPont’s leadership teams and Board directors, it was determined prior to the merger transaction that Andrew N. Liveris, chairman and CEO of Dow, would serve as the executive chairman of DowDuPont and Edward D. Breen, chairman and CEO of DuPont, would serve as the chief executive officer of DowDuPont. As announced by DowDuPont on March 12, 2018, as of April 1, 2018, Mr. Liveris no longer serves as executive chairman. Effective April 1, 2018, Jeff M. Fettig serves as a non-employee executive chairman. See page 4 for a more detailed explanation of the merger transaction and intended business separations.

In addition, key executive leaders from both Dow and DuPont were named as executive officers of DowDuPont: Howard I. Ungerleider, chief financial officer; Stacy L. Fox, general counsel; James R. Fitterling, chief operating officer, Materials Science Division; James C. Collins Jr., chief operating officer, Agriculture Division; Marc Doyle, chief operating officer, Specialty Products Division; Charles J. Kalil, special counselor to the executive chairman and general counsel for the Materials Science Division; Edward D. Brown, Robert A. Brown, Alexander M. Cutler, Jeff M. Fettig, Marilyn A. Hewson, Lois D. Juliber, Andrew N. Liveris, Raymond J. Milchovich, Paul Polman, Dennis H. Reilley, James M. Nicol, Ruth D. Shaw, Lee M. Thomas and Patrick J. Wirtz. While nominated for re-election, DowDuPont has announced that Mr. Liveris will serve as a director of DowDuPont only through July 1, 2018, at which time he will retire from DowDuPont and the Board. As set forth in the bylaws, the continuing Dow directors will identify a replacement to fill the vacancy at that time.

The former lead independent directors of each of Dow and DuPont (Fettig and Cutler, respectively) serve as co-lead independent directors of the Board with responsibilities set forth in the Corporate Governance Guidelines. The directors collectively possess a variety of skills, professional experience and diversity of backgrounds that allow them to effectively oversee DowDuPont’s business including leadership experience, international experience, operational experience in a variety of relevant fields and industries, public company board experience, board or other significant experience with academic research and philanthropic institutions and trade and industry organizations, and prior government or public policy experience.

Each director’s relevant experiences and attributes collectively provide the Board with a balance of perspectives that contribute to its effectiveness in overseeing the business, preparing for the intended business separations, and advising DowDuPont on navigating the regulatory environment for the intended business separations.

Board Committees

The Board maintains an Audit Committee; Compensation Committees; Corporate Governance Committee; and Environment, Health and Safety Committee (the “Standing Committees”). In addition to the standing committees, three specialty committees were established to oversee the business and affairs of each of DowDuPont’s Agriculture, Materials Science and Specialty Products divisions in preparation for the intended business separations. The responsibilities of each standing committee and advisory committee are stated in the bylaws as well as in their respective charters.

The DowDuPont Board of Directors (the “Board”) is responsible for broad corporate policy and overall performance of DowDuPont through oversight of management and other directors of DowDuPont. Among other duties, the Board appoints DowDuPont’s officers, assigns to them responsibility for management of the Company’s operations and reviews their performances.

The Board consists of 17 directors; eight of whom were directors of Dow prior to the merger transaction and eight of whom were directors of DuPont prior to the merger transaction. The directors are: Lamberto Andreotti, James A. Bell, Edward D. Brown, Robert A. Brown, Alexander M. Cutler, Jeff M. Fettig, Marilyn A. Hewson, Lois D. Juliber, Andrew N. Liveris, Raymond J. Milchovich, Paul Polman, Dennis H. Reilley, James M. Nicol, Ruth D. Shaw, Lee M. Thomas and Patrick J. Wirtz. While nominated for re-election, DowDuPont has announced that Mr. Liveris will serve as a director of DowDuPont only through July 1, 2018, at which time he will retire from DowDuPont and the Board. As set forth in the bylaws, the continuing Dow directors will identify a replacement to fill the vacancy at that time.

Dow Leadership

The Dow executive leadership team drives an operationally excellent culture focused on executing against the Company’s strategic priorities, managing governance and enterprise-level decisions for the Materials Science Division, and achieving its sustainability goals that create value for all stakeholders. The Board periodically reviews progress made by Dow through the Environment, Health & Safety (EH&S) Committee, and makes recommendations to ensure the continued application of the Company’s high ethical standards and sustainable growth as it pursues the intended Business Separations. The Dow executive leadership team facilitates the strong connection between Dow and DowDuPont, collectively enabling the highest standards for governance.

