



2010 Global Reporting Initiative Report

# The Annual Sustainability Report

The power of science and  
nature working together to deliver  
innovations that help our customers  
as well as the rest of the world.

# 2010 Global Reporting Initiative (GRI) Report including:

- UN Global Compact  
– Communication on Progress

## Dow Attains an Externally Verified Application Level of A+

The A represents the highest level of completeness in addressing core topics as identified by the Global Reporting Initiative (GRI). The “+” is achieved as a result of report assurance that involves a third party review by Environmental Resource Management (ERM). During the assurance process for this report, and based on improvement objectives identified in the 2009 report,

Dow strives to continue to upgrade its sustainability reporting. We believe it is important to make this information publicly available and, in addition, we want it to be useful to interested parties who may desire to use GRI indicators in a comparative way.



### Statement GRI Application Level Check

GRI hereby states that **The Dow Chemical Company** has presented its report “The Annual Sustainability Report” (2010) to GRI’s Report Services which have concluded that the report fulfills the requirement of Application Level A+.

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

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

Amsterdam, 23 June 2011

A handwritten signature in blue ink, belonging to Nelmara Arbex.

Nelmara Arbex  
Deputy Chief Executive  
Global Reporting Initiative



The “+” has been added to this Application Level because The Dow Chemical Company has submitted this report for external assurance. GRI accepts the reporter’s own criteria for choosing the relevant assurance provider.

*The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world’s most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. [www.globalreporting.org](http://www.globalreporting.org)*

**Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 3 June 2011. GRI explicitly excludes the statement being applied to any later changes to such material.

# Finding What Is of Interest to You

Recognizing the complexity of this report, we offer the following to help you navigate to the content of your interest.

Following this page is a high-level table of contents that outlines the color-coded organizational structure of the report.

## **Sustainability Overview – 2010**

Only have two minutes? Not familiar with Dow?

The two-page summary is a quick and convenient way to learn more about Dow and its commitment to sustainability.

## **Index**

At the end of the report a detailed index is available in the GRI G3 nomenclature that will guide you to the respective page of this report.

## **Embedded Links**

You will find more detail about various topics by using relevant links that are embedded in this document for your convenience.



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# Introduction

For the eighth year, The Dow Chemical Company is providing a Global Reporting Initiative (GRI) Report. This document follows the GRI G3 framework, making information available on a range of Environmental, Social, and Economic topics. Other Company reporting that may be of interest to readers is available on [www.dow.com](http://www.dow.com) as follows:

- The Dow of Tomorrow, Here Today, [2010 Databook](#) under Investor Relations, Financial Reports
- 2010 Dow [Annual Report](#) under Investor Relations, Financial Reports
- [Code of Business Conduct](#) under Investor Relations, Corporate Governance, Code of Conduct
- Dow's [Annual Report on Form 10-K](#) for the year ended December 31, 2010 (Dow 2010 10-K) under Investor Relations, Financial Reports, SEC Filings
- [2011 Proxy Statement](#) under Investor Relations, Financial Reports
- [Public Reports from Around the World](#)
- [Our Company, Overview](#)
- [Quarterly Updates](#) found under Sustainability; Reporting Center
- UN Global Compact [Communication on Progress](#) (This document serves as the COP for 2010.)



# Sustainability Overview – 2010

## Introduction to Dow Sustainability Report for 2010

The integration of sustainability into our culture is a long pursued and ongoing process at Dow. Our commitment to sustainability started long before our 1994 initiation of ten-year improvement goals that proved successful in driving best-in-class safety and environmental performance achievements. In recent years we have cultivated increased intimacy and transparency with a multitude of sustainability focused groups including customers, suppliers, partners, non-profit organizations, the communities where we operate and our employees many of whom, like us, are diligently working to build a more sustainable future.

### Highlights

#### Major Accomplishments for 2010

- Embarked on five-year, \$10 million collaboration with The Nature Conservancy to develop, implement and refine ecosystem services and biodiversity assessment modeling tools on Dow sites and in Dow business decisions.
- Marked the halfway point in our 2015 Sustainability Goals with 2010 performance that exceeded our 2010 target for the vast majority of the metrics used to track our progress.
- Became the only chemical company to receive the National Safety Council's prestigious Robert W. Campbell Award for upholding Environment, Health and Safety (EH&S) as a key business value and clearly linking measurable achievement in EH&S performance to productivity and profitability.
- Committed to a ten-year sponsorship of the Olympic Games as a significant business opportunity, an investment in our brand, our reputation and our future.



### Challenges

#### Where we have not met our improvement ambitions

- Greenhouse gas (GHG) intensity, the pounds of GHG emissions per pound of production, has not declined as planned.
- We continue to search for projects where innovation can achieve Breakthroughs to World Challenges.
- Improving Energy Intensity was delayed due to more than two years of low operating rates and capital constraints. Getting back on track to achieve a 25 percent improvement by 2015 will be a challenge.

Following the success of our first ten-year goal period which ended in 2005, we set the bar even higher with the introduction of the 2015 Sustainability Goals. These commitments encompass a more external focus and help prioritize our actions to ensure that our products and operations are supporting the needs of future generations. We are strengthening our relationships in the communities where we operate, continuing to improve our product stewardship and innovation to solve some of the world's most pressing problems, while reducing our global footprint.

One of Dow's four strategic themes is to Set the Standard for Sustainability. Doing so across scores of businesses with diverse offerings, serving end-users with very different needs, is a challenge. Beginning in 2010, two important efforts were initiated to connect the businesses to the corporate framework to create a more sustainable world. The first was the adoption of a sustainability R&D footprint tool that builds understanding about the impacts of each project in the R&D portfolio. The second documents where the business has current and future opportunities that can make a contribution to a more sustainable world. Both efforts are helping establish a blueprint for future accomplishments, business-by-business.

The following pillars articulate how Dow is working to build a more sustainable world.

#### Responsible Operations

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

#### Partners for Change

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













#### Innovations for Tomorrow

We contribute to the sustainability of society and our planet by developing innovative technologies for current and future markets.

#### Smart Solutions for Today

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

## Mid-Point Progress on 2015 10-Year Sustainability Goals

Targets	2010 Performance	2010 Result	2015 Target	Lessons Learned
<b>Sustainable Chemistry Goal</b>				
Percent sales from highly advantaged products		3.4%*	10%	Barriers to portfolio change are significant. Creative ways to avoid large capital investments can contribute.
Sustainable Chemistry Index		21.2	25	Business understanding and engagement is important. More goals by business are needed.
<b>Breakthroughs to World Challenges Goal</b>				
At least three breakthroughs by 2015		0	3	Significant progress in identifying breakthrough candidates across the company, however, there is a real challenge in measuring significance. Collaboration is important.
<b>Product Safety Goal</b>				
Provide PSAs for all products		69%	100%	Stakeholders affirm value. Now also being implemented by ICCA.
<b>Energy Efficiency and Conservation</b>				
Improve Energy Intensity by 12 percent by 2010		2%	25%	Lower operating rates make operations less efficient. Large capital requirements are needed to make big strides forward.
<b>Climate Change</b>				
Decrease GHG intensity by 2.5 percent per year		increased 5%	25%	Lower operating rates delay progress. Changing Dow portfolio important/underway.
<b>Community Success Goal</b>				
Ten strategic sites with improved favorability		3 remeasured	10	Midland, Freeport, and Pittsburg, California, confirm Success Plans are on track. Others to be measured.
<b>Local Protection of Human Health and the Environment</b>				
Injury and illness rate		0.33	0.12	Increasing challenge. Goal of 0.12 will require behavior allowing only one injury per 1.6 million hours of work.
Injury and illness severity rate		1.41	0.67	An increasing challenge which requires continued focus on incident root cause elimination.
Severe motor vehicle accident rate		0.24	0.28	Great to already have surpassed the goal, but diligence is critical to sustain this stellar outcome.
Loss of primary containment incidents		351	less than 130	Better than target in 2010, but cutting by another 2/3 requires new thinking/disciplines.
Process safety incidents		37	less than 25	On target in 2010, but cutting in half by 2015 is challenging.

\*2009 measurements

We welcome your [feedback](#) because we want to report on topics that you want to read about.

# Q and A for More Comprehensive Understanding

## What is the Global Reporting Initiative (GRI)?

GRI is an organization that has pioneered the standardization of sustainability reporting through the creation of the GRI framework. Key principles in its approach include: balance, comparability, accuracy, timeliness, clarity and reliability. For more information, visit [GRI's website](#) or study the GRI index of topics at the end of this document.

## How does Dow approach sustainability reporting?

The transparent and comprehensive use of the GRI framework creates accountability for the Company to report and improve reporting on the topics stakeholders may find important. We intend to serve broad stakeholder needs efficiently by creating a central repository for all relevant topics. Progress on our 2015 Sustainability Goals is also consistently communicated in our [quarterly update](#) published on [www.dow.com](http://www.dow.com).

### What are Dow's 2015 Sustainability Goals?

Detail on each of the following topics can be found on [www.dow.com](http://www.dow.com) under Sustainability, Our Commitments: Links below will take you to mid-point progress for each of the goals found within this report.

[Sustainable Chemistry](#)

[Breakthroughs to World Challenges](#)

[Product Safety Leadership](#)

[Energy Efficiency & Conservation](#)

[Addressing Climate Change](#)

[Contributing to Community Success](#)

[Local Protection of Human Health & the Environment](#)

## How does "Assurance" as described in [section 3.13](#) fit into sustainability reporting?

When voluntarily producing a sustainability report, some companies choose to have an external review as part of the process to assure the content serves stakeholder needs and the GRI principles. When this process is successfully employed, the "+" designation is added to the GRI application level. Dow's report is an A+ report because of its completeness (A) and external assurance (+).

## What is the United Nations (UN) Communication on Progress (COP)?

We use the Sustainability Report as a vehicle to report our [Communication on Progress \(COP\)](#) toward our continuing implementation of the UN Global Compact's ten principles. The UN Global Compact is the world's largest voluntary corporate citizenship initiative comprised of more than 8700 corporate participants from more than 130 countries. For more information on the UN Global Compact and its principles, visit <http://www.unglobalcompact.org/>.

We value your interest in Dow's report and welcome questions, comments and improvement suggestions. Please use the following email address to contact us.

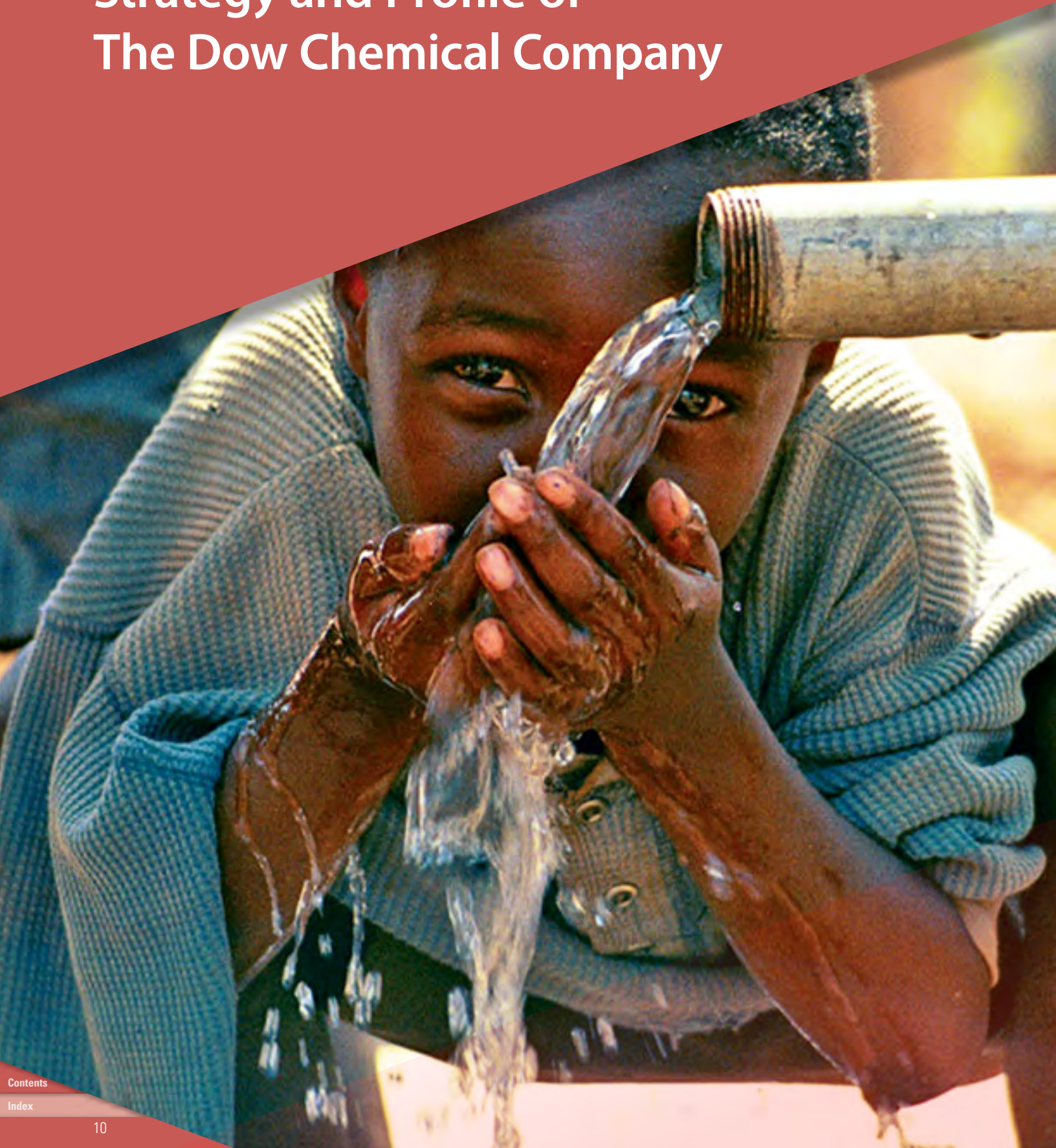
Peter N. Deal ([PNDeal@dow.com](mailto:PNDeal@dow.com))  
Sustainability Reporting





Dow embraces the UN Global Compact's ten principles in the areas of human rights, labor, the environment and anti-corruption.

# Strategy and Profile of The Dow Chemical Company





# 1. Strategy and Analysis

## 1.1 Statement from CEO presenting overall vision

The Dow Chemical Company  
United Nations (UN) Global Compact

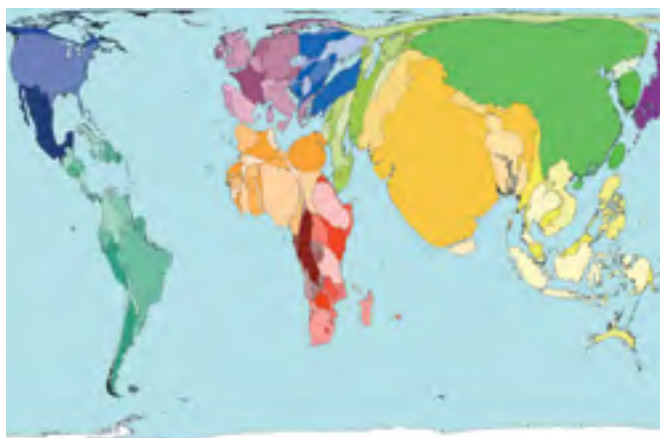
### 2010 Communication on Progress (COP)

In order for society to secure a sustainable future, nothing short of courageous and sweeping transformation is required.

This unprecedented call for change must be answered by countries, cultures, companies and individuals alike.

The Dow Chemical Company began its own transformation a number of years ago as we considered the impact of four key megatrends that will revolutionize our world in the coming years: health and nutrition, infrastructure, energy, and consumerism. Thorough analysis of these megatrends identified multiple and daunting challenges.

The world's population will increase to more than nine billion people in the next forty years. How will we increase water and food supplies – and address unprecedented threats to human health?



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*Global megatrends will create added pressure on the world's natural resources as more people stake their claim to a better quality of life. By 2050 UN World Population Projections give a middle estimate of an increase from today's 6.8 billion to 9.07 billion people. This map intends to convey a population density view of our world.*

Raw materials are becoming scarcer and more difficult to extract. How will we power our economies while combating and adapting to climate changes? How will we secure our financial markets under the weight of this change and uncertainty?

By applying the technology and innovation held at the Company's core, Dow has a unique role in delivering answers to these questions.

With more than 96 percent of all manufactured products enabled by chemistry, the solutions to sustainable development come down to the most basic elements in our universe. They come down to the power of chemistry. And in the hands of Dow people, our Human Element, these world challenges become a universe of opportunity.

Indeed, 2010 was a year of transformation for Dow unlike any other in our history. It was a year that saw our transformational growth strategy taking root and delivering measurable results across our businesses, in the communities where we live and work, and throughout our operations.

Dow believes that exponential population growth and universal demand for quality of life are interdependent – and with the right collaboration – can also be mutually beneficial. In 2010, we witnessed inspiring examples of how economic, social, and environmental values can co-exist when you approach world challenges as wellsprings for collaboration, innovation and growth.

## Delivering Solutions to the World

- As the leader in reverse osmosis solutions for desalinating sea water, Dow's Water Solutions business commits to reducing the cost of desalination and water reuse by 35 percent between 2005 and 2015.
- Dow AgroSciences announced the first commercial sale of SmartStax™ corn hybrid, a revolutionary new seed trait combination.
- Dow and Cobblestone Homes introduced Michigan's first affordable net-zero energy home, constructed with energy-efficient technologies from Dow.
- Joint venture Dow Kokam broke ground on a world-scale lithium ion battery manufacturing facility in Midland, Michigan, for the production of technologically advanced and economically viable battery solutions for the transportation, defense, industrial and medical industries.
- Dow, together with BASF, received a 2010 Presidential Green Chemistry Challenge Award for jointly developed energy- and water-saving hydrogen peroxide to propylene oxide technology.

## Managing Our Own Footprint

- Dow became the first chemical company to receive the National Safety Council's International Robert W. Campbell Award for environment, health and safety (EH&S) performance linked to productivity and profitability.
- Dow completed a project to transform its STYROFOAM™ Brand Insulation to a more sustainable manufacturing technology in North America, cutting in half the greenhouse gas emissions from production at all of its converted facilities in the region.
- Dow won four 2010 American Chemistry Council Responsible Care® Energy Efficiency Awards for programs that improved energy efficiency at three of the Company's U.S. facilities.
- Dow announced that its largest manufacturing facility in Brazil, the Aratu Complex, will add biomass to its portfolio of clean energy sources by the end of 2012.
- Since 1994, Dow's energy efficiency projects have saved the Company the equivalent of \$9.4 billion on less than a \$2 billion investment, and 1800 trillion BTUs of energy – equal to all the residential electricity needs of California for more than 20 months.

## Partnering for Positive Change

- Dow announced a breakthrough five-year collaboration with The Nature Conservancy to determine and incorporate the value of nature into business decisions and strategies.
- Dow partnered with the International Union of Pure and Applied Chemistry as the first global partner for the International Year of Chemistry in 2011.
- Dow became an official Worldwide Olympic Partner, providing a showcase for its people, products, scientific excellence and commitment to sustainable solutions on a global stage.
- Dow supported efforts to assist disaster recovery in Haiti and Chile, following the devastating earthquakes in both countries.
- Dow was named to the "Carbon Disclosure Leadership Index" by the Carbon Disclosure Project for the sixth time, and to the Dow Jones Sustainability World Index for the tenth year.



*In 2010 the Company announced it has become an Official Worldwide Olympic Partner as part of The Olympic Partners Program through 2020.*

In this report, we also renew our commitment to the 10 principles of the United Nations Global Compact which is demonstrated through our values, our Code of Business Conduct and the broad reach of our [2015 Sustainability Goals](#).

Dow's actions continue to be driven by our values of Integrity, Respect for People and Protecting Our Planet. Our commitment to sustainability, transparency and ethical behavior remains clear, as will our long-term commitment to the interests of all our stakeholders.

I personally encourage every Dow employee, customer and supplier to join us on our sustainability journey.

Sincerely,

Andrew N. Liveris  
Chairman and Chief Executive Officer  
The Dow Chemical Company

For more information on Dow's participation in the UN Global Compact, please contact:  
R. N. (Bo) Miller (BoMiller@dow.com)  
Global Director of Corporate Citizenship

## 1.2 Key impacts, risks, and opportunities



### 2015 Sustainability Goals Reach Mid-Point of Ten-Year Horizon

Dow first set sustainability goals in 1994 to drive safety and efficiency performance to new levels over the ten-year period ending in 2005. That management approach accomplished important breakthroughs. In 2005, we launched the second set of ten-year goals, using inspiration from the UN Millennium Development Goals. Our ambitious 2015 Sustainability Goals required a new, broader and often external perspective of what was needed to help drive our profitable growth as we pursued setting the standard for sustainability. During 2010, we reached the mid-point of these aspirations. Following is a summary of mid-point reflections from the perspective of “halfway to 2015.”

- **Breakthroughs to World Challenges** – This 2015 Sustainability Goal is the most ambitious and externally focused of the seven goals. The most challenging to measure, Dow has now defined a process for nominating and affirming what qualifies as a Dow Breakthrough to World Challenge. Achievement of this goal involves a significant amount of perspective and judgment, and the Sustainability External Advisory Council (SEAC) will play an important role in evaluating and measuring our success. We now review the status of one candidate concept for Breakthrough status in each of our Sustainability Quarterly Updates.
- **Sustainable Chemistry** – The measurement of our Sustainable Chemistry Index (SCI) is well defined, enabling important progress in guiding business-specific thinking and decisions. All businesses are engaged annually in a review of their business-specific score, helping to instill and prioritize thinking about what can happen at the business level to become more sustainable manufacturers and solution providers. We often need to review and rethink the full value chain in our pursuit to be more sustainable. The SCI results for the year of 2010 will be reported in the Q2 Goals Update at our Reporting Center. The 2015 target is to have 10 percent of Company sales be based on highly advantaged chemistry.
- **Product Safety Leadership** – During 2010, Dow’s progress toward meeting the goal of having Product Safety Assessments (PSAs) in place for all Dow products improved from PSAs covering 50 percent to 69 percent of all sales. This goal has had an impact for users of Dow products, and influenced the industry efforts to make product safety information available. The International Council of Chemical Associations’ (ICCA) Global Product Strategy Chemicals Portal offers the general public and ICCA members direct access to product stewardship information on more than 1,000 chemical safety summaries, and the coverage of materials is increasing daily. Dow makes PSAs accessible to the public at [www.dowproductsafety.com](http://www.dowproductsafety.com).
- **Energy Efficiency and Conservation** – At the mid-point of the Energy Efficiency improvement plan, the Energy Intensity (EI) performance has improved only 2 percent, contrasted with a target of 87.5 percent of our 2005 EI value by the end of 2010. This is disappointing when compared to the accomplishment of a 22 percent EI improvement during the first ten-year goal period. Capital spending restrictions in 2008 and 2009, combined with lower operating rates in the recent past, have resulted in the lack of improvement. Dow recently announced that it will accelerate energy efficiency and conservation improvements within its operations through an investment of \$100 million in projects that will reduce energy usage and GHG emissions.
- **Addressing Climate Change** – Mid-point progress for the goal to reduce GHG intensity by 2.5 percent per year is much like our Energy Intensity goal progress, as total intensity has remained close to 2005 levels. The commitment to invest \$100 million on projects that will have a higher impact on energy and GHG reduction is going to take a number of years to impact the average of the Company considering the large amount of assets in place. Absolute emissions of GHG are trending down.
- **Local Protection of Human Health and the Environment** – This metric-intensive goal is designed to further improve safety at Dow and in the communities where we operate. See the mid-point progress for many ways we track Local Protection. Most challenging at the end of 2010 was the increase in the rate of injury for incidents that are classified as more serious (severe). This incident rate increased to 1.37 incidents per 200,000 hours worked, which is 40 percent better than in base year 2005, but a 20 percent increase from our best ever performance in 2009.
- **Contributing to Community Success** – At the mid-point for this goal, we have measured progress in two locations on priorities that were determined by the community as most important to advance the local quality of life. Results from Pittsburg/East Contra Costa (California) and Terneuzen (The Netherlands) both confirmed that the Community Success goal is on track to meet our 2015 target. See S01 for the names of the ten sites with formal community quality of life goals for 2015. During 2010, tools developed for Community Success were customized to help make them readily usable at smaller sites during the balance of the ten-year period.



We have reached the mid-point of the second set of ten year Sustainability Goals. The 2015 Goals implementation is helping drive external perspective in all we do as we pursue setting the standard for sustainability.

An update of performance for each of the 2015 Sustainability Goals is [reported quarterly](#) on [dow.com](#).

Progress on a key opportunity continues as Saudi Aramco and Dow continue to make progress with the front-end engineering and design (FEED) work for a joint venture petrochemical project. Saudi Aramco and Dow confirm that they have selected Jubail Industrial City located in the Eastern Province of the Kingdom of Saudi Arabia, approximately 100 kilometers north-west of Dammam, as the planned site location for the project. The decision comes after having evaluated a broad set of variables, which includes anticipated infrastructure benefits and various potential business integration opportunities.

#### Managing Sustainability at the Company

Chaired by the Chief Sustainability Officer, the Sustainability Team is composed of seven senior executives and serves as the Company's governance body for Environment, Health & Safety (EH&S); Public Policy Issues; and Sustainability. This team provides direct linkage to the EH&S Committee of the Dow Board of Directors to assist them in their oversight responsibilities for Dow performance in these critical areas.

The Company uses a Business Risk Review Work Process to identify, evaluate and manage EH&S risks, including risks associated with possible failure of a product to perform as intended. Corporate-level identification and management of risk is systematically accomplished using an Enterprise Risk Management approach. The Company assesses financial risk from many perspectives. Examples include the potential impact of weather-related impacts, access to credit, effect of foreign exchange related movements, volatility in purchased feedstock and energy costs, and pension plan related risks. Risk management results are regularly communicated to the Chief Financial Officer with a formal annual review with the Board of Directors and its Audit Committee. See the Dow 2010 10-K report Part I, Item 1A for a more complete discussion of Risk Factors.

## 2. Organizational Profile

### 2.1 Name of reporting organization

The Dow Chemical Company

### 2.2 Primary brands, products and/or services

#### Corporate Profile

Dow combines the power of science and technology with the “Human Element” to passionately innovate what is essential to human progress. The Company connects chemistry and innovation with the principles of sustainability to help address many of the world’s most challenging problems such as the need for clean water, renewable energy generation and conservation, and increasing agricultural productivity. Dow’s diversified industry-leading portfolio of specialty chemical, advanced materials, agrosocieties and plastics businesses deliver a broad range of technology-based products and solutions to customers in approximately 160 countries and in high growth sectors such as electronics, water, energy, coatings and agriculture. In 2010, Dow had annual sales of \$53.7 billion and employed approximately 50,000 people worldwide. The Company’s more than 5,000 products are manufactured at 188 sites in 35 countries across the globe. The Company is organized into the following eight operating segments:

- Electronic and Specialty Materials
- Coatings and Infrastructure
- Health and Agricultural Sciences
- Performance Systems
- Performance Products
- Plastics
- Chemicals and Energy
- Hydrocarbons

See the Dow 2010 10-K beginning on page 3 for a description of these operating segments, including a representative listing of applications, products and trademarks for each business.

### 2.3 Operational structure of the organization

The ultimate authority to oversee the business of The Dow Chemical Company rests with the Board of Directors. The role of the Board is to effectively govern the affairs of the Company for the benefit of its stockholders and, to the extent appropriate under Delaware corporation law, other constituencies including employees, customers, suppliers and communities in which it does business. Among other duties, the Board appoints the Company’s officers, assigns to them responsibilities for management of the Company’s operations, and reviews their performance. An independent member of the Board fills the role of Presiding Director.

Subsidiaries of the Company, for which effective ownership by Dow is 50 percent or more, are listed in the Dow 2010 10-K in Exhibit 21. Information about joint ventures can be found in [section 3.6](#) of this brochure.

### 2.4 Location of organization’s headquarters

Midland, Michigan, USA

### 2.5 Countries of operation

As of December 31, 2010, the Company operated 188 manufacturing sites in 35 countries. The Company’s major production sites are as follows:

Country	Major Production Sites
United States	Plaquemine and Hahnville, Louisiana; Midland, Michigan; Freeport, Seadrift, Texas City and Deer Park, Texas; Marlborough, Massachusetts.
Canada	Fort Saskatchewan, Alberta
Germany	Boehlen, Leuna, Rheinmuenster, Schkopau, Stade
France	Drusenheim
The Netherlands	Terneuzen
Spain	Tarragona
Argentina	Bahia Blanca
Brazil	Aratu

Including the major production sites, the Company has plants and holdings in the following geographic areas:

United States	55 manufacturing locations in 20 states
Canada	4 manufacturing locations in 3 provinces
Europe, Middle East and Africa	59 manufacturing locations in 18 countries
Latin America	27 manufacturing locations in 5 countries
Asia Pacific	43 manufacturing locations in 10 countries

## 2.6 Nature of ownership and legal form

Dow is a publicly traded company. Total common stock outstanding as of January 31, 2011, was 1,167,921,633 shares.

## 2.7 Markets served

Information about markets served, which are listed below, can be found on [dow.com](http://dow.com) under Products and Services. Dow typically provides its product and service offerings to target markets on a global basis.

