

SECOND PARTY OPINION (SPO)

Sustainability Quality of Dow and Green Finance Framework

Dow Chemical

16 January 2024

VERIFICATION PARAMETERS

Type(s) of instruments contemplated

- Green Finance Instruments
- Green Bond Principles (GBP), as administered by the International Capital Market Association (ICMA) (as of June 2021 with June 2022 Appendix 1)

Relevant standards

- Green Loan Principles (GLP), as administered by the Loan Market Association (LMA), Asia Pacific Loan Market Association (APLMA) and Loan Syndications and Trading Association (LSTA) (as of February 2023)

Scope of verification

- Dow's Green Finance Framework (as of November 7, 2023)
- Dow's selection criteria (as of November 7, 2023)

Lifecycle

- Pre-issuance verification

Validity

- Valid as long as the cited Framework remains unchanged

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SCOPE OF WORK




Dow Inc. (“the Company” or “Dow”) commissioned ISS Corporate Solutions (ICS) to assist with its Green Finance Instruments by assessing three core elements to determine the sustainability quality of the instruments:

1. Dow's Green Finance Framework (as of November 7, 2023) - benchmarked against the International Capital Market Association's (ICMA) Green Bond Principles (GBP) and Loan Market Association's (LMA) Green Loan Principles (GLP).
2. The Selection Criteria - whether the project categories contribute positively to the United Nations Sustainable Development Goals (UN SDGs) and how they perform against proprietary issuance-specific key performance indicators (KPIs) (See Annex 1).
3. Linking the transaction(s) to Dow's overall Environmental, Social, and Governance (ESG) profile - drawing on the issuance-specific Use of Proceeds (UoP) categories.

DOW BUSINESS OVERVIEW

Dow Inc. is a materials science company, which engages in the development of innovative solutions. It is classified in the Chemicals industry, as per ISS ESG's sector classification. It operates through the following segments: Packaging and Specialty Plastics, Industrial Intermediates and Infrastructure, and Performance Materials and Coatings. The Packaging and Specialty Plastics segment consists of hydrocarbons and energy and packaging and specialty plastics. The Industrial Intermediates and Infrastructure segment covers the industrial solutions and polyurethanes and construction chemicals. The Performance Materials and Coatings segment includes coatings and performance monomers and consumer solutions. The company was founded in 1897 and is headquartered in Midland, MI.

ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ¹
<p>Part I:</p> <p>Alignment with GBP/GLP</p>	<p>Dow has defined a formal concept for its Green Finance Instruments regarding the use of proceeds, processes for project evaluation and selection, management of proceeds, and reporting. This concept is in line with the Green Bond Principles and Green Loan Principles.</p>	<p>Aligned</p>
<p>Part II:</p> <p>Sustainability Quality of the Selection Criteria</p>	<p>The Green Finance Instruments will (re)finance eligible project categories which include:</p> <p>Energy Efficiency, Renewable Energy, Decarbonization, and Circular Economy Adapted Products, Production Technologies, and Processes and/or Certified Eco-Efficient Products.</p> <p>Product and/or service-related use of proceeds categories² individually contribute to one or more of the following SDGs:</p> <div data-bbox="746 1126 865 1240" style="text-align: center;">  </div> <p>Process-related use of proceeds categories³ individually improve (i) the Issuer's/Borrower's operational impacts and (ii) mitigate potential negative externalities of the Issuer's/Borrower's sector on one or more of the following SDGs:</p> <div data-bbox="689 1505 922 1621" style="text-align: center;">   </div>	<p>Positive</p>

¹ The evaluation is based on Dow's Green Finance Framework (November 7, 2023 version), on the analyzed selection criteria as received on November 7, 2023, and on the ISS ESG Corporate Rating updated on March 8, 2023 and applicable at the SPO delivery date.

² Circular Economy Adapted Products, Production Technologies, and Processes and/or Certified Eco-Efficient Products.

³ Decarbonization: Development, implementation, and retrofitting of novel technologies for decarbonization (Scope 1 and 2 GHG emissions) of cracker facilities (e.g., electrification of steam cracker furnaces and more energy efficient production processes), Energy Efficiency, and Renewable Energy.

