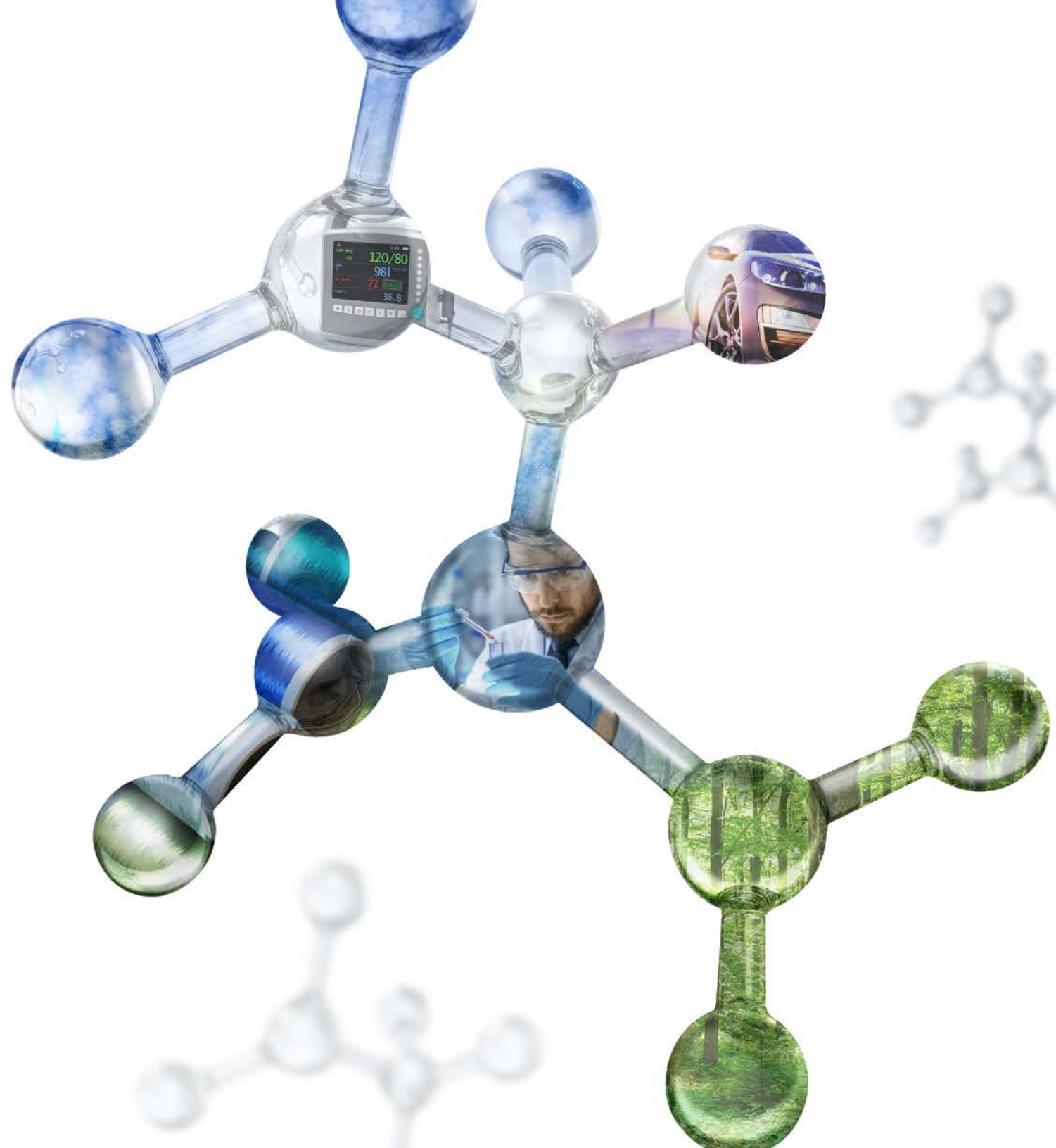


**EASTMAN**

Innovating.  
Accelerating.  
Enhancing.

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## A message from the CEO

The world is growing at a rapid pace. The rising middle class needs solutions. We need safe products. We need better products. We desire products that are good for the planet. With a growing population comes problems that can and must be solved — but they are problems so complex that the solutions must come at a molecular level. And that is where Eastman comes in.

