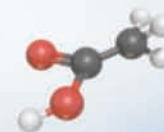
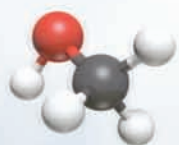


# Science and sustainability

*Positive progress*



Sustainability Report  
June 2013



**RESPONSIBLE CARE®**  
OUR COMMITMENT TO SUSTAINABILITY  
25 YEARS

GLOBAL



planning

SUSTAINABILITY

Journey

assessment

GOAL

commitment

INTEGRITY

*Progress*

## Sustainability progress

- i Introduction** ..... 3
- ii Letters to our stakeholders** ..... 4
  - Jim Rogers, Chairman of the Board and Chief Executive Officer ..... 4
  - Godefroy Motte, Senior Vice President, Integrated Supply Chain and Chief Regional and Sustainability Officer ..... 5
- iii Sustainability highlights** ..... 6
- iv Positive progress** ..... 7
  - Environmental goals ..... 8
  - Economic goals ..... 12
  - Societal goals ..... 15
    - Safety ..... 15
    - Employee development ..... 16
    - Community ..... 19
    - Value chain focus ..... 21
- v Introducing Solutia Inc.** ..... 22
  - Solutia product highlights ..... 23
- vi Key projects and accomplishments** ..... 25
  - Key projects and accomplishments ..... 26
  - Awards and recognition ..... 30

# i Introduction

*As a part of our commitment to measure the progress we've made against our goals, Eastman is pleased to provide this update on our sustainability journey.*

*2012 marked an important milestone in Eastman's history — the acquisition of a leading specialty chemicals company, [Solutia Inc.](#) We are now in the process of actively integrating our businesses, and we are excited about the new sustainability opportunities that our combined company is creating today and building for tomorrow.*

*With this report, we provide an overview on the progress against our sustainability goals and highlights of our achievements and challenges. Eastman will publish a Global Reporting Initiative (GRI) report in early 2014 when we will be in a better position to provide data and content that reflect our combined company.*



## **ii** Letters to our stakeholders

### Jim Rogers

*Chairman of the Board and Chief Executive Officer*

#### To our stakeholders,

At Eastman, we have long understood that what we do each day matters not just to us but to the next generation. We see new global demands driven by a rising middle class, the need to protect our environment, pursuit of energy efficiencies, and aspirations for improved health and wellness. And, as a specialty chemical company, we are focused on developing innovative, sustainable products and technologies to meet these important needs.

As I have said many times, I am convinced that Eastman's continued growth and success will depend in large part on the way we integrate sustainability into all aspects of our business. Smart, sustainable thinking helps make our operations more efficient, minimizes risk across our business, deepens our customer relationships and enables us to realize new growth opportunities.

Over the past year, as you will see in this progress update, we have made solid strides in our sustainability journey and we remain committed to doing even better.

One significant accomplishment in 2012 was our acquisition of Solutia, which expands and enhances our portfolio of sustainable products. In 2012, we invested \$198 million in research and development and we are making progress against our goal to have two-thirds of our new product launch revenues come from sustainably advantaged products. Our customers and the end consumers of our products increasingly demand sustainable solutions, and Eastman is well positioned to exceed those expectations.

Sustainability at Eastman is not just about the solutions we bring to customers and to the world; it is also about how we make these products. At Eastman, a priority is to safely and responsibly manufacture our products in a way that minimizes our use of energy and natural resources. Our strategy includes comprehensive guidelines for reducing energy, air emissions, water, and waste.

Being in an energy-intensive industry, we continually focus on reducing our greenhouse gas (GHG) emissions. For the past two years, we are very proud to have been named an ENERGY STAR® Partner of the Year by the Environmental Protection Agency for our significant improvements in managing our energy program and improving our energy efficiency.

When I reflect on Eastman's sustainability journey, I am amazed and very proud of the tireless focus and contributions of our employees throughout the world. It is their hard work, commitment and ideas that propel Eastman forward on this important and business critical journey.

As we continue our work in 2013 and beyond, I am excited about our journey ahead and I invite all of Eastman's stakeholders — our employees, customers, suppliers, communities, and investors — to join us.



**Jim Rogers**  
*Chairman and Chief Executive Officer*  
*Eastman Chemical Company*



## Godefroy Motte

*Senior Vice President, Chief Regional and Sustainability Officer*

### Dear stakeholders,

As Eastman executes our sustainability strategy with accelerated speed and focus, I welcome the opportunity to report on our accomplishments and areas for continued improvement. In this update, you will learn more about Eastman's progress against our short-, mid- and long-term sustainability goals, and our achievements and challenges along our sustainability journey.

In 2014, as we complete our integration of Solutia, Eastman will publish a comprehensive sustainability report using the Global Reporting Initiative (GRI) framework, providing more detail about our strategies, programs, progress and challenges. We are committed to transparency and further enhancing our sustainability reporting.

The acquisition of Solutia was important for many reasons. It has significantly expanded our portfolio of sustainable products and furthers our commitment to develop solutions that provide performance, value and an improved environmental footprint. These new business lines bring to Eastman a range of sustainable innovations such as window films that reduce energy costs in cars and buildings and additives that limit the energy required to manufacture tires. These innovations, and our shared commitment to the protection of people, communities and the environment, will continue to accelerate Eastman's sustainability efforts.

In 2012, Eastman became a member of the World Business Council for Sustainable Development (WBCSD). Through the partnership, we are collaborating with other leading corporations on a 2020 Action Plan to advance sustainability globally. We are also working on initiatives to use life cycle assessments or avoided emissions calculations to provide a more comprehensive view of product systems beyond environmental compliance and to advance sustainability across our value chains.

In keeping with our stated goals, Eastman also took important steps last year to expand employee awareness and training around sustainability. For example, more than 60 of our global leaders participated in rigorous "Green Leader" training to grow their knowledge of sustainability issues, sharpen their skills and inspire new, sustainable thinking across our business. In addition, Eastman expanded our

regional Sustainability Ambassador Teams of business and functional leaders, and our "Green Teams" in corporate headquarters to execute our commitment to "think and act more sustainably."

Employee safety continues to be a major focus for us. Eastman achieved the best recordable injury rate in the company's history last year. We are proud of this achievement but remain steadfast in our commitment to safety improvements — with a goal of zero accidents or injuries. To that end, in 2012 we implemented a corporate safety brand, ALL IN FOR SAFETY, which emphasizes both on- and off-the-job safety at all times.

