



2019

**MOMENTIVE™**

SUSTAINABILITY  
REPORT



COMMITTED TO  
**SUSTAINABILITY**



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### ABOUT THIS REPORT

Welcome to Momentive's 2019 Global Sustainability report, which has been prepared with reference to GRI standards. This report reflects the Company's performance for the calendar year ending December 31, 2019.

### QUESTIONS?

Contact Roger Bowman, Momentive Corporate Sustainability Manager,  
**[Roger.Bowman@momentive.com](mailto:Roger.Bowman@momentive.com)**  
or Momentive's Sustainability email, **[sustainable.thinking@momentive.com](mailto:sustainable.thinking@momentive.com)**.

# SUSTAINABILITY STARTS AT THE TOP

*A Message from Momentive President & CEO, Sam Conzone*



Throughout the preparation of this 2019 Sustainability Report, Momentive Performance Materials (Momentive) has remained steadfastly active in the worldwide response to COVID-19. Despite the pandemic, all our sites have continued operating with an unwavering focus on keeping our people safe. Together, we have supplied our customers with silicone and specialty products that are enabling advanced healthcare applications such as test kits, life-saving equipment, vaccine systems, personal protective equipment, hospital beds, hand sanitizer, and gloves. We are proud of our broad portfolio of products that are helping to transform and advance the world in applications that serve a range of industries, including advanced agriculture, sustainable personal care, 5G-telecommunications, sustainable construction, next-generation aerospace, E-mobility and consumerism/convenience.

Last year, Momentive saw a change in ownership. We formed three silicones and specialties businesses with integrated manufacturing. We integrated sustainability into our strategic planning to raise awareness of our Environmental, Social, and Governance (ESG) initiatives and shifted to align with the Global Reporting Initiative (GRI) Standards. Our high-performance silicones and specialties products help customers solve societal challenges, more sustainably, in industries ranging from electric vehicles, beauty and personal care, agriculture, construction, and advanced consumer products. Momentive's NXT\* silanes contribute to reduced rolling resistance in tires resulting in lower vehicle fuel consumption and subsequent reductions in greenhouse gas (GHG) emissions. In beauty and personal care, we are increasing developmental efforts on derived-natural additives. Our agricultural super spreaders allow farmers to use up to 90 percent less water versus conventional approaches, increasing crop yields, and saving precious water and energy. Our roof coatings extend roof life, alleviating pressure on landfills. Our polyurethane additives enable some of the most efficient, thermally insulating foams commercially available, providing significant energy savings over the lifecycle of a refrigerator, water heater, or home appliance.

In 2020, we begin a new 5-year strategic planning cycle for Momentive. We will continue to elevate and integrate sustainability into our Vision 2025 and set goals around energy consumption, low carbon/renewable energy use, waste, and GHG emissions. Enabling sustainability is not only the right thing for our business financially, but it is also the right thing to do societally. As Momentive's new CEO, I am excited by the possibilities of a more sustainable future and by the impact Momentive can have. The Momentive team hopes that you enjoy reading our 2019 Sustainability Report. We welcome your feedback and questions as we strive for greater transparency and improved performance around our most essential ESG topics.

A handwritten signature in black ink, appearing to read 'Sam Conzone'. The signature is stylized with loops and a long horizontal stroke at the end.

Samuel Conzone, Momentive President and CEO

*\*NXT is a trademark of Momentive Performance Materials, Inc.*



# 2019 SUSTAINABILITY HIGHLIGHTS



## OUR SUSTAINABILITY VISION

Momentive is committed to creating value by collaborating with customers to deliver innovative products and by caring for our people, our communities, and the environment.

### WE ENABLE SUSTAINABILITY

Our People	Our Products	Our Sites
<ul style="list-style-type: none"> <li>✓ Volunteering</li> <li>✓ Donating</li> <li>✓ Giving Back</li> </ul>	<ul style="list-style-type: none"> <li>✓ Eco-friendly Tires</li> <li>✓ Sustainable Ag</li> <li>✓ Natural Beauty</li> </ul>	<ul style="list-style-type: none"> <li>✓ Eliminating Waste</li> <li>✓ Simplify</li> <li>✓ Green Inputs</li> </ul>

# ABOUT MOMENTIVE

Headquartered in Waterford, New York, Momentive Performance Materials Inc. ("Momentive" or, the "Company"), an indirect wholly-owned subsidiary of MOM Holding Company, is one of the world's largest producers of silicones and silicone derivatives. In 2019, Momentive was also a global leader in the development and manufacture of products derived from quartz and specialty ceramics, although on January 1, 2020, the quartz and ceramics portion of our business was divested. Momentive's rich historical legacy of more than 75 years of experience in the research, development, and production of silicone materials includes many commercial first-ever silicone processes and products. Momentive's product portfolio comprises a broad foundation of many advanced solutions now widely used around the world.

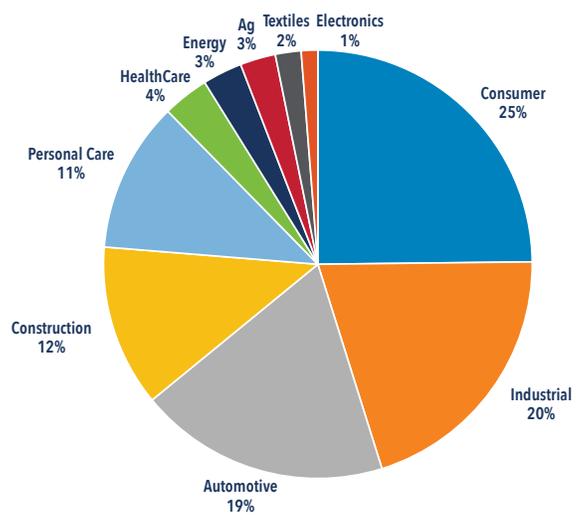


## WHAT WE ARE

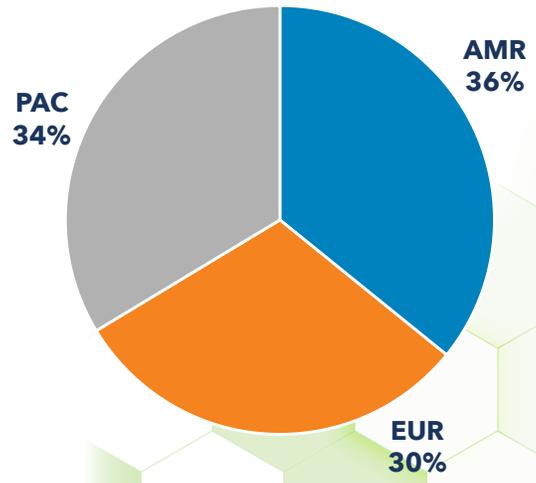
<p><b>Technology &amp; innovation focused with 3,400 patents serving high-growth applications</b></p>	<p><b>Global, with 17 production sites and 9 R&amp;D facilities</b></p>	<p><b>Strategic, with a clear path forward, focused on earned growth and operational streamlining</b></p>	<p><b>Customer oriented with a diverse, blue-chip customer base of over 4,000 customers in over 100 countries</b></p>
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# BUSINESS PROFILE SUMMARY

REVENUE BY INDUSTRY<sup>1</sup>



REVENUE BY GEOGRAPHY<sup>1</sup>



~\$2.3 billion Revenue

<sup>1</sup> Reflects FY19 split

## OUR HISTORY

The legacy of Momentive began in earnest in May 1940 with General Electric Company ("GE"), when GE research chemist Dr. Eugene G. Rochow discovered the direct reaction process that revolutionized the industrial production process of silicon-based materials. As a result, in 1944, the then GE Silicones division introduced the first commercial silicone product, and went on to pioneer the introduction of silicone sealants to the marketplace in the 1950s. In the late 1960s, GE Silicones' advanced silicone rubber was part of Apollo 11's first voyage to the moon. Since that historical journey, Momentive's materials contributed to NASA, ESA (European Space Agency), and JAXA (Japanese Aerospace Exploration Agency) missions, from Apollo, the Space Shuttle Program, and International Space Station, to the Hubble Telescope and Mars Rovers. In 2006, through an acquisition by Apollo Management Group, a new entity - Momentive - was formed.

