

**EASTMAN**

## Sustainability Report 2018

*Covering January–December 2017*



**Changing the trajectory**

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## Changing the trajectory

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## A message from the CEO

Eastman is dedicated to enhancing the quality of life in a material way — making an impact on the world by offering our stakeholders a dedicated approach to sustainable innovation. We find it our moral purpose to help address the changing needs of the world and its growing population. As the desire grows for products that are both safe and sustainably sourced, Eastman will continue to build on its heritage of world-class technology platforms and product innovation by offering sustainable solutions at the molecular level.

Today, more than ever, Eastman is empowered to collaborate along the value chain, across industry sectors and with community partners to identify, assess and execute sustainable strategies that expand our efforts to partner on projects that make the greatest collective impact. Driven by global disruptions and macro trends, Eastman leverages its expertise in key platforms, such as cellulosic and polymer science, to convert market complexity into sustainable value. Our transition to a specialty materials company relies on differentiated application development and innovation-driven growth through disciplined portfolio management. We relentlessly engage the market to deliver consistent, sustainable value for our stakeholders using our unique asset integration and scale to not only enable innovation but deliver reliability and cost advantages in attractive niche markets.

With the publication of this report, we are reaffirming Eastman's commitment to the 10 principles of the United Nations Global Compact as well as the global Sustainable Development Goals. Throughout the report, I hope you will see that sustainability isn't something we do; it's a part of who we are. We are more determined than ever to fulfill that purpose — to make a material difference in the quality of life for billions of people around the world.



**Mark J. Costa**  
Board of Directors Chair  
and Chief Executive Officer





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# A message from the CSO

Together, we must change the trajectory.

### Innovation is imperative for meeting the needs of our changing world.

We know we must create far more value than the resources we use or the future is not sustainable. And as the purchasing power of the world grows, we can add tremendous value by enabling sustainable consumer choices.

While this innovation imperative is critically important, innovation is hard. True innovation changes behaviors and occurs at the confluence of an unmet need, a creative mindset, and the right resources which together can solve the problem.

We can't simply innovate for the sake of innovation. We must innovate to impact the world.

The Earth's resources continue to be constrained, and we must deliver consumer options that will sustain and protect our world. We leverage our world-class technology platforms across our value chain to ensure the right resources are being directed to identifying, influencing and providing unique insights to create transformative solutions.

As we continue our journey towards a specialty materials company, I'm optimistic that our pragmatic corporate governance, applied technical expertise and adaptive business practices are leading to innovative solutions that enable the world's environments and societies to thrive.

With a global workforce that has the capability to address the world's greatest challenges, Eastman becomes a leader in business practices that positively impact the health and well-being of our planet and the people that populate it. Together, we are dedicated to enhancing the quality of life in a material way. This is how we are changing the trajectory.



**David A. Golden**

Senior Vice President, Chief Legal & Sustainability Officer, and Corporate Secretary

### Creating value through sustainability

#### Focused good for good

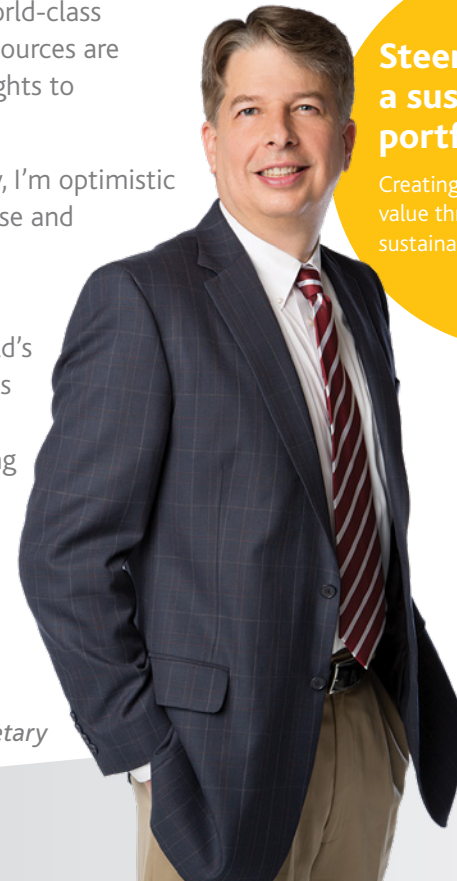
Creating **shared** value through strategic partnerships and social innovation

#### Steering a sustainable portfolio

Creating **innovative** value through our sustainable products

#### Driving resource productivity

Creating **productivity** value through more efficient use of resources



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# Eastman at a glance

## Eastman (NYSE:EMN)

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

2017 revenue approximately **\$9.5 billion**  
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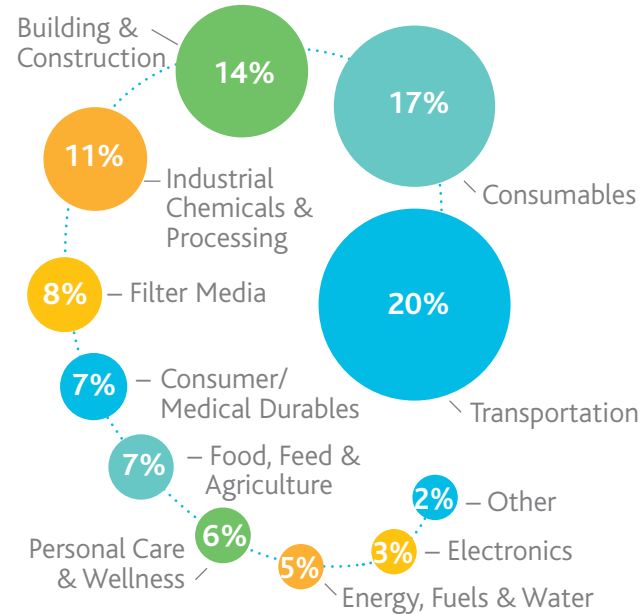


Headquartered in Kingsport, Tennessee, USA

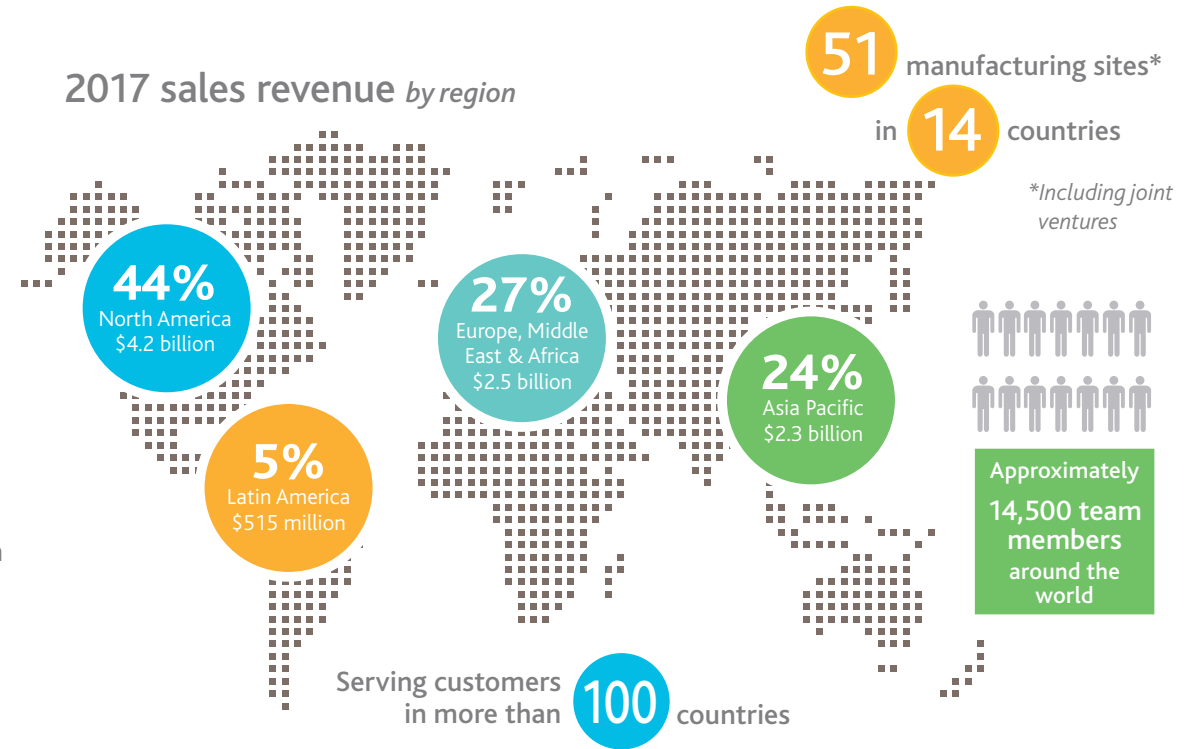
## 4 business segments



## 2017 sales revenue by end-use market



## 2017 sales revenue by region





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## Awards and recognitions



Received seventh consecutive **ENERGY STAR**® Partner of the Year award, fifth Sustained Excellence honor



Recognized as a Best Place to Work for LGBTQ Equality on the 2018 Corporate Equality Index by the **Human Rights Campaign Foundation**



Recognized for fifth consecutive year as one of the World's Most Ethical Companies® by **Ethisphere Institute**



Received the Extraordinary Employer Support Award from the **Department of Defense** Employer Support of the Guard and Reserve (ESGR) program for exemplary, continued support of employees who serve the U.S. National Guard and Reserves



Designated as a Military Friendly employer by **Victory Media/ G.I. Jobs**®



Recognized by **Corporate Responsibility Magazine** as one of the 2017 Most Responsible Companies in the Materials Sector



Recognized with Responsible Care® Energy Efficiency Awards from **American Chemistry Council** 25 years in a row. The five awards received in 2018 included two Exceptional Merit awards.

Recognized by **Corporate Responsibility Magazine** as one of the 100 Best Corporate Citizens for 2018



Named in the Top 50 of America's Most JUST Companies according to **Forbes** and **JUST Capital**

Received safety excellence awards from two major U.S. railroad companies, **Burlington Northern Santa Fe** and **Norfolk Southern**

Named by **Forbes** as one of its 2018 America's Best Large Employers

Received 2017 Responsible Care® Chairman's Award in China from **Association of International Chemistry Manufacturers (AICM)**

Recognized by **Newsweek Green Ranking** 2017

# Strategy

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## **Eastman Tetrashield™ protective resin systems**

creating a new product offering that saves energy in the manufacturing process and enables enhanced product longevity while exceeding today's regulatory requirements

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# Stakeholders and value chain

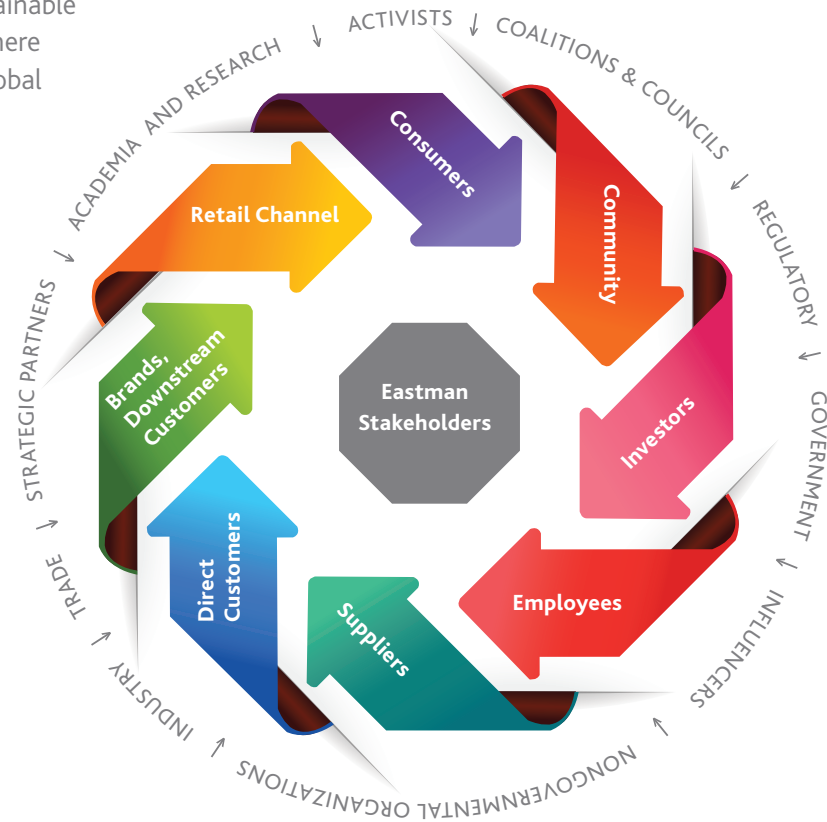
Eastman values the importance of collaboration and transparency to drive change both corporately throughout Eastman and visibly along the value chain. Today, more than ever, these collaborations will change the trajectory of our impact.

