



A BETTER CIRCLE

2020 SUSTAINABILITY REPORT


EASTMAN



8–15 / *Innovating for a sustainable future*



16–23 / *Mitigating climate change*



24–36 / *Mainstreaming circularity*



37–49 / *Caring for society*

SUMMARY OF REPORT

3–7 / *Strategy*

50–53 / *Transparency*

54–94 / *Progress*

WHO IS EASTMAN?

First and foremost, we are innovators. We're problem solvers and change makers.

Our strategy is to transform tomorrow by revolutionizing the materials that shape it today — innovating sustainable solutions to enhance the quality of life in a material way.

We are a global advanced materials and specialty additives company that produces a broad range of products found in items people use every day.

We have four business segments: Additives & Functional Products, Advanced Materials, Chemical Intermediates and Fibers.

We have 14,500 employees around the world spread across 51 manufacturing sites in 14 countries as well as our corporate headquarters in Kingsport, Tennessee.

We had \$9.3 billion in sales revenue in 2019 across our major end markets, which include transportation; building and construction; consumables; consumer durables; industrials and chemicals processing; food, feed and agriculture; and health and wellness.

This year marks Eastman's centennial — for 100 years, we have been grounded in innovation. And our efforts keep being noticed. •



THEN. NOW. NEXT.

Awards and recognition



The Wall Street Journal World's Most Sustainably Managed Companies
2020 WSJ top 100 list



Ethisphere's World's Most Ethical
Awarded in 2020 for the seventh straight year; one of only two chemical companies



Fast Company World Changing Ideas Award
2020 honorable mention for carbon renewal technology



Environment + Energy Leader Top Project of the Year Award
2020 environmental benefits and energy management for carbon renewal technology



Re|Focus Sustainability Innovation Award
2020 End-of-Life Award for our carbon renewal technology



Sourcing Journal's Sustaining Voices
2020 honoree in the "Sustainable Materials" category



Forbes Best Employer for Diversity
Awarded in 2020 for multiple diversity, equity and inclusion metrics



ENERGY STAR Partner of the Year
Awarded in 2019 for the eighth straight year



Victory Media Military Friendly® Employer Award
Earned for the fifth straight year in 2020



LUXE PACK *in green* Award
2019 winner in "Responsible Initiatives" for activating the circular economy



ACC Energy Awards
Thirteen awards from 2019–2020



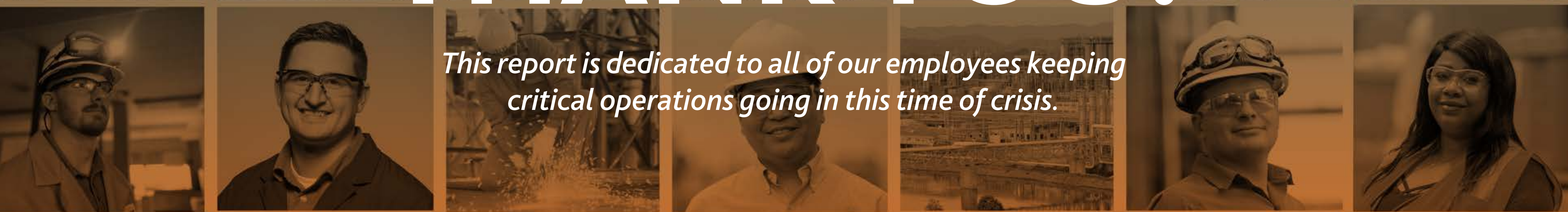
Tire Technology Expo Awards for Innovation and Excellence
2020 Tire Industry Supplier of the Year



ICIS Surfactants Award for Technology Innovation
2019 award for Eastman care chemicals



THANK YOU!



This report is dedicated to all of our employees keeping critical operations going in this time of crisis.





Trust and transparency are more important than ever, and purpose is everything. This is true for anyone in leadership; but it resonates even more with me and the Eastman team as we all deal with a global pandemic, seek to address racial injustice, innovate solutions for our environmental challenges, and work to find prosperity during a severe economic downturn. >>

Mark Costa, Board Chair and Chief Executive Officer

A MESSAGE FROM OUR CEO

Our company's purpose has shown us the way forward and made difficult decisions clear. As we look ahead to 2030, our purpose has also defined our goal-setting process for innovation and sustainability — which are inextricably linked.

Our purpose is to enhance the quality of life in a material way.

In other words, while we are indeed a specialty materials company, we don't exist to simply make materials. We exist to make materials that make the lives of people better in a meaningful, measurable way. A core element of our focus on making lives better is how we can improve the environment for future generations.

As we have faced the challenges of 2020 and aggressively address generational challenges through new sustainability commitments, our company operates from a position of strength because we leverage our most strategic asset: Eastman people. I'm immensely proud of our team's accomplishments. Because Eastman has a powerful and diverse talent base, we are able to execute our growth strategy despite a challenging economic environment. Over a decade ago, we prioritized innovation platforms that were sustainably advantaged. We have now proven that a sustainable

innovation portfolio underpins financial success. With products that address the needs and expectations of the market, we are innovating solutions for sustainability drivers, which include product beginning and end of life, product footprint, and health and safety.

There are many examples across our portfolio, including BPA-free Eastman Tritan™ copolyester, Naia™ cellulosic fiber that revolutionizes sustainable fashion, and Tetrashield™ protective resin systems for increased food safety. Now, we have launched our most aggressive sustainable platform, one that accelerates the circular economy through our capability to renew products infinitely.

Building on our successes, we turn to a future where the need for innovation is greater than ever.

As we face the pandemic, societal unrest and a struggling global economy, we are all facing three very difficult, long-term and potentially devastating challenges: climate change, a global plastic waste crisis and population growth.

We believe addressing those challenges is the key to enhancing the quality of life for all people. We also believe our way forward is much the same as it has been for 100 years: innovation. >>

>> *Eastman, as a materials innovator, is well suited to address these challenges and to contribute to an economy that serves everyone.*

Through process, systems and material innovations, we can create solutions that holistically address climate change and the plastic waste crisis while bringing products to market that contribute to the care of 10 billion people. Beyond our innovation-driven growth model and the impact our products can have on building a more sustainable future, we are now also prioritizing three critical impact initiatives to expand our impact on the world.

WE THINK OF IT AS INNOVATING FOR A BETTER CIRCLE:

MITIGATING CLIMATE CHANGE

As a specialty materials company, we have the responsibility to constantly improve our operational footprint. We achieved our 2020 greenhouse gas intensity goal of 20% reduction two years early. And we have reduced our absolute greenhouse gas emissions by approximately 10% since 2008. We are now at an inflection point. We support the Paris Agreement. We are committing to carbon neutrality by 2050, and we expect to achieve one-third of our target by 2030.

MAINSTREAMING CIRCULARITY

Society needs to mainstream a circular economy. For Eastman, this means keeping plastic waste out of landfills and the environment and reducing the use of fossil feedstocks to conserve our natural resources. It just makes sense. We have already launched Eastman Renew innovations. By 2030, we expect to recycle up to 500 million pounds of waste plastic annually through our molecular recycling technologies. Our objective is to be a thought and action leader to define the path globally for circularity.

CARING FOR SOCIETY

Our strategy begins and ends with people. We are committed to new product innovations that advance solutions for society's most pressing needs. We realize we've got to look beyond our portfolio to care for our global society and what we do within our walls must ripple outside them in impactful ways. The Eastman Foundation took responsibility to support our communities through the COVID-19 pandemic. Social injustice issues have emphasized that we must build a more inclusive culture where we do better for all people. I am personally committed to building a more inclusive culture where everyone has an opportunity to reach their full potential.

We embrace this strategy because it is right for the planet and right for Eastman, as sustainable innovation will result in improved profitability and long-term success for the company.

Collectively, this strategic platform and the goals embedded in it will allow us to enhance the quality of life in a material way for 10 billion people around the world.

We remain committed to the UN Global Compact. We're clear on our purpose as a company and on the global challenges that must be addressed, and we can't do it alone. Throughout this report, you will note calls to action.

We're looking for partners, policy changes and infrastructure creation.

Please read on to see what we're imagining, and if there's an opportunity to work together, please reach out. Let's deliver A Better Circle together. •



Mark Costa, Board Chair and Chief Executive Officer



VISION FOR A BETTER CIRCLE

Eastman exists to enhance the quality of life in a material way. It's our moral purpose — the driving force that gets us out of bed every morning to **innovate new materials that will change the world.**

We are entering a decade of change, and the planet will have 10 billion people living on it in the blink of an eye. Sustainability is no longer an add-on to doing business — it is a business imperative.

That's why we've made sustainability integral to our strategy, **driven by innovation and focused always on people.**

Eastman has the responsibility and opportunity to lead, joining others to address climate change, mainstream circularity as an economic model, and build a more inclusive and equitable world. And it's going to take all of us.

**TOGETHER, WE CAN CREATE
A BETTER CIRCLE.**



Mitigating
climate change

Mainstreaming
circularity

Caring for
society

2030 COMMITMENTS

Innovating for a sustainable future

Innovation is foundational to everything we do. We are a materials company, but more than that, we're a people company. Our people drive innovation to continually solve the world's most critical problems to achieve our vision for A Better Circle.

Critical impact areas

MITIGATING CLIMATE CHANGE

- Reduce our absolute greenhouse gas Scope 1 and 2 emissions by one-third by 2030 to achieve **carbon neutrality by 2050**
- Innovate to provide **products that enable energy savings and greenhouse gas reduction** down our value chains and at the consumer level

MAINSTREAMING CIRCULARITY

- **Recycle more than 500 million pounds of plastic waste annually by 2030** via molecular recycling technologies, with a commitment to **recycle 250 million pounds annually by 2025**
- Catalyze improvement of the recycling system by continuing to **expand capabilities to recycle more complex products** and by participating in initiatives and **collaborations to drive increased collection**

CARING FOR SOCIETY

- **Achieve gender parity** in alignment with our commitment to Paradigm for Parity®
- Be a **leader for racial equity** within our industry sector
- Drive new product **innovations that advance solutions for society's most pressing needs** while ensuring product safety and transparency



"We started the journey toward becoming a specialty materials company about 10 years ago and adopted an innovation-driven growth strategy that enables us to apply our capabilities to some of the world's biggest challenges. The way we approached sustainability also changed with that strategy shift. Today, sustainability is now a driver of every choice we make when it comes to innovation."

*—Steve Crawford, Chief
Technology and Sustainability
Officer*

INNOVATING FOR A SUSTAINABLE FUTURE

Innovation is foundational to everything we do. We are a materials company, but more than that, we're a people company. Our people drive innovation to continually solve the world's most critical problems to achieve our vision for A Better Circle.

*Honorable Mention
2018 Vanceva World of Color Awards
Harbor Canyon, Beijing, China
Glass laminator and photo credit: Beijing Guanhua East*

EASTMAN



Q+A

with our Chief Technology
and Sustainability Officer

Steve Crawford, Chief Technology
and Sustainability Officer

As Chief Technology and Sustainability Officer, Steve has a significant role in enabling Eastman's next chapter of transformation through sustainable innovation.

How do your roles of Chief Sustainability Officer and Chief Technology Officer work together?

We integrated our technology and sustainability organizations last year because we all are working to achieve the same moral purpose — “to enhance the quality of life in a material way.” Hence, our innovation strategy and our sustainability strategy are the same. We refuse the concept that the world should have to choose between a more sustainable future and a growing, profitable economy or, in our case, a business. We operate an innovation-driven growth model where sustainability challenges like climate change, the plastic waste crisis or the growing population create innovation drivers in our strategic markets where advanced material solutions are needed to provide practical solutions. This purpose-driven growth model excites our entire team as it works to create a future vision of success for our customers, our employees, our communities and our investors.

You talk a lot about Eastman's moral purpose. What does that mean to you?

When we come to work in the morning, Eastman's purpose of enhancing the quality of life in a material way guides everything we do. We're not in the business of making materials for the sake of making them; *why* we make materials is much more important. We know the challenges of today will require true innovation through first-principles research, deep knowledge of the issues and how our products impact our customers and consumers, and the ability to provide practical and economical solutions that enable a more sustainable future. We have a responsibility to not just make materials but to create materials that make lives better for the 10 billion people that will soon live on our planet.

How does innovation bring Eastman's purpose to life?

We're a materials innovation company, so innovation is the key enabler to bringing our purpose to life. Where we sit in the value chain, we are trying to address the needs and expectations of the market, many of which are tied to social and environmental challenges. The current challenges are so complex that they can only be solved at the molecular level and through collaborations

across our entire value systems. So whether it's through improved safety enabled by our new head-up display interlayers in automotive, delivering BPA-free coating solutions in food packaging or diverting plastic waste from landfills to upcycle it into durable applications, we can have a material impact on the quality of life globally.

How do you drive Eastman's innovation to make sure it's focused on the right things?

Our innovation strategy starts with understanding the sustainability trends that are driving the need for behavioral change in our markets. Where these real, persistent problems align with our key technology platforms, we have built differentiated application development capabilities that enable us to provide solutions at a molecular level, optimizing functionality throughout our channels. This drives strategic focus and efficiency for our organization. We only work on the most significant issues where this intersection occurs. I was once asked, “How much of your innovation portfolio has sustainability value drivers?” I answered, “All of it. If we're working on something that doesn't fit this model, our team doesn't know it, or we would have already shut it down.” We are only going to commercialize new products that are building toward a more sustainable future. >>

We continuously assess our innovation portfolio to ensure alignment with our innovation strategy and our company's moral purpose.

What at Eastman most excites you?

What excites me most is the talent of our team and their commitment to delivering results. They have a certain energy that you can feel as they show up every day to make the company successful and ensure the strategic success of our customers. We're in an age where global challenges — climate change and the plastic waste crisis being two — are monumental. Eastman is right in the middle of contributing solutions to some of the most significant problems the world faces.

A great example is what our team is doing on circularity. It's obvious that we have to be more carbon efficient and preserve our natural resources. Over the last 18 months, our team has commercialized two circular technologies. These technologies use molecular recycling to divert plastic waste from landfills by using it as raw material for our processes, upcycling it into new durable products while leaving fossil feedstock in the ground. And we've done this while lowering the greenhouse gas footprint compared to the heritage process. More importantly, we are doing it at scale and providing a model for how circularity can become a reality for our industry.

There is a significant market need to create closed loops for materials. If we quickly prove to the industry that this is valid, viable, and scalable, our peers will commercialize their own recycling advancements. We developed these very rapidly, and they're poised

to make a big impact on the global plastic waste crisis and reduce greenhouse gas emissions too.

Certainly, circularity is good for the world, and we are proving it can be economical. But it will take collaborations across value systems to ensure waste plastic can be collected and aggregated at scale.

Last question. Why does Eastman matter?

That's simple. Today trust and transparency are more important than ever. Everything we do is ultimately about enhancing the lives of people and contributing to a thriving society. There are going to be 10 billion people across the world who need to be fed, who need clean drinking water, and who have the right to expect an increasing standard of living.

This means the world must continue to reinvent how we do things to reduce energy consumption, conserve natural resources and provide safe solutions while we provide the basic needs of a growing population. This can only be done if we improve our global innovation ecosystems, and material suppliers like Eastman have a huge role to play. We have a responsibility to not just make materials but to make materials that make lives better. That philosophy influences every strategic decision we make.

There are also areas where we must all do better right now. Therefore, we are choosing to focus on three critical impact areas. Each of our commitments is part of a bigger picture, where mitigating climate change,

“This can only be done if we improve our global innovation ecosystems, and material suppliers, like Eastman, have a huge role to play. We have a responsibility to not just make materials but to make materials that make lives better. That philosophy influences every strategic decision we make.”

mainstreaming circularity, and caring for society work together to form what we call A Better Circle.

I intend to dedicate myself and my leadership to creating solutions that help Eastman achieve our bold commitments. •



SUSTAINABLE INNOVATION: *Eastman's legacy continues*

For 100 years, Eastman has innovated products and solutions that touch the lives of people every day, and our business has evolved along with society.

In an ever-changing world, Eastman is constantly adapting to shifts in consumer expectations and market drivers to stay ahead of the trends and produce the materials that people need. Innovation is the foundation of everything we do.

For the next 100 years, Eastman will continue to build on this legacy — innovating for a sustainable future.

We're a materials company, but more than that, we're a people company. We will not sacrifice the performance of our products, as consumers rely on them to improve their quality of life right now. At the same time, we must design sustainable advantages into our materials, contributing to the long-term quality of life for our entire planet.

To do this, we continually engage our markets — assessing the needs and expectations of the value chain against defined sustainability drivers.

While we need to maintain adaptability in how these drivers shift over time, it is clear that our world-class technologies, enabled by our scale and integration,

uniquely position us to provide sustainable solutions driven by the need to address climate change, move to a circular economy and care for a growing society.

As the world moves toward a low-carbon economy, it is also important to understand the value of our overall corporate footprint and how this translates into the footprint of our products, which in turn impacts the formulations and applications that we are a part of downstream.

We always start with operational excellence, and it is our moral purpose to provide material solutions to our markets that improve the quality of life globally.

Going forward, our entire innovation portfolio will be driven by sustainability macro trends.

Eastman will continue to offer improved material options, innovating through our own multigenerational product plans to ensure we are a strategic part of our customers success. Transparency around product safety and implications on social or environmental impact will continue to be imperative to our innovation strategy.

STRATEGICALLY DRIVING SUSTAINABILITY THROUGH OUR INNOVATION PLATFORMS

Eastman continues to realize its purpose of enhancing the quality of life in a material way by assessing macro trends and innovating for a sustainable future. As we lay out a road map of innovation for the next decade, we will be intentional about the way our products and technologies decrease our impact on the planet, drive solutions for more circular materials and care for society.



CLIMATE

As we continue our journey towards carbon neutrality, we will continue to create and manufacture products that help to decrease the impact that carbon emissions have on our planet.



CIRCULARITY

Driven by the need for more sustainable materials, Eastman will continue to offer material solutions made from renewable and/or certified recycled content.*



CARING FOR SOCIETY

As we approach 10 billion people on our planet, Eastman is dedicated to the transparency and product safety of all of our materials. We will continue to focus on innovations that ensure human health and wellness.

Together,
we will build
A Better Circle.

*Certified recycled content allocated using ISCC mass balance

LIVING OUR PURPOSE THROUGH OUR PRODUCTS

Our focus on purpose has inspired us to set a goal to assess 100% of our innovation portfolio using our Sustainability Assessment Tool, with 80% of the portfolio achieving advantaged or leader rating by 2030.

Mitigating climate change

Eastman has long served both the automotive and building and construction segments with advanced functional films. Historically, our **Saflex™ PVB interlayers** in the automotive sector were essential to ensure **passenger safety**. As mobility has progressed, our materials enable not only the **lightweighting of the vehicle** but also the adoption of digital technologies within the cabin. New product introductions further advance improvements in **solar, heat and UV management**.

In building and construction, our **LLumar and SunTek™ performance films** typically provide **energy savings of 5%–15%**, depending on glass and film type. As we continue to innovate within the sector, Eastman is pleased to announce that our **Saflex® PVB Interlayer** has been awarded Cradle to Cradle's GOLD level Material Health certificate, demonstrating that this product is safe for human health and the environment throughout its life cycle. We are now able to help our customers achieve their ambition of being **Cradle to Cradle™ certified**.

Mainstreaming circularity

In response to the global need to provide solutions to the waste plastic issue, Eastman has commercialized **two molecular recycling technologies at scale** and are in launch with multiple products in various markets leveraging our polyester and acetyl streams.

Within our specialty plastics business, **Eastman Tritan Renew™ copolyester** is powered by revolutionary new recycling technology that transforms single-use polyester waste into basic building blocks that are then used to make **durable, high performance, food-safe materials**. This process offsets the use of fossil feedstocks and **lowers greenhouse gas emissions**. Our Renew product lines serve applications like consumer housewares, hydration vessels and cell phone accessories, containing **up to 50% certified recycled content**.*

We are excited about the recent commercialization of **Naia™ Renew cellulosic fibers** within our textiles business. These fibers are sourced from **circular content — 60% wood pulp and 40% recycled waste plastics**. Naia™ Renew has received the 'OK biodegradable' and 'OK compost' conformity marks from TÜV AUSTRIA. The Naia™ Renew fiber is created through a closed-loop system that prioritizes the safe and environmentally sound use of chemicals. Moving forward, we are working to close the value chain loop completely within this platform.

Caring for society

Eastman recognizes the importance of trust and transparency more than ever today. We are committed to driving new product innovations that advance solutions for society's most pressing needs.