I am also very proud to report that Eastman was named the American Chemistry Council's (ACC's) 2013 Responsible Care® Company of the Year, large company category. Receiving ACC's highest honor is a significant achievement for Eastman and validates the hard work of Eastman employees and our shared dedication to continual improvement in operating facilities safely, protecting the environment, creating innovative products, and supporting communities.

As you review this update on our progress, I invite you to provide your input and ideas. This is one of the key reasons we share our sustainability programs, goals and data. We know that we can achieve the most by listening to and learning from others.

I look forward to hearing from you at [cso@eastman.com](mailto:cso@eastman.com).

**Godefroy Motte**  
*Senior Vice President  
 Integrated Supply Chain and Chief  
 Regional and Sustainability Officer  
 Eastman Chemical Company*






# iii Sustainability highlights



Eastman named ENERGY STAR® Partner of the Year for the *second* time

**NAMED ONE OF *Newsweek's* GREENEST COMPANIES 2012 GREEN RANKINGS**



Saflex® S series received Frost & Sullivan New Product Innovation Award

Eastman named RESPONSIBLE CARE® COMPANY OF THE YEAR



RESPONSIBLE CARE®  
OUR COMMITMENT TO SUSTAINABILITY  
25 YEARS



85% of customer-facing employees completed sustainability training

For the **20th** consecutive year, Eastman sites awarded Energy Efficiency Awards by the American Chemistry Council



In 2012 Eastman became a member of the World Business Council for Sustainable Development



*EnerLogic® performance films add up to 92% more insulating power to window glass.*

- 2012 AIMCAL Technology of the Year award
- EcoSpecifier Global Green Tag Gold Plus Status
- Architectural Products Product Innovation Award



Corporate safety brand launched globally, October 2012



**GRI REPORT  
GRI CHECKED**

Increasing portfolio of sustainable products



Two Eastman employees were recognized with the

**Women in Manufacturing STEP**

(Science, Technology, Engineering, and Production)

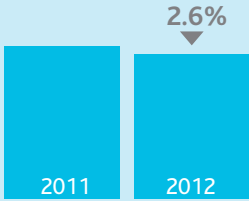
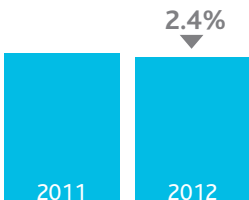


**AWARD**

# iv Positive progress

*The update on the following pages reflects the progress Eastman has made against its stated short-, mid- and long-term sustainability goals. The table outlines the successes we have achieved and identifies where we still have work to do. As we further our efforts to meet our goals, we are committed to pushing ourselves in new ways and learning from our various stakeholders around the world.*



## Progress toward goal — Environmental

	Environmental goals		Progress details
<p><b>Short-term goals</b> 1–3 years</p>	<p>Improve energy efficiency of operations 2.5% year-over-year (or 25% from 2008 to 2018) against a 2008 baseline of 11.6 MMBtu/1000 kg produced (U.S. sites). Our previous 2008 baseline of 11.1 MMBtu/1000 kg produced has been adjusted to 11.6 MMBtu/1000 kg produced to reflect energy intensity data reported from 5 additional U.S. sites.</p>		<ul style="list-style-type: none"> <li>● Reported 2.6% reduction in 2012 compared to 2011 to DOE for the BETTER BUILDINGS, BETTER PLANTS program (formerly the Save Energy Now Leader program).</li> </ul>
	<p>Reduce greenhouse gas (GHG) emissions per unit of production (GHG intensity) by 2% from 2008 to 2018 per year against a 2008 baseline of 0.92 equivalent lb of CO<sub>2</sub> emissions per lb produced (U.S. sites). The baseline of 0.95 established in 2008 has been adjusted to 0.92 as a result of standardizing reporting for GHG intensity and energy intensity.</p>		<ul style="list-style-type: none"> <li>● Achieved a 2.4% improvement in 2012 compared to 2011.</li> </ul>
	<p>Complete life cycle assessments (LCAs) on product families aligned with our customers' priorities (approximately 60% of products that represent 80% of 2011 revenues).</p>		<ul style="list-style-type: none"> <li>● Through 2012, completed LCAs for 60% of top selling products (Eastman and Solutia combined) that account for 80% of revenue.</li> </ul>
	<p>Develop a baseline for water used at Eastman sites in water-stressed regions of the world.</p>		<ul style="list-style-type: none"> <li>◆ Began using the World Business Council for Sustainable Development (WBCSD) Water Tool to evaluate potential impacts for water use at manufacturing sites in 2012. We have identified our water-stressed regions and will continue to use this tool to model long-term water scarcity scenarios.</li> </ul>

✓ Met   ◆ In progress   ● On track   ▸ Requires improvement

For more details on environmental data, [click here](#).



## Progress toward goal — Environmental

	Environmental goals		Progress details
Midterm goals 3–5 years	Continuously improve levels of performance of energy conversion and energy consumption per unit of output on track with the Department of Energy (DOE) Save Energy Now LEADER pledge (renamed BETTER BUILDINGS, BETTER PLANTS).		<ul style="list-style-type: none"> <li>Requires improvement Tracking progress at 8.1% against a 25% goal for 2008 to 2018.</li> </ul>
	Continuously improve levels of performance of energy conversion and GHG emissions on track with GHG intensity goal.		<ul style="list-style-type: none"> <li>On track Achieved a 2.4% improvement in 2012 and are on track with a 7.6% reduction compared to the baseline year of 2008.</li> </ul>
	Complete LCAs on all new product family launches.		<ul style="list-style-type: none"> <li>On track Completed LCAs for 8 product families that have been commercialized since 2010. There have been 12 product launches since then for a 67% completion rate.</li> </ul>

✓ Met ◆ In progress ● On track ◐ Requires improvement

For more details on environmental data, [click here](#).