We are actively working across the value chain and within globally recognized frameworks, partnering to address the world’s biggest challenges.

As we focus our efforts on optimized natural resource efficiencies, we address the resources consumed throughout manufacturing while providing sustainable solutions for the world’s growing population. By better understanding where our products go after they leave our facilities, we can actively address global problems — exploring ideas for closing the loop, helping to unlock value beyond consumption and empowering new economies of scale.

Stakeholder engagement varies in type and frequency by stakeholder group, and we do not report specific details of all engagements. Examples are represented online at [eastman.com/sustainability](http://eastman.com/sustainability).

**Stakeholder engagement**  
driving collaboration to generate sustainable solutions and bring about positive change



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# Global macro trends, disruptions and transformations

**Eastman is a member of the World Business Council for Sustainable Development (WBCSD), an organization that helps global businesses face new and complex challenges and opportunities through science-based, targeted business solutions aimed to scale up business impact.**

Specifically, the work of the greater organization targets the realization of the United Nations Sustainable Development Goals (SDGs). The United Nations has set a sustainable development agenda. The 17 SDGs represent a collective effort to end poverty, protect the planet and ensure prosperity for all. Each goal has specific targets to be achieved by 2030.

The SDG agenda is ambitious, transformative and universal. It will not be achieved through incremental change and calls on all members to go beyond business as usual to address complex societal and environmental challenges. Realizing the ambitions of the goals and unlocking the potential they represent is beyond the reach of any one organization and so it calls for innovative forms of partnerships at scale.

Through the WBCSD the chemical sector has collaboratively worked on a roadmap to identify and realize key opportunities for collective impact across the SDG agenda, factoring in cross-cutting issues such as human rights, the low carbon economy, circularity, and digitization. The roadmap outlines tangible actions that the chemical sector can explore to accelerate impact related to the thematic areas of food, water, people & health, energy, and infrastructure & cities in the short-, medium- and long-term on the road to 2030.

Eastman is dedicated to exploring, articulating and helping realize the potential of the chemical sector to leverage its influence and innovation — significantly contributing to the realization of the SDG agenda. We will work to incorporate this roadmap into our future goal setting and corporate reporting.

### Chemical sector impact opportunities within WBCSD roadmap



**Food**



**Water**



**People and Health**



**Energy**



**Infrastructure and Cities**



*Eastman is dedicated to exploring, articulating and helping realize the potential of the chemical sector to leverage its influence and innovation — significantly contributing to the realization of the SDG agenda.*



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## Stakeholder priority assessment

**As our corporate strategy evolves with the world's changing demands, we continue to identify the emerging issues that are most material to our stakeholders.**

In preparation for our 2018 sustainability report, we assessed sustainability-related issues that fall within the standard environmental, social and governance (ESG) framework of most of our important stakeholders. Eastman believes effective management of ESG issues and opportunities will lead to commercial success and is working to link ESG to corporate strategy, our business models, managing risk and governance of our corporation.

While specific ESG research has shaped the thinking of our updated goals, Eastman does not conduct a formal stakeholder assessment annually.

We are currently working towards the completion of a full stakeholder assessment where we actively engage a diverse range of stakeholders through an ongoing process at the corporate, regional and local levels. By gaining this important feedback on business performance, we better understand relevant sustainability issues and macro trends that can advance the company's strategy — ultimately creating sustainable value. We expect to publish this updated stakeholder assessment as a part of our 2019 report.



*“The Business and Sustainable Development Commission’s flagship ‘Better Business, Better World’ report points to U.S. \$12 trillion of additional market value that could be unlocked by 2030 if the SDGs are successfully implemented, creating 380 million jobs in the process.”*

— The Business and Sustainable Development Commission

## SUSTAINABLE DEVELOPMENT GOALS

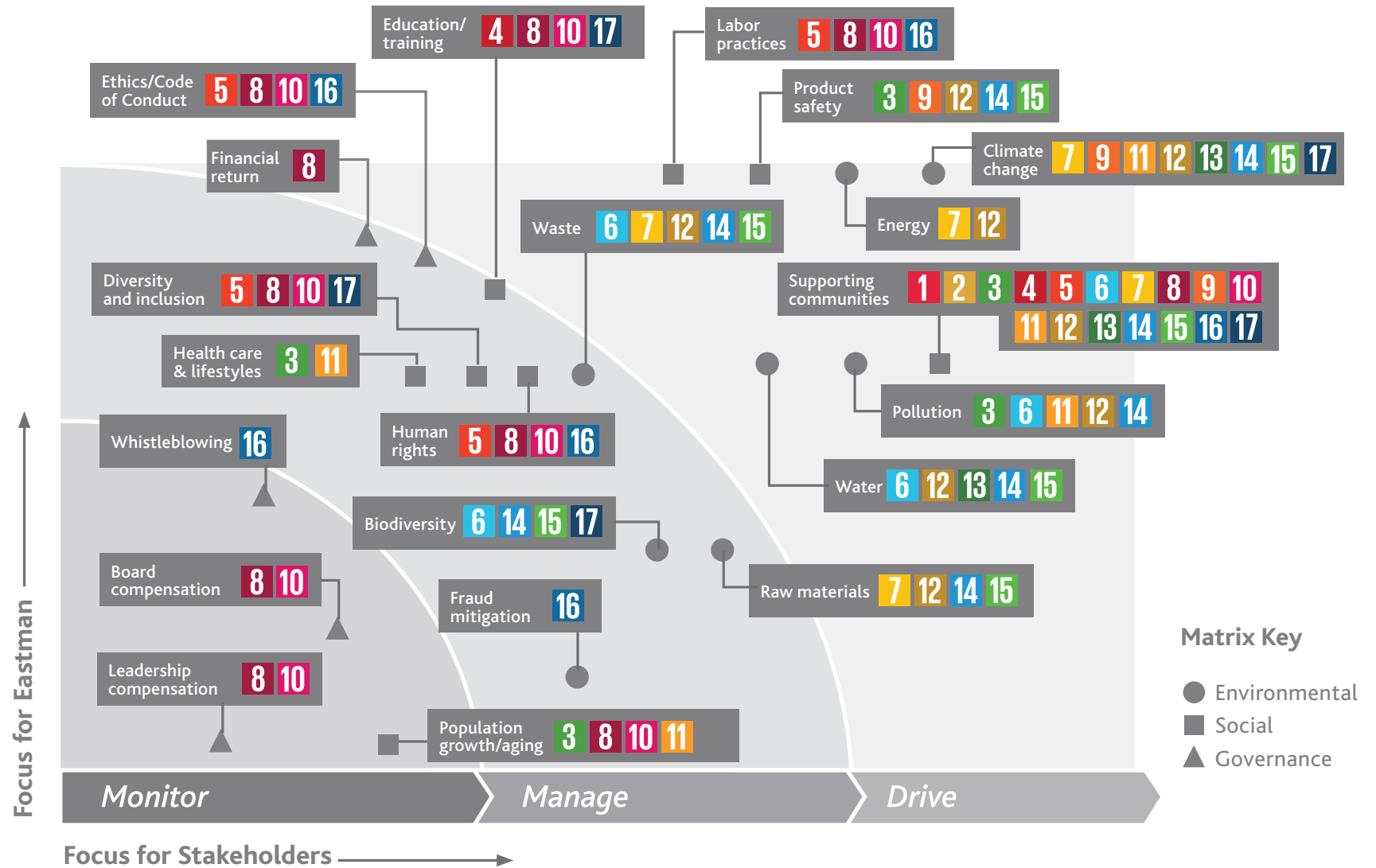


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## Stakeholder priority assessment (continued)





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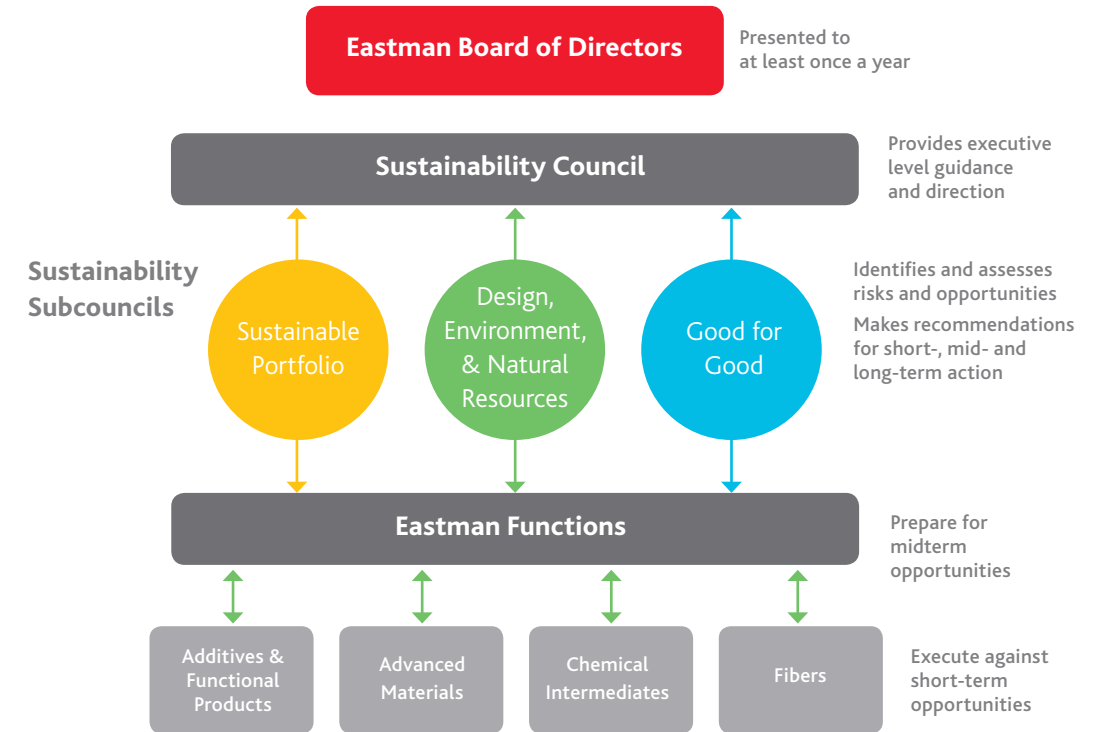
## Governance

Eastman’s Sustainability Council was established in 2010 to lead the development of an integrated sustainability strategy that informs the corporation’s innovation platform and influences Eastman’s business objectives. Comprised of senior leaders from across the corporation, the Sustainability Council drives alignment across the enterprise to address emerging opportunities for Eastman as the world undergoes continuous transformation.

Eastman’s three Sustainability Subcouncils continue to activate deeper integration of sustainability throughout the corporation, bringing established goals to life. They are dedicated to changing the trajectory through driving a sustainable portfolio, effectively managing all of our resources and enhancing social innovation.

The Sustainability Subcouncils proactively identify emerging issues, assess Eastman gaps, engage cross-functional teams and execute strategically where Eastman can make the most impact.

### Eastman’s purpose: Enhancing the quality of life in a material way



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## Code of conduct

**We understand that to be successful and fulfill our purpose of enhancing the quality of life in a material way, we must maintain trust and confidence with all of our stakeholders — employees, customers, communities, investors, and suppliers.**

Eastman has a number of policies and initiatives in place that allow its team members to cultivate a culture of integrity and ethical standards. The company has an Office of Global Business Conduct led by David Golden, Eastman's Senior Vice President, Chief Legal & Sustainability Officer, and Corporate Secretary, which establishes the [Code of Business Conduct](#). The Code raises awareness of legal and ethical issues that may arise and outlines the company's expectations for compliance with the most current regulations and standards. Annual training on the Code of Business Conduct is required for 100% of employees.

*As we continuously look for innovative ways to create value for these stakeholders, our global team is committed to conducting business with honesty and integrity every day. While no company is perfect, our goal is to have zero incidents of unethical behavior every year.*



In conjunction with the Code of Business Conduct, Eastman provides a [Third Party Code of Conduct](#) to our suppliers, which defines our expectations for conducting business with Eastman. We expect the same ethical behavior of our suppliers and hold them accountable by annual supplier surveys to drive the highest standards of sustainability, fair labor practices and safety along our value chain.



