

2023 Sustainability Report

PUBLISHED JULY 2024



A NOTE FROM OUR CEO



1% Better, Every Day

In 2023, Hexion introduced our philosophy — **1% Better, Every Day** — to drive continuous improvements across the company. This powerful concept recognizes the fact that significant advancements don't always require grand gestures or costly programs. Consistently implementing changes over time starts a ripple effect and ultimately shifts the course towards a more sustainable future for everyone.

Our 2023 Sustainability Report highlights progress in four key areas:

- » Sustainable innovation
- » Systems over goals
- » Powered by our people
- » Shared commitment to sustainability

I continue to be encouraged by the opportunities and improvements that I see throughout Hexion. With a steadfast vision for the future and a daily commitment to influence positive change, we are confident that the actions we take now will benefit the industries and communities we serve.

Please join our sustainability journey as we strive to create a safer and cleaner world through **Responsible Chemistry**.

Sincerely,

Michael Lefenfeld
President and CEO





Hexion at a Glance

SPRINGFIELD, OREGON:

Modified their process resulting in **6.5% fuel efficiency improvement**

ST ROMUALD, QUEBEC:

Improved site efficiency **17.4%** and recognized by **ENERGY STAR Challenge for Industry**

MOERDIJK, NETHERLANDS:

Upgraded steam traps to **reduce steam purchases by over €100K**

MORGANTON, NORTH CAROLINA:

Upgraded to **high efficiency boilers**

MOREAU, NEW YORK:

Achieved **8.2% reduction in site electrical consumption** by upgrading site shutdown procedures

BRISBANE, AUSTRALIA:

Implemented a flash stream recovery project **reducing fuel usage by nearly 6%**

Hexion's
Global
Headquarters

C O L U M B U S , O H I O

WITH

25 

Manufacturing
FACILITIES WORLDWIDE



4 years
ENERGY STAR
Partner of the
Year Award




/// FOR VERSATICS™ ///
BUSINESS



/// FOR HEXION ///

1,289 
Dedicated Associates

M O R E T H A N
\$450,000
 in **charitable contributions**

Over **6,700 hrs**
of **VOLUNTEER SERVICE**
MORE THAN **3X** the hours
volunteered in 2022

TRUCK MILEAGE
reduced by 
3.8 million MILES



Sustainable Innovation

Hexion's products and technology platform are integral to helping our customers achieve their sustainability goals.

Our research and development sites are designed to collaborate with customers on new innovations that contribute to increasing their products' sustainability. This often involves developing more eco-friendly materials, improving production processes, reducing waste or enhancing product recyclability.

SUSTAINABLE INNOVATION

ENVIRONMENTAL

OUR PEOPLE

COMMUNITIES

GOVERNANCE



Tekie Zeru

Chief Technology Officer

"When we talk about innovation at Hexion, it is about more than making something new. It's about doing so while respecting our planet and communities. Hexion's commitment to sustainable innovation has refocused our initiatives. We use cutting-edge technologies that champion circular economy principles, rely on renewable energy sources, and collaborate with diverse talent. Together, we are driving a technological revolution that enhances our bottom line and safeguards our planet."

Innovation Summit

Hexion's 2023 Innovation Summit gathered senior leaders, chemists, commercial, finance and marketing associates. They delved into key innovations across our company to gain deeper insights into our markets and foster collaboration on groundbreaking advancements. Each session was designed to include interactive learning through participant improved facilitation to develop dynamic collaboration and innovative thinking skills. Members of our Adhesives, Versatic™ acids and derivatives and Formaldehyde technology teams presented sustainability-focused initiatives, including new discovery phase projects and opportunities further through our innovation pipeline. Topics spanned applications in energy, construction and bio-based raw materials.



Burt Capel

Chief Commercial Officer

"Our commercial team's efforts lie at the intersection of growth, innovation, and partnership. Together, we work to deliver products and services that not only meet our customer's needs, but that always stay true to our sustainability goals. Whether it's collaborating with suppliers, customers, or industry peers, our partnerships are built on trust, shared values, and a commitment to sustainability."



Resins

Our customers can leverage a full range of solutions thanks to our global network, seasoned technical support, and unwavering commitment to top-tier production quality. Hexion adhesives and resins create stronger and more sustainable wood materials compared to glass, concrete, aluminum and steel.



Strategic Customer Partnerships

Hexion's relationship with our diverse customer base creates many opportunities for collaborative partnerships. These partnerships extend beyond application-based solutions and address transportation emissions, energy efficiency and other sources of greenhouse gasses. We also address social impacts and risk reduction related to supply chain due diligence, including risks related to human rights and modern slavery.

We partner with companies that are instrumental in producing sustainable renewable building products that sequester carbon. Hexion's resin minimizes waste by maximizing the number of products derived from sustainably-sourced timber.

Through freight optimization, we also reduce the overall number of trucks used to deliver resin, which in turn lowers the total emissions during the life cycle of timber products. In 2023, Hexion partnered with a premier customer resulting in these stats:

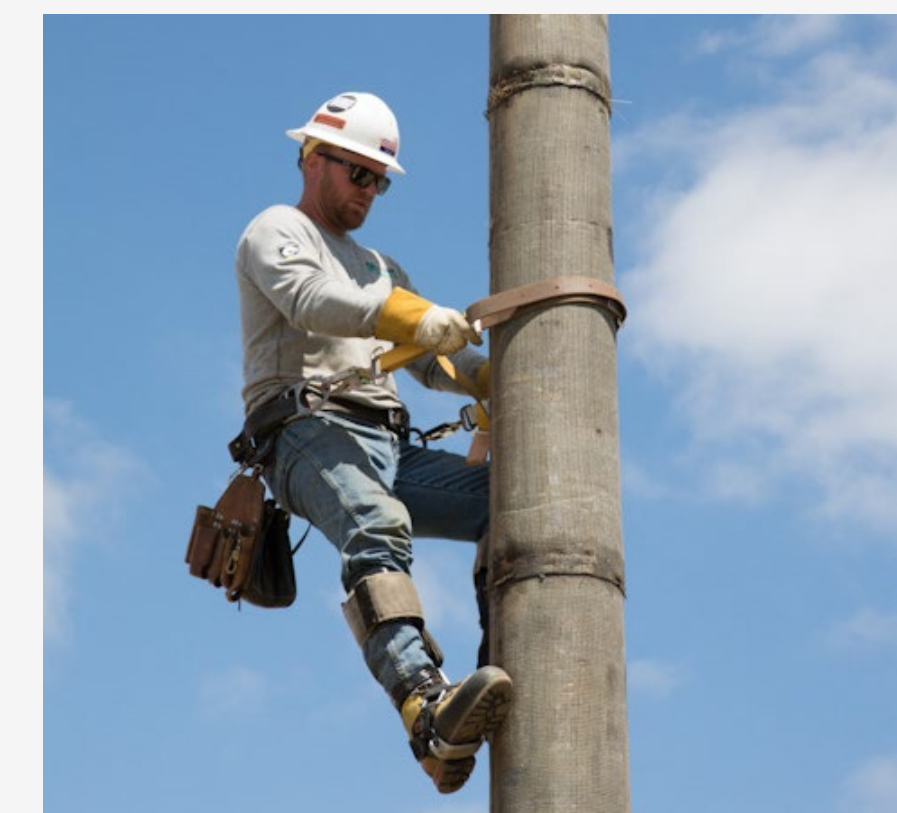
avoided around
130,000
ROAD MILES

REDUCING heavy-duty **174**
TRUCK SHIPMENTS

 reducing **15 tons** of CO2e from its deliveries.¹

With customer partnerships, Hexion continues to address several sustainability initiatives while meeting the demands of the wood-based building and construction industry. With the collaboration of suppliers and customers, we aim to develop Life Cycle Assessments and Environmental Product Declarations, increase community engagement and impact, and continue to further embed sustainability in everyday business decisions.

1. EPA Center for Corporate Climate Leadership emission factors hub.
Heavy duty truck emissions



In January 2023, Hexion completed an expansion of its Missoula, Montana site to produce its ArmorBuilt Wildfire Shield product, a durable safeguard that protects critical infrastructure and building materials from fire. The state of the art smart material is triggered by heat to protect wooden utility poles and minimize the cost of disruption and repair. With this expansion, Hexion can significantly increase its capacity to serve customers in the Western United States, Canada and beyond.



Versatic™ Acids & Derivatives

Versatic Acid 10: A Better Path Forward

Hexion's high-performance Versatic Acid 10 offers an alternative for users of 2-ethylhexanoic acid and its salts. Previously considered an industry standard, 2-ethylhexanoic acid (CAS No. 149-57-5) and its salts now necessitate additional hazard warnings and face restriction of products containing them. This change is due to the reclassification of 2-ethylhexanoic acid and its salts as reprotoxic category 1B, consistent with the recommendation from the Risk Assessment Committee (RAC) of the European Chemicals Agency (ECHA).

