

MOMENTIVE 2017 GLOBAL SUSTAINABILITY REPORT



COMMITTED TO
SUSTAINABILITY





COMMITTED TO **SUSTAINABILITY**

At Momentive, integrating sustainability into our evolving culture is critical to the foundation of our corporate strategy. Meeting the commitments of the present without compromising the ability of future generations to meet their needs defines sustainability. As a global specialty chemical manufacturer, we face resource and environmental sustainability challenges on a daily basis. Safety, water management, environmental impact, raw materials, product sustainability, increasing regulatory demands, and energy use are among the issues facing our global industry. As a global leader in silicones and advanced materials, we are committed to addressing these issues in a responsible manner so our sites are more than just a place to go to work.



IN THIS REPORT

SUSTAINABILITY STARTS AT THE TOP



I'm proud of the progress we have made world-wide in terms of measurably improving our sustainability performance. We've reduced our carbon footprint by completing a range of projects that have significantly reduced our energy consumption.

As you'll see throughout this report, we've installed the most efficient method to produce steam and power, added solar panels, and planted trees. We've incorporated "environmentally preferred" raw materials into our products and collaborated with customers to meet their sustainability needs. We've continued our unyielding focus on safety, and at the same time, reached out into our communities to serve.

All of this resulted in measurable improvements in our sustainability efforts. We're meeting today's commitments, without compromising the future generations. All of these efforts are completely consistent with our continuing focus on Environmental, Health and Safety excellence.

As I said, I'm proud of our progress. I'm also excited to see what we'll achieve as we remain committed to sustainability in the future.

- Jack Boss, President and Chief Executive Officer, Momentive

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2017 HIGHLIGHTS



Global Sustainability Initiative reinforced at **37** sites in **9** languages

17 Sites Hosting Community Service Activities

55 CHARITABLE ORGANIZATIONS SUPPORTED



3,900+ VOLUNTEER HOURS



3 ISO 50001 CERTIFIED SITES



1,390 VOLUNTEERS



10+ SUSTAINABLE NEW PRODUCTS LAUNCHED



400,000+ Pounds of Electronics Recycled during the last 10 years



5.7% Improvement in Green House Gas (GHG) Intensity

Equivalent to removing the emissions from **13,848** typical passenger vehicles



20 SOLAR-PANELED STREET LIGHTS DONATED (CHENNAI)

† Trademarks of their respective owners.

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.



THE 3 PILLARS OF SUSTAINABILITY:

ENVIRONMENTAL EXCELLENCE

Increase resource efficiency and reduce environmental impact



PRODUCT INNOVATION AND COLLABORATION

Enhance product sustainability through collaboration and lifecycle thinking



CARING FOR OUR PEOPLE AND COMMUNITIES

Inspire, build and sustain partnerships for mutual growth





WHAT WE DO

PRODUCT PORTFOLIO

Customer Solutions

- Diverse global industry presence
- Innovative solutions that help solve customers' challenges
- Leveraging each industry's best practices



COMMITMENT TO EXCELLENCE & THE ENVIRONMENT

- Environmentally sound standards
- Operate with the highest integrity and ethics



GLOBAL PRESENCE

- 24 manufacturing and 12 Research & Development locations
- Approximately 5,200 associates
- Over 4,000 customers



GOVERNANCE & ETHICS

Operating in an ethical manner is the foundation for ensuring that our company complies with the letter and spirit of the law. We value our reputation for integrity, and strive to adhere to the highest ethical standards in the conduct of our businesses, and to comply with all applicable laws and regulations. Our customers, suppliers, employees, Board of Directors and shareholders expect honest and ethical conduct from all of us. Each of us has a responsibility to maintain and advance the ethical values of our Company. We are judged not only by the business results that we achieve, but also by how we achieve them. We believe that organizations that operate ethically and with integrity build value over time and have the best chance for long-term success.

Code of Conduct



Momentive's Code of Conduct is available on our Corporate website, in multiple languages. Visit www.Momentive.com.



ENVIRONMENTAL EXCELLENCE

Increase resource efficiency and reduce environmental impact

An Initiative Towards Green Building

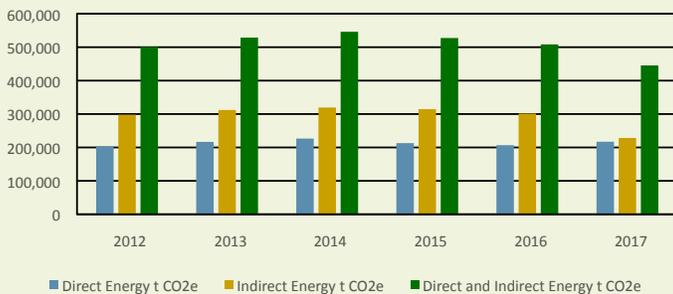
A small beginning for a longer sustainable impact.