- Agriculture & Food
- Building & Construction
- Electronics & Entertainment
- Healthcare & Medical
- Household Goods & Personal Care
- Industrial
- Oil & Gas
- Packaging, Paper & Publishing
- Plastics
- Transportation
- Utilities
- Water & Process Solutions

## 2.8 Scale of reporting organization (year-end 2010 data)

Personnel count was 49,505 at December 31, 2010 (based on full time equivalent persons, as reported in the Dow 2010 10-K).

**Net Sales – \$53,674 million**

### Total Capitalization

Total Assets: \$69,588 million

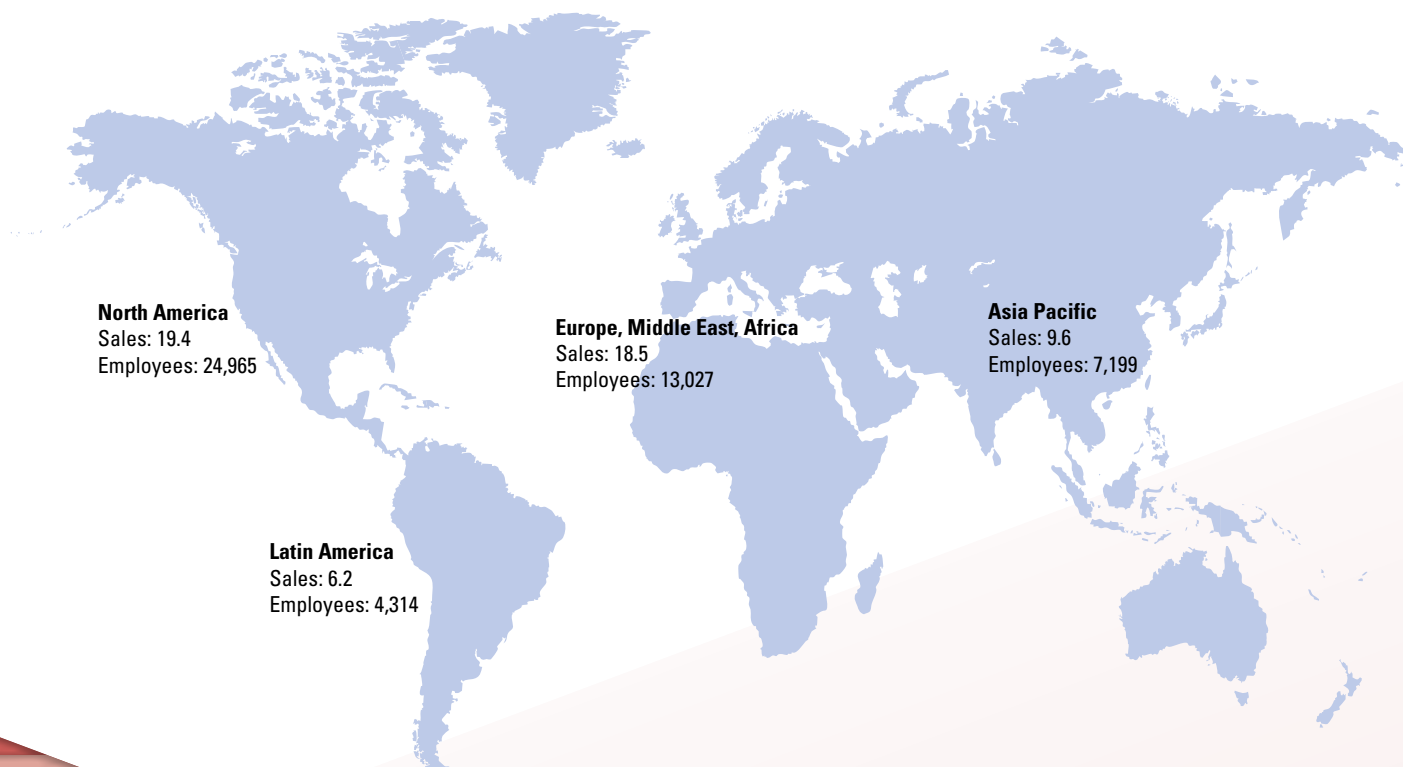
Total Debt: \$23,827 million

Stockholders' Equity: \$21,839 million

Beneficial ownership information is found in the [Dow 2011 Proxy Statement](#). See Beneficial Ownership of Company Stock in the table of contents.

Quantity of production or quantity tied to sales is not reported. This value would need to convert volumes of liquids, volumes of foams, mass of other products and other units of measure into a common term in order to represent a total quantity. Changing the mix of items sold over time makes such a number meaningless.

2010 Sales and Employees by Geographic Area (dollars in billions)



## 2.9 Significant changes during the reporting period

In 2010, Dow and the chemical industry as a whole experienced another year of improving economic conditions. Economies across much of the developed world showed signs of ongoing recovery in most end-markets as the year progressed. Meanwhile, the emerging geographies continued to lead in economic growth and, as a result, were a critical area of focus for new business opportunities and investments. As the year came to a close, however, some challenges remained, such as high unemployment in developed geographies and weakness in construction end-markets, particularly in the United States and Europe. In the face of these challenges, Dow delivered a reshaped and transformed business portfolio in 2010 – one that is increasingly targeted to growing geographic areas and end-markets.

Dow completed the sale of Styron to an affiliate of Bain Capital Partners for \$1.6 billion. The Company also finalized the sale of its acrylic acid and esters business in Clear Lake, Texas, and its UCAR Emulsion Systems specialty latex business in North America to Arkema. With the completion of the sale of Styron, Dow exceeded its goal of divesting \$5 billion in non-strategic assets in less than two years.

Dow's reported sales increased 20 percent from 2009 to \$53.7 billion, an increase of 15 percent from pro forma<sup>(1)</sup> 2009 sales. Excluding the impact of divestitures,<sup>(2)</sup> sales rose 26 percent versus pro forma 2009 sales. The Company reported quarterly sequential sales gains throughout the year, excluding divestitures. Sales improvements were broad-based, with notable gains in emerging geographies around the world. Dow's reported sales in the emerging geographies surpassed \$16 billion. As the global economic recovery continued, feedstock and energy costs rose throughout the year and remained volatile. The Company's purchased feedstock and energy costs were \$5.0 billion higher than 2009, an increase of 31 percent.



Research and development ("R&D") expenses rose to nearly \$1.7 billion, an increase of 6 percent versus pro forma spending in the prior year, as the Company invested in growth projects in its innovation pipeline. Selling, General and Administrative ("SG&A") expenses fell 5 percent versus 2009 pro forma spending, despite increased spending in Health and Agricultural Sciences to support new product launches and commercial activities related to recent seed acquisitions.

The Company delivered \$4.1 billion of cash from operating activities, nearly double that of 2009, and surpassed its goal to divest \$2 billion in non-strategic assets in 2010. Dow ended the year with \$7.0 billion of cash and cash equivalents.

See additional information about changes in the [Dow 2010 10-K, PART II, Item 7](#).

## 2.10 Awards received during 2010

The following awards are a sampling of the recognition earned by Dow in 2010.

Date	Award
January 2010	DOW™ Ultrafiltration Awarded Water Recycling/Reuse Certification
March 2010	DOW POWERHOUSE™ Solar Shingle Wins GLOBE Award for Environmental Excellence in Emerging Technology
April 2010	CBS News Names Dow One of the "10 Green Giants That Could Change the World"
May 2010	Dow Wins Four 2010 Responsible Care® Energy Efficiency Awards
	Dow Electronic Materials Wins Excellent Supplier Award from HannStar Board
June 2010	Dow Receives 2010 Health Information Technology Innovation Award
	Dow and BASF Receive Presidential Green Chemistry Challenge Award for HPPO Technology
July 2010	Dow Electronic Materials Receives Outstanding Supplier Award from UMC
September 2010	Dow Named for Tenth Time to Dow Jones Sustainability Index  Dow Jones Sustainability Indexes Member 2010/11
	Dow Named to Carbon Disclosure Leadership Index
October 2010	The Dow Chemical Company Receives Robert W. Campbell Award 
	Dow Receives "Significant Achievement" Award for Championing Inclusion
November 2010	Dow Chosen as Most Admired Chemical Company in Brazil
	Dow Coating Materials Takes Top Award for Paper at PRA International Wood Congress
	DOW POWERHOUSE™ Solar Shingle became the first solar roofing shingle with an integrated connection system to receive Underwriters Laboratories (UL) safety certification.

<sup>(1)</sup> The unaudited pro forma historical information is based on the historical consolidated financial statements and accompanying notes of both Dow and Rohm and Haas and has been prepared to illustrate the effects of the Company's acquisition of Rohm and Haas, assuming the acquisition of Rohm and Haas had been consummated on January 1, 2008, and the treatment of Dow's Calcium Chloride business as discontinued operations due to the sale of the business on June 30, 2009.

<sup>(2)</sup> Excludes sales of the Salt business of Rohm and Haas Company divested on October 1, 2009, sales related to TRN divested on September 1, 2009, sales of the acrylic monomer business and a portion of the specialty latex business divested on January 25, 2010, sales of the Powder Coatings business divested on June 1, 2010 and sales of Styron divested on June 17, 2010.

# 3. Report Parameters

## 3.1 Reporting period

Based on 2010 corporate data for the year ending December 31, 2010.

## 3.2 Date of most recent previous report

This is the eighth GRI Sustainability Report. The previous report covered 2009 and can be found at our [Sustainability Reporting site](#).

## 3.3 Reporting cycle

Annual

## 3.4 Contact point for questions regarding the report or its content

Peter N. Deal (PNDeal@dow.com)  
Sustainability Program Management Office  
1-989-636-3865

Mark C. Weick  
Director, Sustainability Program Management Office  
1-989-636-6501

Energy and Climate Policy are high in significance of impact and importance to stakeholders because Dow operates at the nexus between energy and all the manufacturing that occurs in the world today. Over 96 percent of the products made have some level of chemistry in them, so no one has more at stake in the solution – or more of an ability to have an impact on – the overlapping issues of energy supply and climate change than we do.

Sustainable Chemistry is a commitment to increase the percentage of sales that are based on highly advantaged chemistry to 10 percent by 2015, up from 2 percent in 2007. These more sustainable products are produced using renewable feedstocks, more environmentally friendly raw materials, less energy or reduced footprint or some combination thereof. Increasingly, our customers and our customers’ customers are interested in purchasing more sustainable products.

Also displayed in the high importance and high impact category are the Local Protection of Human Health and the Environment (LPHHE) and Community Success Goals. Both of these ten-year Sustainability Goals highlight our commitment to making Dow a safer place to work and to improving our relationships in the regions where we operate, ensuring that we are a contributing and valuable partner in making the area a quality place to work, live,

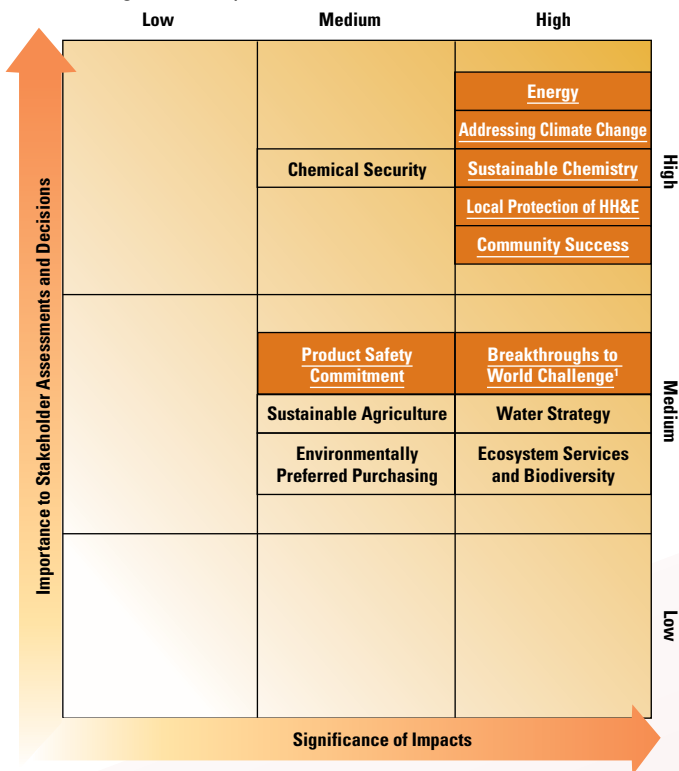
# Report Scope and Boundary

## 3.5 Process for determining report content

Two complementary processes merged to form our picture of materiality, as defined in GRI Reporting Guidelines. The first is the development of and the attention given to the implementation of our ten-year Sustainability Goals. The second is an annual Public Policy Issues Prioritization process. The 2015 Sustainability Goals cover the majority of our material issues and are illustrated below in shaded boxes. The annual Public Policy Issues Prioritization process identifies additional items of importance to the Company and to its stakeholders.

The seven goals represented by orange shading were declared in 2006, with specific targets to drive improvements by 2015. These remain a focus for guiding our pursuit of being a sustainable company. Links on the names of the Goals will take you to more information regarding each Goal located within this report.

Determining Materiality



Orange boxes indicate ten-year Sustainability Goals that define direction and guide implementation.

\*Focus areas for efforts to find Breakthroughs to World Challenge by 2015: Sustainable Water, Housing, Energy and Climate Change, Food, Health and Safety

Materiality as defined in GRI Reporting Guidelines and used for this report: The information in a report should cover topics and indicators that reflect the organizations significant economic, environmental and social impacts; or that would substantively influence the assessments and decisions of stakeholders.



and raise a family. The LPHHE Goal tracks our commitment to best-in-class performance in keeping people safe and healthy as well as reducing our footprint. The Community Success Goal defines what stakeholders view as of greatest importance for the Company to contribute to the quality of life in the region.

The Breakthrough to World Challenges Goal is unique. It challenges us to seek out and address world-scale challenges. We pledge to use science and technology – especially in areas where we are leaders – to make the world better for future generations. One example of a significant breakthrough is Omega-9 oils. These healthier oils for cooking and food processing are contributing to healthier lives around the world. See our [Q2 2010 Goal Update](#) for more information about how the replacement of trans fats from food may help eliminate 1 in 5 heart attacks in the United States.

The Company has recognized risks related to water quality and availability for more than ten years. In 2008, at The World Economic Forum in Davos, Switzerland, the Company's CEO led a session to foster broader recognition and stimulate a growing role for business to address water's connection to human health, to support agricultural production, and for commercial applications. The driver of significance for many stakeholders is the growing awareness that over a billion people do not have access to clean water. The Dow Water and Process Solutions business is advancing the efficiency of multiple technologies to address water health issues and help prevent the advance of water stress in geographies where supply is currently threatened or will be as demands continue to grow. <http://www.dowwaterandprocess.com/>

Biodiversity and Ecosystem Services are gaining recognition as extremely valuable services naturally occurring in nature, which have been historically available for little cost. Dow, in collaboration with The Nature Conservancy, is working to develop, implement and refine ecosystem services and biodiversity assessment modeling tools on Dow sites and in Dow business decisions.

Chemical Security is of high importance to stakeholders. Our modern society and global economy depend on substances that if not handled, stored, transported or secured properly, could cause harm. These substances serve as critical components for medicines, plastics, automobiles and building materials to name just a few. In today's world, there is concern that chemical facilities could be attacked by or chemicals could be used by those who wish to intentionally cause harm, disrupting our way of life. Read more about how we take an active role in this important area. <http://www.dow.com/sustainability/safety.htm>

The goal of delivering several commitments in the area of Product Safety is illustrated in the middle of importance and impact. The on-track implementation to publish a Product Safety Assessment (PSA) for every Dow product by 2015 is setting a new standard within the chemical industry. We further commit to addressing hazard and exposure gaps, aligned with the ICCA Global Product Strategy Risk Assessment System, on all of our products or product families by 2015, in line with our sustainability goals. We make PSAs accessible to the public at [www.dowproductsafety.com](http://www.dowproductsafety.com).

*Healthy Omega-9 oils produced from canola seeds are replacing trans and saturated fat to improve diets and help prevent heart disease.*



## Determining Materiality

Sustainable Agriculture encompasses a number of topics of interest to a diverse audience. Dow AgroSciences products and solutions are designed to solve pressing crop production problems for our customers, boosting agricultural productivity to maximum sustainable levels to help keep pace with the growing needs of our world's rapidly expanding population.

Environmentally Preferred Purchasing is an area that received increasing attention inside and outside of the Company in 2010. The position that Dow holds in the value chain (residing near the raw materials in most cases) directly impacts the middle placement of this issue on the materiality matrix. Much of our effort to address stakeholder expectations in this area is being captured in a Code of Business Conduct for Suppliers.

Another important input to guide report content is this report's assurance process, which has been undertaken annually beginning with the report covering 2007. Assurance is accomplished by enlisting a third party to examine our draft report and evaluate the data collection processes supporting our metrics. Each year, the assurance provider summarizes the process in a letter of assurance (page 22) and in a written report to management identifying ways to improve our reporting process and the report itself. This engagement helps provide stakeholder perspective and stimulates progress in our procedures, measurements and reporting. We believe it enables readers to be confident that what we report is accurate and relevant. Some of the issues that are addressed differently in this report as a result of last year's assurance process include:

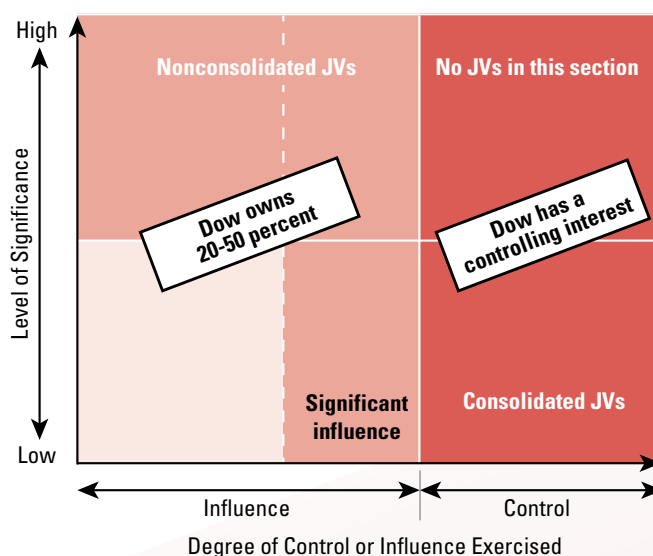
- How mission/vision/strategy make their way through the organization (see Summary section)
- Easy summary of progress and shortcomings in implementation of goals (see Mid-goal update at the beginning of the report)
- Discuss the timing for biodiversity mapping to be complete. (See new information in [EN11](#). [EN25](#) is a medium term reporting objective.)
- Describe the CEO's outlook on the organization's main challenges and targets for the next year (see [section 1.1](#))
- Describe any plans to collect indirect energy consumption data. (see [EN4](#))
- Report on water discharge (see [EN21](#))
- Impacts of energy and GHG emissions due to outbound transport of products (see [EN17](#))
- Improve the Index by highlighting the location of Disclosure on Management Approach sections (see table of contents 'categories')

This report is targeted to multiple audiences, but we anticipate that those with specialist sustainability interests will be most interested in the details of this report. However, at Dow, the process and publication of this document is a crucial building block to the rest of our sustainability communication and disclosure, as it informs and guides these processes. We continue to consider how we can better meet the needs of our audiences and would appreciate your feedback and suggestions. See [section 4.14](#) for groups we identify as stakeholders with whom we engage.

## 3.6 Boundary of the report

This report covers majority-owned Dow subsidiaries over which the Company exercises control, entities for which the Company has a controlling financial interest or is the primary beneficiary, and operations in leased facilities that are Dow managed, worldwide, as of December 31, 2010. Entities for which the Company has a controlling financial interest or is the primary beneficiary ("consolidated JVs") are represented in the lower right-hand part of the following diagram. At the end of 2010, the Company had 21 consolidated JVs.

Nonconsolidated joint ventures are not included in Company data. This is consistent with the financial reporting treatment of accounting for nonconsolidated affiliates (20-50 percent owned companies, joint ventures, and partnerships) on an equity basis. These joint ventures are represented in the upper left corner of the following diagram, reflecting their significance and the fact that management control resides within the joint venture. Background on the use of this matrix to guide scope of inclusion can be found by consulting the GRI Boundary technical protocol.



The Company's principal nonconsolidated JVs, which accounted for more than 90 percent of Dow's \$1.1 billion of equity earnings and cash distributions from JVs in 2010 are listed below:

### Principal nonconsolidated joint ventures

Dow owns 50 percent or less of these joint ventures.

- Compañía MEGA S.A. [www.ciamega.com.ar](http://www.ciamega.com.ar) (Spanish)
- Dow Corning Corporation [www.dowcorning.com](http://www.dowcorning.com)
- EQUATE Petrochemical Company K.S.C. [www.equate.com](http://www.equate.com)
- Equipolymers [www.equipolymers.com](http://www.equipolymers.com)
- The Kuwait Olefins Company K.S.C.  
[http://www.dow.com/financial/joint\\_venture/olefins.htm](http://www.dow.com/financial/joint_venture/olefins.htm)
- MEGlobal [www.meglobal.biz](http://www.meglobal.biz)
- The SCG-Dow Group [http://www.dow.com/financial/joint\\_venture/scgdow.htm](http://www.dow.com/financial/joint_venture/scgdow.htm)
- Univation Technologies, LLC [www.univation.com](http://www.univation.com)

For a comprehensive list of subsidiaries and principal nonconsolidated joint ventures of The Dow Chemical Company, please see Exhibit 21 in the Company's most recent Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission.

Partner selection is critical and Dow will work only with companies that have compatible business strategies, are financially strong, and share the same perspective on business ethics, and EH&S principles. Stakeholders may be assured that joint ventures are:

- Created for strategic reasons
- Designed to accomplish a long-term relationship with the partner
- Given appropriate management attention related to values, culture and operating standards

Joint ventures are not used to exclude issues or products from the Dow portfolio.

### 3.7 Limitations on the scope or boundary of the report

This report, including links for Dow reporting found on page 5, addresses the material economic, environmental and social impacts of the organization, within the context of the boundary of the report as described in section 3.6.

### 3.8 Basis for reporting that can significantly affect comparability from period to period or between organizations

The basis for reporting on subsidiaries, joint ventures, leased facilities and other entities does not significantly affect comparability from period to period. The April 1, 2009, acquisition of Rohm and Haas is included in Dow reporting beginning with the second quarter of 2009. Reporting beginning with the second quarter of 2010 excludes the divestment of STYRON.

### 3.9 Data measurement techniques and the bases of calculations

Operating Discipline Management System (ODMS) is used throughout Dow and helps accomplish meaningful data capture and aggregation. A key element of ODMS is a measurement policy and requirements. As part of these requirements, measurements are established and performance is monitored to ensure consistent performance that meets our objectives and targets. The ODMS sets expectations on calibration, measures, measuring equipment, measurement systems and critical instruments. Several data management systems address specific requirements and are unique to the particular needs of the respective measures. Examples include the Global Emissions Inventory (GEI) system that tracks emissions, the Global Incident Reporting Database (GIRD) that records occupational health and safety events, and the Global Asset Utilization Reporting (GAUR) system that collects utilization and energy use information. Each of these examples is global in scope, and defines data collection and the bases of calculations for the respective system.

### 3.10 Explanation of any restatements of information provided in earlier reports

None identified.

### 3.11 Significant changes from previous reporting

Information in section 3.8 identifies an acquisition and a divestiture that are now reflected in company reporting.

### 3.12 Table identifying the location of the Standard Disclosures in the report

GRI [index](#) at end of report.

## Assurance

### 3.13 Policy and practice with regard to external assurance for the report

Dow has engaged Environmental Resources Management (ERM) to review our 2010 Sustainability Report. ERM is one of the world's leading providers of environmental consulting services. They have significant experience in the assurance process. This is the fourth time Dow has included assurance as a part of the Sustainability Report.

## Independent Assurance Statement by ERM

The Dow Chemical Company – 2010 Sustainability Report

Environmental Resources Management (ERM) was retained by The Dow Chemical Company (Dow) to provide an independent review and assurance statement for Dow's Annual Sustainability Report covering 2010 (the Report).

### Scope of Work

The assurance process was conducted in accordance with AA1000AS (2008).

ERM was engaged to provide moderate level, Type 2 assurance, covering:

- Evaluation of adherence to the AA1000AS (2008) principles of inclusivity, materiality and responsiveness (the Principles); and
- The reliability of specified sustainability performance information.

In addition, ERM reviewed the Report against the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (2006) – Application Level A criteria.

The intended user of this statement is the reader of the Report.

### Assurance Work Performed

ERM tested the effectiveness of processes used to adhere to the AA1000AS Principles through management interviews, the review of data and visits to selected operations.

ERM conducted interviews with personnel at Dow's headquarters in Midland, Michigan and visited manufacturing operations at Midland, Michigan; Aratu, Brazil; and Deer Park, Texas. These sites were selected to represent a range of operations and material sustainability impacts and included a site located in a non-English-speaking country.

During the interviews and site visits, ERM focused on:

- Understanding the Dow business context and its sustainability strategy;
- Reviewing the Report and other relevant supporting documents;
- Understanding the logistics of Dow's data collection and reporting processes and systems, including the Global Incident Reporting Database, Global Emissions Inventory and Global Asset Utilization Report;

- Checking the accuracy of a sample of data from the sites visited;
- Reviewing the mechanisms for checking and verifying data at the site, business unit, and corporate level; and
- Reviewing the process for the management of change to data, including how errors are communicated to the data providers and corrective action checked to ensure accuracy in the reported data.

The review was conducted during April and May 2011 and included an assessment of Dow's data collection and verification processes and the Report's content as well as the development of this assurance statement.

### Responsibility and Methodology

Dow was responsible for the preparation of the Report and this statement represents ERM's independent opinion. ERM's responsibility was to express our assurance conclusions within the agreed scope.

We delivered our work in accordance with ERM's assurance methodology, which is based on AA1000AS, the GRI Sustainability Reporting Standards and the International Standard on Assurance Engagements (ISAE) 3000. We planned and performed our work to obtain all the information and explanations that we believe were necessary to provide a basis for our assurance conclusions as to whether the reported information and data set out in our scope of work was appropriately reported (moderate assurance).

The accuracy and completeness of this information is subject to inherent limitations given their nature and methods for determining, calculating and estimating such data.

### ERM Conclusions

On the basis of the work undertaken, nothing came to our attention to suggest that the Report does not properly describe Dow's adherence to the principles, content and quality requirements of GRI G3 and AA1000 AS (2008) or the associated performance.

In terms of data accuracy, nothing came to our attention to suggest that data has not been properly collated from information reported from manufacturing sites. We are not aware of any errors that would materially affect the data reported.

During the review period, ERM identified a number of issues that were discussed and subsequently addressed by Dow in the final draft of the Report. These issues and the associated recommendations are included in detail in a separate assurance project report to Dow management.

### ERM Competence

ERM operates strict conflict of interest checks and has confirmed our independence to work on this engagement with Dow. The members of the review team have not provided consulting services to Dow outside of the review of the Report. During 2010, ERM worked with Dow on unrelated consulting engagements. The members of the review team have not provided consulting services and were not involved in the preparation of any part of the Report. The review team has the required combination of education, experience, training, and skills for this engagement.



Environmental Resources Management  
Annapolis, Maryland, USA  
June 2011

ERM is an independent global provider of environmental, social and corporate responsibility consulting and assurance services. Over the past 4 years we have worked with over half of the world's 500 largest companies, in addition to numerous governments, international organizations and NGOs.



## 4. Governance, Commitments and Engagement

### 4.1 Governance structure of the organization

In June, 2010, Dow received the highest overall rating possible for corporate governance by Governance Metrics International (GMI), an independent governance research and ratings agency. There were approximately 4,200 companies rated by GMI worldwide. Dow achieved an overall global rating of 10.0 for both Board accountability and shareholder rights. GMI ratings provide an objective way of assessing corporate governance risk as well as governance leaders in their portfolios.

We rely on our [Board of Directors](#) to know our Company and to conduct thorough reviews and ask difficult questions. Dow exemplifies good governance with a Presiding Director and a requirement that a substantial majority of the Board be [independent directors](#). Paul Polman, Chief Executive Officer of Unilever PLC and Unilever N.V., was elected to the Board of Directors in February 2010 and serves on the Compensation and Leadership Development Committee and the Environment, Health and Safety Committee.

Dow's Corporate Officers are accountable to the Board, in addition to their management roles within the Company.

Detailed information about Dow's [governance structure](#) can be found on our website, [dow.com](#). Board committees, which are listed below, are described in the Company's [bylaws](#) available on the website. A [Board Committee Membership chart](#) provides an overview of members and committee roles.

- [Audit Committee](#)
- [Governance Committee](#)
- [Compensation and Leadership Development Committee](#)
- [Environment, Health and Safety Committee](#)

The Sustainability Team serves as the governance body within the Company for EH&S, Public Issues and Sustainability. This team, which assists the EH&S Committee of the Board in their oversight responsibilities for Dow performance in these areas, is composed of the following members:

- David Kepler, executive vice president, Business Services, Chief Sustainability Officer and Chief Information Officer (Chair)
- Mike Gambrell, executive vice president, Manufacturing and Engineering Operations
- Charles Kalil, executive vice president, Law and Government Affairs, General Counsel and Corporate Secretary

- Antonio Galindez, president and Chief Executive Officer, Dow AgroSciences
- Heinz Haller, executive vice president and Chief Commercial Officer
- Carol Williams, group senior vice president and president, Chemicals and Energy Division
- Neil Hawkins, vice president, EH&S and Sustainability – serves as the secretary of the team

### 4.2 Is the Chair of the Board of Directors also an executive officer?

Andrew Liveris is Chairman of the Board of Directors, and also President and Chief Executive Officer. Paul Stern, an external director, is serving as the Presiding Director. He is not an executive officer.