From protecting the coating on your car, to improving the strength and durability of concrete, Versatic acid and derivatives have a well established track record of cost effective performance.

Versatic Acid 10 serves markets like:



PAINT DRYERS



FUEL ADDITIVES



ESTERS FOR SOLVENTS OR LUBRICANTS



PVC HEAT STABILIZERS



METAL WORKING FLUIDS



COSMETICS



METAL-BASED CATALYSTS



ANTIFREEZE



PERSONAL CARE



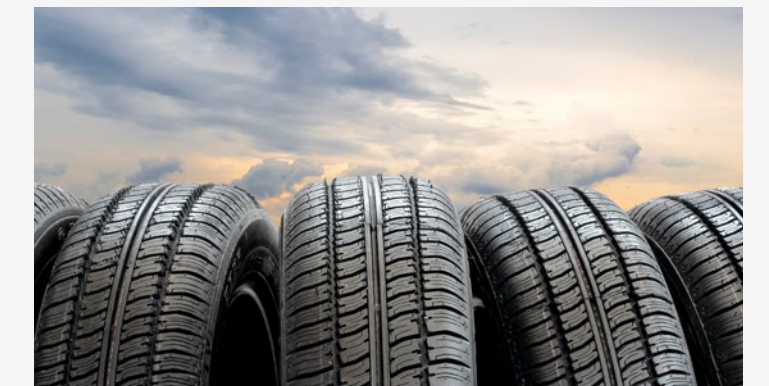
TIRE ADHESION PROMOTERS



BITUMEN EMULSIFYING



DETERGENTS



METAL EXTRACTION



POLYMERIZATION INITIATORS

Life Cycle Assessments for Versatic Acid 10, VeoVa™ 10 Vinyl Ester and Cardura™ E10P Glycidyl Ester

Hexion's Versatic acids and derivatives business recently completed a comprehensive Life Cycle Assessment (LCA) for three key products: Versatic Acid 10, VeoVa 10 Vinyl Ester and Cardura E10P Glycidyl Ester. This LCA evaluated their environmental impacts across 16 impact categories, following international standards (ISO 14040, ISO 14044 and EN15804+A2).

The LCA findings empower us to identify key areas for improvement. We aim to enhance the environmental profile of our existing products and drive forward eco-friendly innovations for our customers and other companies in the value chain.



In April 2023, EcoVadis recognized Hexion's Versatic acids and derivatives business with the Gold Medal following a comprehensive sustainability management system assessment. Our ESG performance, with an impressive overall score of 72 points, positioned us in the 96th percentile among all respondents underscoring our unwavering commitment to responsible business practices, benefiting our associates, communities and customers alike.





Product Stewardship

As a cornerstone of Hexion's sustainability effort, product stewardship stimulates innovation and helps us meet society's needs with products and processes that are more environmentally suitable and offer improved performance. Hexion extends this commitment to its customers through strategic partnership and supporting respective innovation efforts.

Hexion's product stewardship team is a resource for global customers, providing important product information:

- » Hexion's commitments and positions regarding conflict minerals are described in our [Policy Statement on Responsible Sourcing of Minerals](#) and [Supplier Code of Conduct](#).
- » Hexion does not intentionally add nor anticipate per- and polyfluoroalkyl substances (PFAS) substances, including perfluorooctanoic acid (PFOA) and perfluorooctane sulfonic acid (PFOS), to be present in its products.
- » Hexion does not intentionally add nor anticipate the presence of chemicals designated as persistent, bioaccumulative and toxic (PBT) by the U.S. Environmental Protection Agency under section 6(h) of the Toxic Substances Control Act (TSCA).
- » Hexion proactively shares information related to awareness of hazards associated with [combustible dust](#).

Consistent with the [Responsible Care Product Safety Code](#), Hexion's product stewardship efforts include:

- » Supporting business and new product development to ensure global compliance, risk management, and product safety with regards to existing product lines and innovation
- » Educating associates and customers to ensure products are designed, manufactured, stored, transported, used, and disposed of in a safe and environmentally responsible manner to protect people, customers, communities, and the environment
- » Driving the adoption of science-based regulations
- » Actively engaging with internal and external organizations to anticipate regulatory, industry, societal, and value chain trends to effectively manage risk, support business sustainability, and anticipate need for product evolution
- » Proactively guiding research and development teams in the selection of lower hazard and more sustainable raw materials during early design phase of new developments
- » Regularly reviewing product safety based on Hexion's [Risk Assessment Process](#) to identify and prioritize risks and actions to mitigate them
- » Promoting regulatory compliance, product enhancements, and lower emissions

Hexion's formaldehyde, derivative resins and adhesives are used in a wide range of applications that benefit society, including:

- » Affordable Housing & Construction
- » Sustainable Wood Products
- » Food & Agriculture
- » Modern Automobiles
- » Transportation Systems
- » Reliable Supply Chains
- » Fire Safety
- » Other Products

The chemistry of formaldehyde consistently makes it a versatile and valuable material, with applications that enhance the quality and sustainability of modern life.

Hexion's resins and their associated wood products must meet many standards including heat performance, customer quality and emissions regulations. The company's adhesive resins are used in wood products that meet or exceed global emission standards including the California Air Resources Board (CARB) Airborne Toxic Control Measures Phase II regulation and the U.S. Environmental Protection Agency's (EPA) Formaldehyde Emission Standards for Composite Wood Products under Title VI of the Toxic Substances Control Act. Products may also enable credits associated with the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) programs. Hexion's critical amino/phenolic resins qualify under EPA's [definition](#) of non-Hazardous Air Pollutant (HAP) resins, and possess important environmental (including ozone depletion potential), performance and exposure characteristics compared to potential alternatives. Hexion's resins [enable far higher utilization rates of trees](#) (more than 95%), [improving efficiency](#), [reducing deforestation](#), and sequestering greenhouse gases.

The product stewardship team works closely with business teams to ensure safe use of these products and to educate the downstream value chain. Emissions from wood products bonded with formaldehyde resins have been dramatically reduced in recent years. Hexion has led the way in targeting emission reductions by focusing on four fronts: resin formulation/composition, manufacturing techniques, methods of resin use and the application of formaldehyde scavengers. Learn more at Hexion's [product stewardship summary for formaldehyde](#).



Environmental: Systems Over Goals

Hexion is dedicated to developing products and technologies that minimize environmental impact and tackle climate change. Our associates strategize to reduce energy consumption, greenhouse gas emissions, air pollutants, water consumption and waste generation during production. We are focused on continuous improvement to address the issues of our industry and the needs of our communities.

"More than a buzzword, sustainability plays a critical role in shaping the future of chemical manufacturing. By weaving sustainability into the fabric of our production processes and training programs, our teams are embracing a holistic approach that balances environmental stewardship and social responsibility. As we strive to minimize waste, explore ecologically sound production methods and enhance supplier diversity, we are committed to a brighter, more sustainable horizon."



Sandy Kowaleski
Chief Operating Officer

Using a 2017 baseline, Hexion committed to reducing greenhouse gas emissions by 20% by the year 2030. The company's strategy encompasses Scope 1 and Scope 2 emissions, which include direct emissions from its operations and indirect emissions from the energy it consumes. This concerted effort reflects our dedication to environmental stewardship and sustainable practices.

By 2023, Hexion's Scope 1 and Scope 2 greenhouse gas emissions were down 18% from the baseline. Hexion has also increased its visibility to the company's Scope 3 emissions with plans to further grow its tracking of materials categories in 2024.

To further reduce climate-related risks and better examine opportunities associated with our value chain, Hexion conducted a transitional risk and opportunity scenario analysis aligned with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations in 2022. Hexion is also working to fully comply with the European Commission's Corporate Sustainability Reporting Directive and other requirements.

[Learn more here.](#)



Climate Change Policy

Hexion strives to protect against climate change throughout the business life cycle by efficiently using natural resources, optimizing existing processes and enhancing products and technologies through continuous innovation. This focus increases stakeholder value by improving the use of resources, reducing greenhouse gas emissions, engaging associates, decreasing operating costs and supporting our customers' sustainability goals.



Commitment to Natural Resources

Optimization of natural resources keeps sustainability at the core of our mission to create products that enable stronger materials to withstand the elements and the test of time. Hexion values natural resources and we act to minimize the impact on the environment by using water and resources as efficiently as possible.