*For more than 75 years, impossible has taken Momentive to some amazing places - from the world's tallest buildings to the surface of the moon.*

In 2019, Momentive was acquired by an investor group comprised of SJL Partners LLC ("SJL"), KCC Corporation ("KCC") and Wonik QnC Corporation ("Wonik") (collectively, the "Investor Group") to further enhance Momentive's global leadership position by expanding our portfolio of products, broadening our geographic reach, and strengthening our financial position. On January 1, 2020, the former Quartz and Ceramics business units legally separated from Momentive, leaving KCC and SJL as the Company's owners. Based in Seoul, South Korea, KCC Corporation is a leading chemical manufacturer in Korea, specializing in paints, building materials, and silicone and specialty materials. SJL is a private equity investment manager also based in Seoul. Momentive operates more than 50 manufacturing and commercial [locations](#) worldwide and offers a wide range of products, serving several industries such as automotive, aerospace, electronics, personal care, consumer products, building and construction, as well as specialized industries such as specialty fluids, silanes, and additives.

Every day, we deliver technologies to our customers around the globe that are helping to create innovative, successful products that improve everyday life.



# OUR PEOPLE

Momentive is proud of our more than 5,400 employees around the world. We are committed to upholding the principles and policies of equal opportunity employment, as well as ensuring that all labor and human rights are upheld throughout our value chain. We denounce racism and discrimination in any form. Our leadership team recognizes the many benefits that result from a more diverse workforce where individual and group differences are valued. We are firmly committed to improving our practices in meaningful ways to drive progress toward an equitable and inclusive environment for all, with an ultimate goal of a working environment where diversity, inclusion and belonging are deeply embedded in the fabric of our culture and felt by our people and communities.



Keeping our employees safe at work is paramount to everything that we do.

Total number of employees and other workers, by region	
North, South America	
Other Worker	348
Employee	2018
Asia/Pacific	
Other Worker	203
Employee	1196
Europe, Middle East, Africa	
Other Worker	279
Employee	1413
<b>Grand Total</b>	<b>5457</b>

Total number of employees and other workers, by gender		
Employee	Full-time	Part-time
Female	827	41
Male	3738	21
Other Worker	Full-time	Part-time
Female	6	0
Male	5	1
No response <sup>1</sup>	748	70
<b>Grand Total</b>	<b>5324</b>	<b>133</b>

<sup>1</sup>Gender data is not required for other workers.

Momentive collects and reports demographic data on employees and other workers. For employees hired directly by Momentive, information is collected at the time of hire. For other workers, information is collected from the employment agency when work at Momentive begins.



## SAFETY AND EXPOSURE REDUCTION OUTREACH (JUNE 2019)

Rayong, Thailand

The safety event at the Prachoommit Temple School educated youth on risk assignment in schools.



## GREEN CHEMISTRY

Momentive is guided by principles of **green chemistry** – Resource Efficiency and Hazard Reduction – to produce specialty chemicals and advanced materials in a manner that is more environmentally responsible and safer, helping to limit human and environmental consequences. Our chemists are continuously developing new ways to decrease the consumption of materials and energy – Resource Efficiency – while reducing waste throughout the lifecycle of our products.

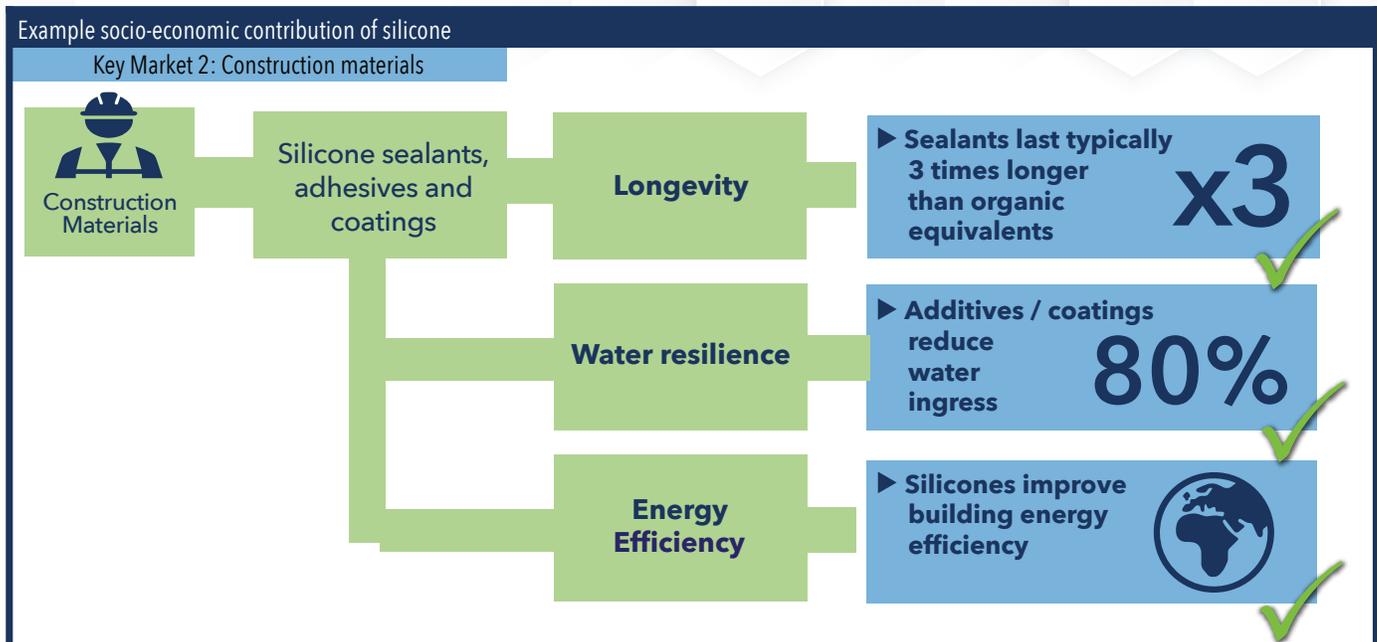
Our scientists are continuously developing new ways to decrease the consumption of materials and energy while reducing waste throughout the lifecycle of our products. We also quantify and reduce hazards early in the development phase, which leads to safer products and operations.

### GREEN TECHNOLOGY PRINCIPLES GUIDE MOMENTIVE'S PRODUCT INNOVATION

INDUSTRIES	GREEN TECHNOLOGY PRINCIPLES
Beauty and Personal Care	Non-toxic, natural, or renewable
Agriculture	Conservation of natural resources (water), reduction of hazardous chemicals in soil, drift reduction
Tire	Fuel efficiency
Polyurethane	No toxic emissions, energy conservation
Adhesives	Low volatile organic compound (VOC)
Electronics	Thermal management and utilization, energy efficiency, low VOC
Coatings	Low VOC, low energy for processing
Elastomers	Reduced energy for processing, non-toxic
Sealants	Low VOC, energy conservation
Basic Silicone Additives	Reduced waste, catalysis, atom economy

Momentive is committed to producing products that not only meet customer needs but also help solve societal challenges and deliver environmental benefits. Product stewardship is a cornerstone of our corporate sustainability mission, and Momentive products contribute to sustainability in various ways. Many high-performance building materials use silicones to enhance building performance and energy efficiency.