# Goals and progress

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## **Avra™ performance fibers**

Enabled by a proprietary spinning technology, Avra delivers exceptional moisture management — drying up to 50% faster than conventional polyester fabrics.

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## Goals and progress

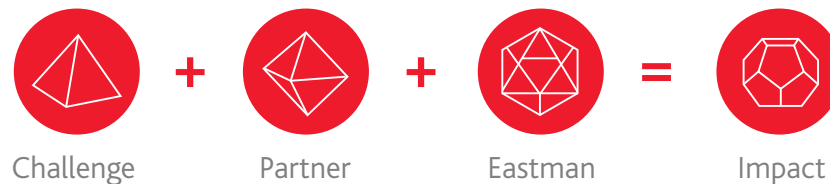
**We have an unyielding commitment to make a positive impact on the markets, customers, communities and employees that we serve. As we continue to achieve our goals, we do so by leveraging our unique capabilities and expertise and working closely with world-class partners.**

Going forward, we will align our goals under the framework of the United Nations Sustainable Development Goals (SDGs), allowing us to focus on some of the world's greatest challenges as a universal call to action. We review our goals regularly and establish targets that challenge us to continually improve.

This year, we continue to report on the goals and targets we established looking towards 2020. As we've achieved goals or shifted priorities to align with our corporate strategy, we have added or refined our goals. We have removed goals achieved during our previous reporting period.

As Eastman looks towards the future, our Sustainability Council and three Sustainability Subcouncils are collectively identifying opportunities, assessing priorities and facilitating deeper integration across the enterprise that will allow Eastman to continually focus its sustainability efforts to address global disruptions and transformations taking place.

**The Eastman Equation:**





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## Priority goals

**Steering a sustainable portfolio**

Creating **innovative** value through our sustainable products

**Driving resource productivity**

Creating **productivity** value through more efficient use of resources

**Focused good for good**

Creating **shared** value through strategic partnerships and social innovation

### Growth

**DELIVER new business SOLUTIONS**



from our world-class renewable technology platforms

Progress: In transition

### Energy

Reduce energy intensity by **20%** by **2020**

Progress: Needs improvement

### Water



Increase water use efficiency and ensure sustainable withdrawals and supply

Progress: New



**SUPPORT CATALYTIC projects and initiatives**

### Innovation

**PROJECT PORTFOLIO**

Drive Eastman to innovate more sustainably advantaged products

Progress: New

### Greenhouse gas emissions

Reduce GHG intensity by **20%** by **2020**

Progress: On track

### Safety



Maintain our strong commitment to a zero-incident culture

Progress: Needs improvement



focused on education, environment, empowerment, and economic development

Progress: On track

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# Steering a sustainable portfolio

Key macro trends drive product innovations to enhance quality of life and make a material difference.



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# Steering a sustainable portfolio

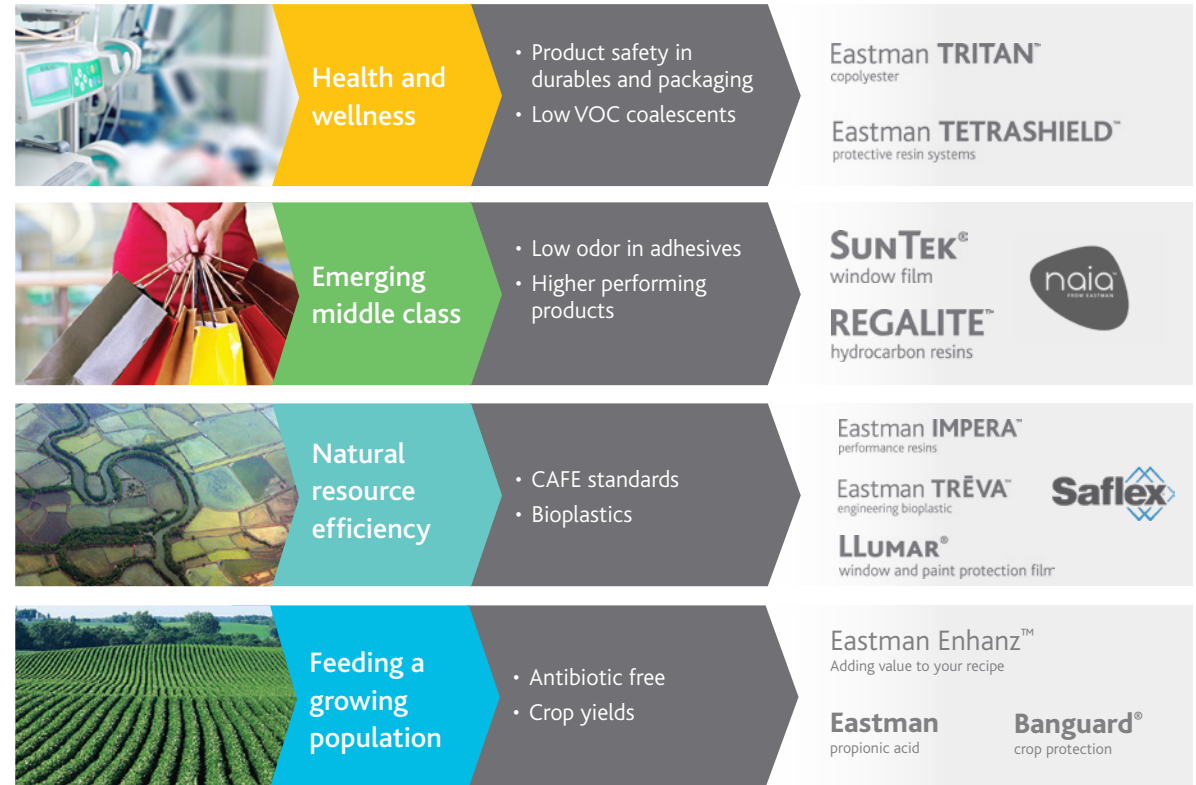
Macro trends drive innovation.

**Eastman is driving innovation by identifying and assessing global macro trends and disruptions.**

We recognize that understanding where our world is going is critical to ensure the value of our products in our future. We started by assessing our projects against macro trends in 2016, but in late 2017, we took this a step further and launched our product sustainability assessment. As we understand our projects individually, we are elevating this to look at the impact of our collective portfolio. For example, we have set our sights on best practices to enable carbon reductions and offsets in manufacturing processes, and we have established a team to help address the growing impact of plastics in our waterways and ocean.

We know that applying our global experts and world-class technology platforms to the world's challenges will allow us to create a pipeline of sustainable innovation that enhances the quality of life in a material way.

### Macro trend examples



*"Using regulatory and nonregulatory drivers to spur new product innovations that are responsibly sourced and produced, Eastman is meeting the societal demands for producing products that are safer for the planet and all its inhabitants."*

— Dr. John Hott, Director, Global Product Stewardship and Regulatory Affairs

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## Goals and progress

### Steering a sustainable portfolio

Goal	Progress	Progress details
Deliver new business solutions from our world-class renewable technology platforms	In transition	During 2017, Eastman launched three exciting new products from our renowned cellulosic platform: Naia™, Trēva™ and Vestera™. Building off of our nearly century-long history in these products, we have been able to launch new products quickly that have the opportunity to become market leaders. We acquired USDA BioPreferred certifications for these products and completed Vinçotte biodegradation certification for Vestera™. While we are marking this goal as complete for 2017, note that we are still actively working on new innovations from our world-class renewable technology. We are transitioning to a single focus of driving development of sustainably advantaged products across our entire portfolio.
<b>Innovation project portfolio</b> Drive Eastman to innovate more sustainably advantaged products  <i>Replaces previous Eastman goal of assessing all innovation projects through lens of global macro trends</i>	New	<p>As mentioned above, we are expanding our focus on sustainable innovation beyond our renewable platform. Currently, we are implementing a redesigned Portfolio Sustainability Assessment for our innovation project portfolio, which is deepening our understanding of our innovation project sustainability performance. In 2016, we piloted the assessment tool with targeted projects to allow us to learn, review and adjust to make improvements to the approach. In 2017, we launched the assessment for all innovation projects. We expect to complete assessments on all current innovation projects by late 2018. The assessment is designed to occur early in the innovation process, and we aim to complete assessments on &gt;90% of innovation projects on an ongoing basis.</p> <p>We anticipate reporting the overall sustainability performance of our entire innovation portfolio in our 2019 sustainability report, which will likely include metrics such as:</p> <ul style="list-style-type: none"> <li>• Percent of our projects (count) that are classified as sustainably advantaged or leadership level</li> <li>• Sustainability Index improvement of advantaged projects compared to neutral and disadvantaged projects</li> </ul> <p>As we continue the launch, we will establish baselines and set targets for these metrics.</p>

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## Goals and progress *(continued)*

### Steering a sustainable portfolio

Goal	Progress	Progress details
<b>Existing product portfolio</b> Drive Eastman portfolio toward more sustainable offerings	New	<p>This new goal is complementary to our innovation project portfolio. We aim to make our product portfolio more sustainable over time using a two-pronged approach: by innovating more sustainable products and steering our existing portfolio toward the offerings recognized as sustainability advantaged and leaders. We focused first on understanding and evaluating sustainability performance of innovation portfolio because it ultimately influences performance of product portfolio.</p> <p>Based on our learnings from the innovation project assessments, we will begin to develop a commercial portfolio assessment process in 2018 with launch of the process in 2019. At this time, we anticipate being able to report progress on metrics for this goal in our 2020 sustainability report. We intend to track progress on metrics such as percent of Eastman revenue generated by sustainably advantaged products vs. others with goals for improvement over time.</p>



*"It is imperative that we look at the disruptions and transformations happening around the world to ensure that we are innovating for an abundant future. To do this, we are constantly executing strategies that enable a sustainable portfolio for Eastman."*

— Cathy Combs, Director, Sustainability

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# Modifying our molecules to innovate a new solution



## Challenge

India's increasing middle class demands higher quality products. Mahindra & Mahindra, a leading Indian automaker, was experiencing coating failures on their SUVs resulting in loss of share and diminished trust in their brand.

## Partner

Mahindra & Mahindra

## Eastman

### Eastman Tetrashield™ protective resin systems

Derived from the TMCD molecule with properties that make Eastman's Tritan™ copolyester so successful, the Eastman team worked across borders to deliver a drop-in replacement and fast! In just 15 months, our experts modified molecules to develop a new coatings technology that had exceptional durability.

## Impact

300,000+ SUVs on the road with Tetrashield technology, creating a new product offering that saves energy in the manufacturing process, adds value to the product through eliminated capital expenditures, and enables enhanced product longevity while exceeding today's regulatory requirements.

"Tetrashield is a perfect example of how Eastman seeks to create value. By relentlessly engaging the market, collaborating across the value chain and leveraging our technology strengths, we strive to be essential to our customers' success."

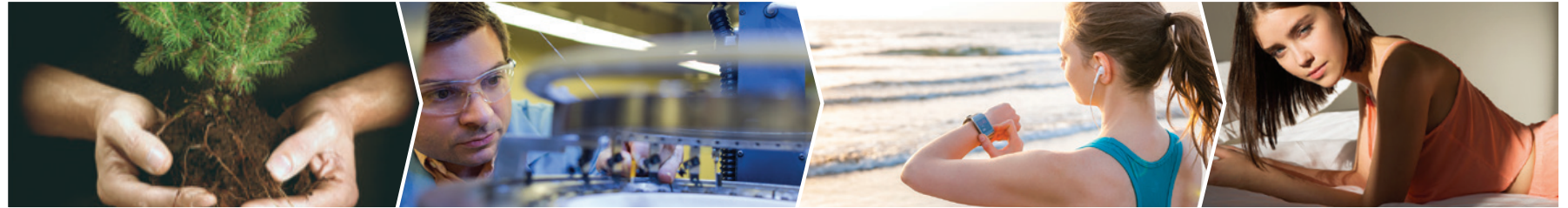
— Dr. Lucian Boldea, Senior Vice President, Additives & Functional Products

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# Revitalizing a 100-year-old cellulosic platform



## Challenge

There is a push for new material innovation that is sourced from renewable resources. As a company, we must help consumers look beyond the extractive “take, make, dispose” industrial model, and design materials that can be valued as renewable resources without losing performance benefits.