Eastman Tetrashield™ protective resin for metal packaging enhances the performance of **bisphenol A non-intent** (BPA-NI) metal packaging coatings. With high solids, improved durability and broad chemical resistance, formulations featuring Tetrashield can achieve superior performance results in interior food contact metal packaging applications. Tetrashield protective resin systems can also be used in ends, caps and closures, and general line applications.

Our portfolio of film formation additives allows paint formulators to develop coatings positioned for both do-it-yourselfers and professional paint contractors while **meeting increasing VOC regulations**. Recently, we received **hypoallergenic certification** from a leading European asthma and allergy association for **Eastman Optifilm™ enhancer 400**, underscoring the connection between our cutting-edge technology and market moving trends. Building on these successes, we're excited about the potential for a new revolutionary product that both **reduces VOCs and significantly improves performance** in architectural coatings. Based on strong customer feedback, it has the opportunity to become one of Eastman's top three growth platforms. •

*Certified recycled content allocated using ISCC mass balance

WSJ
100
MOST
SUSTAINABLY
MANAGED
COMPANIES 2020

WALL STREET JOURNAL:

Eastman is one of the world's most sustainably managed companies

Through sustainable innovation, Eastman ensures profitable growth and long-term success for our company — for the next 100 years.

This strategy has not gone unnoticed. In October 2020, The Wall Street Journal (WSJ) recognized Eastman as one of the 100 most sustainably managed companies in the world — and we could not be more gratified.

This new ranking by the WSJ assessed companies' ability to create long-term shareholder value. The publication reviewed more than 5,500 publicly traded companies to arrive at a list of 100 by developing a scoring model that combined transparency by companies themselves in the form of publicly disclosed information in combination with analysis of more than 8,000 media sources. Analysis was conducted by the Journal's environment, social and governance research analysts, who notably took a broad view of sustainability and based their results on sustainability metrics in areas such as: business model and innovation, external social and product issues, employee and workplace issues, and the environment.

One of only three U.S.-based companies in the chemicals sector, Eastman is ranked No. 90. We are especially proud of our environmental score, where we ranked 30th.

As Eastman's sustainability journey progresses from marketing sustainable products to managing sustainable businesses, our textiles business is a premier example in realizing our progress.

The Naia™ brand is proving the value of what it means to be a sustainable business every day — see how on the next page. >>



“Our vision for Naia™ is to create a sustainability brand that inspires trust and confidence and can have a measurable impact. With our goals for Naia™, we want to actively play our part to help fix the future and work together to protect our planet's precious resources for the next generations.”

—Ruth Farrell, Global Marketing Director, Textiles

EASTMAN NAIIA™ CELLULOSIC FIBERS

Our goal is to make sustainable fashion accessible to all.

Circular recycling with 40% certified recycled content* from plastic waste and 60% sustainably sourced wood pulp

Sustainable sourcing of wood pulp from certified forests and plantations

Safe and environmentally sound chemical use in a closed-loop system

An optimized manufacturing process with low carbon and water footprints

Certified biodegradability to return to nature at the end of life

SUSTAINABILITY COMMITMENTS

We want to proactively play our part in creating a healthy fashion industry that mitigates climate change, mainstreams circularity and cares for society. We are also committed to assessing 100% of our Naia™ product portfolio using the Eastman Sustainability Assessment tool, achieving an advantaged or leader rating.

Mitigating climate change

- Establish at least three agreements with customers to make measurable environmental impacts by 2025
- Lower GHG footprint of current Naia™ portfolio by 40% by 2030

Mainstreaming circularity

- In 2021, commercialize a next-generation Naia™ fiber solution with non-wood-based cellulosic pulp with a goal to progressively increase proportion in our portfolio
- Enable advanced technology and information solutions for “track and trace” of materials from forest floor and recycled feedstocks to factory door by 2022
- By 2025, more than 50% of the textiles portfolio is Naia™ Renew, and by 2030, more than 90% of the portfolio is Naia™ Renew
- By 2025, more than 25% of recycled content is derived from waste textiles
- By 2025, invest more than 75% of our textiles R&D resources in circular solutions

Caring for society

- We will proactively engage in advocacy and programs to protect forest ecosystems and support thriving communities through membership and contribution to man-made cellulosic fibers initiatives, supporting the United Nations Free, Prior and Informed Consent policy.
- By 2021, have an active partnership in place that sponsors education and business setup for women in fashion and women-owned businesses.
- Annually publish and commit to improving our inclusion and diversity metrics
- Maintain our commitment to zero discharge of hazardous chemicals and use of certified wood pulp in the manufacture of our Naia™ fibers
- Drive industry advancement in chemical usage and water quality in production of man-made cellulosic fibers (MMCFs) •



**Certified recycled content allocated using ISCC mass balance*

MITIGATING CLIMATE CHANGE

- Reduce our absolute GHG Scope 1 and 2 emissions by one-third by 2030 to achieve carbon neutrality by 2050
- In 2021, Eastman is committed to comprehensively understanding our downstream Scope 3 footprint and developing a strategy that begins to address it
- Innovate to provide products that enable energy savings and greenhouse gas reduction down our value chains and at the consumer level



“We’re at a pivotal moment in the history of our company, a time for us to ask ourselves the hard questions. What will this next decade look like? How will we approach and help solve some of the world’s biggest challenges that are imminently upon us? I consider the climate crisis to be one of the biggest threats our planet has faced in my lifetime and I am proud that Eastman is committed to achieving carbon neutrality.”

–Cathy Combs, Director of Sustainability

WE'RE GOING CARBON NEUTRAL.

Climate change is perhaps the single greatest challenge to our quality of life on this planet. Addressing that challenge is squarely aligned with our purpose of enhancing the quality of life in a material way. Thus, we have adopted the Paris Agreement's goals of reducing carbon emissions by 80% by 2050 to keep global temperature increases well below 2°C.

We are committing to achieve carbon neutrality by 2050.

We know this will take a lot of work, within our walls, with our suppliers and with stakeholders throughout our value chain, incorporating renewable energy, emerging technologies and more. And since 2050 is just around the corner, we know that rapid action and accountability is needed. To spur our progress toward our vision, we are also setting a goal to reduce Scope 1 and 2 greenhouse gas (GHG) emissions by one-third by 2030 (against a 2017 baseline).

Eastman's deep experience in life-cycle assessment has provided a foundational understanding of the upstream Scope 3 emissions footprint of our products. For 2021, Eastman is committing to build on that expertise by developing a comprehensive understanding of our downstream Scope 3 footprint so that we can ultimately develop a strategy to reduce Scope 3 greenhouse gas emissions.

We believe we must consider GHG emissions and reductions from a total system perspective, including the use-phase effects of our product functionality

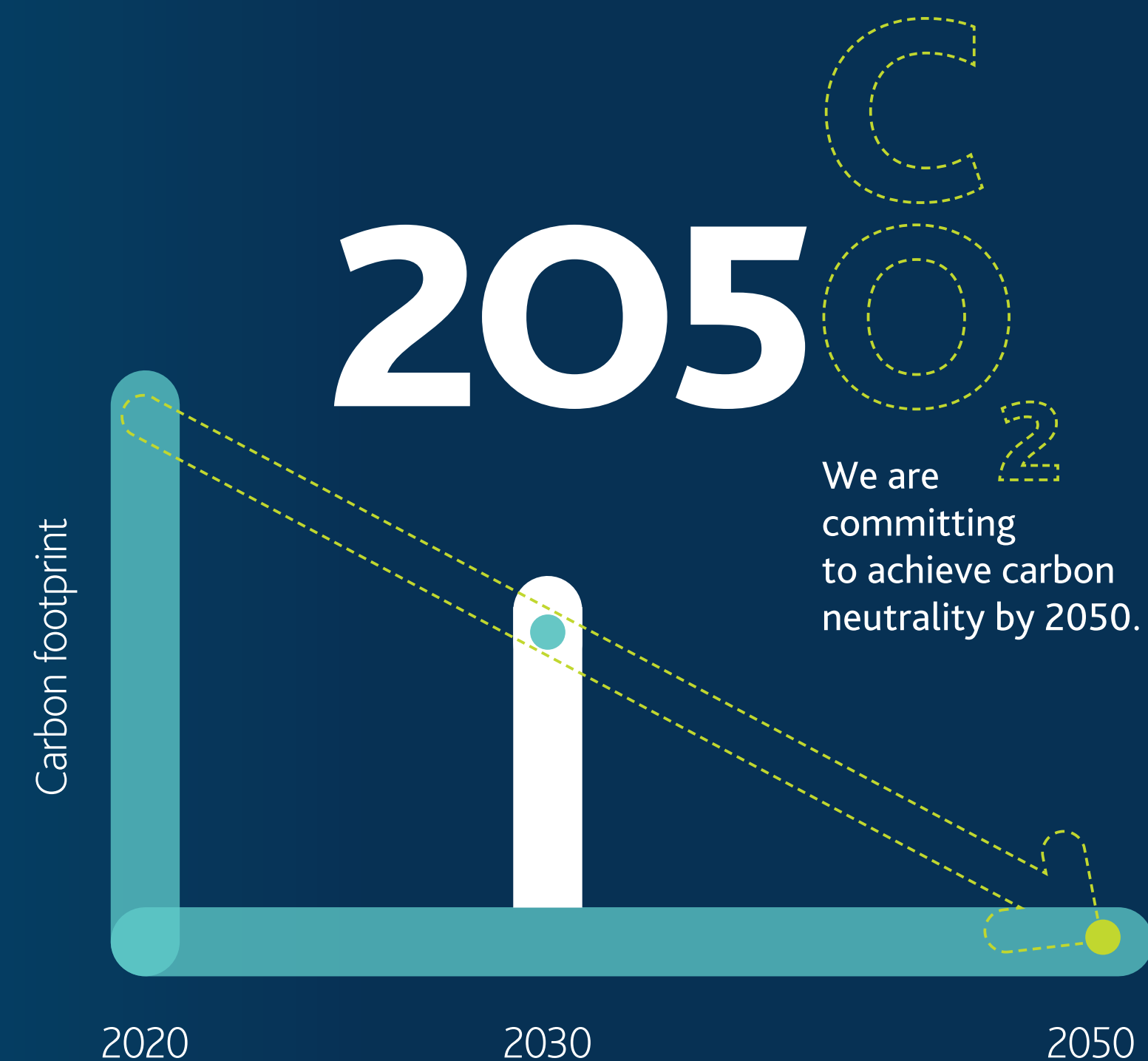
and the value our products provide to avoid emissions down our channels. We will also work on Scope 3 and beyond to understand the benefits of replacing fossil feedstocks with waste plastic at scale. We believe this holistic perspective is important to drive the right behaviors by our industry.

Eastman has a history of determination and transparency when it comes to environmental improvements, and these new goals give renewed focus to our efforts.

Over the past decade, we have pursued a robust set of 2020 goals covering water, energy and waste. Some of these we met or exceeded, like our goal to reduce GHG intensity by 20%. And in fact, we have reduced our absolute GHG emissions by approximately 10% since 2008.

Others are still works in progress, as we continuously improve our operations to meet the expectations we've set for ourselves.

As we move into the next phase of our sustainability journey, we are taking a fresh look at our climate impact. In alignment with external frameworks such as the CDP Climate Change, we are evaluating the risks and opportunities associated with a transition to a low carbon economy. It's all part of holding ourselves accountable as we strive to create more value than we consume in our use of natural resources. •



REDUCING OUR FOOTPRINT:

Our paths to carbon neutrality

Energy efficiency

Our energy efficiency program has been recognized by the U.S. Environmental Protection Agency's ENERGY STAR® program as an eight-time "Partner of the Year." In addition, we are a Challenge Partner in the U.S. Department of Energy Better Plants Program. Both programs provide the opportunity to learn from and share with others to positively impact energy efficiency and climate change.

Building on our successful energy management program, we began a pilot program in 2019 in Kingsport, Tenn., our largest site, to add chemical process expertise to the energy team and provide additional focus on the demand side of the energy equation. The successful pilot has been expanded to other sites, including Oulu, Finland; Indian Orchard, Mass.; Pace, Fla.; and St. Gabriel, La. We plan to expand this program to other sites.

Eastman also has a long history of efficiently generating steam and electricity via cogeneration and is recognized as a leader in the field. Eastman investment in new technologies has enhanced the efficiency and operational capability of its combined cycle cogeneration facility in Longview, Texas, further reducing our GHG emissions.

Process transformation

We are also actively developing process transformation opportunities in pursuit of energy and GHG reductions. Whereas energy efficiency generally targets incremental improvements in energy demand, process transformation is about a more holistic reimagining of process and energy systems, seeking larger-scale reductions in GHG emissions and resource consumption.

To that end, Eastman has commercialized its molecular recycling technologies, which substitute waste plastic feedstock for fossil feedstocks and contribute to the reduction of GHG emissions. It is our priority to continue to reduce the carbon footprint of all our products, doing our part within the value chain to move toward a low-carbon economy.

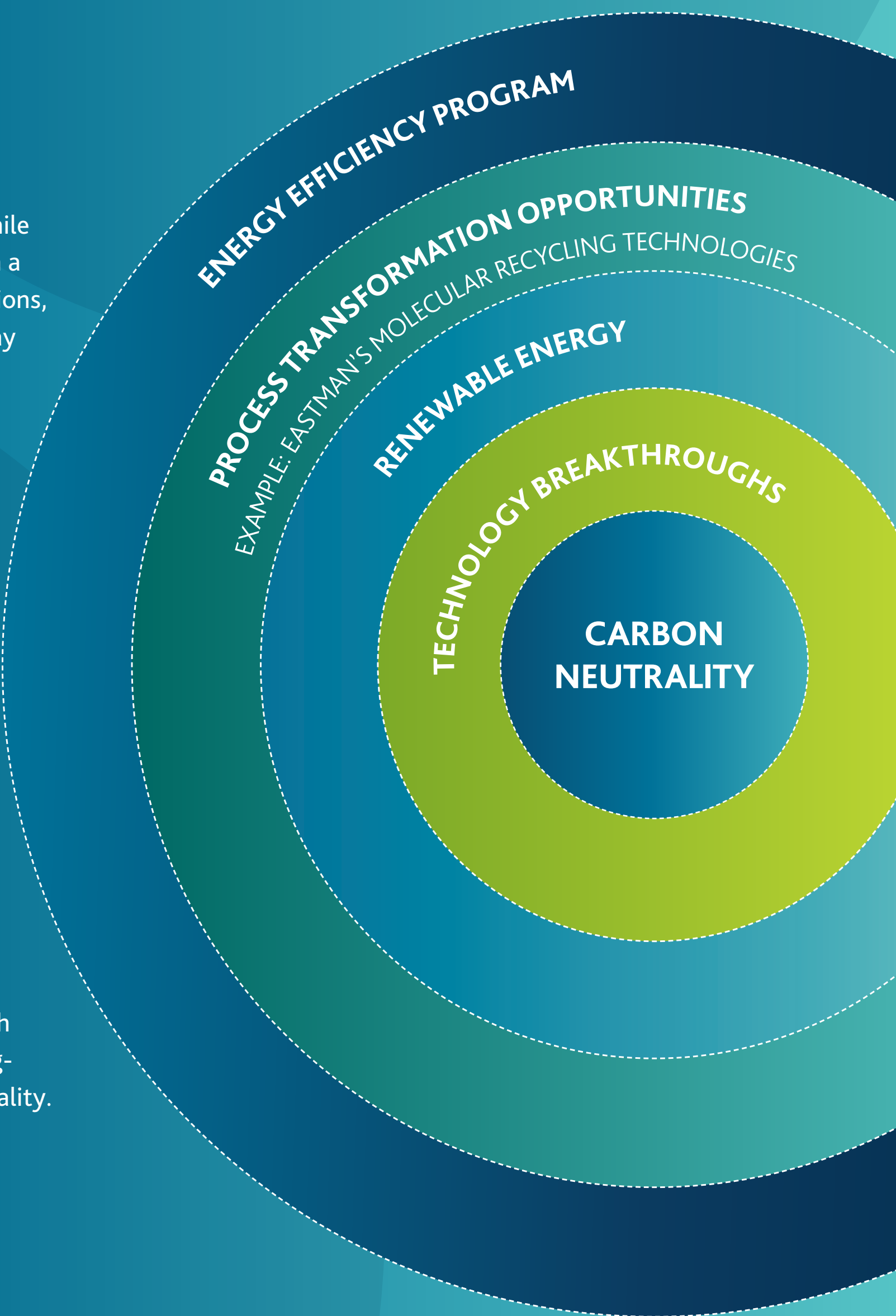
Renewable energy

Eastman produces renewable energy via on-site solar and wind generation at two facilities. We also supported the development of an off-site renewable project in North America. Due to the continued rapid decline in the costs of renewable wind and solar energy, we expect to address a portion of our Scope 2 GHG emissions reductions through cost-effective deployment of these proven technologies. Eastman is prepared

to expand our participation in renewables while maintaining financial diligence. We believe in a "both/and" mindset for reducing GHG emissions, deploying economically viable solutions today while investing in the technologies industry will require in a decarbonized future.

Technology breakthroughs

Eastman is confident that nascent and breakthrough technologies must be developed and deployed at scale to meet the demands of industrial decarbonization. To hasten the emergence of that future, Eastman is leveraging our own expertise while also investing in research and collaborations with universities, U.S. national laboratories and industry coalitions. We're exploring technologies like green hydrogen, CCUS (carbon capture, use, and sequestration), and electrification of process heat, ultimately working to understand which new energy technologies will enable our long-term commitment of achieving carbon neutrality.



CARBON AND CLIMATE WORKING GROUP:

Multiple elements unite to guide climate strategy.

“The central aspect of our approach is that we realize no one solution is going to be the solution to climate change. But, collectively, everything we do works together to move us forward on the path to our goals.”

*–Greg Wellman,
Sustainable Solutions Leader,
Process Engineering*

Eastman site in Kingsport, Tennessee

Two years ago, as we were anticipating the need to set our next horizon goals for 2030 and beyond, we knew we needed to take a candid, strategic view regarding Eastman's climate impact. To that end, we proactively formed a Carbon and Climate Working Group (CCWG), comprised of subject-matter experts across the company to dive deep into climate-related issues, risks and opportunities.

Combining knowledge and expertise in areas such as energy management, engineering design, procurement, technology, life-cycle analysis, sustainability, law and public policy, the working group identified key areas of interest where we wanted to develop a deeper collective knowledge base. That base would become the foundation to support a recommendation to senior management regarding ambitious future climate goals.

“Having so many disciplines come together at the table was critical, and the need to work quickly to identify paths to meeting ambitious commitments really united the team,” said Jennifer Creek, Global ESG Manager, who facilitated the CCWG.

As we've continued to hone our sustainability strategy, we've been influenced by the UN Sustainable Development Goals (SDGs) and have continued to look at the major challenges the world is facing.

The climate crisis looms so large that we realize it is imperative for us to drive an aggressive approach to our climate impact well beyond anything we've previously undertaken.

Eastman supports the Paris Agreement, and we are charting our own relevant course of action around decarbonization. Creating a clear line of sight to the actions needed to achieve our ambition was an intense focus of the CCWG in preparation for even more intense discussions with the company's top leaders. >>

The group's work was guided by the executive management team, which provided this specific direction:

Eastman is willing to set big aspirational targets, but we will have a defined path to get there.

The CCWG mapped a path to the GHG emissions reduction goal. By doubling down on Eastman's renowned energy management program, through process transformations and the adoption of alternative energy sources, Eastman expects to reduce absolute Scope 1 and 2 emissions by one-third by 2030. That aggressive step forward is a necessity to achieving carbon neutrality by 2050.

"The CCWG has developed a path for success," says Sharon Nolen, Eastman's Global Natural Resources Program Manager.

"This won't be easy, and we're aware that we may have to adjust our strategy along the way. It will take significant resources to get there with work by employees across the company. Our 2030 climate goal is one the entire team proudly owns." •

"Having so many disciplines come together at the table was critical, and the need to work quickly to identify paths to meeting ambitious commitments really united the team."

*–Jennifer Creek,
Global ESG Manager,
CCWG facilitator*



SUSTAINABLE INNOVATION:

Products that enable energy savings

When it comes to sustainable innovation, Eastman has history — 100 years of it.

The world has evolved dramatically since 1920, and so has Eastman. We've grown to become a global force, with teams in all corners of the world. And we've seen firsthand the challenges people face, many related to one of the most critical in human history: climate change.

Multiple elements must come together to stop the dangerous warming of our planet, and one of those elements is materials innovation.

The type of materials we use, how often we use them, what we do with products when we're through with them ... it all matters.