We have included sustainability criteria in the process of evaluating potential new products. These criteria include energy savings, greenhouse gas emissions reduction, water or waste reduction during production or customer use, renewable or recyclable content, and reduced risk.



(Source: Global Silicones Council, <https://sehsc.americanchemistry.com/Socio-Economic-Evaluation-of-the-Global-Silicones-Industry-The-Americas.pdf>)

## MOMENTIVE'S E-FREE\* SILANE IS A SUSTAINABLE SOLUTION IN TIRE TECHNOLOGY

With e-free silane, there are virtually no ethanol<sup>1</sup> emissions - helping manufacturers meet ever more stringent environmental requirements and demands for better product and value performance. The use of e-free silane also may allow greater freedom of design and overall performance equal to or greater than many standard silanes. These e-free silanes typically feature improved processing characteristics such as reduced viscosity, faster cure, and minimized scorching. e-free silane can reduce and almost eliminate ethanol emissions during mixing while also providing shorter curing cycles. Using e-free silane, more effective coupling, better filler dispersion, less re-agglomeration of filler, higher modulus and tensile strength, and improved abrasion resistance may be achieved in rubber products - in a more environmentally responsible manner.



\*e-free is a trademark of Momentive Performance Materials Inc.

<sup>1</sup>Contains less than 1% by weight, total releasable ethanol

## OUR BUSINESS

In 2019, Momentive consisted of two business divisions, Silicones and Quartz, the latter of which was divested on January 1, 2020, as Momentive Quartz Technologies. Momentive develops and manufactures components that are springboards for innovation in hundreds of consumer and industrial applications, ranging from car engines to biomedical devices to integrated circuits.

Silicones serve as a critical ingredient in many construction, transportation, healthcare, personal care, electronic, consumer, and agricultural uses, often lending significant environmental benefits to the final product as a result.

Quartz, specialty ceramics, and crystal products are used in several high-technology industries such as semiconductors, telecommunications, transport, lighting, packaging, electronics, and consumer goods, which typically require products made to precise specifications.



# OUR BRANDS AND PRODUCTS

In 2019, Momentive reorganized its manufacturing and operations around **three businesses** – Performance Additives, Formulated Specialties, and Core Silicones & Intermediates.

**Performance Additives** materials find their home in diverse uses, including beauty and personal care, agriculture, industrial adhesives and sealants, polyurethanes, and tire silanes.

Silsoft silicone-based fluid emulsions and gels give many personal and home care products their unique feel and high performance.

In the world of agriculture, Silwet super spreading adjuvants and SAG

and antifoam agents play a critical role in increasing productivity and improving crop yields. Silwet adjuvants can enable active ingredients in agrochemicals to spread across the plant and into plant tissue. By reducing overspray and improving the amount of spray that adheres to plant surfaces, release to the environment is minimized, and safety is improved for farmworkers.

NXT\* silanes are at the heart of eco-friendly auto and truck tires that have improved performance, extended life, and reduced rolling resistance, thereby resulting in fewer GHG emissions being released to the environment.

The use of Niax\* specialty silicones in manufacturing polyurethane (PU) foams enables superior product performance while eliminating the use of toxic chemicals, which are otherwise unavoidable to meet the flame resistance requirements.

**Formulated Specialties** produces specialty materials including adhesives, coatings, and elastomers for electronics, automotive, aerospace, healthcare, and industrial applications. In electric vehicles, our silicone technology offers sustainable solutions that enable lighter weight components and better heat management. Specialty silicones are used for renewable energy transmission and in energy-efficient buildings, and they are used to make smart device displays more reliable and extend their life span.

Longer life spans mean less demand for replacement devices due to failure, which is a tangible sustainability benefit. Due to their non-toxic nature, specialty silicone elastomers have been used safely in the healthcare industry in medical systems and devices for years.

PERFORMANCE ADDITIVES					
BEAUTY AND PERSONAL CARE & HOME CARE	AGRICULTURE & PROCESS INDUSTRIES	COATINGS, ADHESIVES, AND SEALANTS & INDUSTRIAL SILANES	TIRE SILANES	POLY-URETHANE SLAB	POLY-URETHANE RIGID & MOLDED
Element 14* Formasil* Magnasoft* Magnasoft Derma* Magnasoft Prime* Magnasoft Silq Momentive Softouch* NuWet* SagTex* SilForm* SilShine* Silsoft* Tospearl* Velvessil*	AgroSpred* AgroSpred Max* CoatOSil* Formasil* Indusil* Jie Xiao Li Magnasoft SAG* SagTex Silwet* Silwet L-77* Silwet L Ag*	A-Link* CoatOSil* e-free* PEarlene* Silcat* Silox* Silquest* Silquest A-1100* Silquest A-171* Silquest A-174* SPUR+* XL-PEarl*	Carbo NXT* e-free NXT* NXT LowV* NXT Z*	Geolite* Niax*	Geolite Niax

FORMULATED SPECIALTIES			
ELECTRONICS	HARD COATS/ WEATHER STRIPS	RELEASE COATINGS/ PRESSURE SENSITIVE ADHESIVES	SPECIALTY ELASTOMERS
InvisilSil* SilCool* silTRUST* SnapSil*	SilFORT*	AnchorSil* AnchorSil 2000* SilForce* Slam*	Addisil* LIM* OpththaSil* Silopren* Silplus* StatSil* Tufel*

\*Brands marked with an \* are trademarks of Momentive Performance Materials Inc.



**Technology - Paints and Coatings**

Our customers who manufacture paints and coatings face increasing challenges to provide sustainable products with improved performance. Momentive offers waterborne paint additives to improve the performance of paints and coatings with sustainable solutions.



CoatOSil\* DRI waterborne silicone resin is a newly developed silicone additive for waterborne coatings which cures to an elastic film at room temperature with less than 2 percent Volatile Organic Content (VOC). It can be used as a sole binder or as a co-binder with acrylic latex or other binders in water-based coating and sealant applications. CoatOSil DRI waterborne silicone resin provides superior water resistance and mar resistance without losing adhesion or re-coatability.

Momentive also offers CoatOSil MP 200 silane, an epoxy-functional silane oligomer, which improves hydrophobicity, adhesion, and scrub resistance when added to waterborne coatings. Momentive provides innovative solutions to our coatings customers to increase the performance of sustainable products.

**Core Silicones and Intermediates** products include construction grade adhesives and sealants, which are sold under the GE® Silicones brand and available to the consumer home improvement and large-scale construction industries. If you've ever used silicone sealant for a home repair project, there is a good chance that you used one of our consumer-grade silicone or hybrid products. Our products are able to drive improved energy performance, occupant comfort, and longevity. Silicone sealants typically last 3 times longer than their organic equivalents.

CORE SILICONES & INTERMEDIATES		
CONSUMER (GE® BRANDED)	CONSTRUCTION (GE BRANDED)	BASICS AND INTERMEDIATES
GenCoat Iron Grip Max Point & Seal Silicone 1 Silicone 2	Elemax Enduris  Optic RapidStrength SilGlaze	Element 14*
<b>GE Silicones</b>	SilPruf  SilShield UltraGlaze UltraSpan	
	<b>GE Silicones</b>	

GE and GE monogram are registered trademarks of General Electric Company and are used under license by Momentive Performance Materials Inc.



