

Message from Our President and Chief Executive Officer



The year 2022 was pivotal for Westlake, as we built on our core strengths in delivering high-value, essential products for our customers across several sectors — including healthcare, automotive, agriculture and water systems, food packaging, and housing materials — and further endeavored to produce and deliver these goods in increasingly sustainable ways.

We also continued progressing on multiple fronts to reduce the environmental footprint of our operations around the world and enhance circularity in more of our products — including, continued focus on recycling opportunities between our businesses, reducing waste at our facilities, incorporating more recycled content into our products, and seeking to incorporate renewable and bio-based materials into our products.

Strategic approach

Our drive for continuous improvement and regulatory compliance in each aspect of the corporation is simply good business, in our view. When we prosper, we do better in all ways, for our communities, customers, employees, investors, and suppliers. This perspective is central to our resilience — our focus on and ability to adapt to stakeholder expectations. When it comes to our achievements and next steps, we see the globally recognized ESG frameworks as essential for providing added transparency to stakeholders about Westlake's role in our communities and in providing crucial products that enhance lives every day.

At the same time, we continued to provide greater transparency with regard to our ESG standards, goals, metrics, and challenges. We recognize that this is a journey, not a destination.

In our journey, we view evolving policy and market demands as an opportunity. In 2022, as part of our ongoing pursuit to bring greater value to customers and shareholders, we collaborated with our customers to help serve some of their needs for product innovations and advance their own sustainability objectives. Through our ESG governance structure, we strive to bring clarity and leadership to our team in managing our responsibilities across the spectrum of ESG commitments to meet our ESG goals.

Our strategic approach relies on this resilience, which we achieve by maintaining fiscal discipline and strength, despite challenging external factors, including global inflation, persistently higher energy costs in some of our operating regions, and, in other regions, demand weakness. We continue to find and fund growth opportunities, develop and deploy product and operational improvements, allocate capital for maintenance, compliance, and growth, and invest in our Westlake family of employees.

We maintained a strong balance sheet across our **Performance & Essential Materials** and **Housing & Infrastructure Products** business segments, and looked to strategically deploy capital for value-creating opportunities as they became available.

Our Goals

The year 2022 was seminal for us. We laid the foundation for our long-term strategic objectives and goal-setting to track our progress. We introduced our first ESG goal: reducing carbon intensity, or net carbon dioxide equivalent (CO₂e) emissions per ton of production. Our assessments cover all greenhouse gas (GHG) emissions.



Carbon Goal

Westlake established a major climate goal: a 20% reduction in our Scope 1 and Scope 2 CO₂e emissions per ton of production by 2030 from a 2016 baseline. As of December 31, 2022, we achieved a total reduction of 18% in Scope 1 and Scope 2 GHG emissions intensity from our 2016 intensity baseline.

We continue to research economically feasible technologies, which could help us establish a path to reach operational net zero carbon on or before 2050.

This groundwork in 2022 created momentum, leading to the establishment of five additional high-level ESG goals in the second quarter of 2023:



Water Goal

Continue water-reduction efforts and introduce a water management program at water stressed and other relevant sites by 2030.



Health & Safety Goal

Achieve zero accidents and zero injuries. We strive to achieve this every day.



Community Engagement Goal

Sponsor a community outreach event annually at each of our global operations in alignment with our core value of citizenship.



Diversity & Inclusion Goal

Achieve racial, ethnic and gender representation that reflects the diversity of the communities in which we operate.



Circular Economy Goal

Continue to expand our participation in recycling and sustainable products.

Next steps

Given the dynamic regulatory landscape, we not only continue to work to meet the GRI and SASB frameworks for disclosure, but also are working to expand our disclosures beyond those frameworks. In the fourth quarter of 2022, we performed a TCFD Gap Assessment to determine how well Westlake aligns with the TCFD's additional framework. This was an important advancement for us and is one of the methods on which we aim to rely in assessing and reporting our environmental and climate goals and progress in future ESG reports. We recognize the TCFD Recommendations are a widely embraced framework for reporting climate-related financial risks and opportunities. The TCFD framework in varying degrees informs, or otherwise has been incorporated into, the requirements of the International Sustainability Standards Board's climate related disclosure standard, as well as the anticipated SEC final rule governing climate-related disclosures for publicly traded companies. We look forward to sharing this progress with you in the TCFD Attachment.

The real drivers of our progress: our Westlake family

We are devoted to enhancing workplace and employee engagement, which along with continuous improvement and ESG activities, are vital to our success operationally. Diversity brings better results for operational excellence, product innovation, and community engagement where we work and live around the world. In 2022, we also focused on reconnecting after the global pandemic by broadening our training, expanding global cooperation and working so that contributions from all members of the Westlake family are recognized and valued.

Thank you for your interest in Westlake and giving us the opportunity to enhance your life every day.

Sincerely,



Albert Chao

President and Chief Executive Officer