	The environmental and social risks associated with those use of proceeds categories are managed.	
Part III: Linking the transaction(s) to Dow's ESG profile	The key sustainability objectives and the rationale for issuing Green Finance Instruments are clearly described by Dow. Majority of the project categories considered are in line with the sustainability objectives of Dow.	Consistent with Dow's sustainability strategy

SPO ASSESSMENT

PART I: ALIGNMENT WITH GREEN BOND PRINCIPLES AND GREEN LOAN PRINCIPLES

This section evaluates the alignment of Dow’s Green Finance Framework (as of November 7, 2023) with the Green Bond Principles and Green Loan Principles.

GREEN BOND PRINCIPLES AND GREEN LOAN PRINCIPLES	ALIGNMENT	OPINION
<p>1. Use of Proceeds</p>	<p>✓</p>	<p>The Use of Proceeds description provided by Dow’s Green Finance Framework is aligned with the GBP and GLP.</p> <p>Dow’s green categories align with the project categories as proposed by the GBP and GLP. Criteria are defined in a clear and transparent manner. Disclosure of an allocation period and commitment to report by project category level has been provided and environmental benefits are described and quantified.</p> <p>Dow defines exclusion criteria and defines a look-back period of two years, which is in line with market practice.</p>
<p>2. Process for Project Evaluation and Selection</p>	<p>✓</p>	<p>The Process for Project Evaluation and Selection description provided by Dow’s Green Finance Framework is aligned with the GBP and GLP.</p> <p>The project selection process is defined and structured in a congruous manner. ESG risks associated with the project categories are identified and managed through an appropriate process. Moreover, the projects selected show alignment with the sustainability strategy of Dow.</p> <p>Dow identifies alignment of its Green Finance Framework and green projects with official or market-wide green standards, which is in line with best market practice.</p>

<p>3. Management of Proceeds</p>	<p>✓</p>	<p>The Management of Proceeds provided by Dow’s Green Finance Framework is aligned with the GBP and GLP.</p> <p>The net proceeds collected will be equal to the amount allocated to eligible projects, with no exceptions. The net proceeds are attested in a formal internal process, using Dow’s Enterprise Resource Planning system. The net proceeds are managed on an aggregated basis for multiple Green Bonds (portfolio approach). Moreover, Dow discloses the temporary investment instruments for unallocated proceeds.⁴</p> <p>Dow has also identified an allocation period to eligible green projects as 36 months within the issuance of each Green Financing.</p>
<p>4. Reporting</p>	<p>✓</p>	<p>The allocation and impact reporting provided by Dow’s Green Finance Framework is aligned with the GBP and GLP.</p> <p>Dow commits to disclose the allocation of proceeds transparently and to report in an appropriate frequency. The reporting will be publicly available on Dow’s website. Dow explains that the level of expected reporting will be at the portfolio level and the type of information that will be reported. Moreover, Dow commits to report annually, until the proceeds have been fully allocated.</p> <p>Dow is transparent on the level, information, reporting frequency, and duration of impact reporting. Dow also commits to have the allocation report audited by an external party, in line with best market practices.</p>

⁴ Dow has indicated that the temporary use of unallocated proceeds includes financing activities that do not fall under the exclusion criteria.

PART II: SUSTAINABILITY QUALITY OF THE ELIGIBILITY CRITERIA

A. CONTRIBUTION OF THE ELIGIBILITY CRITERIA TO THE UN SDGs⁵

Companies can contribute to the achievement of the SDGs by providing specific services/products that help address global sustainability challenges, and by being responsible corporate actors, working to minimize negative externalities in their operations along the entire value chain. The aim of this section is to assess the SDG impact of the UoP categories financed by Dow in two different ways, depending on whether the proceeds are used to (re)finance:

- specific products/services,
- improvements of operational performance.


1. Products and services

The assessment of UoP categories for (re)financing products and services is based on a variety of internal and external sources, such as the ISS ESG SDG Solutions Assessment (SDGA), a proprietary methodology designed to assess the impact of an Issuer's products or services on the UN SDGs, as well as other ESG benchmarks (the EU Taxonomy Climate Delegated Acts, the ICMA Green and/or Social Bond Principles and other regional taxonomies, standards and sustainability criteria).