### 4.3 Number of members of the Board of Directors that are independent and/or non-executive members

The Board has assessed the independence of each non-employee Director based upon the Company's [Director Independence standards](#) described in the Company's Corporate Governance Guidelines. These standards incorporate the criteria in the listing standards of the New York Stock Exchange, as currently in effect, as well as additional, more stringent criteria established by the Board. Based on these standards, the Board has determined that the following 11 members of the Board are independent: Directors Barton, Bell, Fettig, Franklin, Granholm, Hess, Polman, Reilley, Ringler, Shaw and Stern. These independent Directors constitute 84 percent of the full Board, a substantial majority of the Board, consistent with Board policy.

### 4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body

Stockholders and other interested parties may communicate directly with the full Board, the Presiding Director, the non-management Directors as a group, or with specified individual Directors by any of several methods. These include mail addressed to The Dow Chemical Company, 2030 Dow Center, Midland, MI 48674, and the "Contact Us" feature of Dow's corporate governance website at [www.DowGovernance.com](#). The Presiding Director and other non-management Directors may also be contacted by email addressed to [PresidingDirector@Dow.com](#).

The Dow Proxy Statement describes the requirements for submitting a proposal to be considered for inclusion in the Company's proxy material for a future annual meeting. Agenda item 5 of the 2011 Proxy Statement is an example of a stockholder proposal.

During 2010, Andrew Liveris, Chairman and Chief Executive Officer, continued to host an employee blog called Access Andrew. Employees also provide input and direction through a Global Employee Opinion & Action Survey (GEOAS). The GEOAS process was administered to the employees in May 2010 and results and follow up activities are reviewed and supported by executive management.

The Dow EthicsLine is a safe, reliable and convenient avenue to report ethical concerns. It is available globally, with multilingual capabilities, 24 hours a day, seven days a week. In addition, Dow employees can also access the EthicsLine via an on-line reporting option. No call tracing or recording devices are ever used and the users of the EthicsLine have the option to remain anonymous as permitted by the governing jurisdiction.

#### **4.5 Linkage between compensation for members of the highest governance body, senior managers, and executives, and the organization's performance**

The compensation programs at Dow are designed to support the realization of Dow's vision to be the most profitable and respected science-driven chemical company in the world. There are four primary objectives of Dow's executive compensation program.

- Support the achievement of Dow's vision and strategy which includes "Setting the Standard for Sustainability"
- Motivate and reward executives when they deliver desired business results and shareholder value
- Attract and retain the most talented executives to succeed in today's competitive marketplace
- Create an ownership alignment with shareholders

Please consult the compensation discussion and analysis section of the [2011 Proxy Statement](#) for more detailed information.

#### **4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided**

All Directors, officers and employees of Dow are expected to be familiar with the Company's Code of Business Conduct, and to apply it in the daily performance of their Dow responsibilities. The Code of Business Conduct is intended to focus employees, officers and Directors on our corporate values of integrity and respect for people, help them recognize and make informed decisions on ethical issues, help create a culture of the highest ethical and business standards, and provide mechanisms to report unethical conduct. The full text of Dow's Code of Business Conduct is available at [www.DowGovernance.com](http://www.DowGovernance.com).

To assess independence of Board members, the Governance Committee and the Board consider all relationships between the Directors and the Company, including commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships, among others. The Company screens for such relationships using an annual Directors and Officers Questionnaire that requires disclosure of any transactions with the Company in which the Director or executive officer, or any member of his or her immediate family, has a direct or indirect material interest.

Lastly, the process for on-boarding new directors includes a defined orientation process that includes training for guiding their fulfillment of duties as members of the Dow Board of Directors.

#### **4.7 Process for determining the qualifications and expertise of the members of the Board of Directors**

The Governance Committee has adopted guidelines to evaluate candidates for Board membership. The guidelines provide that candidates should possess individual skills, experience and demonstrated abilities that help meet the current needs of the Board, such as experience or expertise in some of the following areas: the chemical industry, global business, science and technology, finance and/or economics, competitive positioning, corporate governance, public affairs, and experience as chief executive officer, chief operating officer or chief financial officer of a major company.

Other factors that are considered include independence of thought, willingness to comply with Director stock ownership guidelines, and absence of conflicts of interest. Please see qualifications in [The Dow Chemical Company Corporate Governance Guidelines](#).

#### 4.8 Statements of mission or values, codes of conduct and principles

Dow's mission, vision, values and strategy describe why the Company exists, who we are, what we intend to do and how we intend to do it. All of these guide our practices and priorities. These elements make their way into the organization through a dialogue (Access Andrew blog) between the CEO and employees. This channel of discussion gives employees the opportunity to see the executive commitment to the way we do business, learn from other responders around the world, and achieve transparency related to important issues. Typically three or four different topics are kicked off each month. Examples in 2010 included: "A Global Village", "Cultural Perceptions", "Difference Matters" and "Getting it Right".

The EHS-Leader Review process initiated in 2009 was amended to include an examination of how the respective business is able to improve the Sustainable Chemistry Index of the Company. This created a stronger connection of the business to the 2015 Sustainable Chemistry Goal. The process also reviews the innovation pipeline of the business and looks for actionable opportunities related to the sustainability assessment embedded in the management of our R&D portfolio of opportunities.

In December 2010, Dow's Board of Directors adopted a new Code of Business Conduct, called The Diamond Standard. Mandatory training for all Dow employees is taking place in 2011. This new Code puts a framework around the Values that is multifaceted and clear, setting expectations and guiding behavior.

At Dow, we are committed to promoting socially responsible conduct that aligns with the 10 universally accepted principles of the United Nations Global Compact. These principles are woven throughout the Code and are also consistent with our expectations of suppliers and business partners. The Diamond Standard, [Dow's Code of Business Conduct](#), can be found on our website.

Vision:
To be the most profitable and respected science-driven chemical company in the world
Mission:
To passionately innovate what is essential to human progress by providing sustainable solutions to our customers
Corporate Strategy:
Preferentially invest in a portfolio of technology-integrated, market-driven performance businesses that create value for our shareholders and growth for our customers
Manage a portfolio of asset-integrated, building-block businesses to generate value for our downstream portfolio
Values:
Integrity
Respect for People
Protecting Our Planet

Relating to fostering best practices to protect the planet, in 2010 the Company developed a collaboration with The Nature Conservancy to focus on valuing ecosystem services which was announced publicly in January 2011. Over the course of the five-year collaboration, the project will develop and validate scientific models, maps, tools, methods and analysis to measure the benefits that nature provides for people and apply these methods to Dow's business decisions.

#### 4.9 Procedures of the highest governance body for overseeing economic, environmental and social performance, including risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct and principles

The Environment, Health and Safety Committee of the Board of Directors assists the Board in fulfilling its oversight responsibilities by assessing the effectiveness of environment, health and safety programs and initiatives that support the Environment, Health and Safety policy of the Company and by advising the Board on matters impacting corporate social responsibility and Dow's public reputation. The Committee:

1. Reviews the status of the Company's environment, health and safety policies and performance, including processes to ensure compliance with applicable laws and regulations.
2. Reviews and provides input to the Company on the management of current and emerging environment, health and safety issues.

3. Reports periodically to the Board of Directors on environment, health and safety matters affecting the Company.
4. Reviews the status of the Company's philanthropy initiatives.
5. Reviews the Company's public policy and advocacy priorities.
6. Reviews the Company's initiatives to build reputation.
7. Reviews the Company's progress on sustainable development.

In a similar fashion, the Audit Committee of the Board oversees the quality and integrity of the financial statements of the Company and its system of disclosure controls and procedures and system of internal control over financial reporting.

The specific responsibilities of each of the Committees of the Board are found on [dow.com](http://dow.com) at Corporate Governance – Board Committees.

The Executive Leadership Committee is continually informed about the financial performance of the Company and is tasked in part with defining and implementing a strategy to maximize long-term shareholder value.

#### **4.10 Process for evaluating the highest governance body's performance, particularly with respect to economic, environmental and social performance**

Each of the four Board Committees conducts an annual review of its charter and performance. In addition to this self-assessment, each committee makes regular reports to the Board of Directors. The Compensation and Leadership Development Committee and the other non-employee Directors conduct an annual review of the performance of the Chief Executive Officer.

*In December 2010, a new Code of Conduct was approved by Dow's Board of Directors. The Code has been translated into 24 languages.*

## **Commitments to External Initiatives**

### **4.11 Explanation of how the precautionary approach or principle is addressed by the organization**

Dow supports the Precautionary Principle as defined in Principle 15 of the Rio Declaration. 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.

Dow views 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.



#### 4.12 Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses

Dow signed the UN Global Compact in June 2007. The annual Communication on Progress is accomplished with this report. See the Social Disclosure on Management Approach and the letter from the CEO for more information.



United Nations Global Compact

##### CEO Water Mandate

Dow is a participant in the CEO Water Mandate, which seeks to make a positive impact with respect to the emerging global water crisis by mobilizing companies to advance water sustainability solutions in partnership with the United Nations, civil society organizations, governments and other stakeholders. This voluntary initiative creates a platform to share best and emerging practices and to forge multi-stakeholder partnerships to address the problems of access to water and sanitation.

Further information about Dow's stewardship of water and efforts to address water-related challenges can be found in [Water: A Growing Global Challenge](#).

##### Advocacy in the Area of Addressing Climate Change

The United States Climate Action Partnership (USCAP), an alliance including Dow and leading climate and environmental groups, works to call on the federal government to enact legislation requiring significant reductions of greenhouse gas emissions. The USCAP developed a set of principles and recommendations to guide the formulation of a regulated economy-wide, market-driven approach to climate protection.

Dow continues to participate in the Carbon Disclosure Project (CDP). This index highlights global companies that have displayed the most professional approach to corporate governance in respect to climate change disclosure practices.

Dow is a member of Caring for Climate, a voluntary action platform for those UN Global Compact participants who seek to demonstrate climate change leadership. It represents a commitment to develop corporate strategies and practices to reduce carbon emissions, to publicly disclose emissions, and to urge governments to make progress. It also provides a framework for business leaders across the globe to advance practical solutions and help shape public policy as well as public attitudes.

##### Dow Commitment to Responsible Care® Management System



Dow has a long history of developing products, managing operations and using operating discipline to carefully address the risks associated with our product portfolio. As part of our commitment to Responsible Care, Dow will make continuous progress toward the vision of no accidents, no injuries and no harm to the environment and will publicly report our global health, safety and environmental performance. We will lead in ethical ways that increasingly benefit society, the economy and the environment while adhering to the [12 specific commitments](#) that guide the discipline of our Responsible Care® Management System. A key part of the Responsible Care® management system process is mandatory certification by an independent, accredited auditor. The verification and certification of Dow as a Responsible Care® Company during the 2008-2010 certification cycle was completed in November 2010. The completion of this re-certification cycle represents an important milestone of including the heritage Union Carbide and heritage Rohm and Haas sites under the Dow Responsible Care® certification umbrella. Obtaining independent certification that a management system is in place and functions according to professional standards is mandatory for American Chemistry Council member companies, all of which have made CEO-level commitments to uphold the program elements.

Over past decades, Dow has been a leader in working with industry associations and chemical companies around the world resulting in wide participation in Responsible Care®. This management system helps every participating chemical company continuously improve its health, safety and environmental performance.



## Biotechnology Principles

Dow has adopted the following principles to guide its decision-making in applying biological knowledge and techniques to develop products and services for the benefit of our customers, shareholders and society. We will pursue biotechnology in alignment with Responsible Care® and Dow's Values, and the Code of Business Conduct. We recognize that the unique scientific, philosophical and ethical implications of biotechnology must be considered.

- We will actively listen to and dialogue with stakeholders to understand their concerns and help us progress responsibly.
- We will inform the public about relevant benefits, risks and potential implications of our biotechnology products and processes and encourage others to do the same.
- We will participate in outreach efforts and explore opportunities to make the benefits of biotechnology available to developing countries and will respect the rights of indigenous people to have access to local germ plasm.
- We will promote research on the potential benefits and safety of our biotechnology products and services for humans, animals and the ecosystem.
- We will support the development and implementation of internationally harmonized approaches to biotechnology safety analysis and promote the creation of a predictable and scientifically sound regulatory framework to reduce scientific uncertainty, manage potential risks and assure public confidence.
- We will apply our established corporate Environment, Health & Safety Risk Review Process, which includes a thorough consideration of the impact on humans, animals, the environment and society, throughout the life cycle of all our biotechnology products and services and will take appropriate corrective actions.
- We will support the patentability of inventions as determined by the applicable laws of the countries in which we do business and will respect the intellectual property rights of others and not knowingly infringe upon valid patents.
- We will support the conservation of biological diversity and the sustainable use of biological resources.
- We will promote these principles throughout the industry and value chain.

## 4.13 Memberships in associations and/or advocacy organizations

Examples of trade, business associations and alliances where Dow is an active member are shown below. Dow participates in numerous additional organizations, including many at the local and regional level.

- Alliance to Save Energy
- American Council for an Energy Efficient Economy
- American Council of Commerce (China, Japan)
- Alliance with US OSHA to share health and safety expertise
- Alliance with China SEPA to share pollution prevention practices with SMEs
- Alliance with China SAWS to share worker safety practices with SMEs
- American Chemistry Council (ACC)
- Association of International Chemical Manufacturers (China)
- Brazilian Chemical Industry Association (ABIQUM)
- China-US Center for Sustainable Development
- Chlorine Chemistry Division of the American Chemistry Council
- Ethos Institute (Brazil)
- European Chemical Industry Council (CEFIC)
- Institute of Argentine Business Development (IDEA)
- International Council on Chemical Associations (ICCA)
- Japan Chemical Industry Association
- Plastics Europe – formerly Association of Plastics Manufacturers of Europe (APME)
- Sustainable Packaging Coalition
- The Business Roundtable (BRT)
- United States Climate Action Partnership (USCAP)
- World Business Council for Sustainable Development (WBCSD)
  - China Business Council for Sustainable Development (CBCSD)
  - US Business Council for Sustainable Development (USBCSD)
  - Consejo Empresario para el Desarrollo Sostenible (Argentina)
- World Chlorine Council (WCC)
- World Environment Center (WEC)
- World Resources Institute Green Power Market Development Group

## Stakeholder Engagement

### 4.14 List of stakeholder groups engaged by the organization

Academia	Investment Professionals
Advocacy and Advisory Groups	NGOs and Think Tanks
Communities	Retirees
Customers	Shareholders
Employees	Trade Associations
IGOs	

Stakeholder engagement takes place in a variety of other ways throughout the year. Some specific examples of intentional and purposeful listening to stakeholders occur through the following:

- The Sustainability External Advisory Council (SEAC) has represented a wide variety of external stakeholders since its initial meeting in 1992. Thought leaders are selected to represent external points of view in ongoing semi-annual meetings. Members bring their knowledge, experience and understanding to discuss issues of concern to Dow.
- An Independent Energy Advisory Panel (IEAP) provides insight to the Company on strategic options, potential scenarios and other challenges and opportunities related to energy.
- An example of an internal stakeholder group of employees focused on Sustainability challenges and opportunities is the Business Sustainability Forum. A collection of marketing and business persons, this group identifies the trends and the responses needed by the Company to address growing customer sustainability requirements.

### 4.15 Basis for identification and selection of stakeholders with whom to engage

Stakeholder Analysis is a method for identifying, discussing and evaluating the various stakeholders that could impact or influence the Company's strategy. The focus of intentional effort is to identify those stakeholders who can drive, block or shape the discourse around sustainability. In addition, those who are affected may then influence how this discourse ultimately impacts Dow. This process helps the Company gain perspective leading to more successful issues management and government affairs efforts, while addressing key businesses challenges.

The selection of members for the SEAC focuses on the potential to challenge conventional thinking and press the case for adopting proactive and effective positions on important issues. Members of the IEAP are selected based on their expertise and insights into the challenges addressed by the respective panels.

### 4.16 Approaches to stakeholder engagement

Stakeholder engagement is an ongoing process between the Company and its key stakeholders that extends throughout the cycle of the strategy development, or through the life cycle of a particular project. The fundamental principles of Dow's sustainability stakeholder engagement strategy focuses on three areas: (1) information sharing and disclosure, (2) participating in active dialogue and (3) collaborating on issues of mutual interests. The overall purpose of engagement is to advance business objectives while building Dow's reputation.

The following are examples of engagement with key stakeholders in 2010:

- In 2010, Dow and The Nature Conservancy developed a five-year collaboration in which the two organizations will work together to apply scientific knowledge and experience to examine how Dow's operations rely on and affect nature. The aim of the collaboration is to advance the incorporation of the value of nature into business, and to take action to protect the earth's natural systems and the services they provide people, for the benefit of business and society. One of the major objectives of this collaboration is to share all tools, lessons learned and results publicly and through peer-review so that other companies, scientists and interested parties can test and apply them.

*Dow's Latin America leadership team brought together Dow businesses and regional governments, universities, and other stakeholders to collaborate on solutions to sustainable housing in Mexico, integrated waste management in Argentina, and sustainable livestock production in Brazil.*

- A unique collaboration sponsored by Dow's Latin America leadership team brought together Dow businesses and regional governments, universities, private companies and NGOs to collaborate on solutions to sustainable housing in Mexico, integrated waste management in Argentina and sustainable livestock production in Brazil. Each regional solutions network convened to define the context of their shared challenges and debate barriers and breakthroughs required to achieve sustainable means of operating. Themes were carefully researched and prioritized according to criteria that included the level of collaboration needed, benefits for broader public timelines for implementation and the potential economic impact for all the participants.
- **UN Commission on Sustainable Development (CSD-18).** Dow was the first single company to be selected for the UN CSD Learning Center, held during the CSD-18 in New York. The Dow workshop, "Sustainable Consumption and Production Applications to the Sound Management of Chemicals, Sustainable Chemistry, and Eco-efficient Use of Resources" brought together stakeholders from governments in both developed and developing economies, business intergovernmental organizations and civil society. The workshop facilitated thinking and learning together in order to foster sustainable production and consumption in the areas of chemicals management and identifying areas where possible partnerships may be developed. The module included a panel discussion with key speakers from SAICM, UNIDO and a consumer NGO.
- **ICC Green Economy Task Force for the Rio+20 Earth Summit on Sustainable Development.** In October 2010, a new task force chaired by Dow was set up under the auspices of the International Chamber of Commerce to develop the business and industry global policy input into the Rio+20 summit. The Green Economy has been identified as one of the two priority themes for the Rio+20 Earth Summit.
- **Dow and the Thinktank Friends of Europe brought together key stakeholders in a dinner debate on "Growing within Limits? Policy considerations beyond GDP."** This event, organized in Brussels, reconciled views from EU institutions, business, academia and non-governmental organizations on how to address the measures and indicators beyond GDP.
- Acting within the International Council of Chemical Associations (ICCA), Dow helped develop the **global product strategy (GPS) management system** to ensure chemicals are managed safely across their life cycle and across the value chain. Dow has held several dialogues with the International Trade Union Confederation (ITUC) and other NGOs.



## FÓRUM DE SUSTENTABILIDADE

Em pauta, o amanhã da pecuária brasileira.



- **CSR Europe's "Enterprise 2020" initiative.** Dow gave a [video interview](#) as part of its contribution to this initiative, which aims at building new alliances of cooperation for the transformation towards a smart, sustainable and inclusive society. Dow pointed out transparency, biodiversity and ecosystem services and the need to promote science and technical education worldwide as key societal and environmental trends impacting the companies' success.
- **At the 2010 European Business Summit, the key annual summit between business and policy makers, Dow shared different examples of its sustainable solutions that contribute to "greening" the economy.** This participation enabled Dow to meet and interact with high level policy elites, a broad audience of industry executives and academia. A key discussion theme was to better understand the drivers and solutions for a more sustainable economy in Europe and highlight the critical role of the manufacturing sector in achieving sustainable growth.
- During 2010, Dow partnered with the International Union of Pure and Applied Chemistry (IUPAC) as the first [global partner](#) for the International Year of Chemistry (IYC) in 2011. Designated by the United Nations, IYC is an initiative led by IUPAC and the United Nations Educational, Scientific and Cultural Organization (UNESCO). IYC events in 2011 will celebrate achievements in science and the potential of chemistry to address world challenges through education, innovation and international collaboration.
- **Dow Leads International Capacity Building Workshops on Safety in Emerging Markets.** Through its work with the International Council of Chemical Associations (ICCA), the worldwide voice of the chemical industry, Dow shared its best practices in environment, health and safety, chemicals management and product stewardship at workshops across the globe. From early this year through October, Dow experts made presentations at workshops in Korea, Dubai, Thailand, Russia and Turkey. These experts played a key role in teaching small and medium sized companies how to assess the safety of their products, conduct product stewardship with their customers and develop product safety assessment summaries. In 2011, Dow plans to participate in capacity building workshops in Asia, South America and Eastern Europe, and outreach in Africa.
- The Dow Live Earth Run for Water held in April raised funds and awareness of the global water crisis. The global effort helped Dow build a network of 30 NGOs to continue efforts to raise awareness and address global water challenges.

## Employees

The Global Employee Opinion and Action Survey (GEOAS) measures employee attitudes on the important topics of engagement, satisfaction and commitment, and monitors perceptions about key strategic themes important to the Company. Many GEOAS items are benchmarked against feedback from other large, well-respected companies that conduct similar employee surveys.

Seven employee networks – 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

EVERGREEN is a grassroots, employee-driven website that emphasizes the small actions employees and their families can take every day to make a big difference together – both in helping the environment and saving money. Every little bit helps, so everyone can participate and do their part to contribute to cost savings and sustainable living.

## Communities

See the [Society Disclosure on Management Approach and SO1](#) for a description of Community Advisory Panels and the 2015 Sustainability Goal Contributing to Community Success.

*The Sustainability External Advisory Council met in China in 2010. From left to right are: Jianyu Zhang; Vanja Markovic; David Cook; Elizabeth (Liz) Dowdeswell; Seetha Coleman-Kammula; Don Edwards; Kellie McElhaney; Claudia Costin; Neil Hawkins; Jorgen Randers; Tony Long; Dave Kepler*



#### 4.17 Key topics and concerns raised through stakeholder engagement and how the organization has responded to those key topics and concerns

The [SEAC](#) (Sustainability External Advisory Council) provides for open dialogue between Dow's business leaders and independent external thought leaders. The SEAC provides additional perspectives and challenges Company positions. Examples of issues addressed include:

- Importance of freshwater as a limited resource
- Importance of preserving biodiversity
- Dialogue about progress and impact of 2015 Sustainability Goals
- Review of integration of sustainability into strategies of individual business units and functions
- Review of EH&S auditing
- Reviews of enterprise risk issues
- Reviews of significant operational events

An issue of concern to stakeholders is reform of the Toxics Substances Control Act (TSCA), the law that governs production, import and use of chemicals in the United States. Insight about the significance of the issues and the gap that exists between many in the industry and other stakeholder positions makes this a topic in which constructive conversation is needed. Dow made it a priority to initiate dialogue with key NGO stakeholders. The intent has been to improve credibility with such individuals/groups and to begin to listen and share positions on the key issues. Sufficient progress was made in development of relationships such that representatives of the NGO community agreed to participate in a chemicals

management workshop at Dow's headquarters in order to better understand Dow's Chemicals Management program.

Three of many issues raised in interaction around the world with our Community Affairs Panels (CAPs) were: (1) efforts to increase jobs, (2) desire to understand local water rights and (3) questions about Dow employee health survey results. With regard to job creation, responses included updates about progress to encourage the presence of additional businesses in newly formed industrial park concepts (Pittsburg, California Rhine Center, Germany, and Terneuzen, The Netherlands), and progress in the integrated energy concept and its regional implications (Stade, Germany). Another example of investing in local economic development is the ECOSMAR project to foster a better quality of life at Matarandiba Village, in the State of Bahia, Brazil. Local water rights were a 2010 current event in Freeport, Texas where an extended drought raised community awareness of the importance of water stewardship and collaborative solutions. Also a topic of interest in Texas was health survey results – the Company received positive feedback for its openness in review of the topic with the CAP.

Dow also recognizes that its engagement needs to include an ongoing public debate around historical issues and challenges such as Agent Orange, asbestos, Bhopal and dioxin. To learn more about Dow's position on these [historical issues](#), visit the Company website.





# The Economic Impact of Sustainability



# Economic Summary

As the Company pursues its corporate strategy, we will continue to use our problem-solving expertise to help address the world's most difficult challenges. We are committed to fostering innovations that will help the human population meet current and future needs. To help accomplish this task, we are constantly seeking important opportunities with partners for change because we believe that challenging problems are better addressed when multiple competencies and multiple points of view are used to form a complementary combination of skills that can deliver breakthrough solutions.

## [Make It in America: The Case for Re-Inventing the Economy](#)

Told through the voice of Dow Chairman and Chief Executive Officer Andrew N. Liveris, the book combines the best thinking on how to drive economic growth from Dow employees working in areas such as government affairs and public policy to legal, finance and R&D, with Liveris' own perspectives and experience of running one of the world's largest global companies. The result is a set of practical policy solutions and business strategies on how to reinvent and grow America's manufacturing sector for the twenty-first century.

All proceeds from the sale of the book will go to The Dow Chemical Company Foundation, which serves Dow's philanthropic needs by providing charitable gifts to eligible nonprofit organizations that contribute to community success, support sustainability, foster science in society and stimulate innovation.

"American manufacturing is clearly at a crossroads," Liveris said. "While manufacturing was once the lifeblood of U.S. economic growth, our country's reduced manufacturing strength has played a role in a high unemployment rate, unsustainable federal and state spending and a massive – and growing – federal deficit. We as a country need to redefine what it means to say 'built in the USA,' and in so doing, reinvigorate the economic growth engine the manufacturing sector can be."

Our collaboration with Energias Renováveis do Brasil to create a biomass co-generation plant for the Aratu facility in Brazil is a recent example.

During 2010 Dow continued its collaboration with Alstom to address the complex challenges inherent in the carbon capture and sequestration process posed by carbon emissions from coal fired power plants. The objective of this innovative project is to demonstrate the operability and efficiency of post-combustion CO<sub>2</sub> capture utilizing the Advanced Amine Process jointly developed by Alstom and Dow.

*By the end of 2012, operations in Aratu, Brazil will be more than 75 percent sourced for power and steam through eucalyptus based cogeneration and hydropower. Eucalyptus is an ideal renewable energy source because they grow quickly.*





## Key Accomplishments for 2010

- Signed a definitive agreement to divest Styron to Bain Capital Partners for \$1.6 billion
- Delivered more than \$1 billion in revenue from growth synergies on a run-rate basis from our transformational acquisition of Rohm and Haas, and surpassed \$2 billion in cost synergies
- Completed a two-year, multimillion-dollar project to transform STYROFOAM™ Brand Insulation to a more sustainable manufacturing technology in North America, cutting in half the greenhouse gas emissions from production at all converted facilities in the region
- Dow Advanced Materials Division hosted Sector Day for media and investors, projecting that sales will grow to \$12 billion by 2012
- Put our disciplined portfolio management approach into action – divesting \$5 billion in non-strategic assets in less than two years

## Indirect Economic Impacts

We strive to be a good neighbor as well as a global corporate citizen. Through our actions, we know that we are building better, stronger, more sustainable communities in the places where we do business. Our site and local charitable contributions are illustrated on page 27 of the [Dow Annual Report](#).

For major organizational risks and opportunities, see section 1.2 in Profile and section EC2. Please consult Dow [financial reports](#) and quarterly [earnings](#) information for externally reported financial information.

Use the [index](#) to find indicators of most interest to you in this section.

## Economic Performance Indicators

### EC1 Direct economic value generated and distributed including revenues, operating costs, employee compensation, donations and other community investments, retained earnings and payments to capital providers

2010 Economic value retained, dollars in millions

Revenues	53,674	Economic value generated
Operating costs	40,396	
Wages/Benefits	7,364	
Payments to providers of capital	2,450	
Payments to governments	784	
Community investments	36	
Economic value retained	2,644	Economic value retained

Payments to providers of capital include \$1,014 million in dividend payments.

## EC2 Financial implications and other risks and opportunities due to climate change

Dow is committed to reducing its greenhouse gas (GHG) intensity (pounds of GHG per pound of product), developing climate-friendly products and processes and, over the longer term, implementing technology solutions to achieve even greater climate change improvements.

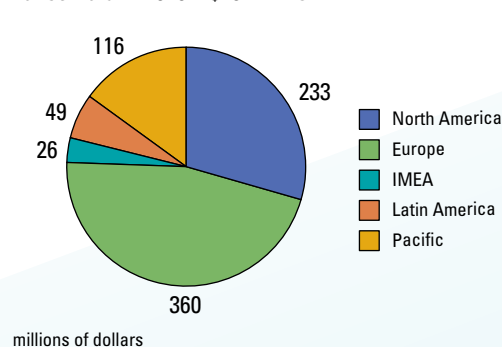
Since 1990, Dow has reduced its absolute GHG emissions by more than 20 percent, a more rapid reduction than required by Kyoto Protocol targets. From 1994 to 2010, Dow has saved 1,800 trillion Btu, which is the energy equivalent to powering all residential buildings throughout California for more than one and a half years. The Company's energy efficiency efforts have prevented more than 95 million metric tons of carbon dioxide from entering the atmosphere and have contributed cost savings of \$9.4 billion.

