



# Chemical Building Blocks for Sustainability

*As a materials science company, Dow provides products that support sustainability-aligned applications such as food packaging, energy-efficient buildings, e-mobility, health, and hygiene. The following paper outlines an approach for assessing a company's product sales into these sustainability-aligned markets.*

Sustainability-related opportunities form an important part of modern-day environmental reporting disclosures, focusing on growth and value creation while providing greater transparency to all stakeholders. Capturing growth from sustainability should begin with an assessment of a business portfolio considering current and projected market opportunities.

Principal guidance on disclosing sustainability-related risks and opportunities is provided by several reporting frameworks, for example the International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards<sup>1</sup>. Practical implementation of these standards depends on the position in a value chain and sector alignment of an enterprise. In Dow's case, more specific guidance can be found in the World Business Council for Sustainable Development (WBCSD) Chemical Industry Methodology for Portfolio Sustainability Assessment<sup>2</sup>(WBCSD PSA).

## Portfolio assessment by Dow

Dow is situated upstream in most value chains, providing thousands of products that serve as raw materials and building blocks for industrial and consumer-facing applications. In alignment with WBCSD PSA, we evaluate Dow's portfolio from three perspectives:

Metric	Focus on	Corresponding Signal Categories of WBCSD PSA
<b>Safety of products</b>	Categorizing products based on hazard and exposure potential and presence of substances of concern.	1: Chemical hazard and exposure across the lifecycle 2: Anticipated regulatory trends
<b>Sustainability performance of products</b>	Solutions with intrinsic environmental benefits, performing above and beyond market standards	4: Authoritative ecolabels, sustainability related certification and standards 5: Environmental and social performance across lifecycle compared to alternative solutions
<b>Enabling sustainability-aligned markets</b>	Helping our customers and value chains fulfill their sustainability goals, including using Dow's products with standard environmental performance	3: Sustainability ambitions along the value chain 7: Sustainable Development Goals

This document focuses on the last of these three metrics, which is currently disclosed in Dow's annual Intersections progress report<sup>3,4</sup>. The intent is to provide more context and discuss how to define and measure materials science company's contribution to sustainability by serving the underlying value chain applications.

## How we define a sustainability-aligned market

There are no established rules or standards to determine alignment of an application to sustainability. However, definitions are needed to ensure consistency and minimize subjectivity across departments and individuals involved in the assessment. In developing a set of definitions for internal use, Dow leveraged two highly regarded and comprehensive frameworks:

- United Nations Sustainable Development Goals<sup>5</sup> (UN SDGs) being a, "...blueprint for shared prosperity adopted by all United Nations."
- Green Revenue Classification (GRC) data model<sup>6</sup>- a tool developed by FTSE Russell<sup>7</sup> which is, "For investors to assess portfolio exposure to climate transition risks and identify opportunities for investment in companies with green activities."

### Examples:

FTSE Russell GRC defines Food Safety, Efficient Processing and Sustainable Packaging as, "...application of products or services that raise food safety standard, test or monitor food, or packaging technologies that extend shelf life and reduce waste."

Dow's polyethylene resins and adhesives help enable high-performance food packaging, which protects food and prolongs shelf life. We work to enhance the sustainability performance of packaging through solutions for downgauging and design for recyclability.

Buildings and Property sector is defined in the GRC as, "Revenue-generating activities related specifically to the design, development, manufacture or installation of energy and other resource efficient products and services for use in residential, commercial and municipal buildings. Products include those that contribute to international certification standards such as LEED and BREEAM and can include entire buildings."

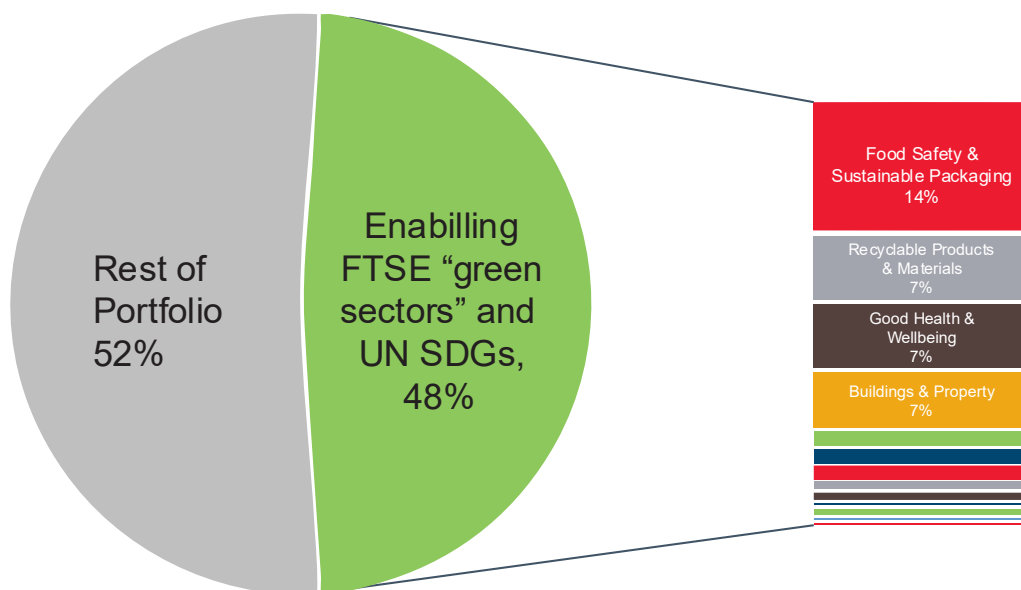
Dow's silicone sealants and polyurethane systems help ensure energy efficiency, insulation and better performance of buildings, contributing to their environmental certification.