The assessment of UoP categories for (re)financing specific products and services is displayed on a 3-point scale (see Annex 1 for methodology):



Each of the Green Finance Instruments' Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p>Circular Economy Adapted Products, Production Technologies, and Processes and/or Certified Eco-Efficient Products</p> <p><i>Expenditures and investments related to:</i></p>	<p>Contribution</p>	

⁵ The impact of the UoP categories on UN Sustainable Development Goals is assessed with proprietary methodology and may therefore differ from the Issuer's description in the Framework.

- *Sourcing of post-industrial or post-consumer waste for the manufacturing of circular materials.*
- *Sourcing of bio-derived cracker feedstocks and materials certified according to the International Sustainability and Carbon Certification (ISCC) PLUS.*
- *Sourcing of bio-derived cracker feedstocks and materials certified according to best-available sustainability certification, such as REDcert, RSB Advanced Products, and Ecoloop.*

The Framework notes the sourcing of only non-food-based agricultural waste as bio-derived feedstock.

Circular Economy Adapted Products, Production Technologies, and Processes and/or Certified Eco-Efficient Products

Expenditures and investments related to:

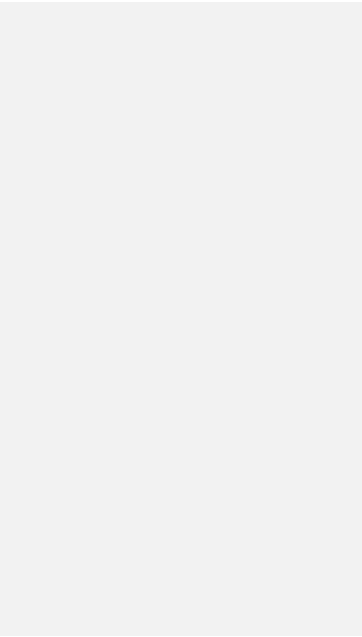
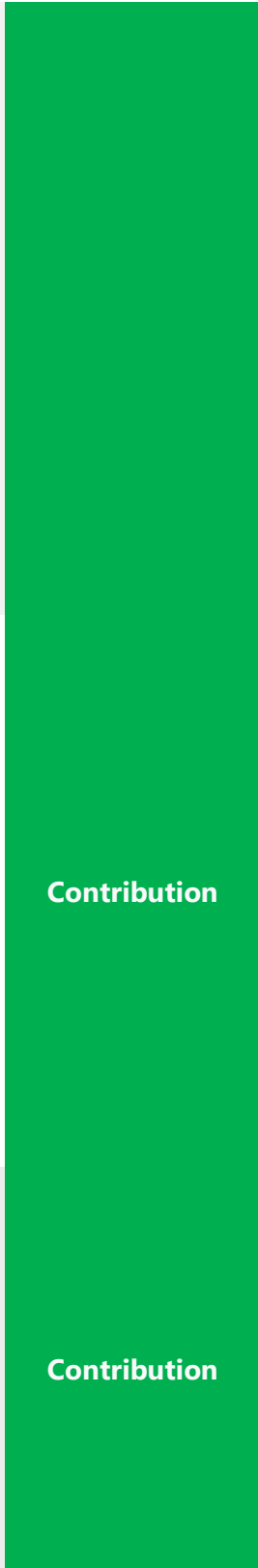
- *Development, manufacturing, and commercialization of waste- and bio-based products.*

The Framework notes the sourcing of only non-waste forest materials that are certified by credible third-party organizations, such as the Forest Stewardship Council (FSC), Program for the Endorsement of Forest Certification (PEFC), or other equivalent standards.⁶

Circular Economy Adapted Products, Production Technologies, and Processes and/or Certified Eco-Efficient Products

Expenditures and investments related to:

Development, manufacturing, and commercialization of waste- and bio-based products and solutions related to mechanical recycling, dissolution recycling, and advanced recycling.⁷