Eastman's approach to mitigating climate change is multifaceted. Not only will we focus on our own environmental footprint to limit the energy used across our operations, we will focus on the needs and expectations of the market, commercializing products that enable energy savings at the consumer level.

Some of our best examples of this appear in the architectural sector.

Window films and interlayers

A window is not just a way to look at the world — it can also enhance energy efficiency and reduce the amount of carbon we contribute to the atmosphere. LLumar®, V-KOOL® and SunTek® films can be applied to almost any building or vehicle window to reduce energy consumption, lower peak demand and decrease total carbon emissions. Independent energy audits have found that buildings retrofitted with LLumar can realize better HVAC efficiency, resulting in energy savings of 5%–15%.

Saflex® PVB interlayers are polyvinyl butyral films designed for lamination between two sheets of glass. Like LLumar, Saflex Interlayers improve energy efficiency in both vehicles and buildings. Saflex Solar Connect, introduced in 2020, provides exceptional solar heat rejection and sound damping, which combine to make it particularly useful in electric vehicles where weight reduction from thinner glazing and reduced load on HVAC systems can have a direct impact on energy usage and vehicle range.

As we design products for a sustainable future, we will continue to assess the performance needed in the market against the imperative sustainability drivers — driving innovation that is environmentally and socially responsible. •

"Even in 1920, Eastman was committed to protecting the environment — reusing waste from methanol processes to make charcoal briquets. One hundred years later, we're still innovating to make more sustainable products, reduce our environmental footprint, reuse materials and recycle."

—Hanneke Counts, Vice President of Global Health, Safety, Environment and Security



ENGINEERING + SUSTAINABILITY:

A formula for success

Neil Brown is doing critical work at Eastman.

He works with the Eastman life-cycle assessment (LCA) team to analyze the environmental profile of our technologies and products. And as part of the company's Carbon and Climate Working Group (CCWG), he has discussed and debated climate issues, approaches and potential solutions with Eastman executives — including CEO Mark Costa.

"This experience, to get to do something like this in the workplace, has been so exciting," Brown says. *"Having a seat at this table has been a humbling experience — a bit surreal but very gratifying."*

Brown remembers how his time at university helped lead him down the path he is on today at Eastman. He was keenly interested in the environment. Watching a documentary, "Food Inc.," got him into gardening, and he even led the startup of a community garden at UT.

"The connections between my first viewing of 'Food Inc.,' the gardening, and the extension to other environmental interests were clear and stuck with me," Brown recalls. *"I knew I had to figure out a way to connect those interests to my degree and my career."*

Brown found that connection at Eastman. After graduating from UT, he joined us as a process engineer. He liked the work, and he liked the people. But the passion for the environment he developed at the university persisted.

One of his supervisors noticed Brown's interest in sustainability and told him, "Your next role at Eastman needs to be in the life-cycle assessment group."

Brown agreed. Today, this 28-year-old engineer has found his niche as part of the Eastman LCA team and the CCWG and has contributed substantially to the development of a new Eastman climate strategy.

With a role at Eastman that excites and inspires him, Brown is living out his dream of making a difference in his work.

"We should do everything we can to help make a difference. We should contribute as individuals, but our collective impact is much more powerful. With Eastman's commitment to these climate goals, we have the opportunity to come together as one team and do so much more." •

Neil Brown's sustainability journey has progressed at a breakneck pace. Just 10 years ago, he was an engineering student at the University of Tennessee in Knoxville. >>

Neil Brown, chemical engineer, circular economy and life-cycle assessment team

WATER:

Eastman takes a holistic view of natural resource stewardship.

While we are focused on addressing climate change as a critical impact area, our company takes a holistic view of protecting and preserving our precious natural resources — and that includes water.

We know that effective, science-driven solutions to the climate crisis must include water stewardship and that water security is vital to quality of life on this planet.

Eastman sites and manufacturing facilities are not generally located in areas where water scarcity or quality are problematic, but we recognize that water availability is a critical issue for parts of the world and is likely to become more severe over time. We are preparing, with an eye toward the future, to perform a comprehensive risk assessment of all our sites every five years, with new acquisitions assessed as quickly as possible. We use globally recognized resources such as the World Resources Institute (WRI) Aqueduct tool and World Wildlife Fund Water Risk Filter annually to project water risks in the short term.

Because we are aware of global water concerns, we start our work in-house with a focus on efficiency. Leveraging our world-class expertise in energy management, we are building our skills in the realm of water reuse and conservation. We are applying those skills to reduce water use and use water that is treated only to the degree needed, minimizing energy and chemicals for treatment.

Outside our operations, we partner with experts to expand our shared understanding of water issues. Eastman is one of the few chemical industry sponsors and advisors to the National Alliance for Water Innovation (NAWI), a \$100 million research effort by

the Department of Energy (DOE) focused on water-treatment technologies to secure water affordably and efficiently from nontraditional sources.

We also know that ocean health is key to the health of our planet, which is why we partner with the Woods Hole Oceanographic Institution (WHOI). We're collaborating with WHOI on strategic research that helps us understand how the ocean is interconnected with everything — including climate. •

MAINSTREAMING CIRCULARITY

- Recycle more than 500 million pounds of plastic waste annually by 2030 via molecular recycling technologies, with a commitment to recycle 250 million pounds annually by 2025.
- Catalyze improvement of the recycling system by continuing to expand capabilities to recycle more complex products and by participating in initiatives and collaborations to drive increased collection

"We've all experienced the frustration of wanting to recycle more and not being able to — of feeling disheartened that an item that has served its useful purpose ends up in the trash. It doesn't have to be that way. We should do more, and we should do it now — not 10 years from now. Everyone has the right to expect the materials industry to be leaders in solving this crisis, and that's what we are doing at Eastman. Through molecular recycling, we can all make better choices for a better present and a better future. We can make the right choice now."

—Brad Lich, Executive Vice President and Chief Commercial Officer

EASTMAN

A linear economy has its limits. The waste that is generated in conventional economies is an unfortunate side effect of how companies add value, both to their shareholders and the world, and Eastman believes that there is tremendous opportunity in targeting, eliminating or finding new uses for that waste.

CIRCULARITY: *A platform for innovation*

Eastman is going circular — because we must.

Linear economics (the take/make/throw it away paradigm in place since the industrial revolution) simply cannot sustain a population of 10 billion or solve the plastic waste crisis.

We recognize the imperative of meeting these challenges, of developing a circular economy and of our responsibility to find meaningful, cost-effective solutions.

It's not just a buzzword, and it's more than a goal. Circularity is a platform for innovation.

We already have products that help enable the shift — more than 85% of our business is in durable products rather than single-use, and we continue to push toward reduction and reuse. In fact, we want to shift as many single-use products to durable and multiuse products as possible.

We are not alone in this thinking. Our specialty plastics and textiles customers are looking for solutions that improve the circularity of their products. They look to us to help them meet their own sustainability goals, and our materials are central to their circular solutions.

And while we do have a waste crisis at hand, plastic is a material central to our lives. Plastic is used to economically deliver and preserve life-sustaining food to places and people in need across the globe,

improve patient safety and comfort in medical applications, enable lightweighting to optimize energy efficiency in automotive applications, and so much more. Eliminating plastic doesn't make the environment better when the alternatives, such as glass and aluminum, have worse carbon footprints. Plastic can have environmental advantages over alternative materials when the entire life cycle is considered.

Plastic is a vital material solution. But we need to develop a circular model of use and infinite reuse, and true circularity isn't easy. It requires:

- **Developing the infrastructure to collect plastic waste and textiles for use as a feedstock in new materials.**
- **Launching scalable technologies that can virtually recycle all plastic waste.**
- **Creating products with that certified recycled content.***
- **Developing markets for those products.**

Often, innovation is achieved by creating brand new molecules, but that takes a long time. Since we need solutions right now, Eastman has taken a different track, asking questions like: How can we transform our current portfolio? How can we leverage known technologies in a new way?

What we found was that by not starting from scratch, we can accelerate the innovation cycle exponentially. >>

*Certified recycled content allocated using ISCC mass balance

For example, instead of spending years researching new recycling technologies, we worked with established science and known processes to become the first company to begin commercial-scale molecular recycling for a broad set of plastics, including products like carpet, hard-to-recycle items with resin identification codes four through seven, and soon textiles. In fact, we launched commercial products from our carbon renewal technology less than a year after inception.

There is a reason we have been able to move so quickly. We've been around for 100 years. At the heart of who we are, Eastman is a science-based company with world-class competencies in process chemistry, engineering, and polymer science.

That foundation positions us to reimagine what is possible. We're transforming our existing portfolio to incorporate recycled feedstocks. Our Renew materials enable our customers to buy the end material from us they've always purchased, only now that material includes certified recycled content.* They can use these products as drop-in replacements without having to modify their manufacturing. And they can do it right now.

Our circular innovation platform allows us to reduce the complexity by offering solutions without having to redevelop end markets.

So far, the advancement of our circular technologies has been driven by developing new products for our plastics and textiles markets, and they reach across two of our manufacturing streams: polyesters and acetyls. But their potential goes much further.

*Certified recycled content allocated using ISCC mass balance

As additional drivers emerge, Eastman's integrated facilities position us to support the transition to more circular products for additional markets across additional manufacturing streams.

We will hold to our principles for mainstreaming circularity as we move forward. We will only launch advanced recycling technologies if we can do it at scale, if using waste plastics leaves fossil feedstocks in the ground, if the products we produce have no performance compromise, and if product LCA improves in line with our climate goals. The two technologies we have launched have a 20% to 50% improvement in carbon footprint in the production of key building blocks used to make our products.

As Eastman celebrates its centennial anniversary in 2020, it is appropriate that we also celebrate circularity as a global innovation platform and the innovative thinking of our people. It is thanks to them that we're making the old new again and unlocking the infinite value in what was once discarded. •

LINEAR ECONOMY

Where we've been



CIRCULAR ECONOMY

Where we're going



**INNOVATION
THEN. NOW. NEXT.**

At our heart, Eastman is a science-based company with world-class competencies in process chemistry, engineering and polymer science.

AT THE VANGUARD:

Specialty plastics and textiles

To create a circular economy, the world needs innovative recycling technologies, reimagined materials and smart product design. As it has throughout its history, Eastman is leading the way.

Our molecular recycling technology enables our customers to choose materials with a better environmental footprint without compromising performance.

We began commercial operation of our Advanced Circular Recycling technologies in late 2019. Two of our specialty businesses, specialty plastics and textiles, which both offer flagship Eastman products with superior sustainability profiles, are now leading the way with Eastman Renew materials.



LUXE PACK
in green

*Certified recycled content allocated using ISCC mass balance

Eastman Tritan™ copolyester has long been a staple in many reusable applications, including water bottles, food storage containers and even large appliances. Now, brands can choose Tritan™ Renew, which contains up to 50% certified recycled content.*

Other Renew materials include Acetate Renew (premium eyewear), Trēva™ Renew engineering bioplastic (a blend of biobased materials and certified recycled materials) and Cristal™ Renew copolyester (part of Eastman's sustainable transformation of its cosmetics packaging portfolio, which was recognized with a LUXE PACK *in green* award in 2019).

Eastman Naia™, made using sustainably sourced wood pulp, is a premium choice for apparel brands and designers who want a comfortable, luxurious fabric.

Available this year, Naia™ Renew is derived from 60% sustainably sourced wood pulp and 40% mixed plastic waste, taking sustainable fashion to another level and bringing an exciting new addition to the Renew family of materials.

Watch for more exciting announcements in the coming year. •

Acetate Renew sunglass frames



Leading fashion brands are constantly searching for how they can contribute to a more sustainable culture — and that motivates our team to collaborate with them on better solutions. If you asked brands for their “holy grail” solution, many will say “take-back programs for textile recycling,” because that could create a true circular loop for leading fashion brands. That’s where Eastman’s molecular recycling technologies come in. We have a vision to make the circular loop a reality.”

*—Jon Woods, General Manager,
Textiles/Nonwovens*

Naia™ Renew

MOLECULAR RECYCLING:

The path to true circularity

Achieving true circularity of plastic materials is extremely challenging. Mechanical recycling, which is the dominant mode of recycling today, shreds and melts specific kinds of plastics to produce plastic material that can be reused, but this process is viable for only a limited number of cycles and with limited types of plastics. Chemical recycling can take many forms and uses a wide range of advanced recycling processes that use a variety of plastic feedstocks. However, some cannot be said to be truly circular because they do not convert plastics to materials. We are focused on material-to-material recycling.

This is how Eastman's molecular recycling works:

We have two advanced recycling processes to break down almost any kind of waste plastic to its basic building blocks and then reform those building blocks into new materials.

Products made with these materials are indistinguishable in quality and performance from those produced using traditional materials, and thanks to molecular recycling, their life spans can be infinite.

Eastman began commercial operation of one molecular recycling technology in late 2019 and a second in early 2020. These two technologies, carbon renewal technology (CRT) and polyester renewal technology (PRT), tackle different kinds of plastic waste.

Together, they can recycle almost any kind of plastic waste, including some long considered hard or impossible to recycle, like polyester carpet and textiles. The environmental impact of these

innovative technologies is very positive — they reduce plastic waste and lower greenhouse gas emissions compared to traditional processes.

But there's always a "but."

Because these technologies are so new, their potential currently has limitations. Most of these relate to a shortage of materials to feed the process. It's hard to fathom a shortage of plastic waste; we all know there's plenty of it. However, the infrastructure to collect, sort and then transport the plastic that can't be processed by current mechanical recycling systems to an end-of-life option other than a landfill, incinerator or — worse — an unmanaged dump simply has not been built.

"So much plastic is just discarded like it has no value, but plastic is carbon. That carbon does have a use, and through molecular recycling, it can have infinite use. Closing the loop requires collaboration across the value system."

—Bill Trapp, Director, Special Projects/Carbon Renewal Technology

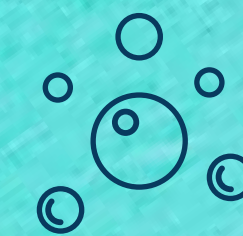
CARBON RENEWAL TECHNOLOGY

WASTE PLASTIC



REFORMING

MOLECULES



TEXTILES, EYEWEAR,
COSMETICS PACKAGING



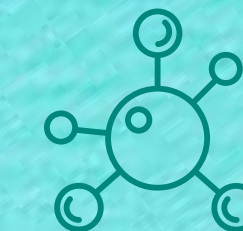
POLYESTER RENEWAL TECHNOLOGY

WASTE POLYESTER



GLYCOLYSIS
METHANOLYSIS

MONOMERS



DURABLE FOOD CONTAINERS,
SMALL APPLIANCES, WATER/BABY BOTTLES



EASTMAN

COLLABORATING FOR GOOD:

Partners in circularity

There is no master switch that can close all the loops and accelerate a true circular economy. No one innovation, company or organization can make it happen. Only when everything and everyone works together can lasting change take place.

Eastman is actively engaged with leading voices in the push for circularity, including the Ellen MacArthur Foundation (EMF). Along with universities, government agencies, nonprofits and companies like Apple, H&M, Coca-Cola and Unilever, we signed the EMF New Plastics Economy Global Commitment — a collection of different interests united by real actions to create a future where plastic never becomes waste.

We're also collaborating with others who share our vision for circularity. This year Eastman became an Activator Signatory to the U.S. Plastics Pact, which



brings together diverse stakeholders working toward a common vision: a circular economy for plastics. Led by The Recycling Partnership with key collaboration from the World Wildlife Fund and the Ellen MacArthur Foundation, the pact will help drive innovation and improvement in systems that produce, use, recover and process plastics. Other groups we collaborate with include the Recycling Committee at PLASTICS and the Association of Plastics Recyclers.

Collecting waste plastics to feed into our molecular recycling technologies is a fundamental challenge that we must overcome to achieve our vision of mainstreaming circularity. That's why we're committed to working across the value chain with waste management systems and service providers, regulators, policy makers and elected officials to build the infrastructure so crucial to dramatic increases in recycling. •

"We know that molecular recycling is a key to realizing a true circular economy, but the waste plastic problem is so huge, so complicated, that it will take multitudes of stakeholders — elected officials, brands, our peers in the materials industry, NGOs and consumers — to bring about the level of change we all need — the level of change our planet needs."

—Tim Dell, Vice President of Corporate Innovation



CERTIFIED RECYCLED CONTENT:

Trust and transparency are essential for the circular economy to succeed.

The product of our molecular recycling technologies is recycled content, and it is certified as such by an independent agency, the International Sustainability and Carbon Certification (ISCC).

The molecules we produce are blended with — and indistinguishable from — molecules created using traditional processes to create new materials.

The ISCC certification of our recycled content is based on an approach known as mass balance. The term may be unfamiliar, but the process is well established. Many industries rely on mass balance to track resources through complex manufacturing and sourcing processes. The best example of this is a power purchase agreement (PPA) for renewable electricity. While the exact electrons created cannot be traced directly, your purchase ensures that greener energy is added to and pulled from the grid in balance.

In general, mass balance is an accounting system — a set of rules for how manufacturers can credibly calculate and disclose the recycled content of their products.

Mass balance will allow for a faster and broad adoption of the circular economy by enabling:

- Repurposing of manufacturing assets
- Use of a broader array of lower-value mixed waste plastics as feedstocks
- A high concentration of recycled content with no compromise in product performance, in line with consumer expectations

The alternative to mass balance is building new and separate processing lines, factories, storage and distribution systems to accommodate the use of 100% waste plastic feedstocks, resulting in tremendous environmental impacts and prohibitive costs.

Eastman's current focus is on advancing our molecular recycling capabilities by leveraging our existing manufacturing facilities.

Eastman's ISCC PLUS certification confirms that all materials and processes are being appropriately tracked and accounted for within an established mass balance accounting standard. It ensures the amount of certified recycled content Eastman produces for sale exactly matches the amount of waste plastic we have recycled. Ultimately, it enables brands and consumers to make informed, sustainable purchase decisions. •

DEFINING MASS BALANCE

At Eastman, we're revolutionizing recycling on the molecular level—repurposing waste that could otherwise end up in landfills, incinerators or oceans. In fact, our Advanced Circular Recycling technologies, also known as molecular or advanced recycling, enable waste plastic to be recycled an infinite number of times.

But unlike mechanical recycling, which essentially cleans, chops, and melts plastic into reused plastic, molecular recycling breaks down waste to the molecular level to create renewed resources.

So how are those recycled materials accounted for? After all, businesses, brands, consumers and communities want to know how the decisions they make regarding recycled materials truly benefit the environment.

Enter an approach called “mass balance.”

Mass balance is an accepted and certified protocol that documents and tracks recycled content through complex manufacturing systems. It's used when sustainable inputs like recycled plastic are mixed with traditional inputs like fossil feedstocks.

For example, at Eastman, we use both sources to make identical building blocks for materials. Because they are identical, it is impossible to trace exact molecules to end products. However, we can record how much recycled plastic has been used in manufacturing and balance it with the certified recycled content in end products.

IT WORKS LIKE THIS:

- 1 Waste plastic is fed into Eastman's Advanced Circular Recycling technologies in place of fossil feedstocks.
- 2 That plastic is broken down into building-block molecules that are fed into production systems, resulting in fewer molecules being purchased or produced from fossil feedstocks.
- 3 The quantity and identity of the recycled molecules are placed into an inventory that keeps a precise tally of how many of each molecule were recycled. (Remember, these molecules are indistinguishable from the building blocks produced with fossil feedstocks.)
- 4 Because Eastman tracks the exact number of molecules required to produce each Eastman Renew product, the appropriate number of molecules is deducted from the inventory when it is produced.
- 5 Based on mass balance standards, Eastman is not allowed to sell more Renew products than they have created from recycling waste plastic.
- 6 More waste plastic is then fed into the system to replenish the inventory.

MASS BALANCE FAQ:

What does mass balance do?

It's an accounting system — an important one for the circular economy. Mass balance documents and tracks the certified recycled content used to manufacture products in complex systems where the recycled content cannot be physically tracked.

Why is mass balance necessary?

This system allows Eastman to allocate the recycled content to various products and ensures that the amount of recycled content allocated to the products is balanced with the amount of recycled materials fed into the manufacturing process.

How is mass balance good for the environment?

Mass balance can accelerate the adoption of molecular recycling by allowing an economical transition to waste plastic as a raw material and by directing investments to enhancing plastic recycling capabilities rather than building duplicate production facilities.

Is mass balance just greenwashing?

Actually, mass balance accounting is used to prevent greenwashing. The system is an established, vetted and standardized system used by many industries. Along with third-party ISCC certification and regular audits, its tracking systems offer new levels of corporate transparency.