The Dow Executive Sustainability Team

The Executive Sustainability Team serves as Dow’s management governance body for the Company for sustainability, environment, health & safety.

• Assures adherence to the corporate Environment, Health & Safety Policy and revise and approve when deemed necessary.
• Decision-making for EH&S issues and strategic direction that need corporate management level approval (e.g., corporate-wide product and process risk management reviews, compliance plan performance).
• Ensures continued progress is made toward achieving Dow’s sustainability goals.
• Provides strategic direction and oversight to Dow’s corporate reputation to ensure the respect of our stakeholders.
• Provides oversight on behalf of the Dow executive leadership team for the following corporate management committees: Corporate Reputation Team, Crisis Management Team, Public Issue Strategy Board, Remediation Strategy Board, and Corporate Contribution Committee.

More information on corporate governance, including the Corporate Governance Guidelines, Board Committees charters and Code of Business Conduct, is available at www.dow-dupont.com/investors/corporate-governance.
Stockholders and other parties interested in communicating directly with the Board, executives, or an independent director or other independent directors may do so by writing in care of the office of the DowDuPont Corporate Secretary, 974 Centre Road, Wilmington, DE 19805.

The DowDuPont Proxy Statement describes the requirements for submitting a proposal to be considered for inclusion in the proxy material for a future annual meeting.

Employees also provide input and direction through a Global Employee Opinion & Action program, which includes the Dow EthicsLine.

The EthicsLine is a safe, reliable and convenient avenue to report ethical concerns. Please see more about the Dow EthicsLine on GRI 102-17.

Conflicts of Interest GRI 102-25

The DowDuPont Board adopted a Code of Conduct for directors and officers and a Code of Financial Ethics applicable to the chief executive officer, chief financial officer, and co-controllers. In addition, the operating subsidiaries of DowDuPont have codes of conduct applicable to their respective employees. The full text of DowDuPont’s Codes of Conduct and their relationship to the Code of Conduct are available at www.dow-dupont.com/investors/corporate-governance. Further, DowDuPont discloses on its website any waiver of or amendment to the Code of Conduct requiring disclosure under applicable rules.

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All legacy Dow directors, officers, and employees are expected to be familiar with the Dow Code of Conduct, and to apply it in the daily performance of their responsibilities. The Dow Code of Conduct is intended to focus employees, officers, and directors on our Values of Integrity and Respect for People, help them recognize and make informed ethical decisions, and to create a culture of the highest ethical and business standards, and provide mechanisms to report unethical conduct.

The DowDuPont Corporate Governance Committee has responsibility for reviewing issues raised by the investor relations group and related person transactions using information obtained from directors’ responses to questionnaires asking about their relationships with DowDuPont, and those of their immediate family members and primary business or charitable affiliations and other potential conflicts of interest, as well as certain data collected by DowDuPont related to transactions, relationships or arrangements between DowDuPont on the one hand and a director, officer or immediate family member on the other. The process for onboarding new directors also includes an orientation process that includes guidance on how to fulfill their duties as a DowDuPont director.

All legacy Dow directors, officers and employees are required to complete an annual ethics and compliance certification, which includes questions concerning potential conflicts of interests. All responses are reviewed by the Office of Ethics & Compliance, and action is taken to appropriately mitigate risk where an actual or apparent conflict exists.

Other public company board memberships, supplier/purchaser relationships and arrangements between DowDuPont and the member’s other business unit are reviewed by the Audit Committee including the proxy statement and the Forms 10-K and 10-Q as appropriate.

Note: DowDuPont is not a Public Company, and therefore is not required to file a proxy statement with the SEC as a Public Company. Therefore, DowDuPont’s efforts are focused on meeting the requirements of both companies (Dow and DuPont) to the extent possible.
The Dow Executive Sustainability Team has established a set of criteria for selecting activities and opportunities and their attendant EHS and product efficacy risks for review. These criteria are not to be interpreted as defining what the Company considers to be significant risks or unacceptables. The Dow Executive Sustainability Team is intended to define those activities or opportunities that carry levels of risk which the Standing Committees want to review and approve or reject. They are intended to be “evergreen” and subject to modification and refinement based on experience with their implementation.