\*CoatOSil and Element 14 are trademarks of Momentive Performance Materials Inc.

# STAKEHOLDER IDENTIFICATION AND MATERIALITY

Momentive conducted informal stakeholder identification and limited peer and industry research on potential and material topics in preparation for this report. A 2021 formal materiality assessment with internal and external stakeholder engagement is planned. Our research, coupled with Momentive's current priorities, identified the following key stakeholder groups and material topics.

## STAKEHOLDERS:

- Employees
- Investors/Company Owners
- Communities Near Our Locations
- Customers
- Regulators
- Legislators
- Suppliers
- Financing Sources
- External Rating Agencies (EcoVadis, CDP)

## MATERIAL ISSUES<sup>1</sup>:

- Energy Use and GHG Emissions
- Environmental and Regulatory Compliance
- Solid Waste/Hazardous Waste
- Water Use/Wastewater Management
- Ethical Business Practices
- Labor and Human Rights
- Occupational Health and Safety
- Process and Product Innovation
- Process Safety/Emergency Response
- Procurement
- Raw Materials
- Ethical Business Practices

<sup>1</sup>An issue is considered material to Momentive if it has significant economic, environmental, or social impacts, or when an issue can substantively influence the assessments and decisions of the stakeholders.



## WORLD ENVIRONMENT DAY REDUCE AIR POLLUTION (JUNE 2019)

**Chennai, India**

*Chennai employees planting trees as part of the annual World Environment Day event.*

## AWARDS AND RECOGNITION

In 2019, Momentive earned industry recognition from many customers, organizations, and local governments for driving safety, sustainability, and community outreach. We channel the expertise and talent of our people to deliver superior service, encourage safe behaviors, and support our local communities.



### ***Samrat 2020 (Top Supplier Award) from Marico Limited***

***Ohta City, Japan***

Maricos, a consumer goods company present in Asia and Africa in haircare, skincare, edible oils, health foods, and fabric care, recognized Momentive for exhibiting the values of Consumer Centricity, Boundarylessness, and Innovation, as well as for a mutually fulfilling partnership for long term sustainable benefits.

### ***Corporate Social Responsibility Recognition from the Woodbridge Group***

***Itatiba, Brazil***

Woodbridge, a maker of automotive components, recognized Momentive recognized for social actions in the community – sharing our safety program, working with the recycling cooperative, presenting lectures at local schools, and participating in blood and bone marrow donation programs.



### ***5-Star Rating for EHS Systems and First Place in Chemicals & Fertilizer Industries Sector from Confederation of Indian Industries for 2019***

***Chennai, India***

Best among approximately 25 peer companies in the chemical process industry as assessed by external industry experts.

# CERTIFICATIONS AND MEMBERSHIPS

Momentive demonstrates its global commitment to quality and environmental, health, and safety performance (EHS) through third-party certification programs that include ISO 9001, ISO 14001, ISO 50001, OSHA's Voluntary Protection Programs (VPP), and American Chemistry Council's Responsible Care® program. Momentive's Quality Management System is globally certified to the ISO9001:2015 standard.

Momentive maintains a multi-site ISO 14001 certificate in our headquarters in Waterford, New York, and sites in the US, China, Korea, and Thailand. ISO 14001 individual certificates are also held by sites in India, Japan, and Italy. Momentive maintains OHSAS 18001 and ISO 45001 certified occupational health and safety management systems in Termoli, Italy, and Ohta, Japan, and has OSHA's VPP - Voluntary Protection Program certification in Friendly, West Virginia, and Chino, California. Momentive is also a certified participant in the American Chemistry Council's Responsible Care® program, with certification in Waterford, New York; Garrett, Indiana; and Friendly, West Virginia.

Energy management is an essential element of our sustainability activities, and that effort is documented in ISO 50001 Energy Management Standard certificates held by our Leverkusen, Germany, and Termoli, Italy, sites. Momentive's global commitment to customer satisfaction is reflected in Halal and Kosher certification of some products at sites in the US, Thailand, Japan, China, and Germany.

***Momentive is a member of silicones and chemical industry associations globally, as well as general sustainability, value chain, and other industry associations:***

## **SILICONES ASSOCIATIONS:**

CAFSI	China Association of Fluorine and Silicone Industry
CES	Silicones Europe
GSC	Global Silicones Council
SIAJ	Silicones Industry Association of Japan
SSCJ	Society of Silicon Chemistry Japan
SEHSC	Silicones Environmental, Health & Safety Center (North America)

## **CHEMICAL INDUSTRY ASSOCIATIONS:**

ACC	American Chemistry Council
ABIQUIM	Brazilian Chemical Industry Association
Cefic	European Chemical Industry Council
Federchimica	Italian Chemical Industry Association
ICC	Indian Chemical Council
JCIA	Japan Chemical Industry Association
VNCI	Royal Association of the Dutch Chemical Industry



# VALUES, PRINCIPLES, STANDARDS, AND NORMS OF BEHAVIOR

Maintaining trust and respect with our communities and external stakeholders requires a constant stream of information, interaction, and feedback. As a Responsible Care® company, Momentive is dedicated to openly reporting its performance, as well as attending to stakeholder concerns about products and activities within its industry.

We are also committed to conducting business in an open, ethical manner. Momentive's Code of Conduct sets forth the fundamental principles of ethics that all Momentive directors, officers, employees, agents, and representatives must follow in carrying out their day-to-day business activities. Momentive's Compliance Review Board, comprised of the CEO, General Counsel, and other Senior Executive Business Leaders, meets quarterly to review the program.

All employees receive Momentive's [Code of Conduct](#) when they are hired and must acknowledge that they have read and understood the provisions. Momentive utilizes mandatory eLearning courses for all employees, covering the Company's Code of Conduct and underlying policy topics. Training is conducted annually, which includes a re-acknowledgment that employees have read and understood the provisions of the Code of Conduct, and also agree to follow the Code of Conduct in conducting business activities (where permitted by law). Training participation is recorded and along with the Code of Conduct, is available in twelve national languages.

Momentive's [Code of Conduct for Suppliers and Other Third Parties](#), updated in 2019, and [Responsible Sourcing of Materials](#), serves as the guiding principles for our supply chain. Ethical business practices, protection of human rights, and emphasis on environmental preservation extend not only to our supply chain management but help to maintain our brand reputation to our customers. Periodic training is also conducted for these groups.



## WAYS TO RAISE AN ETHICAL CONCERN

Employees are expected to report compliance concerns promptly. While employees are encouraged to first consider discussing compliance concerns with an immediate supervisor or manager, other resources are available, such as Human Resources, the Legal Department, a local Ombuds Representative, or they may send an email to [globalcompliance@momentive.com](mailto:globalcompliance@momentive.com).

Concerns may also be reported, including anonymously (where permitted by local law), through the Ethics Line, an independent, third party, multi-lingual resource, which is available 24 hours a day, seven days a week. Reports or questions can be submitted electronically or by telephone. All requests for advice and concerns are treated confidentially to the maximum extent possible, and any employee who reports a known or suspected violation in good faith is protected from retaliation. When a concern is raised, a prompt and thorough investigation is conducted. Findings may lead to corrective actions that include policy or process improvements or, in some cases, disciplinary action. During the applicable reporting period, 26 concerns were raised, each falling into one of the following categories: Business Integrity, Employment Practices, Financial Concerns, and Environmental, Health, or Safety. All concerns were investigated, with 11 of them either substantiated or partially substantiated; seven were found to be unsubstantiated, and four were designated no action/not a compliance concern. The remaining four concerns were active/under investigation at the period's end.