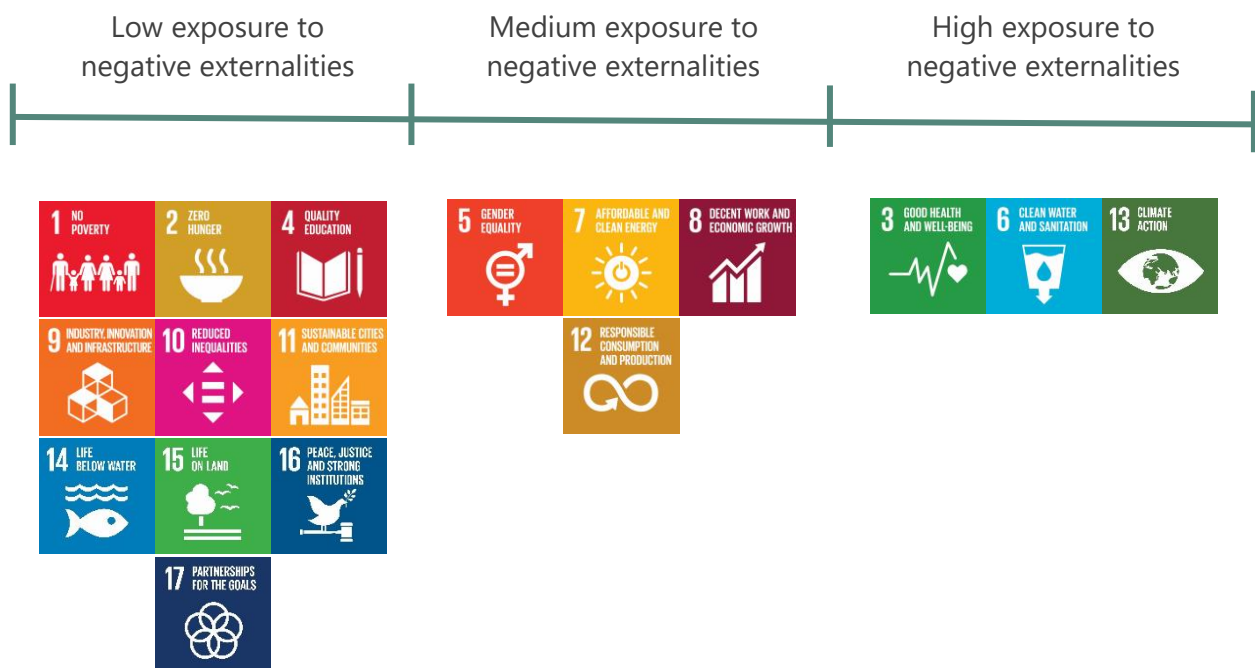


⁶ ISS-Corporate has only assessed the certifications explicitly mentioned in Dow’s Green Finance Framework.
⁷ Please note that advanced recycling is equivalent to chemical recycling.

2. Improvements of operational performance (processes)










The below assessment aims at qualifying the direction of change (or “operational impact improvement”) resulting from the operational performance projects (re)financed by the UoP categories, as well as related UN SDGs impacted. The assessment displays how the UoP categories are mitigating the exposure to the negative externalities relevant to the business model and the sector of Dow.

According to ISS ESG SDG Impact Rating methodology, potential impacts on the SDGs related to negative operational externalities⁸ in the Chemical industry (to which Dow belongs) are the following:



The table below aims at displaying the direction of change resulting from the operational performance improvement projects. The outcome displayed does not correspond to an absolute or net assessment of the operational performance.

⁸ Please, note that the impact of the Issuer’s products and services resulting from operations and processes is displayed in section 3.B of the SPO.

USE OF PROCEEDS (PROCESSES)	OPERATIONAL IMPACT IMPROVEMENT ⁹	SUSTAINABLE DEVELOPMENT GOALS
<p>Energy Efficiency</p> <p><i>Expenditures related to:</i></p> <p><i>Energy efficiency improvements and/or retrofits yielding energy savings and/or GHG reduction by at least 10%.¹⁰ This excludes improvements directly related to final products and services for the oil and gas industry.</i></p>		 
<p>Renewable Energy</p> <p><i>Expenditures related to:</i></p> <ul style="list-style-type: none"> ▪ <i>Long-term (more than 5 years) project-specific power purchase agreements (PPAs) or virtual PPAs for wind and solar PV projects.</i> ▪ <i>Development, acquisition, and operation of wind and solar PV projects.</i> 		 
<p>Decarbonization</p> <p><i>Expenditures related to:</i></p> <ul style="list-style-type: none"> ▪ <i>Carbon Capture, and Storage (CCS) connected to Dow sites.¹¹</i> <p><i>The Framework notes that captured CO₂ will not be used for enhanced oil recovery operations.</i></p>		
<p>Decarbonization</p> <p><i>Expenditures related to:</i></p> <p><i>Development, implementation, and retrofitting of novel technologies for decarbonization (Scope 1 and 2 GHG emissions) of cracker facilities (e.g., electrification, energy optimization, and technologies that enable carbon capture and storage).¹²</i></p>		 