Thirteen principal risks were disclosed in the 2017 Dow 10-K. See the 2017 Dow 10-K, Payne, Item 1A for a more complete discussion of Risk Factors.

Remuneration Policies for the Highest Governance Body and Senior Executives GRI 102-35

Objectives of Dow’s Executive Compensation Program

The objectives of Dow’s compensation program are to align executives’ compensation with Dow’s short-term and long-term financial and operational performance and to provide the compensation framework to attract, retain and motivate key executives who are critical to achieving Dow’s vision, strategy and our longer-term success. The primary objectives of Dow’s executive compensation program are as follows:

• The achievement of Dow’s vision and strategy
• Motivate and reward executives when they deliver desired business results and stockholder value
• Attract and retain the most talented executives to support the achievement of Dow’s vision, strategy and our longer-term success

Pay Mix

2017 was a unique year, as both Dow and DuPont operated as standalone companies prior to the merger transaction, each with its own executive compensation and benefit programs and practices. Given the intended business separations within a relatively short period of time after the closing of the merger transaction, the Company needed to develop separate executive compensation programs at the DowDuPont level.

The Dow executive compensation programs deliver value through three primary forms of compensation: base salary, annual incentives, and long-term incentives. The compensation outcomes under the programs’ annual and long-term incentives are determined by Dow’s performance. Executive compensation is linked strongly to the Dow’s annual and long-term financial and operational performance of the business. On average, approximately 50 percent of the Dow executive chairman’s and the CEO’s target annual total compensation is at risk, while more than 80 percent of the other Named Executive Officers’ compensation, on average, is at risk.

Performance Criteria

A significant portion of executive compensation consists of variable performance-based annual and long-term incentives. These incentive programs include a balanced set of metrics that include operating return on capital, relative total shareholder return, operating net income, management operating cash flow, and an individual performance multiplier ranging from 0-125 percent of the annual incentive award. Environment, Health & Safety metrics are thoroughly embedded in the leadership expectations of Dow executives, and executives are held accountable for environment, health, and safety objectives through the individual performance process, which therefore significantly impacts the annual cash incentive.

Executive Compensation Recovery Policy

As part of their overall Corporate Governance structure, both Dow and DuPont maintained Executive Compensation Recovery Policies for their executive officers.

dow.com/sustainability

These policies allowed the respective companies to recover incentive income in the event an executive officer either knowingly engaged in, or was grossly negligent in the event of circumstances that resulted in a financial restatement or other material non-compliance.

Under the DowDuPont Executive Compensation Recovery Policy, DowDuPont may recover incentive income that was based on achievement of quantitative performance targets if an executive officer engaged in grossly negligent conduct or intentional misconduct that resulted in a financial restatement or in any instance in his or her failure to meet incentive income targets. Incentive income includes income related to annual bonuses and long-term incentives.

Sign-on Bonuses or Recruitment Incentive Payments

Dow rarely uses sign-on bonuses or recruitment incentive payments during the recruitment of appropriate executive candidates. Should such sign-on bonuses or recruitment incentive payments be delivered in the form of either retention shares or cash in order to attract one of the most talented executives to support the competitive marketplace.

Potential Payments Upon Termination or Change-in-Control

Dow follows local pay practices for severance payments except those impacted by legacy change-in-control agreements. While such legacy agreements remain in existence, the Board prohibits new or amended change-in-control agreements and no new Dow executives have been executed since 2007. To find details about Dow’s current change-in-control policy, see the DowDuPont 2018 Proxy Statement on pages 64 through 66.

Process for Determining Remuneration GRI 102-36

Compensation is a key component of Dow’s Employee Value Proposition (EVP). Dow has a variety of compensation programs to incentize and reward employees’ contributions.

There are two main components of compensation that all Dow employees receive: base compensation and incentive compensation. Dow has a process for determining the appropriate level of pay and incentives. These components are reviewed for each employee annually through Dow’s Global Pay Planning (GPP) cycle.