International Sustainability and Carbon Certification PLUS:

In 2023, Hexion achieved International Sustainability and Carbon Certification (ISCC) PLUS certification at its Baytown, Texas site. This certification was awarded following an audit by DQS Inc., an independent certification company. The audit aimed to measure and validate Hexion's carbon impact improvement resulting from the recent introduction of bio-based methanol at the site.

ISCC PLUS is a globally recognized sustainability certification system that enables companies to track the amount and sustainability characteristics of circular and/or bio-based content within their value chain by using a mass balance approach based on verifiable bookkeeping. Achieving this standard means Hexion can now offer ISCC PLUS certified formaldehyde manufactured using mass balance principles.

Supplier Sustainability

Hexion employs a strategic procurement approach, complemented by an efficient logistics network that facilitates seamless shipping across local and global destinations.

Hexion leverages real-time data and event-driven networks to optimize its assets, foster collaboration with external partners and enhance the overall customer experience. Our unwavering commitment to data-driven technologies and analytical capabilities serves as the bedrock for modeling, tracking and enhancing various processes within its global supply chain and evolving business.

Furthermore, Hexion proactively assesses logistics modes, optimizes payload efficiency and manages routes to continually enhance its logistics programs while minimizing environmental impact. Notably, these efforts resulted in the elimination of approximately 15,365 truck shipments and a **reduction of 3.8 million miles traveled on the roads in 2023, equivalent to more than 16 trips to the moon or eliminating 42 truckloads** from the road every single day.

We regularly engage with our top 100 suppliers, representing 78% of the company's total expenditure, to assess them on ten material ESG categories including environmental impact, social responsibility, governance practices, supply chain resilience, product safety and quality, innovation and research, human rights and labor standards, climate action, community engagement and ethical sourcing. Additionally, Hexion actively monitors and reviews supplier ratings by EcoVadis, reinforcing our commitment to sustainability and responsible business practices.

Sustainable raw materials are essential in reducing environmental impact and preserving valuable resources. In 2023, Hexion made significant strides by **by increasing utilization of raw materials with sustainable attributes by 9% year over year**. These deliberate choices contribute to a path of greater sustainability and resilience for our planet.



2023 CN Safe Handling Award

Hexion was recognized at the CN Safe Handling Awards in 2023. CN initiated the Safe Handling Awards in 1992 to honor customers who adhere to stringent safety protocols in loading freight cars with hazardous materials ensuring the safe transport of regulated items. To be eligible for this award, recipients must consistently meet specific criteria related to the volume of dangerous goods shipped from their facilities. Hexion has been distinguished with this award 13 times, marking a legacy of safety since their first participation in 2005.



Energy, Water and Waste Efficiency

Optimizing energy usage across our facilities is our most effective strategy for minimizing our carbon footprint. Minor adjustments accumulate, leading to substantial reductions. Our team is dedicated to implementing industry best practices and investing in technological enhancements. These improvements are aimed at energy efficiency and contribute to a broader sustainability effort that includes reducing greenhouse gas emissions, conserving water resources and managing waste responsibly.

ENERGY STAR® Partner of the Year

Hexion received a 2024 ENERGY STAR® Partner of the Year Award for Sustained Excellence in Energy Management, recognizing its energy reduction efforts in 2023. This is the fourth consecutive year that Hexion was named an ENERGY STAR Partner of the Year, and the second time that the company was recognized with the Sustained Excellence designation.

Hexion advanced its sustainability program, including improvements to energy management programs and activities to reduce greenhouse gas (GHG) emissions impacts. We even launched an integrated ESG communications campaign to build awareness of environmental sustainability and energy efficiency.



SAVED
480,700
kWh of electricity annually



RECEIVED the
Exceptional Merit
DESIGNATION



Hexion site recognized by American Chemistry Council for Energy Efficiency Initiative.

In April 2024, Moreau, New York was named a Responsible Care® award winner by the American Chemistry Council (ACC) and honored for excellence in energy efficiency and with an “Exceptional Merit” designation.

The Moreau team successfully reduced energy consumption during plan idle times by adjusting setpoints and creating new procedures to better manage start-ups and shutdowns. This minimized energy usage during shutdowns, saving 480,700 kWh of electricity annually.

[Learn more here.](#)



Hexion sites reach milestones for energy, water and waste efficiency



The Fayetteville, North Carolina steam-per-batch initiative involved setting up metering devices to monitor and record steam consumption during resin production. The collected data on steam usage rates and total consumption is instrumental in enhancing efficiency, reducing steam and energy consumption and informing the development of future energy saving projects.



The Hope, Arkansas steam efficiency project pinpointed an opportunity to enhance steam production during periods of low formaldehyde output. Instead of halting production and firing up gas boilers when demand dips, the initiative adjusted production levels to maintain continuous operation, utilizing process waste heat for steam generation. This approach led to a significant reduction in natural gas usage, saving 27,748 MMBtu (Million British Thermal Units).



The Diboll, Texas site's wastewater reduction initiative explored alternative uses for used process water, finding that certain Hexion sites could utilize it in their processes. Certificates of Analysis and specific testing protocols were established to facilitate the transfer of process water to these locations. As a result, 2.9 million pounds of water were repurposed into finished products, avoiding the need for disposal.



The Morganton, North Carolina boiler upgrade initiative saw the replacement of an aged firetube boiler with a new array of high-efficiency, quick-start boilers. The upgrade ensured the necessary steam supply for heating the production process and reduced natural gas consumption by 8,178 MMBtu.

This site also completed a condenser idling project which introduced control systems and logic to minimize the flow of once-through city water when cooling demand was absent. This initiative successfully decreased the site's water procurement by 105 million gallons.



The Moreau, New York indoor lighting efficiency project upgraded the site's lighting with energy-efficient LED fixtures, replacing outdated high-pressure sodium lights. The switch to LED enhanced visibility and facilitated the integration of motion sensors, thanks to the LEDs' quick start-up time. This upgrade resulted in a substantial gain in electrical efficiency, saving 64,771 kWh (kilowatt-hours) of electricity.

This site's electricity reduction initiative revealed that certain process equipment could be shut down during non-operational periods of production. By turning off pumps and lowering heat the project optimized energy consumption. Operational procedures were established to regulate equipment use and energy management during start-up, shutdown and idle periods. Changes lowered the site's energy consumption by 8.2%, resulting in an energy savings of 480,781 kWh and \$45,000.

Hazardous Materials Tank Overflow Protection

The hazardous material tank overflow protection program was completed in the second quarter of 2023. This provides additional protection on all hazardous storage tanks over 1,000 gallons across North and South America. The system is designed to alarm the operator of high levels and then interlock the tank from the addition of any new material until the level has returned to a safe condition. The program started in 2018 after several tank overflows and spills into secondary containment.

The program installed extra level protection into the storage tanks in a schedule based on the risk of the site involved. In sites with higher production, automated isolation valves were installed on the tanks, allowing the interlock to isolate the individual tank rather than the entire tank farm. Since 2018, there have been no overflows from any tank protected by the program.

With the completion of the hazardous storage tank updates, Hexion launched a second program in 2023. This program will add the same protection to the non-hazardous storage tanks in our resin and formaldehyde facilities.





Powered by: Our People

Hexion associates are the foundation of our business. Upholding an ethical work environment and fostering a culture of safety are fundamental to how we work every day. We grow stronger by providing development opportunities throughout our workforce. It is through these commitments that we continue to innovate and shape our world.



Sheila Rutt

Chief Human Resources Officer

"At Hexion, we believe that diversity equals creativity. In many companies, this might mean a focus on research programs or facilities. Here, we know that innovation leadership demands that we nurture diverse backgrounds and perspectives throughout every facet of our company. When we encourage our associates' passion to get involved with supporting our communities, it builds associate engagement, improves morale and creates a positive workplace culture. Our customers, investors and potential hires have taken note of our community initiatives."

Associate Attraction, Engagement and Retention

Hexion strives to create a dynamic work environment that inspires associates, recognizes their contributions and makes them feel valued. It's an ongoing process that involves providing tools and opportunities to new hires and long-term associates alike. Investing in our talent pool is how Hexion continues to grow.

Internship Program

Hexion's internship program supports the education of the next generation of promising associates. The company strives to teach the values of teamwork, creative solutions, process excellence, project leadership and integrity while benefiting from new ideas that these students bring to the workplace. Interns also gain critical experience working on cross-functional projects with a focus on sustainability. During the summer of 2023, Hexion interns completed two volunteer projects. First, the interns based in Columbus conducted a STEM education session for the attendees of the Festa Free Summer Lunch Camp that supports children from culturally diverse backgrounds who are facing poverty. During this event, the interns conducted color chromatography experiments using Skittles and explained the science behind it. Second, Hexion interns in Columbus and Houston collected school supplies and raised money for the United Way "Stuff the Backpack" campaign. Both projects allowed the team to collaborate and give back to the communities where we live and work.