Solar power systems derive clean, pure energy from the sun. The installation of solar panels helps combat greenhouse gas emissions and reduce our collective dependence on fossil fuel. Partnering with the Indian Green Building Council initiative, a 1kW solar power system was installed in Momentive's Chennai, India security building as a pilot. This system can meet the power requirements of the entire building, and offset approximately 1,400Kg of carbon dioxide emissions annually.



Solar Panel installed above the Chennai security building.

Total Momentive Carbon Footprint



Total Momentive Carbon Footprint

At Momentive, the majority of our Green House Gas (GHG) emissions are due to our energy consumption. Over the past several years, we have implemented a range of projects that have led to reduced energy consumption, including the shutdown of certain chemical operations at our Leverkusen, Germany, facility, which was made possible through more efficient use of material sourced from both within and outside the company.



Momentive is working to improve our overall energy footprint by introducing a CHP (Combined Heat and Power also called Cogeneration) unit, which is considered the most efficient way to produce steam and power. Cogeneration typically uses 20-40 percent less fuel than conventional power generation, while also reducing GHG emissions. A new CHP unit has been installed in our Termoli, Italy, facility and is expected to lead to a 15 percent GHG emission reduction.

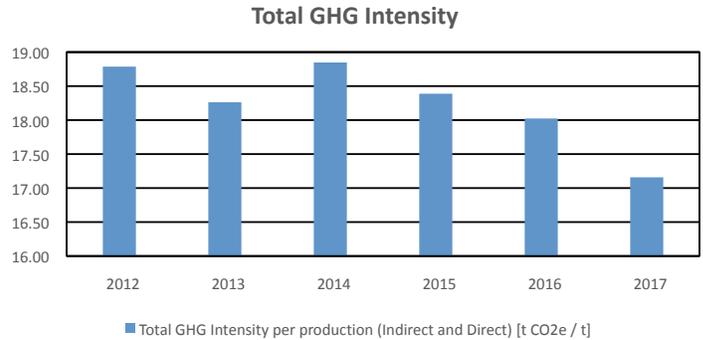
(Pictured: MPM Termoli, Italy)

ENVIRONMENTAL EXCELLENCE



Momentive GHG Intensity Trend

Since 2012, we have reduced Greenhouse Gas Intensity by 5.7 percent. This is due in part to our focus on process efficiency and energy reduction projects. Our energy management strategy promotes efficient utility use at all sites. Most recently, we have completed construction and startup of a major cogeneration project at our site in Termoli, Italy. We also converted to LED lighting at several of our sites.



ISO 50001 - Energy Management Certification received by Momentive sites including Leverkusen, Germany; Geesthacht, Germany; and Termoli, Italy during 2017. ISO 50001 enables organizations to use energy more efficiently, through the development of an energy management system (EnMS).



Our Nantong, China site was recently recognized by the Nantong Environmental Protection Bureau as one of 50 'Green Plant' companies out of 406 total companies in the Nantong municipal area. 'Green Plant' is the best achievable rating in the annual environmental management and performance review. The benefits to a company recognized as a 'Green Plant' include a priority project environmental assessment and financial support for environmental protection projects.





ENVIRONMENTAL EXCELLENCE

Trees are the lungs of the planet.

Trees breathe in carbon dioxide and breathe out oxygen. They are an integral part of our habitat. They not only act as a source of oxygen and as a home for birds and other wildlife, but also provide shelter, medicine, trap dust, reduce flash flooding and noise.



In **Rayong, Thailand** Momentive employees host an annual Environmental Health & Safety (EHS) Quality & Energy Day event each year. The event draws participation from different communities, students, and local vendors. Activities include an annual tree planting event to expand the green area, and various campaigns to promote the environment such as the use of environmentally safe food packaging containers.



The **Chennai, India** site has a 33 percent green belt cover of their overall site area. As a cultural and environmental gesture, the site has a custom for its global visitors. During their first visit, they invite guests to plant a sapling with a custom tag that includes their name. To date, over 140 saplings have been planted. On subsequent visits, guests are invited to water their plants and to share in the importance that their tree's stature connotes to the commitment and sustainability initiatives of the Chennai site.