⁹ Limited information is available on the scale of the improvement as no threshold is provided. Only the direction of change is displayed.

¹⁰ For newly built assets the reduction will be measured against top-performing Dow incumbent assets. For retrofits of existing assets, the reduction will be measured against their own baseline.

¹¹ Dow's Green Finance Framework notes that captured CO₂ will not be used for enhanced oil recovery operations.

¹² Dow has confirmed to ISS-Corporate that the electrification of steam cracker facilities and the enabling of carbon capture and sequestration represent the majority of the technologies' infrastructure under this activity.

B. MANAGEMENT OF ENVIRONMENTAL & SOCIAL RISKS ASSOCIATED WITH THE SELECTION CRITERIA

Green Activities

The table below evaluates the selection criteria against issuance-specific KPIs. There is no information with regards to the countries where the assets are/will be located.

ASSESSMENT AGAINST KPIs	
All categories	
Labor, Health, and safety	
✓	Dow has a Human Rights Policy in place along with an Environmental, Health, and Safety Policy that adheres to ISO 45001 and Occupational Health and Safety 18001 standards to systematically ensure assets financed under the framework provide high labor, health, and safety standards for its employees and contractors. In addition, Dow is a signatory to the United Nations (UN) Global Compact, ¹³ which adheres to respect for human rights.
✓	Dow has a Code of Conduct for Suppliers, which sets standards for ethical behavior systematically ensuring that assets financed under the framework provide high labor and health and safety standards for the supply chain. These include workers’ freedom of association and right to collective bargaining, no forced and compulsory labor, no child labor, no discrimination, and preventing harassment and abuse of labor.
Circular Economy, Renewable Energy, Decarbonization	
Biodiversity	
✓	Dow employs the Integrated Biodiversity Assessment Tool (IBAT) to screen and map locations from a biodiversity perspective. The database screened by IBAT includes the World Database on Protected Areas, the International Union for Conservation of Nature (IUCN) Red List of Threatened Species, and the World Database of Key Biodiversity Areas. The IBAT ensures Dow will screen out locations that will have a high biodiversity impact. In addition, Dow’s Business Conduct for Suppliers requires suppliers to identify, quantify, and address environmental risks and impacts within the production, distribution, and transportation process. Lastly, the topic of biodiversity is considered in the Environmental Impact Assessment process for future financed assets.

¹³ The Dow Chemical Company, United Nations Global Compact, <https://unglobalcompact.org/what-is-gc/participants/9210-The-Dow-Chemical-Company>

Circular Economy

Energy Efficiency



Dow has a Pollution Prevention Policy to systematically ensure all businesses, locations, and facilities minimize emissions and reduce energy consumption through source reduction/elimination, recycling, recovery, conversion, treatment, and containment. Every facility is required to report the amount of waste, wastewater, air emissions, and other emissions generated on an annual basis. In addition, Dow has a program management office to oversee how the management of energy and emissions will decarbonize its future assets.

Decarbonization, Circular Economy

On-site safety



Dow has an Environmental, Health, and Safety Policy to systematically ensure that projects/assets financed through this framework have high operational safety standards in place. Moreover, Dow employs the Responsible Care initiative in compliance with OSHA 18001 or ISO 45001 standards.