During the GPP cycle, annual base pay increases and Performance Award and other pay adjustments are calculated for each employee by Dow’s global compensation.
Throughout the year, the independent directors and members of the management teams at Dow, DuPont, and DowDuPont continued extensive outreach to stockholders, engaging with investors who collectively hold over 50 percent of outstanding shares of each company. Through this outreach, the management teams updated investors on a range of topics such as the merger transaction and intended business separations, the overall business strategy, current business conditions, corporate citizenship and sustainability, corporate governance practices and executive compensation, as well as gained an understanding of the perspectives and concerns of each investor. The Board and management teams carefully consider the feedback from these meetings, as well as stockholder support, when reviewing the business, corporate governance and executive compensation profiles.

Defined Benefit Plan Obligations and Other Retirement Plans GRI 201-3

Dow and DuPont did not merge their defined benefit pension plans and other postretirement benefit plans as a result of the merger transaction.

Dow Defined Benefit Pension Plans

The Company has both funded and unfunded defined benefit pension plans that cover employees in the United States and a number of other countries. The U.S. qualified plan covering the Dow employee portion of the DowDuPont plan. The Dow defined benefit pension plan covers employees hired before January 1, 2008, are based on length of service and the employee’s three highest consecutive years of compensation. Employees hired after January 1, 2008, earn benefits that are based on a set percentage of annual pay plus interest.

The Company’s funding policy is to contribute to the plans when pension laws and/ or economics either require or encourage funding. In 2017, the Company contributed $1.676 million to its pension plans, including contributions to fund benefit payments for its non-qualified pension plans. The Company expects to contribute approximately $500 million to its pension plans in 2018.

Additional information about pension plans and other postretirement benefits can be found in the 2017 Dow Form 10-K and the DowDuPont 2018 Proxy Statement.

The Dow Chemical Company

Principal Nonconsolidated Affiliates at December 31

<table>
<thead>
<tr>
<th>Ownership Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
</tr>
<tr>
<td>Dow Corning Corporation</td>
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<tr>
<td>SOLVAY Polyhedral Chemical P.S.C.</td>
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<tr>
<td>The HSC Group (1)</td>
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<tr>
<td>DC HSC Holdings LLC</td>
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<tr>
<td>Hemlock Semiconductor Group, LLC</td>
</tr>
<tr>
<td>The Kuwait Olefins Company P.S.C. (“TKOC”)</td>
</tr>
<tr>
<td>The Kuwait Saline Water Company P.S.C. (“KOWT”)</td>
</tr>
<tr>
<td>Map Ta Phut Olefins Company Limited (3)</td>
</tr>
<tr>
<td>Sadara Chemical Company</td>
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<tr>
<td>The SSG Group (2)</td>
</tr>
<tr>
<td>Siam Polyethylene Company Limited</td>
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<td>Siam Polypropylene Company Limited</td>
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<tr>
<td>Siam Tensor Olefins Co., Ltd.</td>
</tr>
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<td>Siam Synthetic Lacte Company Limited</td>
</tr>
<tr>
<td>Shandong Yuhuang Chemical Group Co., Ltd. (4)</td>
</tr>
</tbody>
</table>

(1) On June 1, 2016, Dow became the 100 percent owner of Dow Corning.
(2) On December 23, 2015, the Company sold its 50 percent ownership interest in MEGlobal to EQUATE. MEGlobal is treated as a separate principal nonconsolidated affiliate through the date of divestiture.
(3) The Kuwait Olefins Company was previously part of the Dow Corning equity method investment and was added as a separate nonconsolidated affiliate in the fourth quarter of 2016.
(4) The Company’s effective ownership of Map Ta Phut Olefins Company Limited is 42.5 percent, of which the Company directly owns 22.5 percent and indirectly owns 20 percent through its equity interest in Siam Polyethylene Company Limited and Siam Synthetic Lacte Company Limited.

On November 17, 2011, the Company sold its 50 percent ownership interest in DC HSC Holdings LLC. DC HSC Holdings LLC is treated as a separate principal nonconsolidated affiliate through the date of divestiture.