REUSE, RECYCLE & RECOVER WASTE

Waterford, New York employees supported Earth Day with a Textile Recycling Event. The site collected and delivered 2,125 pounds of textiles to Albany’s Capital City Rescue Mission. The Mission accepts men’s, women’s and children’s seasonable clothing, boots, shoes and household items. The textile contributions collected from the Waterford site will be provided to people who are poor or homeless.



Momentive’s Sistersville, West Virginia site has been hosting an annual E-recycling event for ten years. The event is open to anyone, with donations coming from homes, businesses, government offices, and non-profit organizations. This year the site received 39,614 pounds of electronics, with over 400,000 pounds recycled over the event’s history! **E-recycling is good for the community, good for the company, and most importantly, good for the environment and our future.**



Momentive Waste Intensity Trend

Environmental excellence is a core value of Momentive’s sustainability program. We identify opportunities to reuse, recycle and recover waste streams to reduce our waste intensity. All wastes are included in our waste intensity metric. Waste associated with project construction and a waste reclassification resulted in a higher than normal volume of waste in 2017. Much of this extra waste was not associated with production, and a return to lower intensity is anticipated for 2018.

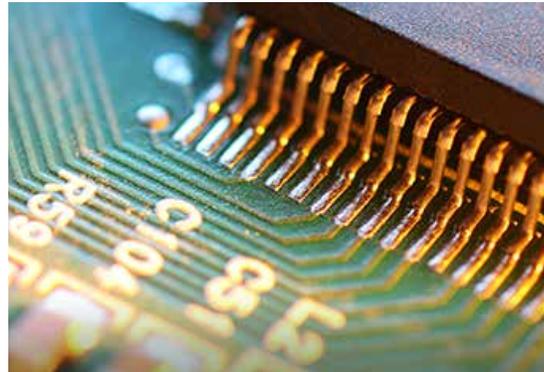
Waste Intensity





PRODUCT INNOVATION AND COLLABORATION

Enhance product sustainability through collaboration and lifecycle thinking



Momentive products contribute to sustainability in various ways.

Silicones & Specialty Business Units

Silanes | Specialty Fluids | Urethane Additives
Coatings | Elastomers | Electronics | Sealants

Quartz & Ceramics

Ceramics | Quartz

PRODUCT INNOVATION AND COLLABORATION



At Momentive, we strive to instill a mindset of sustainability in our core new product development process. Scientists and engineers are incorporating “environmentally preferred” raw materials in innovative formulations for our consumer, coatings, automotive, personal and health care customers. The company is also continuously upgrading its core process technologies, and refining new unit operations, which are intended to be energy efficient and produce less waste. From Green tire additives and solventless coatings and pressure-sensitive adhesives (PSAs) to green solutions for personal care, we expect that within the next five years, a steadily increasing percentage of our new product developments will be directly linked to our corporate sustainability strategy and targets.

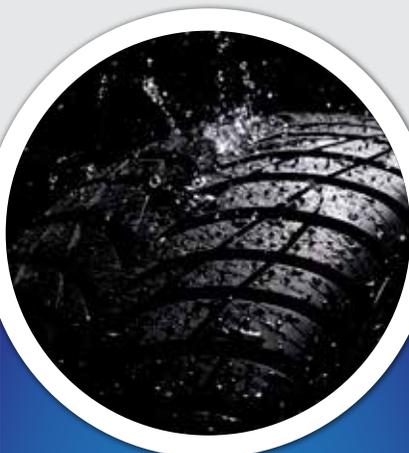
- Thanos Yiagopoulos, PhD, Chief Technology Officer, Silicones and Specialties, Momentive

SilFORT* Hardcoats



SilFORT Hardcoats offer customers the ability to replace glass and metal with lighter plastic materials in a number of demanding applications. In the automotive sector, plastics protected with SilFORT coating offered light weight, design flexibility, and advanced insulation properties, enabling greater fuel efficiency, and paving the way for use in the more fuel efficient automobiles of the future.

NXT* Silanes



NXT silane can improve the properties of tires and allow easier manufacturing for customers. Tires made with NXT silane typically have lower rolling resistance, resulting in reduced fuel consumption and CO₂ emissions. In 2017, Momentive increased tire silane availability with the acquisition of a dedicated manufacturing facility in the US, built a new production facility in Germany and commissioned a state-of-the-art tire lab in the US for testing and development.

Niax* Foam Stabilizer



Niax foam stabilizer is used to enable the expansion of polyurethane and the formation of very fine and closed pores, and thus provide efficient thermal insulation properties. These foams are used to preserve heat and cold, such as in refrigerators, water-heaters and buildings. The energy savings that can be realized during the service life of the foam is significantly greater than the energy required to produce the foam and its components, and can also contribute broadly to the reduction of emissions.