IF YOU SEE OR SUSPECT MISCONDUCT,  
**SPEAK UP.**

HERE'S HOW.



Talk it over with **your manager**, your **local HR manager**, the **legal department**, or contact the **Momentive Ethics Line** or your **local Ombuds Representative**.

# SUPPLY CHAIN

Maintaining an efficient and responsible supply chain is critical to Momentive's ability to ensure the production of quality materials, and to effectively serve its customers globally. Our supply chain is charged with procuring, shipping, and ensuring the quality of millions of pounds of raw materials annually. Our supply chain also packages and ships products to our customers and provides global customer service support. With potentially significant direct and indirect environmental impacts, this is a material issue for Momentive. Momentive's Global Supply Chain organization is a matrixed organization consisting of regional supply chain operational teams managing the tactical execution and a Center of Excellence. The Center of Excellence oversight drives continuous improvement and standardization of processes, enhanced tools, and reporting.

## OUR PROCUREMENT ORGANIZATION:

- Serves 10,000 Momentive customers annually
- Ships 350 KMT annual volume worldwide using all modes of logistics and transport
- Creates over 100,000 individual shipments each year
- Manages over 5,000 direct material vendors who supply raw and intermediate materials needed to make our final products
- Oversees an additional 1,000+ vendors that provide services that help our customers
- Procures material and supplies from over 80 countries around the world
- Procures over \$1B to support our global supply chain



## GREEN PROCUREMENT

Green Procurement is the responsible use of activities needed to meet company needs for goods, utilities, and services. By preferentially purchasing greener options, Momentive encourages its suppliers to make responsible choices and act as good stewards on our behalf. In the case shown on the left, our drum supplier in Germany has reduced the embodied energy in their products as a result of installing solar panels. As a result, drums purchased by Momentive had a smaller carbon footprint.

Over 350 people work in our supply chain organization in over 30 locations globally. The organization is split evenly with one-third focusing on customer service, one-third on planning, and one-third on logistics. Our supply chain organization runs over 100 improvement and automation projects annually to improve planning, advance transactional services, optimize shipping loads, and reduce associated environmental impacts. There are also specific projects underway to reduce our carbon footprint, which we plan to report in the future.

Momentive recognizes the value of transparency in our interactions with our customers and suppliers. Momentive participates in the **EcoVadis Sustainability**

**Assessment**, an international organization that provides an actionable scorecard and performance improvement tool for global supply chains, to evaluate performance and benchmark our company against industry peers. We have responded to EcoVadis since 2016, and in 2019, we achieved a **Silver rating – our highest rating to date.**

We share our EcoVadis scorecard with our customers to demonstrate our commitment to sustainable business practices. Further, we engage with customers through their response to the CDP Supply Chain questionnaire, and also respond to formal ad hoc supply chain queries.



# EHS AND REGULATORY COMPLIANCE

At Momentive, we strive to abide with all applicable rules, laws, and regulations. Our manufacturing sites have dedicated Environmental, Health, and Safety (EHS) professionals on hand to assess and monitor compliance, with oversight at the corporate level led by our SVP of EHS & Operations Excellence. Compliance is an integral component of our management reviews across the business.

As stakeholders, our employees and contractors are vital contributors to our environmental performance. We educate and engage with our employees and contractors to emphasize responsible care and compliance at our facilities. Together with our other stakeholders, we focus on manufacturing processes, safe handling, resource productivity, and waste avoidance. We continuously monitor, review, and adjust our activities with safety and compliance as the priority. Momentive periodically conducts internal due diligence regulatory reviews and audits, and our regulatory community also performs important inspections and audits to assist with compliance.

From our foundation of compliance, our EHS and Sustainability organizations work together to drive the concepts of pollution prevention, waste minimization, and energy efficiency throughout our organization.



## **12th ANNUAL ECYCLE EVENT** (MAY 2019) *Sisterville, West Virginia*

*Momentive partners with the Pleasants County Solid Waste Authority (PCSWA) to host an annual cycle community event. 25,277 pounds of old electronics were collected, and over the past 12 years, the site has responsibly recycled 485,522 pounds of electronics!*

## **NEW RECYCLING AND SUSTAINABILITY TEAMS IMPLEMENTED IN 2019**

*Lostock, United Kingdom*

*To date, over 2 tons of waste materials have been sent for recycling.*



# OCCUPATIONAL HEALTH AND SAFETY

At Momentive, we believe that it takes more than strong business results to build a great company. It also requires an unwavering commitment to a core set of values beginning with excellence in Environmental, Health, and Safety (EHS). Momentive cares about the safety and well-being of our employees, contractors, visitors, and members of the communities close to where we work. Momentive's safety culture is founded upon the belief that all incidents are preventable, and our management system and behavior-based approaches reflect this belief.

**safety**  
matters because  
**you**  
matter

Employees are empowered to speak up about their safety and the safety of others, and their concerns are taken seriously. Momentive has systems in place at its facilities to respond to all injuries and incidents. These investigations, root causes, and, as appropriate, corrective actions are shared company-wide through formal reporting and our monthly EHS Learning and Improvement Review, chaired by the SVP EHS & Operations Excellence and attended by the CEO and sites around the world.

Momentive has voluntarily created a companywide Safety Management System based on the requirements of ISO 45001:2018 (and previous versions of OHSAS 18000:2007). Every day at 12:00 at Momentive plants around the world, an important message is broadcast through the speakers: **Safety matters because you matter**. These five words, repeated daily, remind employees of our commitment and resolve to keep our employees and sites safe.

Momentive encourages sites worldwide to open their doors and host Family Safety Day events. These special occasions help promote a safety mindset for our future generations. Events include site tours, fire prevention and safety training, engaging activities, and much more.

*Pictured: Family Safety Day events held in Termoli, Italy, featuring a Green Corner activity for participants to promote a more sustainable earth; Waterford, New York; Nantong, China; Leverkusen, Germany; Ohta, Japan; and Chennai, India.*



# PROCESS SAFETY MANAGEMENT AND EMERGENCY MANAGEMENT

Many of the processes in place at our facilities around the world store, use, manufacture, or handle chemicals with significant potential hazards. To mitigate hazards associated with these processes, Momentive uses a formal Process Safety Management approach to identify and reduce the risks to our people, our property, and our communities. Sites with formal regulations that dictate our approach to process safety provide the foundation for process safety management across our global footprint.

Momentive employs a corporate Process Safety Manager, who is responsible for developing and implementing process safety programs across the Company. Process safety professionals throughout the Company use formal tools to identify and quantify high-risk scenarios. The probability of occurrence is assessed, and steps are taken to manage risk to tolerable levels. Our process safety teams focus on both incidents that have the greatest impact, as well as incidents with the greatest potential for significant impact, including damage or interruption to manufacturing processes or possible effects on our surrounding communities. Process safety logic is embedded in several management systems at Momentive, allowing us to focus on anticipating and preventing significant events.

Momentive also uses a formal Management of Change (MoC) process to identify and control planned changes to plant systems. Changes are evaluated for increased – or decreased – risk, and response systems are adjusted accordingly. Layers of protection are updated, training is reviewed and revised to reflect the new conditions, and risk mitigation measures are adjusted as needed.