Dow, through its science and technology capabilities, is committed to bringing solutions to the challenge of climate change by producing products that help others reduce GHG emissions, such as lightweight plastics for automobiles and insulation for energy efficient homes and appliances. For example, Dow's building insulation materials and air-sealing products can save up to 20 percent on heating and cooling costs and significantly reduce GHG emissions. The Company's STYROFOAM™ insulation is installed in more than 20 million buildings worldwide, saving over \$10 billion in energy costs annually. Dow's DOWTHERM™ A Heat Transfer Fluids are used in 14 large concentrating solar power plants, with a total capacity of over 1000 megawatts. These plants will provide power for the equivalent of approximately 415,000 homes and save 1.6 million metric tons of carbon dioxide emissions per year.

Gains made toward Dow's Energy Efficiency goal will directly impact progress in reducing GHG intensity. Dow is studying the life cycle impact of its products on climate change and additional global projects that could offset the Company's overall GHG emissions through carbon dioxide reduction.

The Company has some units subject to the European Union's Emissions Trading Scheme (EU ETS); the Company has not experienced any considerable impact in regard to regulated GHG emissions from the EU ETS. Dow will continue to evaluate and monitor future

Taxes Paid in 2010 – \$784 million



developments that may affect operations in the region. Additional units will be subject to EU ETS in phase 3.

Dow's Energy & Climate Change Policy and Issue Management Team is tasked with developing and implementing a comprehensive strategy that addresses the challenges of climate change and energy security and is advocating an international framework that establishes clear pathways to help slow, stop and reverse the rate of GHG emissions globally.

Dow will invest a significant portion of its research and development to support and develop alternative energy solutions for the world, especially solar photovoltaics. See EN6 for more information.

In 2010 Dow spent approximately \$2.5 billion to purchase energy (fuel, electricity and steam), so a hypothetical 10% increase in energy cost would have an impact of \$250 million. Due to considerable uncertainty in this area, actual impacts to energy prices around the world could be greater than or less than this hypothetical example of 10%. See Dow's Form 10-K for the fiscal year ending December 31, 2010 – page 70 for additional information and the Dow Carbon Disclosure Project report for 2010

### EC3 Coverage of the organization's defined benefit plan obligations

Dow's total rewards strategy is to provide employees with compensation and benefits that are competitive with other top global companies within the relevant labor market. Dow offers defined benefit pension plans in several countries where defined benefit plans are common. The largest of these plans are in the United States, Canada, The Netherlands, Switzerland and Germany. The plans are funded by the Company.

It is Dow's policy to contribute to defined benefit plans where pension laws and economics either require or encourage funding. As such, most of our pension plans are funded through separate trusts or legal entities, with the notable exception of Germany where defined benefit plans are commonly book reserved. Dow also has unfunded plans for compensation above qualified or registered plan limits in the United States and Canada. All funded plans are in compliance with all local funding laws. The aggregate projected benefit obligation (PBO) under U.S. GAAP as of December 31, 2010, for all of Dow's major defined benefit plans was \$21.2 billion with an aggregate market value of assets of \$15.9 billion. Contributions to Dow's defined benefit plans are determined by funding regulations, negotiation with Trustees (where applicable) and economics. The corporate Benefit Governance and Finance Committee or CFO, as applicable, must approve any funding in excess of legal minimums.

Dow also offers defined contribution plans in many countries. Typically Dow encourages employee contributions to plans by offering matching contributions. The plan formulas in each country are designed to be competitive within that country. Since pension plans and other retirement benefits build upon social security, and social security benefits vary widely by country, Dow's plan varies considerably country to country.

### EC4 Significant financial assistance received from government

Funding Program	Title	Total Funding Amount, MM \$	Tax Credits MM \$
Dutch-DSTI	Heterogeneous catalysis in structured reactors	2.7	
European Commission	DYNamics of Architecturally COMplex Polymers (DYNACOP)	5.1	
European Commission	Multi-scale modelling of interfacial phenomena in acrylic adhesives undergoing deformation	6.2	
European Commission	New NANO-technology based high performance insulation FOAM system (NANOFOAM)	4.5	
European Commission	Polyurethane Foaming Technology for the Cold Appliance Industry Assuring a Cost Efficient Ecodesign	4.2	
US-DOE	Advanced Energy Efficiency Building Technologies	5.9	
US-DOE	Algenol Biorefinery	58.9	
US-DOE	Dow Kokam Electric Vehicle Battery & Component Manufacturing Initiative	161.0	
US-DOE	Habitat Cost Effective Energy Retrofit Program Team	1.0	
US-DOE	US China Clean Energy Research Center (CERC)	25.0	
US-MSF	Development of technology for improved equipment and materials for the automated manufacture of wind-turbine blades	6.0	
US-MSF	Engineered Carbon Fiber/Development and Commercialization of Low-Cost Industrial-Grade Carbon Fibers	7.8	
US-Fed	Dow Solar: 48C Federal Tax Credits		17.8
US-Fed	Dow Specialty Films: 48C Federal Tax Credits		2.2

There is not a government presence in the shareholding structure related to the assistance received.

In 2009 Dow and Townsend Kokam LLC announced a joint venture, Dow Kokam. The venture has been awarded a \$161 million federal grant from the U.S. Department of Energy to develop a new generation of high-power battery technology to supply the automotive industry.

### EC5 Range of ratios of standard entry level wage at significant locations of operation

Dow offers competitive employee base pay, which is determined through a salary survey process. This process benchmarks compensation at competitive companies and helps Dow maintain employee pay that is tailored to geographically competitive standards.

In addition to employee base pay, where applicable, employees participate in Dow's annual variable pay program, which is dependent on individual and Company results. We also offer other programs that keep us competitive in the market and make us an Employer of Choice.

### EC6 Policy, practices and proportion of spending on locally-based suppliers at significant locations of operation

Dow will conduct business with suppliers who are globally competitive and who will provide the lowest long-term costs. Dow is dedicated to working closely with local suppliers to educate them about our strategic purchasing requirements. The Company now provides a Code of Business Conduct for Suppliers to help make business conduct requirements clear. The use of local suppliers or local content is considered in all purchasing decisions.

Local purchasing of all raw materials and other items occurred at the levels shown for the Company's significant locations of operation. For U.S. locations, local is defined as from suppliers within the state, and for other locations, local is defined as from within the country.

Major Site	State	Country	Percent of Purchases That Are Local
Aratu		Brazil	98%
Zhangjiagang		China	61%
Freeport	Texas	United States	43%
Stade		Germany	34%
Rhine Center		Germany	31%
St. Charles	Louisiana	United States	24%
Terneuzen		Netherlands	23%
Midland	Michigan	United States	22%
Pittsburg	California	United States	17%
Plaquemine	Louisiana	United States	17%

### EC7 Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation

In 2010, we hired 4,119 people around the world. Ninety-one percent were local (from the country in which they were hired). Areas with a significant growth emphasis accomplish a very high percentage of hires from within the respective country: China (97 percent hired have a Chinese citizenship), Korea (97 percent) and India (90 percent). The majority (approximately 60 percent) of senior management hiring in 2010 was in-country. This percentage is lower than in 2009, not due to a change in strategy, but due to changing labor markets and a greater number of hires.

The organization does grant preference to local residents when hiring in significant locations of operation in order for our workforce to reflect the places where we do business.

### EC8 Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or pro bono engagement

Dow is committed to improving the quality of life in the communities in which it operates throughout the world. Through financial contributions and the volunteer efforts of our employees, Dow supports programs that address education, the environment and economic success – all important aspects of community sustainability. In 2010, Dow and The Dow Chemical Foundation contributed \$35.7 million to hundreds of programs globally. Page 27 of the [Dow Annual Report](#) provides more information.

In-kind contributions were valued at an additional \$3.88 million product and \$0.48 million equipment.

See the Society Summary section for a description of the [Dow Sustainability Corps](#) which is being built as a way to use the talents of Dow people to help address problems around the world.

### Habitat for Humanity

The ongoing support Dow has provided to Habitat for Humanity demonstrates the Company commitment to the Human Element. Dow was the first corporate sponsor of Habitat for Humanity – almost 28 years ago. Over that period we have donated \$36 million in cash and gift-in-kind products and participated in project activities in more than 20 countries. Please check out our recent project activities at this [Dow Habitat website](#).



## Chemical Transportation Safety and Security

Dow continues to advance rail safety and security. More than 23 years ago, Dow and Union Pacific co-founded TRANSCAER (Transportation Community Awareness and Emergency Response), the voluntary national outreach group for local emergency responders and community leaders to experience hands-on demonstrations and educational workshops. More information about the UP/Dow TRANSCAER Training Tour can be found at [TRANSCAER Training Tours](#). A progress report of how the two companies are on track to increase rail safety and security is available on [dow.com](#).

## EC9 Understanding and describing significant indirect economic impacts, including the extent of impacts

Dow Promise is a program that helps make a difference for thousands of minority children in Dow locations around the world where economic and educational challenges may be barriers to success. The program helps area non-profit groups implement projects specifically targeted at community challenges through the help of The Dow Foundation and volunteer efforts of employees.



A few years ago John James attended a meeting in Saginaw acknowledging that Dow was donating \$20,000 to keep the 1st Ward Community Center available as a safe haven for elementary and middle school students. John wasn't impressed by the Corporate support... what he saw was 200 kids that needed help. He began to work alongside Dow's Community Affairs activities and utilized the Dow employee African American Network (AAN) to define and partner with other entities to help fulfill the Dow Promise that kids in need deserve a helping hand. Over the last year the effort produced collaborations with more than 50 organizations, and Dow people have committed to participating with those agencies.

The 2015 Sustainability Goal, [Contributing to Community Success](#), is specifically designed to improve the quality of life in the communities where we have a significant portion of our people. This effort directly and indirectly has economic impact on the communities where we operate. Information about the Contributing to Community Success Goal is reported in the [Society Summary](#) section of this report.

Dow does not attempt to compile a measure of the indirect economic impacts that result from its 180 locations throughout the world.



“It’s our obligation to help where we can. What better place to do that than in the communities where we have operations and where we live? We owe it to those that have paved the way for us.”

— John James, Global Purchasing,  
Packaging Leader

# Taking Responsibility for Our Impact on the Environment





# Environmental Summary

Dow holds Protecting Our Planet as a core value. During 2010 we defined a commitment to put that value into action during the coming years. Dow has entered into a collaborative arrangement with [The Nature Conservancy](#) (\$10 million commitment through 2015) to develop scientific and economic methods that will value ecosystem services. This will first be of assistance in raising understanding of the economic cost and value of ecosystem services involved in Dow sites and related to Dow construction projects. Later in the project the benefits of the developed methods to value nature will be [made broadly available](#) to take action to protect the earth's natural systems and the services they provide people, for the benefit of business and society. One of the major objectives of this collaboration is to share tools and results publicly and through peer review so that other companies, scientists and interested parties can test and apply them.

Each employee has a responsibility to ensure that our products and operations meet applicable government and/or Dow standards – whichever is more stringent. Our goal is to eliminate all injuries, prevent adverse environmental and health impacts, reduce waste and emissions, and promote resource conservation at every stage of the life cycle of our products. Employees are involved in job-specific training and awareness programs that range from manufacturing specific safety processes and emergency response procedures to Waste Reduction Always Pays (WRAP) and the Drive to Zero safety performance program.

## Setting and Reaching Goals – Mid-Point Report



### Local Protection of Human Health and the Environment

From 1994 to 2005, we pursued carefully defined 10-year goals to improve our EH&S performance. In 2006, we set broader 10-year goals to challenge ourselves to become more external and intentional about doing good for the planet. There are seven Goal areas referred to as the 2015 Goals.

In 2010 we have reached the halfway point. More information is provided in our [quarterly Goal Progress report](#), and each goal is described on our [website](#).

### Mid-Point Progress on 10-Year Environmental Goals

TARGETS	2010 PERFORMANCE	2010 RESULT	2015 TARGET
<b>By-Product Synergy</b> At least 300MM lbs upgraded by 2015		285	More than 300MM
<b>VOC Emissions</b> 30 percent reduction from 2005 level		-28%	-30%
<b>NOx Emissions</b> 30 percent reduction from 2005 level		-26%	-30%
<b>Priority Compound Emissions</b> 30 percent reduction from 2005 level		-32%	-30%
<b>Hazmat Transportation LOPC Count</b> Less than 14 incidents in 2015		30	14
<b>Highly Hazardous Material Tonne-Miles</b> Reduce tonne-miles by 50 percent from 2005 level		-39%	-50%

### Other Local Protection commitments found within this report

Injury and Illness [LA7](#)

Loss of Primary Containment [EN23](#)

2015  
GOAL

### Energy Efficiency and Conservation and Addressing Climate Change Goal

By 2025, we aspire to reduce absolute greenhouse gas emissions within the Company. We have begun to do just that (EN16). Total absolute emissions have been reduced through the period from 2006 to 2010. In 2010, Dow's absolute GHG emissions, direct and indirect combined, were 38.2 million metric tons. This is 5 percent less than the GHG emissions in 2009. The other direct emissions are primarily related to foaming agents used in the manufacture of insulating materials.

In 2009 we reported intensity metrics using a measure of our production that attempted to reflect total outbound shipments. This approach has turned out to be less reliable than our earlier measure of production, and less reliable as we account for the effects of joint ventures and divestitures. As a result, we are returning to the basis for intensity used prior to 2009 and plan to continue to do so for the remainder of the goal period.

Dow's greenhouse gas (GHG) emissions intensity during 2010 was 0.66 metric tons per metric ton of production. This is about a 5 percent increase in intensity from 2005. By improving energy

efficiency and implementing technology improvements, Dow's goal is to reduce GHG intensity 2.5 percent per year from 2005 to 2015. Kyoto GHG intensity is the sum of CO<sub>2</sub>-equivalent direct and indirect emissions of the Kyoto family of greenhouse gases divided by production.

During the first 10-year goal period, the Energy Intensity (Btu/lb) of global operations was improved by 22 percent. By 2015, Dow has a 10-year improvement goal to achieve an additional 25 percent reduction. The average Energy Intensity of year 2005, adjusted for mergers and acquisitions, is the basis for calculating performance against this target. Dow's goal for Energy Intensity for the full year of 2010 is 3,604 Btu/lb, or 87.5 percent of the value in 2005. Dow's actual performance in 2010 was 3,995 which is 97 percent of the 2005 baseline.

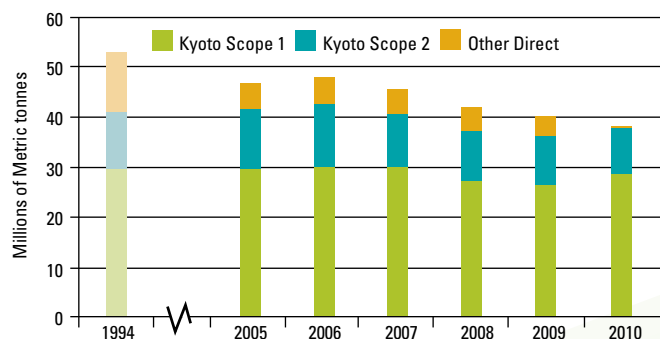
The most senior position with responsibility for environmental aspects is the Chief Sustainability Officer, which is held by David E. Kepler II.

#### Additional contextual information is available:

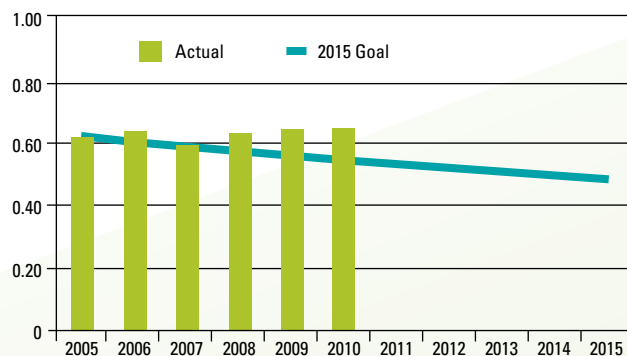
- Environmental matters are reviewed as required by the U. S. Securities and Exchange Commission in the Form 10-K report.
- The [environmental policy](#) for the Company can be found on [dow.com](#).

Use the [index](#) to see indicators that you may find of most interest in this section.

Absolute Greenhouse Gas Emissions as CO<sub>2</sub> Equivalent



Intensity Kyoto GHG as CO<sub>2</sub> Equivalent



## Environmental Performance Indicators

The Company uses a multi-layered review process for data entered into the emissions tracking system by facility, site and business. The final process concludes with an annual communication from the Environmental Technology Center to management on the data quality and monitoring process. A management of change process is used to document data corrections.

### EN1 Materials used by weight

The Company operates in an integrated manufacturing environment. Basic raw materials are processed through many stages to produce a number of products, many of which are intermediate products used by our customer to produce goods you will find all around you.

The two major raw material streams that feed the integrated production of the Company's finished goods are chlorine-based and hydrocarbon-based raw materials.

Salt, limestone and natural brine are the base raw materials used in the production of chlor-alkali products and derivatives. The Company owns salt deposits in Louisiana and Texas; Alberta, Canada; Brazil; and Germany. The Company also owns limestone deposits in Texas.

The Company purchases hydrocarbon raw materials including liquefied petroleum gases, crude oil, naphtha, natural gas and condensate. These raw materials are used in the production of both saleable products and energy. The Company also purchases electric power, benzene, ethylene, propylene and styrene to supplement internal production. Expenditures for hydrocarbon feedstocks and energy accounted for 41 percent of the Company's production costs and operating expenses in 2010. Other significant raw materials include acrylonitrile, flame retardants, aniline, bisphenol, methanol, rubber, carbon black, ammonia, formaldehyde, acetic acid and toluene diamine.

Materials purchased, including hydrocarbons that were consumed as fuel, were of the magnitude of 75 million metric tons. An additional 15 million metric tons of brine was mined as raw material for chlorine-related production. The mass of materials shipped in final products (direct materials) was of the magnitude of 45 million metric tons.

### EN2 Percentage of materials used that are recycled input materials

The Company supplies materials that in most cases are intermediate products used in manufacturing processes by our customers. The opportunities to take back recycled input materials are limited and do not total a meaningful percent of materials used. The Company has focused on recycle opportunities in the following ways:

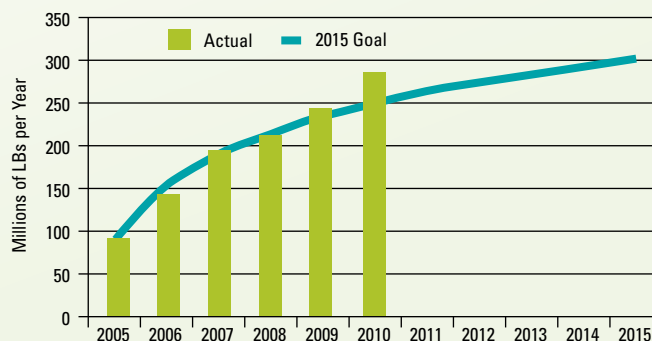
As part of the Company's efforts to continue to steward raw materials and limit waste we set a goal to implement 300 million pounds of by-product synergy between 2005 and 2015. As of the end of 2010, we have identified and redeployed 285 million pounds of useable material, bringing us to over 95 percent of the 2015 commitment. The by-product synergy effort matches undervalued by-product streams from one facility with potential users at another facility to create new revenues or savings with potential social and environmental benefits instead of disposing as waste. See more on how companies are collaborating to help find these synergies through the [World Business Council for Sustainable Development](#).

The Chlor-Alkali business is the major feedstock producer for key Dow processes that use chlorine. In some cases, instead of consuming the chlorine, a manufacturing process will "rent" the chlorine molecule. Afterward, the chlorine molecule is returned as hydrochloric acid (HCl) to the Chlor-Vinyl business, which uses it to make key raw materials for products such as polyvinyl chloride (PVC). PVC offers important properties for blood bags, vinyl siding, municipal water piping and a host of other essential products. The Chlorinated Organics business recovers chlorinated by-product streams and turns them into raw materials for refrigerants, pharmaceuticals and other products for sale on the merchant market. This systems integration helps Dow keep costs low and recycle raw materials. The combined value of Dow's Basic Chemicals recycling engines conserves more than \$200 million per year in raw material costs. In addition, these recycling processes avoid disposal of hundreds of railcars of waste annually.

One example of the use of recycled material coming from external companies is in the production of perchloroethylene by Dow Chlorinated Organics. Carbon tetrachloride by-product streams are used to harvest the chlorine molecules needed to make our product. The relationship benefits both parties – the generators of carbon tetrachloride avoid high disposal costs and Dow captures chlorine molecules as a useful raw material.

The COMPLEASE™ solutions from SAFECHEM™ (reported in EN26) is another example of providing ways to facilitate the sustainable use of chlorinated solvents in precision metal degreasing applications.

### By-Product Synergy





## Aspect: Energy

### EN3 Direct energy consumption by primary source

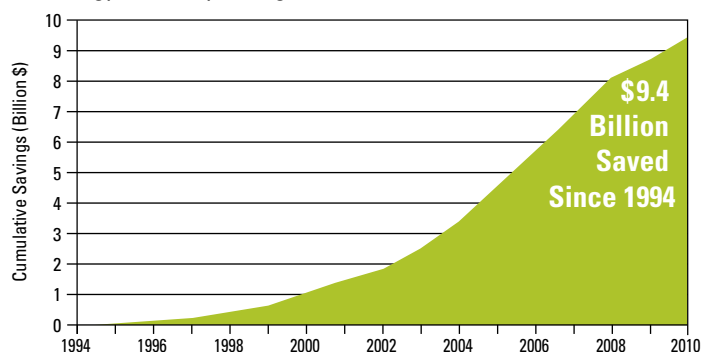
The direct energy consumed by the Company to produce product in 2010 was 403 trillion Btu, or 426 million gigajoules. Approximately 62 percent of this direct energy was generated from purchased fuel gas and 37 percent was fuel from feedstock.

### EN4 Indirect energy use by primary source

Indirect energy is a challenge to aggregate by source in a company with diverse operations that operate globally and engage in the purchase and the sale of energy. In 2010, the Company estimates that indirect energy to produce product came from power and steam totaling 155 trillion Btus, or 163 million gigajoules. In addition to this energy for operations, we have quantified that Dow is consuming approximately 1.6 million gigajoules in lab and office space around the world.

Approximately 7 percent of purchased electricity is hydroelectric, driven by operations in Aratu, Brazil.

#### Energy Efficiency Savings



### EN5 Energy saved due to conservation and efficiency improvements

Dow has saved the equivalent of more than \$9.4 billion and 1,800 trillion Btu by decreasing its energy requirements per unit of production when measuring the annual impact of savings each year using the average cost of energy in that year and the improvement in Energy Intensity compared to a 1994 base.

Energy Intensity improved 22 percent during the first 10-year Energy Intensity Goal (1994-2005), exceeding the 20 percent improvement target for the period. In 2006, Dow defined a new 10-year Energy Intensity Goal to drive an additional 25 percent improvement in Energy Intensity by 2015 using 2005 as the basis for comparison. Energy Intensity improvements from 2005 through 2010 have resulted in avoided energy consumption of 38 trillion Btu.

### EN6 Initiatives to provide energy-efficient or renewable energy-based products and services

Dow has pioneered the use of insulation products to make buildings more efficient for over 60 years with its invention of STYROFOAM™ Brand Extruded Polystyrene Insulation. Dow continues to demonstrate its innovation and ongoing commitment to sustainable chemistry and to providing brand leading and innovative solutions to the marketplace. Dow recently announced the successful completion of a two-year, multimillion-dollar project to transform its line of energy-saving insulation and air sealing products to a more sustainable manufacturing technology in North America, cutting in half the greenhouse gas emissions resulting from production of STYROFOAM™ Brand Insulation at all of its converted production facilities in that region. In addition, many building insulation products from Dow Building Solutions recently achieved recertification by the Cradle to Cradle® Certification program, a well-known, multi-attribute eco-label that assesses a product's safety and environmental impact. While STYROFOAM™ Brand Insulation continues to be one of the most well-known brands of extruded polystyrene insulation in the industry, Dow offers a [comprehensive line of solutions to meet building and construction needs](#).

Dow is focused on developing the next generation of building-integrated photovoltaic (BIPV) energy solutions that enable solar energy cells to be incorporated directly into the design of building materials. The first in the line of these innovations by Dow is the POWERHOUSE™ Solar Shingle which incorporates PV functionality into an asphalt residential roofing shingle. The DOW POWERHOUSE™ Solar Shingle is a roofing product that is also a solar collector, creating the first practical and aesthetically pleasing solar solution for homes with asphalt shingles – which represent 85 percent of the homes in the United States. Expected to be available in select US markets by late 2011, the POWERHOUSE™ Solar Shingles mount flush to the roof like a regular shingle, creating a true integrated look that won't disrupt the home's roofline. This creates an integrated and good-looking solar application, and addresses the unmet needs of today's residential solar market so homes can be powered using the clean, abundant power of the sun with a simplified solution that looks like it actually belongs on the home. More information can be obtained at [www.dowsolar.com](http://www.dowsolar.com).

Dow is also involved in a less widely known but viable way to harness the energy of the sun: Concentrating Solar Power systems, or CSP. DOWTHERM™ Performance Fluids enable thermal solar power plants to collect heat and convert it to electrical energy. One large installation in southern Spain involves three plants that deliver 150 megawatts, enough to power about 90,000 homes every year.

The use of AERIFY™ Diesel Particulate Filters from Dow Automotive, a business unit of Dow, can enhance fuel efficiency and performance due to a 30 to 50 percent reduction in back-pressure relative to other filters. AERIFY DPFs efficiently capture soot particles from the engine exhaust stream, at the same time providing minimal restriction and pressure increase on the hot exhaust air passing through the system. This directly translates into increased engine power and significantly reduced non-renewable fuel consumption. Visit [Innovations for Clean Powertrain Solutions](#) to learn more.

Windmill blades that use STYROFOAM™ Brand Extruded Polystyrene and AIRSTONE™ Systems for Wind Energy are key components in many wind turbines operating today. AIRSTONE™ Systems include multiple product grades allowing customers to tailor their final products based on specific application needs. Dow epoxy products supplied to the wind industry have grown rapidly since they were introduced in 2006. By 2015, the wind energy enabled by Dow product is expected to grow five-fold. The wind energy enabled by Dow product would then help eliminate greenhouse gas emissions that would be three times greater than those resulting from Dow global operations.

Beginning in 2010, the Company began purchasing renewable energy credits (RECs) to offset the conventional energy expended at Dow's Hebron, Ohio, plant in the production of PROCITE™ Window Envelope Films. The RECs are certified through a third party. Purchasing RECs is an immediate and cost-effective way to help reduce the environmental impact of conventional electricity generation. For every REC purchased, one megawatt-hour of renewable electricity is generated and delivered to the power grid.

### Alternative Feedstocks

More than 96 percent of all manufactured products are based in chemistry – and the building block for this begins with feedstocks. The challenge is that feedstocks are some of the world's most highly sought-after commodities – oil and natural gas. Because global energy demand is projected to grow by more than 50 percent by 2030, Dow is searching for alternative feedstocks for manufacturing in an energy-challenged world. Visit [Alternative Energy & Feedstocks](#) to learn more about some of the projects in various stages of development around the world.

In 2010 the Company announced that its largest manufacturing facility in Brazil, the Aratu Complex, will add biomass to its [portfolio of clean energy sources](#). The renewable fuel source is fast-growing eucalyptus trees. Upon project completion in 2012, Aratu will reduce carbon dioxide emissions by about 180,000 tonnes per year and be more than 75 percent sourced for power and steam through hydropower and eucalyptus cogeneration.

### EN7 Initiatives to reduce indirect energy consumption and reductions achieved

About a third of the energy required to produce product is indirect and is scrutinized by our ongoing drive for energy efficiency in manufacturing operations that helped drive the energy efficiency savings described in EN5. The cost reduction efforts in employee office behavior, purchasing of materials, outbound shipping, commuting, and subcontracted production are not significant when compared to the hydrocarbon raw materials and energy requirements of Dow. Various efforts continue to underscore that individual contributions of every employee help save energy and reduce cost. The reductions achieved have not been quantified.

*DOW POWERHOUSE™ Solar Shingles will be able to make homes a source of clean power without disrupting the aesthetics or lifestyle.*



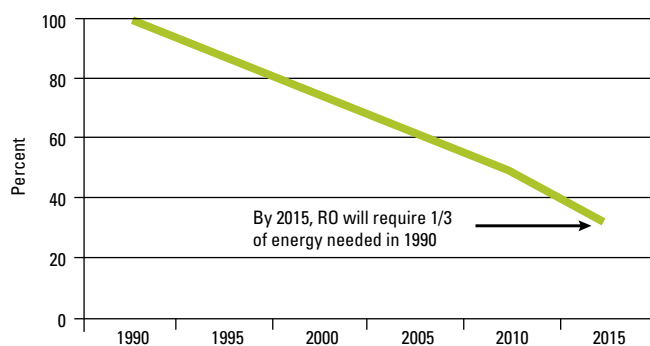
## Aspect: Water

The Dow Water & Process Solutions business is a leading global supplier of advanced technologies for purification and separation processes that make water safer, cleaner and more available. Offerings are used throughout the world to improve the quality of drinking water and the water that is critical to essential industrial processes like chemical processing, power generation and the manufacturing of food and pharmaceuticals. Dow technology is also vital to desalination and water reclamation efforts in communities with severe water shortages.