MORE
THAN **1,000**
intern applicants
FOR 10 positions



Pipeline Development Program

Hexion's Pipeline Development Program (PDP) is designed to accelerate the personal and professional growth of recent graduates through hands-on project-based learning under the leadership of industry experts. PDP introduces each participant to the functions of a chemical manufacturing business through the completion of four separate six-month long projects in several functional areas. As they explore different aspects of Hexion's business, associates receive thorough technical and developmental training. Each participant develops leadership skills and ingenuity in solving real world problems focused on continuous improvement in safety and sustainability. In 2023, three participants completed the program and moved into long-term roles.



"The PDP experience was incredibly beneficial to my career development and positioned me for long term success. Thanks to this program I am able to focus on my interests in sustainability and am now working on redesigning a wastewater plant at our Fayetteville site."

— **Hannah Callihan,**
Environmental Specialist



Retention

A company cannot retain top talent without a robust culture of engagement, which directly impacts an associate's ability to execute efficiently, innovate, and contribute to a positive work environment.



Hexion was named to the Forbes America's Best Employers 2023 list. Selections were based on an independent survey of approximately 45,000 employees working for companies with over 1,000 employees in America. The evaluation was based on employees' willingness to recommend their own employers to friends and family.



"I've been with the company for 27 years, and it's not just about the paycheck. The people I work with, our culture and the opportunities I've been given have kept me solidly anchored at Hexion. I work in an environment that fosters growth. My sense of belonging and purpose transcends mere job descriptions. My co-workers are more than just colleagues, they're my work family. Their camaraderie, wisdom and shared purpose make this journey worthwhile. And throughout my career at Hexion, I have been challenged, stretched and given room to innovate. The chance to learn, pivot and contribute has been invaluable."

— **Candie Moore,** HR Director - Corporate Functions

"It's the people and the relationships you form here that make Hexion a great company. I've made lifelong friends with associates all over the world. Every time we hire a new associate, I always like to check in with them at three months, six months and one or two years to make sure their experiences are positive. I stress that regardless of your length of time, we are the people who will make this company grow and be successful."

— **Mark Aucoin,** US OSB Sales Manager



In 2023, Joseph Murphy volunteered more than 50 hours at the Howard County Children's Center (HCCC), an all-encompassing center for adults and children with disabilities.



"I appreciate that Hexion is recognizing my commitment to the community by providing a \$500 Associate Volunteer Grant to HCCC. This money will provide much needed funding for additional extracurricular programming for their clients."

— Joseph Murphy, Maintenance Leader

Expanded Associate Benefits

Committed to being an employer of choice, Hexion leverages feedback from our annual Gallup Voice of the Associate survey to improve associate experience and to enhance benefits. In 2023, U.S. associates were offered the following:

10 associate grants
TOTALING
\$4,250
awarded in inaugural year of
U.S. Associate Grant Program



U.S. VOLUNTEER TIME OFF POLICY – Hexion introduced a new U.S. Volunteer Time Off Policy in 2023 to encourage associates to volunteer in their communities by providing additional paid time off. Each full-time associate can take up to two scheduled workdays off each calendar year to work for a cause at a certified 501(c)(3) nonprofit organization or any United Way partner organization.



EXPANDED PAID PARENTAL LEAVE (PPL) and PREGNANCY RELATED MEDICAL LEAVE (PRML) – Hexion recognizes the excitement, changes, and responsibilities a child brings to a home. All eligible U.S. associates who welcome a child, born or adopted, receive four weeks PPL. All (union included) U.S. Hexion associates receive eight weeks of paid leave for PRML regardless of delivery method.



U.S. ASSOCIATE GRANT PROGRAM – To further this impact on our communities, Hexion also introduced the U.S. Associate Grant Program to recognize an associate's personal commitment to a single organization. When an associate volunteers for 25 hours or more in a calendar year at one 501(c)(3) non-profit organization, Hexion will make a \$250 donation in the associate's name to that organization. If an associate volunteers 50 hours, the donation to the organization will be \$500.



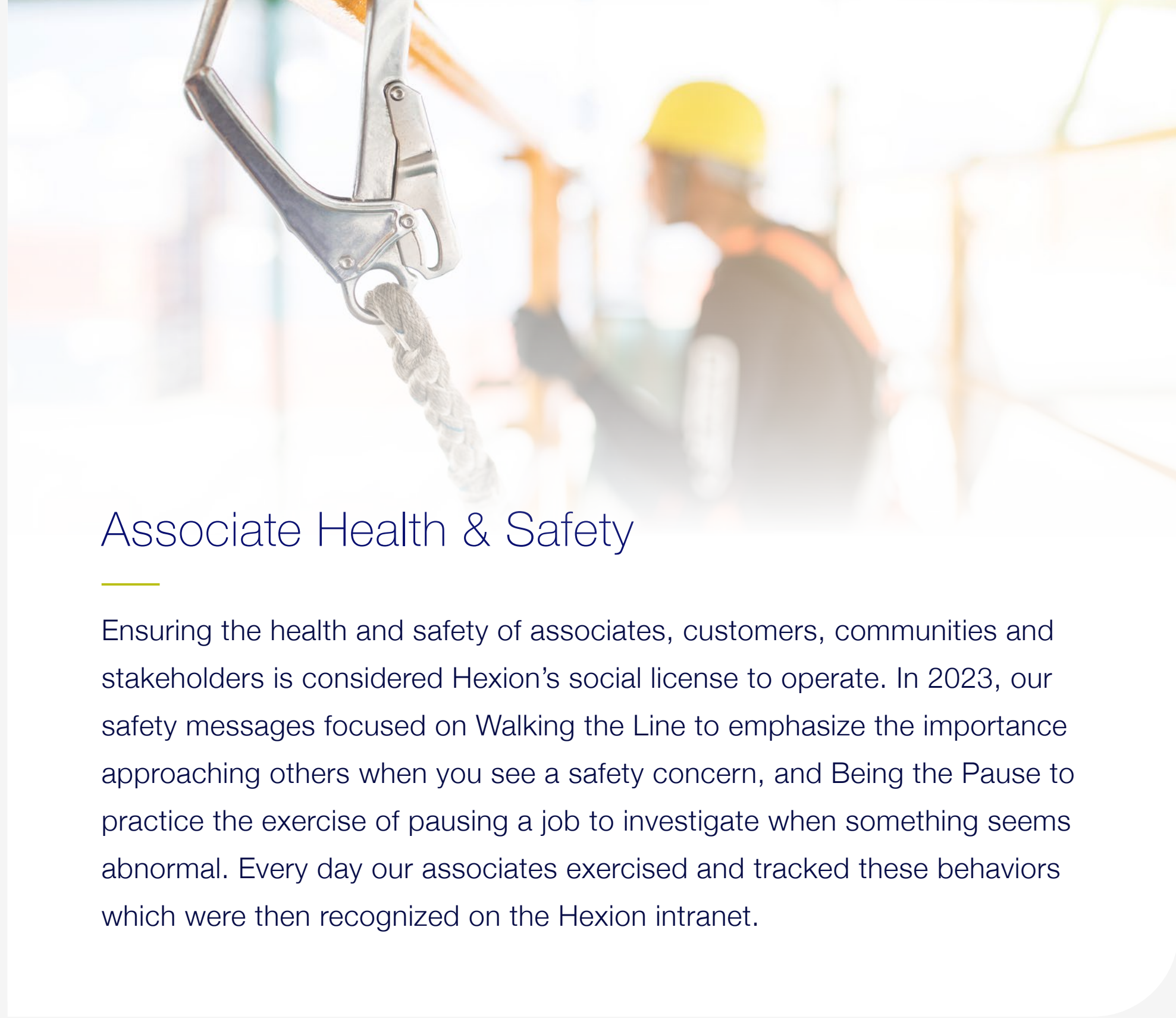
ENHANCED MILITARY LEAVE – Hexion recognizes the commitment our military associates have made to serve the United States. Previously, any military pay received by an associate was deducted from the Hexion pay. Now associates are eligible for two weeks of paid leave of absence when they are required to participate in annual active-duty training as a member of the National Guard or the Military Reserve with no payback required.



ENHANCED VACATION POLICY – More time for associates to recharge and spend time with loved ones, one additional week (based on a standard 40-hour work week) was added to the vacation schedule with a maximum on six weeks annually.



EXPANDED BEREAVEMENT LEAVE – For the well-being of our associates during times of loss, eligible workers may take up to five paid consecutive calendar days to spend time with loved ones, and take the time to grieve without work distractions.