## Partner

Eastman works cross-functionally to understand market drivers — scaling up new material innovations.

## Eastman

Leveraging 100 years of cellulosic expertise, Eastman rapidly identified, assessed, and launched two new biobased materials into separate markets in less than one year:

- Eastman Trēva™ engineering bioplastic, with a biobased content of 42%
- Eastman Naia™ cellulosic yarn, with a biobased content of 56%

## Impact

Eastman has successfully introduced specialty materials that meet the growing environmental demands of our changing world. Our integrated world-class technology platforms allow us to offer scaled solutions — a competitive advantage that is hard to match in niche applications.

Learn more about [Naia](#).

Read the Trēva™ [processing and design guide](#).



*“We believe in sustainability and the necessity to deliver innovative and sustainable fiber options to the textiles industry. Naia™ cellulosic fiber embraces our vision to bring consumers luxury, comfort and ease of care without any compromise on sustainability.”*

— Ruth Farrell, Marketing Director, Textiles

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# Understanding healthcare needs, protecting patient safety



## Challenge

Hospitals are working hard to prevent healthcare-associated infections (HAIs). This requires the use of stronger disinfectants and the need for tougher devices that can withstand frequent cleaning.

## Partner

Clorox Healthcare, an industry leader with disinfectants that healthcare facilities trust, partnered with Eastman to offer a solution that can withstand rigorous use and disinfectants while offering increased durability and product failure reductions.

## Eastman

By joining forces, Eastman and Clorox are improving disinfectants, strengthening devices and protecting patient safety. As hospitals use more aggressive disinfectants and take other measures to reduce HAIs, medical equipment is increasingly subject to repetitive failures. Eastman Tritan™ copolyester is a revolutionary material able to withstand aggressive environmental rigors.

## Impact

The brands you trust to keep your home safe and clean are now doing the same for healthcare.

*“Eastman understands the needs of the medical device marketplace and creates materials to meet the demands of aggressive HAI cleaning*



*protocols. Eastman’s testing shows that the type of plastic used in these sensitive applications is critical to patient safety and device reliability.”*

— Laurie Rabens, Clorox Healthcare

*“Making equipment properly so it can be disinfected and therefore be safer for patients — any company that chooses to go down that path is a good partner for hospitals, and those are the companies we want to do business with.”*

— Alan Levine, Executive Chairman,  
President and Chief Executive Officer,  
Ballad Health



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## Driving resource productivity

Earning the right to operate is a responsibility Eastman takes very seriously. We understand that even the smallest action can have a lasting effect. Therefore, managing resources and preserving the ecosystem are top priorities.



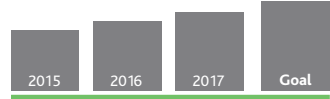

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# Goals and progress

## Driving resource productivity

Goal	Progress	Progress details	*Energy and emissions data
Improve energy efficiency of operations by 20% by 2020 against the 2008 baseline	Needs Improvement	Through 2017, energy intensity improved 11.3% compared to the 2008 baseline; year-over-year improvement compared to 2016 was 1.0%. In 2017, Eastman focused on project execution and putting plans in place to make sure gains are maintained.	<b>Energy intensity</b> (percent reduction) 
Reduce greenhouse gas (GHG) emissions per unit of production (GHG intensity) by 20% by 2020 against the 2008 baseline	On track	2017 greenhouse gas intensity decreased 17% compared to the baseline.	<b>Total direct and indirect greenhouse gas emissions by weight</b> (GHG = lb CO <sub>2</sub> per lb of product sold) 
Increase water use efficiency and ensure sustainable withdrawals and supply  <i>Replaces goal to develop best practices for water conservation and reuse and assess manufacturing sites against these best practices</i>	New	In 2016, Eastman established a goal to develop best practices for water conservation and reuse and assess our manufacturing sites against these best practices. Eight North America sites completed assessments in 2016.  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, raw water treatment costs, and enhances energy and water efficiency. Essential recycle operations include condensate recovery/reuse and recirculating cooling towers as well as reuse of water within some processes for heat recovery and reduced water usage.  Total withdrawals are monitored for all sites where Eastman has controlling ownership. Water withdrawals for 2017 decreased 4% compared to 2016.	

\*See [eastman.com/sustainability](http://eastman.com/sustainability) for detailed charts.

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## Goals and progress *(continued)*

### Driving resource productivity

Goal	Progress	Progress details	*Safety data
Maintain our strong commitment to a zero-incident culture	Needs improvement	<p>While we continue to make progress, we recognize the need to focus our efforts to develop a zero-incident culture that encompasses all aspects of operational excellence, including personal safety and process safety.</p> <p>Over the last year, we have recommitted ourselves to pursuing and achieving continual excellence in process safety. We understand that any process safety event isn't acceptable in a zero-incident culture, and serious events have the potential to impact all of our stakeholders. We are tracking process safety incidents as defined by the American Chemistry Council.</p> <p>Targets we continue to monitor and report:</p> <ul style="list-style-type: none"> <li>• 2017 OSHA Injury and Illness Rate — 0.71 against target of 0.54</li> <li>• 2017 Days Away from Work (DAW) Rate — 0.20 against target of 0.12</li> <li>• 2017 Process Safety Incident Rate for Tier I events — 0.15 New metric for 2018 with target of 0.13 (see <a href="#">GRI LA-6</a> for more details)</li> </ul>	<p><b>OSHA injury and illness rate</b></p>  <p><b>Days Away from Work (DAW) rate</b></p>  <p><b>Process safety incidents</b></p> 

\*See [eastman.com/sustainability](http://eastman.com/sustainability) for detailed charts.

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*"In today's world, it's not enough to simply comply with permits and regulations. We must operate in a way that our communities know we are going beyond compliance to protect our people and the environment. Our communities grant us our license to operate, and we must remain committed to a zero-incident culture to continue earning the trust and support of our neighbors. In a zero-incident culture, we approach each job with that mentality — no injuries, no environmental releases, no adverse impact to our employees or community. That's our responsibility, and we take it very seriously."*

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



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## Goals and progress *(continued)*

### Driving resource productivity

Goal	Progress	Progress details	*Energy and emissions data
Reduce nitrogen oxide (NO <sub>x</sub> ) by 20% and sulfur dioxide (SO <sub>2</sub> ) by 40% by 2020 against the 2010 baseline	Complete	2017 NO <sub>x</sub> emissions decreased 24% compared to the baseline. 2017 SO <sub>2</sub> emissions decreased 52% compared to the baseline.	<p><b>NO<sub>x</sub> air emissions by weight (tons)</b></p> <p><b>SO<sub>2</sub> air emissions by weight (tons)</b></p>
Reduce Volatile Organic Compounds (VOC) by 15% by 2020 against the 2010 baseline	On track	2017 VOC emissions decreased 13% compared to the baseline.	<p><b>VOC air emissions by weight (tons)</b></p>
Reduce total number of reportable releases by 25% by 2020 against the 2010 baseline	On track	2017 reportable releases decreased 21% compared to the baseline.	<p><b>Reportable releases (incidents)</b></p>

\*See [eastman.com/sustainability](http://eastman.com/sustainability) for detailed charts.

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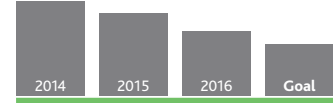

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## Goals and progress *(continued)*

### Driving resource productivity

Goal	Progress	Progress details	*Energy and emissions data
Reduce Toxic Release Inventory (TRI) emissions to the air by 25% by 2020 against the 2010 baseline	On track	2016 TRI air emissions decreased 20% compared to the baseline.	<b>TRI air emissions by weight (Mlb)</b> 
Reduce hazardous waste (indexed to production) by 15% by 2020 against the 2010 baseline	Needs improvement	2017 hazardous waste indexed to production increased 4% compared to the baseline.	<b>Hazardous waste (kgs waste/kg production)</b> 

\*See [eastman.com/sustainability](http://eastman.com/sustainability) for detailed charts.



*"Eastman has a long history of implementing energy efficiency projects. As technical gains have been achieved, the company has recognized that more innovative and often collaborative techniques are required to change the trajectory. We are continually broadening our efforts to include collaborations that fully engage our employees and our partners to achieve greater results. We are proud of our accomplishments to date and will continue to adapt as the world's demands change."*

— Sharon Nolen, Manager, Global Natural Resources Management

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# Understanding the ocean's role in climate change



## Challenge

According to the World Economic Forum, the biggest man-made threat to ocean health is carbon pollution. In the last decade, the ocean has absorbed about 30% of the carbon dioxide emitted by industry. While we know that climate change is dependent on the ocean's health, science examining the interaction between the air and sea is limited and current models do not address the uncertainties of climate change.



## Partner

The Eastman Foundation has partnered with the Woods Hole Oceanographic Institution (WHOI) in the foundational development of its Center for Air Sea Interaction and Marine Meteorology (CASIMM).

## Eastman

The ocean is the fundamental driver of our climate, atmospheric, weather, food, energy and water systems, yet we know so little about it. To close this gap, Eastman is committed to better understanding the blue economy by funding research that produces long-term, high-quality, reproducible data.

## Impact

While the need for research on the interaction between the air and sea is high, global experts concentrating on the subject are limited. CASIMM is dedicated to developing the next generation of leaders focused on modeling the effects of climate change. This research will inform strategies for our future business as well as our global environment.

*"The fundamental problem is a lack of resources on all fronts. To be successful in increasing our understanding and predictive capabilities of this complex system, we must work together."*

— Dr. Carol Anne Clayson, Senior Scientist, Physical Oceanography, Woods Hole Oceanographic Institution

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# Saving energy, reducing carbon emissions



## Challenge

How do you increase the energy efficiency in operations while improving the reliability of the steam produced, maximizing turndown and properly controlling steam pressure while maximizing steam generated?

## Partner

Eastman worked through Energia Group's Power Systems Manufacturing to identify new burner technology that would fit the turndown, operating and environmental demands of its cogeneration plant in Longview, Texas. After the new technology was identified (PSM/Ansaldo's FlameSheet™ Combustion System) and proven, a project was initiated to install the new burners.

## Eastman

From conception to implementation, Eastman experts were able to determine the amount of steam production that could be moved to the cogeneration plant while keeping the olefin cracking plant boilers at or above minimum rates. Controls were installed to maintain the steam header pressure and maximize cogeneration steam production leading to maximum energy efficiencies and reductions in CO<sub>2</sub>.

## Impact

The installation of this new burner technology was the first in the industry. The increased turndown has changed how the site generates steam and how the cogeneration facility generates electricity. 156,000 MMBtu were saved in 2016, a 9% energy savings per Klb of steam produced. In addition, the project yielded an annualized net CO<sub>2</sub> emissions reduction of 9,130 tons leading to accolades from both the American Chemistry Council and the Department of Energy in 2017.

**9%** Energy savings per Klb steam

**9,130** tons, CO<sub>2</sub> emissions reduction each year

**156,000** MMBtu savings in 2016



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# Navigating the nexus of academics, policy, and industry



## Challenge

In the environmental realm, people often worry about rebound effects, such as the adoption of one negative environmental behavior undermining all future environmental choices and actions.

## Partner

Michael Vandenberg is a leading scholar in environmental and energy law. His work with Vanderbilt's Climate Change Research Network involves interdisciplinary teams that focus on the reduction of carbon emissions from the individual and household sector. His corporate work explores private environmental governance and the influence of social norms on firm behavior as well as the ways in which private contracting can enhance or undermine public governance.

## Eastman

Resident expert, Sharon Nolen, Manager, Global Natural Resource Management, was asked by Vandenberg to participate in a workshop to discuss pro-environmental behavior, sharing Eastman's approach to engaging its employees in its award-winning energy management program. This was the culmination of ongoing conversations to share research and industrial perspectives with Vandenberg visiting Eastman's largest facility to learn more about our environmental efforts and Nolen serving as a guest presenter to graduate students at Vanderbilt.

## Impact

Vandenberg's research on the topic of "Net Gains for Pro-Environmental Behavior" suggests that industry is at an important environmental tipping point. While roughly 50% of the U.S. population either doesn't believe in climate change or is waiting on the federal government to solve these complex problems with policy, Private Environmental Governance is putting private institutions at the forefront of environmental protection — representing the interest of the population through preferred options in the marketplace.



Learn more from Michael Vandenberg at TEDxNashville — "Can your company stop global warming?"