Across the entire portfolio, we are delivering innovations that enable lightweighting cars, improved energy efficiency of tires, safer consumer products, reduced use of antibiotics in animals, enhanced water treatment and much more. I'm incredibly proud of the work our teams are doing to not only innovate products and develop new applications but also to pursue innovative recycling solutions to address the growing challenges of waste plastic in our environment. We are currently engaging potential partners and are encouraged by the tremendous interest in providing real solutions to this issue.

Global disruptions and macro trends such as the pressing need to accelerate a more circular economy and enable a lower-carbon economy drive us to innovate sustainably — faster. As we relentlessly engage our markets and convert those market complexities into value, we are at a tipping point. Sustainability isn't simply a nice product attribute. It's a requirement. Consumers demand it, and our customers expect it. Sustainability isn't a corporate initiative at Eastman but a core element of our innovation-driven growth strategy.

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 alignment to global standards, including Global Reporting Initiative (GRI) and Sustainable Development Goals. Throughout the report, I hope you will see that sustainability is part of who we are. We are a company of problem solvers. And right now, our people are tackling the biggest problems we've ever faced — problems that face us all. Our goal is to transform tomorrow by revolutionizing the materials that shape it today.



*“We are a company of problem solvers. And right now, our people are tackling the biggest problems we've ever faced — problems that face us all. Our goal is to transform tomorrow by revolutionizing the materials that shape it today.”*

— Mark J. Costa

**Mark J. Costa**

Board of Directors Chair and Chief Executive Officer

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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

2018 revenue approximately **\$10 billion**



## 4 business segments

Additives & Functional Products (AFP)



Advanced Materials (AM)



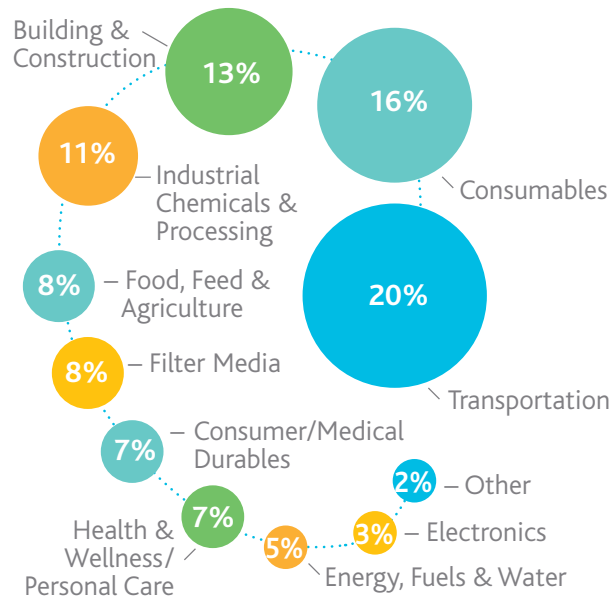
Chemical Intermediates (CI)