Circular Economy

Safety of users



Dow has a blueprint for product safety to ensure hazards and risks of chemical products are minimized.¹⁴ The process involves identifying the hazards of chemical products and their risks in the intended application, toxicology testing through computer modelling, communicating the risks to customers through a product stewardship program, and disclosing transparently information through publicly available safety data sheets.¹⁵



Dow has publicly disclosed Safety Data Sheets and Regulatory Data Sheets in the public domain to inform users about the hazards associated with the end products and how the products comply with global regulatory standards.^{16,17}

¹⁴ Dow's blueprint for product safety, <https://corporate.dow.com/en-us/science-and-sustainability/2025-goals/blueprint/product-safety.html>

¹⁵ Dow's Safety Data Sheets Finder, <https://www.dow.com/en-us/support/sds-finder.html>

¹⁶ Dow's Safety Data Sheets Finder, <https://www.dow.com/en-us/support/sds-finder.html>

¹⁷ Dow's Regulatory Data Sheets, <https://www.dow.com/en-us/support/accessing-regulatory-data-sheets.html>

Renewable Energy, Decarbonization, Circular Economy

Community Dialogue



Dow has Community Outreach Programs to facilitate the dialogue with stakeholders on emergency response plans and receive feedback via community surveys and local meetings. Dow applies the Responsible Care platform to communicate with community members. Dow also has established a third-party hotline, EthicsPoint,¹⁸ which is an anonymous platform to raise issues or concerns regarding Dow’s business practices concerning Human Rights and Environmental issues. This grievance system enables community members to exercise their rights by reporting any negative effects on human rights and environmental impact affected by the company’s activities.

Energy Efficiency, Circular Economy

Environmental aspects of construction (or production) and operation



Dow has a policy to ensure internal assets financed systematically adhere to a waste management hierarchy that focuses on minimizing the impact of waste and emissions on the environment.

Dow has a partnership with Mura Technology,^{19, 20} in constructing recycling facility to reduce plastic waste from its end products. In addition, there are mechanical recycling programs to enable Post-Consumer Recycled Material to be reused in products and packaging and produce bio-based material from renewable feedstocks.

Circular Economy

Environmental aspects of construction (or production) and operation



Dow conducts Life Cycle Analysis (LCA) in accordance with ISO 14040/ISO 14044 on all the products during the product life cycle.



Dow has a Code of Business Conduct for Suppliers in place to ensure that environmental risks and impacts are identified, quantified, addressed, and mitigated along the supplier’s value chain systematically.

¹⁸ Dow’s ethics line, <https://secure.ethicspoint.com/domain/media/en/gui/90332/index.html>

¹⁹ Mura Technology, <https://muratechnology.com/>

²⁰ Dow and Mura Technology announce largest commitment of its kind to scale advanced recycling of plastics, <https://investors.dow.com/en/news/news-details/2022/Dow-and-Mura-Technology-announce-largest-commitment-of-its-kind-to-scale-advanced-recycling-of-plastics/default.aspx>



All of Dow's future sites will be compliant with the Responsible Care®, a management system assessed and meets ISO 14001, ensuring the environmentally safe operation of plants.

Circular Economy, Decarbonization

Environmental aspects of construction (or production) and operation



All of Dow's future sites will be compliant with Responsible Care®, a management system assessed and meets ISO 14001, ensuring that environmental impacts are mitigated at every stage of the product life cycle.

Circular Economy, Renewable Energy

Environmental aspects of construction (or production) and operation



Dow's Environment, Health, and Safety Policy establishes guidelines to prevent environmental and health impacts and reduce waste, emissions, and workplace injuries for all facilities and operations. For suppliers that are responsible for the construction phase, Dow requires suppliers to identify, quantify, and address environmental risks during the entire life cycle of products and services.

PART III: LINKING THE TRANSACTION TO DOW'S ESG PROFILE

A. CONSISTENCY OF GREEN FINANCE INSTRUMENTS WITH DOW'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by Dow

Dow has identified seven pillars to build the sustainability attributes of its product and technology portfolio: Reduced carbon, bio-based, advanced recycling, mechanical recycling, circularity, bio-degradable, and resource-efficient.

Dow has set ESG targets to reduce its net annual carbon GHG emissions by five million metric tons versus its 2020 baseline (a 15% reduction and a 30% reduction against a 2005 baseline) by 2030 and intends to achieve carbon neutrality by 2050. For waste reduction, Dow aims to transform plastic waste and other forms of alternative feedstock to commercialize 3 million metric tons of circular and renewable solutions annually by 2030. However, there is currently no verified Science-based target (SBTi) available. Dow's current climate target is aligned with the IEA Net Zero Emission by 2050 Scenario (NZE).