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With the right combination of resources, expertise and influence, Eastman is committed to being a leader in social innovation and doing good for people and the planet.



Learn more about Corporate Responsibility at Eastman.

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## Goals and progress

### Focused good for good

Goal	Progress	Progress details
Support catalytic projects and initiatives focused on education, empowerment, economic development and the environment	On track	<p>Eastman leverages corporate and Foundation resources to invest in unique partnerships and initiatives that drive transformational change through the lens of four priority areas — education, empowerment, economic development and environment. With the convergence of innovation, technology, and sound science, we prioritize opportunities that allow us to combine the unique expertise of Eastman team members around the world with strategic partners to bring solutions to significant, real-world problems.</p> <p>Eastman's Chief Legal &amp; Sustainability Officer and Corporate Secretary David Golden has executive responsibility for the company's corporate responsibility and community engagement efforts. Golden reports progress to the Executive Team and the Board of Directors to ensure alignment of the company's corporate responsibility strategy with the corporate strategy. Golden also serves as President of the Eastman Foundation, which serves as a private charitable foundation whose mission coincides with Eastman's corporate responsibility strategy.</p> <p>Examples of initiatives and progress are included in this report and online at <a href="https://responsibility.eastman.com">responsibility.eastman.com</a>.</p>



*“Eastman is elevating its partnership initiatives to create a lasting impact in global communities. By strategically investing in the future, we ensure that innovation isn't just limited to our products but impacts humanity for the greater good.”*

— CeeGee McCord, Director, Global Public and Community Affairs

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## Developing the STEAM pipeline



### Challenge

There is a leak in the Science, Technology, Engineering, Arts and Math (STEAM) pipeline. Preparing the next generation of talented engineers and scientists is an ongoing challenge. At current enrollment rates, the U.S. will be short five million workers for these skilled careers by 2020.

### Partner

STREAMWORKS supports local K–12 science, engineering, technology and mathematics education and helps get students excited about opportunities in higher education and technical fields.



### Eastman

Eastman empowers strategic initiatives with our partners in education to help ensure we have a successful workforce in the future. Encouraging innovative and productive thinking in a real-world environment enables students to excel — especially when they are grounded in science, technology, engineering, arts, and math education.

### Impact

STREAMWORKS is a new educational platform that delivers enhanced opportunities for K–12 students to participate in exciting mentor and project-based programs that focus on these critical skills. Through the partnership, STREAMWORKS is introducing specialized curricula, such as coding and marine robotics, to students. STREAMWORKS introduced Marine Advanced Technology Education (MATE) Initiatives to schools in Eastman's global headquarters community. Students are now competing in underwater robotics at the international level.



*"Each year, I am always amazed at the innovation and entrepreneurship of the student teams. They come up with some very creative and often very sophisticated solutions to the challenges that we present to them. It takes partners in business and education to make these programs and opportunities possible for students. Thanks to partners like Eastman, I know that our future technical and engineering workforce is in good hands."*

— Jill Zande, President & Executive Director at MATE Inspiration for Innovation (MATE II)



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# Advocating for action in ocean science



## Challenge

The ocean contains 97% of the Earth's known water supply and is fundamental to our climate, atmosphere, weather, food, energy and water systems. There is no place on the globe where the ocean doesn't matter. And yet, the message is simple — we need more data to better understand the complexities of the world's most important waters.

## Partners

- Woods Hole Oceanographic Institution (WHOI)
- Consortium for Ocean Leadership
- The World Ocean Summit
- National Ocean Sciences Bowl
- Marine Advanced Technology Education (MATE) Initiative

## Eastman

Because we understand that the ocean and ocean life are so fundamental to our weather and climate systems, food web and global ecosystem, Eastman is focusing resources and efforts on partnership projects and initiatives to better understand the complexities of ocean science and reflect our commitments to education, empowerment, economic development and the environment.

## Impact

Eastman has built a strong platform of support for ocean research and education, including:

- Promoting and enabling innovative technologies to accelerate ocean research
- Development of a unique educational curriculum for an ocean processes capstone course at the high school level
- Providing opportunities for students to compete in ocean science challenges and competitions at a national level

Learn more at [responsibility.eastman.com/environment](https://responsibility.eastman.com/environment).

*“Change begins with education and what better way to engage in a global need than to inspire the best and brightest young minds around the endless possibilities of applying educational skills to impact the issues of our changing world.”*

— Natalie Pickett, instructor of Ocean Sciences Capstone Course at Dobyys-Bennett High School in Kingsport, Tennessee

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# Inclusion and diversity

## Tapping into the full potential of Eastman people

**Processes and systems don't innovate. People innovate. That means every team we have on the ground at Eastman must be absolutely, fully engaged. That's why inclusion and diversity are core elements of our governing principles and corporate strategy.**

A diverse and inclusive environment for Eastman is exceptionally important for how we're going to exceed in the marketplace. We're growing a powerfully diverse workforce with increasingly diverse talents, perspectives and experiences that bring the best ideas to the table. We're also fostering inclusion that inspires innovation, encourages respect, and enables the highest level of contributions. Inclusion ignites the creativity, passion, and innovation that bring the best ideas to the table.

Eastman's inclusion and diversity strategy is about growth and innovation. It's about providing a future for our company, which is extremely important because when the company wins, our people win, and all of our stakeholders win.



### Executive Team responsibility

Eastman's Chief Human Resources Officer has responsibility to oversee all aspects of inclusion and diversity efforts for the company and report progress to our Board of Directors. Each of the five Eastman Resource Groups (ERGs) is sponsored by an executive team member that actively champions, supports and participates with the group to achieve the ERG's objectives (see [page 36](#) for more details). We expect our Senior Leadership Team to model Eastman's cultural and leadership behaviors to develop the next generation of leaders within Eastman. Our leaders are held accountable for building and inspiring high-performing teams.

### Leadership Learning Labs

We began hosting immersive Leadership Learning Labs for senior leaders and leaders who have the ability to influence and drive change throughout the company.

The **more than 150 graduates** from the 3.5-day residential training are transforming themselves and driving a more diverse and inclusive culture in our company and communities.

These labs have been transformative, with one leader stating, "The most powerful lesson I learned at the diversity workshop was that everybody's an individual and everybody has their own story ... and what that means is that a lot of presumptions and assumptions that

*continued on page 36*

### Collaborations for change

- [American Indian Science and Engineering Society](#)
- [Catalyst](#)
- [DigiGirzlz](#)
- [Human Rights Campaign \(HRC\)](#)
- [National Council for Women & Information Technology \(NCWIT\)](#)
- [National Society of Black Engineers \(NSBE\)](#)
- [Paradigm for Parity®](#)
- [Society of Hispanic Professional Engineers \(SHPE\)](#)
- [Society of Women Engineers \(SWE\)](#)
- [Women Leaders in College Sports](#)
- [Women's Basketball Hall of Fame](#)

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## Inclusion and diversity *(continued)*

I've made about people based on any number of facets that I can observe with my eyes have been wrong a lot of times." In addition, we're transforming gender diversity at the leadership level by making intentional investments and building our mentoring network to accelerate the readiness of women for leadership roles. The rate of women being promoted within professional and management roles continues to increase.

### Special initiatives, recruitment and community events

Eastman is proud of our collaboration with community partners, universities and organizations. From recruiting, hiring and supporting veterans to our regional Black History Month oratorical contest and a free community event at our headquarters site to celebrating International Women's Day and PRIDE month, we're making significant progress. On a national level, we joined [Paradigm for Parity](#) along with other leading companies, signing the pledge in early 2017 to bring gender parity to corporate leadership by 2030. Eastman keeps moving forward with its initiative to bring more women into the field of information technology through the "[Pacesetters](#)" program created by the National Center for Women & Information Technology (NCWIT). Pacesetters is designed for member organizations that are committed to taking proactive measures over a two-year period to increase the number of women in IT. At the local level, Eastman supports and coordinates opportunities for female employees to hold leadership roles in philanthropic and nonprofit organizations and participate in community leadership development programs.

### Employee Resource Groups (ERGs)

In 2015, we formally launched our first ERG. Today **nearly 900 Eastman team members** are engaged and being inspired through Eastman's five ERGs listed at right. Attracting the right talent is a key component of our strategy and to achieving our bottom line. Our ERGs are providing long-term value creation to the company by increasing our pipeline of diverse talent, supporting attraction, development and retention of talent. We are leveraging ERGs to help expand our on-campus presence, enhance our interviewing and onboarding experience, and help us recruit new talent. ERGs have also created new development opportunities such as skill-building and career development forums, mentoring programs and one-on-one career coaching. They foster engagement and retention through networking events, forums and community involvement.

More than **120 team members** have voluntarily engaged in Equality Allies training and more than **80 women** are participating in the Catalysts' mentoring program, all taking an active role in shaping our company's future.

We believe that empowerment facilitates success and that we can make a greater impact when we collaborate and combine our talents, passions and expertise toward a collective goal.

Learn more about our progress and collaboration partners at [eastman.com/diversity](http://eastman.com/diversity).

**Inclusion & Diversity**  
tapping into the full potential  
of Eastman people

**CATALYSTS**  
Eastman Resource Group  
tapping into our community of women

**CONNECT**  
Eastman Resource Group  
tapping into our African American/Black community

**EQUALITY**  
Eastman Resource Group  
tapping into our LGBT community

**EVETS**  
Eastman Resource Group  
tapping into our community of troops and veterans

**MOSAIC**  
Eastman Resource Group  
tapping into our Latino community



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## Eastman Foundation

The Eastman Foundation serves as a private charitable foundation that supports initiatives that serve and strengthen communities around the world. Directed by board members who represent all areas of the company, Eastman's Chief Legal & Sustainability Officer serves as President of the Foundation, driving alignment of the Foundation's mission to Eastman's Corporate Responsibility efforts and focus areas: education, environment, empowerment, and economic development.

While Eastman and the Eastman Foundation provided funding and in-kind donations totaling more than \$5.2 million to support public/private partnership initiatives in 2017, the Foundation's approach extends beyond financial support and embraces opportunities that can truly impact our changing world — strategically investing in programs and partnerships that reflect its mission.



### Priority areas



**Education** By leveraging our resources and strategic initiatives we can maximize the collective impact of educational initiatives focused on science, technology, engineering, arts and math.



**Environment** The Foundation's initiatives help promote and drive environmental awareness, environmental stewardship, and energy conservation.



**Empowerment** The Foundation is committed to building an engaging and dynamic work environment with a mindset of equality and inclusion.



**Economic Development** The Foundation supports innovative and impactful economic development initiatives that directly benefit residents and improve quality of life.

**EASTMAN  
FOUNDATION**

*Good for Good*

[eastmanfoundation.com](http://eastmanfoundation.com)

### Conserving ecology

Eastman advances large-scale ecological work through its partnership with The Nature Conservancy, one of the world's leading environmental organizations. For nearly two decades, the Eastman Foundation has partnered with Nature Conservancy to preserve a beautiful stretch of land located in the Shady Valley area of Northeast Tennessee. Increased support by the Foundation this year will help fund a seven-acre expansion of the Schoolyard Springs Preserve in Shady Valley. The expansion will include a stream restoration project, resulting in almost 2,000 linear feet of biologically and hydrologically repaired tributary reach. As the most visited property in Shady Valley, the Schoolyard Springs Preserve also lends itself to opportunities for education and outreach efforts.



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## Scope of report

Eastman's 2018 sustainability report focuses on our progress and challenges over the past year and includes quantitative data for the year ending December 31, 2017, unless otherwise noted. The report covers Eastman's wholly owned operations. We are committed to including information on newly acquired sites within three years of acquisition. This report follows the Global Reporting Initiative's (GRI) G4 framework and meets requirements for the United Nations Global Compact Communication of Progress.

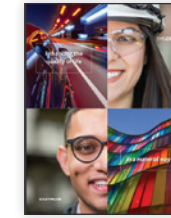
Based on the stakeholder mapping assessment we completed for our 2017 report, we identified the topics of significance and indicators that are most relevant to our internal and external stakeholders and their alignment to both our strategy and the SDGs. We also examined our business opportunities and risks and evaluated external trends related to our business. This year, we are completing a comprehensive stakeholder assessment in preparation for the 2019 report.