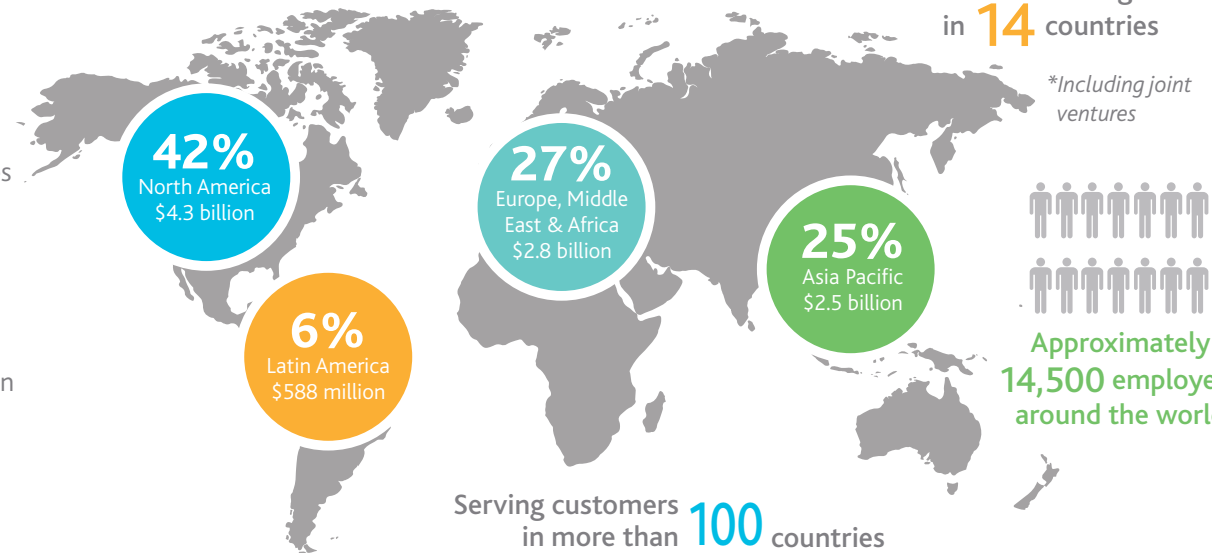
Fibers



## 2018 sales revenue by end-use market



## 2018 sales revenue by region



**51** manufacturing sites\*  
in **14** countries

\*Including joint ventures



Approximately **14,500** employees around the world

Serving customers in more than **100** countries

## Awards and recognition



Eighth consecutive ENERGY STAR® Partner of the Year award, sixth Sustained Excellence honor



Sixth consecutive



Responsible Care® Energy Efficiency Awards from American Chemistry Council 26 years in a row



Visit [eastman.com](http://eastman.com) for additional awards and recognition.



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# An interview with our CSO, David Golden

## Innovating. Accelerating. Enhancing.

### Give us some background on what you do at Eastman.

Working with a world-class team, I have the opportunity to help lead the company's engagement of our ecosystem of stakeholders. We'll start with our communities who grant us our license to operate. If a community isn't behind you, you're not going to be around very long. Our communities elect the government officials with which our government relations team engages. Government makes laws, and as the Chief Legal Officer, I help manage legal compliance and other processes for Eastman.

I sometimes interface with our investors on ESG (environmental, social and governance) performance. They increasingly care about how we are addressing risks and opportunities in these areas. Our global business conduct organization is certainly a very important governance function. I also serve as secretary to the Board of Directors, which again is a good fit from a governance standpoint.

As the Chief Sustainability Officer, I help marry our corporate strategy with global trends. A big piece of that is focused on health, safety, environment and security. I oversee several other supporting functions, including international trade strategy and product stewardship. And then there is corporate communications, which permeates nearly everything. We're a complex company, so it's not an easy task to communicate our complexity to all of these various stakeholders in a simple and straightforward way.

### What project are you most excited to explore?

When you look at the demands on the world's resources, it's absolutely the circular economy. Data shows that in North America, society is living at about seven times what the resources of the world can support in the long term, and Europe's living at about five times. We can't continue this way. So offering an end-of-life solution where there is no end of life, so you can cycle that material back and reuse it, is a game changer. When



David Golden, Senior Vice President, Chief Legal & Sustainability Officer, and Corporate Secretary, Eastman, confers with judges at the 2019 International Marine Advanced Technology Education (MATE) ROV competition.

you can find a home for materials that right now don't have a very good home, that's a place where we can make a material difference. In order to change the trajectory, we need to help give options to 7.5 billion people to make better choices. Through Eastman's circular technologies, we're giving, in a very dramatic fashion, other options that don't exist today. The world is complex; the global value chain is complex; how materials are made and how innovation occurs is complex; and we are standing at the crossroads of that complexity right now and translating it into value. It's very exciting!

*continued on page 5*

# Innovating. Accelerating. Enhancing.

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## An interview with our CSO (continued)

### Let's talk about that a bit deeper. What does Eastman's involvement in advancing the circular economy mean to you personally?

When we started working with the Woods Hole Oceanographic Institution several years ago, it really made us think about the interconnectivity of everything — energy, water, food, materials. It takes energy and water to make food. It takes food and water to make energy. Everything is a trade-off. You can't do damage in one space without doing damage in all. And if you help in one the right way, you help all. So we quickly recognized, from climate change and microplastics to the protein we consume and literally the air we breathe, everything connects to the ocean.