Associate Health & Safety

Ensuring the health and safety of associates, customers, communities and stakeholders is considered Hexion's social license to operate. In 2023, our safety messages focused on Walking the Line to emphasize the importance approaching others when you see a safety concern, and Being the Pause to practice the exercise of pausing a job to investigate when something seems abnormal. Every day our associates exercised and tracked these behaviors which were then recognized on the Hexion intranet.

American Chemistry Council Responsible Care® Award

In 2024, The American Chemistry Council (ACC) Responsible Care® Awards recognized ten Hexion sites for their overall health and safety performance. Eight plants received Certificates of Excellence for meeting the most stringent safety criteria and two plants received an Honor Award for Safety.

Certificate of Excellence awardees

- » Baytown, Texas
- » Diboll, Texas
- » Geismar, Louisiana
- » Fayetteville, North Carolina
- » Hope, Arkansas
- » Moreau, New York
- » Luling, Louisiana
- » La Grande, Oregon

Honor awardees:

- » Missoula, Montana
- » Springfield, Oregon

Responsible Care helps ACC member and partner companies significantly enhance and improve the health and safety performance of their associates and the communities where they operate.



Baytown achievement

Hexion's Baytown, Texas site joined the quarter century safety club in 2023. The Baytown team holds themselves and others to the highest standard of operating discipline following all the safety rules and systems we have in place. The team does an outstanding job of eliminating hazards in the workplace through the Gensuite ROC (Recognition, Observation, Concern) program. Additionally, they prepare for all non-routine jobs with well-thought-out safe work permits.



"25 years without a recordable injury is a remarkable achievement that is only made possible through our strong commitment to a safety culture resulting from genuinely caring for the safety and welfare of one another, including visitors, contractors and drivers. When it comes to safety, the Baytown team has a great sense of pride and ownership in everything they do."

— Bill Miner, Baytown Site Leader



Career Development & Education

By investing in our associates' skills, Hexion empowers associates to follow their career path while increasing creativity and productivity. Combined with mentorship and leadership-building, the possibilities are endless.



LINKEDIN LEARNING

In 2023, Hexion continued to use LinkedIn Learning® as an important component of the company's post-pandemic learning and development strategy designed to provide both in-person and virtual offerings. LinkedIn Learning is available for all Hexion associates. In 2023, Hexion associates invested 1,501 hours of content into their development through LinkedIn Learning.

1,501 hours
& **27,179** videos
of **LINKEDIN LEARNING CONTENT**



TOASTMASTERS

In 2023, Hexion launched its own chapter of Toastmasters which provides a safe and encouraging space for associates to improve their public speaking, presentation and leadership skills. Meetings are open to all Hexion associates, and applications for club membership are always accepted. All membership fees are covered by Hexion.



STRATEGIC TALENT MANAGEMENT

Hexion's Strategic Talent Management (STM) efforts create a robust and consistent pool of talent to drive future growth. The Company regularly identifies associates for individual career coaching to further develop their skill set. Development options include coaching, internal and external training, professional memberships, on-the-job experiences and projects and exposure to different areas of the company. The STM process is supported by a global team of nearly 20 internal coaches.



Labor & Human Rights

The 2023 EcoVadis sustainability assessment rated Hexion as having advanced performance for the Labor and Human Rights subcategory. Hexion is committed to human rights and collaborates with its suppliers to ensure the transparent, ethical and fair treatment of individuals and communities where it operates. Hexion requires that direct suppliers comply with applicable laws and regulations, including labor laws. See more information on Hexion's Supplier Code of Conduct, Policy Statement on Responsible Sourcing, and other supplier standards here.





Diversity, Equity & Inclusion **For All.**

The **For All.** brand amplifies the voices, faces, experiences and backgrounds of our associates, empowering them to be their authentic selves at work each day. This strategy fosters an environment of support, respect and belonging while strengthening our commitment to Diversity, Equity and Inclusion (DEI).



Brian A. Black, DM

Global Director, Diversity, Equity and Inclusion

"Whatever our role, whoever we are, wherever we are in the world, each one of our associates' varied experiences and perspectives are what drives the pursuit of new ideas, leading to improved decision-making, problem-solving and the potential for groundbreaking innovations. The impact of DEI can be seen throughout the company."

Weaving DEI into Our Business Model

The DEI business model requires engagement from all senior leaders in the company and is comprised of three core teams:

- 1 Business Resource Groups Leaders
- 2 Functional Leaders
- 3 Manufacturing Leaders

The Business Model includes three strategic pillars:



Fostering an Inclusive Business Culture



Recruit, Develop and Retain Top Talent



Creating Personal Accountability

Business Resource Groups

Business Resource Groups (BRGs) are associate led teams. Based on commonalities, with support and governance from the Global DEI team, BRGs are open to all Hexion associates, either as someone that identifies with a particular BRG or as an ally. The BRGs share personal experiences, provide education, increase awareness and advocate for professional growth and development for all associates in support of the vision, mission and values of Hexion.

The current Hexion BRGs are: AfricanDiaspora@Hexion, PRIDE@Hexion, Women@Hexion and HEROS@Hexion.



Our newest BRG, HEROS@Hexion (Hexion Employees Representing Our Servicemen/women) officially launched in March 2023. HEROS@Hexion supports a culture of inclusion and commits to improving the quality of life of our veteran associates and the communities in which they live and work. They have begun to review policies and benefits, and to identify talent acquisition, recruiting and retention opportunities. HEROS is also focused on providing educational content for our associates and establishing relationships with relevant veteran organizations.

HEROS@Hexion participated in Ohio Diversity Council's Veteran Summit and coordinated a volunteer opportunity for Hexion associates at the National Veterans Memorial and Museum in Columbus, Ohio.



Communities: Shared Commitment to Sustainability

Hexion Cares is our commitment to extending beyond our four walls and partnering with philanthropic organizations. Aligning with our mission, key pillars include:



STEM Education



Basic Needs



Health



Social Justice

SUSTAINABLE INNOVATION

ENVIRONMENTAL

OUR PEOPLE

COMMUNITIES

GOVERNANCE

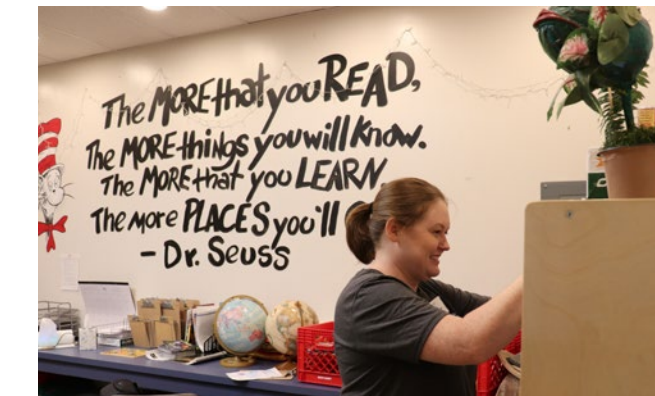
In addition to corporate financial support, Hexion's associates volunteer, raise funds and collect donations. U.S.-based associates can take up to two scheduled workdays per year to volunteer at a registered nonprofit or United Way agency.

MORE THAN
\$450,000
in **charitable**
contributions

Over **6,700 hrs**
of **VOLUNTEER SERVICE**
MORE THAN **3X** the hours
volunteered in 2022

Hexion Cares Day 2023

Our teams participated in painting, building homes, serving meals, and organizing events for children. The United Way of Central Ohio recognized Hexion as its 2023 United Way Dedicated Supporter Award recipient at the Columbus Business First Corporate Citizenship Awards.





Some of our
partnerships
include:



STEM Education

BEYOND BENIGN'S GREEN CHEMISTRY TEACHING & LEARNING COMMUNITY (GCTLC)

Created in collaboration with partners such as the American Chemical Society Green Chemistry Institute (ACS GCI) and green chemistry leaders and educators worldwide, the GCTLC is a dynamic virtual space for green chemistry enthusiasts to come together in real-time to develop connections, find mentors, share resources and enhance their knowledge through peer-led learning. Over 375 members have already joined the community and over 80 educational resources are published in the GCTLC's library, with more being added each week.

FOSSI SCHOLARSHIP PROGRAM

Our fourth year supporting Future of STEM Scholars Initiative (FOSSI), the chemical industry's collaborative diversity, equity and inclusion initiative aimed at creating pathways for underrepresented groups to enter and succeed in the chemical industry.

A partnership between the American Chemistry Council, the American Institute of Chemical Engineers, Chemours and the Historically Black Colleges and Universities (HBCU) Week Foundation, FOSSI partners with companies to fund scholarships, provide internship opportunities and facilitate mentoring and leadership training for students majoring in STEM at HBCUs. Hexion currently sponsors two scholars representing an investment of nearly \$100,000.