NALGENE AND TRITAN:

The sustainability story continues

Nalgene is a company with a high degree of sustainability credibility. Their polycarbonate bottles first hit hiking trails and campsites in the late 1960s. Lightweight, durable and reusable, they found immediate favor among conservation-minded adventurers, and by the mid-2000s, they were ubiquitous in gyms, in offices and on college campuses.

It was about that time, in 2007, that Eastman launched a specialty plastic called Tritan, an odor-free copolyester that was free of bisphenol A (BPA). It had the potential to make bottles so durable and heat resistant they could withstand thousands of dishwasher cycles. An Eastman rep contacted Nalgene to share the story about this product and offer the opportunity to run Tritan product trials.

Nalgene product director Fernando Galiana remembers the call well — it was the start of a long, fruitful relationship. The product trials turned into products, and soon, Nalgene said goodbye to polycarbonate and began making all of its bottles from Tritan. It estimates that one Nalgene bottle keeps 167 single-use bottles out of landfills each year. That's impressive. But the story doesn't end there.

“Customers feel virtuous when they drink from a reusable bottle — they know they're helping eliminate single-use bottles. But if that reusable bottle can contain recycled material, they get to feel even better.”

—Fernando Galiana, Nalgene Product Director

tritan™ RENEW
from eastman



TRITAN RENEW:

The next chapter

Nalgene is now working with Eastman on the crucial next step in sustainable containers — certified recycled content.* It was an easy decision for Nalgene. Galiana reports being approached time after time by customers at trade shows asking, “When are you going to have a bottle with recycled material?” For these customers, the wait is over.

Born from Eastman's molecular recycling technologies, Tritan Renew hit the marketplace in July 2020, and Nalgene was quick to adopt it. Just one month later, the Nalgene Sustain bottle was unveiled, sold through the Nalgene website and in REI stores. It's indistinguishable from previous Nalgene bottles but with a sustainable difference: it contains 50% certified recycled content. Like Eastman, Galiana predicts enthusiastic reception of Nalgene's new product line.

“With a Nalgene Sustain bottle, they not only prevent their own bottle from going to the landfill, they also reduce the overall number of bottles that end up in landfills. It makes the story of Nalgene bottles made with Tritan™ Renew even more compelling. Use one and you're really stepping up to do your part for the planet.” •

*Certified recycled content allocated using ISCC mass balance

TURNING MOUNTAINS INTO MOLEHILLS:

Keeping carpet out of landfills

Once upon a time, recycling industry veteran David Bender was focused primarily on traditional plastic waste reclamation, having owned, operated or advised multiple reclamation companies in his career. He didn't think too much about carpet. It looked nice, kept his feet warm and provided comfort. He knew it didn't last forever, but he never thought too much about what it was made of or what happened to it once it was hauled away.

Then came a "Eureka!" moment.

Bender, CEO at Circular Polymers, remembers it well. "All of a sudden a light bulb went off in my head. Carpet is mostly made from plastic. Why aren't we recycling it over and over again?"

The carpets found in offices, homes and other buildings around the world are made of a variety of materials, including polyester, which is also known as PET and is used in many packaging applications. Sometimes, these materials contain recycled content themselves, but once they are made into carpet, they often reach the end of their useful life.

In the current age of circularity where we pursue the infinite value potential in these materials, that's not good enough. In 2018, Bender and his business partners saw an opportunity to disrupt the carpet industry.

Circular Polymers was formed, and now Eastman has joined forces with them to give old carpet new life. Demonstrating how effective molecular recycling can be, we have already recycled millions of pounds of discarded carpet using Eastman's carbon renewal technology (CRT). >>



Producer responsibility? It could help.

Unfortunately, most old carpet doesn't get a chance for new life. Circular Polymers can't collect and process it all on its own.

According to the Product Stewardship Institute, California has a carpet recycling rate triple the national average because of a carpet Extended Producer Responsibility (EPR) law.

Under an EPR mandate, the producers bear responsibility for the treatment or disposal of post-consumer products. Eastman supports and advocates for programs such as EPR that can contribute to circularity. Policies like these could drive the reimagined recycling infrastructure a circular economy demands.

Here's how the arrangement works: Circular Polymers collects old carpet at its California facility. It uses proprietary technology to process the carpet into a densified recyclable form and then ships the output by rail to Eastman. Using our carbon renewal technology (CRT) recycling, we take that material back to its molecular building blocks. Our resulting Renew materials are then used to make new products such as textiles, cosmetics containers and premium eyewear.

And those materials are again recyclable — creating A Better Circle.

That's great news. Until now, old carpet — and there's a lot of it — has been relegated to landfills or incinerators. The Carpet America Recovery Effort (CARE) estimates that 5 billion pounds of carpet went to U.S. landfills in 2017. Just imagine how much space — and environmental impact — molecular recycling could save.

Bender thinks advanced recycling processes like Eastman's should cast a new light on old carpet, because "carpet is a perfect feedstock for molecular recycling." These advanced processes will enable the upcycling of recycled polyesters into a variety of products that will no longer rely on virgin fossil feedstocks. He sees a future where the mountains of carpet in landfills have become molehills.

"At Circular Polymers, we're all incredibly excited and proud to be doing something that benefits the planet," Bender says.

"I think humanity has realized that if we want to continue to exist, we've got to do a better job of taking care of Mother Earth. I feel fortunate that we're playing a part in that and that we're doing it with Eastman." •

MOLECULAR RECYCLING:

Connections build the circle.

Eastman's drive toward circularity works through connections across the company and around the world, with hundreds of team members bringing unique skills needed to grow the platform — all united by a goal of making an impactful difference on the global waste problem.



Solving challenges with customers

"With our technologies and product solutions, we're trailblazers who are bringing a true vision of what the future of cosmetics packaging could look like — one that could help solve one of the biggest challenges cosmetics brands have: more sustainable packaging. The cosmetics and personal care team is taking on this challenge with great passion, determination and perseverance. We connect across the value chain with brands, molders, recyclers, regulatory bodies. So is it easy? Nope. Frustrating? Sometimes. Worth it? For sure!"

– Renske Gores, Market Manager, Cosmetics & Personal Care

Integrating the circularity platform

"Basic recycling or mechanical recycling certainly has its place. When it can be used, it should be. To us, it's not a question of mechanical recycling or molecular recycling. For the benefit of society, it needs to be both working together. At Eastman, there are so many different people working together to make this happen; we're all part of something greater than ourselves. Every day when I get up and go to work, I feel like I'm going somewhere I get to play a small part in something that's changing the world. That's an awesome feeling."

– Jayme Leita, Director, Circular Economy Integration



Finding value in waste

"Seeing our innovation muscle at work on something so important is incredibly motivating and inspirational. Our technologies are desperately needed, but there's a gap to collect and aggregate plastic waste that for too long has had no value. We can be part of a true circular economy where all materials that are produced are collected at the end of their useful life and recycled into new products. It's imperative that we all work together at the local and national levels to make this happen. We owe it to future generations."

– Shelley Porter, Director, Circular Economy Feedstocks





CLOSING LOOPS:

Within Eastman and around the world

As circularity stimulates product innovation at Eastman, it also inspires us to look within to find ways to apply the principle. We want to actively drive waste out of our systems, so we will continue to explore:

- How we run our global operations.
- Who we collaborate with along the value chain.
- Ways to educate our 14,500 employees on the impact of their personal actions.

According to the 2020 Circularity Gap Report published by Circle Economy, the world is now just 8.6% circular — down from 9.1% two years ago. Rather than being disheartened by such news, Eastman is all the more motivated to help reverse that trend.

Over the coming years, Eastman will find many more opportunities to advance the circular economy globally.

Today, waste is often inherent in product design and manufacturing processes. We want to lead and collaborate across our value chain to design waste out and use new technologies and other innovations to stimulate progress without depleting our planet's resources. •

**JOIN OUR DRIVE TO MAINSTREAM CIRCULARITY:
CONNECT WITH US AT SUSTAINABLEINNOVATION@EASTMAN.COM**



CARING FOR SOCIETY

- Achieve gender parity in alignment with our commitment to Paradigm for Parity®
- Be a leader for racial equity within our industry sector
- Drive new product innovations that advance solutions for society's most pressing needs while ensuring product safety and transparency

"2020 has opened our eyes to a multitude of challenges, issues and unhealed wounds. In this year of a global pandemic, of often polarizing political unrest, of recognition of long-standing racial injustice, we have tough questions to ask as a company and as individuals. As leaders, we are also tasked with the even harder work of finding solutions in courageous conversations. I am proud that Eastman is taking definitive action to ensure a better society for all. We aren't done yet. We know we have a responsibility to continue to lead and make a difference."

—Eryn O'Brien, Vice President, Global Talent and Inclusion

ENGAGING WITH SOCIAL ISSUES TO BUILD A BETTER SOCIETY

As 2020 started, the world shifted due to COVID-19. Shortly thereafter, the senseless deaths of George Floyd, Breonna Taylor and others accelerated the worldwide discussion about systemic racism and inequality. Eastman and the Eastman Foundation responded.

Within our operations, we are guided by our Code of Ethics and the principles behind our zero-incident mindset. By creating an environment that fosters a sense of belonging, acceptance and safety, we position our employees to thrive in their careers and to achieve great results for Eastman. We encourage our Employee Resource Groups (ERGs) to help make underrepresented voices heard, and our training and development programs focus on cultivation of breakthrough leaders to drive positive systemic change.

In 2020, we are setting new inclusion and diversity (I&D) goals.

We will be looking to third-party experts to help us achieve our goals and our wider vision for I&D. For example, Eastman is committed to Paradigm

for Parity®, a coalition of business leaders, board members and academics dedicated to addressing the corporate leadership gender gap. In alignment with our commitment, we will achieve gender parity by 2030.

Additionally, we have set a goal to be a leader in racial equity within our sector. We are increasing efforts to recruit more racially diverse talent to Eastman, including investing more in historically Black colleges and universities (HBCUs) and campus diversity organizations, to ensure we are fully tapping into a broader pool of talent as we commit to a more diverse workforce.

Across the company, we are taking an intentional approach to investing in our leaders' understanding of the roots of inequality, how to more intentionally disrupt biases in talent decisions and how to create a consciously inclusive environment. Eastman has made progress in recent years, but we can and will do much more and regularly report acceleration of our progress to our Board of Directors.

Outside of our operations, the Eastman Foundation strives to bring the same values to life. In early 2020, the foundation committed more than \$1 million in grants toward the critical needs of our global

community by supporting access to food, shelter, medical supplies/PPE and economic support in communities impacted by COVID-19, demonstrating the difference we can make in times of need.

The future of the Eastman Foundation is also shifting to better align with our corporate strategy and the needs and expectations of our stakeholders. Eastman will be more intentional with the resources that we deploy and is looking for partners that are aligned with our corporate purpose and strategy of innovating for a sustainable future by mitigating climate change, mainstreaming circularity and caring for society.

And as we collectively gain a better understanding of social justice, systemic racism and other issues that affect our ability to thrive, Eastman intends to be part of the solution. •





TURNING RHETORIC INTO REALITY

The unrest of 2020 leaves us determined to ensure our workplaces, communities and society are better off.

In more ways than one, we will look back at 2020 as the year that rocked society to its core.

As the world has been confronted with a global pandemic, it has been hit hard by social unrest. The killing of George Floyd, yet another instance of injustice and systemic violence toward people of color, shook us all, inflaming the scars caused by centuries of racism and injustice. Perry Stuckey, Eastman senior vice president of human resources, feels the strain — and feels a sense of determination too.

“Companies have an obligation to do things to create a sustainable environment, and that includes people,” Stuckey says. “Our aspirations are much higher now. We will lead through the lens of a moral compass, focused on eliminating unconscious bias and boosting inclusion and diversity.”

Perry Stuckey, Senior Vice President of Human Resources

“It’s time to turn rhetoric into reality,” he adds. “2020 has been a wake-up call for American corporations.

There will be a cure for COVID-19, but there’s no vaccine for racism. You have to take a hard look at where you are, what you’ve been doing and what you need to do to leave your employees better off.”

Focusing on historically underrepresented or marginalized groups of people, Eastman ERGs have been a force for change, and Stuckey is proud of the progress they’ve helped us achieve as a company. But that’s just a beginning, and we know we must do more to promote equality.

In 2020, Eastman has set new sustainability goals, including definitive commitments to accelerate diversity, equity, racial representation and inclusion. By 2030, we will be a leader in our sector and will achieve gender parity in alignment with our commitment to Paradigm for Parity®. We will track Eastman’s progress through a scorecard that will be published externally.

“We are not just going to benchmark against the chemical sector to determine our success,” Stuckey says. “Our Board of Directors and the entire executive team are committed to these business imperatives.”

Eastman started with a focus on building more leadership development opportunities and a better culture of inclusion for women. That focus inspired us to take a wider view of our inclusion and diversity efforts and the work we still need to do. “We need to do a better job of recruiting top talent among Black and Hispanic workers. We’re setting measurable goals, and we will do what is needed to reach them,” says Stuckey.

This is not just an ethical and moral decision — it’s also essential for long-term business success.

Inclusion and diversity are essential for Eastman to be an innovation leader for another 100 years.

When employees enjoy a workplace of inclusion, fairness and respect for all, success follows.

“Two years ago, women were the largest percentage of college graduates,” Stuckey says. “There are more women and people of color in the workplace, and if organizations don’t see that trend now, they’re not going to acquire the best talent. They’re going to be left behind as the transformational companies win in the marketplace of the future.” •

TAPPING INTO THE FULL POTENTIAL OF ALL EASTMAN PEOPLE

Our inclusion and diversity (I&D) strategy focuses on four pillars to build a high-performing, innovative organization where everyone feels engaged to do their best work.

MITIGATE UNCONSCIOUS BIAS

Equip leaders for the "bias disruption" required to build more inclusive and diverse high-performing teams

Better identify and mitigate unconscious biases through full diversity-partner learning labs

Cultivate a greater sense of belonging, and create the opportunity for everyone to realize their full potential through Inclusive Leadership training and coaching tools

Incorporate measurable I&D goals into scorecards for senior leadership

FOSTER INCLUSIVE CULTURE

Create an environment that enables everyone to contribute to their full potential

Increase the number and quality of allies through I&D 101 and Allyship training

Support established Eastman Resource Groups (ERGs) to further promote an inclusive workplace

Established Dr. Martin Luther King Jr. Day as a new Eastman holiday

BUILD INCLUSIVE TEAMS

Bring underrepresented groups to industry levels and above

Rethink how we engage with higher education and professional organizations to source talent at all levels

Deepen engagement with historically Black colleges and universities (HBCUs)

Broaden diversity of candidates and interview teams in the hiring process

Implemented new health benefits: family leave, expanded domestic partner health benefits, new fertility benefits and pre-Medicare access

ACCELERATE DIVERSITY IN LEADERSHIP

Expand the inclusion of diverse talent in leadership roles

Dedicated to helping a diverse set of employees grow their careers, we are mitigating unconscious biases at all steps in our talent processes

Investing in targeted programs to accelerate the development of women and people of color toward more senior leadership roles

Build a more diverse leadership pipeline by connecting talent with senior leaders through implementation of a sponsorship program

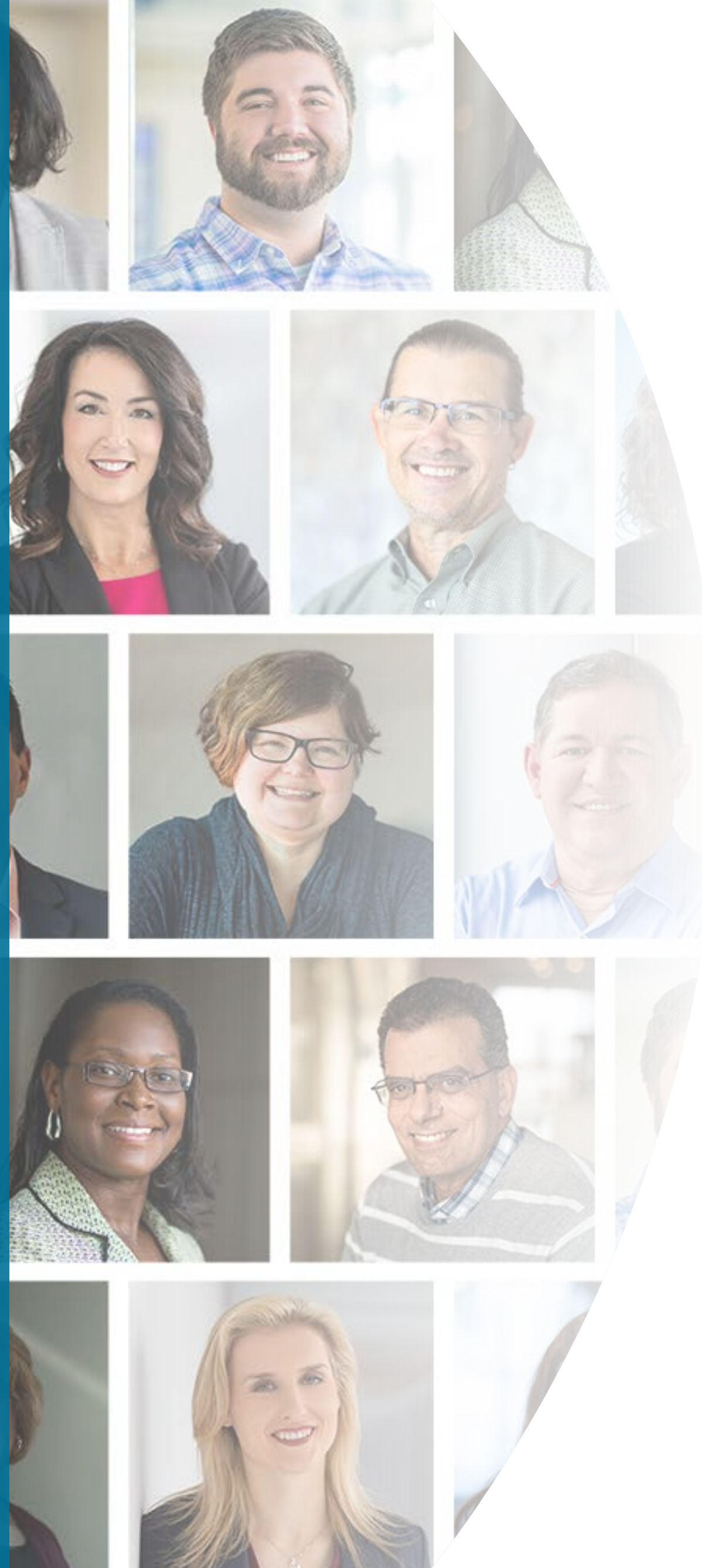


ERGS: *Inclusion and diversity in action*

Processes and systems are not innovators — people are innovators. We know that a diverse, accessible and equitable workplace is the best environment to promote innovation and the best way to engage employees to drive results.

Every individual has the right to be seen and heard and to be respected for who they are. Inclusion and diversity are core elements of Eastman's corporate strategy. We're actively working to ensure that these values are part of daily life at all of our sites and for all 14,500 members of our global team.

Eastman Resource Groups (ERGs) exemplify the intentional measures we're taking. We currently have five ERGs: Connect, Equality, Catalysts, EVETS and Mosaic. Each one focuses on a particular demographic, and each one shares a mission to promote increased understanding and empathy among global team members. That understanding drives greater inclusion, which ignites the creativity and passion that leads to innovation.



CATALYSTS

To be a catalyst for women to receive more career and leadership development opportunities and recognition of their contributions, building a stronger culture of inclusion and diversity and driving better business results

EVETS

To enable superior business performance by creating an environment where military veterans are fully engaged and their unique skills are highly integrated and valued

CONNECT

To facilitate the inclusion of Black team members in achieving corporate objectives that drive innovation and targeted business results at Eastman

MOSAIC

To inspire Latinos and Hispanics to innovate and drive business growth by leveraging unique backgrounds, skill sets, and talents throughout all levels of involvement

EQUALITY

To enable Eastman to be a company where LGBTQ employees and their allies are visible, fully accepted and free to be authentic in all aspects of employment across the company



CATALYSTS

"Equality, balance, diversity and inclusion are just four terms that come to mind that are highly important in today's landscape. These terms were also emphasized during the third edition of the Women in Leadership training at the Erasmus University Rotterdam that I participated in last year. This training showed that there are still so many unknowns and unconscious biases out there. As a result, my passion and commitment to create an equal, diverse and inclusive workplace increased dramatically, which I didn't realize was possible."