It's a big deal, but as land-based creatures, we really don't pay as much attention. So, yes, I've certainly got a great deal of passion for circular economy, in part because we've been on this journey before the journey was popular.

Global issues like waste plastic can't be solved without the Eastmans of the world playing our part. That's where I think the Ellen MacArthur Foundation is doing such a superb job. It's crystal clear to me that they're bringing people to the table to drive problem solving. It's the "we're all in this together, bring your best solutions" approach. With our advanced recycling technologies, our commitment to finding innovative products with better beginning-of-life and end-of-life solutions, and our engagements with other organizations through opportunities like the Ellen MacArthur Foundation's CE100, I'm confident in Eastman's ability to play a catalytic role in advancing the circular economy. It's an exciting time to be at Eastman.

I think companies that get this right will have more engaged employees. Employees are smart, and they have a choice. Why would they want to work with a company that's not helping solve global problems? Why would they want to work with a company that's not creating more value than the resources they use?

“With our advanced recycling technologies, our commitment to finding innovative products with better beginning-of-life and end-of-life solutions, and our engagements with other organizations through opportunities like the Ellen MacArthur Foundation's CE100, I'm confident in Eastman's ability to play a catalytic role in advancing the circular economy.”

— David A. Golden

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

### What does #materialsmatter mean to you?

I'll return to this concept of changing the trajectory that we're on. When you look at our eight ENERGY STAR® Partner of the Year awards and being one of the World's Most Ethical Companies six times, we do a lot of good within the fence line. But our greatest good is done outside the fence line.

When you sell materials that enable safety glass or you innovate a material for the health care market so fewer people get postoperative infections because the housing is more easily disinfected, you're literally saving lives. As we enable goods to last longer, we reduce waste. When you develop a coating that reduces 30 percent of the energy intensity to make a car ... you could go one by one with our materials. So when you look at a future with two billion more people by 2050, this growing population with more money and higher expectations for the products they purchase, we bring solutions at the molecular level that really change the equation. Our materials really do matter.

# Sustainability strategy

## Saflex® head-up display (HUD) interlayer technology

Now automotive engineers can cost-effectively implement head-up display (HUD) features to bring safety and security to all sorts of vehicles — not just fighter pilots and luxury cars.





# Sustainability strategy

Eastman is dedicated to enhancing the quality of life in a material way — making a positive impact on the world by offering our stakeholders a dedicated approach to sustainable innovation.

We're driven to help address the changing needs of the world and its growing population. In short, sustainability is at the heart of our company purpose and strategy.



To drive sustainability as a company, however, you must first define what it means. We ultimately define sustainability as creating more value than the resources we use. With that definition as the foundation, ongoing stakeholder and value chain engagement, and a transformational corporate vision to become "The Materials Innovation Company," we've developed a comprehensive sustainability strategy with commitments to create value in three areas: steering a sustainable portfolio, driving resource productivity, and focused good for good.

While we have corporate goals, commitments and strategies in place in each of these areas, we find that we create the greatest value — the greatest collective impact — in the intersections and collaboration spaces where these focus areas overlap. We firmly believe to truly enhance the quality of life, you can't have one without the others.



*While we have corporate goals, commitments and strategies in place in each of these areas, we find that we create the greatest value — the greatest collective impact — in the intersections and collaboration spaces where these focus areas overlap.*

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*Sustainability strategy (continued)*

# Steering a sustainable portfolio

Eastman is driving sustainable innovation by assessing and identifying global macro trends and disruptions that intersect with our world-class technology platforms. We recognize that understanding global challenges and where our world is going is critical to ensure the value of our product portfolio and innovation pipeline.

Our business and innovation teams complete a sustainability assessment on new innovation projects and product developments. The assessment, developed in alignment with work by the chemical sector of the World Business Council for Sustainable Development, is designed to be a holistic framework for identifying and assessing market needs and expectations tied to sustainability.

As we understand the sustainability impact of our projects individually, we are elevating this to look at the impact of our collective portfolio. For example, we set our sights on best practices to enable carbon reductions and offsets in manufacturing processes. We also established a team to help address the growing impact of plastics in our waterways and ocean to accelerate a more circular economy.



The world faces a number of issues tied to disruptive macro trends, and solutions to those issues can be developed on the molecular level.