Momentive coordinates emergency response with local community brigades, except for Waterford, New York and Sistersville, West Virginia, where we have our own on-site emergency response brigades. Both the Waterford and Sistersville sites do, however, have mutual aid agreements with nearby communities. Our other sites collaborate with local response agencies and coordinate risk and hazard analysis. Drills, both field and desktop exercises, are conducted regularly to improve risk and hazard analysis and response plans continuously.



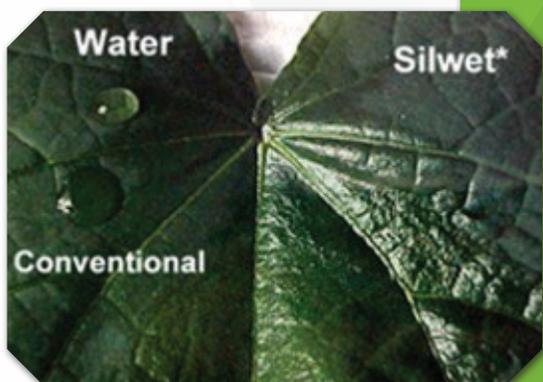
## **TYLER COUNTY OFFICE OF EMERGENCY MANAGEMENT (OEM) HONORS SITE (JULY 2019)** *Sistersville, West Virginia*

*Site recognition for their contributions to the OEM organization and its mission to respond to emergencies in the county.*

# ENVIRONMENT

## COMPANY PRODUCTIVITY:

Responsible use of our materials and energy resources makes sense financially and in terms of sustainability. We track our energy consumption and raw material inputs, and our management system drives decisions based on these resources. As is typical in our industry, we consume resources in the form of raw materials, energy, and other feedstocks and commodities. These ingredients are mixed and reacted together, along with energy utilizing our proprietary processes and specialized equipment to produce intermediaries and finished products. Intermediaries may then be further processed or sold. Finished products are packaged and shipped to our customers around the world, where they are usually added as an ingredient (silicones) or component (quartz and ceramics) into their products and/or formulations.



*\*Silwet is a trademark of Momentive Performance Materials Inc.*

Silicone polyether copolymers are used in personal care, coatings, polyurethane foams and agricultural applications. These silicones function as surfactants, or wetting agents, and foam stabilizers. When these materials were first developed, they were produced with a lengthy process, used hazardous solvents, and consumed a lot of energy. **Today, we use methods that allow us to significantly reduce energy requirements, shorten cycle time, and eliminate the need for hazardous solvents from the manufacturing process.**

In this picture, Silwet\*, a specialized organosilicone super spreader, is used to enhance the adhesion and spreading of an agricultural spray on a crop. This enables farmers to use lower dose rates, reduce spray volumes, and enhance agrochemical performance, saving time and money, and reducing the environmental impact of this activity.

# ENERGY MANAGEMENT

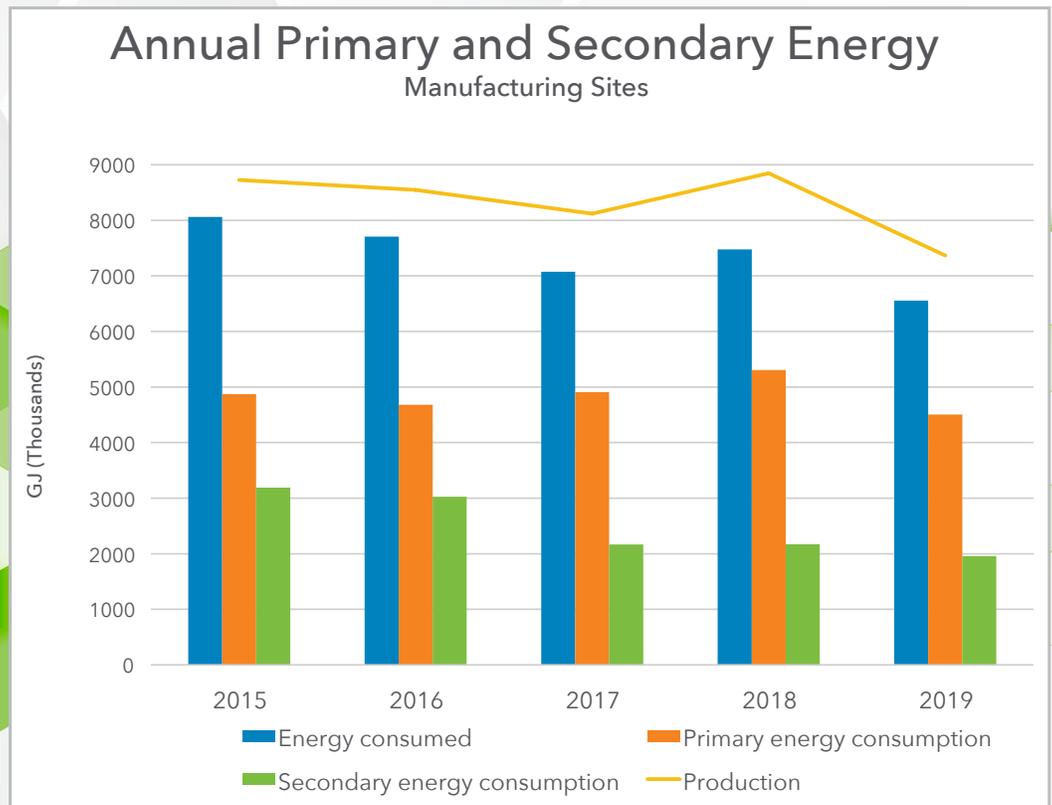
Energy is a key component to the production of our products. When we mix feedstocks and ingredients to create our products, energy must either be added (by heating the ingredients) or removed (by cooling them). As an integral part of our manufacturing process, the energy is what makes up most of our greenhouse gas (GHG) emissions.

Momentive actively manages our energy source selection and usage company-wide. This effort has combined benefits to both the business and the environment. The business impact from selecting a more cost-effective energy source, and only using what is required can be substantial, and less energy consumed typically translates to less environmental impact as well. Our overarching goal for energy management is to limit energy consumption while improving energy efficiency.

## PRIMARY, SECONDARY AND TOTAL ENERGY USAGE:

Total energy use at Momentive has been trending downward for the past several years as our processes improve and older equipment is replaced with modern, more efficient units. Energy usage is also proportional to production, which is trending downward as we shift our operations towards lower volume specialties growth. An example of an energy reduction project is a combined heat and power (CHP) installation that came online at our Termoli, Italy site in 2018, which is more energy efficient and uses less fuel overall than the conventional power generation it replaced.

Total energy consumption in 2019 fell by 13.5 percent over 2018 consumption, also tied to production. Primary energy inputs are fuels we consume like natural gas, gasoline, and diesel. Secondary energy inputs are electricity or steam that we purchase. In 2019, consumption of primary energy inputs fell by 15 percent. In 2019, consumption of secondary energy inputs decreased by 10 percent. Our energy usage reported through the end of 2019 includes both our Silicones and Quartz business divisions.