PRODUCT INNOVATION AND COLLABORATION

PRODUCTS THAT SOLVE CHALLENGES

TIS420C - Thermal Interface Product for Battery & Battery Management System (BMS) for Electric Vehicles*

One of the megatrends impacting the Electronics Business Unit is E-Mobility. E-Mobility refers to driving a new battery and its management system adoption, which is expected to rapidly replace traditional combustion engine systems. In line with E-Mobility industry trends, Momentive has placed a high priority on its new product development for our global automotive customers.

TIS420C is a distinct, one-part product that offers high thermal conductivity for the efficient release of heat generated by a battery to support the performance and longevity of electric vehicles. Customers can benefit from a one-part material that offers easy handling and dispensing, along with high thermal conductivity and THIXO to support the trend away from traditional vehicles to electric vehicles.



*TIS420C is a trademark of Momentive Performance Materials Inc. or its affiliates.

PRODUCT INNOVATION AND COLLABORATION



Agricultural Super-Spreading Adjuvants

Added to spray formulations such as fungicides, insecticides and fertilizers, Momentive's Silwet* super spreader adjuvants can enhance the effectiveness of these agrochemicals so pests, weeds and diseases don't stand a chance. Silwet super spreaders can cover more of each plant—up to 5x more. Farmers can cover more area while using less spray. And, because Silwet super spreaders can provide controlled foliar absorption, crop treatments can be optimized to stay on the plant—no matter what the weather. With better coverage and controlled absorption, you can maximize your agrochemical's performance and minimize waste.

Benefits for Farmers

- ✓ *Increased yield and improved crop quality through enhanced agrochemical spray application performance*
- ✓ *Less waste by improving deposition and coverage on plant surface*
- ✓ *Less water used while treating more crop area per tank mix*
- ✓ *Products that are OMRI Listed for organic use*



Momentive Silwet Super Spreaders for Organic Use

Finding high-performance products for organic farming can be a challenge. Momentive offers several super-spreading adjuvants that are OMRI Listed for that use:



Silwet 408 Surfactant offers exceptional super spreading, controlled absorption, improved deposition and excellent compatibility with vegetable oil.

Silwet ECO Spreader provides exceptional super spreading, controlled absorption, low freezing point for the Silwet material and improved deposition.

Silwet L-77* Adjuvant provides exceptional super spreading, controlled absorption, and improved deposition.

* Silwet and Silwet L-77 are trademarks of Momentive Performance Materials Inc. or its affiliates.

† Trademark of its respective owner.



PRODUCT INNOVATION AND COLLABORATION

Silsoft* Silicones for Hair Care

Combining Sensory and Multifunctionality

While Momentive silicones have long provided softness and smoothness to personal care products, our scientists continually improve upon this foundation and engineer new or enhanced value-adding features into our functionalized silicone products. Our Silsoft silicone portfolio has captured such features in products that can also perform effectively at low use levels and, therefore enable impressive potential cost efficiencies. Silsoft silicone products for hair care can help provide superior hair conditioning and manageability, shine, protection, as well as color and thermal protection.

SMART SILICONES

*Less material use = Sustainable Benefits
Less Product...Less Water...Less
Waste...Less Energy*

For example, less shampooing or less coloring can mean less water and materials being sent down the drain during washing, rinsing and styling.

Momentive Silsoft Smart silicone products:

Silsoft CLX-E emulsion can enable long-lasting conditioning.

Silsoft AX-E emulsion can help provide color protection, extending the time between coloring sessions, which leads to less damage and less hair dye being sent down the drain.

Silsoft Silk emulsion offers strong conditioning performance at very low levels.

*Silsoft is a trademark of Momentive Performance Materials Inc. or its affiliates.



CARING FOR OUR PEOPLE AND COMMUNITIES

Inspire, build and sustain partnerships for mutual growth



safety
matters because
you
matter

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.