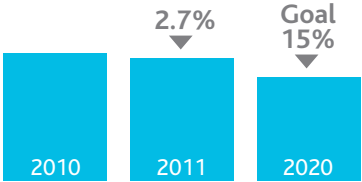
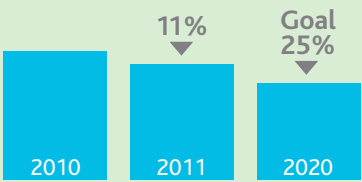
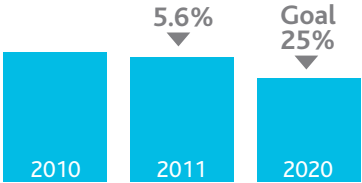
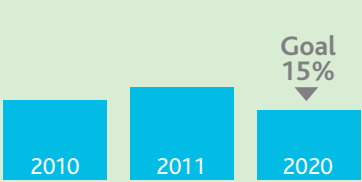
## Progress toward goal — Environmental

	Environmental goals		Progress details
<p><b>Long-term goals 5–10+ years</b></p>	<p>Reduce energy intensity by 25% from 2008 to 2018 (in conjunction with Save Energy Now LEADER program — renamed BETTER BUILDINGS, BETTER PLANTS) against a baseline of 11.6 MMBtu/1000 kg produced (U.S. sites). Our previous 2008 baseline of 11.1 MMBtu/1000 kg produced has been adjusted to 11.6 MMBtu/1000 kg produced to reflect energy intensity data reported from 5 additional U.S. sites.</p>	<p>2011 2012 2018</p> <p>Goal 25%</p>	<ul style="list-style-type: none"> <li>Tracking progress at 8.1% against a 25% goal for 2008–2018. We continue to prioritize energy efficiency projects with good return rates in order to close this gap.</li> </ul>
	<p>Reduce GHG emissions per unit of production (GHG intensity) by 20% from 2008 to 2018 against a baseline of 0.92 equivalent lb CO<sub>2</sub> emissions per lb produced. The baseline of 0.95 established in 2008 has been adjusted to 0.92 as a result of standardizing reporting for GHG intensity and energy intensity.</p>	<p>2011 2012 2018</p> <p>Goal 20%</p>	<ul style="list-style-type: none"> <li>Tracking progress with a 7.6% reduction against a 20% goal. Over the next few years, we are converting five boilers at our Kingsport, Tennessee, site from coal to natural gas which will help achieve significant reductions in GHG emissions.</li> </ul>
	<p>Reduce nitrogen oxide (NO<sub>x</sub>) by 20% and sulfur dioxide (SO<sub>2</sub>) by 40% from 2010 to 2020 (NO<sub>x</sub> baseline of 10,359 tons in 2010; SO<sub>2</sub> baseline of 22,068 tons in 2010).</p>	<p>Nitrogen oxide (NO<sub>x</sub>) — (Tons)</p> <p>2010 2011 2020</p> <p>Goal 20%</p> <p>Sulfur dioxide (SO<sub>2</sub>) — (Tons)</p> <p>2010 2011 2020</p> <p>Goal 40%</p>	<ul style="list-style-type: none"> <li>2011 NO<sub>x</sub> emissions were 10,889 tons, an increase of 5% compared to our baseline of 10,359 tons, and our 2011 SO<sub>2</sub> emissions were 22,489 tons, an increase of about 2% compared to our baseline of 22,068 tons.</li> </ul> <p>Over the next few years, we are converting five boilers at our Kingsport, Tennessee, site from coal to natural gas which will help achieve significant reductions in NO<sub>x</sub> and SO<sub>2</sub> emissions.</p>

✓ Met   ◆ In progress   ● On track   ▸ Requires improvement

For more details on environmental data, [click here](#).



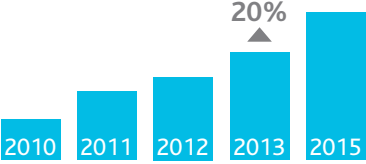
## Progress toward goal — Environmental

Long-term goals 5–10+ years (continued)	Environmental goals		Progress details
	<p>Reduce Volatile Organic Compounds (VOC) by 15% from 2010 to 2020 against a baseline of 7,048 tons in 2010.</p>		<ul style="list-style-type: none"> <li>● 2011 VOC emissions were 6,859 tons, a 2.7% decrease compared to our baseline of 7,048 tons.</li> </ul>
	<p>Reduce total number of reportable releases by 25% from 2010 to 2020 against a baseline of 55 release events in 2010.</p>		<ul style="list-style-type: none"> <li>● In 2011, we had 49 reportable release events, an 11% decrease compared to our baseline of 55.</li> </ul>
	<p>Reduce Toxic Release Inventory (TRI) emissions to the air by 25% from 2010 to 2020 against a baseline of 5.4 million pounds in 2010.</p>		<ul style="list-style-type: none"> <li>● 2011 TRI air emissions were 5.1 million pounds for a 5.6% decrease compared to our baseline of 5.4 million pounds.</li> </ul>
	<p>Reduce hazardous waste (indexed to production) by 15% from 2010 to 2020 against a baseline of 0.00542 kg waste/kg production in 2010.</p>		<ul style="list-style-type: none"> <li>▮ 2012 hazardous waste indexed to production was 0.005984 kg per kg of production, a 1% decrease (almost one million pounds) compared to 2011 and a 10% increase compared to our baseline year of 2010. Eastman continues to balance its production and growth goals against its waste minimization plans to achieve its long-term goals.</li> </ul>

✓ Met   ◆ In progress   ● On track   ▮ Requires improvement


For more details on environmental data, [click here](#).

## Progress toward goal — Economic

	Economic goals		Progress details
Short-term goals 1–3 years	Earnings per share (EPS) approaching \$5 in 2012. (Goal was adjusted from \$10 to \$5 to reflect the impact of the 2-for-1 stock split in 2011).	<div style="border: 1px solid black; padding: 2px; display: inline-block; margin-bottom: 5px;">\$5.38</div> <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-bottom: 5px;">\$5.38</div> <div style="font-size: 2em; margin-top: 10px;">EPS</div> <div style="margin-left: 20px; text-align: left;"> <del>\$10.76</del> </div>	✓ Achieved with adjusted 2012 EPS of \$5.38.
	Achieve mid-single-digit compounded annual volume growth rate through 2013.		● On track based on 2010 through 2012 volumes and current forecast for 2013.
	Capital expansions, including those in product lines with sustainable advantages, deliver returns in the 15%–20% range.		✓ The expected Internal Rate of Return (IRR) of these projects exceeds 25%.
	Earnings per share (EPS) compounded annual growth rate (CAGR) >10%.		● Between 2010 and 2012, adjusted EPS CAGR >20%.