The data used in this report was collected through several information management processes, including instrumentation, monitoring, sample collection and analysis, engineering estimates, material balances and other methods. Eastman has rigorous internal policies and practices to ensure the content of this report is accurate. Additionally, Eastman's internal auditors assess the information in conformance with standards set by the Institute of Internal Auditors (U.S.). Internal auditors assessed the information contained in the report to ensure appropriate supporting documentation exists. Many of the financial data included are taken from the consolidated financial statements contained in the Eastman 2017 *Annual Report*.

## Other reports of interest



2017 Annual Report:  
*Enhancing the quality of life in a material way*



2017 Databook:  
*Enhancing the quality of life in a material way*



2017 Sustainability Report:  
*Innovating with Purpose*



2016 Sustainability Report:  
*Leadership. Innovation. Impact.*



2015 Sustainability Report:  
*Gaining momentum*



2014 Sustainability Report:  
*Moving forward together*



2013 Sustainability Report:  
*Positive progress*



2011 Sustainability Report:  
*Connecting Science and Sustainability*

# Global Reporting Initiative (GRI)

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GRI index  
GRI appendix

## Saflex® heads-up-display (HUD)

Saflex® interlayer technology enables cost-effective implementation of HUD features, decreased cabin noise, reduced vehicle weight, improved gas mileage and reduced CO<sub>2</sub> emissions.

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# Global Reporting Initiative content index

This report aligns with the GRI G4 Guidelines. Eastman self-declares the 2018 report as “In Accordance-Core.”

The information included also serves as Eastman’s Communication of Progress as a member of the United Nations Global Compact (UNGC).

UNGC = United Nations Global Compact requirements • SDG = Sustainable Development Goals (see legend on page 9)

GRI Element	Pages	Title	UNGC	SDG	2018 Answer
G4-1	2, 3	Statement from the most senior decision-maker of the organization about relevance of sustainability to the organization and its strategy			<a href="#">CEO message</a> <a href="#">CSO message</a>
G4-2	9	Description of key impacts, risks and opportunities			<a href="#">Stakeholder engagement and priority matrix 2017 10K report, part II, item 7</a>
<b>Identified material aspects and boundaries</b>					
G4-3	4	Company name			<a href="#">Eastman at a glance</a>
G4-4	4	Principal brands, products, and services			<a href="#">Eastman at a glance</a> <a href="#">Eastman brands</a>
G4-5		Location of headquarters			Kingsport, Tennessee, USA
G4-6		Countries where the company is established			<a href="#">Locations</a>
G4-7		Nature of ownership and legal form			<a href="#">2017 10K Report</a>
G4-8	4	Markets served with geographic breakdown			<a href="#">Eastman at a glance</a> <a href="#">Markets</a>
G4-9	4	Scale of organization			<a href="#">Eastman at a glance</a> <a href="#">2017 10K Report</a>
G4-10	60	Employment by contract type, work time and gender	6	<b>8</b>	<a href="#">Appendix</a>
G4-11		Percentage of employees covered by collective bargaining agreements	6	<b>8</b>	As of June 1, 2018, collective bargaining agreements cover 6% of Eastman’s U.S.-based workforce.

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## Global Reporting Initiative content index *(continued)*

UNGC = United Nations Global Compact requirements • SDG = Sustainable Development Goals

GRI Element	Pages	Title	UNGC	SDG	2018 Answer
G4-12	7	Organization's supply chain			<a href="#">Value chain</a>
G4-13		Significant changes in the reporting period			<a href="#">2017 10K Report, part II, item 8</a> Note 2, acquisitions; Note 16, asset impairments and restructuring changes
G4-14	11	Position regarding the precautionary principle and its application			<a href="#">Sustainability Governance</a>
G4-15		Adherence to charters, principles and other external initiatives			<a href="#">Responsible Care</a> <a href="#">Memberships</a> <a href="#">Product safety</a>
G4-16		Membership of associations, including trade bodies			<a href="#">Memberships</a>
<b>Identified material aspects and boundaries</b>					
G4-17	38	All entities included in the organization's consolidated statements			<a href="#">Scope of report</a>
G4-18	38	Process for defining report content, aspect boundaries and GRI principles			<a href="#">Scope of report</a>
G4-19	9	Material Aspects identified in the process for defining report content			<a href="#">Stakeholder priorities</a>
G4-20	9	Boundaries of material aspect within the organization			<a href="#">Stakeholder priorities</a>
G4-21	9	Boundaries of material aspect outside the organization			<a href="#">Stakeholder priorities</a>



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## Global Reporting Initiative content index *(continued)*

UNGC = United Nations Global Compact requirements • SDG = Sustainable Development Goals

GRI Element	Pages	Title	UNGC	SDG	2018 Answer
G4-22	9	Explanation of the consequences of any changes in the boundaries of the report			<a href="#">Stakeholder priorities</a>
G4-23	9	Consequences of the changes in the scope and aspect in boundaries			<a href="#">Stakeholder priorities</a>
<b>Stakeholder Engagement</b>					
G4-24	7	Stakeholders group considered			<a href="#">Stakeholder value chain</a>
G4-25	7	Basis for identification of stakeholders			<a href="#">Stakeholder value chain</a>
G4-26	7	Approaches to dialogue with the stakeholders			<a href="#">Stakeholder value chain</a>
G4-27	9	Stakeholders' concerns			<a href="#">Stakeholder priorities</a>
<b>Report Profile</b>					
G4-28	38	Reporting period for the information provided			<a href="#">Scope of report</a>
G4-29	38	Date of most recent previous report			<a href="#">Scope of report</a>
G4-30		Reporting cycle			Annually
G4-31		Contact persons			David A. Golden, Senior Vice President, Chief Legal & Sustainability Officer, and Corporate Secretary   <a href="mailto:sustain@eastman.com">sustain@eastman.com</a>

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UNGC = United Nations Global Compact requirements • SDG = Sustainable Development Goals

GRI Element	Pages	Title	UNGC	SDG	2018 Answer
G4-32	40	Table identifying the location of the Standard disclosures in the report and External Assurance report			<a href="#">GRI Index</a>
G4-33	38	External validation			<a href="#">Scope of report</a>
<b>Governance</b>					
G4-34		Governance structure			<a href="#">Corporate Governance</a>
G4-35		Process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees			<a href="#">Corporate Governance</a>
G4-36		The positions with responsibility for economic, environmental, and social topics report directly to the highest governance body			<a href="#">Corporate Governance</a>
G4-37		Processes for consultation between stakeholders and the highest governance body of economic, environmental and social topics		<b>16</b>	<a href="#">Corporate Governance</a>
G4-38		Composition of the highest governance body and its committees		<b>5 16</b>	<a href="#">Board of Directors</a>
G4-39		The Chair of the highest governance body is also an executive officer.		<b>16</b>	<a href="#">Board of Directors</a>
G4-40		Nomination and selection processes for the highest governance body and its committee		<b>5 16</b>	<a href="#">Corporate Governance</a>

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GRI Element	Pages	Title	UNGC	SDG	2018 Answer
G4-41		Processes for the highest governance body to ensure conflicts of interest are avoided and managed.		16	<a href="#">Corporate Governance</a>
G4-42		The highest governance body's and senior executives' role in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts			<a href="#">Corporate Governance</a>
G4-43		The measure taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics			<a href="#">Corporate Governance</a>
G4-44		Evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics			<a href="#">Corporate Governance</a>
G4-45		The highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities		16	<a href="#">Corporate Governance</a>
G4-46	11	The highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics			<a href="#">Sustainability Governance</a>

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UNGC = United Nations Global Compact requirements • SDG = Sustainable Development Goals

GRI Element	Pages	Title	UNGC	SDG	2018 Answer
G4-47	11	The frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities			<a href="#">Sustainability Governance</a>
G4-48	11	The highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered			<a href="#">Sustainability Governance</a>
G4-49		Process for communicating critical concerns to the highest governance body			<a href="#">Corporate Governance Guidelines</a>
G4-51		The remuneration policies for the highest governance body and senior executives			<a href="#">Corporate Governance Guidelines</a> <a href="#">Proxy Statement</a>
G4-53		Report how stakeholders' views are sought and taken into account regarding remuneration, including results of votes on remuneration policies and proposals, if applicable		<b>16</b>	<a href="#">Corporate Governance Guidelines</a> <a href="#">Proxy Statement</a>
G4-54		Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees in the same country			<a href="#">Proxy Statement</a>



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UNGC = United Nations Global Compact requirements • SDG = Sustainable Development Goals

GRI Element	Pages	Title	UNGC	SDG	2018 Answer
G4-55		Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees in the same country			This is considered business confidential.
<b>Ethics and Integrity</b>					
G4-56	12	Organization's values, principles, standards and norms of behavior, such as codes of conduct and code of ethics	10	<b>16</b>	<a href="#">Values Code of Business Conduct</a>
G4-57	12	Internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity such as helplines or advice lines	10	<b>16</b>	<a href="#">Code of Business Conduct</a>
G4-58	12	Internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	10	<b>16</b>	<a href="#">Code of Business Conduct</a>

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UNGC = United Nations Global Compact requirements • SDG = Sustainable Development Goals

GRI Element	Pages	Title	UNGC	SDG	2018 Answer
<b>ECONOMIC</b>					
<b>Economic Performance</b>					
G4-DMA		Generic Disclosures on Management Approach			<a href="#">2017 10K Report, Corporate Overview, page 6</a> About our business
G4-EC1	60	Direct economic value generated and distributed		<b>2 5</b> <b>7 8 9</b>	<a href="#">2017 10K Report, Part II, Item 8 Appendix</a>
G4-EC2	60	Financial implications, risks and opportunities due to climate change		<b>13</b>	<a href="#">Appendix</a>
G4-EC3		Coverage of the organization's defined benefit plan obligations			<a href="#">2017 10K Report, Part II, Item 8, note 11 Benefits at Eastman</a>
G4-DMA	4	Market presence			<a href="#">2017 10K Report Eastman at a glance</a>
G4-EC4		Financial assistance received from government			None
G4-EC6	61	Proportion of management hired from the local community at significant locations of operations			<a href="#">Appendix</a>
G4-DMA	61	Indirect economic impact			<a href="#">Eastman corporate responsibility Eastman Foundation Appendix</a>

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## Global Reporting Initiative content index *(continued)*

UNGC = United Nations Global Compact requirements • SDG = Sustainable Development Goals

GRI Element	Pages	Title	UNGC	SDG	2018 Answer
G4-EC7	61	Development and impacts of infrastructure investments and services supported		<b>2 5</b> <b>7 9</b>	<a href="#">Appendix</a>
G4-EC8	61	Significant indirect economic impacts, including extent of impacts		<b>8 10 17</b>	<a href="#">Appendix</a>
G4-DMA		Procurement Practice			<a href="#">Suppliers</a>
G4-EC9	61	Proportion of spending on local suppliers		<b>12</b>	<a href="#">Appendix</a>
<b>ENVIRONMENTAL Materials</b>					
G4-DMA	61	Materials			<a href="#">Appendix</a>
G4-EN1	61	Materials used by weight or volume			<a href="#">Appendix</a>
G4-EN2	62	Percentage of materials used that are recycled input materials			<a href="#">Appendix</a>
G4-DMA		Energy			<a href="#">Energy ENERGY STAR®</a>

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UNGC = United Nations Global Compact requirements • SDG = Sustainable Development Goals

GRI Element	Pages	Title	UNGC	SDG	2018 Answer
G4-EN3	62	Energy consumption within the organization	7, 8	7 8 12 13	<a href="#">Appendix</a>
G4-EN4		Energy consumption outside the organization	8	7 8 12 13	In 2017, Eastman used about 26 trillion Btus of indirect energy, in the form of purchased steam and electricity to produce our products.
G4-EN5		Energy Intensity	8	7 8 12 13	<a href="#">Energy</a>
G4-EN6		Reduction of energy Consumption	8, 9	7 8 12 13	<a href="#">Energy</a>
G4-EN7		Reductions in energy requirements of products and services		7 8 11 12 13	<a href="#">Energy</a>
G4-DMA		Water			<a href="#">Water</a>
G4-EN8	62	Total water withdrawal by source	7, 8	6	<a href="#">Appendix</a>
G4-EN9	62	Water sources significantly affected by withdrawal of water	8	6	<a href="#">Appendix</a>
G4-EN10		Percentage and total volume of water recycled and reused	8	6 8 12	Eastman recycles/reuses approximately 400 thousand megaliters of water per year.
G4-DMA		Biodiversity			<a href="#">Biodiversity</a>
G4-EN11		Operational sites owned, leased, managed in or adjacent to protected areas and areas of high biodiversity value outside protected areas			<a href="#">Biodiversity</a>