On May 6, 2019, Union Carbide previously owned 40.01 percent of Map Ta Phut Olefins and Dow Chemical, Inc. became a wholly owned subsidiary of Dow. Entitles Included in the Consolidated Financial Statements GRI 102-46

Subsidiaries of the Company, for which the effective ownership by Dow is 50 percent or more, are listed in the Dow 2017 10-K (item 1, page 9).
### Financial assistance received from government GRI 201-4

<table>
<thead>
<tr>
<th>Funding Program</th>
<th>Program Title</th>
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<tr>
<td><strong>Dutch National</strong></td>
<td></td>
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<tr>
<td>Dutch National</td>
<td>Fuels and chemicals by new principles of synthesis</td>
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<tr>
<td>Dutch National</td>
<td>Liquid fuels from synthesis gas with the challenges of selectivity and stability</td>
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<tr>
<td>Dutch National</td>
<td>Energy-efficient utilization of components from process water streams</td>
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<td>Dutch National</td>
<td>Water Nexus – securing water supply in delta and floodplain areas worldwide</td>
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<td>Dutch National</td>
<td>Low Cost Storage of Heat</td>
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<td>Databasing of Chromatographic Separations</td>
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<td>Dutch National</td>
<td>Integrated Microbial Process Water-Ordering/Clustering for water Economicissa Delta</td>
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<tr>
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<tr>
<td>Dutch National</td>
<td>Efficient Combined Heat and Mass Process</td>
<td>0.0</td>
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<tr>
<td>Dutch National</td>
<td>Steam and Condensate Quality Water Process Technology</td>
<td>0.1</td>
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<tr>
<td>Dutch National</td>
<td>Development and demonstration of water technologies to transfer CO2 and CO2 streams from the steel industry into new value chains</td>
<td>1.1</td>
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<tr>
<td>Dutch National</td>
<td>Institute production from waste gases via engineered processes</td>
<td>0.1</td>
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<tr>
<td>Dutch National</td>
<td>Waste heat recovery in industrial batch processes: Analysis of combined heat storage and heat pump application</td>
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<td>Dutch National</td>
<td>Sustainable production of industry</td>
<td>0.6</td>
</tr>
<tr>
<td>Dutch National</td>
<td>Electrolytically driven, thermo-acidic high-temperature steam producing heat pump</td>
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<td>Dutch National</td>
<td>Energy efficient driving liquid sorption</td>
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<tr>
<td>European Commission</td>
<td>Innovative tools, methods and incentives for the optimization of resource efficiency in process industry</td>
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</tr>
<tr>
<td>European Commission</td>
<td>PC Discrete Technology to Dramatically Improve Energy Efficiency of Heat Exchangers</td>
<td>0.0</td>
</tr>
<tr>
<td>European Commission</td>
<td>Integrated Process Control based on Distributed Small-Scale Model and Energy Feedback Monitoring</td>
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</tr>
<tr>
<td>European Commission</td>
<td>Compact Retrofit Advanced Thermal Energy storage</td>
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</tr>
<tr>
<td>European Commission</td>
<td>Formulations &amp; Computational Engineering</td>
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</tr>
<tr>
<td>European Commission</td>
<td>Advanced Composite Material Selection Platform with a Stress-free Integration of Material Models and multi-scale In Design Framework</td>
<td>0.3</td>
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<td>European Commission</td>
<td>Demonstration of an innovative and renewable recycling scheme for increasing the water efficiency in the petrochemical industry</td>
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<td>Innovation Solutions in the Process Industry for Next Generation Resource Efficient Water Management</td>
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* The dollar figure listed is the value of the direct government support for the total program. Several programs have multiple participants receiving assistance. These programs were active in 2017; however, many are multiyear.
External Initiatives

Responsible Care® Management System
United Nations Global Compact (UNGC)
UNGC Caring for Climate signatory
International Coastal Cleanup (ICC)
Keep America Beautiful (KAB)
Ellen MacArthur Foundation (EMF)
Global Reporting Initiative (GRI)
Biotechnology Principles
GM Answers
Field to Market®
The Compact
Dow U.S. Apprenticeship Program
UN Guiding Principles on Business and Human Rights
Carbon Disclosure Project

Changes in Reporting

As a result of review of our materiality assessment, two additional topics were reported for 2017, including GRI 301: Materials and GRI 413 Local Communities. In addition, we have reported indicators for GRI 404: Training and Education to support disclosures for other sustainability ratings that we participate in.

The DowDuPont merger transaction is explained in detail on page 4. For some indicators, particularly those related to governance, the scope of the disclosure is not strictly Dow as was reported for 2016 because of the merger transaction. Variances from the Dow scope are explained with the individual topics and indicators as needed.

