

S&P Global Sustainable1 Assurance

Momentive Performance Materials assurance statement: AA1000AS v3

S&P Global Sustainable1, a business of S&P Global Inc. (hereafter, “Sustainable1”) was engaged by Momentive Performance Materials (hereafter, Momentive) to provide assurance of the environmental data held within its 2023 CDP Responses.

Intended users

The intended users of this assurance statement are the management and stakeholders of Momentive.

Responsibilities of Momentive and assurance provider

The management of Momentive has sole responsibility for the preparation and content of its 2023 Sustainability Report, CDP Climate Change Response and Water Security responses (hereafter, “CDP”). Sustainable1’s statement represents its independent and balanced opinion on the content and accuracy of the information and environmental data held within.

Assurance standard

Sustainable1 undertook the assurance in accordance with AA1000AS v3 (2020) Type 2 moderate-level assurance, covering:

- ✓ Evaluation of adherence to the AA1000AP (2018) Principles of inclusivity, materiality, responsiveness and impact (the Principles)
- ✓ The reliability of specified environmental performance information (energy, greenhouse gas emissions, water intake, and waste generated)

Sustainable1 used the Global Reporting Initiative (GRI) and the GHG Protocol to evaluate Momentive’s performance information and adherence to the Principles.

Scope and limitations

Sustainable1 was engaged to assure the data and claims in Momentive’s 2023 external reporting, encompassing the period of 1 January 2022 – 31 December 2022. Sustainable1 was asked to assure reporting for specific greenhouse gas emissions that include Scope 1, Scope 2 Location-based and Market-based, Scope 3 Category 1 and Category 6, water intake, and waste generated. Momentive took an operational control approach.

SCOPE	SOURCE	UNIT	QUANTITY
GHG Scope 1	Natural gas	Metric tonnes CO ₂ e	178,702
	Propane		
	Diesel		
	Gasoline		
GHG Scope 2	Electricity (Location based), Purchased Steam and Purchased Indirect Energy	Metric tonnes CO ₂ e	154,238
	Electricity (Market based), Purchased Steam and Purchased Indirect Energy		137,760
	Renewable Electricity		%
GHG Scope 3	Purchased goods and services	Metric tonnes CO ₂ e	1,794,038
	Business travel (air and road) & Hotel Stay		2,800
Water	Intake	m ³	30,334,773
Hazardous waste	On-site treatment/disposal/storage	kg	18,622,461
	Off-site treatment/disposal/storage		39,450,883
Solid waste	On-site treatment/disposal/storage	kg	682,798
	Off-site treatment/disposal/storage		12,651,201

Minor discrepancies were noticed during the verification of the water intake and waste generation data. The supporting documents for a few of the sites were not available and Sustainable1 reviewed the data based on the values provided by Momentive.

Sustainable1 verified the environmental impacts, as calculated by Momentive, within the table above.

Methodology

Sustainable1's assurance activities included the following:

- Review of the processes by which Momentive defines the sustainability issues that are relevant and material to its operations and its stakeholders.
- Interviews with managers responsible for sustainability performance and data collection.
- Assessment of the extent to which Momentive's sustainability activities adheres to the Principles.
- Review of processes and systems used to gather and consolidate environmental data. The data sources that Sustainable 1 reviewed includes invoices, spreadsheets and other data points.
- Verification of data accuracy for a selection of sites, including an audit of conversion factors, and calculations.

PRINCIPLE	COMMENTS
<p>Inclusivity: the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability</p>	<p>Momentive's priority stakeholders include customers, employees, and suppliers. It also engages with rating agencies such as CDP and EcoVadis and external service providers such as sustainability consultants. Momentive regularly engages with its stakeholders through a variety of channels. Internally, these include monthly meetings with employees to track progress toward sustainability goals and initiatives, employee health and safety (EHS) learning and improvement forums, and quarterly executive leadership team (ELT) meetings for strategic discussions at the management level. Externally, the company publishes a biennial sustainability report and an annual ESG summary, and also responds to questionnaires from CDP and EcoVadis annually. It also engages with relevant rating agencies (CDP and EcoVadis) to seek their input and feedback. Momentive primarily engages with its customers through its Salesforce platform for sustainability-related queries and feedback, with an internal matrix in place to deliver timely responses. The company's customers have been categorized into priority groups (A, B, C, D) based on various factors, such as revenue, strategic importance, and mega trends. Queries from high-priority customers (A and B) are responded to with manual intervention. A standardized response template is used to answer questions from lower-priority customers (C and D), and queries may be escalated to the sustainability team depending on complexity. Further, Momentive is in the process of developing a 'Voice of Customer' questionnaire to gain additional insights. Additionally, the company saw an increase in ESG-related engagement with bankers and financial institutions during 2022. Momentive has a comprehensive ESG governance structure with Board- and executive-level oversight, along with dedicated leaders and representatives responsible for different sustainability-related functions within the company's operations.</p>
<p>Materiality: determining the relevance and significance of an issue to an organization and its stakeholders</p>	<p>Momentive conducted its latest materiality assessment in 2020 and aims to conduct an update every 3-4 years. The company plans to conduct its next materiality assessment in 2024 with an industry-specific approach, leveraging data points from its previous assessment and other sources. Product circularity, renewable raw materials, and employee diversity are some of the topics the company aims to explore during the next assessment. The 2020 assessment incorporated insights from internal stakeholder interviews and benchmarking of Momentive's peers and competitors. The priority topics identified from this assessment were mapped against three pillars – People, Product, and Planet. These material priorities were also used to establish Momentive's long-term sustainability goals through Vision 2025.</p>