As part of a commitment to improve Reverse Osmosis (RO) filtration technology, the business is using its innovative know-how to reduce energy requirements. The goal is to reduce the energy requirements for reverse osmosis filtration to be one third of that required in 1990.

A reverse osmosis desalination facility in Sydney, Australia was inaugurated on April 19, 2010. It joins the ranks of other coastal cities in Australia to use seawater desalination as a sustainable and rainfall-independent route to providing drinking water for its metropolitan area. Dow Water & Process Solutions supplied approximately 36,000 DOW FILMTEC™ Reverse Osmosis (RO) Elements. The energy demand of the Sydney plant is offset by wind-generated electricity and uses advanced water treatment technologies to reduce energy consumption. DOW FILMTEC™ elements will help to convert 250,000 cubic meters – or 250 million liters – of seawater per day into potable water providing approximately 15 percent of Sydney's water supply needs.

Energy Requirements for Reverse Osmosis Filtration



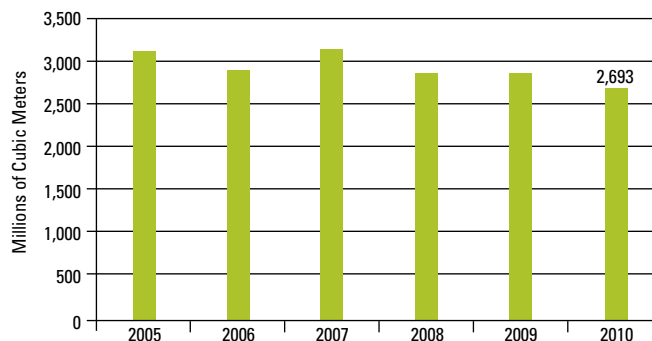
The business provides an online publication (the [I-Deum](#)) to share where water-related ideas have momentum.

Dow's second largest site at Terneuzen, The Netherlands, continues to implement reuse efficiency through a pipeline providing municipal wastewater for industrial purposes. Dow accepts 2.6 million gallons of water every day and purifies more than 70 percent of it to generate steam and feed manufacturing plants. Thus, the city of [Terneuzen's wastewater](#) gets a second and third life at Dow. During 2010, the project progressed with implementation of the membrane bioreactor at the municipal wastewater treatment plant to improve effluent quality for recycle. Efforts continue to find ways to make other water streams of appropriate quality for possible reuse.

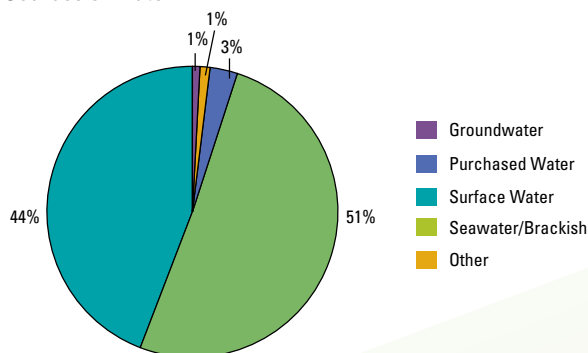
### EN8 Total water withdrawal by source

Water intake is from all water sources including seawater and includes water for cooling purposes. Withdrawal in 2010 is 6 percent less than in 2009.

Water Intake



Sources of Water





## EN9 Water resources significantly affected by withdrawal of water

Dow manufacturing facilities located in water-stressed regions (as defined by the World Business Council's Global Water Tool) are shown below. They have developed water risk management plans focusing on local/regional water challenges. Risk management plans are unique to local drivers. A next round analysis for all Dow sites is planned for 2011.

Dow Location	Source
Seadrift, Texas	Guadalupe River
Aratu, Brazil	Purchased freshwater
Bahia Blanca, Argentina	Purchased freshwater
Terneuzen, The Netherlands	Rivers Rhine and Meuse
Tarragona, Spain	Purchased freshwater supply, source is Ebro River diversion
Dow Central Germany	River Saale (Schkopau site), River Weisse Elster and Lake Witznitz (Bohlen site)
Freeport, Texas	Brazos River

## EN10 Percentage and total volume of water recycled and reused

Recycle and reuse totals are not compiled for the total Company.

Dow Terneuzen, The Netherlands, restructured its water process to recycle 80 percent of the freshwater. The site is integrated with local municipalities to source local sewage water for industrial use. Combined, the projects annually reduce treatment chemicals by 500 tons, reduce CO<sub>2</sub> emissions by more than 57,000 tons, reduce energy sufficient to power 1,000 residences, and preserve the local freshwater supply. July 2010 saw the implementation of an add-on Membrane Bioreactor system at the municipal wastewater treatment plant which debottlenecks RO pretreatment for the production of demineralized water at Dow. The municipal recycle achieves enhanced quality and reuses 9,600 m<sup>3</sup>/day wastewater from the community, helping to reduce surface water withdrawal. A feasibility study has identified other potential sources for expanding the use of alternative water supply from the region.

## Aspect: Biodiversity

Biodiversity is the variation of life on Earth. The biodiversity found on Earth consists of many millions of distinct biological species. It is often used as a measure of the health of biological systems. Human needs for food, fiber, medicines and other resources are dependent upon the preservation of the Earth's biodiversity. Biodiversity loss is the reduction in the variation of life on Earth. Tied to five key trends – habitat loss, pollution, climate change, invasive species, and over-exploitation – loss of biodiversity threatens human welfare and business success alike. Biodiversity and ecosystem goods and services make a crucial contribution to human well-being and to future economic and social development.

Dow has made meaningful contributions to biodiversity in the past through site-level conservation activities, products and technology, and NGO partnerships. During 2010, the Company developed the foundation from which the collaboration with The Nature Conservancy was built. The work included a catalogue of past and present conservation activities across Dow globally, a detailed overview of the intersection of Dow's physical footprint and ecosystems, an initial survey to identify key products and technologies influencing ecosystem services and an external stakeholder analysis including an overview of key policies in selected countries. The overview of the intersection of our physical footprint with ecosystems was a joint effort with scientists from The Nature Conservancy.



**EN11 Location and size of land owned, leased, managed in or adjacent to protected areas and areas of high biodiversity value outside protected areas**

In 2010, our manufacturing facilities which are within 10 km of a protected area were identified. In this case a protected area is defined as habitat for IUCN Red List Species I through IV. The following table lists the identified sites:

Dow Site Name	Region	Country	Ecoregion Name	Ecoregion Crisis Class
DALTON	North America	United States	Cumberlands and Southern Ridge and Valley	None
DEER PARK	North America	United States	Gulf Coast Prairies and Marshes	Vulnerable
ELGIN	North America	United States	Prairie-Forest Border	Endangered
FREEPORT	North America	United States	Gulf Coast Prairies and Marshes	Vulnerable
HANGING ROCK	North America	United States	Cumberlands and Southern Ridge and Valley	None
HEBRON	North America	United States	Western Allegheny Plateau	Vulnerable
KNOXVILLE	North America	United States	Cumberlands and Southern Ridge and Valley	None
LA PORTE	North America	United States	Gulf Coast Prairies and Marshes	Vulnerable
LOUISVILLE	North America	United States	Interior Low Plateau	Endangered
PITTSBURG	North America	United States	Great Central Valley	Vulnerable
SEADRIFT	North America	United States	Gulf Coast Prairies and Marshes	Vulnerable
TEXAS CITY	North America	United States	Gulf Coast Prairies and Marshes	Vulnerable
WOBURN	North America	United States	Lower New England/Northern Piedmont	Vulnerable
VARENNES	North America	Canada	St. Lawrence – Champlain Valley	Endangered
BARRANQUILLA	Latin America	Colombia	Guajira-Barranquilla Xeric Scrub	Endangered
FRANCO DA ROCHA	Latin America	Brazil	Serra Do Mar Coastal Forests	Endangered
GUARUJA	Latin America	Brazil	Serra Do Mar Coastal Forests	Endangered
SAO PAULO	Latin America	Brazil	Serra Do Mar Coastal Forests	Endangered
BUCHS	Europe, Middle East, Africa	Switzerland	Alps Conifer and Mixed Forests	None
DELFIJL	Europe, Middle East, Africa	The Netherlands	Atlantic Mixed Forests	Endangered
DRUSENHEIM	Europe, Middle East, Africa	France	Western European Broadleaf Forests	Vulnerable
FOMBIO	Europe, Middle East, Africa	Italy	Po Basin Mixed Forests	Critical
LANDSKRONA	Europe, Middle East, Africa	Sweden	Baltic Mixed Forests	Vulnerable
LAVRION	Europe, Middle East, Africa	Greece	Aegean and Western Turkey Sclerophyllous and Mixed Forests	Vulnerable
NEW GERMANY	Europe, Middle East, Africa	South Africa	Kwazulu-Cape Coastal Forest Mosaic	Endangered
MOZZANICA	Europe, Middle East, Africa	Italy	Po Basin Mixed Forests	Critical
SCHKOPAU	Europe, Middle East, Africa	Germany	Central European Mixed Forests	Vulnerable
STADE	Europe, Middle East, Africa	Germany	Atlantic Mixed Forests	Endangered
ALTONA	Asia Pacific	Australia	Southeast Australia Temperate Forests	Vulnerable
CILEGON	Asia Pacific	Indonesia	Western Java Rain Forests	Critical
KASAOKA	Asia Pacific	Japan	Taiheiyō Evergreen Forests	Vulnerable
MOSCOW	Asia Pacific	Russia	Sarmatic Mixed Forests	Vulnerable
TAOYUAN HSIEN	Asia Pacific	Taiwan	Taiwan Subtropical Evergreen Forests	None
YEOSU	Asia Pacific	Republic of Korea	Southern Korea Evergreen Forests	Critical



## EN12 Description of significant impacts on biodiversity in protected areas and areas of high biodiversity value

The Company is not aware of events in 2010 causing significant impacts on biodiversity in protected areas or areas of high biodiversity value. Our Environmental, Health & Safety Remediation group manages historic environmental liabilities associated with known or suspected contamination of soil and groundwater at Dow or Dow subsidiary sites, which includes operating sites and legacy sites. Legacy sites are defined as surplus properties where Dow or a Dow subsidiary or acquisition has operated in the past and no longer has operations. Our Land Revitalization program defines our long-term stewardship of these land assets and manages these sites to maximize the total value to Dow and the adjacent communities while managing the known or suspected contamination of soil and groundwater.

## EN13 Habitats protected or restored

### United States and Canada

In 2009, Dow donated 388 acres of property to the U.S. Fish and Wildlife Service. The property is covered by virgin hardwood riparian forest, and the north and west boundaries are contiguous with additional hardwood forest. This newest unit in the Brazoria National Refuge System protects rare and valuable Columbia Bottomlands habitat and provides local schools and communities with environmental education facilities and opportunities. Dow has contributed annually since 1998 to the Saginaw Bay Watershed Initiative (WIN). The Saginaw Bay Watershed is home to 138 endangered or threatened species. WIN has launched projects to protect and restore habitat, improve access to natural resources, foster nature-based tourism, inform people about nonpoint source pollution and support sustainable agriculture.

The Wildlife Habitat Council (WHC) provides third-party objectivity regarding the following Dow conservation projects as part of Corporate Wildlife Habitat Certification/International Accreditation:

- Dalton, Georgia, site; certified since 1991
- Dow Wetlands Preserve, Pittsburg, California; certified since 1993
- Joliet site, Channahon, Illinois; certified since 1990. A bluebird nesting program continues to be a source of pride for the Joliet site. It is now common to observe bluebirds on the property. Canada geese, mallards and wood ducks continue to nest in natural areas in and around the wetlands each year.

- Union Carbide West Virginia Operations, South Charleston site – Technology Park; certified since 2007
- Texas Operations, Freeport, Texas; certified since 1992
- Union Carbide Corporation Disposal site, Sault Ste. Marie, Michigan; certified since 2006
- Western Canada Operations, Fort Saskatchewan, Alberta, Canada; certified since 1999

An additional habitat preservation site has been established at the River Road Landfill, Piscataway, New Jersey.

### Netherlands

Regional stewardship for the preservation and development of nature reserves is one of the elements of Dow's Community Success strategy in Terneuzen. For a number of years Dow has adopted the wetland reserve Het Verdrongen Land van Saeftinghe, a unique nature reserve alongside the Western Scheldt River close to Terneuzen.

### Brazil

Dow has delivered \$1.5 million over the past three years through its charitable foundation to The Nature Conservancy for the restoration of 865 acres surrounding a key reservoir of the Cantareira Water System, one of the largest water supply systems in the world. The Piracicaba-Capivari-Jundiaí (PCJ) watershed, where the Cachoeira Restoration Project is located, provides water through the Cantareira Water System to nearly 9 million people in the São Paulo metropolitan region – Brazil's largest city. Over the past two years, Dow's support for The Nature Conservancy restored 129 acres of land, created 23 new jobs and a community-based restoration cooperative, developed a carbon revolving fund, increased public awareness in the project area and inspired and motivated at least three other restoration projects spanning 931 acres in the Cachoeira Reservoir.

Related to operations in Guarujá, Brazil, Dow developed three important environmental programs: Clean Mangrove (education for community members about the local environment), Bird's Port (recovering and improving the attractiveness for birds in all areas of the Guarujá Marine Terminal) and Ambassadors of the Environment (partnership with Jean-Michel Cousteau's Ocean Futures Society to provide education and unique experiences for students in a preserved mangrove area). These efforts work to bring about appreciation and preservation of the local biodiversity.

## Mexico

Dow joined efforts with the Mexico City government and the Community of San Nicolás Totolapan to rescue the last living river of the city. Working together, Dow and the communities will create work opportunities, encourage water conservation and infiltration and create a model that can be replicated within the community.

The first stage of the project focused on the organic production of herbs in greenhouses at 3,000 meters above sea level. This included the training of the women elected to participate in the project, conditioning of the area and harvesting of herbs. Strong environmental awareness has been developed with community members, and eco-technologies have been added to the infrastructure.

Some of the best-preserved forests in Mexico City belong to the community of San Nicolás Totolapan whose San Nicolás forest is considered as a “water factory” (an important provider of environmental services for Mexico City).

Dow joined efforts with PRONATURA and two municipalities of the state of Tlaxcala – Apizaco and Tetla de la Solidaridad – to recover the Atenco River, in order to create a model intended to be applied to other stressed water sources. The project includes environmental awareness, education, reforestation, cleaning campaigns, soil retention and biodiversity preservation. More than 500 volunteers have helped begin the process of restoring the area and establishing a sustainable ecosystem.

## South Africa

The Ground Hornbill Project in Mpumalanga, through the Associated Private Nature Reserves, is aimed at conserving the endangered ground hornbill species. The peculiar-looking terrestrial bird is slow breeding, making it challenging to increase the numbers that have been estimated to be less than 2,000 individuals. The program has been supported by Dow from inception through funding for nesting sites and operational costs.

## EN14 Strategies, current actions and future plans for managing impacts on biodiversity

Following Dow's 2015 Sustainability Goals and our Company Value of Protecting Our Planet, Dow will continue its efforts on nature conservation in different geographies and engage with other stakeholders to better understand and enhance our contribution to preserve and restore biodiversity and ecosystem services. Dow has invested in meaningful conservation activities at our sites. These activities have typically been driven by local site leaders and involved local communities through educational and recreational

activities. Dow has won three awards from the Wildlife Habitat Council (WHC) for a wetlands reserve at the Pittsburg, California, site. In addition to local conservation, Dow has restored many acres of wetlands as part of state-regulated wetland mitigation banking schemes in Texas, Florida, Louisiana, California and other states.

Location	Conservation Activity
Aratu, Brazil	Shellfish conservation
Atlantic Forest, Brazil	Atlantic Forest conservation
Brazil	Hortis Institute
Bryanston, South Africa	Ground hornbill conservation
Dalton, Georgia, USA	Hardwood forest conservation
Fort Saskatchewan, Canada	Greenbelt program
Freeport, Texas, USA	Nature preserve, skimmer colony, sea colony
Guarajá, Brazil	Clean Mangrove program
Horgen, Sweden	Conservation of Sihlwald Natural Park
Jakarta, Indonesia	Mangrove restoration
Joliet, IL, USA	Prairie restoration project
Kasaoka, Japan	Hermit crabs breeding
King's Lynn, UK	Heathland restoration
Lake Jackson, Texas, USA	Marine hatchery
Leuterberg, Germany	Turtle conservation
Midland, Michigan, USA	Chippewa Nature Center
Mozannica, Italy	Park and pond
New Germany, South Africa	Invasive species removal
Piscataway, New Jersey, USA	Streambank restoration
Pittsburg, California, USA	Wetland reserve
Plaquemine, Louisiana, USA	Fishery restoration
Rhine Center, Germany	Owl habitat restoration
Seadrift, Texas, USA	Wildlife management area
Schkopau, Germany	Bird nesting habitat
South Charleston, West Virginia, USA	Technology park
St. Mary's, Ontario, Canada	Wetland restoration
Sterlington, Louisiana, USA	Black Bayou Wildlife Park
Terneuzen, Netherlands	Nature reserves

## EN15 Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk

In 2010, the location of our manufacturing facilities was identified with regard to Ecoregion Crisis Class as shown in section EN11. The detail as to the specific number of IUCN Red List species was not collected.

## Aspect: Emissions, Effluents and Waste

In several of the following Environmental Performance Indicators, a value for 1994 is provided for perspective because it was the base year that marked the beginning of our first 10-year EH&S Sustainability Goals commitment. These 1994 values should NOT be used as an absolute for comparison purposes.

The emissions information reported in the following graphs includes data from heritage Rohm and Haas operations, unless noted otherwise.

### EN16 Total direct and indirect greenhouse gas emissions by weight

Dow uses [The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard](#) for guiding the reporting of greenhouse gas emissions. Direct greenhouse gas (GHG) emissions are from sources controlled by Dow and include Kyoto and non-Kyoto GHGs. Our 2010 direct GHG emissions, expressed as carbon dioxide equivalents, decreased about 5 percent from 2009 to 2010. This decrease is almost entirely due to the reformulation of insulation products in the Dow Building Solutions business. This change involved replacing Ozone Depleting GHGs covered by the Montreal Protocol with Kyoto Protocol GHGs which have a lower global warming impact. The result is a decrease in non-Kyoto GHG emissions with a smaller increase in Kyoto emissions.

Indirect greenhouse gas (GHG) emissions are the consequence of Dow's consumption of energy but are emitted from sources controlled by another company, for example, by the supplier of purchased power. Our 2010 indirect emissions have decreased 26 percent from 2005-2010 and decreased 4 percent from 2009 levels.

One of the 2015 Sustainability Goal metrics is to reduce the intensity of greenhouse gas emissions per unit of production. During 2010, Dow's GHG emissions were 0.66 metric tons per metric ton of production, about a 5 percent increase from base year 2005. Dow's goal is to reduce GHG intensity 2.5 percent per year from 2005 to 2015. Kyoto GHG intensity is the sum of CO<sub>2</sub> equivalent direct and indirect emissions of the "Kyoto" family of greenhouse gases divided by unit of production.

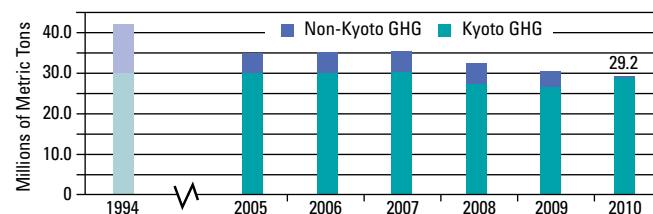
### EN17 Other relevant indirect greenhouse gas emissions by weight

Dow's most significant other indirect emissions are avoided emissions resulting from the use of Dow products such as insulation. A Life Cycle Assessment documented that emissions saved by Dow insulation products are about seven times greater than total Company direct and indirect Kyoto and non-Kyoto GHG emissions. This calculation was made by quantifying the GHG emissions at all stages of the life cycle of the Dow insulation product and comparing these with the GHG emissions savings from the use of the insulation products in buildings and pipe systems.

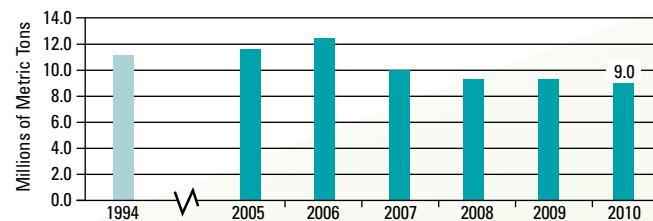
Emissions from transportation of Dow products to customers for 2010 were estimated to be three million metric tons. The total CO<sub>2</sub> equivalent indirect emissions resulting from commercial air travel were estimated to be 21,922 metric tons during 2010. The total CO<sub>2</sub> equivalent indirect emissions resulting from rental car use were estimated to be 4,577 metric tons.

Dow has an ownership position in many joint ventures that are separately held corporations and are operated by the joint venture, not by Dow. Dow considers the emissions from joint ventures separately from scope under the GHG protocol.

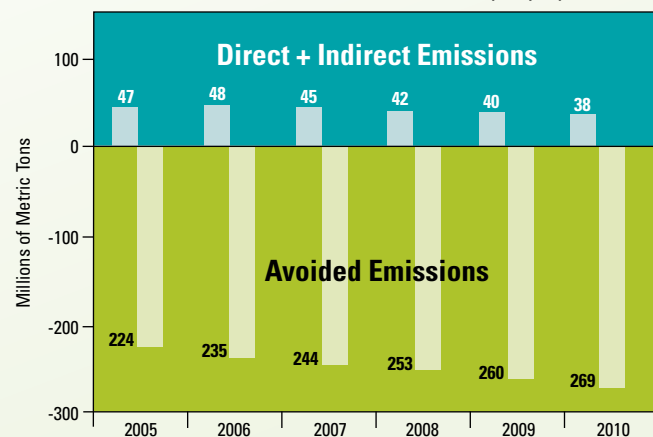
Direct GHG Emissions (CO<sub>2e</sub>)



Indirect GHG Emissions (CO<sub>2e</sub>)



The Avoided Emissions through the use of Dow Products are Seven Times Greater than the Emissions from Company Operations



“Energy efficiency has been part of our Company’s DNA since our founder, Herbert Dow, along with George Westinghouse, developed industrial cogeneration. This fund will rekindle the spirit of innovation in this area and will generate significant economic returns for our Company, while protecting the planet.”



Mike Gambrell  
Executive Vice President,  
Manufacturing &  
Engineering Operations

### EN18 Initiatives to reduce greenhouse gas emissions and reductions achieved

We have reduced the Company’s absolute GHG emissions by more than 20 percent since 1990, representing a more rapid reduction than required by Kyoto Protocol targets. The energy savings resulting from increased efficiency from 2005 through 2009, as reported in EN5, can be converted to equivalent GHG emissions avoided equaling 4.1 million metric tons of CO<sub>2</sub>. The activities described in EN6 and EN7, and implementing new processes that emit less GHGs compared to traditional routes, will also be important to driving reductions in the future.

“Energy efficiency has been part of our Company’s DNA since our founder, Herbert Dow, along with George Westinghouse, developed industrial cogeneration,” said Mike Gambrell, executive vice president, Manufacturing & Engineering Operations. “This fund will rekindle the spirit of innovation in this area and will generate significant economic returns for our Company, while protecting the planet.”

Dow will further accelerate energy efficiency and conservation improvements within its operations through an investment of \$100 million in projects that will reduce energy usage and greenhouse gas (GHG) emissions. The \$100 million in investment capital will be awarded to Dow business units and manufacturing sites that present projects with the greatest impact in several key performance areas, including reductions in energy use and greenhouse emissions and accelerated cost savings. To date, Dow business units have submitted around 60 projects, with a net present value totaling more than \$500 million, nearly 8 trillion BTUs of energy savings and a reduction of over 400 thousand metric tons of CO<sub>2</sub> emissions.

During the year we determined to shift the primary focus for driving improvements from GHG intensity to a focus on absolute emissions. We will soon report on a measurement approach to capture the net impact of Dow footprint, and products and solutions in use. The scope of additional goals to soon be announced will include emissions from upstream (suppliers) and downstream through products in use and will continue to include both Kyoto and non-Kyoto GHG emissions.

Dow is making significant financial investments in R&D to contribute to the slowing, stopping and reversal of the rate of GHGs being emitted. Dow participates in the EU emissions trading scheme (ETS) and is a member of the United States Climate Action Partnership (USCAP), an organization of leading corporations and environmental NGOs calling for swift government action to slow, stop and reverse the rate of greenhouse gas emissions.

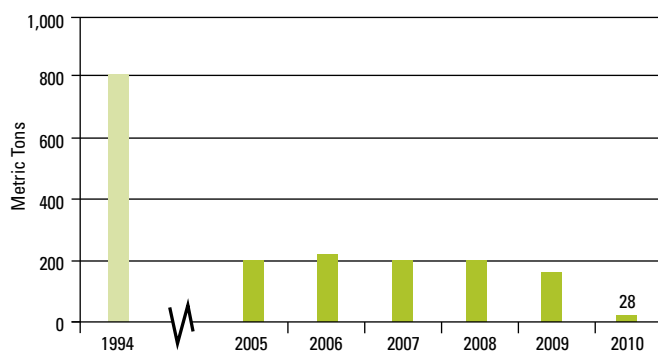
For more information on Dow’s position on addressing the issue of climate change, consult our annual [Carbon Disclosure Project Report](#). Dow was recognized for its climate related reporting by being named to the Carbon Disclosure Project Leadership Index in 2010.



## EN19 Emissions of ozone-depleting substances by weight

Between 1994 and 2005, Dow has reduced ozone-depleting substances by approximately 73 percent. Ozone-depleting emissions were reduced an additional 83 percent in 2010 from 2009 levels due to reformulation in the Dow Building Solutions business.

Ozone Depletors as CFC-11 Equivalent



## EN20 NOx, SOx and other significant air emissions by type and weight

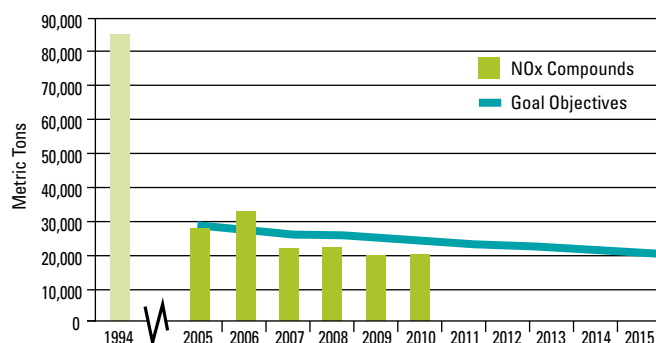
Between 1994 and 2005, Dow has achieved approximately 66 percent in NOx (nitrogen oxides) reduction. NOx emissions increased from 2009 to 2010 by 3 percent. Dow utilizes the AP-42, Compilation of Air Pollutant Emission Factors.

Between 1994 and 2005, Dow achieved a 54 percent reduction in SOx (sulfur oxides) emissions. Emissions of SOx have decreased an additional 8 percent from 2009 levels.

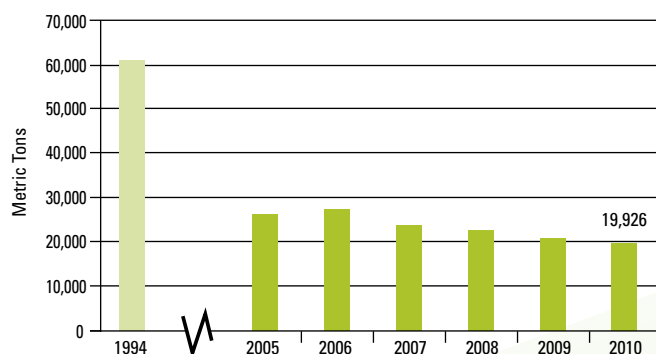
Volatile organic compounds are a selection of organic chemicals excluding low vapor pressure materials (chemicals with vapor pressures >0.0001 atmospheres minus the chemicals found on the U.S. EPA exclusion list). Dow has seen a 53 percent reduction in VOC emissions between 1994 and 2005. Emissions of VOCs have increased 1 percent from 2009 levels.

In addition to ozone-depleting substances, Dow also tracks chemical emissions (excluding items such as NOx, SOx, CO, CO<sub>2</sub>, particulates, methane, hydrogen, nitrogen, oxygen, water, aluminum, and certain salts). Between 1994 and 2005, Dow reduced chemical emissions by approximately 57 percent. Dow's continued efforts have decreased chemical emissions by an additional 5 percent from 2009 to 2010. This metric is compiled for emissions to both air and water.