✓ Met   ◆ In progress   ● On track   ◐ Requires improvement

## Progress toward goal — Economic

	Economic goals		Progress details
Midterm goals 3–5 years	Continue to pursue organic and inorganic growth to enhance our portfolio of sustainable alternatives for emerging markets.		<ul style="list-style-type: none"> <li>● Sustainably advantaged new products in development account for more than half of projected revenues from our innovation pipeline.</li> </ul>
	EPS compounded annual growth rate (CAGR) >10%.		<ul style="list-style-type: none"> <li>● Currently project approximately \$8 adjusted EPA in 2015, which would be &gt;17% CAGR over 2010.</li> </ul>
	Complete sustainability pilot efforts with at least 6 of our strategic suppliers and customers to holistically improve our life cycle management practices.		<ul style="list-style-type: none"> <li>✓ Shared Life Cycle Assessment (LCA) data on Eastman products with 8 strategic customer partners and used in discussions related to product sustainability and life cycle management.</li> </ul>
	Ensure two-thirds ( $\frac{2}{3}$ ) of revenues from new product launches are advantaged on assessed sustainability criteria.		<ul style="list-style-type: none"> <li>● Since 2010, more than half of the new product launch revenues were from products sustainably advantaged (equal to the greenest alternative) based on assessed criteria.</li> </ul>

✓ Met   ◆ In progress   ● On track   ◐ Requires improvement

## Progress toward goal — Economic

	Economic goals		Progress details
Long-term goals 5–10+ years	Continue strong EPS compounded annual growth rate (CAGR).		● On track as demonstrated in short- and midterm goal achievements.
	Develop new businesses utilizing renewable feedstocks by 2020.		◆ Formed an Eastman Sustainable Materials Team to identify and assess opportunities to increase Eastman's use of renewable feedstocks and bioconversion technologies. The team has completed screening assessments of several dozen technologies and supported feasibility and research efforts on more than a dozen opportunities, and manages a portfolio of ongoing development programs.

✓ Met   ◆ In progress   ● On track   ▸ Requires improvement



## Progress toward goal — Societal

	Safety goals		Progress details						
Short-term goals 1–3 years	Maintain our strong commitment to health, safety and employee well-being with continued goals and incident tracking for Corporate Injury and Illness Recordable Rates, Days Away from Work Rates and Process Safety incidents.	Goal: 0	<ul style="list-style-type: none"> <li>◆ Continue to make progress toward our goal of zero injuries and incidents. We have implemented new tools to enable improved employee access to information regarding safety performance, including injury reports.</li> </ul>						
	Achieve Process Safety goal of <5 incidents in 2011 (incidents defined as per the American Chemistry Council (ACC)).	<table border="1"> <tr> <td>2010</td> <td>2011</td> <td>2012</td> </tr> <tr> <td>7</td> <td>4</td> <td>7</td> </tr> </table>	2010	2011	2012	7	4	7	<ul style="list-style-type: none"> <li>▮ Achieved the goal of &lt;5 Process Safety incidents in 2011 (4 incidents) but experienced 7 incidents in 2012. We continue to conduct root cause analysis for these incidents and work to eliminate them.</li> </ul> <p>The leadership-led corporate safety initiative noted below is our corrective action plan.</p>
2010	2011	2012							
7	4	7							
Midterm goals 3–5 years	Achieve best ever safety rates <0.05 DAW and of <0.35 OSHA-R by 2015.	<p>Days Away from Work per 100 workers</p> <table border="1"> <tr> <td>2010</td> <td>2011</td> <td>2012</td> </tr> <tr> <td>0.11</td> <td>0.09</td> <td>0.18</td> </tr> </table>	2010	2011	2012	0.11	0.09	0.18	<ul style="list-style-type: none"> <li>▮ 2012 DAW rate was 0.18. This data includes combined rates for Solutia and Eastman. Eastman's rate was 0.15 and Solutia's rate was 0.27. The leadership-led corporate safety initiative noted below is our corrective action plan.</li> <li>◆ 2012 OSHA-R (being renamed Global Recordable Injury Rate) was 0.54. This data includes combined rates for Solutia and Eastman. Eastman's rate was 0.47 and Solutia's rate was 0.74. The leadership-led corporate safety initiative noted below is our corrective action plan.</li> </ul>
		2010	2011	2012					
0.11	0.09	0.18							
<p>Global Recordable Injury Rate per 100 workers</p> <table border="1"> <tr> <td>2010</td> <td>2011</td> <td>2012</td> </tr> <tr> <td>0.79%</td> <td>0.59%</td> <td>0.54%</td> </tr> </table>	2010	2011	2012	0.79%	0.59%	0.54%			
2010	2011	2012							
0.79%	0.59%	0.54%							
Long-term goals 5–10+ years	Develop a safety culture to prevent workplace incidents, injuries and illnesses to achieve a zero rate.		<ul style="list-style-type: none"> <li>◆ Launched a global corporate initiative, ALL IN FOR SAFETY in October 2012 to further promote a culture of working and living with safety awareness at the forefront. It reminds all employees to think about safe behaviors at all times and in all places; it sends the message that Eastman is committed to safety — both personal and process safety; and it aims to renew our energy, will, and belief that safety goals can be accomplished.</li> </ul>						




✓ Met ◆ In progress ● On track ▮ Requires improvement

For more details on safety data, [click here](#).