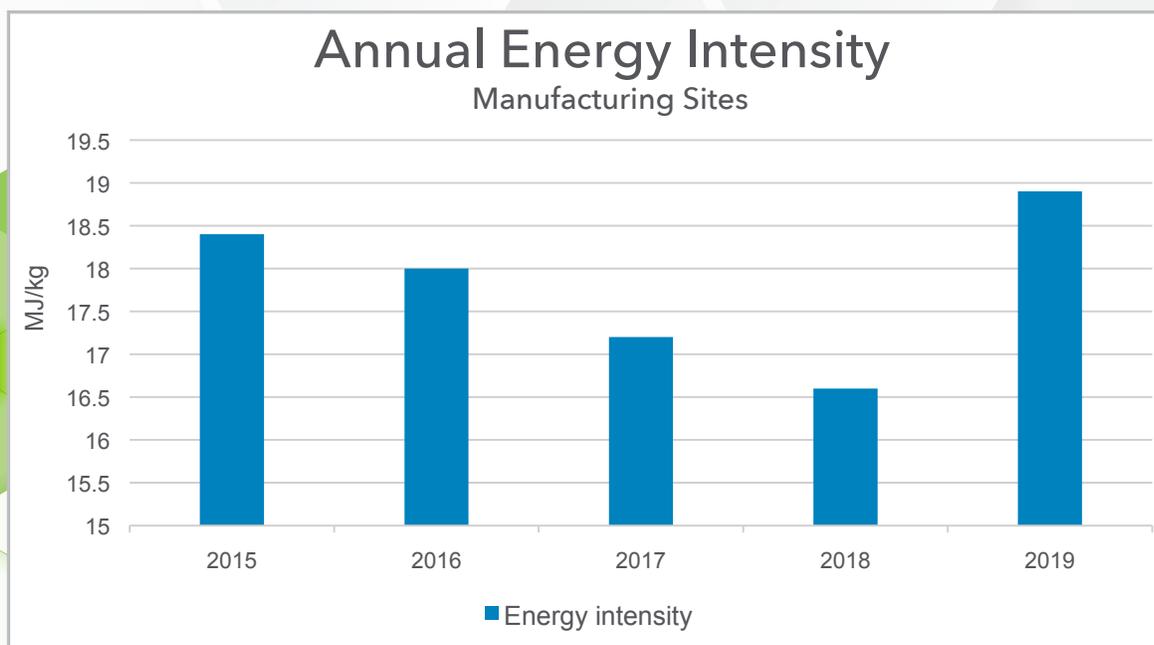


## ENERGY INTENSITY:

At our Silicones manufacturing sites only, Momentive also monitors energy intensity as a secondary metric. Energy intensity is the amount of energy consumed per unit of production. Through 2018, energy intensity improved at our silicones manufacturing sites as our processes became more efficient. As Momentive shifts our operations towards specialties growth, our gross production is trending downwards and, since energy usage is closely tied to production, our total energy consumption is also trending downward. As we are unable to completely variabilize energy consumption as gross production volumes fell, energy intensity increased in 2019.

Sustainability and continuous improvement connect to our business through our Operations Excellence model, which positions our people and manufacturing assets to perform at the most efficient and productive levels possible. Momentive sees Operational Excellence as a strategic differentiator, and sustainability and continuous improvement are integral to this model.

Continuous improvement is an important element of energy management for Momentive. Empowering employees to act when energy inefficiency is observed leads to lower energy use and drives greater employee engagement. Our Continuous improvement program promotes Lean tools and methodology to help identify inefficiencies and find the least wasteful way of doing business. For example, our sites have used Lean approaches to solve lighting challenges by replacing older lights with LEDs. The LED solution has multiple benefits: workplace ergonomics and worker comfort are improved with better lighting; safety is enhanced with better visibility; the environment benefits from reduced energy usage and GHG emissions; and financial performance improves due to lower energy costs.



# GREENHOUSE GAS EMISSIONS

**13%**



absolute reduction in GHG emissions from 2018

Direct and indirect greenhouse gas (GHG) emissions from the chemical industry accounts for a significant portion of worldwide GHG emissions from manufacturing, and as a result, are a key focus area for Momentive. More specifically, a majority of chemical industry and Momentive GHG emissions are a result of power and steam consumed for production.

At Momentive, power and steam assets are managed at the site level. Most of our manufacturing sites consume natural gas to generate steam, which is widely used as a heat source in our processes. We also consume electricity generated off-site throughout our business. Momentive is developing energy reduction and GHG reduction targets and will discuss our performance relative to those targets in future reports. We are also developing a renewable energy goal to reduce GHG emissions. As we replace fossil fuel-based sources of energy with renewable energy sources and transition to greener electricity sources, our GHG emissions will fall over time.

Local energy market and tariff conditions, which drive energy supply decisions, vary significantly across Momentive sites globally. Momentive's energy mix includes 100 percent green energy/zero GHG at our Itatiba, Brazil site (due to solar and wind energy), and 62 percent carbon-free electricity at our Waterford, New York, site (due to hydroelectricity). At some sites, the energy choice is limited due to the lack of locally-available, low carbon, fossil fuel alternatives.



## 100% CARBON NEUTRAL ENERGY

As of 2018, the manufacturing facility in Itatiba, Brazil, is powered by low- and no-carbon electricity from wind and other renewable sources. The Itatiba plant has been issued a certificate for the period from January to December 2019 for avoided carbon emissions.

**REDUCED  
99.09 tCO<sub>2</sub>  
EQUIVALENT**

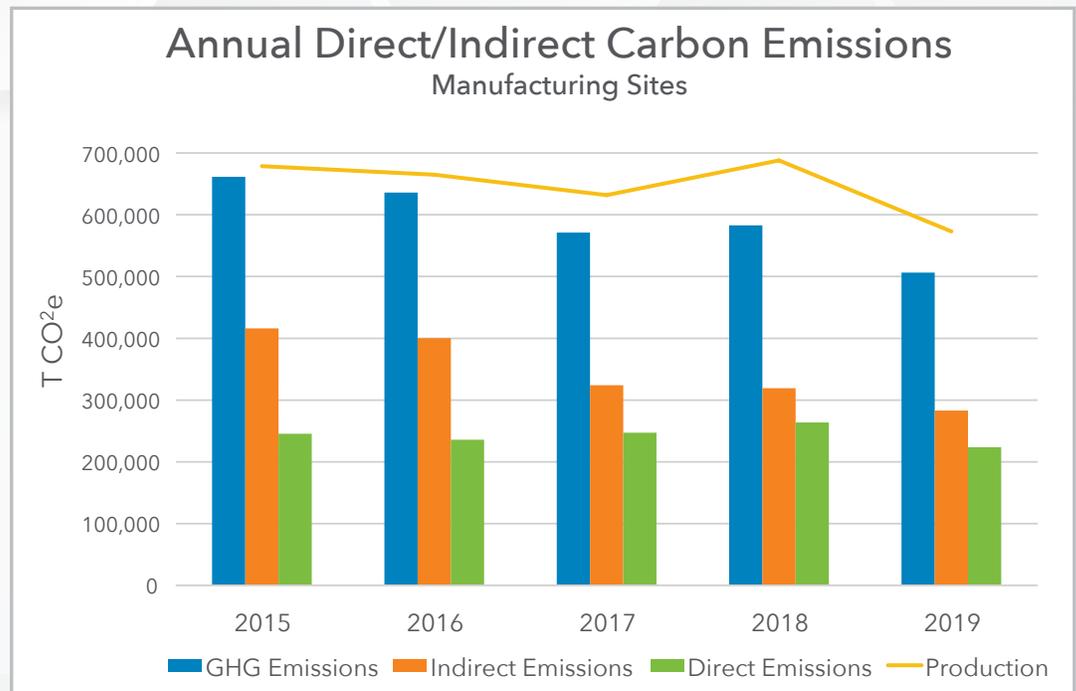
The emissions avoided voluntarily are equivalent to planting **694 trees in a 30-year reforestation project**



## SCOPE 1 AND SCOPE 2:

In line with the Company's downward trend in energy consumption, GHG emissions from Momentive also decreased in 2019. Aside from the GHG increase in 2018 (due principally to increased production), our GHG emissions have been steadily decreasing over time. This is driven by lower production, energy reduction efforts, and grid de-carbonization, as energy mixes shift toward lower-carbon sources such as natural gas, solar, wind, and hydropower.