## Macro trends aligned to our corporate strategy

We have identified four key macro trends aligned to our corporate strategy that we are leveraging to drive innovation: health and wellness, natural resource efficiency, emerging middle class, and feeding a growing population.

We believe it is our responsibility to develop new molecules, products, and applications to address these trends — solutions that make a material difference in everyday lives and enhance the quality of life around the world. We have deepened our application development and market development capabilities, enabling us to be valued as preferred innovation partners. By better understanding where our products go after they leave our facilities, we are actively addressing global problems, exploring ideas to close the loop, helping to unlock value beyond consumption, and empowering new economies of scale.



*Sustainability strategy (continued)*  
**Driving resource productivity**

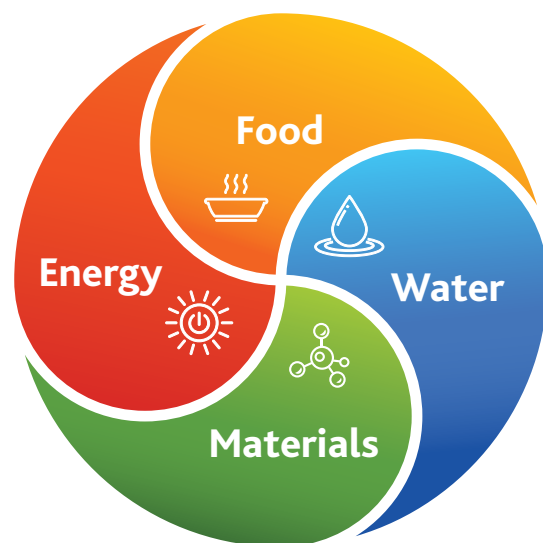
Earning the right to operate is a responsibility Eastman takes very seriously. We understand that even the smallest action can have a lasting effect. Therefore, managing resources well, maintaining safe, sustainable operations, and preserving the ecosystem are top priorities.

Driving resource productivity encompasses a holistic approach to responsible and efficient management of our resources and goes beyond compliance with laws and regulations. We recognize that the regulatory landscape has

expanded across the value chain — upstream and downstream — to include our customers, suppliers, markets, consumers, partners and investors. This changing landscape combined with the mounting, inextricable linkage of energy, water, food and materials has never been more complex or more critical to address.

The significance of climate change, the urgency to accelerate the circular economy, and the need to enable a lower-carbon economy continue to increase at a rapid pace. We are taking action as a company to do our part while assessing the long-term risks and opportunities relative to our business that these issues may represent.

In our operations, we set clear expectations and foster a zero-incident mindset, from a safety and environmental perspective as well as in compliance, values and behaviors. We review our goals regularly and establish targets that challenge us to raise the bar. As we focus our efforts on optimized natural resource efficiencies, we address the resources consumed throughout the manufacturing value chain while providing sustainable solutions for the world's growing population.



As a Challenge partner in [DOE's Better Plants program](#), Eastman is committed to improving its energy performance across all U.S. operations by 20% from a 2008 baseline while sharing strategies and results. Earlier this year, Daniel R. Simmons, Assistant Secretary for the Energy Efficiency and Renewable Energy Office at DOE, recognized Eastman's showcase project: the elimination of two compressors, which resulted in an annual energy and cost savings of eight percent for the associated production area.

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## Sustainability strategy (continued)

# Focused good for good

For nearly a century, we've had a strong history of supporting communities around the world. Our corporate responsibility and community engagement strategy allows us to focus on platforms and initiatives that can make the biggest difference.

Our strategy is built on strategic partnerships and collaborations, and we challenge ourselves to enable the most positive change through the lens of our four priority areas — education, environment, empowerment, and economic growth — concentrating our efforts on projects and partnerships that cross multiple priorities. See “Partnering to drive social innovation” on [page 23](#).

We also know that our employees can play a role in creating positive change in our local communities and society at large. We're fostering inclusion that inspires innovation, encourages respect, and enables the highest level of contributions. People are the heartbeat of our societal impact, so it's critical that every Eastman team member can show up and be their best self every day.

For us, corporate responsibility and social innovation are more than just philanthropy. They shape how we operate and engage inside and outside the company. We call it “good for good” because we truly believe in the power of doing good for the simple purpose of doing good in the world.