<p>Responsiveness: an organization's response to stakeholder issues that affect its sustainability performance and is realized through decisions, actions and performance, as well as communication with stakeholders</p>	<p>Momentive conducts quarterly sustainability calls to engage with its global employees and discuss important sustainability issues. Employees can raise any concerns or questions during these calls. The company also has an internal Microsoft Teams channel for its employees to interact and share sustainability-related information. Furthermore, Momentive has set up avenues such as a whistle-blower website, an ethics hotline, and dedicated emails for sustainability and diversity, where relevant concerns can be reported. Metrics such as the number of cases closed, turnaround time for resolution, and employee training on company policies are tracked and reported to the ELT on a quarterly basis. Feedback and insights from stakeholders such as customers and peers have been instrumental in identifying various sustainability-related opportunities for Momentive. These include the company's progress toward setting science-based targets (SBTs) with approval from the Science Based Targets initiative (SBTi), and sourcing renewable and recycled raw materials. Further, to improve its supplier engagement in the upcoming years, Momentive has developed a supplier code of conduct and questionnaires for its suppliers to gather data on carbon footprint of materials. Additionally, the company's performance on ESG goals, specifically its EcoVadis score, is tied to the management's annual incentive plan.</p>
<p>Impact: Organizations should monitor, measure and be accountable for how their actions impact broader ecosystems</p>	<p>Momentive tracks its performance across sustainability indicators through various metrics, such as GHG emissions, water usage, waste generation, gender diversity, employee safety, training, and benefits. Internally, the company also tracks sustainable product sales and capital expenditure associated with its ESG goals. Momentive has made significant progress toward its planet-related goals. In 2022, the company achieved its 2025 goal of reducing its GHG emissions and waste generation by 25% compared with 2019. Further, it is on track to meet its 2025 goal of reducing water consumption by 10% compared with 2019, toward the end of 2023. Momentive plans to set long-term sustainability goals for the above KPIs with the target year 2030 and set additional intensity-based targets. The company aims to implement sustainability and efficiency measures at the site level to achieve these targets. Momentive has also made progress toward its goal of achieving a Platinum EcoVadis score by 2025 – received a Gold EcoVadis rating in 2022 vs. Silver in previous years. Additionally, Momentive has developed a portfolio sustainability assessment tool, provides green chemistry training to its personnel, and has adopted life-cycle assessment as a tool to steer product decarbonization, in order to provide sustainable solutions.</p>

Findings, conclusions and recommendations

The Principles:

Nothing came to Sustainable1's attention to suggest that Momentive's CDP Response does not adhere to the AA1000 Principles.

Data reliability:

Momentive has implemented rigorous processes to collect and aggregate global energy consumption, GHG emissions, water use and waste generation. Upon evaluating this system, Sustainable1 found that data was accurate overall and any minor corrections were made as necessary.

Going forward, we recommend Momentive to provide more authenticated supporting documents from third party vendors for conducting the verification process.

Assurance provider

Sustainable1 has been researching, standardizing and validating corporate environmental performance

data since 2000. Sustainable1's research team has the relevant professional and technical competencies and experience to conduct an assurance to the AA1000 standard.

Sustainable1 has conducted this assurance independently and impartially and in compliance with S&P Global's policies and procedures, including its Code of Business Ethics that provide a framework relating to ethical conduct, conflict of interest and compliance with law.

S&P Global Sustainable1, a business of S&P Global Inc.

London, July 2023



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