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UNGC = United Nations Global Compact requirements • SDG = Sustainable Development Goals

GRI Element	Pages	Title	UNGC	SDG	2018 Answer
G4-EN12		Description of significant impacts of activities, products, and services on biodiversity in protected areas or areas of high biodiversity value outside protected areas			<a href="#">Biodiversity</a>
G4-EN13		Habitats protected or restored	8	<a href="#">6</a> <a href="#">14</a> <a href="#">15</a>	<a href="#">Biodiversity</a>
G4-EN14		Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk			<a href="#">Biodiversity</a>
G4-DMA		Emissions			<a href="#">Emissions</a>
G4-EN15		Direct Greenhouse Gas Emissions (Scope 1)	7, 8	<a href="#">3</a> <a href="#">12</a> <a href="#">13</a> <a href="#">14</a> <a href="#">15</a>	Our 2017 direct greenhouse gas emissions using the ACC methodology were approximately 6.1 million metric tons.
G4-EN16		Energy indirect Greenhouse Gas Emissions (Scope 2)	7, 8	<a href="#">3</a> <a href="#">12</a> <a href="#">13</a> <a href="#">14</a> <a href="#">15</a>	Our 2017 indirect greenhouse gas emissions using the ACC methodology were approximately 1.4 million metric tons.
G4-EN17		Other indirect Greenhouse Gas (GHG) Emissions (Scope 3)	7, 8	<a href="#">3</a> <a href="#">12</a> <a href="#">13</a> <a href="#">14</a> <a href="#">15</a>	<a href="#">Emissions</a>
G4-EN18	24	Greenhouse Gas Emissions Intensity	8	<a href="#">13</a> <a href="#">14</a> <a href="#">15</a>	<a href="#">Emissions</a> <a href="#">Goals and progress</a> <a href="#">Environmental performance</a>

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GRI Element	Pages	Title	UNGC	SDG	2018 Answer
G4-EN19		Reduction of Greenhouse Gas Emissions	8, 9	13 14 15	<a href="#">Emissions</a>
G4-EN20	62	Emissions of ozone-depleting Substance (ODS)	7, 8	3 12	<a href="#">Appendix</a>
G4-EN21	26, 27	NO <sub>x</sub> , SO <sub>x</sub> , and other significant air emissions	7, 8	3 12 13 15	<a href="#">Goals and progress</a> <a href="#">Environmental performance</a>
G4-DMA		Effluents and Waste			<a href="#">Driving resource productivity</a>
G4-EN22	62	Total water discharge by quality and by destination			<a href="#">Appendix</a>
G4-EN23		Total weight of waste by type and disposal method	8	3 6 12	<a href="#">Waste Management</a>
G4-EN24	26	Total number and volume of significant spills	8	3 6 12 14	<a href="#">Goals and progress</a> <a href="#">Environmental performance</a>
G4-EN25	27	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Base 1 Convention 2 Annex I, II, III, and VIII, and percentage of transported waste shipped internationally			<a href="#">Goals and progress</a> <a href="#">Environmental performance</a>
G4-EN26		Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff			<a href="#">Biodiversity</a>
G4-DMA		Products and Services			<a href="#">Life cycle assessment</a>

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GRI Element	Pages	Title	UNGC	SDG	2018 Answer
G4-EN27		Extent of impact mitigation of environmental impacts and services	7, 8, 9		<a href="#">Driving resource productivity</a>
G4-EN29	63	Fines for noncompliance with environmental regulation	8		<a href="#">Appendix</a>
G4-DMA		Transport			<a href="#">Suppliers</a>
G4-EN30		Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	8		<a href="#">Life cycle assessment</a>
G4-DMA		Supplier Environmental Assessment			<a href="#">Supplier Excellence Together for Sustainability</a>
G4-EN31		Total environmental protection expenditures and investments by type			Environmental expenditures in 2017 including construction, operating, development and mandated remediation was approximately \$257 million.
G4-DMA		Environmental grievance mechanisms			<a href="#">Code of Business Conduct</a> <a href="#">Environmental policy</a>
G4-EN34		Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms			The company and its facilities and businesses are subject to complex environmental laws and regulations. From time to time, Eastman and its operations are parties to, or targets of environmental investigations and proceedings that are handled in the ordinary course of business.

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UNGC = United Nations Global Compact requirements • SDG = Sustainable Development Goals

GRI Element	Pages	Title	UNGC	SDG	2018 Answer
<b>Social</b>					
G4-DMA		Employment			<a href="#">Careers at Eastman</a>
G4-LA1	63	Total number and rates of new employee hires and employee turnover by age group, gender and region	6	5 8	<a href="#">Appendix</a>
G4-LA2		Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation		8	<a href="#">Benefits at Eastman</a>
G4-LA3		Return to work and retention rates after parental leave, by gender	6	5 8	We do not report in detail on the return to work and retention rate after parental leave by gender.
G4-DMA		Labor and Management Relations			<a href="#">Health and Safety</a> <a href="#">Benefits at Eastman</a>
G4-LA4	63	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	3	8	<a href="#">Appendix</a>
G4-DMA		Occupational Health and Safety			<a href="#">Safety</a> <a href="#">Benefits at Eastman</a>
G4-LA5		Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs		8	<a href="#">Safety</a> <a href="#">Process Safety</a>



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UNGC = United Nations Global Compact requirements • SDG = Sustainable Development Goals

GRI Element	Pages	Title	UNGC	SDG	2018 Answer
G4-LA6	63	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender		<b>3 8</b>	<a href="#">Appendix</a>
G4-DMA		Training and Education			<a href="#">Careers at Eastman</a>
G4-LA9	64	Average hours of training per year per employee by gender, and by employee category	6	<b>8</b>	<a href="#">Appendix</a>
G4-LA10		Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings		<b>8</b>	<a href="#">Careers at Eastman</a>
G4-LA11		Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	6	<b>5 8</b>	We do not report on the percentage of employees receiving regular performance and career development reviews, by gender and by employee category.
G4-DMA	34	Diversity and Equal Opportunity			<a href="#">Inclusion and diversity</a>
G4-LA12	64	Indicator of diversity	6	<b>5 8</b>	<a href="#">Appendix</a>
G4-DMA	34	Equal Remuneration for Women and Men			<a href="#">Inclusion and diversity</a>
G4-LA13		Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	6	<b>8 10</b>	Eastman establishes and administers compensation based on business needs and external market competitiveness without regard to gender.
G4-DMA		Supplier Assessment for Labor Practices			<a href="#">Supplier Code of Conduct</a>

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GRI Element	Pages	Title	UNGC	SDG	2018 Answer
G4-LA14	64	Percentage of new suppliers that were screened using labor practices criteria		5 8 16	<a href="#">Appendix</a>
G4-LA15		Significant actual and potential negative impacts for labor practices in the supply chain and actions taken		8 16	We do not report in detail on the negative impact on labor practices determined during supplier assessment. We give details on the areas in which corrective measures were defined.
<b>Human Rights</b>					
G4-DMA		Investment			<a href="#">Code of business conduct</a>
G4-HR1	65	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	2		<a href="#">Appendix</a>
G4-HR2	65	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	1		<a href="#">Appendix</a>
G4-DMA		Nondiscrimination			<a href="#">Code of Business Conduct</a>
G4-HR3		Total number of incidents of discrimination and corrective action taken			Eastman does not publicly report the total number of such incidents or any of their corrective actions.
G4-DMA		Freedom of Association and Collective Bargaining			<a href="#">Code of Business Conduct</a>
G4-HR4		Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	3	8	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.

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UNGC = United Nations Global Compact requirements • SDG = Sustainable Development Goals

GRI Element	Pages	Title	UNGC	SDG	2018 Answer
G4-DMA		Child Labor			<a href="#">Code of Business Conduct</a>
G4-HR5		Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	5	<b>8 16</b>	<a href="#">Code of Business Conduct</a>
G4-DMA		Forced or Compulsory Labor			<a href="#">Code of Business Conduct</a>
G4-HR6		Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	4	<b>8</b>	<a href="#">Code of Business Conduct</a>
G4-DMA		Indigenous Rights			<a href="#">Security</a>
G4-HR7		Percentage of security personnel trained in the organization's human rights policies	1	<b>16</b>	<a href="#">Security</a>
G4-HR8		Total number and percentage of operations that have been subject to human rights reviews or impact assessment	1		As of December 2017, no incidents of violations involving the rights of indigenous people were known to the company.
G4-DMA		Supplier Human Rights Assessment			<a href="#">Code of Business Conduct</a>
G4-HR10	65	Percentage of new suppliers that were screened using human rights criteria	2		<a href="#">Appendix</a>
G4-HR11		Significant actual and potential negative human rights impacts in the supply chain and actions taken	2		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 2017.
G4-DMA		Human Rights Grievance Mechanisms			<a href="#">Code of Business Conduct</a>

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GRI Element	Pages	Title	UNGC	SDG	2018 Answer
G4-HR12		Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms			Eastman does not publicly report the total number of such incidents or any of their corrective actions.
<b>Society</b>					
G4-DMA	31	Local Communities			<a href="#">Corporate responsibility Goals and progress</a>
G4-SO1	66	Percentage of operations with implemented local community engagement, impact assessments, and development programs	1		<a href="#">Appendix</a>
G4-DMA		Anti-Corruption			<a href="#">Code of Business Conduct</a>
G4-SO3		Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	10	16	Eastman conducts an annual risk assessment of 100% of our businesses, which includes risks relating to corruption.
G4-SO4		Communication and training on anti-corruption policies and procedures	10	16	In addition to our Code of Business Conduct, Eastman has internal policies that 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.
G4-SO5		Confirmed incidents of corruption and actions taken	10	16	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.
G4-DMA		Public Policy			<a href="#">Corporate governance</a>
G4-SO6	66	Total value of political contributions by country and recipient/beneficiary	10	16	<a href="#">Appendix</a>
G4-DMA		Anti-Competitive Behavior			<a href="#">Code of Business Conduct</a>



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GRI Element	Pages	Title	UNGC	SDG	2018 Answer
G4-SO7	66	Total number of legal actions for anti-competitive behavior, antitrust, and monopoly practices and their outcomes			<a href="#">Appendix</a>
G4-DMA		Compliance		<b>16</b>	<a href="#">Corporate governance</a>
G4-SO8	66	Monetary value of significant fines and total number of nonmonetary sanctions for noncompliance with laws and regulations			<a href="#">Appendix</a>
G4-DMA		Grievance mechanisms for impacts on society			<a href="#">Third Party Code of Conduct Together for Sustainability</a>
G4-SO9	67	Percentage of new suppliers that were screened using environment, labor, human rights, impacts on society criteria.			<a href="#">Appendix</a>
G4-SO10		Significant actual and potential negative impacts on environment, labor, human rights, or society in the supply chain and actions taken			Eastman does not report in detail on the negative impact on society determined during supplier evaluation. We give details on the areas in which corrective measures were defined.
<b>Product Responsibility</b>					
G4-DMA		Customer health and safety			<a href="#">Product stewardship</a>
G4-PR1		Percentage of significant product and service categories for which health and safety impacts are assessed for improvement			<a href="#">Life cycle assessment</a>
G4-DMA		Product and service labeling			<a href="#">Product stewardship</a>

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GRI Element	Pages	Title	UNGC	SDG	2018 Answer
G4-PR3		Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements		12	<a href="#">Product stewardship</a>
G4-PR4	67	Total number of incidents of noncompliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes		16	<a href="#">Appendix</a>
G4-PR5	67	Results of surveys measuring customer satisfaction			<a href="#">Appendix</a>
G4-PR7		Total number of incidents of noncompliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship			Eastman is unaware of any significant fines in 2017 concerning marketing communications.
G4-PR8		Total number of substantiated complaints and 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 2017.
G4-PR9		Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services		16	Eastman is unaware of any significant fines in 2017 concerning the provision and use of our products and services.

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# Global Reporting Initiative appendix

## G4-10 • Employment by contract type, work time and gender

Total Workforce	Employment Type	Employment Contract	Region
14,474 employees as of December 31, 2017	Full-time: 97.3%	Permanent Contract: 95.6%	North America: 73%
	Part-time: 2.7%	Temporary Contract: 4.4%	Europe, Middle East and Africa: 15%
			Asia Pacific: 9%
			Latin America: 3%

## G4-EC1 • Direct economic value generated and distributed

In 2017, Eastman's direct economic impact was estimated to be \$8 billion to \$10 billion in the states where we have a presence. Data includes employee and contractor compensation; sales and property taxes; and procurements from in-state vendors. These figures are indicative of Eastman's reputation of being a responsible economic steward through the creation of jobs and investment in the community.