Dow materials serve a variety of other applications which contribute to sustainability and wellbeing, among them are renewable energy generation, products designed for recyclability, health and hygiene, e-mobility, and more.

## Work process and results

Putting together a uniform procedure across Dow's businesses has been key to ensuring consistency. To assess our product uses, we leverage Dow's market segmentation taxonomy, which has "Application" at its most granular level and allows revenue reporting per application. For example, "Laundry Bar" would be an application within the "Home Care" market segment. Each business unit at Dow has a dedicated focal point, who works with market segment leaders across their business to perform the mapping of

applications. Each application is mapped as having either **No** or **Full** or **Partial Alignment**<sup>1,3</sup> to either one of FTSE Russell sectors (focusing on Tier 1 and Tier 2) or a UN SDG<sup>8</sup>. Unless self-explanatory, the focal points are required to



provide substantiation of their choices. The mapping is centrally reviewed and is updated and tested regularly for consistency with the definitions. The results are consolidated in Dow's reporting systems and are represented as a percentage of Dow's total revenue.

In 2024, 48% of Dow's sales were attributed to applications aligned with sustainability. The leading sustainability-aligned segments were Food Safety and Sustainable Packaging, Recyclable Products, Building Energy Efficiency, and Good Health & Wellbeing.

## Managing Subjectivity

Though the definitions are comprehensive, there can be subjectivity in interpreting and applying them relative to specific applications. To mitigate this, we require our businesses to maintain a conservative approach. For example, businesses must not map an application to a sustainability-aligned market segment if they are not certain that their substantiation or their level of knowledge about the end-use is sufficient. We also reflect in our disclosures that results of this evaluation have a certain degree of error, primarily due to a portion of Dow's sales made via distribution partners.

## Will we see a faster relative growth of sustainability markets?

Over recent years there has been a significant uptake in sustainability commitments among brand owners, governments, and consumers. Market reports show significantly higher compound growth rates of sustainability-aligned applications relative to others. Policies emerge which provide incentives and accelerate investment in sustainability. This is why we believe there is a material opportunity for Dow to drive value growth and to steer our innovation more effectively by focusing on these applications.

### Authored by:

Sergey Belyavskiy

Director of Sustainability, Commercial

<sup>1</sup> General Requirements for Disclosure of Sustainability-related Financial Information, June 2023 IFRS S1 IFRS® Sustainability Disclosure Standard

<sup>2</sup> <https://www.wbcsd.org/Programs/Circular-Economy/Resources/Chemical-Industry-Methodology-for-Portfolio-Sustainability-Assessments>

<sup>3</sup> [2023 Progress Report: Advancing Sustainability Initiatives | Corporate Dow](#)

<sup>4</sup> Dow does not disclose other assessment results as of this publication

<sup>5</sup> <https://sdgs.un.org/goals>

<sup>6</sup> [https://www.lseg.com/content/dam/ftse-russell/en\\_us/documents/other/ftse-russell-green-revenues-classification-system.pdf](https://www.lseg.com/content/dam/ftse-russell/en_us/documents/other/ftse-russell-green-revenues-classification-system.pdf)

<sup>7</sup> FTSE Russell® is a trading name of FTSE International Limited ("FTSE"), a member of the London Stock Exchange Group plc. "FTSE", Russell and FTSE Russell® are trademarks or service marks owned or licensed by FTSE and the Frank Russell Company

<sup>8</sup> Applications such as fossil fuel exploration and refining are excluded from mapping

NOTICE: No freedom from infringement of any patent owned by Dow or others is to be inferred. Because use conditions and applicable laws may differ from one location to another and may change with time, Customer is responsible for determining whether products and the information in this document are appropriate for Customer's use and for ensuring that Customer's workplace and disposal practices are in compliance with applicable laws and other government enactments. The product shown in this literature may not be available for sale and/or available in all geographies where Dow is represented. The claims made may not have been approved for use in all countries. Dow assumes no obligation or liability for the information in this document. References to "Dow" or the "Company" mean the Dow legal entity selling the products to Customer unless otherwise expressly noted. NO WARRANTIES ARE GIVEN; ALL IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE ARE EXPRESSLY EXCLUDED. Dow has not performed architectural, engineering or other professional services in connection with any of the projects referenced herein, and Dow assumes no responsibility for any design, specifications, requirements (included but not limited to windload), materials, samples, design elements, or testing of any design components, including the adequacy or completeness of the same, supplied or used by any party. Dow will only warrant products as set forth in a separate executed Dow warranty.

®™ Trademark of The Dow Chemical Company ("Dow") or an affiliated company of Dow.

© 2025 The Dow Chemical Company. All rights reserved.

2000024724-170650

910-00160-01-0525 S2D