COSI – COLOR OF SCIENCE

The Center of Science and Industry (COSI) in Columbus hosted The Passport to the Color of Science program to raise awareness of STEM career paths. A diverse group of 9-10th grade girls from Columbus and surrounding school districts participated in a full day of immersive STEM programming, including interactive presentations and hands-on demonstrations of real and relevant science. As a sponsor of this event, Hexion hosted a booth about color chromatography using Skittles, with the goal of sparking interest for the young women as they consider future careers.

NATIONAL CONSERVATION LEGACY CENTER

As part of the National Museum of Forest History, Hexion has sponsored the Forest Discovery Trail, at the National Conservation Legacy Center, in the hometown of our Missoula, Montana site. The Discovery Trail will be a free, self-guided, interactive, outdoor learning experience focused on America's conservation history. This is the only national museum solely dedicated to preserving the history of conservation, with the US Forest Service as a cornerstone of that legacy. The museum and trail are expected to open in 2025.



Social Justice

OHIO DIVERSITY COUNCIL

Hexion BRGs are active in supporting the Ohio Diversity Council, a chapter of the National Diversity Council. In 2023, they sponsored or attended the following events:

- » 2023 UNITY Summit
- » Women in Leadership Symposium Leading with Heart, Empathy, Ethics and Excellence
- » National Diversity Council, Women in Leadership Symposium
- » Ohio Veterans Summit

YWCA ACTIVISTS AND AGITATORS

The Women@Hexion BRG supported the YWCA Columbus Activist and Agitators 2023 event. Their mission is to eliminate racism, empower women and promote peace, justice, freedom, and dignity for all. The 2023 event featured Ibram X. Kendi who addressed antiracism, education and his work to make history accessible to all ages.

BIG BROTHERS BIG SISTERS (BBBS)

Hexion's Business Resource Groups proudly served as a Bronze Alley sponsor for the 2023 BBBS Bowl for Kid's Sake event. BBBS provides children facing adversity with strong and enduring, professionally supported, consistent, one-to-one relationships. BBBS of Central Ohio serves 6,300 children and operates in Franklin, Delaware, Union and Springfield, Ohio, with subsidiaries in Greater Cleveland, East Cleveland and South-Central Ohio.





Basic Needs

CHILDREN'S HUNGER ALLIANCE

Hexion supports Children's Hunger Alliance (CHA) and its mission to provide nutritious meals to at-risk children throughout Ohio. Our company sponsored the Menu of Hope event in 2023, and Hexion associates also volunteered with CHA to package weekend meals for students.

AMERICAN RED CROSS

Hexion is a long-time supporter of the American Red Cross, an organization providing recovery assistance, disaster relief, and disaster preparedness education in the United States.

HOMES FOR FAMILIES

Homes for Families works to provide housing, financial and educational stability for families in Central Ohio. In July 2023, Hexion was the Signature Sponsor for the Not One Child: Not One Night Community Walk to help children whose families are struggling with homelessness. Hexion's sponsorship of this event was used to match donations up to \$50,000, furthering our financial support. We also supported a toy drive that reached more than 1,000 families during the holiday season.

HABITAT FOR HUMANITY

Hexion continues to partner with Habitat for Humanity (HFH) of Central Ohio, by providing funding and labor for new homes in the community. In June 2023, a family moved into their new home and in August, a wall raising ceremony was held to start one for another family. Teams from Hexion are volunteering to help construct this home, with a targeted completion date in 2024. In addition, associates volunteered to design, build, and decorate playhouses for local children through the HFH Playhouse Blitz Project, which provides children with a safe play space.



Health

PELOTONIA

In 2023, Hexion riders raised more than \$47,000 for Pelotonia, an organization helping to fund innovative cancer research at The Ohio State University James Cancer Center. Since 2012, more than 200 Hexion associates have participated and raised more than \$683,000. Each rider has demonstrated a special connection to Pelotonia's mission – One Goal: End Cancer.

AMERICAN HEART ASSOCIATION

Since 2014, Hexion has joined the American Heart Association (AHA) in fighting heart disease and strokes. By sponsoring the Start Line at the Central Ohio Heart Walk, and more than 125 associates and family members participating in the Heart Walk, Hexion raised \$60,000 in 2023 alone. Hexion also hosted local experts from OhioHealth for a Community Conversation focused on stroke and maternal health. The AHA is also focused on addressing heart disease and stroke among diverse populations, which further aligns with Hexion's DEI commitment.



2023 Awards & Recognitions

COLUMBUS BUSINESS FIRST CORPORATE CITIZENSHIP AWARD & VANGUARD AWARD

In 2023 Columbus Business First awarded Hexion the Columbus Corporate Citizenship Award, in the large company category, recognizing Hexion as one of Central Ohio's most civic-minded and generous companies. In 2023, Hexion received a companion award known as the Vanguard Award that recognizes companies for their corporate philanthropic and community relations efforts. This year, we won for partnering with Green Space and donating to OneSource Center for Non-Profit Excellence. Our efforts helped keep about 18 tons of waste from the landfill, equivalent to reducing gasoline consumption by 4,357 gallons or growing 996 tree seedlings for 10 years.



UNITED WAY OF CENTRAL OHIO DEDICATED SUPPORTER AWARD

Annually, the United Way of Central Ohio presents a Dedicated Supporter Award to a long-standing corporate partner that exhibits a steadfast commitment to United Way's work to build a stronger, more equitable Central Ohio. In 2023, Hexion was honored for our dedication to giving back to the community and ingrained corporate culture of philanthropy. Hexion's United Way campaign was specifically noted for incorporating best practices and stellar examples of generosity, in addition to year-round volunteer initiatives and opportunities for associates to connect with local nonprofits.





Governance

Hexion's sustainability and Environmental, Social and Governance (ESG) efforts are overseen by Hexion's Board of Directors, Senior Leadership Team (which serves as an ESG Executive Council), and a cross-functional Sustainability Steering Team. The committee's mission integrates life cycle thinking into every facet of Hexion's operations. We acknowledge that achieving effective governance requires embracing diversity of thought and experience, which happens through collaborative efforts toward our shared sustainability objectives.

EcoVadis Sustainability Rating

Hexion was recognized by EcoVadis, a global sustainability ratings provider, with a silver-medal status for its commitment to sustainability and outstanding performance in this area. This award places Hexion in the 89th percentile among all rated companies. EcoVadis evaluates more than 85,000 companies globally using international sustainability standards. The assessment covers 21 sustainability criteria across four core themes: Environment, Labor & Human Rights, Ethics and Sustainable Procurement.



Collaboration with Suppliers

Hexion and our suppliers are acting to combat climate change. As part of their business strategy, they are working on emission reduction, expanding their renewable portfolio, and developing technologies to capture carbon from the atmosphere for chemical production. Together, we tackle the challenge of decarbonizing logistic operations.

For instance, to offset emissions from product transportation, our supplier partners with us to acquire and retire carbon offsets from high-integrity projects recognized by international certification agencies. This approach enables us to take effective action while waiting for widespread availability of low-carbon technologies or fuels. Recognizing the importance of addressing Scope 3 emissions, they collaborate closely with us throughout the value chain.

Another supplier achieved significant progress by launching a methanol-powered ship, a major advancement in decarbonizing the maritime industry. By using methanol as a marine fuel, this vessel reduces greenhouse gas emissions compared to traditional fossil fuels. Methanol, derived from biomass or natural gas, offers a cleaner alternative for powering ships while minimizing environmental impact.

Prioritizing suppliers who share our commitment to environmental stewardship allows us to advance our sustainability goals and create a positive impact across our entire value chain.

Responsible Sourcing

Responsible Sourcing is our commitment to environmental, social, and ethical factors in our products, supply chain and supplier relationships. Building on over a century of experience, our dedicated team of associates develops solutions to preserve the Earth's natural resources, meet the needs of growing populations and respond to a changing climate.

Hexion structures its responsible sourcing program around three primary areas: our suppliers, our materials, and our operations. We are committed to improving quality of life for all and to secure a safer, cleaner world for future generations.

[Read Hexion's full Responsible Sourcing statement here.](#)



Commitment to Supplier Diversity

Hexion collaborates with over 360 diverse and small businesses, with a total spend exceeding \$17 million. In partnership with Supplier.io, Hexion developed a platform to track and increase the number of diverse suppliers and spending. Supplier.io maintains the largest and most comprehensive database of diverse and small businesses, enabling Hexion to discover, cultivate and expand relationships with diverse suppliers.