Ylona van Hemert,
Chair of Catalyst for Europe, Middle East and Africa region,
Rotterdam, The Netherlands



CONNECT

"There are two elements to think about, and one of them is that having an inclusive and diverse environment is just the right thing to do. But also, if you just look at the numbers, it's the smart thing to do. We're an innovation company. If we don't create an environment where we're able to better recruit African Americans, we're ignoring a whole set of bright minds for other companies to take. And if we don't encourage people to come to work and do their best job every day and not be afraid to speak up in a conference room, what are we leaving on the table?"

Elaine Washington,
Chair of Connect, Kingsport, Tenn.



EQUALITY

"Companies that adopted 'lean' manufacturing in the 1980s thrived, and those that didn't adopt it didn't sustain. I&D is the new 'lean' manufacturing. As a specialty materials company, we need to know the answer to the question 'What do customers want tomorrow?' We need to have many different perspectives and different backgrounds challenging each other to get the answers to those questions. Inclusion and diversity is good for people, it's good for business — and it's vital for innovation."

George Chamoun,
Chair of Equality, Kingsport, Tenn.



EVETS

"EVETS is an opportunity to provide leaders with insights on our veteran population and what they can bring to the company. And we need to create an environment that enables everyone to contribute to their fullest potential, one where unique expertise and insights can be leveraged to achieve our transformation. I believe that veterans can play a critical role in helping us get there. Through translating skills obtained in the military, we can seek to fill additional roles within the company with previously unrecognized talent."

Brandon Horne,
Chair of EVETS, Kingsport, Tenn.



MOSAIC

"ERGs are open to everybody at Eastman — not just, for example, Mosaic being just for Hispanics or Latinos or Catalyst being just for women or Connect being just for African Americans. Anyone can be a part. You come. You listen to your fellow team members, and you learn about them. You learn about different perspectives. The next time you're working with someone, you might have a better understanding of where they're coming from and why they make the decisions they do."

Edgar Trejo,
Mosaic member, Longview, Texas



Leaders like the late John Lewis are too few and far between. One of my most cherished memories is of a chance meeting with him in Atlanta that turned into a wonderful discussion about the work we still need to do to reach our goal of a truly inclusive and just society. >>

Shalini Rajoo, Director of Global Business Conduct

EMBRACING THE SPIRIT OF “GOOD TROUBLE:”

Meet Shalini Rajoo

That conversation resonated deeply with me and continues to do so as I navigate the complexities of leading Eastman’s compliance function, working with the Sustainability Council to establish a framework to better support underserved and underrepresented groups and communities and helping Eastman Foundation continue to invest meaningfully in those groups and communities.

We talked about the similarities in our backgrounds. I grew up under the apartheid regime in South Africa and, like John Lewis and so many others, had experienced the full weight of institutionalized racism — masterfully engineered systems calculated and designed to dehumanize. But the conversation quickly turned to what it took to overcome that blight on our history.

It took good people standing up, speaking out and getting into the “good and necessary trouble” of which John Lewis spoke so eloquently . . . the kind that redeems souls and changes nations.

As I think about my different roles at Eastman, how we change the quality of people’s lives in a material way, and what compliance means for Eastman and its employees, I keep coming back to that conversation.

It’s about having the courage to embrace good trouble. It’s always choosing to speak up and do the right thing the right way for the right reasons, even — or especially — when it’s difficult to do so. It’s that simple.

I’m proud to work for a company that is willing to embrace and encourage good trouble. •



NEW PARTNERS AND NEW PARADIGMS:

Gender equity at Eastman

Women make up 50.8% of the United States population and 47% of the total U.S. labor force, as reported by the United States Department of Labor. Yet women are less well represented in leadership roles, with only 21% of C-suite positions filled by women. This gap must be closed if we are to have an equitable society.

At Eastman, we know that business as usual in our talent pipeline won't solve this issue. Inclusion and diversity are top priorities for our company. We are partnering with Paradigm for Parity® to help us and other businesses worldwide accelerate progress in addressing gender bias and equal opportunity in the workplace.

Paradigm for Parity® is a coalition of business leaders dedicated to addressing the corporate leadership gender gap. Their members include CEOs, senior executives, founders, board members and business academics who are committed to achieving a new norm in the corporate world, one in which women and men have equal opportunities for leadership and where all voices are heard to create better solutions in business.

Eastman is leveraging this relationship to find new ways to accelerate our I&D efforts, including our ongoing root-cause analysis work to better understand and address any gap between the number of women who are in business and technical roles and the percentage who are in management roles.

The coalition's ultimate goal, which Eastman shares, is to achieve full gender parity by 2030, with a near-term goal of women holding at least 30% of senior roles. •

EASTMAN CARES:

Corporate social responsibility

In 2020, we have faced many hard realities. We are enduring a pandemic that is a global tragedy impacting communities around the world. We see people and societies rejecting excuses for decades of social injustice. We see a generation rejecting inaction to address environmental challenges such as climate change and material waste.

As we assess our corporate engagement strategy, we are taking society's urgent challenges to heart. We learned that we can do better and that business as usual will not deliver the positive change we're striving toward.

These societal issues have catalyzed Eastman to revisit our approach to Corporate Social Responsibility (CSR). As we evaluate our current programs and investments, we will work to further strengthen our corporate culture of purpose based on the needs of our employees and communities — creating a tactical roadmap on what's possible. One thing is certain about Eastman's new direction, it will be our response plan for future generations and will leverage our strength in innovation, resilience and unique networks. To succeed, our CSR programs will ensure that how we engage our employees and invest in our communities delivers measurable cultural, educational, economic and social impact.

We considered our successes in 2019 and 2020 as building blocks. For example, in Samne, Peru, Engineers Without Borders members from Kingsport, Tennessee, designed and built a new water reservoir to deliver a safe water supply to its people. Eastman team members in Shanghai, China, partnered with Junior Achievement for job shadowing programs to show students the world of work and inspire the next generation of innovators. And this year, the Eastman Foundation distributed an additional \$1 million to COVID-19 relief all over the world to help communities in need where we have operations.

Eastman's people will continue to be our strongest asset. As we look to 2021, our team of 14,500 members will be the heartbeat that drives our success and builds a culture of shared values and positive actions. Going forward, Eastman will recognize that empowerment and inclusivity are key. Our workplace giving and volunteering programs will be broadened to allow our employees to support causes that resonate with them personally in a way that amplifies their passions for what's happening in their own communities.

When it comes to our partners and existing grantees, we will be diving deeper and engaging at a more meaningful, behavioral and conditional change level as we work to move the dial on our collective social impact.

Likewise, the Eastman Foundation will shift its strategy to be more intentional with the resources it deploys. It will focus on partnerships aligned with our corporate vision of making a material difference to the lives that Eastman touches. We will support society's need to transform the plastics crisis into a new way of creating products that people use every day and promote activities that address climate change and social inequities, allowing everyone the opportunity to thrive.

We don't have all the answers, but we embrace the opportunity to work together to make a meaningful impact on our worldwide community. Our future generations will depend on it. •

Water reservoir in Samne, Peru



RELIABLE MATERIALS: *The Eastman response to COVID-19*

COVID-19 has changed the world in a matter of months, and Eastman teams around the globe have stepped up to address the challenges of the global pandemic.

In a time of uncertainty, we have continued to make materials the world relies on. And within Eastman, we have relied on each other.

We launched virtual fitness classes to help tend to our physical and mental well-being and shared resources and links for child care as we are all faced with new ways of working while keeping families in the forefront. To keep our teams safe and up to date during the pandemic, we established virtual training for leaders to help us all manage through the COVID-19 crisis.

And we continue to be there for our communities. Collaboration is a hallmark of Eastman, and the reach of our organization combined with our product offerings gives us a unique opportunity to make an immediate impact with medical workers and health organizations worldwide. •

Among their many efforts, our teams have:

- Collaborated with SMC Ltd. to produce 10,000 face shields for hospitals in Massachusetts.
- Donated copolyester resins to PRP Creation as part of an effort by cosmetics companies to produce 475,000 bottles of hand sanitizer for health organizations in France.
- Distributed window film to Harlow College to produce 300 face shields for hospital workers in the United Kingdom.
- Donated critical personal protective equipment (PPE) to first responders in Massachusetts, including 180 N95 masks and 4,400 nitrile gloves.
- Worked with Rotuba to produce face shields for medical personnel. Rotuba used Eastman cellulose acetate to create up to 100,000 splash guards per week.
- Donated 3,000 square meters of material to ETC, a Wisconsin-based manufacturer of lighting and rigging technology. ETC began manufacturing face shields in response to the COVID-19 pandemic, delivering thousands of shields locally and nationally.
- Donated copolyesters to 3D Lab and MMS Plásticos to produce and distribute thousands of free face shields to public hospitals in Brazil.

Rotuba face shield

ADDRESSING FOOD INSECURITY IN OUR COMMUNITIES

When parents worry that they won't be able to feed their family, the anxiety can be overwhelming. Monica Hatchett of Henry County Schools in Martinsville, Va., has witnessed it firsthand. That's why she teamed up with her school district, an army of volunteers and Eastman Foundation to do something about it.

The school district received a significant grant from the Eastman Foundation to distribute extra meals to local families in need over the summer. All season long, the school system is making food available for pickup twice a week at no cost to the families of children in the county, even if they do not attend county schools. Breakfasts, lunches and boxes of groceries are all part of the donations, which Hatchett and the volunteers pack and prepare each Friday.

"I talked to one mom — single with three kids — who had been furloughed for an extended period of time because of the pandemic," Hatchett says. "She was concerned about how she was going to feed her family, and when she came to pick up a food box, you could see the weight lift from her shoulders. The food box was a game-changer for her."

Steve DuVal, site director for Eastman's Martinsville site, is part of the Henry County community, and he also sees the need. "I've seen the struggles families in our community face," DuVal says. "Helping keep children fed is a small step Eastman can take to improve quality of life for families in Henry County."

The Henry County Schools grant is just one of many that Eastman Foundation has awarded — and will continue to award — as part of the \$1 million commitment it announced in May. The money will go toward supporting global response organizations in the wake of the global pandemic.

Willie McLain, president of Eastman Foundation, says the foundation is directing grants to communities and people in areas in which Eastman operates. As he says, "Given the unprecedented impact of COVID-19 on all of us, it's important that we provide support in the communities where our people live and work." •

"Given the unprecedented impact of COVID-19 on all of us, it's important that we provide support in the communities where our people live and work."

*—Willie McLain,
President of Eastman Foundation*

OUR ZERO-INCIDENT MINDSET: *The right way*

We take a holistic approach to our people and processes. By fostering the right behaviors, values and culture at Eastman, we're ensuring that our employees are operating responsibly, accountably and, most importantly, safely.

Last year, we extended the definition of "incident" to refer to any departure from Eastman core values, expected behaviors and principles in any category, from safety and security to ethics, inclusiveness and sustainability.

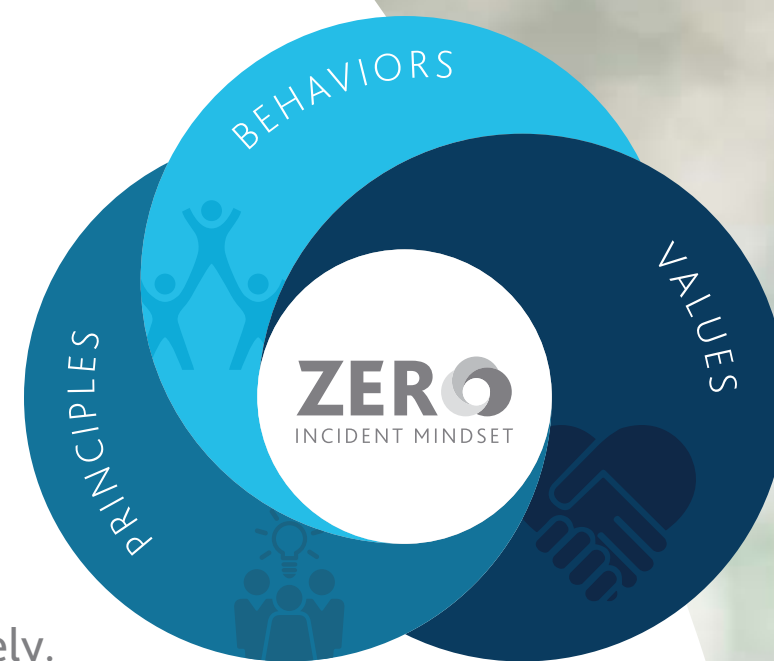
With our zero-incident mindset, we are creating an integrated environment in which incidents are never acceptable and everyone is empowered to prevent them. From human rights violations to accident frequency, every aspect of our business is included.

Today, through persistent execution and dedication to providing outstanding programs and tools, we are coming closer to making our zero-incident vision a reality. This mindset is becoming the norm at Eastman to the benefit of stakeholders across the company and beyond.

In short, we are who we say we are and do what we say we're going to do — the right way.

A Clean Sweep: Applying a zero-incident mindset to production

Throughout our company, Eastman has pledged to strive for zero pellet, flake and powder loss. That aligns with our commitment to Operation Clean Sweep® (OCS), an international program designed to keep those materials from production — such as copolyester pellets and acetate flake — completely in the production process, so there is no chance they will enter the environment. Throughout 2020, the Eastman OCS working team has engaged with key stakeholders across the company to implement these expectations of no material loss. During the second half of 2021, we plan to benchmark with other OCS companies to understand best practices and learnings from their program implementations. We intend to collaborate with companies that have taken the next step to OCS Blue. Through this collaboration, we will learn how they successfully implemented the additional expectations of that program as we work toward our goal of implementing Operation Clean Sweep Blue. And before the end of 2021, we plan to publicly report on pellet spills. •



COMMITMENTS

Process safety

- Achieve top quartile performance as measured against American Chemistry Council (ACC) and American Fuel & Petrochemical Manufacturers (AFPM) companies
- Process safety events (PSE) Tier 1 + Tier 2 = 0.10 (reduction in events by 80% in 10 years)

Personal safety

- Zero serious injury and fatality (SIF) events
- Zero potential serious injury and fatality events (P-SIF) associated with life-critical procedures

Environmental safety

- Continue development of new environmental performance indicators that provide a global measure of environmental performance
- Metric defined and implemented 2021; establish baseline in 2022; achieve a 75% reduction by 2030
- Working toward goal of implementing Operation Clean Sweep Blue and plan to publicly report on pellet spills before the end of 2021



KNOW BETTER. DO BETTER. TOGETHER.

Our corporate sustainability strategy begins and ends with people. All of our stakeholders have a role to play, and all of our stakeholders are affected by the choices we make.

With the planet projected to have a global population of 10 billion people by 2050, Eastman has the responsibility to meet the needs of a growing society without depleting our planetary resources. Oxford economist Kate Raworth describes this as “A Safe and Just Space for Humanity,” and Eastman wants to help the world get there.

We have set an aspirational vision for the future, beginning with our 2030 goals. But we can't get there alone. These goals can only be achieved through a decade of collaborative action where experts, problem solvers, innovators and leaders from across all industries and disciplines come together to create a future where everyone has access to a sustainable life on this planet we all share.

By participating in the United Nations (UN) Sustainable Development Goals framework, Eastman is embedding environmental and social purpose into the heart of our corporate culture. Our zero-incident mindset is helping us maintain a fair and inclusive workplace where our

diversity of thought and life experiences leads to better ideas and innovations. We also pursue the highest standard of ethics and compliance, going beyond compliance to promote a sustainably advantaged portfolio and a Code of Business Conduct we all live by.

A shift to a more sustainable future means our employees must “walk the talk” as a united workforce that has truly internalized the ambition of our corporate goals and then chooses to act — both personally and professionally — to realize them.

The equation has changed. We must solve for the world's greatest challenges, and it is not always about who can do it first — but instead who will be the first to join us.

We are calling on all our stakeholders to understand the issues and join us in taking action to mitigate climate change, mainstream circularity and care for society.

As we seek to continuously improve, we need engagement from stakeholders at every stage of our value chain and beyond. We are ready to listen — to our employees, to our customers, to our investors, to our communities and to you. •



Please reach out to us via sustainableinnovation@eastman.com to share your thoughts, concerns and insights.



Will you join us?



SUSTAINABILITY TRANSPARENCY

In this section:

- > Materiality assessment
- > Stakeholder engagement
- > Sustainability governance

MAPPING A BETTER CIRCLE: Sustainability materiality assessment

In 2018, we updated our materiality matrix based on the importance our stakeholders place on sustainability issues, Eastman's prioritization of these issues relative to our business strategy, and the level of impact an issue may have on our reputation. We updated it again in 2020, using many of the same internal and external inputs, including:

- A third-party assessment using Datamaran, a business intelligence tool that aggregates and analyzes public communications and disclosures
- An assessment based on standard environmental, social and governance (ESG) frameworks and third-party raters, including Carbon Disclosure Project, EcoVadis, Sustainalytics, Institutional Shareholder Services, MSCI, SASB and more
- Continued alignment with the United Nations Sustainable Development Goals
- Cross-functional internal teams working with our sustainability sub-councils
- Prioritization of global macro trends
- Surveys of employee and local community representatives
- Sector-specific industry trends



We use the sustainability materiality assessment to identify areas of focus and refine our commitments. All 25 factors in this listening tool are important. This matrix reflects relative importance. Prioritization and effective management of these issues and opportunities are integrated into our strategy, business models, risk management and governance to drive continued commercial success. The results are considered in determination of the information included in our public disclosures, including this sustainability report, and ultimately drive the development of our "better circle" platform.

COLLABORATING FOR A BETTER CIRCLE:

Stakeholder engagement

We are committed to building a better world — A Better Circle — and we can't do it alone. Eastman seeks collaboration and insight from stakeholders along our entire value chain to help us develop innovative solutions and drive positive change.

We take a holistic, cross-functional approach to stakeholder engagement. As a publicly traded, global company, Eastman engages with and represents a broad range of stakeholders, from employees, communities, customers, suppliers and investors to consumers, influencers, nongovernmental organizations, regulatory agencies and academia. We proactively engage them at the corporate, regional and local levels, and we consider all requests, using a methodical approach to each engagement.

Stakeholders are evaluated on many factors, including connection to our industry, willingness to engage, subject expertise and more. Stakeholder engagement varies in type and frequency by stakeholder group, some of which are listed on this page.

Employees

Our internal communications and training teams educate employees on our sustainability efforts and corporate strategy. Through our employee resource groups, collaborative intranet spaces, special events and surveys, we gain insight from our diverse workforce and share management's approach.

Customers

As we fill our innovation pipeline, we take care in understanding the needs and expectations of the value chain to provide solutions that are sustainably advantaged. We actively engage in working sessions with customers to understand their vision and challenges and ideate solutions to help them achieve their goals.

Suppliers

We are committed to sustainable procurement practices and are institutionalizing a systemic approach to engage with suppliers to assess their level of commitment to sustainability and help drive improvements where needed.

Communities

We regularly engage with Community Advisory Panels in communities in which we operate to connect on and address topics of shared interest.