## Progress toward goal — Societal

	Employee development goals		Progress details
<p><b>Short-term goals</b> 1–3 years</p>	<p>Enhance recruiting, training, communications, and mentoring practices with a focus on diverse global perspectives and public policy issues.</p>		<ul style="list-style-type: none"> <li>● Revising a training curriculum for new and recently hired employees to reflect our global presence and generational differences.</li> </ul> <p>Offering training to equip these employees to function in the countries in which we operate. We are working to provide more training in local languages and to better leverage technology to expand our reach.</p> <p>Continue to be active at the university level in our participation with, and sponsorship of, organizations dedicated to supporting under-represented populations within Engineering. This includes on-campus support of the Society of Women Engineers (SWE), Society of Hispanic Professional Engineers (SHPE), and the National Society of Black Engineers (NSBE). Eastman also sponsored 3 regional conferences and a regional leadership conference for NSBE. These efforts support a broad pipeline (source) of diverse talent.</p>
	<p>Continually improve diversity in our professional hiring pipeline to enrich our collective point of view, including U.S. percentages (where the majority of our employee base is located) for females (30%) and minorities (15%).</p>		<ul style="list-style-type: none"> <li>● At the end of first quarter 2013, exceeded both our female and minority hiring goals for business and technical positions. By year-end 2013, we expect to continue our attraction of diverse talent.</li> </ul>
	<p>Offer diverse and challenging volunteer opportunities to employees.</p>		<ul style="list-style-type: none"> <li>◆ Evaluated several systems that provide a means to communicate to employees about local volunteer activities. We expect to begin a pilot program in 2014.</li> </ul>
	<p>Provide sustainability education and awareness training to 80% of our customer-facing employees by 2012.</p>		<ul style="list-style-type: none"> <li>✓ Approximately 85% of customer-facing employees have completed sustainability awareness training.</li> </ul>

## Progress toward goal — Societal

	Employee development goals		Progress details
<p>Midterm goals 3–5 years</p>	<p>Create a culture that thinks and acts in more sustainable ways with volunteer “Green Teams” creating meaningful sustainability improvements at Eastman sites by 2015.</p>		<ul style="list-style-type: none"> <li>● Expanding our awareness and education across all Eastman sites and creating sustainability leaders to help activate improvement efforts in our processes and programs. Progress through 2012 includes:                             <ul style="list-style-type: none"> <li>• <b>Green Leader Training Program</b> — 60+ leaders from all four regions participated in two-day training to prepare them to lead sustainability efforts within their functions and businesses.</li> <li>• <b>Sustainability Ambassador Teams</b> — expanded in Europe, Middle East, &amp; Africa (EMEA) and Latin America (LA) regions to include representatives from our newly acquired Solutia sites; these teams actively work on projects to implement green office policies and improve energy efficiency at our offices and operations.</li> <li>• <b>North America “Green Teams”</b> — formed a volunteer steering team in 2012 from our Green Leaders and began working on employee education and activation program, linking with ENERGY STAR® volunteer green teams. The new North America region teams join existing EMEA and LA Green Teams for a total of 10 worldwide.</li> <li>• <b>Indirect procurement focus</b> — we continue to improve our internal operations by focusing on sustainable practices and were recently awarded a Level 2 Clean Zone™ environment by Jan Pak Inc.</li> </ul> </li> </ul>
	<p>Develop hiring pipeline that reflects the diversity of talent and background available at our sites globally, increasing the percentages of females, minorities and nationalities represented.</p>		<ul style="list-style-type: none"> <li>● Exceeded both our female and minority hiring goals for business and technical positions at the end of first quarter 2013. By year-end 2013, we expect to continue our attraction of diverse talent.</li> </ul>
	<p>Develop process to measure percentage of employees involved in volunteer activities and the types of activities. Once baseline data are established, set a goal to increase participation by 10% over a 3-year period. Revisit goals on a semiannual basis.</p>		<ul style="list-style-type: none"> <li>◆ In the process of evaluating systems to promote and track volunteer activities, with plans for 2014 pilot at our Kingsport location. We are developing communications and recognition plans to encourage employees and local collaborators to actively and effectively use the system. An annual celebration at the headquarters site recognizes employee volunteers.</li> </ul>

## Progress toward goal — Societal

	Employee development goals		Progress details
Long-term goals 5–10+ years	Create thought leadership diversity and a competitive advantage by expanding our percentages of employees with diversity of national origin, race, gender, education and experience.		<ul style="list-style-type: none"> <li>◆ In an effort to ensure a strong pipeline of diverse talent by 2015 and beyond, Eastman continues to explore avenues to support the educational attainment and attraction of students and professionals. Through ongoing collaboration with local leaders, universities, professional organizations, and veteran’s groups, we support activities that impact the supply of talent.</li> </ul>
	Become known as a company of employees committed to community involvement.		<ul style="list-style-type: none"> <li>◆ We believe our vision and plans related to volunteerism and philanthropy have set a roadmap to attain this goal.</li> </ul>

✓ Met ◆ In progress ● On track ▸ Requires improvement

Community Advisory Panels



Newport, South Wales, U.K.






Middelburg, The Netherlands



Texas City, Texas


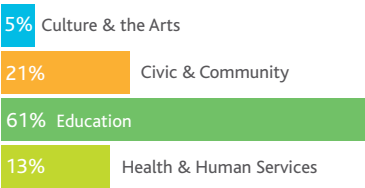




## Progress toward goal — Societal

	Community goals		Progress details
<p><b>Short-term goals</b> 1–3 years</p>	<p>Maintain Community Advisory Panels (CAPs) in our communities.</p>		<p>✓ Maintained the 6 CAPs that existed in 2011 and added a CAP at our Kohtla-Järve, Estonia, site (in 2012). We also added 4 CAPs with the acquisition of Solutia Inc.</p>
	<p>Proactively engage key education, environmental and community stakeholders in our communities.</p>	 	<p>✓ Kingsport, Tennessee, corporate headquarters has a full-time staff that manages and develops educational initiatives for K–12 students. Employees and local leaders are developing the curriculum for a STEM (Science, Technology, Engineering and Math) school in the area. We continue to have active partnerships in K–12 education at several sites. We are engaging local leaders at Solutia sites in educational initiatives.</p> <p>GEM4STEM™ (Growing Educational Mentors for Science, Technology, Engineering and Math) program trained more than 250 employees to be educational mentors in K–12 schools. Since its launch, the program has filled over 1,000 mentoring assignments.</p> <p>MATHLETES program is comprised of local university math professors who provide a two-week professional development workshop for elementary school math teachers. To date, we have invested over \$1 million to train more than 370 local teachers.</p>
	<p>Support community involvement efforts, including philanthropy, volunteerism and in-kind donations.</p>	<p>\$3 million 400 organizations</p>	<p>✓ The Eastman Foundation contributed almost \$3 million to approximately 400 organizations in 2012. More than 200 Eastman employees, including several members of the company’s executive team, served on philanthropic boards.</p>