Restatements of Information

Operating costs and Payments to providers of capital for 2016 have been restated in GRI 201-1. The Operating Costs value changed from what was reported in 2016 as $32,972MM. This amount reflects what was moved from Cost of sales, R&D and SC&A to a new line in the 2017 Dow Form 10-K for integration and separation costs. This occurred as a result of the merger transaction, as certain reclassifications of prior period amounts for The Dow Chemical Company were made to improve comparability with DowDuPont and to conform with the presentation presented for 2017. Payments to providers of capital value changed from what was reported in 2016 as $3213MM. The prior value reflected “Net interest expense” as reported in the 2016 Dow Form 10-K which included expenses in addition to payments to providers of capital. The updated value is the sum of “interest expense and amortization of debt discount” and “capitalized interest”.

Fuel oil consumed was reported for GRI 302-1 on page 78 of the 2016 Dow Sustainability Report as 479 Million GJ. This value was the result of a mathematical error and should have been 0.479 Million GJ. The amount of fuel oil consumed in 2017 is a similar value, small enough to be excluded from the table on page 94 of this report.
A multi-disciplinary team of sustainability and assurance specialists performed the following assurance procedures:

Our conclusions

Based on our activities, as described below:

- Nothing has come to our attention to indicate that the report has not been prepared in accordance with the Global Reporting Initiative (GRI) Standards Comprehensive option;
- Checking the reliability of the assured data is subject to inherent uncertainties, given the available methods for determining, calculating or estimating the underlying information. It is important to understand our assurance conclusions in this context. Our independent assurance statement provides no assurance on statements in the report regarding future performance or on whether Dow will achieve its stated goals.
- Taking into account the ambitious nature of the 2025 Sustainability Goals and the extensive range of supporting initiatives with a wide range of stakeholders, progress achieved to date demonstrates the positive impacts of Dow’s 2025 Sustainability Goals and underlines the effort and resources applied to these commitments. Dow recognises that the collection and reporting of reliable and consistent performance information needed to monitor and measure the progress against each goal is challenging.
- Further work is needed to define what success and achievement against the 2025 Sustainability Goals will look like for Dow and to ensure stakeholders understand this by continuing to transparently disclose and discuss developments and measures of progress in the public domain.

Our independent commentary and observations

We have provided Dow with a separate confidential Management Report. In addition to, and not affecting our formal assurance conclusion above, we have the following key observations:

- ERM CVS’s responsibility is to provide conclusions on the agreed scope based on the assurance activities performed and exercising our professional judgement.

Our assurance activities

An multi-disciplinary team of sustainability and assurance specialists performed the following assurance procedures:

- A visit to the head office of Dow in Midland, Michigan, to:
  - Interview management representatives in order to understand Dow’s sustainability strategy, policies and management systems for the relevant disclosures;
  - Review internal reporting guidelines, including reporting databases as well as the associated conversion factors used;
  - Review the completeness of data reported by all the sites and the effectiveness of the internal review (QA/QC processes), including the consolidation process;
  - Review the materiality determination process including the results of stakeholder engagement;
  - Review a sample of qualitative and quantitative evidence supporting the reported information;
  - Checking the consistency of financial data and other information with Dow’s 2017 10K report;
  - Confirming the consistency of the reported information with our understanding of Dow’s business, operations, sustainability strategy and prior reporting;
  - Reviewing external media reporting relating to Dow to identify relevant sustainability issues in the reporting period;
  - Checking the presentation of the information relevant to the scope of our work in the Report to ensure consistency with our findings.

The limitations of our engagement

The reliability of the assured data is subject to inherent uncertainties, given the available methods for determining, calculating or estimating the underlying information. It is important to understand our assurance conclusions in this context. Our independent assurance statement provides no assurance on statements in the report regarding future performance or on whether Dow will achieve its stated goals.

ERM CVS Certification and Verification Services, London

www.ermcvs.com; email: post@ermcvs.com

Jennifer Iansen-Rogers
Head of Corporate Assurance Services
1 June 2018
## GRI CONTENT INDEX

We prepared this report in accordance with the Global Reporting Initiative (GRI) Standards Comprehensive option. This Index of Content serves as a navigation tool for the GRI standards. **GRI 102-55**

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Information unavailable. To compare salary and remuneration of women to men, we ran a pay equity study for our professional workforce which is a multi-attribute study (years of service, education, performance, etc.). We did not find pay equity issues for this section of our workforce (~50%). Dow believes this is a comprehensive approach. In future studies (2018) we will work on a process to have our complete employee population represented.

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