*Dr. Amy Cuddy, social psychologist and author of the New York Times best-selling book Presence, inspired more than 500 attendees to be their boldest selves at the 2018 IDEAcademy event held in Kingsport, Tennessee. Dr. Cuddy discussed the impact nonverbal behavior can have on a person's own thoughts, performance, and psychological and physical well-being. She shared how “victory poses” or “power poses” are a universal expression of confidence and pride that crosses cultures, encouraging attendees to strike a power pose before entering a challenging situation to build confidence and sense of power.*



*“We are dedicated to making a difference in our global communities by investing in creative solutions that empower and inspire others to take action on environmental and social issues.”*

— CeeGee McCord  
Director, Global Public and Community Affairs

# Stakeholder engagement and value chain

Collaboration and transparency inside the company and along the value chain are critical to develop innovative solutions and drive positive change.

Eastman actively works across the value chain and within globally recognized frameworks, partnering to address the world's biggest challenges. As a publicly traded, global company, Eastman's value chain represents a broad range of stakeholders, from employees, communities, customers and investors to consumers, influencers, regulatory agencies and academia. We actively engage these stakeholders through a variety of ongoing processes at the corporate, regional and local levels. Stakeholder engagement varies in type and frequency by stakeholder group. While we do not report specific details of all engagements, examples are represented below and to the right.

## Examples of engagement

Stakeholders	How we engage
Employees	Surveys, intranet, campaigns, events, training, participation in sustainability-focused teams/ organizations
Direct customers Brands, original equipment manufacturers, and downstream customers Retail channel Suppliers	Meetings, calls, conferences, surveys, collaborative projects, website, industry memberships
Consumers	Website, social media, trade shows
Community	Advisory panels, surveys, website, events, newsletters, collaborative projects, community service
Investors	Meetings, calls, public conferences, annual report, public filings and releases, surveys



## Stakeholders across the value chain

drive collaboration to generate sustainable solutions and bring about positive change.



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# Stakeholder priority assessment

As our strategy evolves with the world's changing demands, we continue to assess and identify the emerging issues that are most relevant for our stakeholders.

Our approach to assessing stakeholder priorities involves multiple frameworks, tools and forms of engagement. By gaining insights to global trends and issues as well as gathering input and feedback from a diverse range of stakeholders at the corporate, regional and local level, we better understand relevant sustainability issues and macro trends that align to the company's strategy.

Over the past year, we completed an updated stakeholder priority matrix based on the importance our stakeholders place on sustainability issues, Eastman's prioritization of these issues relative to our business strategy, and the level of impact an issue may have on our reputation. The process included several inputs to develop a comprehensive view of priorities, potential risk areas and opportunities:



## External inputs

- We completed a third-party assessment of our external stakeholder groups using Datamaran, a business intelligence tool that analyzes public sources of information, including annual financial reports, sustainability reports, SEC filings, regulatory initiatives, accredited media, and social media.
- We assessed Eastman's performance and public commitments on sustainability-related issues that fall within the standard environmental, social and governance (ESG) framework based on a number of third-party ESG assessments and reporting frameworks, including Sustanalytics, MSCI, Institutional Shareholder Services (ISS), Carbon Disclosure Project (CDP), and EcoVadis.
- We assessed the company's goals and commitments against the United Nations Sustainable Development Goals.