Elizabeth Van Bodegraven

VP of Procurement, Global Logistics, and Supplier Programs



“Growing our supplier diversity program will allow us to build a more inclusive supplier base, while driving competitive advantage and fostering innovation. We take pride in our foundation and are excited about the journey ahead.”

The launch of Supplier.io included the training of 89 associates globally. Supplier diversity programs aim to broaden the vendor pool by including businesses with diverse ownership and experience. Definitions and tracking of diverse businesses vary by country and location, with the US and Canada currently having the most robust platforms.

Our dedication to supplier diversity underscores our commitment to fostering a more equitable and sustainable business landscape.

Responsible Production

Hexion’s sustainability strategy guides our production by several key components. The company addresses climate change through the development of bio-based and circular products, as well as innovating solutions that respond to the challenges posed by a changing climate. Additionally, Hexion focuses on building a resilient supply chain. The company is committed to efficient resource management, including energy and water consumption and takes measures to mitigate severe weather impacts on its facilities and customers.



United Nations
Global Compact

Committed to United Nations Global Compact and Sustainable Development Goals

Since 2021, Hexion has been dedicated to the United Nations Global Compact Corporate Responsibility Initiative. The company reports annually on its progress in upholding the Compact’s principles related to human rights, labor, the environment and anti-corruption ([Hexion Inc. | UN Global Compact](#)).

Moreover, Hexion has aligned its sustainability strategy with the United Nations’ Sustainable Development Goals (SDGs). These 17 goals, encompassing 169 targets, are a global agenda adopted by all UN Member States to achieve by 2030. They provide a framework for collaboration with stakeholders to drive positive change and envision a world free from poverty, hunger and disease. More information about the SDGs can be found at www.un.org/sustainabledevelopment

The content of this publication has not been approved by the United Nations and does not reflect the views of the United Nations or its officials or Member States



Corporate Sustainability Governance



EHS Policy

Hexion's [EHS Policy](#) frames the organization's approach to workplace conditions, security, environmental safeguards, health management and safety implementation. It reflects senior leadership's commitment to EHS and clearly outlines expectations for both associates and contractors.

EHS Management System

Hexion's EHS Management System standards drive comprehensive risk analysis across the company's operations, while continuously identifying opportunities to reduce potential hazards to people, the environment and assets. Manufacturing sites in the Americas and Europe have obtained external certification for their management systems. For instance, 24 sites within Hexion's network are certified under the International Quality Management System ISO 9001. Additionally, Hexion has 19 sites in the Americas certified under RC/ISO 14001, and the Pernis facility in the Netherlands holds certifications for ISO 14001 and ISO 45001.

The company adheres to global safety standards throughout its operations, which include protocols for managing risks of serious injuries or fatalities such as Confined Space Entry, Lock Out Tag Out, Work at Height and High-Pressure Water Cleaning. Standardized work instructions and a mechanical integrity program ensure materials are not released into the environment. Non-routine work requires safe work permit reviews and approvals, ensuring hazards and risks are assessed, and appropriate safety measures are implemented before work commences.

Emergency Preparedness and Crisis Management

Hexion integrates risk assessment and work planning with robust emergency preparedness plans, which are routinely tested across all facilities. Associates receive regular training on site specific emergency response plans, and drills are conducted regularly to ensure readiness. Some locations also participate in joint response emergency exercises with local EMS, first responders and community members, fostering relationships and enhancing preparedness for associates and external stakeholders alike. At the corporate level, a crisis management plan enables swift deployment of additional support, including staffing, resources and communications in response to emergencies.

Annual Risk Process

Hexion's Annual Enterprise Risk Management Process follows a structured three-tiered approach. The first and second tiers aim to identify the company's top seven risks through the Leadership Top Risks Survey and Senior Leadership Interviews. In 2023, a series of 20 questions were used to assess the potential impact and likelihood of each risk, including environmental, social and governance issues. The survey involved 26 senior leadership members, achieving a completion rate of over 90%. Interviews were conducted directly by Internal Audit, Risk Management and Legal & Compliance teams.

The third tier involved a comprehensive risk assessment survey comprising more than 50 questions covering financial, operational, strategic, external, and compliance risks. This survey was distributed to over 180 associates representing a broad cross-section of leadership across the company, with a response rate exceeding 95%.

Risks identified through this process are reported to the Board of Directors. Each risk is assigned to a senior management member for oversight, and the Risk Committee monitors risk management activities throughout the year.

Materiality Assessment

In 2022, Hexion conducted a materiality assessment to verify and prioritize ESG (Environmental, Social, and Governance) opportunities crucial to the company and its stakeholders. This assessment process is instrumental in aligning Hexion's values with the expectations of associates, suppliers, customers, investors and communities.

Hexion identifies and prioritizes material issues through a combination of direct stakeholder interviews and the use of Datamaran, a software solution. Datamaran's technology enables Hexion to continuously and objectively review ESG-related risks within regulatory, competitive and operational contexts. This approach ensures that Hexion maintains an ESG focus that adapts to external events, evolving business priorities and stakeholder expectations.





Hexion Achieves Responsible Care 14001® (RC14001) Recertification

Hexion's successful completion of the Responsible Care 14001® (RC14001) recertification process achieved compliance at all of Hexion's North and Latin American sites. The re-certification further enhances Hexion's commitment to operational excellence, which includes achieving ISO 9001 certification at 24 sites within its network.

2023 marked the 35th anniversary of the American Chemistry Council's (ACC) safety and security initiative, Responsible Care®. Under this voluntary initiative, chemical companies commit to operating their businesses in alignment with the Responsible Care Guiding Principles and undergo annual audits by accredited third-party auditors. The first program of its kind in the U.S., Responsible Care is a framework for companies to:

- » Identify and establish appropriate safety, sustainability and security measures.
- » Implement world-class management systems verified through independent auditors.
- » Track, report and improve performance using established environment, health, safety and security metrics.

The recent certification audits covered Hexion's headquarters and five manufacturing sites located in Edmonton, Canada; Sheboygan, Wisconsin; Hope, Arkansas; Morganton, North Carolina; and Alexandria, Louisiana. These comprehensive reviews demonstrated compliance with various aspects, including environmental management, safety procedures, regulatory compliance, product safety, security measures, emergency response plans and community/stakeholder engagement.



U.S. RESPONSIBLE CARE
COMPANIES HAVE A WORKER
SAFETY INCIDENT RATE NEARLY

5X better than the U.S.
manufacturing sector

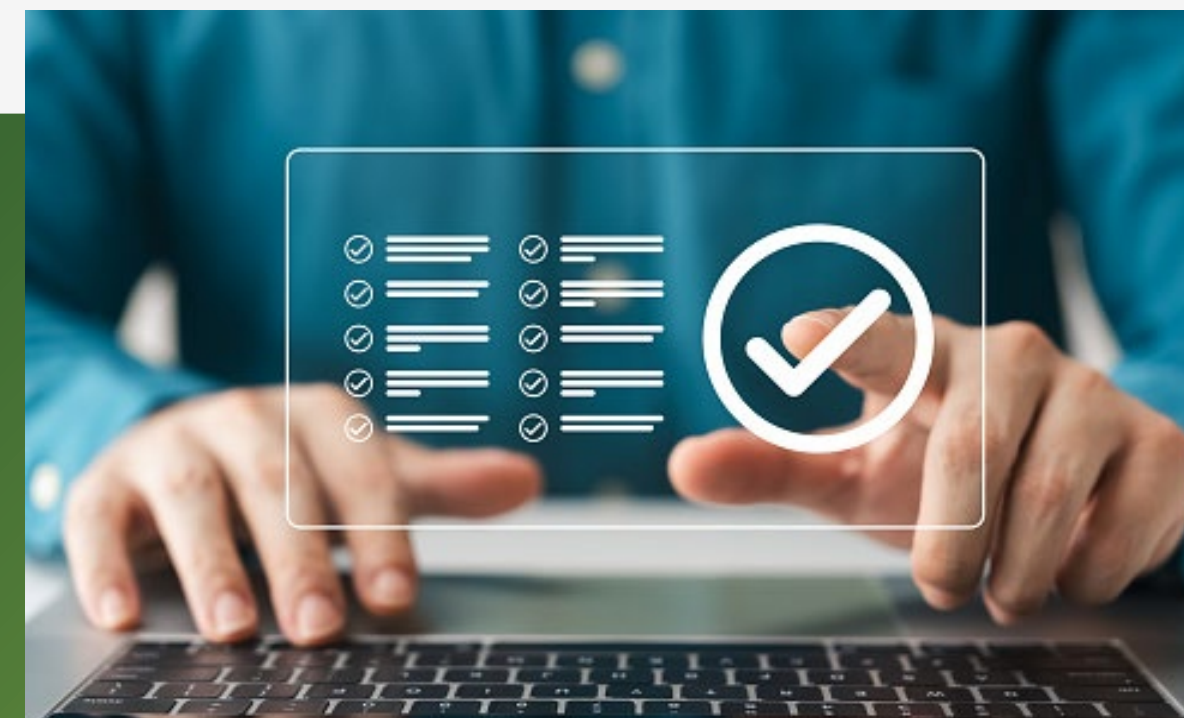
& ALMOST 3X better than the business
of chemistry overall

Ethics and Compliance

Hexion upholds global compliance and ethics across all operations, guided by its Code of Conduct, Supplier Code of Conduct, Global Environmental Health and Safety Policy Antitrust and Global Competition Policy, and other policies promoting high ethical standards and global compliance.