- ✓ We care about the safety and well-being of our employees, contractors, and visitors to our sites.
- ✓ We are committed to the highest standards of ethics and integrity.
- ✓ We will protect the environment from adverse impacts associated with our operations and products.
- ✓ We will foster a culture to continually identify, reduce, and manage process safety risks and that ensures our employees have the necessary support to safely carry out their responsibilities

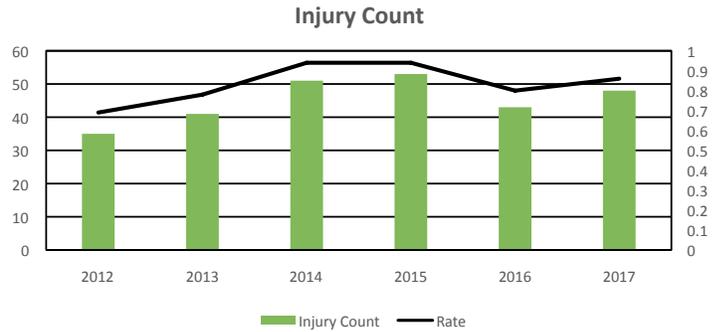




CARING FOR OUR PEOPLE AND COMMUNITIES

Momentive Injury Count

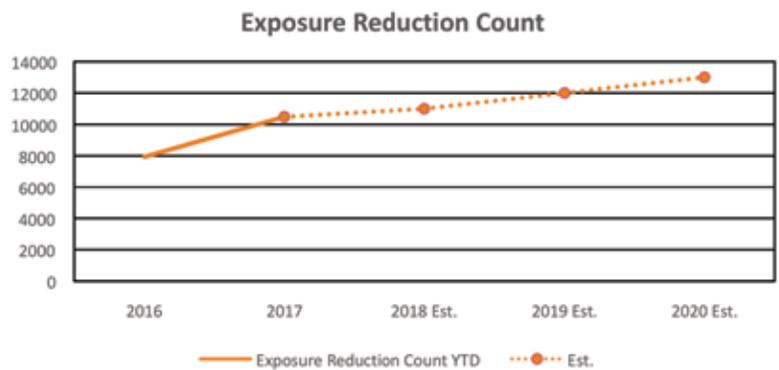
Since introducing Safety Matters Because You Matter ideals into our culture in 2013, we have made great strides towards better understanding and improving our safety culture. After experiencing a 20% reduction in injuries in 2016, we saw a slight increase in 2017 that was driven by an increased emphasis on reporting all injuries so our people would receive prompt and proper care. We remain fully committed to our vision of Zero Injuries and sustaining a culture where the safety of our people is at the forefront of all we do.



On June 25, the Itatiba, Brazil, site achieved 12 years without a Days Away From Work (DAFW) recordable accident. Site employees enjoyed a special lunch and posed for a commemorative team photo in recognition of the site's significant accomplishment and to emphasize the importance of having each employee return home safely.

Momentive Exposure Reduction Count

At Momentive, we know the key to eliminating injuries to our people is to relentlessly pursue the elimination of safety exposures. In 2016, we began a program to visibly measure our exposure reduction progress. We have seen tremendous energy develop around this program and believe we will sustain upward momentum in the elimination of exposures and risks our people may encounter in the workplace, which will translate to fewer injuries.



CARING FOR OUR PEOPLE AND COMMUNITIES



COMMUNITY ENGAGEMENT TEAMS

During 2017, Momentive employees volunteered more than 3,900 hours at site and community events. Events included community clean-ups, recycling activities, school supplies and backpack drives, blood donation campaigns, fire prevention training, tree planting, hurricane support and more!

Sistersville, West Virginia Community Service Day

The town of Middlebourne, West Virginia unveiled new playground equipment as a result of the engagement of the Sistersville site, Middlebourne Mayor, and a local Boy Scout Troop. The site organized a Community Service Day to help the town of Middlebourne assemble and install two modular play sets at the local children's park. The new playground is designed to provide multiple play opportunities for the children and is Americans with Disabilities Act (ADA) compliant.



Lostock, United Kingdom Supports Movember Foundation

Several Lostock Momentive employees joined the 'mustaches' challenge last November to raise funds for the Movember Foundation, which tackles some of the most significant health issues faced by men.



Waterford, New York Volunteers Mentor Kindergarteners

The Waterford Halfmoon School Mentoring project is a program sponsored by Momentive as part of its Corporate Responsibility Program, which encourages employees to be actively involved in the communities where we operate. The theme of the 2017 Mentoring program is 'Mother Goose meets Mother Nature.' The purpose of the program is to teach and share science and environmental experiences with young children through great children's literature and focused activities and experiments.



THE POWER OF GIVING BACK

About Momentive

Momentive is a global leader in silicones and advanced materials, with a 75- plus year heritage of being first to market with performance applications that support and improve everyday life. Momentive delivers science-based solutions for major industries, by linking its custom technology platforms to allow the creation of unique solutions for customers. Additional information is available at www.momentive.com.

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