## G4-EC2 • Financial implications, risks and opportunities due to climate change

Chemical manufacturing by its very nature is energy intense and can result in substantial carbon emissions. 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 fuels 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 are energy intense, its use of combined heat and power at its two largest sites uses up to 40% less fuel, produces significantly fewer emissions and therefore has less impact on air quality. 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.

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 CO<sub>2</sub> 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. 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 diversified customer base mitigate potential commercial impact to Eastman.

Eastman complies with current regulations of GHG emissions in those countries where they are regulated, with minimal financial impact. 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.

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## Global Reporting Initiative appendix *(continued)*

### **G4-EC6 • Proportion of management hired from the local community at significant locations of operations**

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. 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.

### **G4-EC7 • Development and impacts of infrastructure investments and services supported**

Eastman and the Eastman Foundation provided funding and in-kind donations totaling more than \$5.2 million in 2017 to support public/private partnership initiatives related to our corporate responsibility focus areas of education, environment, empowerment, and economic development. Eastman employees are afforded opportunities and many are active in volunteer initiatives and involved with nonprofits and educational institutions in their respective communities.

In 2017, Eastman employees contributed approximately 100,000 hours of volunteer service to a variety of community efforts. These service hours represent only a handful of Eastman sites and the total number of hours not representative of all global sites.

### **G4-EC8 • Significant indirect economic impacts, including extent of 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 skills development in advanced film production.

Eastman continues its nationally recognized partnership with Northeast State College through the Regional Center for Advanced Manufacturing (RCAM) in Kingsport, Tennessee, to develop and equip the 21st century manufacturing workforce. Our commitment to public/private partnerships in the areas of education, environment, economic development, and empowerment all encourage 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 has been instrumental in meeting industry demand for customized and highly specialized skills.

### **G4-EC9 • Proportion of spending on local suppliers**

For the purposes of GRI reporting, Eastman defines local as spending originating within the country of operations. Eastman's most significant areas of operation are located within the United States, and 2017 raw material spending sourced from within the United States was 93.5%. It is Eastman's policy to procure products and services based on the total value proposition for the company. While not exhaustive, the factors that Eastman considers when making purchasing decisions include competitive pricing, quality of work and materials, timeliness, cost of delivery and trustworthy performance. Procurement strategies are continuously being developed and implemented to provide assurance of sources for goods and services necessary to the company's operations.

### **G4-EN1 • 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 and wood pulp as major building blocks for acetyls. These building block materials are processed through various downstream processes to yield products that are sold as finished goods. Associated materials included in the total are dominated by fuels required to operate our facilities. Some of Eastman's raw materials, such as wood pulp and gum rosin, are renewable. In 2017, these represent ~1% of the total materials.

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## Global Reporting Initiative appendix *(continued)*

### G4-EN2 • Percentage of materials used that are recycled input materials

Eastman currently does not track this numerically. 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 by-product and coproduct streams to manufacturers who recover and convert these materials into useful products.

### G4-EN3 • Energy consumption within the organization

Eastman used about 95 trillion Btus in 2017 to produce products. About 61% of this direct energy was produced from purchased natural gas and coal, and about 23% was recovered fuel from feedstock. Eastman currently meets essentially all steam and more than 85% of our global electricity needs with cogeneration, which uses up to 40% less fuel, produces significantly fewer emissions and therefore has less impact on air quality. As a result, our direct energy consumption is 61% of our total energy consumption.

### G4-EN8 • Total water withdrawal by source

For Eastman facilities, the majority of water for manufacturing use consists of withdrawals from adjacent surface waters. Purchases of water from utilities, third parties and groundwater withdrawal account for a less significant portion of total use. An estimated 764 thousand megaliters (ML) of water was withdrawn, purchased or pumped in 2017, and greater than 90% of that water is returned to the source. The primary use of the water is for noncontact cooling.

### G4-EN9 • Water sources significantly affected by withdrawal of water

Eastman's withdrawals do not significantly affect any water source. Comprehensive river studies conducted by the Academy of Natural Sciences of Drexel University, formerly known as the Philadelphia Academy of Natural Sciences at our largest manufacturing facilities in Kingsport, Tennessee, and Longview, Texas, confirm that these rivers provide thriving habitats for wildlife communities.

### G4-EN20 • Emissions of Ozone-Depleting Substances (ODS)

Eastman has a written policy that requires all Eastman facilities, subsidiaries and majority-owned joint ventures that operate equipment containing ozone-depleting substances to develop and maintain an inventory of all ODS equipment including an identification of the equipment and type and quantity of refrigerant.

### G4-EN22 • Total water discharge by quality and destination

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 (utilities, municipalities, etc.) for additional treatment and/or discharge, or it is conveyed directly to third-party providers (utilities, municipalities, etc.) for treatment and/or discharge. An estimated 758 thousand megaliters (ML) of water was discharged in 2017.



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## Global Reporting Initiative appendix (continued)

### G4-EN29 • Fines for noncompliance with environmental 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 2017, the company is not aware of any nonmonetary sanctions that should be reported. The company paid \$65,535 in 2017 for fines and penalties, which does not include amounts paid for supplemental environmental projects. The company spent \$66,779 in supplemental environmental projects in 2017. These expenditures may have included projects for pollution prevention, support of local emergency response providers, education activities and similar projects that could benefit public welfare and the environment.

### G4-LA1 • Total number and rates of new employee hires and employee turnover by age group, gender, and region

Eastman's total global voluntary turnover rate was under 3%. We calculate voluntary turnover separately from retirements, company initiated turnover, and reductions in force.

Attrition by Gender	Attrition by Age	Attrition by Region
Male employees: 7%	Less than 30 years: 8.9%	North America: 7.2%
Female employees: 8.5%	30 to 50 years: 4.8%	Europe, Middle East and Africa: 7.5%
	Greater than 50 years: 10.6%	Asia Pacific: 9.0%
		Latin America: 4.1%

Hires by Gender	Hires by Age	Hires by Region
Male employees: 7.1%	Less than 30 years: 26.3%	North America: 7.2%
Female employees: 8.4%	30 to 50 years: 6.8%	Europe, Middle East and Africa: 7.1%
	Greater than 50 years: 1.5%	Asia Pacific: 10.7%
		Latin America: 4.1%

### G4-LA4 • Minimum notice periods regarding operational changes, including whether these are specified in collective agreements

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.

### G4-LA6 • Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender

In 2017, we adopted the American Petroleum Institute Recommended Practice 754 to track process safety events because this metric is more widely used around the globe and provides both lagging and leading performance indicators. The new metric categorizes losses of primary containment by various severity factors, including personal injury, quantity of material released, monetary cost of damage to equipment, effect on the off-site environment and impact to neighboring communities. Using these factors, events can be categorized as Tier I (greater consequence) or Tier II (lesser consequence). Our Process Safety Incident Rate (PSTIR) for Tier I events in 2017 was 0.15. We've established a target for 2018 of 0.13.

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## Global Reporting Initiative appendix (continued)

### G4-LA9 • Average hours of training per year per employee by gender and by employee category

Employee category	Hours
Professional/Management	23
Nonexempt (nonoperations)	9
Nonexempt (operations)	67
Technicians/technologists	16
Average	42

### GA-LA12 • Indicator of diversity

Gender	Age	Ethnicity*
Male: 75.5%	Less than 30 years: 12.9%	Minority: 12%
Female: 24.5%	30 to 50 years: 51.1%	White: 88%
	Greater than 50 years: 36.0%	

\*U.S. population only – self reported

### G4-LA14 • Percentage of new suppliers that were screened using labor practices criteria

Eastman currently does not track the percentage of new suppliers screened since our entire supplier base is periodically risk assessed for labor practice risk exposure. In addition, we send our suppliers our third-party Code of Business Conduct which includes our expectations regarding labor practices. Suppliers are expected to comply with requirements through contract and purchase order provisions or by way of direct certification. See the [Eastman policy statement](#).

Eastman is also a member of Together for Sustainability (TfS), the Chemical Initiative for Sustainable Supply Chains. As part of this initiative, Eastman has begun assessing our supply base using the TfS assessment supplied by EcoVadis.

Together for Sustainability is a chemical industry member-driven initiative founded in 2011 by major chemical companies. Since that time, membership has grown to 20 members, including Eastman Chemical Company 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 chains of the chemical industry. TfS members have two tools at their disposal to evaluate their suppliers' sustainability management: TfS Assessments conducted via EcoVadis and TfS audits and on-site inspections conducted by preapproved audit companies. The program focuses on the environment, labor practices, fair business practices and sustainable procurement.

The results are then shared among TfS members, with the supplier's consent. This collaborative approach, central to TfS, increases efficiency for both suppliers and members. Since the start of the TfS initiative, the sustainability performance of approximately 8,000 suppliers has been rated by the TfS initiative based on EcoVadis assessments.

To date, Eastman has invited 435 suppliers to participate in TfS assessments and 174 of them completed the assessment and obtained an EcoVadis score.

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### **G4-HR1 • Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening**

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. 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.

### **G4-HR2 • Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained**

Each year, 100% of regular full-time and part-time, limited term and Eastman-paid employees worldwide are required to complete online training, which is comprised of a single course on the Eastman Code of Business Conduct as well as additional courses that focus on specific topics within the Code. These additional courses may be assigned by managers to their employees based on job relevancy, development, or for other reasons. On average, employees receive between five and eight hours of training through this system. New employees receive training on the Eastman Code of Business Conduct, which governs our human rights policy.

### **G4-HR10 • Percentage of new suppliers that were screened using human rights criteria**

Eastman currently does not track the percentage of new suppliers screened since our entire supplier base is periodically risk assessed for labor practice risk exposure. In addition, we send our suppliers our third-party Code of Business Conduct, which includes our expectations regarding labor practices. Suppliers are expected to comply with requirements through contract and purchase order provisions or by way of direct certification. See the [Eastman policy statement](#).

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### **G4-SO1 • Percentage of operations with implemented local community engagement, impact assessments, and development programs**

Eastman facilitates engagement efforts at all 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.

With 14 community advisory panels (CAPs) at our largest global operating sites, Eastman provides regular opportunities for open dialogue between community members and company leaders.

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, LGBT, and young professionals. More than 900 employees participate in these programs.

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

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.

### **G4-SO6 • Total value of political contributions by country and recipient/beneficiary**

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 relations. 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 2017, EastmanPAC contributed \$181,000 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](http://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 \$2,500 in 2017. 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](#).

### **G4-SO7 • Total number of legal actions for anticompetitive behavior, antitrust, and monopoly practices and their outcomes**

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.

### **G4-SO8 • Monetary value of significant fines and total number of nonmonetary sanctions for noncompliance with laws and regulations**

Any fines or nonmonetary sanctions that are material for noncompliance with laws and regulations would be disclosed in Eastman's filings with the Securities and Exchange Commission and all such fines and sanctions would generally be a matter of public record.

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### **G4-SO9 • Percentage of new suppliers that were screened using environmental, labor, human rights, and impacts on society criteria**

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### **G4-PR4 • Total number of incidents of noncompliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes**

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.

### **G4-PR5 • Results of surveys measuring customer satisfaction**

At Eastman, quality is at the core of our success. It is an important part of our legacy, culture, and brand. We strive to run all processes reliably and to the desired targets while avoiding the costs of poor quality. Eastman team members are committed to doing it right the first time, every time. Customer satisfaction is a core principle to our quality processes. We strive to meet all customer requirements with Eastman's products and services. We get feedback from customers through a variety of sources, including customer service representatives located within the customer's respective region, customer visits and audits, customer complaints, etc. Eastman has a customer complaint handling system that ensures proper investigation of all complaints using skilled investigators. Where required by customers, Eastman processes meet or exceed certification requirements from external registrars, including ISO 9001. For more information on Eastman's quality program, visit [www.eastman.com](http://www.eastman.com).





**Eastman Corporate Headquarters**  
P.O. Box 431  
Kingsport, TN 37662-5280 U.S.A.

U.S.A. and Canada, 800-EASTMAN (800-327-8626)  
Other Locations, +(1) 423-229-2000

[www.eastman.com/locations](http://www.eastman.com/locations)

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