✓ Met   ◆ In progress   ● On track   ▸ Requires improvement




## Progress toward goal — Societal

	Community goals		Progress details
<b>Midterm goals</b> 3–5 years	Complete neighborhood pulse surveys at every site by 2015 and track perception of Eastman in the communities where we live and work.		<ul style="list-style-type: none"> <li>● Conducted community pulse surveys in 2012 at four of our domestic sites (Kingsport, Tennessee; Longview, Texas; Jefferson Hills, Pennsylvania; and Chestertown, Maryland). The survey was administered by a third party, and the data has been reviewed by the respective site leadership teams. Summary data of the reports was also shared with existing Community Advisory Panels for input and suggestions. In 2013, we plan to conduct similar surveys at additional domestic sites.</li> </ul>
	Develop philanthropic and contribution strategies which support company strategic objectives; reassess strategies annually to ensure strategic linkage.	<p>Foundation support 2012</p> 	<ul style="list-style-type: none"> <li>◆ Engaged a consultant to evaluate our current giving structure and recommend improvements. We are planning implementation of some of the recommendations. In addition, the Eastman Foundation Board membership is being expanded to increase participation from more areas of the Company — both geographically and functionally. A revised strategy is expected to be fully implemented in 2014.</li> </ul>
<b>Long-term goals</b> 5–10+ years	Develop stretch goals at each site to increase Eastman's perception and track progress.		<ul style="list-style-type: none"> <li>◆ Community pulse surveys are underway at our major sites. Information gathered will be evaluated and shared with key stakeholders. With this baseline data, we will be able to set goals and evaluate future progress.</li> </ul>
	Expand contribution and philanthropic strategy across all Eastman sites and develop online, real-time system for tracking.		<ul style="list-style-type: none"> <li>◆ Work is underway with the Eastman Foundation and other stakeholders to evaluate our entire philanthropic strategy and processes.</li> </ul>

✓ Met  
 ◆ In progress  
 ● On track  
 ▶ Requires improvement



## Progress toward goal — Societal

	Value chain focus goals		Progress details
<b>Short-term goals</b> 1–3 years	Collaborate with a minimum of six key influencers in our value chain to promote sustainable practices.		<ul style="list-style-type: none"> <li>✓ Have actively engaged with key influencers to share leading practices and promote sustainability efforts. Some of these include:                             <ul style="list-style-type: none"> <li>• <b>Academia</b> — engagements in Asia (Shanghai University), North America (East Tennessee State University) and Europe, Middle East, &amp; Africa (Rotterdam School of Management and Erasmus University).</li> <li>• <b>Suppliers</b> — certified sustainable sourcing strategy with Destiladora de Resinas y Polimeros in Uruapan, Mexico. Middelburg and Capelle, both in The Netherlands, entered into a green energy contract with a utility company for supply of biomass generated power. Middelburg also entered into a natural gas contract that includes a CO<sub>2</sub> offset.</li> <li>• <b>Brand owners, recycle companies and trade associations</b> — Full-wrap Label Consortium was organized in 2012 to identify solutions to and improve the recyclability of PET bottles and full-body shrink labels in the U.S.</li> <li>• <b>Government, nongovernment, customers</b> — 1 Million Pouch campaign participation to enable improvements in global hydration challenges during disasters; and ENERGY STAR® engagements with customers and suppliers to educate communities and improve energy efficiencies across our value chains.</li> </ul> </li> </ul>
<b>Midterm goals</b> 3–5 years	Expand our value chain engagements to focus on strategic sustainability issues with key influencers such as designers, academia, government and nongovernment organizations.		<ul style="list-style-type: none"> <li>● Joined World Business Council for Sustainable Development (WBCSD) in 2012 and are actively participating in several projects including:                             <ul style="list-style-type: none"> <li>• <b>Action 2020</b> — WBCSD-wide effort to define specific actions necessary to achieve Vision 2050 goals.</li> <li>• <b>Reaching full potential</b> — Chemical sector project with work streams on Avoided Emissions, Product level Life Cycle Metrics and Value Chain collaboration.</li> </ul> </li> </ul>
<b>Long-term goals</b> 5–10+ years	Become an active voice in our industry, sharing leading practices on sustainability throughout our value chains.		<ul style="list-style-type: none"> <li>◆ Continue to focus on energy efficiencies as a response to one global megatrend Eastman is committed to and have achieved success with our program, including being named an ENERGY STAR® Partner of the Year for the second year in a row since our first award in 2012. Another key area of focus is our WBCSD participation, including the Action 2020 initiative in which our CSO, Godefroy Motte is directly involved, and the chemical sector's value chain collaboration work in Mobility, Buildings and Consumables.</li> </ul>

# Introducing Solutia Inc.

The acquisition of Solutia, a global leader in performance materials and specialty chemicals, is advancing Eastman's opportunity in emerging markets and sustainability. Solutia's 44 locations across five continents broaden Eastman's geographic reach while its focus on renewable resources, energy efficiency, product safety, and sustainable products aligns well with Eastman's existing business and sustainability strategy.

Solutia's Performance Films division had already been in the practice of measuring and reducing its environmental footprint, as well as the carbon footprint of its products, by improving and developing more efficient manufacturing processes, using renewable energy, performing life cycle assessments and taking action on the results. The division had already committed to a 25% reduction over a 10-year period in the amount of greenhouse gas produced per unit of production.

Today, the combined company is centered on driving growth through the macroeconomic trends of a rising middle class in emerging markets who are buying more premium products and the move toward more sustainable products globally. We're identifying markets that are growing based on unmet needs that arise from light weighting, fuel efficiency, and the desire for comfort in transportation; energy efficiency standards in new buildings and houses; and consumer product safety.

Solutia's products expand Eastman's portfolio of sustainable products, particularly in the area of films and coatings for the automotive, architectural and electronics markets.

We are pleased to present a few Solutia highlights and products that demonstrate our continued commitment to create value through environmental stewardship, social responsibility and economic growth.

## Solutia product highlights

### EnerLogic® performance films

We now have a range of performance films that make buildings more energy efficient, adding up to as much as 92% more insulating power to window glass. These films use a highly advanced insulation technology that integrates low-emissivity performance with a near-invisible appearance, providing four-season window insulation.

- EnerLogic® VEP35 window film received the 2012 AIMCAL Technology of the Year Award (Association of International Metallizers, Coaters, and Laminators). It delivers an emissivity of 0.07 which is a significant improvement over the 0.33 emissivity rating of the next best-performing low-e film.