To reinforce this commitment, Hexion provides associates with regular online and live training sessions on various compliance topics such as Anti-bribery, Conflicts of Interest, Gifts and Entertainment and Mutual Respect. Additionally, the company conducts semi-annual online training courses for associates focusing on financial integrity and adherence to the Code of Conduct. Hexion tracks completion of these training modules closely, aiming for a completion rate exceeding 95%, with active involvement from its leadership team.

Instructor-led compliance training sessions are also delivered, reaching over 200 professional-level associates in 2023. These sessions cover a broad spectrum of topics, including antitrust laws, anti-bribery regulations, gifts and entertainment policies and modern slavery awareness.



Associate Hotline

Hexion promotes a culture of compliance and emphasizes swift responses to misconduct through the Global Hexion Hotline, accessible to associates from any device. This hotline provides a secure and confidential channel to report compliance concerns via telephone or the internet, available 24/7 in local languages. Reporters can choose to identify themselves or remain anonymous.

In 2023, 32 issues were reported to the Hexion Hotline, all of which were resolved within the same year. Approximately 50% of these reports led to corrective actions, ranging from policy reviews to coaching and, in some cases, termination. Hexion consistently surpasses its target of investigating, addressing, and resolving each reported concern within 30 days of receipt.





Cyber Security

Hexion is committed to maintaining robust cyber security measures in response to increasing threats aimed at breaching sensitive data. The company strategically invests in its information technology infrastructure to protect its associates and partners. Hexion fosters a culture dedicated to managing cyber risks and promotes behaviors that enhance its human firewall.

The company's cyber awareness program plays a crucial role in educating associates and testing their skills through simulated scenarios. Highlights from 2023 include:

- » Participation in Cyber Security Awareness Month in October, focusing on vulnerabilities, security fundamentals, phishing detection and reporting suspicious activities.
- » Global associates engaged in multiple simulated phishing assessments throughout the year to demonstrate their cyber awareness.
- » Quarterly training sessions covered topics such as ransomware protection, security outside the office, business email compromise and insider threats.

Hexion maintains continuous monitoring of its systems for threats and vulnerabilities while developing response plans to ensure swift and thorough actions during cyber incidents. This effort is supported by a Security Operations Center that analyzes and responds to potential threats every day of the year. Key process and technology highlights from 2023 include:

- » No material incidents related to cyber security or privacy breaches were reported by Hexion.
- » An exercise was conducted to test the cyber team's response to a hypothetical critical incident.
- » A disaster recovery tabletop exercise was conducted to enhance resilience and readiness for various outage scenarios.
- » Existing cyber security controls were rigorously tested for effectiveness, and new controls were implemented as necessary.

AT THE END OF 2023

an external security rating service ranked Hexion higher than

98% of peer chemical manufacturing companies



Data Privacy

Hexion is committed to upholding the highest standards of data privacy and protection, adhering to the best practices mandated by the General Data Protection Regulation (GDPR). This commitment ensures that all personal data handled by Hexion is safeguarded with utmost care and diligence.

Data Protection Measures

Hexion has implemented robust data protection measures to safeguard against unauthorized access. Ensuring the accuracy and currency of personal data is a priority, and we meticulously track the collection of personal data, its intended purpose and the implemented safeguards. We regularly reassess to adapt to changes in the environment.

Transparency and Communication

Hexion processes data in a fair, transparent and compliant manner with all relevant regulations. On our external website and internal communication channels, we clearly explain how we process data in a concise, transparent, easily understandable format, using clear and simple language.

We have established a streamlined process for individuals to make requests regarding their data, and we ensure prompt and thorough responses to these requests.

Data Accuracy

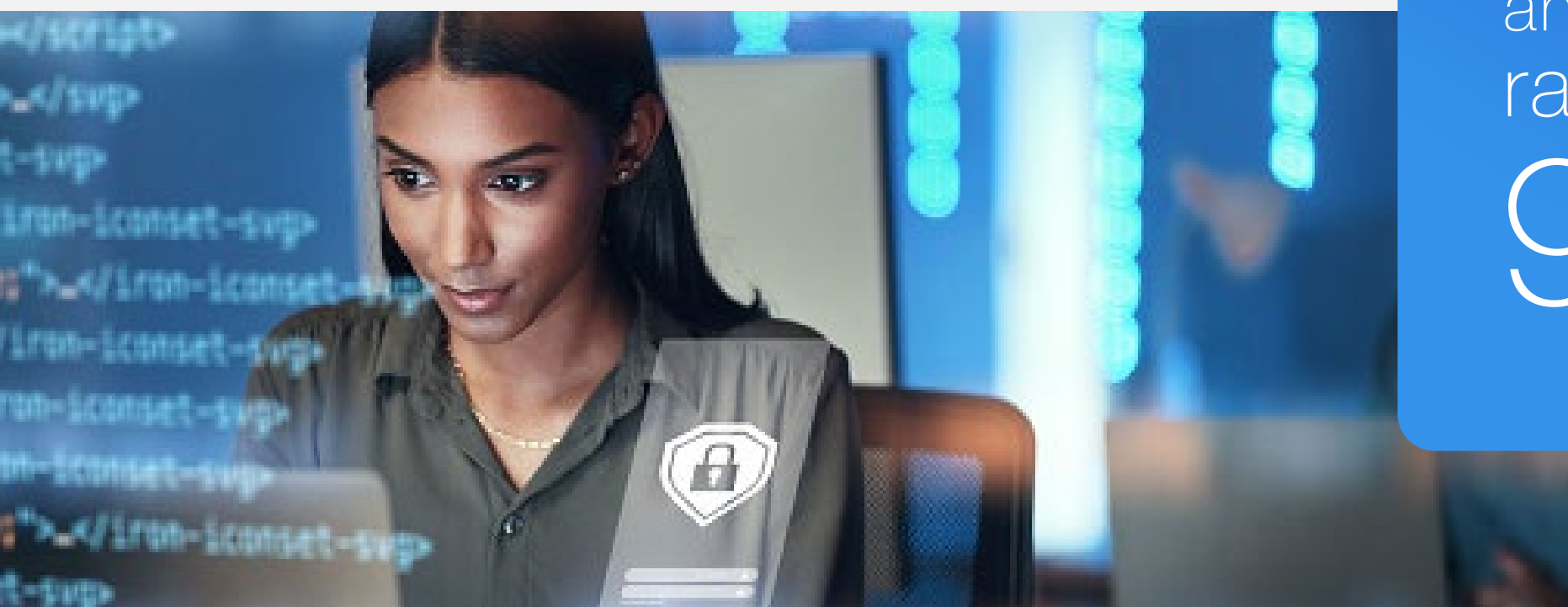
At Hexion, individuals have the right to rectify inaccurate or incomplete personal data that we process.

Right to Erasure

Hexion simplifies the process for individuals to submit 'right to erasure' requests.

Data Retention and Deletion Policies

Hexion adheres to a data retention and deletion policy aligned with GDPR principles, ensuring that personal data is retained only for as long as necessary for the purpose for which it was collected.





Key ESG Metrics

Social Metrics	2023	2022	2021
Total associates	1,289	1,324	1,340
Total percent of female associates	23%	24%	23%
Ethnic diversity (US Workforce)*	17%	14%	14%
Veteran associates	12%	11%	10%
Training hours per associate	17	6	5
Internal promotion rate**	11%	9%	8%
OIR rate	0.92	0.57	0.39
Employee fatalities	0	0	0

Environmental Metrics	2023	2022	2021
Total Scope 1 and 2 emissions (CO ₂ e)	248,534	257,138	276,508
Amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives, MWH	7,590	6,072	
Energy intensity	0.17	0.16	0.15
GHG emission intensity	0.78	0.75	0.75
Percent of reduction in GHG against baseline (2017)	18%	15%	9%

*US associates identifying as one or more ethnic minority categories

**Percent of associates with changes in track/level over the year