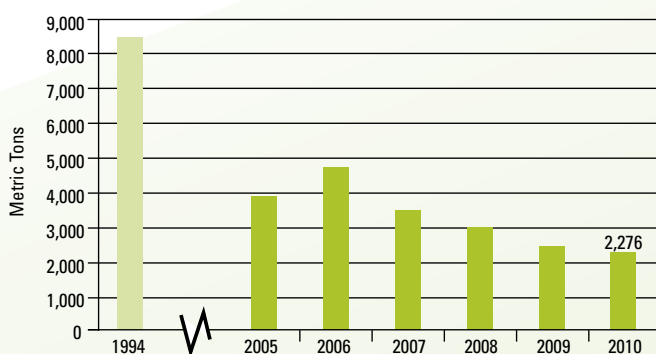
NOx Compounds



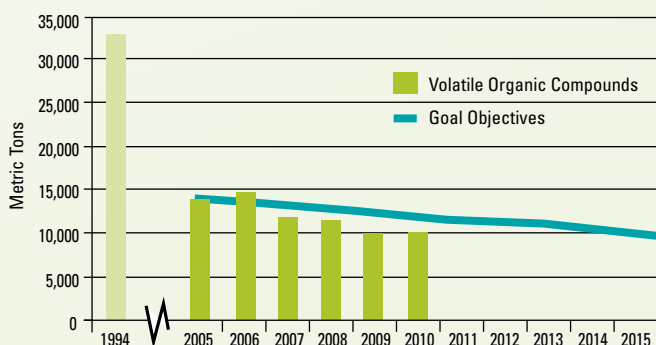
Chemical Emissions to Air and Water



SOx Compounds



Emissions of Volatile Organic Compounds

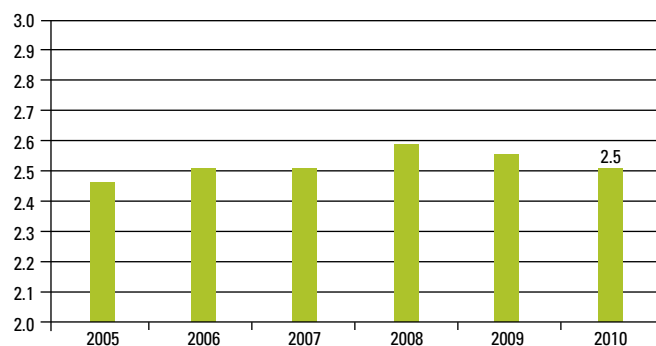


## EN21 Total water discharge by quality and destination

During 2010 information about the largest freshwater-using sites was assessed. On average, more than 85 percent of the source water was returned to its source of origin at equal or greater quality than the quality at time of withdrawal. This indicator is a medium term objective for more detailed reporting in the future.

Wastewater is the amount of water sent for treatment before discharge. Wastewater intensity is the ratio of pounds of wastewater per pound of production. Dow is dedicated to implementing innovative ways to conserve water, which includes implementing source reductions as well as identifying creative ways to reuse water. Wastewater intensity decreased 2 percent from 2009 to 2010.

Wastewater Intensity



## EN22 Total weight of waste by type and disposal method

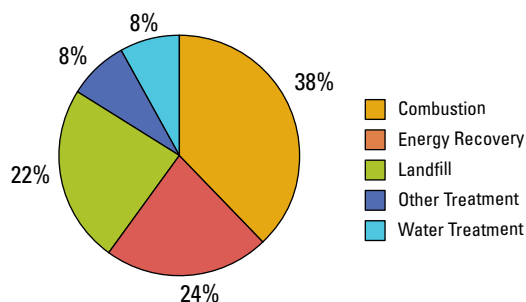
Wastes are materials that receive treatment. Waste intensity is the ratio of pounds of waste generated per pound of production. Waste intensity has increased 4 percent since 2009 and is down by 4 percent compared to 2005. The use of waste intensity numbers allows Dow to effectively compare progress from year to year as the Company grows.

The total treated waste in 2010 was 1.4 million metric tons. Approximately 55 percent of the waste is classified as nonhazardous and 45 percent as hazardous as defined by national legislation at the point of generation. The pie chart below illustrates waste disposal by method.

Waste Intensity



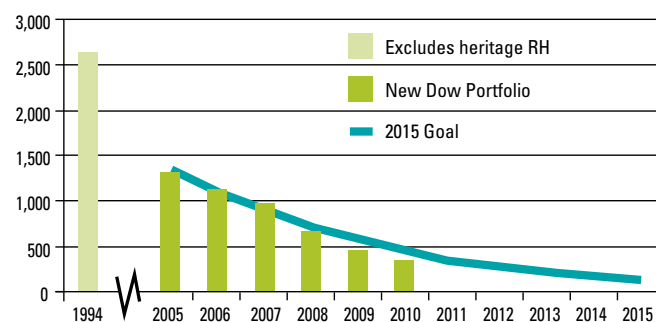
Waste Disposal by Treatment Method



### EN23 Total number and volume of significant spills

No spills were of a magnitude that required reporting in the organization's financial statement. Dow has long monitored and set goals to improve performance in the area of spill avoidance. During 2010 the total of all LOPC events was 355 incidents. This was a reduction of 23 percent from the prior year and reflects our best annual performance. The 2015 Goal of no more than 130 incidents is a 90 percent reduction from 2005.

Loss of Primary Containment Events



### EN24 Weight of transported, imported, exported or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III and VIII and the percentage of transported waste shipped internationally

Dow has a Right Waste, Right Place strategy with regard to management of all waste. This involves evaluation of waste situations to see if they can be eliminated or reduced in size. Secondly, we look for other uses for the streams – either internally or externally – as feedstocks or for reclamation purposes. As a last option, we develop a reliable way to dispose of materials that can't be utilized in any other way.

For hazardous waste, our first choice in most cases is to bring the wastes to one of our own disposal facilities. In some situations it is appropriate to use third-party facilities, but only after they have undergone a thorough audit conducted by a third-party auditor and been reviewed for safety and environmental concerns.

There were approximately 630,000 metric tons of hazardous waste managed in 2010 as defined by regional definitions. Approximately 23 percent of this quantity was transported to locations where treatment by Dow or third parties (a majority of the percentage consumed by thermal treatment) was accomplished in compliance with all regulatory requirements (water portion excluded from wastewaters). Less than 1 percent of this transported quantity moved across a country border.

### EN25 Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by discharges of water and runoff

This information is not collected by the Company at this time. The next phase of analysis planned with The Nature Conservancy may include these data.

As a member of the Greater Edwards Aquifer Alliance (an industry-government partnership), Dow provided funding for a study regarding the management and conservation of Greater Edwards Aquifer. The EPA recognizes the Edwards Aquifer Ecosystem as a "sole source" water supply. It is the only source of drinking water for millions of Texans.

## Aspect: Products and Services

### EN26 Initiatives to mitigate environmental impacts of products and services and extent of impact mitigation

Dow accepts the responsibility to be a good steward of the environment on behalf of current and future generations. Dow identifies chemicals and health as a priority issue. To learn more about our [Policy on Chemicals Management](#), visit the Responsible Operations section on [dow.com](#).

One initiative to mitigate the environmental impacts of products is through the 2015 Sustainability Goal of Product Safety Leadership. A primary focus of this goal is to develop Product Safety Assessments (PSAs) for all Dow products by 2015. During 2010, we completed 110 additional assessments and posted them on our PSA website. The PSAs are easy-to-understand summaries available on-line to help customers and the public have access to useful information about our products.

In 2010 the Company introduced COMPLEASE™ solutions from SAFECHEM which provide an economical, safe and environmentally responsible system to facilitate the sustainable use of chlorinated solvents in precision metal degreasing applications. Customers in the automotive, aerospace, electronics or medical industry can expect to lower solvent consumption by as much as 90 percent when compared to other traditional methods of metal degreasing.

Other mitigation efforts include our Product Stewardship program (See PR1 and PR3) and our commitment to implement the European Union regulation for the Registration, Evaluation, Authorization and Restriction of Chemicals known as [REACH](#).

## EN27 Percentage of products sold and their packaging materials that are reclaimed by category

Dow is a provider of a variety of products and [solutions for packaging needs](#), but our offering typically exists upstream in the value chain. Due to the highly varied end uses in which Dow products are consumed, no estimate of the downstream product reclamation rates has been undertaken. Customers are often receiving Dow products in bulk quantities, and no packaging is involved.

## EN28 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations

Using the Dow incident reporting system that is part of EH&S reporting, fines and penalties are captured globally regardless of size or significance, and payment is reported based on the year paid. This incident reporting system does not classify whether a fine is related to product, the environment, or other focus of law.

The Company does not have non-monetary sanctions to report for 2010, nor is there awareness of a case or cases that should be disclosed as events brought through dispute resolution.

Fines for the year 2010 were \$633,727 which includes both amounts paid and the value of alternate pay amounts. When appropriate, alternate pay can involve expenditures made for pollution prevention, remediation programs, public awareness, education activities, or wetland conservation activities.

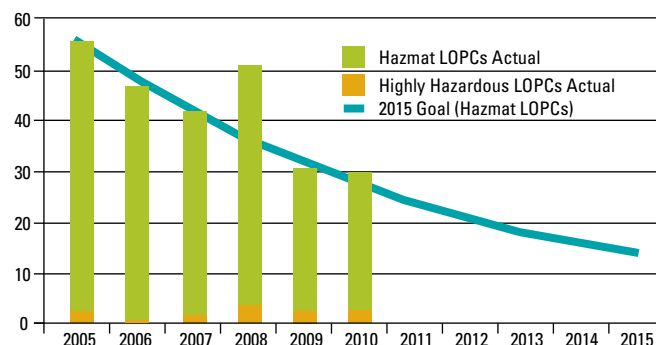
## EN29 Significant environmental impacts of transporting products and other goods and materials used for the organization's operations and transporting members of the workforce

Dow continues to support efforts that assist in rail safety and security. Information about the UP/Dow TRANSCAER Training Tour can be found at [TRANSCAER Training Tours](#).

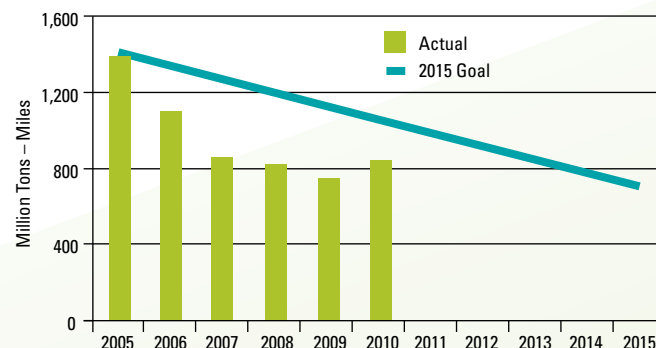
To help minimize significant environmental impacts resulting from transporting products, Dow tracks Hazmat Transportation Loss of Primary Containment (LOPC) count (serious, moderate and minor incidents). During 2010 there were 30 events, three of which involved highly hazardous materials. Highly hazardous materials are those that pose a toxic inhalation hazard or are a flammable gas. The Company is striving to reduce the occurrence of Hazmat Transportation LOPC incidents to fewer than 14 per year, with no incidents involving highly hazardous materials by 2015.

Dow believes it is part of our corporate responsibility to reduce the volumes of highly hazardous materials that need to be transported. We have set a 2015 Sustainability Goal to reduce the number of tonne-miles (a measure of how much we're shipping and how far) by 50 percent from our levels in 2005, which was 1,410 million tonne-miles. Dow will accomplish this by looking at ways to redesign our supply chain to reduce or eliminate many shipments or the distances they must travel. (A tonne-mile is one metric ton of freight moved 1 mile or 1.6 km.)

Hazmat Transportation LOPC Count



Highly Hazardous Material Tonne-Miles





### EN30 Total environmental protection expenditures and investments by type

The costs specifically identified as environmental operations were \$706 million during 2010. Significantly more related costs are incurred, but are not specifically accounted for as environmental expenditures. Dow invested \$173 million of capital identified specifically for environmental purposes during 2010. Provisions established for environmental remediation worldwide amounted to \$607 million as of December 31, 2010.





# A Good Place to Work



# Work Practice Summary

Dow strives to offer a workplace where everyone is included, where performance and contributions are valued, and where employee engagement and satisfaction are a priority. This commitment reflects our values of Integrity and Respect for People.

## Our Labor Policies and Philosophies

Dow recognizes and adheres to all labor and employment laws wherever it operates, including those respecting freedom of association, privacy and equal employment opportunity. Dow believes that working positively and directly with employees best serves their interests. Dow also strives to work cooperatively with duly chosen employee representatives in the common pursuit of the interests of the employees and the Company's mission.

Dow encourages employees to report observed or suspected violations of the law and Dow policies, including the Code of Business Conduct. In such situations, employees are encouraged to report their concerns to their supervisors, other Dow managers, Human Resources, the Office of Ethics and Compliance or the Dow EthicsLine.

Dow's office of Ethics and Compliance works closely with the Dow Regional Ethics and Compliance Committees to conduct periodic Ethics and Compliance Risk Assessments to identify potential risk areas in the Dow regions around the globe and then respond with targeted education and corrective actions.

**Policy Framework:** A series of policies define expectations of employees at all levels for behavior that is consistent with our values. These are available to all employees on our internal website, My HR Connection. This familiar location provides a repository of the portfolio of total rewards the Company provides, including competitive pay, comprehensive benefits, learning and training, career opportunities, health programs and more.





Here are samples of key policies related to a respectful workplace:

**Respect & Responsibility:** It is Dow's policy that employees be provided a work environment that is respectful and free from any form of inappropriate or unprofessional behavior, such as harassment including sexual harassment, pestering or bullying and any form of unlawful discrimination based on sex, gender, race, sexual orientation, gender identity, disability, age, ethnic origin or other inherent personal characteristic protected by law. The Company sponsors over 100 global chapters of Employee Diversity Networks, bringing together people to share experiences, find mentors, seek professional development and gain access to senior leadership.

**Tracking & Mentoring:** All employees must complete mandatory training on the Respect & Responsibility policy on a regular interval, and completion is tracked. Concerns of policy violations can be reported using the Dow EthicsLine, which is available globally, with multi-lingual capabilities, 24 hours a day, seven days a week, and is operated by an external vendor. All complaints are investigated. Statistics regarding ethics complaints are published quarterly for employees on Dow's intranet homepage.

**Equal Employment Policy:** Dow is committed to creating and maintaining an environment in which all Dow people have an equal opportunity to reach their potential and contribute fully to the success of the Company. All Dow employees can expect to work in a professional environment free from discrimination and are expected to fully comply with the requirements of this policy.

- New employees participate in a four-hour Understanding Diversity & Inclusion workshop and new people leaders participate in a 1.5 day workshop on leading inclusively.
- A quarterly Diversity & Inclusion scorecard is produced for senior leaders.
- Pay equity studies are conducted at regular intervals.

**People with Disabilities:** People living with disabilities are a unique source of talent who can deliver substantial value to our Company, our customers and our communities. Dow is committed to the recruitment and development of top talent, including individuals who happen to live with a disability. Through Dow's continued focus on the Human Element, and our fostering of a diverse world-class organization, we believe our position on people with disabilities and our commitment to work with them to create success set our Company apart.

## Maintaining a Healthy and Diverse Workforce

We maintain a safe and healthy work environment and are committed to eliminating work-related injuries and illnesses. Employees and the Company share the responsibility to make safety and health a daily priority. We have continually improved the health of our employees and their families through a Health Strategy that is simple yet dynamic. This includes a focus on prevention, quality of care, health care system management and advocacy. We view our efforts as an investment that helps sustain a healthy work team and makes a difference to the quality of life for Dow people and to the bottom line. Dow is making an impact on one of the world's greatest challenges starting with our own people.

Dow's Drive to Zero program drives Dow employees and contractors to exceptional safety performance. It reinforces Dow's vision for EH&S – zero injuries and illnesses, zero incidents and zero environmental harm. This important commitment is reflected in the 2015 Sustainability Goal, Local Protection of Human Health and the Environment.

**Violence in the Workplace:** Dow has adopted a policy on Violence in the Workplace. Consistent with this policy, acts or threats of violence including intimidation, harassment and/or coercion which involve or affect the Company and/or its employees, or which occur on Company property or on Company business, will not be tolerated.

## Career-Long Learning

To ensure our employees are always in the forefront in their respective fields, Dow encourages continuous learning – in classrooms, on assignment, through mentoring and on the web. More than 3,237 employees have participated in Great Start@Dow within the last 12 months, an on-boarding development program addressing the role of specific issues that are important during an employee's early experience at the Company. We offer our employees a wide array of training and education opportunities.

**Code of Conduct/Compliance Risk Assessments:** Dow encourages employees to report observed or suspected violations of the law and Dow policies, including the Code of Business Conduct. In such situations, employees are encouraged to report their concerns to their supervisors, other managers, Human Resources, the Office of Ethics and Compliance or the Dow EthicsLine.

Dow's office of Ethics and Compliance works closely with the Dow Regional Ethics and Compliance Committees to conduct periodic Ethics and Compliance Risk Assessments to identify potential risk areas in the Dow regions around the globe and then respond with targeted education and corrective actions.

The most senior position with responsibility for Labor Aspects is executive vice president for Human Resources, Gregory Freiwald.

Use the [index](#) to see indicators that you may find of most interest in this section.



## Aspect: Employment

### LA1 Total workforce by employment type, employment contract and region

**Total Dow Workforce:** 49,505 employees as of December 31, 2010 (as reported in Profile section 2.8 )

**Breakdown by Employment Type:** 96.2 percent of all Dow employees are full-time and the remaining 3.8 percent of employees are part-time.

**Breakdown by Employment Contract:** 95.8 percent of Dow employees are permanent and the remaining 4.2 percent work under a temporary arrangement.

**Breakdown of Total Employee Population by Region:**  
See section 2.8 for employees by geographic area.

### LA2 Total number and rate of employee turnover by age group, gender, and region

In reporting attrition rates, the total employee population is defined based on a monthly average throughout the year: 50,001 employees.

Dow reports attrition based on the number of regular employees who leave the Company, and attrition is based on both voluntary exits and involuntary reductions. The voluntary attrition rate was 4.8 percent. The involuntary rate was 10.5 percent due to significant acquisition and divestiture activities during the year. If the count of persons involved in divestment (most significantly, the formation of the STYRON Company) is excluded, involuntary attrition was 5.4 percent.

The following information by category is based on a breakdown of voluntary attrition rates. Voluntary attrition rates are the focus here as they are more reflective of Company culture, working conditions and employee satisfaction or dissatisfaction. Involuntary reductions are more a reflection of business conditions.

The rates of attrition by gender:

- 4.0 percent for males
- 5.9 percent for females

Dow does not report attrition based on age, but rather on years of service. The rates of attrition for years of service, based on average headcount for these groups, are shown.

- 5.7 percent for 0-1 years of service
- 8.5 percent for 1-3 years of service
- 7.2 percent for 3-5 years of service
- 5.7 percent for 5-10 years of service
- 3.3 percent for 10-15 years of service
- 3.5 percent for 15+ years of service



“Total health is multi-dimensional: physical, emotional, social, intellectual and spiritual. Dow Health Services programs are designed to optimize total health and unleash the power of prevention for our employees.”

— Dr. Cathy Bodnar is a Dow physician who is responsible for implementation of Dow Health Services Programs at over 70 worksites in North America.

The rates of attrition by region, based on average headcount for these groups, are:

- 4.8 percent globally
- 3.6 percent for North America
- 3.7 percent for Latin America
- 5.4 percent for Europe
- 12.0 percent for India
- 2.3 percent for Middle East and Africa
- 6.6 percent for Pacific excluding China
- 9.5 percent for China

### **LA3 Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations**

Dow makes a wide variety of benefits available to all eligible regular full-time and less-than-full-time employees that work 20 or more hours per week. Plans vary considerably by country as Dow's benefit plans are designed to build on the social security benefits provided in each country, and social security systems vary widely.

Dow typically offers the following benefits to employees in most of the countries where it does business:

- Pension plans – either defined benefit or defined contribution where market practice dictates
- Medical plans – often including prescription drug coverage and dental
- Life insurance
- Disability protection
- Accident insurance
- Paid vacation, holiday and leave programs
- Business travel accident
- Stock purchase plan

## **Aspect: Labor/Management Relations**

### **LA4 Percentage of employees covered by collective bargaining agreements**

7,105 employees (14 percent) in Dow's workforce are covered by collective bargaining agreements.

### **LA5 Minimum notice periods regarding operation changes, including whether it is specified in collective agreements**

Dow keeps employees well informed of operational changes through a variety of channels. Global, business and functional specific news is communicated through our global intranet that can be accessed by any Dow employee in a variety of languages. In addition, leaders consistently cascade communications through the organization to Dow employees. These communications occur in a timely and effective manner.

While there is no global minimum time frame for notifying Dow employees of significant operational changes, Dow makes every effort to give a reasonable amount of notice to all employees in the event of a significant change. Dow has a proven history in recognizing and respecting all labor and employment laws in the countries in which it operates. Under these laws, the Company has adopted reasonable and effective communication tools for notifying employees of operational changes.

## **Aspect: Occupational Health and Safety**

### **LA6 Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs**

The Drive to Zero program, the visibility of the importance of safety in every function, and the priority given to Injury and Illness rate performance are longstanding parts of the Company commitment to safety. The Company does not have a mechanism for defining the percent of the workforce represented in formal committees, but 100 percent of employees are involved in making Dow a safe place to work.

Dow has a well-developed health strategy focused on prevention, quality, health system management and advocacy. This strategy helps challenge employees and provides them with the tools and information they need to take action to invest in their personal health and the health of their families.

LA7 Rates of injury, occupational diseases, lost days, absenteeism and the number of work-related fatalities

As a component of our EH&S 2005 Goals, Dow set a target to reduce the Injury and Illness rate by 90 percent compared to 1994. The progress made in reducing our rate of injury and illness since 1994 has prevented more than 23,000 events involving Dow employees and contractors.

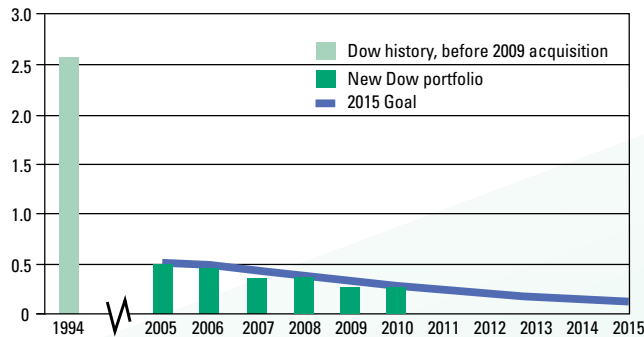
The 2015 Sustainability Goal target is to drive Injury and Illness rate to no more than 0.12 incidents per 200,000 hours, representing a 75 percent reduction from 2005. Dividing incidents by a defined cumulative number of hours worked by the employee population is a standard way of viewing the rate of injury and illness for a specific population.

The following information from the American Chemistry Council provides context for Injury and Illness performance (for U.S. operations):

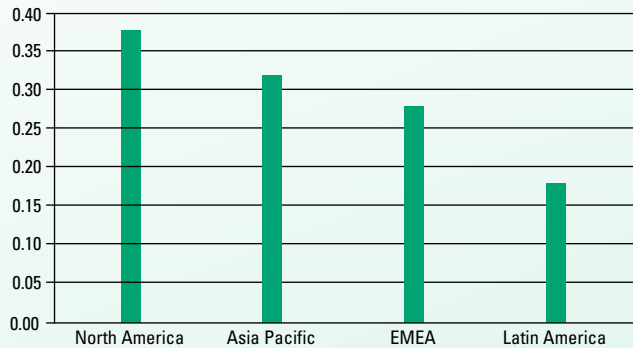
Comparative Injury/ Illness Rate (incidents / 200,000 hours)	Values for 2009
Dow employees and contractors (17X Safer)	0.29
Responsible Care® chemical companies	0.96
All manufacturing	5.0 <sup>1</sup>

<sup>1</sup>(2008 most recent data available)

Injury and Illness Rate



Injury Illness Rate by Region in 2010



The contractor rate of Injury and Illness in 2010 was 0.39, while that of employees was 0.28 injuries per 200,000 hours.

Days Away from Work Injury and Illness Cases (DAWC) are included in the Dow Injury and Illness data. In 2010, DAWC occurred at a rate of 0.12 per 200,000 hours.

In March 2010, a fatality occurred at Louisiana Operations in Plaquemine involving a contractor who sustained injuries while spotting a truck within the site.

Information on absenteeism is not aggregated by the Company.

LA8 Education, training, counseling, prevention and risk-control programs in place to assist workforce members, their families or community members regarding serious diseases

Assistance Programs

Program recipients	Education/ Training		Counseling		Prevention/ Risk Control		Treatment	
	Yes	No	Yes	No	Yes	No	Yes	No
Workers	●		●		●		●	
Workers' families	●		●		●		●	
Community members	●			●	●			●

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 Promotion:

- Employee clinical treatment services approximately 83 Dow internal clinics globally.
- Periodic Employee Health Assessment examinations screening for a variety of diseases (including heart, lung, liver, kidney, blood, etc.). Specific counseling and follow-up are provided to assist in reducing any identified risks.
- Health Promotion programs are offered to all employees and often retirees and their dependent family members. These programs include education on important health risks, opportunities to assess those risks and a variety of interventions that individuals can use to reduce their risk.

- Active participation in an Institute for Healthcare Improvement, IHI Triple Aim community health initiative across 14 counties in mid-Michigan, sponsored by the Institute for Healthcare Improvement and a regional collaborative, the Michigan Health Information Alliance. This initiative is a broad community collaborative effort to improve population health, patient quality of care and control costs.
- Employee Assistance Programs are offered globally. These provide assistance and individual counseling for a variety of personal issues impacting employees and families.

Dow has an award winning health program that has been recognized internationally. Dow has participated in or provided a variety of targeted programs that impact health beyond our employee groups. Some examples include: providing dental health services in underserved areas, HIV/AIDS programs, women's health concerns, health presentations and health fairs.

General review of medical surveillance testing results for specific Dow workgroups has shown an improved risk profile continuously since baseline of 2004.

**LA9 Health and safety topics covered in formal agreements with trade unions**

This information is not collected by the Company at this time.



**Aspect: Training and Education**

**LA10 Average hours of training per year per employee by employee category**

Training and education varies by job role and responsibilities. On average, there were 32 hours of training per employee during 2010. Dow has extensive training programs for employees involved in every job category.

Dow's training opportunities include both traditional and virtual classroom instructor-led training, hands-on training, blended training and an extensive database of on-line training courses.

Training Hours/Employee	
Administrative	8
Professional level employees	23
Technical employees	42
Other	50
Total for company	32

**LA11 Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings**

Dow employees are provided with career and career-ending resources on a Company intranet site: Late Stage Career Planning. Employees take advantage of these offerings to enhance their employability and plan for career endings:

- Values self-assessment
- Career orientations and constraints
- Employee development discussions
- Mentoring at Dow
- Active employees have access to Human Resource Service Center
- Retiree Service Center
- Benefits counseling is available in cases where the Service Centers are not able to address the employee's questions
- Financial planning through Fidelity
- Nutrition and weight management

**LA12 Percentage of employees receiving regular performance and career development reviews**

Dow's performance management process is designed to provide Dow with a consistent method of aligning goals and performance expectations, provide ongoing feedback, review performance and improve the performance of all Dow employees.

Dow strives to have every employee take advantage of meeting with his or her supervisor for a review of performance and development opportunities at least annually. To help set the stage for this review, feedback is gathered followed by calibration meetings that help make the appraisal process meaningful across the wide diversity of global jobs. Each employee's evaluation is recorded in Dow's performance management system. Based on the employee survey administered in 2010, 90 percent of employees report having an annual performance review with their leader. Geographic transfers, temporary leaves, recent hires and job changes within the Company are factors that cause the number of reviews to be less than 100 percent.





## Aspect: Diversity and Equal Opportunity

### LA13 Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity

#### Diversity and Inclusion Strategy:

As Dow pursues its transformation agenda, the Company seeks to be a leader in bringing diverse perspectives to the table to fuel innovation and growth.

The Company's Diversity and Inclusion agenda is stewarded by its executive level Global Inclusion Council, which is chaired by Gregory Freiwald, Executive Vice President of Human Resources, and includes Dow's Business presidents and a number of key functional leaders. The Council is chartered with making a sustained impact on the diversity mix of Dow's leadership, and working to ensure the Company achieves its corporate-level Diversity and Inclusion (D&I) Goals.

The D&I goals were established in 1996 by Dow's executive leadership. Behind each goal is a set of metrics and actions to drive progress in three critical areas:

#### Goal 1: To be the "Employer of Choice" in strategic markets where we recruit talent.

- Tracking and monitoring
- Global acceptance rates
- Targeted "Best Employer" awards

#### Key Results:

Working closely with our seven global Employee Diversity Networks, with more than 100 chapters worldwide, we have established a strategic list of "Best Employer" awards targets that are meaningful to various segments of our population. These awards establish criteria for what it means to be an Employer of Choice within various diverse communities and provide a competitive performance benchmark against "best practices" in the marketplace. Among the awards Dow has garnered:

- Six consecutive years of receiving a 100 percent rating on the Human Rights Campaign's Corporate Equality Index, for best practices in creating an inclusive environment for people of all sexual orientations and gender identities
- Diversity Inc. magazine named Dow to its "Noteworthy 25" Employers List.
- The National Society of Black Engineers 2009 Golden Torch Award for Corporate Diversity Leadership for our efforts to recruit from underrepresented minorities

- The São Paulo State Government presented Dow Brazil with its 2009 Diversity Seal award.
- For the 13th time, Dow Brazil earned recognition as one of the best companies to work for in Brazil according to "The 150 Best Companies to Work For" Guide.
- Apertura magazine and Great Place to Work recognized Dow as one of the best companies to work for in Latin America.
- "Top 100 Employers for Working Mothers," compiled by Working Mother Magazine in 2008 and 2009, as well as recognition by the National Association of Female Executives as a Top Company for Executive Women in both 2009 and 2010.