Investors

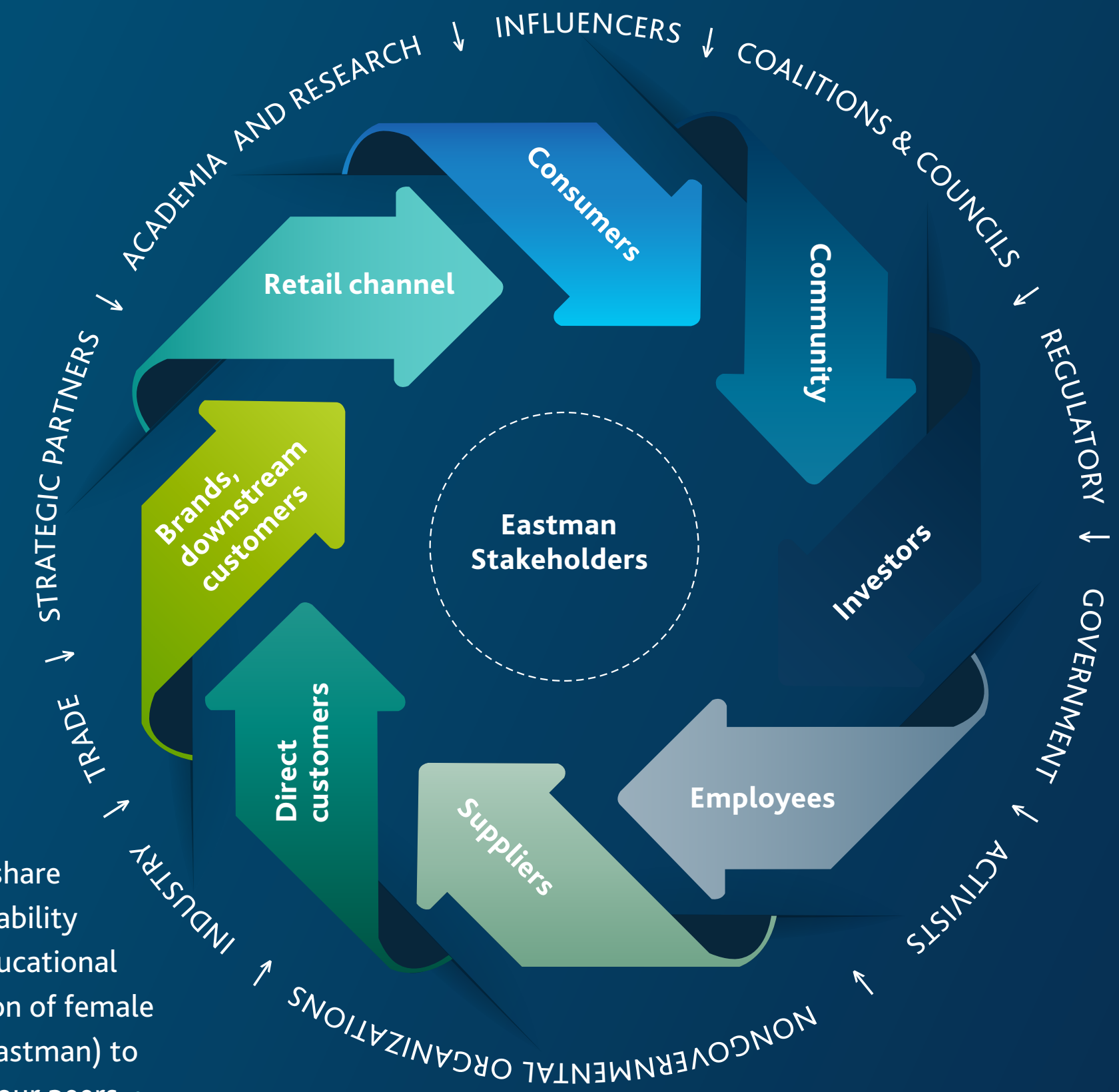
Sustainability issues are increasingly important to investors. We regularly engage with the investment community through our annual stockholder meeting and report; quarterly financial results, public webcast and calls; SEC filings and other public releases; and targeted ESG road shows and in-person investor events.

Policymakers

Our government affairs team interacts directly with legislators regarding issues that concern our stakeholders or that could potentially affect our ability to achieve our corporate commitments. This engagement has highlighted the need for broader industry efforts in recycling, improving feedstocks of plastic waste and more.

Nongovernmental organizations (NGOs)

Philanthropic partners and other NGOs share knowledge that helps inform our sustainability efforts. This includes everything from educational organizations creating the next generation of female scientists (who could one day work for Eastman) to trade groups where we collaborate with our peers.



MANAGING A BETTER CIRCLE:

Sustainability governance

Using our materiality assessment to understand our stakeholders, we connect the most significant issues to emerging sustainability trends and drivers within the markets we serve. We translate these insights into action through a structured governance model that presents scenarios, options and recommendations to advance action on our most significant issues.

Board of Directors

At the highest level, the Board of Directors provides oversight to our growth strategy, founded in a model of innovating for a sustainable future.

Chaired by Julie F. Holder, the Environmental, Safety and Sustainability Committee is a board committee of all the independent directors that oversees our sustainability strategy, initiatives and performance. Eastman's chief sustainability officer meets regularly with the committee to review sustainability management initiatives and progress.

Sustainability Council and executive oversight

Eastman's Sustainability Council is composed of executive team members and senior leaders to drive alignment of our commitments across the enterprise

and address emerging opportunities. Eastman's CEO and board chair has executive responsibility for the company's strategy and performance, including sustainability performance as it aligns to the corporate strategy. Sustainability goals are included in our CEO's annual personal performance commitments, including environmental performance and safety.

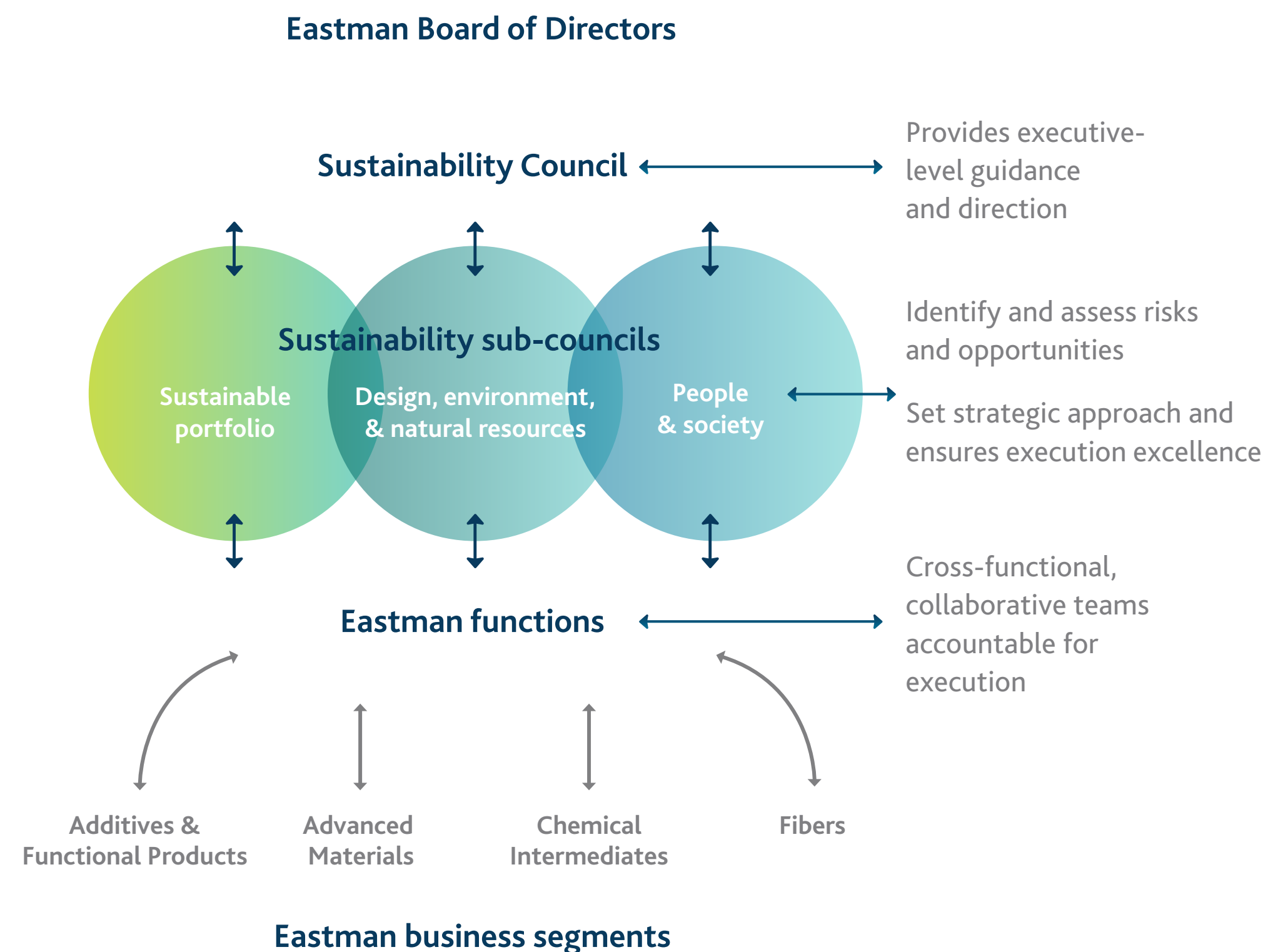
Sustainability sub-councils

Eastman's three sustainability sub-councils and their working groups proactively identify emerging issues, assess options and make recommendations.

The membership of the sub-councils is strategically selected for organizational representation and subject matter expertise to catalyze action on important issues.

Sustainability is ingrained
in our governance structure at every level.

Governance structure — Sustainability sub-councils identify and assess risks and opportunities to make recommendations for short-, mid- and long-term action. The sub-councils also establish targeted, strategic working groups where needed. The Sustainability Council provides executive-level guidance and direction.



2020 GOALS FINAL REPORT, INDICES AND APPENDIX

In this section:

- > Progress on 2020 goals
- > About this report
- > Global Reporting Initiative (GRI)
- > Task Force on Climate-related Financial Disclosures (TCFD)
- > Sustainability Accounting Standards Board (SASB)

“Honoring our commitments is a shared Eastman value so embedded in our culture that it’s an intrinsic part of our identity. Driving toward achievement of our sustainability goals is among our most significant commitments. We regard our license to operate in communities around the world as a privilege, and we never forget that. While we may never achieve perfection, we will always strive to realize it.”

—Mark Cox, Senior Vice President, Chief Manufacturing, Supply Chain and Engineering Officer

Eastman site Newport, Wales

2020 GOALS FINAL REPORT

In 2020, we are setting aggressive goals to define a new direction for Eastman, including our goal to achieve carbon neutrality by 2050. These goals are focused on mitigating climate change, mainstreaming a circular economy and caring for society.

As with everything we do, our approach to each of these topics is driven by innovation.

These goals build on the progress we achieved in pursuit of our previous targets, which expired at the end of 2019. Many of these goals we hit, and some we did not. In every case, we have gained crucial insights into our operations and our footprint. And as we further embed sustainability into our company, we will continue to improve across the board and report our progress annually using metrics that are most meaningful for our business. •

Eastman headquarters, Kingsport, Tennessee, U.S.A.

2020 goals final report

Goal	Progress details
<p>Drive Eastman to innovate more sustainably advantaged products</p>	<p>In 2019, we completed sustainability assessments of approximately 33% of our innovation pipeline. Approximately 76% of our innovation pipeline assessed is classified as sustainably advantaged or leadership level.</p> <p>Assessments adhere to the Framework for Portfolio Sustainability Assessments created with eight other chemical companies and managed by the World Business Council for Sustainable Development. They are completed collaboratively in a facilitated setting guided by the corporate sustainability team.</p> <p>Building on this success, we have set a 2030 sustainability goal: 100% of our innovation portfolio will be assessed using our Sustainability Assessment tool, with 80% of the portfolio achieving an advantaged or leader rating.</p>
<p>Drive Eastman portfolio toward more sustainable offerings</p>	<p>From our cellulose esters to our recent molecular recycling innovations, sustainability is inherent in all of our efforts as we seek to accelerate the circular economy.</p> <p>In addition to the progress we reported last year on capability building, we have launched automated tools to facilitate assessment completion and reporting.</p> <p>We have committed to focusing our innovations, addressing sustainability needs. By 2030, 80% of revenue from innovation projects will support advancement of sustainability in their markets.</p> <p>See the innovation, circularity and climate sections of this report for more information about our sustainable offerings.</p>
<p>Improve energy efficiency of operations by 20% by 2020 against the 2008 baseline</p>	<p>In 2019, energy intensity improved 12.3% compared to the 2008 baseline, a 1.4% improvement over 2018. Eastman follows U.S. Department of Energy energy intensity baseline and tracking guidance to quantify percent improvement. The measure is normalized for weather and production. For additional context: due to resource constraints and a move to more specialty chemicals and materials, which tend to be more energy intensive, energy intensity improvement began to plateau. Recognizing this trend, a pilot effort was initiated at Eastman's largest plant site (Kingsport, Tenn.) to add additional chemical process expertise to the effort and shift emphasis to the demand side. In addition, steam and power optimizers have been implemented at Eastman's two largest sites (Kingsport and Longview, Texas).</p>

2020 goals final report (continued)

Goal	Progress details
<p>Reduce greenhouse gas (GHG) emissions per unit of production (GHG intensity) by 20% by 2020 against the 2008 baseline</p>	<p>In 2019, GHG intensity measured 0.75 of CO₂eq per kg of production, which represents a nearly 24% reduction compared to the baseline, exceeding our 2020 goal.</p>
<p>Increase water use efficiency and ensure sustainable withdrawals and supply</p>	<p>While water is a basic need for our manufacturing operations, Eastman is committed to increasing water efficiency. Recycling water in manufacturing operations reduces water demand and raw water treatment costs and enhances energy and water efficiency.</p> <p>At our largest plant site in Kingsport, Tenn., we're focused on minimizing municipal water use. Updates include:</p> <ul style="list-style-type: none"> • Development of plans to survey our largest plant site for municipal water leaks with plans to eliminate the leaks as they are found. • Conversion to low flow fixtures, which is in progress. • Replacement of irrigation controllers with WaterSense irrigation controllers. <p>Another of our largest sites in Springfield, Mass., reported using at least 255 megaliters less municipal water.</p> <p>Water withdrawals increased by almost 6% in 2019 compared to 2018 due to identification of a previously unreported once-through cooling stream, which is returned to the environment. Identification of this additional stream was likely due to increased rigor around reporting.</p>
<p>Reduce total number of reportable releases by 25% by 2020 against the 2010 baseline</p>	<p>In 2019, we had 48 reportable releases, a reduction of 21% compared to the 2010 baseline. Eastman set an ambitious reportable release goal in support of its continuing commitment to prevent any releases to the environment. Eastman is driving a zero-incident mindset (ZIM) at our all our facilities. This means our goal is zero deviations from our regulatory obligations, including zero releases — reportable or otherwise. We made great progress on this goal and continue our never-ending commitment to a ZIM.</p>
<p>Reduce volatile organic compounds (VOC) by 15% by 2020 against the 2010 baseline</p>	<p>2019 VOC emissions decreased 11% compared to the baseline. Eastman set this aspirational goal because its two largest sites, Kingsport and Longview, Texas, were in areas challenged to meet the ground-level ozone standard. Studies show it is more important to reduce NO_x emissions in heavily vegetated, rural areas like Kingsport and Longview to address ozone. Accordingly, Eastman focused on reducing its NO_x emissions by 45%, far surpassing its NO_x emission reduction goal of 20% over its 2010 baseline. While we anticipate further NO_x reduction, we are unlikely to meet this 2020 VOC reduction goal.</p>

2020 goals final report (continued)

Goal	Progress details
<p>Reduce toxic release inventory (TRI) emissions to the air by 25% by 2020 against the 2010 baseline</p>	<p>Eastman continues to make great progress toward this goal, having reduced 2019 TRI air emissions by 20% compared to the 2010 baseline. A significant portion of these reductions came from the conversion of the Kingsport, Tenn., site's largest powerhouse from coal to natural gas combustion completed in 2018. We anticipate further reduction of TRI emissions but are unlikely to meet this 2020 goal.</p>
<p>Reduce hazardous waste (indexed to production) by 15% by 2020 against the 2010 baseline</p>	<p>2019 hazardous waste indexed to production increased 7% compared to the 2010 baseline. Eastman's two largest and most heavily integrated sites, Kingsport and Longview, Texas, are responsible for the vast majority of the company's hazardous waste. Both sites operate reliable, state-of-the-art hazardous waste treatment units that ensure this waste is managed in a manner that avoids adverse impacts on people and the planet. In addition, our operations are already very efficient at minimizing waste, making further reductions difficult. Since these volumes are already optimized and being responsibly managed, Eastman was unable to identify cost-effective measures by which it could further reduce the volumes generated. We have instead chosen to focus our resources in other areas where we can meaningfully reduce the impact of our operations on our environment.</p>
<p>Maintain our strong commitment to a zero-incident mindset</p>	<p>Our zero-incident mindset encompasses all aspects of operational excellence, including personal safety and process safety.</p> <p>In 2018, we established process safety targets for each of our business segments and integrated process safety into our business leadership teams. We understand that any process safety event is unacceptable in a zero-incident mindset, and serious events have the potential to impact all of our stakeholders. We track process safety incidents as defined by the American Chemistry Council.</p> <p>Additionally, we have shifted our personal safety focus to track and report serious injuries and fatalities (SIF) and potential SIFs, giving us a new tool to track leading indicators and assess potential risks to prevent incidents before they occur. Our efforts have helped us improve our global process-safety incident rate as we target exceeding industry peer performance in this area. We have improved our incident rate to 0.13 as we continue to work toward achieving top quartile performance.</p> <p>2019 Global Recordable Injury Rate was 0.81 against target of 0.54.</p>

2020 goals final report (continued)

Goal	Progress details
<p>Support catalytic projects and initiatives focused on education, empowerment, economic development and the environment</p>	<p>Eastman and Eastman Foundation maximize social impact through strategic investments, partnerships and engagement with our businesses and team members around the world.</p> <p>In the past, we have supported programs focused on STEAM education and volunteerism, and in 2019, we partnered on global initiatives to meet specific needs such as literacy and girls' education. In India, for example, Eastman supports Room to Read, a global nonprofit organization that empowers young girls and women to pursue a quality education and reach their full potential through the establishment of public school libraries and support for girls completing secondary school. In Tennessee, we partner with East Tennessee State University to provide professional development to science and math teachers to prepare them for the new school year. This program, called MathElites/ScienceElites, continued despite the pandemic via a virtual platform.</p> <p>As 2020 started, the world shifted due to COVID-19. We responded with in-kind donations, strategic partnerships and direct contributions, detailed on page 46 of this report.</p> <p>The future of the Eastman Foundation is also shifting to align with our corporate strategy and the needs and expectations of our stakeholders. Eastman will be more intentional with the resources that we deploy and is looking for partners that are aligned with our corporate purpose and strategy of innovatin for a sustainable future by mitigating climate change, mainstreaming circularity and building an equitable and just world where everyone has the ability to thrive.</p> <p>We are prioritizing how we create a more meaningful and strategic difference in the lives of the 10 billion people who will populate our planet by 2050. To do this, we will collaborate and partner with community organizations and other stakeholders while empowering our team members to engage with their local communities.</p>

ABOUT THIS REPORT

Eastman reports annually on the environmental, social and economic performance of our company, with regular updates to external stakeholders in the interim. This report focuses on our progress and challenges during 2019 and mid-2020. The quantitative data included covers Jan. 1 to Dec. 31, 2019, unless otherwise noted.

The report's narrative includes activities, data points and cumulative data from 2019 and prior years and through mid-2020 where this information provides a more complete and up-to-date picture of our sustainability efforts. Previous reports may be viewed here: eastman.com/Company/Sustainability

Our sustainability reports cover Eastman's wholly owned operations, updating stakeholders on progress toward our commitments and giving a broad overview of our impacts and activities. We are committed to including information on newly acquired sites within three years of acquisition. This report follows the Global Reporting Initiative's (GRI) standard framework and meets requirements for the United Nations Global Compact Communication on Progress.

Based on the stakeholder mapping assessment we completed in 2018 and updated for this report, we identified topics of significance and indicators that align to our strategy and are most relevant to our internal and external stakeholders. Our process included an examination of our business risks and opportunities, evaluation of external trends, external expertise and our own understanding of our business. See the "Materiality" section of this report for a full explanation of our findings.

The data used in this report were collected through information management processes, including instrumentation, monitoring, sample collection and analysis, engineering estimates, material balances and other methods. Eastman's internal auditors assess the information in conformance with standards set by the Institute of Internal Auditors and verify that supporting documentation exists. Many of the financial data are taken from our annual SEC filing.

Past reports

2019

2018

2017

2016

2015

2014

Global Reporting Initiative Index

This Global Reporting Initiative (GRI) Index corresponds to sustainability information presented in our annual sustainability report, our proxy statement and annual report, our website and other disclosures. Sustainability information presented in our sustainability report is prepared in accordance with GRI Standards core guidelines and focuses on performance in calendar year 2019.

The information included also serves as Eastman's Communication on Progress as a member of the United Nations Global Compact (UNGC) and an update on our role in the United Nations Sustainable Development Goals (SDGs).