Momentive's GHG performance is disclosed to voluntary reporting organizations such as CDP. As part of the CDP disclosure process, our GHG emissions are analyzed and assured using the AA1000 assurance standard. The 2018 GHG dataset was assured in 2019, and the 2019 data are currently being assured using the same process and will be available when we report to CDP in August 2020. Momentive also tracks limited scope 3 emissions, including employee air travel and hotel stays.

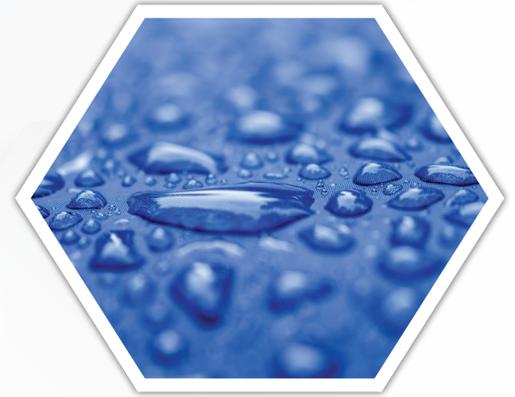


Through a range of projects focused on energy consumption and efficient use of materials, Momentive continues to explore ways to improve our carbon footprint.



# WATER MANAGEMENT

Although water is not a primary ingredient in our product formulations—less than 10 percent of the water we withdraw is consumed in production—water management is a critical concern for Momentive. This is because of the volume of water required to cool manufacturing processes. Some of our customers are concerned with water use in their supply chains, which adds to the importance of managing this critical resource.



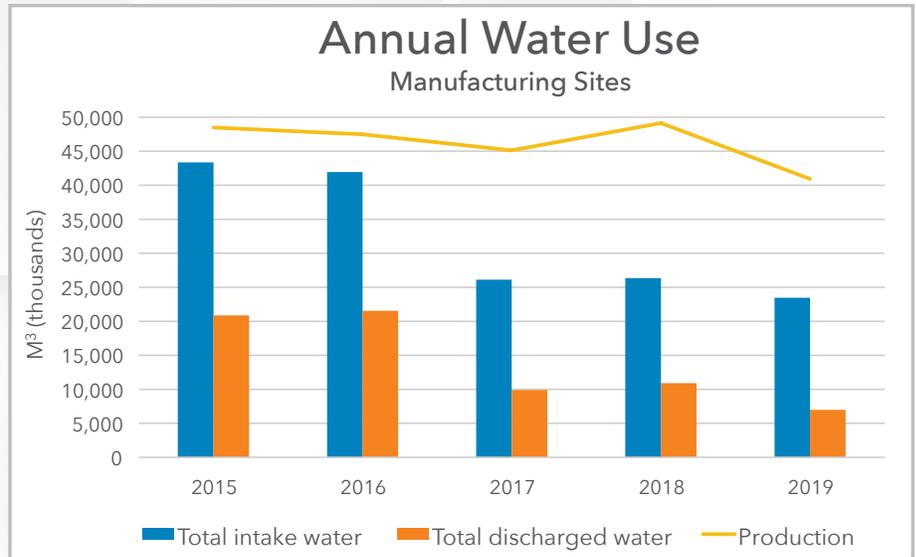
A portion of the cooling water used in our operations is lost to evaporation, while the remaining volume is returned to watersheds after treatment. In 2019, Momentive responded to the CDP Water Security questionnaire.

For some materials we manufacture, a significant amount of water is created during the manufacturing process, which is then collected and discharged or disposed of according to legal requirements.

Water quality is monitored by our Quality and EHS teams, and we treat our water as needed before discharge. Additionally, Momentive’s R&D department works to identify less harmful raw materials for use in manufacturing our products to reduce discharges from our operations. In 2016, extensive process changes at our Leverkusen, Germany, site substantially transformed water consumption, resulting in less consumption.

Some of our manufacturing locations are in high-water stress areas, which places a premium on managing this precious resource. Water risks are also assessed as part of other company-wide risk assessments performed every two years. Understanding our water risk significantly guides our efforts to decrease our natural resource intake in our production processes.

At Momentive, we also engage stakeholders throughout our value chain to identify added water risk. This past year Momentive implemented a supplier questionnaire for new suppliers to disclose their water use and risks.



## **WATER - INTAKE QUANTITIES BY SOURCE:**

Generally, Momentive consumes water from two primary sources: municipal water supplies used for sanitary and drinking water uses and surface water used as cooling water for some of our manufacturing processes. Some manufacturing sites also have access to industrial water sources. Cooling water withdrawals are used to make up for evaporative losses. Our cooling water loops are closed loops, and cooling water that is not evaporated is discharged in accordance with legal requirements.

**11%** 

absolute reduction in water consumption from 2018

## **WATER - DISCHARGE QUANTITIES BY DESTINATION:**

Water intensity has fallen over time, indicating better efficiency across the enterprise and less water consumed per unit of production. Water discharges are in accordance with applicable legal requirements.



## **600 TONS OF SOLVENT RECYCLED**

**Nantong, China**

*By implementing a Green Model, the site achieved a 15 percent reduction in annual wastewater volume while site production volume increased by almost 2 percent overall during 2019.*



# SOLID AND HAZARDOUS WASTES

Waste is a byproduct of manufacturing operations. Because of this, we take careful steps to minimize waste and recycle or reuse materials for future products where possible. Waste decreased significantly in 2019 compared to 2018, which included one-time discharges due to process changes, processes being discontinued at our Leverkusen, Germany site, and one-time disposals at our Friendly, West Virginia, location.



# CARING FOR OUR PEOPLE AND COMMUNITIES

Sustainability starts and ends with our people. We are committed to making sustainability a more visible part of our Vision 2025 strategy and driving a culture of environmental stewardship and awareness that encourages and recognizes responsible behaviors. We will establish goals around energy consumption, low carbon/renewable energy use, waste, greenhouse gas emissions, and other important measures of sustainability. We will continue to invest in our production assets and innovate new products that deliver solutions for a sustainable world, minimizing our impacts on the planet while providing solutions that enable our customers to do the same.

*Employees from our Itatiba, Brazil visited the Reviver Recycling Cooperative where they shared experiences with safety made a donation of safety gloves, food, and toiletries. (August 23, 2019)*



*Nantong, China, team members organized and participated in an outreach community event to promote the spirit of 'Momentive Cares' emphasizing our safety culture, 75+ years of innovation, and environmentally-friendly products. (April 20, 2019)*

*Over 50 Waterford, New York, employees and family members gathered to support the annual Revolutionary Run for Veterans 5K, which recognizes the past and present service of military veterans. (November 2, 2019) Waterford-based employees were also highly engaged in the 2019 More than Pink - Dragon Boat Festival to benefit the Susan G. Komen Upstate NY Fund and the Polar Plunge® for Special Olympics NY event.*



**THE EARTH IS OUR HOME.  
WE NEED TO TAKE CARE OF IT.  
THE CHOICES WE MAKE TODAY  
WILL SHAPE OUR TOMORROW.**

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