#### Goal 2: Develop a workforce that reflects the places we do business today and tomorrow.

We have established goals to increase the representation of women, U.S. ethnic minorities and Asian citizens in leadership positions. This includes ensuring that women, ethnic minorities in the United States, people with disabilities and Asian citizens are represented in our leadership levels. As a result of our focus in this area, we have seen the following positive improvements between 2005-2010:

- a 48 percent increase in female leaders
- a 53 percent increase in female Global leaders\*
- a 55 percent increase in US ethnic minority leaders
- a 25 percent increase in US ethnic minority global leaders\*

#### Several initiatives support this goal:

- External partnerships with organizations such as the National Society of Black Engineers, Society of Hispanic Engineers, Society of Women Engineers and the National Council on Business and Disability
- Active Employee Diversity Networks, focused on partnering with leadership in developing diverse talent and in championing an inclusive workforce. Dow currently has almost 150 chapters of its seven Employee Networks around the world.
- Mentoring programs
- World-class Leadership Development and Executive Education programs, each of which includes an emphasis on inclusive leadership and cross-cultural competency building

\*Global Leaders refers to the top 220 positions within Dow.

### Goal 3: Create a workplace characterized by respect and where people value diverse perspectives.

Dow's Global Employee Opinion and Action Survey (GEOAS) includes a Diversity & Inclusion index to enable Dow to monitor the degree to which its working culture is marked by inclusion and respect:

- 72 percent of employees agreed that their work group has a climate in which diverse perspectives are valued, just one point below the industry norm for this question.\*
- 76 percent of employees agreed that the behaviors of their coworkers makes them feel respected and valued (no norm available).
- 70 percent agreed that their leader enables flexible and innovative solutions to work/life needs.

We are committed to driving these scores higher.

#### Several initiatives support this goal:

- Diversity and Inclusion-oriented training that reaches all levels of the organization and is embedded within our new employee orientation and leadership development programs
- Specialized workshops to meet emerging needs covering gender communications, the maturing workforce and disability etiquette
- Efforts to raise cross-cultural awareness and understanding, ranging from lunch-time language classes to access to an on-line Cultural Navigator

Progress on all three goals is tracked at the corporate level and reported quarterly to the Company's executive leadership, through the Global Inclusion Council. Accountability for achieving the goals is shared with the presidents of each of Dow's five geographic regions, thereby ensuring that local needs are fully incorporated and addressed.

Diversity of Dow's Board of Directors: Throughout 2010, Dow had 12 Directors. 33 percent are either female (3) or U.S. ethnic minority (1). Most recently, Dow added a 13<sup>th</sup> Director to its Board, Gov. Jennifer Granholm, raising the number of women to 4.

In 2010, the CEO had 13 direct reports that form the Executive Leadership Committee, 23 percent of whom were either female (1) or U.S. ethnic minority (2).

#### Diversity Indicators for the Overall Employee Population

By gender, globally:	
Male	73 percent
Female	27 percent
By U.S. ethnic minority (data are gathered only for U.S.):	
Minority	21 percent
Non minority	79 percent

#### Diversity Indicators for the 21,669 Employees in Professional and Management Job Positions

By gender:	
Male	70 percent
Female	30 percent
By U.S. ethnic minority:	
Minority	18 percent
Non minority	82 percent
By age:	
Under 30	12 percent
30 to 50	60 percent
Over 50	28 percent

#### Diversity Indicators for the 220 Employees in the Global Leader Category

By gender:	
Male	87 percent
Female	13 percent
By U.S. ethnic minority:	
Minority	13 percent
Non minority	87 percent
By age:	
Under 30	0 percent
30 to 50	45 percent
Over 50	55 percent

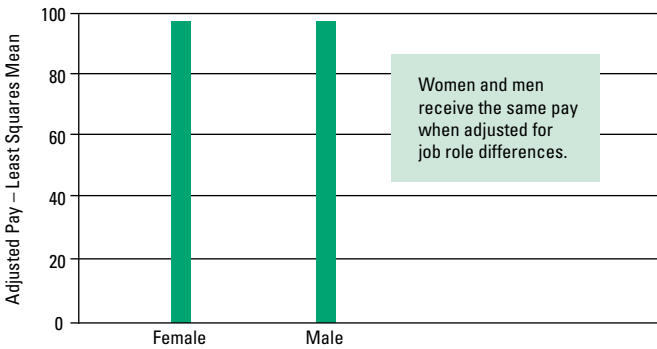
\*As benchmarked through the Mayflower Group, a consortium of premier, global employers.

LA14 Ratio of basic salary of men to women by employee category

Adjusted

Dow conducts pay equity studies to verify that the Company is compensating employees fairly. The most recent analysis confirms that the basic salary for men and for women is not statistically different when differences for months in grade, age, highest education, years of service and performance rating are considered.

Overall Pay Equity Analysis



Unadjusted

The following provides the **unadjusted** data by comparing the ratio of male to female base salary within three example grade levels for three job families. In these tables **no adjustment is made** for months in grade, age, highest education, years of service and performance rating. The differences in pay are driven by these factors, not by gender.

Family/Grade	Gender	Average Base Salary (US \$)	Ratio of Male to Female
Admin 1	Male	30,464	0.93
	Female	32,845	
Admin 2	Male	38,075	0.90
	Female	42,423	
Admin 3	Male	42,787	0.80
	Female	53,630	
Tech 1	Male	43,608	1.02
	Female	42,642	
Tech 2	Male	59,680	1.07
	Female	52,855	
Tech 3	Male	67,729	1.05
	Female	64,242	
Professional 1	Male	75,091	1.02
	Female	73,718	
Professional 2	Male	93,934	1.02
	Female	92,065	
Professional 3	Male	114,551	1.02
	Female	112,023	

# Human Rights





# Human Rights Summary

Dow believes that respect for a person's dignity, rights and aspirations should be the cornerstone of any business's ethics. Integrity, Respect for People, and Protecting Our Planet have always been the core of the way we do business, and through the global enforcement of Dow's Code of Business Conduct, we uphold our [human rights position](#).

This enforcement includes our Office of Ethics and Compliance that oversees ethics and compliance efforts, as well as serves as a resource for Dow employees and contractors by providing training, information and guidance regarding issues of legal compliance and ethical conduct.

Dow's respect for human rights and dignity is a cornerstone of our business:

- We recognize and respect all labor and employment laws – including those respecting freedom of association, privacy and equal employment opportunity – wherever we operate.
- We believe that working positively and directly with employees best serves their interests.
- We strive to work cooperatively with duly chosen employee representatives in the common pursuit of the interests of the employees and the Company's mission.
- We do not use forced or involuntary labor.
- We comply with all applicable child labor laws.
- Dow will not tolerate acts of violence, including verbal or physical threats, intimidation, harassment and coercion.

All Dow employees around the globe are expected to adhere to the Code of Business Conduct in the daily performance of their job responsibilities. The [Code](#) can be found on Dow's website. Information about this training can be found in HR4.

The most senior position with responsibility for Human Rights Aspects is the chief sustainability officer, which is held by David E. Kepler II.

Use the [index](#) to see indicators that you may find of most interest in this section.



From Code of Business Conduct for Suppliers: Respect for People is a core Dow Value. As signators of the UN Global Compact, we adhere to these principles and expect our suppliers to respect the human rights of their employees and treat them fairly, in accordance with all applicable laws.

## Human Rights Performance Indicators

## Aspect: Investment and Procurement Practices

### HR1 Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening

Dow has an established process for the due diligence and implementation phases of mergers, acquisitions and joint venture formations. The EH&S function facilitates a review of all human rights risks prior to the completion of an acquisition or the formation of a new entity. This review includes the topics of ethical and human rights practices and policies.

### HR2 Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken

From Code of Business Conduct for Suppliers: Respect for People is a core Dow Value. As signators of the UN Global Compact, we adhere to these principles and expect our suppliers to respect the human rights of their employees and treat them fairly, in accordance with all applicable laws.

Dow seeks quality products and services through mutually beneficial and ethical relationships with suppliers who act responsibly, respect the environment and demonstrate integrity. [A Code of Business Conduct for Suppliers \(available in multiple languages\)](#) was defined in 2010, and the process of building awareness and understanding with suppliers is underway. New contracts will incorporate the Code as an addendum. Please refer to [Supplier Responsibilities](#) and this [FAQ](#) document for more information.

Audits and supplier self assessments are part of the implementation plan for the new Code of Business Conduct for Suppliers, but screening specific to human rights practices was not done in 2010.

### HR3 Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained

Dow has taken steps to ensure all employees are aware of and understand the Company's Values of Integrity, Respect for People, and Protecting Our Planet and the Company's commitment to human rights.

All employees are periodically required to complete an on-line Code of Business Conduct training module.



## Aspect: Non-Discrimination

### HR4 Total number of incidents of discrimination and actions taken

Based on available records, there were no substantiated incidents of illegal discrimination in 2010. Dow defines incidents of discrimination as substantiated findings of a violation of local law and/or Dow's internal policies, which state:

It is Dow's global policy that employees be provided a work environment which is respectful and free from any form of inappropriate or unprofessional behavior, such as harassment including sexual harassment, pestering or bullying and any form of unlawful discrimination. Discrimination is defined in the policy as "employment related actions that adversely impact an employee, have no legitimate business purpose, and are based on unwarranted individual differences or prejudice, such as sex, gender, race, sexual orientation, gender identity, disability, age, ethnic origin or other inherent personal characteristic protected by law." The application of this policy in any particular country will conform to applicable local laws, directives, regulations and/or labor agreements. Retaliation of any kind against an individual who, in good faith, exercises his or her rights under this policy, makes a complaint or cooperates in an investigation is prohibited.

Dow actively encourages reports of potential policy violations through ongoing communications and training and offers employees several different avenues to do so. They may raise concerns with their leader, Human Resources or through the Dow EthicsLine. The EthicsLine is a safe, reliable and convenient alternative to reporting ethical concerns in person. It is available globally, with multi-lingual capabilities, 24 hours a day, seven days a week. The EthicsLine is operated by EthicsPoint (EP), a professional vendor located in Lake Oswego, Oregon, that specializes in providing similar services to global companies. No call tracing or recording devices are ever used, and callers may remain anonymous if they choose as permitted by the governing jurisdiction. Employees also have the option of reporting to the EthicsLine through the web.

Concerns are promptly reviewed, investigated and, depending upon the findings, appropriate actions are taken to address violations and other issues in the work environment. In reviewing concerns raised during this period, Dow did take actions to support a productive work environment. Such actions have included:

- Specific training or communications for particular work groups
- Individual coaching, communications or counseling as required for leaders and employees

These case-by-case, as-needed actions supplement our global initiatives around Diversity and Inclusion that include, but are not limited to:

- Training
  - Global workshops on Diversity and Inclusion, as well as on-line training regarding our policies [Note: Both of these are embedded into our New Employee Orientation globally, ensuring all employees are aware of Dow's expectations as they join the Company.]
  - Inclusive Leadership training for new people leaders
- Employee Diversity Networks
  - Dow now has approximately 100 chapters of its seven Employee Diversity Networks operating around the world. These networks provide support for employees as they pursue personal and professional development and provide insights to the Company on how to become more inclusive.



## Aspect: Freedom of Association and Collective Bargaining

### **HR5 Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk and actions taken to support these rights**

No operations are identified that put collective bargaining at risk. Dow's position on freedom of association is included in our Code of Business Conduct Labor Policy. Under this policy, employees are free to form collective bargaining agreements in all areas of operation. As noted in LA4, there are currently 7,105 employees globally who are covered by collective bargaining agreements.



## Aspect: Child Labor

### **HR6 Operations identified as having significant risk for incidents of child labor and measures taken to contribute to the elimination of child labor**

Dow prohibits unlawful child labor and child exploitation and we comply with all applicable child labor laws. Dow's Position Statement on Child Labor states:

Dow complies with all child labor laws. Dow understands that children may legitimately perform tasks which do not interfere with their education, do not negatively affect their health, safety and development, and are in compliance with applicable local, state, national, provincial and international laws and regulations. Dow will endeavor to make its contractors, vendors and suppliers aware of its expectations and commitments to this policy.

Dow has identified no significant risks for incidents of child labor that would be contrary to our position statement, including young workers exposed to hazardous work either as a function of our type of operations or of the locations where we operate.



## Aspect: Forced and Compulsory Labor

### **HR7 Operations identified as having significant risk for incidents of forced or compulsory labor and measures to contribute to the elimination of forced or compulsory labor**

Dow's position on forced or compulsory labor is included in our Labor Policy in our Code of Business Conduct. See HR5 for Labor Policy.

We have identified no operations with a significant risk for forced or compulsory labor in either operations or based on geographies with operations that might be more inclined to be at risk.





## Aspect: Security Practices

### **HR8 Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations**

Security personnel, whether proprietary or contract company employees, fully comply with the Company's training, policies and procedures concerning human rights. This training is a condition of employment and is conducted on a repetitive basis.

In addition to this baseline training requirement, security personnel are subject to additional functional and situational training in areas relative to human rights. The Company has many secure and anonymous communication methods (as permitted by the governing jurisdiction) for reporting human rights violations, and any reports of such violations are fully investigated and appropriately addressed.



## Aspect: Indigenous Rights

### **HR9 Total number of incidents of violations involving rights of indigenous people and actions taken**

No incidents of violations of indigenous people were reported for the reporting period.



# Society





## Contributing to Community Success

Contributing to Community Success pursues long range activities to enhance the success of Dow communities. As the company continues to grow and expand globally, extending the knowledge and experience from our established geographies to new, emerging geographies can be beneficial to establishing successful relationships. This growth and change in the company has resulted in the need to revise the Community Success Goal. An approach has been established to transition new site locations into the goal:

By 2015, 100 percent of Dow's major presence sites will have achieved their targeted individual community acceptance ratings, which measure community favorability with the role Dow plays in making the community a better place to live; and, by 2015, 100 percent of Dow sites are actively engaged in implementing the "Contributing to Community Success" best practices in their respective communities.

We place a high value on listening to our communities, striving to be a good neighbor and a positive global corporate citizen. We understand that, through strong relationships, we are building better, stronger, more sustainable communities in the places where we do business.

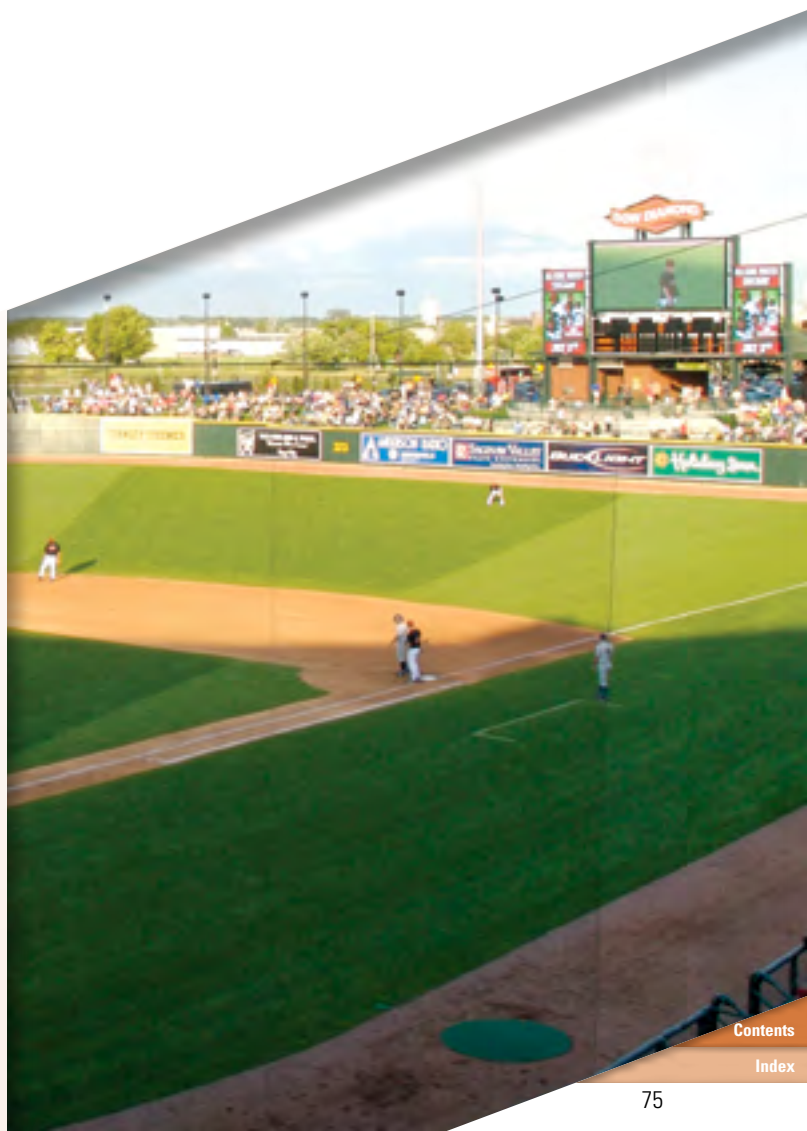
The Company has progressed from being "in" the community to now being "of" the community. Dow's community success process includes a comprehensive community survey to define quality-of-life issues and Dow's reputation within the community. This is followed by a site leadership workshop to develop a strategic plan that addresses these issues, whether we're directly addressing community needs or using our leadership position to influence other organizations. Dow's community success process allows us to work directly with our communities to build even stronger relationships.

*Generous contributions from the Dow Foundation helped bring a minor league baseball team to Midland, Michigan, and helped finance construction of the stadium. The Loons inaugural game was played on April 13, 2007 in front of a capacity crowd of 5,454. In 2009, the Loons drew 271,146 fans, sold out 15 games, had 27 games with crowds over 5,000 and captured their first playoff berth.*

## Making a Global Impact

Dow is a member of the United Nations (UN) Global Compact, the world's largest voluntary corporate citizenship initiative. The Compact is comprised of more than 8700 corporate participants from more than 130 countries, working to achieve advances in the areas of human rights, labor, environment and anti-corruption. As a part of Dow's Global Compact involvement, the Company also supports the UN CEO Water Mandate and Caring for Climate initiatives. The CEO Water Mandate is a private-public initiative with a focus on developing strategies and solutions to contribute positively to the emerging global water crisis. Caring for Climate is a voluntary action platform for those UN Global Compact participants who seek to demonstrate leadership on the issue of climate change.

Another way Dow contributes to society is through The Dow Chemical Company Foundation. The Foundation provides charitable gifts to eligible nonprofit organizations that contribute to community success and support sustainability, while fostering science in society and stimulating innovation. In 2010, Dow and The Dow Chemical Company Foundation contributed \$35.7 million to support a wide range of programs around the world.



“What makes DSC so unique is that we take the skills and talents of our employees – from multiple disciplines – and match them with a vital need, usually in an emerging country where access to technical skills is limited.”



Michael Webster  
Senior Program Manager  
Dow Sustainability Corps.

### Taking Action in Government

Dow Government Affairs professionals, located around the world, offer expertise in essential areas of the public and international policy process, including policy development, process expertise and relationships. They identify legislative issues of importance to Dow and develop strategies to positively affect the outcome for our Company. Dow's Government Affairs professionals build relationships with key government stakeholders, policy influencers, lawmakers, coalitions, and trade and business associations that impact Dow's interests and business concerns.

### More Impactful Volunteering

Dow has redefined the concept of volunteerism through the Dow Sustainability Corps (DSC), finding ways to take advantage of Company and employee expertise in places where human needs are not being met.

“What makes DSC so unique is that we take the skills and talents of our employees – from multiple disciplines – and match them with a vital need, usually in an emerging country where access to technical skills is limited,” said Michael Webster, senior program manager for Dow Sustainability Corps.

Through the Corps, Dow employees like Kristi Galus, Supply Chain, Midland, provide knowledge, skills and expertise that communities and companies do not have. Kristi was invited to work on a project in the Dominican Republic to help thousands of people gain access to safe, clean water.

For this project, international aid groups and researchers had already developed technology to provide the water, and Dow had donated research money and the resins to make the filters. What was missing was a solid business plan to scale-up production, and support it for the long-term.

This is where Kristi came in. She worked with community leaders, non-government organizations (NGOs), global corporate partners and local homeowners to evaluate the plan's logistics and get the tools and materials to install residential water filters in the community.

“We went to remote areas where the need is greatest – often with no roads or easy access to people or materials – and came up with a plan to supply the filters,” Kristi said.

She worked with two other companies, Accenture and Citigroup, to create the plan. “Whoever had strengths in a particular area, they just stepped forward and filled the need. Pricing, supply chain, micro financing, sustainability, marketing – we looked at all of the parts of a normal business plan and we divided and conquered.”

The goal was to create a plan that was neutral enough to be used in any country. Today that plan is being used by aid organizations to deliver clean water to the world.



"There aren't words to describe the impact," Kristi says. "We went to one village where no one spoke English. A lady ran up to me and she was hugging me and kissing my cheek. She was able to describe just by gestures that her husband had terrible skin problems and now with access to clean water, his problems have gone away. We didn't need language – she was able to explain to me without words. It was amazing."

Dow's [Code of Business Conduct](#) summarizes ethical principles and policies created to deal with issues such as bribery, competition, political contributions, equal employment opportunity, and environment, health and safety. All employees at Dow, no matter where they happen to live, are expected to apply these principles in the daily performance of their job responsibilities.

The most senior position with responsibility for Society Aspects is the Chief Sustainability Officer, which is held by David E. Kepler II.

Use the [index](#) to see indicators that you may find of most interest in this section.

#### Society Performance Indicators

### Aspect: Community

#### **S01 Nature, scope and effectiveness of managing impact on communities**

Dow has multiple feedback mechanisms in place for assessing the impacts of the Company in locales where we have facilities. Other assessments are involved as part of understanding the potential impact resulting from initiating a new facility in a new location.

Dow has been an industry leader in establishing and running Community Advisory Panels (CAPs) in the communities where we have operations. The purpose of a CAP is to:

- Provide a means for open, honest, two-way communication in order to build trust and credibility
- Enable community members to ask questions or comment upon the Company's operations and activities
- Provide a way for Company representatives to learn about community concerns
- Provide information and get feedback about Company goals and operations



"I never imagined that I could change lives by doing what I know how to do. This project changed me and I'm so grateful I had this opportunity."

– Kristi Galus, Supply Chain Specialist

In *“Make it in America: The Case for Re-inventing The Economy,”* Liveris writes, “It is going to affect far more than families who have lost jobs, and the towns that have lost entire companies,” Liveris writes in the book. “It’s going to affect almost everyone. Because without manufacturing, the U.S. economy cannot – and will not – sufficiently grow.”



Andrew N. Liveris  
Chairman and Chief Executive Officer  
The Dow Chemical Company

Dow CAPs in more than 35 locations around the world provide a source of feedback from the communities in which Dow operates. Having a highly effective CAP is of great benefit in the development, implementation and evaluation of Community Success Plans (part of our 10 year Sustainability commitments). CAP members represent a well-rounded cross-section of the community and may include business persons, local government representatives, retirees and homemakers.

The Community Success Survey, a tool developed as part of the 2015 Community Success Goal, generates valuable feedback on issues related to “quality of life” and “reputation.” It provides a clear picture of community issues, priorities and concerns, as well as identifies Dow’s rightful role related to impacting quality of life. It also provides a general understanding of several community facing attributes related to Dow’s “favorability” within the community or region.

The following are major sites that have Community Success Plans with a 2015 goal of achieving their targeted community acceptance ratings: Pittsburg, California; Terneuzen, The Netherlands; Zhangjiagang, China; Freeport, Texas; Plaquemine and Hahnville, Louisiana; Midland, Michigan; Stade and the Rhine Center, Germany; and Aratu, Brazil. Pittsburg and Midland reported interim measurements in 2010 which are part of the [4Q Sustainability Goals Update](#).

Dow sites can also use the Key Influencer Survey. This smaller survey is focused on key leaders within the community and provides data on community issues, priorities and concerns, as well as reputation.

In April, the Company helped sponsor Dow Live Earth Run for Water. This effort created new levels of understanding both within the company and in communities through 200 running events in communities around the world. Thousands of people enthusiastically participated to help in the cause for providing clean water for those who don’t have the advantage of access to it today. The benefit of the effort went far beyond the funds raised to help deliver clean water by involving local volunteers who appreciated the support of Dow and the opportunity to be engaged in a cause they held as important.

Local information related to managing the impact on communities will be available as regional reporting is made available at our [Reporting Center](#).

## Aspect: Corruption

### **S02 Percentage and total number of business units analyzed for risks related to corruption**

Risk reviews are an integral part of Dow's Ethics and Compliance program. Dow's CEO has appointed key Dow personnel to serve as members of Dow's Regional Ethics and Compliance Committees (RECCs) to address all the geographical areas where Dow conducts business.

Dow's Office of Ethics and Compliance maintains an ongoing dialogue with all RECCs regarding the potential risks in the regions, including the risk of corruption. In addition, the Office of Ethics and Compliance stresses the importance of an ongoing risk analysis in each of the RECCs.

The efforts of the Office of Ethics and Compliance and the RECCs are in addition to the Dow Enterprise Risk Management Process and the ongoing efforts of the Dow Legal Department to counsel the businesses on potential risks.

### **S03 Percentage of employees trained in the organization's anti-corruption policies and procedures**

Dow requires on-line anti-bribery (FCPA) training and the completion of a questionable payments certification for certain employees based on the perceived risk of corruption posed by the type of role and the region where the employee works. Nearly half of all Dow employees were required to complete the on-line training and the questionable payments certification by early 2010. The questionable payments certification is an annual certification.

In addition, Dow's Office of Ethics and Compliance and Dow's Legal Department conduct ongoing training for employees at all levels of the Company who may encounter the potential for bribery or corruption.

Dow's Office of Ethics and Compliance periodically provides the Regional Ethics Compliance Committees (RECCs) with highlights of major/noteworthy FCPA/anti-bribery enforcement actions as an additional means of education and awareness.

Finally, Dow periodically requires all employees to complete the on-line Code of Business Conduct training module. The Code of Business Conduct training module currently includes an entire section, titled Financial Integrity and Accurate Company Records, that is dedicated to Books and Records, Questionable Payments and the FCPA.

### **S04 Actions taken in response to incidents of corruption**

A review of the complaints and completed investigations in 2010 revealed that:

- No Dow employees were terminated for corruption-related behavior in 2010.
- No Dow employees were formally disciplined for corruption-related behavior in 2010.

For the purposes of this Section S04, Dow is defining "corruption" as any form of bribery involving private parties or government officials.

Dow continues with its internal control practices, training and due diligence to identify potential risk areas and to implement risk-mitigation practices within the Company. Examples of such risk-mitigation practices include, but are not limited to: FCPA and anti-bribery training, acquisition due diligence, internal financial controls, an Ethics and Compliance program that includes a strong local presence through the Regional Ethics and Compliance Committees (RECCs), and intermediary review processes.

*Dow's Michigan Operations Community Advisory Panel (CAP) has been a sounding board, a trusted advisor, a listening ear and an avenue for candid, two-way communication for two decades.*



## Aspect: Public Policy

### S05 Public policy positions and participation in public policy development and lobbying

#### Reinventing the Economy

Dow believes government action is one of the most significant forces impacting companies today. Dow's future depends on our ability to understand societal trends, stay informed of pending government, trade, NGO and IGO activities, and partner appropriately to find positive solutions that address the common good. One way Dow demonstrated this conviction was to provide a clear description of what is needed in America to restore a strong manufacturing sector. The book *"Make It in America: The Case for Re-inventing the Economy"* calls for government and business cooperation – not corporate welfare but a long-term system to reduce risk and encourage innovation and growth.

#### Alternative Feedstocks

Feedstocks are the raw materials Dow needs to manufacture a wide variety of products that you use in your everyday life. More than 96 percent of all manufactured products have some level of chemistry in them – and it all begins with feedstocks. The problem is that these feedstocks happen to be some of the world's most highly sought-after commodities: oil and natural gas. At Dow, alternative feedstocks is about developing sustainable short-, medium- and long-term alternatives to oil and natural gas, and delivering bio-based differentiated products to customers.

For more information: <http://www.dow.com/innovation/markets/energy/alternative.htm>

#### Biotechnology

By 2050, the world's food production systems must support an estimated 9 billion people, with a shrinking base of agricultural land and limited water resources. Dow AgroSciences uses innovative chemical and biotechnology solutions to meet the food, feed and fiber needs of the world. In order to continue to increase crop productivity through higher yields, better varieties and more targeted pest management control, the Company is committed to science, advocacy and business strategies that will continue to improve our position as one of the leaders in this field. We recognize and fully appreciate the unique scientific, philosophical and ethical implications of biotechnology. Dow AgroSciences has adopted [principles to guide decision-making](#) using biological knowledge and techniques to develop products and services for the benefit of our customers, shareholders and society.