Disclosure Number	Description	Cross-Reference or Answer	Pages	SDG	UNGC Connection
GRI 102 General Disclosures					
102-1	Name of the organization	Who is Eastman	3		
102-2	Activities, brands, products, and services	Who is Eastman , Eastman brands	3		
102-2	Activities, brands, products, and services	Marketing materials in all formats originate in the business organizations and are reviewed by attorneys and experts within Eastman's legal department. The team carefully reviews the content of the marketing materials to ensure compliance with applicable advertising laws, regulations and standards as well as Eastman's Code of Business Conduct. When necessary, reviewers seek input from fellow Eastman experts or third-party consultants.			
102-3	Location of headquarters	Kingsport, Tennessee, USA			
102-4	Location of operations	Locations			

Global Reporting Initiative Index (continued)

Disclosure Number	Description	Cross-Reference or Answer	Pages	SDG	UNGC Connection
102-5	Ownership and legal form	2019 10K report			
102-6	Markets served	Who is Eastman, Markets	3		
102-7	Scale of the organization	Who is Eastman, 2019 10K report	3		
102-8	Information on employees and other workers	Appendix	82		
102-9	Supply chain	Value chain	52		
102-10	Significant changes to the organization and its supply chain	2019 10K report		8	6
102-11	Precautionary principle or approach	Sustainability governance	10		
102-12	External initiatives	Responsible Care, Memberships, Product safety			
102-13	Membership of associations	Memberships			
102-14	Statement from senior decision-maker	CEO message, CSO message	5, 9		

Global Reporting Initiative Index (continued)

Disclosure Number	Description	Cross-Reference or Answer	Pages	SDG	UNGC Connection
102-15	Key impacts, risks, and opportunities	Stakeholder engagement and priority matrix; 2019 10K report	52–53		
102-16	Values, principles, standards, and norms of behavior	Values, Code of Business Conduct		16	10
102-17	Mechanisms for advice and concerns about ethics	Code of Business Conduct, Sustainability governance	53	16	10
102-18	Governance structure	Corporate Governance			
102-19	Delegating authority	Corporate Governance			
102-20	Executive-level responsibility for economic, environmental, and social topics	Corporate Governance			
102-21	Consulting stakeholders on economic, environmental, and social topics	Corporate Governance		16	
102-22	Composition of the highest governance body and its committees	Board of Directors		5, 16	

Global Reporting Initiative Index (continued)

Disclosure Number	Description	Cross-Reference or Answer	Pages	SDG	UNGC Connection
102-23	Chair of the highest governance body	Board of Directors		16	
102-24	Nominating and selecting the highest governance body	Corporate Governance		5, 16	
102-25	Conflicts of interest	Corporate Governance		16	
102-26	Role of highest governance body in setting purpose, values, and strategy	Corporate Governance			
102-27	Collective knowledge of highest governance body	Corporate Governance			
102-28	Evaluating the highest governance body's performance	Corporate Governance			
102-29	Identifying and managing economic, environmental, and social impacts	Corporate Governance		16	
102-30	Effectiveness of risk management processes	Sustainability governance	53		

Global Reporting Initiative Index (continued)

Disclosure Number	Description	Cross-Reference or Answer	Pages	SDG	UNGC Connection
102-31	Review of economic, environmental, and social topics	Sustainability governance	53		
102-32	Highest governance body's role in sustainability reporting	Sustainability governance	53		
102-33	Communicating critical concerns	Corporate Governance Guidelines			
102-35	Remuneration policies	Corporate Governance Guidelines Proxy Statement			
102-37	Stakeholders' involvement in remuneration	Corporate Governance Guidelines Proxy Statement		16	
102-38	Annual total compensation ratio	This is considered business confidential.			
102-39	Percentage increase in annual total compensation ratio	This is considered business confidential.			
102-40	List of stakeholder groups	Stakeholder engagement	52		
102-41	Collective bargaining agreements	As of July 1, 2019, collective bargaining agreements cover approximately 6% of Eastman's U.S.-based workforce.		8	6

Global Reporting Initiative Index (continued)

Disclosure Number	Description	Cross-Reference or Answer	Pages	SDG	UNGC Connection
102-42	Identifying and selecting stakeholders	Stakeholder engagement	52		
102-43	Approach to stakeholder engagement	Stakeholder engagement	52		
102-44	Key topics and concerns raised	Sustainability materiality assessment and stakeholder engagement	51, 52		
102-45	Entities included in the consolidated financial statements	Scope of report	60		
102-46	Defining report content and topic boundaries	Scope of report	60		
102-47	List of material topics	Sustainability materiality assessment and stakeholder engagement	51, 52		
102-48	Restatements of information	Sustainability materiality assessment and stakeholder engagement	51, 52		
102-49	Changes in reporting	Sustainability materiality assessment and stakeholder engagement	51, 52		
102-50	Reporting period	Scope of report	60		

Global Reporting Initiative Index (continued)

Disclosure Number	Description	Cross-Reference or Answer	Pages	SDG	UNGC Connection
102-51	Date of most recent report	Scope of report	60		
102-52	Reporting cycle	Annually			
102-53	Contact point for questions regarding the report	Stephen G. Crawford, Senior Vice President, Chief Technology & Sustainability Officer			
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option.			
102-55	GRI content index	GRI Index	61		
102-56	External assurance	Scope of report	60		
GRI 103 Management Approach					
103-1	Explanation of the material topic and its boundary	2019 10K Report, Who is Eastman	3		
103-2	The management approach and its components	2019 10K Report, Who is Eastman, Sustainability strategy	3, 11		
103-3	Evaluation of the management approach	Goals and progress	56		

Global Reporting Initiative Index (continued)

Disclosure Number	Description	Cross-Reference or Answer	Pages	SDG	UNGC Connection
GRI 201 Economic Performance					
201-1	Direct economic value generated and distributed	2019 10K Report, Part II, Item 8		2, 5, 7, 8, 9	
201-2	Financial implications and other risks and opportunities due to climate change	Appendix	82	13	
201-3	Defined benefit plan obligations and other retirement plans	2019 10K Report, Part II, Item 8, Note 11 Benefits at Eastman			
GRI 202 Market Presence					
202-2	Proportion of senior management hired from the local community	Appendix	83		
GRI 203 Indirect Economic Impact					
203-1	Infrastructure investments and services supported	Appendix	83	2, 5, 7, 9	
203-2	Significant indirect economic impacts	Appendix	83	8, 10, 17	

Global Reporting Initiative Index (continued)

Disclosure Number	Description	Cross-Reference or Answer	Pages	SDG	UNGC Connection
GRI 204 Procurement Practices					
204-1	Proportion of spending on local suppliers	Eastman's policy is to procure products and services based on total value for the company. Factors that Eastman considers when making purchasing decisions include competitive pricing, quality of work and materials, and timely and trustworthy performance. Procurement strategies are continuously developed and implemented to provide assurance of sources for goods and services necessary for the company's operations. Procurement strategies may include the development of a local supply based on business needs.		12	
GRI 205 Anti-corruption					
205-1	Operations assessed for risks related to corruption	Eastman conducts an annual risk assessment of 100% of its businesses, which includes risks relating to corruption.		16, 10	
205-2	Communication and training about anti-corruption policies and procedures	In addition to our Code of Business Conduct, Eastman internal policies include training on anti-corruption. Each year, 100% of regular full-time and part-time, limited-term and Eastman-paid employees worldwide are required to complete online Code of Business Conduct training. Employees with more sensitive roles are required to take additional training.		16, 10	
205-3	Confirmed incidents of corruption and actions taken	Where any incident of corruption was identified, appropriate disciplinary action was taken in conformance with applicable laws. In addition, Eastman has internal policies that include training on anti-corruption.		16, 10	

Global Reporting Initiative Index (continued)

Disclosure Number	Description	Cross-Reference or Answer	Pages	SDG	UNGC Connection
GRI 206 Anti-competitive Behavior					
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Any legal actions that are material for anticompetitive behavior, antitrust or monopoly practices would be disclosed in Eastman's filings with the Securities and Exchange Commission, and all such actions would generally be a matter of public record.			
GRI 301 Materials					
301-1	Materials used by weight or volume	Appendix	84		
301-2	Recycled input materials used	Appendix	84		
GRI 302 Energy					
302-1	Energy consumption within the organization	CDP Climate Appendix	85	7, 8, 12, 13	7, 8
302-2	Energy consumption outside of the organization	In 2019, Eastman used about 31 trillion Btu of indirect energy in the form of purchased steam and electricity to produce products.		7, 8, 12, 13	7, 8
302-3	Energy intensity	Energy, CDP Climate		7, 8, 12, 13	7, 8

Global Reporting Initiative Index (continued)

Disclosure Number	Description	Cross-Reference or Answer	Pages	SDG	UNGC Connection
302-4	Reduction of energy consumption	Energy , CDP Climate		7, 8, 12, 13	8, 9
302-5	Reductions in energy requirements of products and services	Energy			
GRI 303 Water and Effluents					
303-1	Interactions with water as a shared resource	Water , CDP Water			
303-2	Management of water discharge-related impacts	Water , CDP Water			
303-3	Water withdrawal	Water , CDP Water			
303-4	Water discharge	CDP Water Appendix	85		
303-5	Water consumption	Water CDP Water			

Global Reporting Initiative Index (continued)

Disclosure Number	Description	Cross-Reference or Answer	Pages	SDG	UNGC Connection
GRI 304 Biodiversity					
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Biodiversity			
304-2	Significant impacts of activities, products, and services on biodiversity	Biodiversity		6, 14, 15	8
304-3	Habitats protected or restored	Biodiversity			
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Biodiversity			
GRI 305 Emissions					
305-1	Direct (Scope 1) GHG emissions	Our 2019 direct greenhouse gas emissions using the ACC methodology were approximately 5.1 million metric tons, CDP Climate		3, 12, 13, 14, 15	7, 8

Global Reporting Initiative Index (continued)

Disclosure Number	Description	Cross-Reference or Answer	Pages	SDG	UNGC Connection
305-2	Energy indirect (Scope 2) GHG emissions	Our 2019 indirect greenhouse gas emissions using the ACC methodology were approximately 1.6 million metric tons, CDP Climate		3, 12, 13, 14, 15	7, 8
305-3	Other indirect (Scope 3) GHG emissions	Emissions, CDP Climate		3, 12, 13, 14, 15	7, 8
305-4	GHG emissions intensity	Appendix	85	13, 14, 15	8
305-5	Reduction of GHG emissions	Emissions, CDP Climate		13, 14, 15	8, 9
305-6	Emissions of ozone-depleting substances (ODS)	Eastman policies require all Eastman facilities, subsidiaries and majority-owned joint ventures that operate equipment containing ODS to develop and maintain an inventory of all ODS equipment, including an identification of the equipment and type and quantity of refrigerant.		3, 12	7, 8
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Environmental performance		3, 12, 13, 15	7, 8

Global Reporting Initiative Index (continued)

Disclosure Number	Description	Cross-Reference or Answer	Pages	SDG	UNGC Connection
GRI 306 Effluents and Waste					
306-2	Waste by type and disposal method	Waste Management		3, 6, 12	8
306-3	Significant spills	Goals and progress , Environmental performance	56	3, 6, 12, 14	8
306-4	Transport of hazardous waste	Goals and progress , Environmental performance	56		
GRI 307 Environmental Compliance					
307-1	Non-compliance with environmental laws and regulations	Eastman uses an internal reporting mechanism to ensure that all fines and penalties associated with noncompliance with environmental laws and regulations are captured in one place. This system applies globally and includes all fines and penalties of any size. For 2019, the company is not aware of any nonmonetary sanctions that should be reported. The company paid \$57,500 in 2019.		8, 16	8
GRI 401 Employment					
401-1	New employee hires and employee turnover	Appendix	85	5, 8	6

Global Reporting Initiative Index (continued)

Disclosure Number	Description	Cross-Reference or Answer	Pages	SDG	UNGC Connection
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Benefits at Eastman		8	
401-3	Parental leave	We do not report in detail on the return to work and retention rate after parental leave by gender.		5, 8	6
GRI 402 Labor/Management Relations					
402-1	Minimum notice periods regarding operational changes	In the event of operational changes that involve a change in staffing levels or otherwise affect employment, the company engages in significant planning to ensure affected employees are treated with the utmost respect and dignity. Labor and employment law requirements, including but not limited to reasonable employee notice of job loss and requirements under collective bargaining agreements, are carefully assessed in every global location.		8	3
GRI 403 Occupational Health and Safety					
403-1	Occupational health and safety management system	Health and Safety			
403-4	Worker participation, consultation, and communication on occupational health and safety	Health and Safety			

Global Reporting Initiative Index (continued)

Disclosure Number	Description	Cross-Reference or Answer	Pages	SDG	UNGC Connection
403-5	Worker training on occupational health and safety	Health and Safety			
403-6	Promotion of worker health	Employee Wellness			
403-9	Work-related injuries	Health and Safety			
GRI 404 Training and Education					
404-1	Average hours of training per year per employee	Appendix	86	8	6
404-2	Programs for upgrading employee skills and transition assistance programs	Careers at Eastman		8	
404-3	Percentage of employees receiving regular performance and career development reviews	We do not report on the percentage of employees receiving regular performance and career development reviews by gender and by employee category.		5, 8	6

Global Reporting Initiative Index (continued)

Disclosure Number	Description	Cross-Reference or Answer	Pages	SDG	UNGC Connection
GRI 405 Diversity and Equal Opportunity					
405-1	Diversity of governance bodies and employees	Appendix, Board of Directors	86	5, 8	6
405-2	Ratio of basic salary and remuneration of women to men	Eastman establishes and administers compensation based on business needs and external market competitiveness without regard to gender.		8, 10	6
GRI 406 Non-discrimination					
406-1	Incidents of discrimination and corrective actions taken	Eastman does not publicly report the total number of such incidents or any of their corrective actions.			
GRI 407 Freedom of Association and Collective Bargaining					
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Eastman complies with all laws designed to preserve the right to exercise freedom of association and collective bargaining. Eastman has not identified any operations at which those rights are at significant risk.		8	3

Global Reporting Initiative Index (continued)

Disclosure Number	Description	Cross-Reference or Answer	Pages	SDG	UNGC Connection
GRI 408 Child Labor					
408-1	Operations and suppliers at significant risk for incidents of child labor	Code of Business Conduct		8, 16	5
GRI 409 Forced or Compulsory Labor					
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Code of Business Conduct		8	4
GRI 410 Security Practices					
410-1	Security personnel trained in human rights policies or procedures	Security		16	1
GRI 411 Rights of Indigenous People					
411-1	Incidents of violations involving rights of indigenous peoples	As of December 2019, zero operations have been subject to human rights reviews or impact assessments.			1

Global Reporting Initiative Index (continued)

Disclosure Number	Description	Cross-Reference or Answer	Pages	SDG	UNGC Connection
GRI 412 Human Rights Assessment					
412-2	Employee training on human rights policies or procedures	Each year, 100% of regular full-time and part-time, limited-term and Eastman-paid employees worldwide are required to complete online training. This includes a course on the Eastman Code of Business Conduct, which governs our human rights policy, and additional courses that focus on topics within the Code. Some additional courses may be assigned by managers to their employees based on job relevancy, development or other reasons. On average, employees receive approximately five hours of training through this system on these topics.			
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Appendix	86		
GRI 413 Local Communities					
413-1	Operations with local community engagement, impact assessments, and development programs	Appendix	86		1

Global Reporting Initiative Index (continued)

Disclosure Number	Description	Cross-Reference or Answer	Pages	SDG	UNGC Connection
GRI 414 Supplier Social Assessment					
414-1	New suppliers that were screened using social criteria	Appendix	87		2
414-2	Negative social impacts in the supply chain and actions taken	Eastman is not aware of any significant impacts in our supply chain with respect to the environment, labor, human rights or societal issues that occurred in 2019.			2
GRI 415 Public Policy					
415-1	Political contributions	Appendix	87		10
GRI 416 Customer Health and Safety					
416-1	Assessment of the health and safety impacts of product and service categories	LCA			
GRI 417 Marketing and Labeling					
417-1	Requirements for product and service information and labeling	Product Safety		12	

Global Reporting Initiative Index (continued)

Disclosure Number	Description	Cross-Reference or Answer	Pages	SDG	UNGC Connection
417-2	Incidents of non-compliance concerning product and service information and labeling	All of our product safety data sheets and labeling comply with regulatory requirements for hazard communication in all countries and regions. In 2016, we implemented the Globally Harmonized System for Classification and Labeling (GHS) process to define, classify and communicate chemical hazard and safety information for all of our products.		16	
417-3	Incidents of non-compliance concerning marketing communications	Eastman is unaware of any significant fines in 2019 concerning marketing communications.			
GRI 418 Customer Privacy					
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Eastman is unaware of any complaints regarding breaches of customer privacy or loss of customer data in 2019.			
GRI 419 Socioeconomic Compliance					
419-1	Non-compliance with laws and regulations in the social and economic area	Eastman is unaware of any significant fines in 2019 concerning the provision and use of our products and services.		16	

Global Reporting Initiative Appendix

102-8 Information on employees and other workers

Total workforce	Employment type	Employment contract	Region
14,820 employees as of Dec. 31, 2019	Full-time: 97.5%	Permanent contract: 95.5%	North America: 71%
			Europe, Middle East and Africa: 15%
	Part-time: 2.5%	Temporary contract: 4.5%	Asia Pacific: 11%
			Latin America: 2%

201-2 Direct economic value generated and distributed

Chemical manufacturing by its very nature is energy intensive and can result in substantial carbon emissions. However, many products of chemistry, including Eastman products, reduce greenhouse gas emissions over time. Risks posed by climate change may manifest themselves in physical risks due to potential impacts of climate change and regulatory risks associated with actions to mitigate or respond to climate change. In particular, the company may be exposed to increased capital and operational costs associated with a move from fossil-derived fuels and feedstocks to more renewable sources of energy and materials. Carbon pricing has the potential to increase operational costs due to use of fossil feedstocks in power generation. More stringent emission limits have

the potential to increase both capital and operational costs. Physical impacts and a transition to a lower-carbon economy have the potential to advantage Eastman products in some markets. In particular, performance films and interlayers can be advantaged due to energy-efficiency attributes. Innovations in coatings (such as Tetrashield™) are advantaged, as they offer durability to withstand weather extremes, and opportunities exist for tire additives that provide increased fuel efficiency.

While Eastman's operations can be considered energy intensive, Eastman generates a significant proportion of its energy utilizing combined heat and power, which produces significantly fewer emissions and therefore has less impact on air quality. Electricity produced by combined heat and power plants is approximately twice as efficient as purchasing electricity from a utility with conventional power stations. Eastman's use of cogeneration, therefore, helps reduce the carbon emissions that would otherwise be required to operate these facilities. Eastman is no more at risk from climate change regulation than other energy-intensive industries. Regulatory constraints on carbon emissions can impact the development of new processes and facilities for Eastman as well as our customers and suppliers. For example, a price on carbon — whether in the form of a carbon tax or a via a cap-and-trade system — would increase direct costs for Eastman, including through a likely increase in energy costs. The potential impact for Eastman would be most substantive in the United States, where approximately 80% of the company's carbon footprint is located.

Emission standards or uncertainty about future standards may delay investments by our customers and, as a result, impact our future business opportunities. The direct impact of controlling CO₂ emissions from electric power generation may impact the cost of electric power supplied to Eastman manufacturing facilities, our customers and our suppliers. On the other hand, climate change may represent opportunities for Eastman with regard to the development and use of materials that enable or enhance efforts to mitigate or adapt to the effects of climate change. For example, use of window films to enhance energy efficiency, use of interlayers in window glass to provide strength for storm resistance, and development of coatings for extreme exposures represent potential opportunities.

Global Reporting Initiative Appendix (continued)

Eastman has an advantaged platform of solutions to address the challenges of plastic waste in the environment with our Advanced Circular Recycling technologies. Eastman's scale and integration provides an opportunity to accelerate the use of these two recycling technologies — carbon renewal technology and polyester renewal technology — and make a meaningful positive impact on the environment. Eastman is in a unique position to utilize existing assets and began operating carbon renewal technology at commercial scale in October 2019. This reforming technology gives new life to the most complex waste plastic by recycling flexible packaging, plastic films, polyester carpet and other mixed plastics. The resulting certified recycled material is indistinguishable from material from fossil feedstocks and can be used in durables, packaging and textiles. Postindustrial and pre-consumer scrap also feeds into the process. Polyester recycling technology is a positive end-of-life solution for polyester materials that might otherwise be discarded in landfills or incinerated. Through the scientific process of methanolysis, polyester-based products are reduced to their polymer building blocks called monomers. They are then reintroduced to the value chain as recycled polyester raw materials, delivering a true circular solution. These molecular recycling technologies allow material to be recycled an infinite number of times without losing quality. This means recycled materials will have more possible end uses. These technologies complement basic recycling by providing solutions for materials that can't be addressed by mechanical recycling.

The company has diversified product offerings, serves broad markets and regions, and attempts to mitigate our exposure to swings in energy and raw material prices. These diversified product offerings and a diversified customer base mitigate potential commercial impact to Eastman.