Dow has disclosed the targets, yearly progress, action plan, and yearly CDP questionnaire reporting publicly in its 2022 Progress report.²¹ Dow has also disclosed the action plan to decarbonize and achieve carbon neutrality by 2050 in its 2022 Progress report. To achieve Dow's sustainability goals, the Company intends to invest approximately USD 1B annually to decarbonize its manufacturing assets. Over the past three years, Dow has also invested more than USD 200M into impact funds, recycling infrastructure, venture capital, and research and development to transform waste into solutions that support a circular economy. In addition, Dow is a member of SBTi's expert advisory group on the chemical sector.

Dow has disclosed its Climate Transition Strategy in the 2022 Progress Report, outlining the goals to become carbon neutral by 2050 and associated action plans, such as optimizing manufacturing facilities and processes, increasing use of clean energy and steam, and investments in new technology such as fluidized catalytic dehydrogenation (FCDh), ethane dehydrogenation (EDH) and electric cracking technology. Dow has also disclosed both opportunities and climate-related risks, the Company's strategy in managing climate-related risks, and how they are integrated into the Company's overall risk management within the TCFD disclosure in the 2022 Progress Report. Dow has also disclosed ESG results using GRI, SASB, and WEF reporting standards.

Dow has never issued any Green, Social, or Sustainability Bonds before.

²¹ Dow's 2022 Progress Report, <https://corporate.dow.com/content/dam/corp/documents/about/066-00432-01-2022-progress-report.pdf>

Rationale for issuance

Dow has identified three areas to achieve its ESG targets: Climate Protection, Circular Economy, and Safer Materials within the Sustainability Strategy. The purpose of issuing the Green Finance Instruments is to support the project categories that contribute to achieving those targets.

Opinion: *The key sustainability objectives and the rationale for issuing Green Finance Instruments are clearly described by Dow. All of the project categories financed are in line with the sustainability objectives of Dow.*

B. DOW'S BUSINESS EXPOSURE TO ESG RISKS

This section aims to provide an overall level of information on the ESG risks to which Dow is exposed through its business activities, providing additional context to the issuance assessed in the present report.

ESG risks associated with Dow's industry

Dow is classified in the Chemicals industry, as per ISS ESG's sector classification. Key challenges faced by companies in terms of sustainability management in this industry are displayed in the table below. Please note, that this is not a company specific assessment but areas that are of particular relevance for companies within that industry.

ESG KEY ISSUES IN THE INDUSTRY
Worker safety and accident prevention
Facility and transport safety
Alternative raw materials
Climate protection and energy efficiency
Chemical and product safety





ESG performance of Dow

Leveraging ISS ESG's Corporate Rating research, further information about Dow's ESG performance can be found on ISS ESG Gateway at: <https://www.issgovernance.com/esg/iss-esg-gateway/>.

Please note that the consistency between the issuance subject to this report and Dow's sustainability strategy is further detailed in Part III.A of the report.

Sustainability impact of products and services portfolio

Leveraging ISS ESG's Sustainability Solutions Assessment methodology, the contribution of Dow's current products and services portfolio to the Sustainable Development Goals defined by the United Nations (UN SDGs) has been assessed as per the table below. This analysis is limited to the evaluation of final product characteristics and does not include practices along Dow's production process.

PRODUCT/SERVICES PORTFOLIO	ASSOCIATED PERCENTAGE OF REVENUE ²²	DIRECTION OF IMPACT	UN SDGS
Key products and/or services to the oil industry	1%	Obstruction	 
Materials for single-use plastic products	1%	Obstruction	 

Breaches of international norms and ESG controversies

At Issuer level

At the date of publication and leveraging ISS ESG Research, no controversy in which Dow would be involved has been identified.

At industry level

Based on a review of controversies over a 2-year period, the top three issues that have been reported against companies within the Chemicals industry are as follows: Failure to prevent water pollution, Failure to respect the right to health, Failure to respect consumer health and safety.

Please note that this is not a company specific assessment but areas that can be of particular relevance for companies within that industry.

²² Percentages presented in this table are not cumulative.