- EnerLogic® 35 was awarded EcoSpecifier Global Green Tag Certified® Gold Plus Status. EcoSpecifer is a company in Australia (and around the world) that certifies the green attributes and “overall greenness” of products. We are the first window film manufacturer to receive this honor.



- EnerLogic® 70 received *Architectural Products* magazine’s Product Innovation Award, the second year in a row that an EnerLogic film has received this award, recognizing product ingenuity that takes commercial and institutional design to new heights.



EnerLogic® performance films specifications  
[ecospecifier.com](http://ecospecifier.com)

Green Tag certification  
[GlobalGreenTag.com](http://GlobalGreenTag.com)



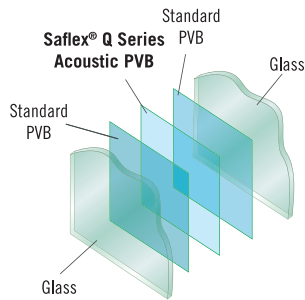
# EnerLogic®

*EnerLogic® performance films make buildings more efficient, adding up to 92% more insulating power to window glass.*



### Saflex® acoustic PVB innerlayer

- Saflex® S series polyvinyl butyral (PVB) interlayer absorbs solar heat transmitted through the vehicle's glazing, which reduces air conditioning usage, improves vehicle fuel economy and reduces CO<sub>2</sub> emissions.



- Saflex® Q series acoustic PVB interlayer enables thinner, lighter automotive glass which improves vehicle fuel efficiency while also maintaining acoustic comfort.

- Saflex® S series solar absorbing and Super UV-cut polyvinyl butyral (PVB) interlayers have received the Skin Cancer Foundation's (SCF) Seal of Recommendation. Laminated glass with SCF-certified Saflex interlayers effectively shield occupant and vehicle interiors from over 99% of harmful UVA and UVB rays. Saflex interlayers are the first automotive-grade PVB to earn this recognition.

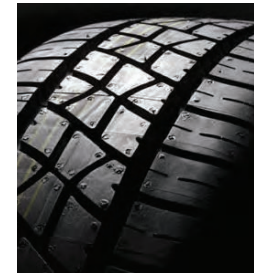


Saflex® S series solar-absorbing interlayer was awarded Frost & Sullivan 2012 New Product Innovation Award.



### Crystex® HD

- The Crystex® HD (high dispersion insoluble sulfur) product line is being enhanced to reduce energy consumption in the tire manufacturing process through increased thermal stability of insoluble sulfur and reduced mix time.



### Safety performance during 2012

Three heritage Solutia sites received American Chemistry Council Responsible Care® Facility Safety Awards. Anniston, Alabama; Monongahela, Pennsylvania; and Trenton, Michigan, facilities were recognized for having zero injuries that resulted in zero days away from work in 2012.

Solutia's safety performance data from the time of acquisition is included with Eastman's [safety information](#).

# vi Key projects and accomplishments

*We are proud of the many accomplishments we have achieved since our last sustainability report and welcome the opportunity to highlight just a handful of them [here](#).*





## Key projects and accomplishments

### 2013 Responsible Care® Company of the Year

Eastman was named 2013 Responsible Care® Company of the Year by the American Chemistry Council (ACC). The award is ACC's top honor and showcases how elite companies are implementing Responsible Care®. Receiving this award validates the hard work of employees and their dedication to continual improvement in operating facilities safely, protecting the environment, creating innovative products, and supporting communities.



### China

Eastman China was awarded the 2013 AICM Responsible Care® Merit Award in recognition of its distinguished contributions in the Responsible Care area in China. The Association of International Chemical Manufacturers (AICM) presented this award, for the first time in China, to commend excellent practices in the areas of Responsible Care®, environment, health and safety improvements, corporate social responsibility and sustainability. Eastman China's achievements include conducting supplier and vendor health, safety & environmental assessments, installation of an acid gas recovery project to reduce emissions, and improvements in safety production standardization.

### Longview, Texas

Our Texas manufacturing site completed installation of a new boiler to replace two older, less efficient boilers. The boiler was designed to meet strict air pollution control standards by limiting nitrogen oxide and carbon monoxide. It also supports the Northeast Texas Air Care's (NETAC) commitment to improving air quality in the Longview, Texas, area.



### ENERGY STAR® Partner of the Year for two consecutive years

The U.S. Environmental Protection Agency (EPA) named Eastman a 2012 ENERGY STAR® Partner of the Year for strategically managing and improving energy efficiency and a 2013 ENERGY STAR® Partner of the Year for continuing to build on its sound energy foundation. The Company dedicated more than \$10 million to energy improvements in 2012, while energy savings totaled \$8 million and 340 million pounds of greenhouse gas emissions. These emissions equal that of 28,000 cars. Eastman became the only chemical company to receive this recognition more than once.







### Martinsville, Virginia

Eastman is active in the FIRST® Robotics program at several sites, providing financial support and mentors to teams from local high schools. The program is designed to promote interest in engineering and sciences through the creation of robots to engage in friendly competition with other schools. Our Martinsville, Virginia, team from the Governor's School in Martinsville won first place in regional competition and competed nationally.



*The Classroom in the Clouds school in the Himalayas.*

### The Netherlands

Eastman's Middelburg manufacturing site and the Europe, Middle East, & Africa regional headquarters in Capelle, both in The Netherlands, negotiated a green energy contract with a utility company for supply of biomass-generated power, a more sustainable renewable source as an alternative to the previously contracted hydroelectricity received from water turbines in Norway. In addition, Middelburg entered into a natural gas contract that includes a CO<sub>2</sub> offset. This means Eastman is being provided Verified Emission Reduction (VER) units issued by the Forests Absorbing Carbon-Dioxide Emissions (FACE) Foundation. Through the planting and management of trees, these VERs offset any CO<sub>2</sub> emissions from the use of natural gas as an energy source. The agreement also includes consultant support for energy efficiency optimization. *(photo, left)*

### Newport, South Wales, U.K.

Eastman has continued to contribute to "Classroom in the Clouds," a charity that builds schools and provides teachers from around the world to educate the children of the Himalayas. Schools are very rare there and often children have to walk 2.5 hours to and from school each day. Eastman's gift funded a classroom and Newport employees continue to help raise money to allow children there the chance of an education.