#### Chemicals and Health

[Dow supports](#) a consistent, coordinated regulatory environment for products at global, national and regional levels to complement industry voluntary efforts and to ensure a level playing field. Where new or updated regulations are required, they should be based on established scientific principles that define safe conditions for use and impose requirements to assure that use is controlled within predefined safe conditions. Such a system must rely on risk assessment and risk management principles that are predictable, flexible and capable of responsibly addressing society's economic, environmental and safety requirements.

#### Climate Change and Energy Conservation

Dow is uniquely positioned to continue to provide innovations that lead to energy alternatives, less carbon-intensive raw material sources and other solutions not yet imagined. Our products are used in photovoltaics, Concentrated Solar Power thermal systems, wind turbines and in energy saving building systems. For more information see [Dow's Position on Climate Change](#) and [Dow's Energy Policy Perspective](#).



## Historical Issues

While collaboration with external stakeholders will continue to help Dow build a sustainable future, Dow also recognizes the need to engage stakeholders in the ongoing public debate around historical issues and challenges. These issues and challenges include Agent Orange, asbestos, Bhopal and dioxin. Although we are committed to engaging in dialogue with others who are similarly dedicated to respecting diversity of opinion and constructive exchange of ideas, our ability to engage is oftentimes limited by the existence of pending litigation. To learn more about these issues and challenges, visit [Issues and Challenges](#) on [dow.com](#).

## S06 Total value of financial and in-kind contributions to political parties, politicians and related institutions by country

Political Action Committees (PACs) provide for United States employee participation in the U.S. election process. In 2010, DowPAC contributed \$167,600 to 80 federal candidates, \$21,500 to 5 leadership committees, \$5,000 to a trade association PAC, \$20,000 to 2 national political party committees, \$10,000 to 5 judicial candidates and \$75,750 to 89 state and statewide candidates in Michigan, Pennsylvania, Texas and West Virginia. Contributions from DowPAC totaled \$299,850.

In 2010, Dow's corporate political contributions (non-PAC related) totaled \$544,850 going to state political candidates, parties and political advocacy organizations (where allowed by law).

## Aspect: Anti-Competitive Behavior

### S07 Total number of legal actions for anti-competitive behavior, anti-trust and monopoly practices and their outcomes

See [Dow's Form 10-K](#) for the fiscal year ending December 31, 2010 – Part 1, Item 3 Legal Proceedings and Part II, Item 8, Note N – Commitments and Contingent Liabilities.

## Aspect: Compliance

### S08 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations

Currently Dow systems do not classify whether a fine is related to products, the environment or another focus of law. See note in EN28 for more information.

Other than the alternate pay amounts, the Company does not have non-monetary sanctions to report for 2010, nor is there awareness of a case or cases that should be disclosed as events brought through dispute resolution.

Additional information is also provided in [Dow's Form 10-K](#) for the fiscal year ending December 31, 2010 – Note N – Commitments and Contingent Liabilities.

*Left to right: VP of EH&S and Sustainability Neil Hawkins, Dow Chief Sustainability Officer and Executive Vice President Dave Kepler; Peking University's Yan Zhou and Professor Mo Chen. Zhou was presented with an award as part of the Dow Sustainability Innovation Student Challenge program.*



# Product Stewardship



# Product Stewardship Summary

At Dow, each employee is responsible to make health, safety and environmental protection an integral part of his or her daily work. For this reason, we have implemented, throughout our global operations, a Product Stewardship Program based on the American Chemistry Council's and the ICCA's [Responsible Care®](#) initiative. Dow Product Stewardship guidelines cover all stages of a product's life cycle and are closely monitored via Dow's governance program through a combination of management system reviews, audits and self assessments to ensure continuous improvement.

These guidelines set strict goals for addressing the complicated challenges of research, development, manufacture, quality assurance, distribution and marketing of Dow products and services. The guidelines for distribution and marketing include:

- Determining which appropriate steps are to be taken to protect persons, property and the environment while our products are being transported and stored

- Selecting the proper containers for product distribution
- Selecting carriers, warehouses and terminals to perform distribution functions consistent with Dow policies and Product Stewardship guidelines
- Furnishing customers and distributors with appropriate information to promote the proper handling, use and disposal of our products
- Informing customers and distributors about known use limitations and encouraging them to use our products in accordance with label recommendations and Safety Data Sheet Guidelines
- Alerting Dow personnel immediately to problems of use that may involve human or environmental hazards and offering assistance in modifications of either products or use patterns, as required, to correct these problems

See Product Stewardship Management Standards on [dow.com](#) for guidelines that cover manufacturing, quality assurance, and research and development.

Three of our seven 2015 Sustainability Goals are aligned to Product Responsibility.





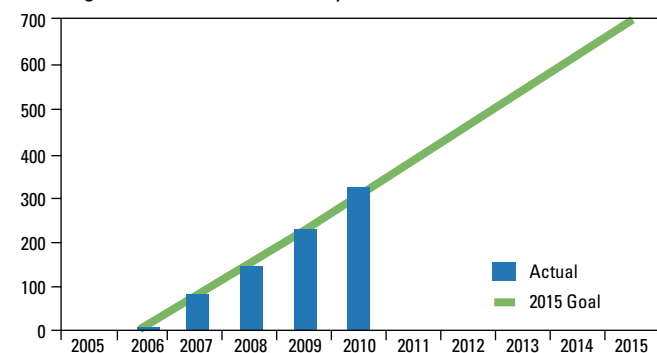


## Product Safety Leadership Goal

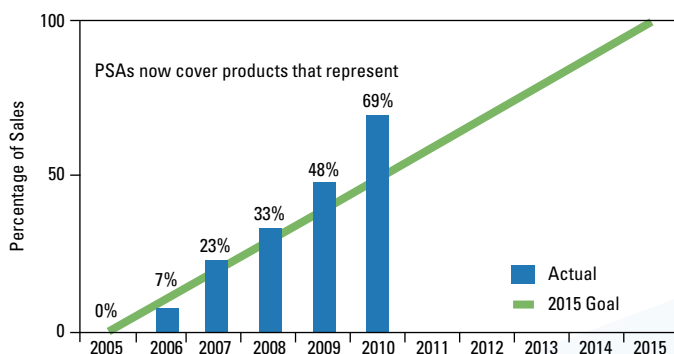
As part of our 2015 Sustainability Goals, Dow has committed to make Product Safety Assessments (PSAs) publicly available for our products globally. In doing so, the Company will address relevant gaps in hazard and exposure information. We will continue to take appropriate action based on the assessments to protect human health and the environment throughout the product life cycle. The intent of the Product Safety Leadership Goal is to increase the public transparency of the processes and results of this work in order to increase public confidence. Summaries will be written in as non-technical language as possible and will cover topics such as basic hazards, risk and risk management. This product summary is intended to give general information about the chemical addressed. Additional information is available through the relevant Safety Data Sheet, which should be consulted before use of the chemical. We are working to provide Product Safety Assessments for all products by 2015. The [PSA finder website](#) is being visited by over a thousand users each month.

At the end of 2010, there were 330 PSAs posted at [www.dowproductsafety.com](#), a net increase of 100 assessments. Dow's goal is to have publicly available PSAs for all applicable Dow products by 2015. The 330 PSAs currently posted cover 69 percent of the Company's annual sales. Employee development plans for those involved in creating PSAs help define and drive progress each year.

Completing Product Safety Assessments  
Covering 100% of Dow Products by 2015



Sales Covered by Assessments



## Sustainable Chemistry Goal

Sustainable Chemistry is our "cradle-to-cradle" concept that drives us to use resources more efficiently, to minimize our footprint, provide value to our customers and stakeholders, deliver solutions for customer needs and enhance the quality of life of current and future generations.

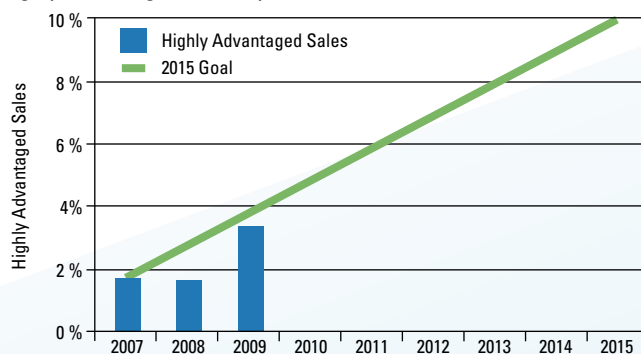
Dow's Sustainable Chemistry Index helps us measure our progress by:

- Providing a clear picture of the sustainability profile of businesses to guide priorities
- Identifying opportunities for improvement
- Focusing business strategies on significant sustainability impacts for specific products
- Providing a mechanism for external stakeholders to track our progress
- Reinforcing our corporate strategy to "Set the Standard for Sustainability"

Our goal is to increase the percentage of Company revenue from products that are based on highly advantaged chemistries to 10 percent by 2015. Progress on our Sustainable Chemistry Goal for 2010 will be reported in our second quarter 2015 Goal Update which will be posted at the [Reporting Center](#).

Sustainable Chemistry doesn't happen by accident. Throughout Scott Phillips' career he has been promoting sustainable chemistry and engineering early in the process development work process, years before actual production of a new product. Dow AgroSciences uses the Early Stage Review process to guide milestone decisions that determine how a new molecule will be made. By getting all the experts at the table early, including toxicology, industrial hygiene, process engineering, reactive chemicals, and experts from waste management, an Early Stage Review helps determine the best manufacturing route to move from invention in the lab to commercial production in the plant.

Striving to have 10% of Revenue come from  
Highly Advantaged Sales by 2015







## Breakthroughs to World Challenges

By 2015, Dow will achieve at least three breakthroughs that will significantly improve the world's ability to solve the challenges of: affordable and adequate food supply; decent housing; energy & climate change; sustainable water supplies; or improved personal health and safety.

Breakthrough technologies include new, unique chemistry; a significant new manufacturing process for existing products; or new methods of delivery for existing products. Dow was influenced by the United Nations' Millennium Development Goals (MDGs) as we challenged ourselves to help make a difference on the planet for current and future generations.

During 2010 we reviewed progress toward Breakthrough status of the following efforts:

- Healthy Omega-9 oil from canola and sunflower seeds, Q1 Goal Update
- Contributions to food security and supply, Q2 Goal Update
- Dow Building Solutions role in helping improve building energy efficiency, Q3 Goal Update
- Provision of materials to the Wind Energy application, Q4 Goal Update

Quarterly Goal Updates are posted at the [Reporting Center](#).

The most senior position with responsibility for Product Aspects is the vice president, Sustainability and EH&S, which is currently held by Neil Hawkins.

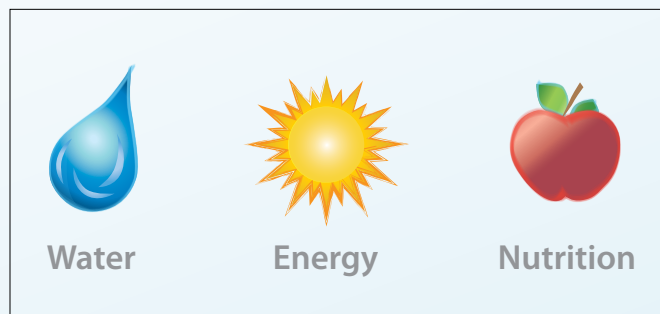
Use the [index](#) to see indicators that you may find of most interest in this section.



"Once the plant is built, it's going to be there for decades. If it uses less efficient unit operations to accomplish the chemistry, it doesn't matter how good you get at running the plant. The Early Stage Review process helps make sure we pick the most sustainable approach for making the product for years to come."

— Scott Phillips, Research Leader

### Seeking Three Breakthroughs by 2015



## Aspect: Customer Health and Safety

### PR1 Life cycle stages in which health and safety impacts of products and services are assessed for improvement and percentage of significant products and services categories subject to such procedures

All significant products are subject to and assessed for improvement opportunities as part of the Dow EH&S management approach at each of the stages of the product life cycle shown below:

	Yes	No
Development of product concept	●	
R & D	●	
Certification	●	
Manufacturing	●	
Marketing and promotion	●	
Storage distribution and supply	●	
Use and service	●	
Disposal, reuse or recycling	●	

Dow businesses use the Business Risk Review process to minimize possible adverse impacts on people, property and the environment as a result of Dow's business activity, including minimizing EH&S impacts associated with new and existing operations, products, applications and services throughout their life cycle.

Businesses are to conduct risk reviews when new information is received, including changes in product uses, regulations, raw materials, etc., or when triggered by the passage of time (e.g., every three years). In the process, and through use of supporting processes and tools, health and safety impacts can be assessed through new product development, manufacture of product, transportation and distribution, use of product at customer facilities, through recycle, reuse or disposal. Risk mitigation measures are identified and implemented as a direct result of the Business Risk Review work process. Various Product Stewardship efforts such as distributor and customer qualifications and industry advocacy work are examples of involvement in the storage, distribution, supply and use steps of product life.

### PR2 Total number of incidents of noncompliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcome

This indicator requests the number of noncompliance events identified for products that are ready for use and therefore subject to regulations concerning health and safety. A review of Dow's compliance tracking mechanism did not reveal a noncompliance incident during the 2010 period for a product ready for use, in use or in disposal.

One of the ways in which Dow strives to protect human health and the environment throughout the life cycle of its products is through Responsible Care®. Dow's commitment to this voluntary initiative has led to the implementation of Dow's Responsible Care® Management System, which has been certified externally regarding adherence to the principles of Responsible Care®. For more information about health and safety management over the life cycle of products, see guiding principles at the [Responsible Care® website](#).

## Aspect: Product and Service Labeling

### PR3 Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements

The following information is provided for all significant products where subject to national laws or the OECD Guidelines:

	Yes	No
Sourcing of components	●	
Content that might produce environmental impact	●	
Safe use of product	●	
Disposal of product and impacts	●	

Dow's products must comply with hazard communication program requirements, including appropriate labeling and Material Safety Data Sheets, for all countries in which Dow sells them. The content of the label and safety data sheet is specified in local laws and regulations and includes such information as product composition, safe use recommendations and appropriate disposal practices.

In addition, Dow provides direct customer support when additional handling or safety information is requested, including information that supports the use of product in critical applications (food contact, pharmaceuticals, biocidal applications, etc.) and for customs purposes. We provide technical data (physical properties, performance in application) and recommendations for safe handling and storage and give specific guidance regarding product uses that Dow supports.

Dow is in compliance with the REACH regulations promulgated by the European Union (EU), which does require information on the chemical properties, hazard profile and uses of all products manufactured in or imported into the EU that have met the criteria for inclusion. Dow is also implementing activities required for compliance with the Globally Harmonized System for Classification and Labeling.

Dow's 2015 Sustainability Goal for Product Safety Leadership commits the Company to make Product Safety Assessments (PSAs) publicly accessible for all saleable products globally and to address relevant gaps in information.

#### **PR4 Total number of incidents of noncompliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcome**

Not reported by the Company at this time. Adjustments in label auditing will be involved to compile this information for reporting. Compliance reporting for PR4 is a long-term goal.

#### **PR5 Practices related to customer satisfaction, including results of surveys measuring customer satisfaction**

Customer Service Organization satisfaction metrics are used to evaluate and improve the customer's experience in doing business with Dow. Key performance metrics are now visible to all employees and are updated each quarter to track performance. The overall Ease of Doing Business is tracked through survey instruments that gain insights about customer experience with different aspects of doing business with Dow. During 2010, the Ease of Doing Business indicator of Customer Satisfaction was 8.3 with a target of 7.9 (scale of 1 to 10). The survey includes the question: "Overall, how satisfied are you with the performance of Dow as a supplier?" Seventy-three percent of the customers who responded to this question reported being satisfied.

### **Aspect: Marketing Communications**

#### **PR6 Programs for adherence to laws, standards and codes related to marketing communications, including advertising, promotion and sponsorship**

Marketing communications programs and materials are reviewed by Dow Legal and regulatory specialists to ensure that they are compliant with local laws and regulations as well as Dow's Ethics and Compliance policies. Dow employs, via its Product Safety and Supply Chain organization, systems designed to understand regulatory restrictions regarding its products and abides by those restrictions in the sales of its products. Dow employs, via its

Product Safety organization, a risk recognition and response system that incorporates societal concerns as one endpoint. Dow does sell products about which stakeholders have concerns. Dow believes these products are safe for their intended uses.

Dow frequently conducts outreach to a variety of external stakeholders to understand and respond to their concerns about its products. This has sometimes led to jointly conducted projects to better understand and characterize risks. For more than 15 years, Dow has maintained a Sustainability External Advisory Council, composed of thought leaders in a broad range of social and hard sciences. We frequently review controversial product situations with them to gain their advice and counsel.

#### **PR7 Total number of incidents of noncompliance with regulations and codes concerning marketing communications, including advertising, promotion and sponsorship by type of outcome**

No incidents of noncompliance concerning marketing communications were identified for the reporting period.

### **Aspect: Customer Privacy**

#### **PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data**

We have internal controls to prevent the release of customer information. To the best of our knowledge, there are no customer privacy complaints.

### **Aspect: Compliance**

#### **PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services**

Currently Dow systems do not classify whether a fine is related to products, the environment or another focus of law. See note in EN28 for more information.

We are unaware of any significant fines resulting from our products in use in 2010. Through our internal auditing programs, further scrutiny is applied to assure internal and external requirements are met.

Additional information is also provided in [Dow's Form 10-K](#) for the fiscal year ending December 31, 2010 – Note N – Commitments and Contingent Liabilities.

# Index

Profile	Description	Pages	Reporting Level	Comment
	<b>Strategy and Profile of The Dow Chemical Company</b>	<b><a href="#">10-33</a></b>	<b>Reported</b>	
1.1	Statement from CEO presenting overall vision	<a href="#">11 -12</a>	Reported	
1.2	Key impacts, risks and opportunities	<a href="#">13-14</a>	Reported	
2.1	Name of reporting organization	<a href="#">15</a>	Reported	
2.2	Primary brands, products and/or services	<a href="#">15</a>	Reported	
2.3	Operational structure of the organization	<a href="#">15</a>	Reported	
2.4	Location of organization's headquarters	<a href="#">15</a>	Reported	
2.5	Countries of operation	<a href="#">15</a>	Reported	
2.6	Nature of ownership and legal form	<a href="#">16</a>	Reported	
2.7	Markets served	<a href="#">16</a>	Reported	
2.8	Scale of the reporting organization	<a href="#">16</a> Page 45 Proxy 2011	Reported	
2.9	Significant changes during the reporting period	<a href="#">17</a>	Reported	
2.10	Awards received during 2010	<a href="#">17</a>	Reported	
3.1	Reporting period	<a href="#">18</a>	Reported	
3.2	Date of most recent previous report	<a href="#">18</a>	Reported	
3.3	Reporting cycle	<a href="#">18</a>	Reported	
3.4	Contact point for questions regarding the report	<a href="#">18</a>	Reported	
3.5	Process for defining report content	<a href="#">18-20</a>	Reported	
3.6	Boundary of the report	<a href="#">20-21</a>	Reported	
3.7	Limitations on the scope or boundary of the report	<a href="#">21</a>	Reported	
3.8	Basis for reporting that can significantly affect comparability	<a href="#">21</a>	Reported	
3.9	Data measurement techniques and the bases of calculations	<a href="#">21</a>	Reported	
3.10	Explanation of any restatements of information provided in earlier reports	<a href="#">22</a>	Reported	



Profile	Description	Pages	Reporting Level	Comment
3.11	Significant changes from previous reporting	<a href="#">22</a>	Reported	
3.12	Table identifying location of Standard Disclosures	<a href="#">22</a>	Reported	
3.13	Policy and practice regarding external assurance for the report	<a href="#">22-23</a>	Reported	Assurance for the report has been provided by ERM.
4.1	Governance structure of the organization	<a href="#">24</a>	Reported	
4.2	Is the Chair of the Board of Directors also an executive officer?	<a href="#">24</a>	Reported	
4.3	Members of the Board of Directors that are independent and/or non-executive members	<a href="#">24</a>	Reported	
4.4	Mechanisms to provide recommendations or direction to the highest governance body	<a href="#">24-25</a>	Reported	
4.5	Linkage between compensation and the organization's performance	<a href="#">25</a>	Reported	
4.6	Processes to ensure conflicts of interest are avoided	<a href="#">25</a>	Reported	
4.7	Process for determining the qualifications and expertise of the Board members	<a href="#">25</a>	Reported	
4.8	Statements of mission or values, codes of conduct and principles	<a href="#">26</a>	Reported	
4.9	Procedures for overseeing economic, environmental and social performance	<a href="#">26-27</a>	Reported	
4.10	Processes for evaluating the highest governance body's performance	<a href="#">27</a>	Reported	
4.11	How the precautionary approach is addressed	<a href="#">27</a>	Reported	
4.12	Externally developed economic, environmental and social charters to which the organization subscribes or endorses	<a href="#">28-29</a>	Reported	
4.13	Memberships in associations and/or advocacy organizations	<a href="#">29</a>	Reported	
4.14	List of stakeholder groups engaged by the organization	<a href="#">30</a>	Reported	
4.15	Basis for identification and selection of stakeholders	<a href="#">30</a>	Reported	
4.16	Approaches to stakeholder engagement	<a href="#">30-32</a>	Reported	
4.17	Key topics and concerns raised through stakeholder engagement	<a href="#">33</a>	Reported	

Indicator	Description	Pages	Reporting Level	Comment
	<b>The Economic Impact of Sustainability</b>	<b>34-39</b>	<b>Reported</b>	
EC1	Economic value generated and distributed	<a href="#">36</a>	Reported	
EC2	Financial implications due to climate change	<a href="#">36-37</a>	Reported	
EC3	Coverage of defined benefit plan obligations	<a href="#">37</a>	Reported	
EC4	Significant financial assistance from government	<a href="#">37</a>	Reported	
EC5	Range of wage ratios	<a href="#">38</a>	Reported	
EC6	Spending on locally-based suppliers	<a href="#">38</a>	Reported	
EC7	Procedures for local hiring	<a href="#">38</a>	Reported	
EC8	Infrastructure investments and services	<a href="#">38-39</a>	Reported	
EC9	Indirect economic impacts	<a href="#">39</a>	Partial Response	Defining/reporting indirect economic impacts from all significant sites is not attempted. A mid-term reporting goal.

Indicator	Description	Pages	Reporting Level	Comment
	<b>Taking Responsibility for Our Impact on the Environment</b>	<b>40-57</b>	<b>Reported</b>	
EN1	Materials used	<a href="#">43</a>	Reported	
EN2	Recycled input materials	<a href="#">43</a>	Reported	
EN3	Direct energy consumption by primary source	<a href="#">44</a>	Reported	
EN4	Indirect energy consumption by primary source	<a href="#">44</a>	Reported	
EN5	Energy saved through conservation and efficiency improvements	<a href="#">44</a>	Reported	
EN6	Initiatives related to renewable energy	<a href="#">44-45</a>	Reported	
EN7	Initiatives to reduce indirect energy consumption	<a href="#">45</a>	Partial Response	The focus of effort is to reduce energy consumed in manufacturing operations. A mid-term reporting goal.
EN8	Total water withdrawal	<a href="#">46</a>	Reported	
EN9	Water sources significantly affected	<a href="#">47</a>	Reported	
EN10	Water recycled and reused	<a href="#">47</a>	Partial Response	Not all recycled or reused water is currently measured. A long-term goal.
EN11	Land in/adjacent to protected areas	<a href="#">48</a>	Reported	We do not report on the size of land because this information has not yet been collected, but we will report size in 2011.
EN12	Biodiversity impacts	<a href="#">49</a>	Reported	
EN13	Habitats protected or restored	<a href="#">49-50</a>	Reported	
EN14	Strategies/plans related to biodiversity	<a href="#">50</a>	Reported	
EN15	IUCN Red List species in areas affected	<a href="#">50</a>	Not Available	Ecoregion Crisis Class was defined in 2010. Work is underway and we plan to identify species that may be affected in 2011.
EN16	Direct and indirect greenhouse gas emissions	<a href="#">51</a>	Reported	
EN17	Other relevant indirect GHG emissions	<a href="#">51</a>	Partial Response	The indirect GHG emissions related to inbound shipment of raw materials is not available. We plan to report this by 2013.
EN18	Initiatives to reduce GHG emissions	<a href="#">52</a>	Reported	
EN19	Emissions of ozone-depleting substances	<a href="#">53</a>	Reported	
EN20	NOx, SOx and other air emissions	<a href="#">53</a>	Reported	
EN21	Water discharge	<a href="#">54</a>	Partial Response	Information is not available to provide a complete answer because metering is not widely used to measure water discharge. We plan to report this by 2013.
EN22	Weight of waste	<a href="#">54</a>	Reported	
EN23	Significant spills	<a href="#">55</a>	Reported	
EN24	Waste deemed hazardous under the terms of the Basel Convention	<a href="#">55</a>	Reported	
EN25	Biodiversity value of water bodies and related habitats	<a href="#">55</a>	Not Available	Information is not collected at this time. We plan to report this by 2012.
EN26	Initiatives to mitigate environmental impacts	<a href="#">55</a>	Reported	
EN27	Products and packaging materials reclaimed	<a href="#">56</a>	Reported	
EN28	Significant fines and sanctions	<a href="#">56</a>	Reported	
EN29	Transportation impacts	<a href="#">56</a>	Reported	
EN30	Environmental protection expenditures	<a href="#">57</a>	Reported	

Indicator	Description	Pages	Reporting Level	Comment
	<b>Good Place to Work</b>	<b>58-67</b>	<b>Reported</b>	
LA1	Workforce by employment type	<a href="#">61</a>	Reported	
LA2	Employee turnover	<a href="#">61</a>	Partially Reported	Attrition is reported by years of service rather than by age. This provides a similar indicator consistent with Company approach. Data by age is not applicable and we plan to continue to report based on years of service.
LA3	Benefits provided only to full-time employees	<a href="#">62</a>	Reported	
LA4	Employees covered by collective bargaining	<a href="#">62</a>	Reported	
LA5	Minimum notice period(s)	<a href="#">62</a>	Reported	
LA6	Workforce represented in health and safety committees	<a href="#">62</a>	Reported	
LA7	Rates of injury and number of work-related fatalities	<a href="#">63</a>	Partially Reported	Reporting absenteeism is not material because expectations about attendance are clear and sufficient.
LA8	Education programs for workforce and others	<a href="#">63</a>	Reported	
LA9	Health and safety topics covered in union agreements	<a href="#">64</a>	Not Applicable	Emphasis on worker safety ensures address for all employees.
LA10	Training per year per employee	<a href="#">64</a>	Reported	
LA11	Programs for skills and lifelong learning	<a href="#">64</a>	Reported	
LA12	Employees receiving development reviews	<a href="#">64</a>	Reported	
LA13	Composition ... breakdown per category	<a href="#">65-66</a>	Reported	
LA14	Ratio of salary of men to women	<a href="#">67</a>	Reported	

Indicator	Description	Pages	Reporting Level	Comment
	<b>Human Rights</b>	<b>68-73</b>	<b>Reported</b>	
HR1	Investment agreements with human rights clauses	<a href="#">70</a>	Reported	
HR2	Screening suppliers and contractors on human rights	<a href="#">70</a>	Reported	
HR3	Training on aspects of human rights	<a href="#">70</a>	Reported	
HR4	Incidents of discrimination and actions taken	<a href="#">71</a>	Reported	
HR5	Right to exercise freedom of association	<a href="#">72</a>	Reported	
HR6	Incidents of child labor	<a href="#">72</a>	Reported	
HR7	Risk for incidents of forced labor	<a href="#">72</a>	Reported	
HR8	Security training – human rights policies	<a href="#">73</a>	Reported	
HR9	Violations involving rights of indigenous people	<a href="#">73</a>	Reported	



Indicator	Description	Pages	Reporting Level	Comment
	<b>Society</b>	<b><a href="#">74-81</a></b>	<b>Reported</b>	
S01	Programs to assess impacts on communities	<a href="#">77-78</a>	Reported	
S02	Units analyzed for risks related to corruption		Not Reported	We do not report on this but will begin implementing an anti-corruption risk assessment during 2011 and will be in a better position to report on this in 2012.
S03	Training about anti-corruption policies	<a href="#">79</a>	Reported	
S04	Actions in response to incidents of corruption	<a href="#">79</a>	Reported	
S05	Public policy positions and lobbying	<a href="#">80-81</a>	Reported	
S06	Value of contributions to political parties	<a href="#">81</a>	Reported	
S07	Total number of legal actions	<a href="#">81</a>	Reported	
S08	Fines and sanctions for noncompliance	<a href="#">81</a>	Reported	

Indicator	Description	Pages	Reporting Level	Comment
	<b>Product Stewardship</b>	<b><a href="#">82-87</a></b>	<b>Reported</b>	
PR1	Assessment of health and safety impacts	<a href="#">86</a>	Reported	
PR2	Noncompliance with regulations and codes during life cycle	<a href="#">86</a>	Reported	
PR3	Information required by procedures	<a href="#">86-87</a>	Reported	
PR4	Incidents of labeling noncompliance	<a href="#">87</a>	Not Available	The information is not aggregated at this time. A near-term goal.
PR5	Practices related to customer satisfaction	<a href="#">87</a>	Reported	
PR6	Marketing and adherence to laws and standards	<a href="#">87</a>	Reported	
PR7	Incidents of noncompliance with marketing related regulations	<a href="#">87</a>	Reported	
PR8	Customer privacy and data	<a href="#">87</a>	Reported	
PR9	Noncompliance with regulations for use of products	<a href="#">87</a>	Reported	