DISCLAIMER

1. Validity of the Second Party Opinion ("SPO"): Valid as long as the cited Framework and benchmarks to the Sustainability Performance Targets remain unchanged.
2. ISS Corporate Solutions, Inc. ("ISS-Corporate"), a wholly-owned subsidiary of Institutional Shareholder Services Inc. ("ISS"), sells, prepares, and issues External Reviews, on the basis of ISS-Corporate's proprietary methodology. In doing so, ISS-Corporate adheres to standardized procedures designed to ensure consistent quality.
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The parent company of Institutional Shareholder Services ("ISS"), ISS HoldCo Inc., has since February 2021 been principally owned by Deutsche Börse AG ("DB") with the remainder owned by Genstar Capital ("Genstar") and ISS management. In April 2023, DB announced its intention to combine ISS with Qontigo, another entity controlled by DB, with General Atlantic to become

SECOND PARTY OPINION

Sustainability Quality of Dow
and Green Finance Framework

ISS-CORPORATE 

the sole minority shareholder of the combined entity. The combination is expected to be completed in the third quarter of 2023. In July 2023, the stakes of Genstar and ISS management in ISS HoldCo Inc. were acquired by DB. The non-interference and similar policies implemented by ISS related to Genstar are no longer applicable and disclosures regarding Genstar and ISS management's ownership of ISS are withdrawn.

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ANNEX 1: METHODOLOGY

The ISS-Corporate SPO provides an assessment of labelled transactions against international standards using ISS-Corporate proprietary methodology. For more information, please visit: <https://www.issgovernance.com/file/publications/SPO-Use-of-Proceeds-Bonds-and-Loans.pdf>

ANNEX 2: ISS ESG CORPORATE RATING METHODOLOGY

ISS ESG Corporate Rating provides relevant and forward-looking environmental, social, and governance (ESG) data and performance assessments. For more information, please visit: <https://www.issgovernance.com/file/publications/methodology/Corporate-Rating-Methodology.pdf>

ANNEX 3: QUALITY MANAGEMENT PROCESSES

SCOPE

Dow commissioned ISS-Corporate to compile a Green Finance Instruments SPO. The Second Party Opinion process includes verifying whether the Green Finance Framework aligns with the Green Bond Principles (GBP), as administered by the International Capital Market Association (ICMA) (as of June 2021 with June 2022 Appendix 1), and the Green Loan Principles as administered by the Loan Market Association (LMA), Asia Pacific Loan Market Association (APLMA) and Loan Syndications and Trading Association (LSTA) (as of February 2023) and to assess the sustainability credentials of its Green Finance Instruments, as well as Dow's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion:

- Green Bond Principles (GBP), as administered by the International Capital Market Association (ICMA) (as of June 2021 with June 2022 Appendix 1)
- Green Loan Principles (GLP), as administered by the Loan Market Association (LMA), Asia Pacific Loan Market Association (APLMA) and Loan Syndications and Trading Association (LSTA) (as of February 2023)

ISSUER'S RESPONSIBILITY

Dow's responsibility was to provide information and documentation on:

- Green Finance Framework
- Eligibility criteria
- Documentation of ESG risks management at the project level

ISS-CORPORATE'S VERIFICATION PROCESS

Since 2014, ISS Group, of which ISS-Corporate is a part of, has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

This independent Second Party Opinion of the Green Finance Instruments to be issued by Dow has been conducted based on a proprietary methodology and in line with the ICMA's GBP, GLP by LMA, ALPMA, and LSTA.

The engagement with Dow took place from July 2023 to January 2024.

ISS-CORPORATE'S BUSINESS PRACTICES

ISS-Corporate has conducted this verification in strict compliance with the ISS Group Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About this SPO

Companies turn to ISS Corporate Solutions (ISS-Corporate) for expertise in designing and managing governance, compensation, sustainability and cyber risk programs that align with company goals, reduce risk, and manage the needs of a diverse shareholder base by delivering best-in-class data, tools, and advisory services.

We assess alignment with external principles (e.g. the ICMA Green / Social Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of the Issuer themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond / loan from a sustainability perspective.

Learn more: <https://www.iss-corporate.com/solutions/sustainable-finance/bond-issuers/>

For more information on SPO services, please contact: SPOsales@iss-corporate.com

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