## Springfield, Massachusetts

At the Indian Orchard plant in Springfield, a solvent recovery improvement project won a Responsible Care® Energy Efficiency award from the American Chemistry Council for several process and equipment changes that resulted in a reduction of greenhouse gas emissions and annual conservation of enough steam to supply the entire site for a month.

## Uruapan, Mexico

The Uruapan site found a sustainable and cost effective solution for shipping a product between two Eastman locations in different countries. P105 resin had been shipped by both tank trucks and railcars. After switching to railcars for the longest portion of the journey, the site realized an 18% reduction in its carbon footprint as well as a decrease in distribution costs.



## Eastman Aspira™ One resin

In 2012, we launched **Aspira™ One**, a new polyethylene terephthalate (PET) polymer, in response to the need for packaging applications in unique sizes and shapes with clear handleware. For the consumer, Aspira One is identified as RIC 1, making it compatible in the PET recycle stream as well as being free of bisphenol A (BPA,) halogens and antimony. For the blow molder, the product offers better process efficiency and lower energy usage.

## Eastman Cerfis® technology

Our **Cerfis® technology** is a coating system that delivers consistent geometry, dimensional stability, no VOCs and increased strength on a wide range of substrates. It extends the life of wood by offering resistance to scratching, denting and chipping while reducing the occurrence of warping and twisting — and enables lower quality, more sustainable woods to be upgraded to higher quality, finished products.



## Perennial Wood™

Eastman's Perennial Wood, a product for the residential construction and remodeling market, is real wood that's been modified to minimize the drawbacks of rot, decay, shrinking and swelling. It is three times more stable than unmodified wood, resulting in less cracking, cupping and warping without sacrificing the beauty of real wood. Made possible through TruLast™ Technology, Eastman's proprietary acetylation process, Perennial Wood lasts longer than most unmodified wood, some hardwoods and select composites, so it needs to be replaced less often, resulting in less material disposal over the long term.



## Eastman Cyphrex™ microfibers

In April 2013, we launched Eastman Cyphrex™ microfibers. Less than 5 microns in diameter, these highly uniform synthetic microfibers can be produced in a variety of sizes and shapes and from a variety of materials, and are easily processed in wet-laid nonwovens. Nonwoven media produced from Cyphrex find application in filtration, battery separators, and packaging. Because of Eastman Cyphrex, filters can be designed with high efficiencies targeting removal of small particles and increased filter capacity for longer life.

**We are committed to safe operations.  
Every hour. Every day.  
We are a Responsible Care® company.**

**Pete Lodal**  
Supervisor, Plant Protection  
Technical Services  
Kingsport, Tennessee

Employees like Pete value their company's commitment to Responsible Care. It's a commitment to a culture of process safety throughout our manufacturing operations. Through Responsible Care, chemical companies reduce workplace accidents and improve process safety performance. Employee safety is a top priority for Responsible Care companies, which have a worker safety record four times safer than the U.S. manufacturing sector. That means a safer workplace for us all.

Learn more about our commitment to Responsible Care at [www.americanchemistry.com/RC](http://www.americanchemistry.com/RC)

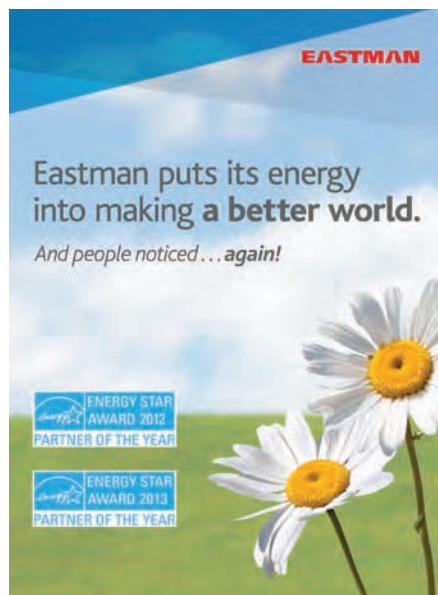
American  
Chemistry  
Council

AMERICAN CHEMISTRY COUNCIL

*During 2013, in celebration of the 25th anniversary of Responsible Care®, the American Chemistry Council is offering its members and partners a series of posters highlighting various aspects of Responsible Care. The first poster in the series features process safety and Eastman team member Pete Lodal.*



## Awards and recognition



- Named 2013 and 2012 ENERGY STAR® Partner of the Year.
- Named 2013 Responsible Care® Company of the Year by the American Chemistry Council.
- In *Newsweek's* 2012 Green Rankings®, Eastman ranked fourth out of 34 U.S. companies in the Materials Sector of *Newsweek's* 2012 Green Rankings®. *Newsweek's* Green Rankings® are based on environmental impact, environmental management and environmental disclosure data.
- For the 20th consecutive year, received Responsible Care® Energy Efficiency Awards from the American Chemistry Council.

- The American Association of Community Colleges (AACC) selected Eastman and Northeast State Community College among the top 5 of 1200 colleges in the U.S. for the 2013 AACC Award of Excellence in the Outstanding College/Corporate Partnership Category. The award honors collaborations between community colleges and business and industry that have achieved notable, multiyear success in advancing economic prosperity and the learning excellence of students.
- Recognized as 2012 Company of the Year by *Chemical and Engineering News*.
- In 2012, received chemical safety excellence awards for outstanding performance in 2011 in its shipping of chemical products from three major U.S. railroad companies: Burlington Northern Santa Fe, Norfolk Southern Corporation, and Union Pacific Railroad.
- Eastman GEM™ technology recognized as “Sustainable Product of the Year” by the Lipscomb Sustainable Business Summit (2012).
- Eastman was one of three companies in the U.S. to receive the C. Everett Koop National Health Award in 2011 for its efforts in building a culture of health.
- Two Eastman employees were recognized with the Women in Manufacturing STEP (Science, Technology, Engineering, and Production) Award (2012).

- Placed 10th in the overall 2011 Southeastern Corporate Sustainability Rankings and 2nd in the State of Tennessee. These rankings spotlight publicly traded companies headquartered in Georgia, Florida, South Carolina, Alabama, North Carolina and Tennessee.

For a comprehensive listing of Eastman Sustainability Awards & Recognition, [click here](#).



*Eastman employees Margaret Cannon and Ruby Bernard were recognized with the Women in Manufacturing STEP Award, 2012.*



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