Eastman complies with current regulations of GHG emissions in those countries where they are regulated, such as in the European Union (EU), where Eastman's emissions are subject to the EU's emissions trading system (EU ETS). Given the European Commission's plans to further decarbonize as proposed in the EU Green Deal — which includes carbon neutrality by 2050 — Eastman will have fewer free emissions allocations. This will increase ETS compliance costs in years to come. Proposed legislation and regulations are evaluated, and the impact on Eastman is estimated. We engage policymakers directly and through trade associations with the objective that any climate change legislation or regulation enacted will not have an adverse impact on the economy or create a competitive disadvantage. See Eastman's CDP disclosure report for more information.

202-2 Proportion of senior management hired from the local community

Eastman has a large geographic footprint within the U.S. and globally. Talent strategies are developed to align with business strategy to attract, acquire and retain talent. Talent is sourced proactively and reactively at the local, regional, national and international levels. Although a majority of talent is acquired at the local level, we as a company do relocate well over 100 new hires globally each year to Eastman facilities to begin their employment with the organization at all levels. Eastman uses a number of different approaches for identifying talent for the organization. Some of the more effective methods are social media, employee referrals, career fairs, visitors to Eastman.com and job postings. The company then puts the candidates through a rigorous selection process to assess their level of capability, competencies and alignment with the organizational vision and culture.

203-1 Infrastructure investments and services supported

2020 and the global pandemic generated tremendous need, and Eastman responded. The Eastman Foundation committed more than \$1 million to provide immediate support to global response organizations for food, shelter, medical personal protective equipment for frontline workers and economic support in our site communities. As a materials innovator, we continued production of essential materials used every day to make critical items needed for medical, health and hygiene products in short supply. Eastman also donated materials to make face shields and hand sanitizer bottles and converted a pilot plant to produce hand sanitizer for employees, schools and hospitals.

203-2 Significant indirect economic impacts

Eastman's educational and workforce development efforts create significant indirect economic impacts to our site communities. We partner with Patrick Henry Community College to provide workforce training through the Center for Advanced Film Manufacturing in Martinsville, Virginia, to advance skill development in advanced film production.

Eastman continues its nationally recognized partnership with Northeast State Community College through the Regional Center for Advanced Manufacturing (RCAM) in Kingsport, Tennessee, to develop and equip the 21st century manufacturing workforce.

Global Reporting Initiative Appendix (continued)

Our commitment to public/private partnerships in the areas of education, environment, economic development and empowerment encourages innovative and productive thinking to create positive change in our site communities and around the world. Job placement rates for RCAM-related programs are consistently near 100%, and RCAM is instrumental in meeting industry demand for customized and highly specialized skills.

In 2019, Eastman's economic impact from employee and contractor compensation was estimated to be a total of \$9–\$10 billion in the states where we have manufacturing sites and sales offices. These figures are indicative of Eastman's reputation of being a responsible economic steward through the creation of jobs and investment in the community.

301-1 Materials used by weight or volume

Eastman is an integrated manufacturing company, purchasing basic feedstocks to feed three primary streams: olefins, polyesters and acetyls. Basic raw materials include ethane/propane for the olefin stream, paraxylene for polyesters and coal as a major building block for acetyls. These building block materials are processed through various downstream processes to yield products that are sold as finished goods. In 2019, direct raw materials purchased (excluding energy, utilities and material consumed as fuel) were 6.0 million metric tonnes (6.6 million tons). Eastman is beginning to implement and, in the future, will look to use fuel sources with lower emissions. At our Kingsport, Tennessee, facility, we recently completed the conversion of a powerhouse that provides approximately 50% of the steam and electricity for site manufacturing from coal to natural gas combustion.

301-2 Recycled input materials used

Eastman manufactures a large number of products, most of which are sold as feedstocks for our downstream customers. With integrated manufacturing streams, internal recycling of materials and developing value-up opportunities for coproduct streams are critical to minimize waste and maximize value creation. Opportunities to purchase materials with recycled content are limited due

to our vertical integration to basic commodity raw materials and currently represent a relatively small percentage of total purchases. However, Eastman is committed to value-added recycling and has many examples of the use of recycled material, including:

- Recycled acid: Eastman purchases recycled acid for use as an internal feedstock or for resale as a feedstock to other manufacturers.
- Recycled Saflex®: Eastman assets associated with Saflex production recover waste Saflex sheets in the U.S. and European regions through a toll agreement with Soca.
- Catalyst recycling program: When possible, Eastman replaces spent catalysts with fresh catalysts, both of which contain varying amounts of precious metals. As the spent catalyst becomes available, the material is sent to catalyst refiners who extract the precious metals from the spent material for reuse in the production of fresh catalysts. This recycling program helps reduce the amount of precious metals mined to satisfy global demand.
- Other purchased materials made with recycled materials include drums (steel, plastic, and fiber), bulk boxes, plastic liners, and plastic and steel pails. In addition to purchasing feedstocks with recycled content, our special materials team oversees the sale of Eastman's used materials streams to manufacturers who recover and convert these materials into useful products.

In addition, Eastman's long history of technical expertise in chemical processes and polymer science positions us to provide innovative solutions to some of the world's most complex problems, including the challenges of plastic waste in our environment. Our unique platform of solutions can significantly reduce plastic waste and support the evolution of the circular economy, delivering value to our stakeholders and the global community. Our 2019 launch of carbon renewal technology utilized existing assets to move rapidly to commercial scale. This technology consumes post-consumer plastics as raw material feedstocks, diverting plastic waste away from landfills and turning it into new, high-quality consumer products. Carbon renewal technology can process plastics with Resin Identification Codes 4 through 7 that mechanical recycling cannot handle. Eastman has already recycled millions of pounds of polyester carpet that would have otherwise gone to landfill.

Global Reporting Initiative Appendix (continued)

302-1 Energy consumption within the organization

Eastman used about 102 trillion Btu in 2019 to produce products using both direct and indirect energy. About 82% of direct energy was produced from purchased natural gas and coal, and about 17% was recovered fuel from feedstock. Our direct energy consumption is almost 77% of our total energy consumption. Eastman consumes 23% of our total energy consumed from the grid.

303-4 Water discharge

Eastman discharges process wastewater in accordance with applicable permits, licenses and agreements. The wastewater is either treated in Eastman-owned treatment facilities and discharged directly to surface waters, or it is treated in Eastman-owned pretreatment facilities and conveyed to third-party providers (e.g., utilities, municipalities) for additional treatment and/or discharge, or it is conveyed directly to third-party providers (e.g., utilities, municipalities) for treatment and/or discharge. An estimated 927,000 megaliters (ML) of water was discharged in 2019.

305-4 GHG emissions intensity

Eastman has committed to a 20% reduction in GHG intensity by 2020. The intensity measure for this effort is GHG emissions per unit of production as measured against the baseline of 2008. As of 2019, Eastman GHG intensity measured 0.75, which represents almost a 24% reduction compared to the baseline. The boiler conversions from coal to natural gas at our sites in Massachusetts and Tennessee enhanced our emissions reduction efforts and helped us attain our goal. Emissions reductions attributed to the conversions will be fully realized in reporting year 2020.

401-1 New employee hires and employee turnover

Eastman's total global voluntary turnover rate was 4.2%. We calculate voluntary turnover separately from retirements, company-initiated turnover, and reductions in force.

Total turnover rate was 10.0%.

Attrition by gender	Attrition by age	Attrition by region	Hires by gender	Hires by age	Hires by region
Male: 9.1%	Less than 30 yrs: 11.4%	NA: 10.5%	Male: 8.9%	Less than 30 yrs: 30.9%	NA: 8.1%
Female: 12.3%	30–50 yrs: 6.9%	EMEA: 7.6%	Female: 10.4%	30–50 yrs: 8.2%	EMEA: 7.6%
	Greater than 50 yrs: 13.6%	AP: 9.9%		Greater than 50 yrs: 1.9%	AP: 19.9%
		LAR: 7.7%			LAR: 6.8%

Global Reporting Initiative Appendix (continued)

404-1 Average hours of training per year per employee

Employee category	Hours
Professional/management	45
Nonexempt (nonoperations)	16
Nonexempt (operations)	44
Technicians/technologists	26
Average	41

405-1 Diversity of governance bodies and employees

Gender	Age	Ethnicity
Male: 76%	Less than 30 yrs: 14.5%	Minority: 13%
Female: 24%	30–50 yrs: 50.3%	White: 87%
	Greater than 50 yrs: 35.2%	

412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening

Eastman is committed to conducting business activities in accordance with the highest legal and ethical standards. To that end, Eastman's Code of Business Conduct includes provisions against child labor, forced labor, fraud and discrimination, among others. These same expectations are assessed as part of Eastman's due diligence process on any potential investment. Eastman has an established process within our corporate development organization that prescreens potential mergers and acquisitions against criteria with respect to all three dimensions of sustainability — economic, environmental and societal.

413-1 Operations with local community engagement, impact, assessments, and development programs

Eastman facilitates engagement efforts at its global sites with support from employees with diverse skills and talents and a common commitment to the communities in which they live and work.

By forming and holding regularly scheduled meetings with fourteen different community advisory panels at our largest global manufacturing sites, Eastman company leaders continuously engage in open dialogue with a diverse set of community stakeholders and near neighbors around the world.

As a Responsible Care® company, we also operate a 24/7 Care Line phone number at company headquarters that community members can call for inquiries.

To encourage an inclusive culture, Eastman provides opportunities for employees to participate in resource groups for members and allies of the following communities: veterans and active duty military employees, Hispanics, Black and African Americans, women, LGBTQ, and young professionals. We currently have over 1,300 employees who participate in these programs. We have a global compliance line that provides a confidential way for employees and others to ask questions about Eastman policies as well as seek guidance or report concerns that may involve illegal activity or any other violations of the company's Code of Business Conduct.

Global Reporting Initiative Appendix (continued)

414-1 New suppliers that were screened using social criteria

Eastman is a member of the Together for Sustainability Initiative (TfS), the chemical initiative for sustainable supply chains. TfS is a member-driven initiative founded in 2011 by 6 major chemical companies. Since that time, membership has grown to 26 members, including Eastman as the first U.S. chemical industry member. TfS develops and implements a global supplier engagement program to assess, audit and improve sustainability practices within the supply chain of the chemical industry. Under this initiative, Eastman requests that suppliers complete an Ecovadis sustainability assessment, which has four elements: environmental, labor and human rights, ethics and sustainable procurement. The TfS initiative also coordinates third-party audits of the responses to the assessments when needed. By the end of 2019, 44% of our direct raw material supplier base (by spend) had current (i.e., less than 3 years old) Ecovadis assessments.

415-1 Political contributions

Eligible U.S. employees may contribute voluntarily to EastmanPAC, the political action committee of Eastman. The advisory council of EastmanPAC approves an annual budget proposed by the company's director of government affairs. The advisory council meets annually and is made up of employees from U.S. sites as well as at-large company representatives. EastmanPAC is bipartisan and supports candidates who:

- Support business-friendly laws and regulations
- Represent a state/district where an Eastman facility is located
- Are active and responsible members of key committees
- Hold a leadership position within Congress or a state legislature

In 2019, EastmanPAC contributed \$229,500 to state and federal candidates in the U.S. No political contributions are made to entities outside the U.S. Eastman works with outside vendors to file all reports and to make sure all contributions comply with state and federal campaign finance regulations. All of EastmanPAC's Federal Election Commission (FEC) filings are available online at www.fec.gov. State disclosure reports are also available by visiting the state campaign finance websites in Alabama, California, Massachusetts, Tennessee and Texas. In states where the law allows corporate contributions, Eastman supports state candidates. Corporate contributions to state candidates in Tennessee totaled \$28,500 in 2019. The federal government requires all registered lobbyists to report personal campaign contributions semiannually. Each year, Eastman employees who meet the requirements file the necessary reports. These reports are available online at <http://lobbyingdisclosure.house.gov>. Eastman's political activity policies and guidelines are located on its website: Eastman Political Activity.

Task Force on Climate-related Financial Disclosures Index

The Task Force on Climate-related Financial Disclosures (TCFD) helps companies understand what financial markets want from disclosure to measure and respond to the effects of climate change. Eastman has monitored the development and adoption of the TCFD framework recommendations and uses them as a guide to assess climate-related risks and opportunities. This index provides the location of Eastman's information pertaining to the TCFD framework recommendations, categorized by Governance, Strategy, Risk Management, and Metrics and Targets.

Disclosure Focus Area	Disclosure	Response
Governance		
Disclose the organization's governance around climate-related risks and opportunities.	a.) Describe the Board's oversight of climate-related risks and opportunities.	CDP Climate Change Response (C1.1b) CDP Water Response (W6.2b)
	b.) Describe management's role in assessing and managing climate-related risks and opportunities.	CDP Climate Change Response (C1.2 , C1.2a) CDP Water Response (W6.3)
Strategy		
Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.	a.) Describe the climate-related risks and opportunities Eastman has identified over the short, medium, and long term.	CDP Climate Change Response (C2.1 , C2.2 , C2.2a , C2.3 , C2.3a , C2.4 , C2.4a) CDP Water Response (W4.3a)
	b.) Describe the impact of climate-related risks and opportunities on Eastman's businesses, strategy, and financial planning.	CDP Climate Change Response (C2.3a , C2.4a , C3.1 , C3.1d , C3.1e) CDP Water Response (W4.3a , W7.1)
	c.) Describe the resilience of Eastman's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	CDP Climate Change Response (C3.1a , C3.1d , C3.1e) CDP Water Response (W7.3)

Task Force on Climate-related Financial Disclosures Index

Disclosure Focus Area	Disclosure	Response
Risk Management		
Disclose how the organization identifies, assesses and manages climate-related risks.	a.) Describe Eastman's processes for identifying and assessing climate-related risks.	CDP Climate Change Response (C2.2 , C2.2a) CDP Water Response (W3.3a)
	b.) Describe Eastman's processes for managing climate-related risks.	CDP Climate Change Response (C2.2) CDP Water Response (W3.3d)
	c.) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into Eastman's overall risk management.	CDP Climate Change Response (C2.2) CDP Water Response (W3.3a)
Metrics and Targets		
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities.	a.) Disclose the metrics used by Eastman to assess climate-related risks and opportunities in line with its strategy and risk management process.	CDP Climate Change Response (C1.3a , C4.2 , C4.5a , C9.1 , C11.3a) CDP Water Response (W1.2 , W7.4 , W8.1)
	b.) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	CDP Climate Change Response (C5.1 , C6.1 , C6.2 , C6.3 , C6.5 , C6.10 , C7.1 , C7.1a , C-CE7.4/C-CH7.4/C-CO7.4/C-EU7.4/C-MM7.4/C-OG7.4/C-ST7.4/C-TO7.4/C-TS7.4 , C7.5 , C7.6b , C-CE7.7/C-CH7.7/C-CO7.7/C-MM7.7/C-OG7.7/C-ST7.7/C-TO7.7/C-TS7.7)
	c.) Describe the targets used by Eastman to manage climate-related risks and opportunities and performance against targets.	CDP Climate Change Response (C4.1 , C4.1b , C4.2) CDP Water Response (W8.1)

Sustainability Accounting Standards Board Index

Eastman is committed to continually improving its ESG and sustainability-related disclosure. Beginning to report against the Sustainability Accounting Standards Board (SASB) standards is important to our ongoing efforts to identify, manage, and report on the sustainability topics that matter most to our stakeholders.

This index provides the location of Eastman’s information pertaining to the SASB standards for what SASB refers to as the “resource transformation” sector — a part of which is the chemicals industry. For those standards that we currently do not report against, we are evaluating our internal reporting and data collection processes to determine the feasibility of future disclosure.

Accounting Metric	Category	SASB Code	Response
Greenhouse Gas Emissions			
Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	Quantitative	RT-CH-110a.1	Environmental Performance CDP Climate Change Response (C6.1, C11.1b)
Discussion of GHG emissions reduction plan and review of performance against reduction targets	Discussion/Analysis	RT-CH-110a.2	Mitigating Climate Change CDP Climate Change Response (C4.1, C4.1b, C4.3c, C5.1)
Air Quality			
Air emissions of the following pollutants: (1) NOX (excluding N ₂ O), (2) SOX, (3) volatile organic compounds (VOCs), and (4) hazardous air pollutants (HAPs)	Quantitative	RT-CH-120a.1	Environmental Performance
Energy Management			
Total energy consumed	Quantitative	RT-CH-130a.1	CDP Climate Change Response (C8.2a)

Sustainability Accounting Standards Board Index (continued)

Accounting Metric	Category	SASB Code	Response
Percentage grid electricity	Quantitative	RT-CH-130a.1	GRI 302-1 CDP Climate Change Response (C8.2a)
Percentage renewable	Quantitative	RT-CH-130a.1	CDP Climate Change Response (C8.2a)
Total self-generated electricity	Quantitative	RT-CH-130a.1	CDP Climate Change Response (C8.2d)
Energy intensity	Quantitative	RT-CH-130a.1	Environmental Performance CDP Climate Change Response (C9.1)
Water Management			
Total water withdrawn	Quantitative	RT-CH-140a.1	CDP Water Response (W1.2b)
Percentage of total water withdrawn in regions with high or extremely high baseline water stress	Quantitative	RT-CH-140a.1	CDP Water Response (W1.2d)
Total water consumed	Quantitative	RT-CH-140a.1	CDP Water Response (W1.2b)
Number of incidents of non-compliance associated with water quality permits, standards, and regulations	Quantitative	RT-CH-140a.2	CDP Water Response (W2.2a)

Sustainability Accounting Standards Board Index (continued)

Accounting Metric	Category	SASB Code	Response
Description of water management risks and discussion of strategies and practices to mitigate those risks	Discussion/Analysis	RT-CH-140a.3	CDP Water Response (W3.3a) Water Management
Hazardous Waste Management			
Amount of hazardous waste generated	Quantitative	RT-CH-150a.1	Environmental Performance
Percentage recycled	Quantitative	RT-CH-150a.1	Not currently disclosed
Community Relations			
Discussion of engagement processes to manage risks and opportunities associated with community interests	Discussion/Analysis	RT-CH-150a.1	GRI 413-1 Corporate Responsibility Stakeholder Engagement
Workforce Health and Safety			
Total recordable incident rate (TRIR) for direct employees	Quantitative	RT-CH-320a.1	Health & Safety
Total recordable incident rate (TRIR) for contract employees	Quantitative	RT-CH-320a.1	Health & Safety
Fatality Rate for direct employees	Quantitative	RT-CH-320a.1	Health & Safety

Sustainability Accounting Standards Board Index (continued)

Accounting Metric	Category	SASB Code	Response
Fatality rate for contract employees	Quantitative	RT-CH-320a.1	Health & Safety
Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term (chronic) health risks	Discussion/Analysis	RT-CH-320a.2	Health & Safety
Product Design for Use-Phase Efficiency			
Revenue from products designed for use-phase resource efficiency	Quantitative	RT-CH-410a.1	Not currently disclosed
Safety and Environmental Stewardship of Chemicals			
(1) Percentage of products that contain Globally Harmonized System of Classification and Labeling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances (by revenue)	Quantitative	RT-CH-410b.1	Not currently disclosed
Percentage of such products that have undergone a hazard assessment	Quantitative	RT-CH-410b.1	Product Stewardship
Discussion of strategy to (1) manage chemicals of concern and (2) develop alternatives with reduced human and/or environmental impact	Discussion/Analysis	RT-CH-410b.2	Product Stewardship

Sustainability Accounting Standards Board Index (continued)

Accounting Metric	Category	SASB Code	Response
Genetically Modified Organisms			
Percentage of products by revenue that contain genetically modified organisms (GMOs)	Quantitative	RT-CH-410c.1	Not applicable to Eastman products
Management of the Legal and Regulatory Environment			
Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	Discussion/Analysis	RT-CH-530a.1	Policies and Guiding Documents
Operational Safety, Emergency Preparedness and Response			
Process Safety Incidents Count (PSIC)	Quantitative	RT-CH-540a.1	Safety Performance Data Health & Safety
Process Safety Total Incident Rate (PSTIR)	Quantitative	RT-CH-540a.1	Safety Performance Data Health & Safety
Process Safety Incident Severity Rate (PSISR)	Quantitative	RT-CH-540a.1	Health & Safety Process Safety
Number of transport incidents	Quantitative	RT-CH-540a.2	Safety Performance Data Distribution Safety



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Safety Data Sheets providing safety precautions that should be observed when handling and storing our products are available online or by request. You should obtain and review available material safety information before handling our products. If any materials mentioned are not our products, appropriate industrial hygiene and other safety precautions recommended by their manufacturers should be observed.

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