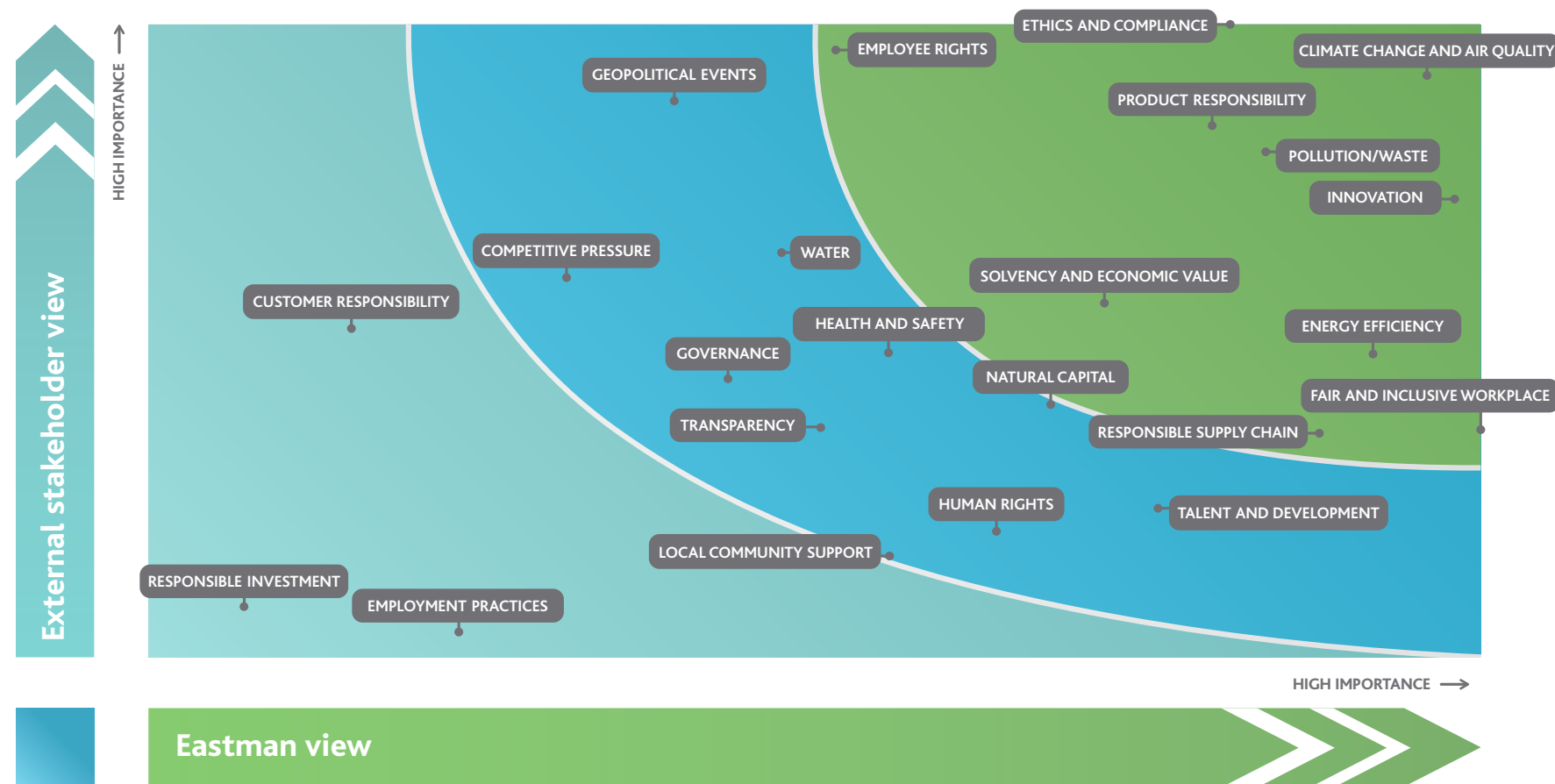
## Internal inputs

- We derived an internal corporate assessment of relevant sustainability issues through cross-functional working teams within the company's ESG Council and [Sustainability Subcouncils](#). This assessment included prioritization of global [macro trends](#) that inform the company's overarching innovation-driven growth strategy as well as business strategies and priorities.
- We surveyed a random representative sample of Eastman's global employee population.
- We surveyed a sample of local community representatives.

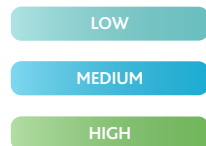
The results of the internal and external surveys were combined and presented in the matrix visualization on [page 13](#). Prioritization and effective management of these ESG issues and opportunities are integrated in our strategy, business models, risk management, and governance, driving continued commercial success.



# Stakeholder assessment matrix



## Relative ranking



The results of the internal and external surveys were combined and presented in this matrix visualization.

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# Governance

Creating sustainable value for our stakeholders is important to us, and how we achieve those results is just as important. We are committed to conducting all business activities in accordance with the highest legal and ethical standards, and sustainability is ingrained in our governance structure at every level.

## Board of Directors

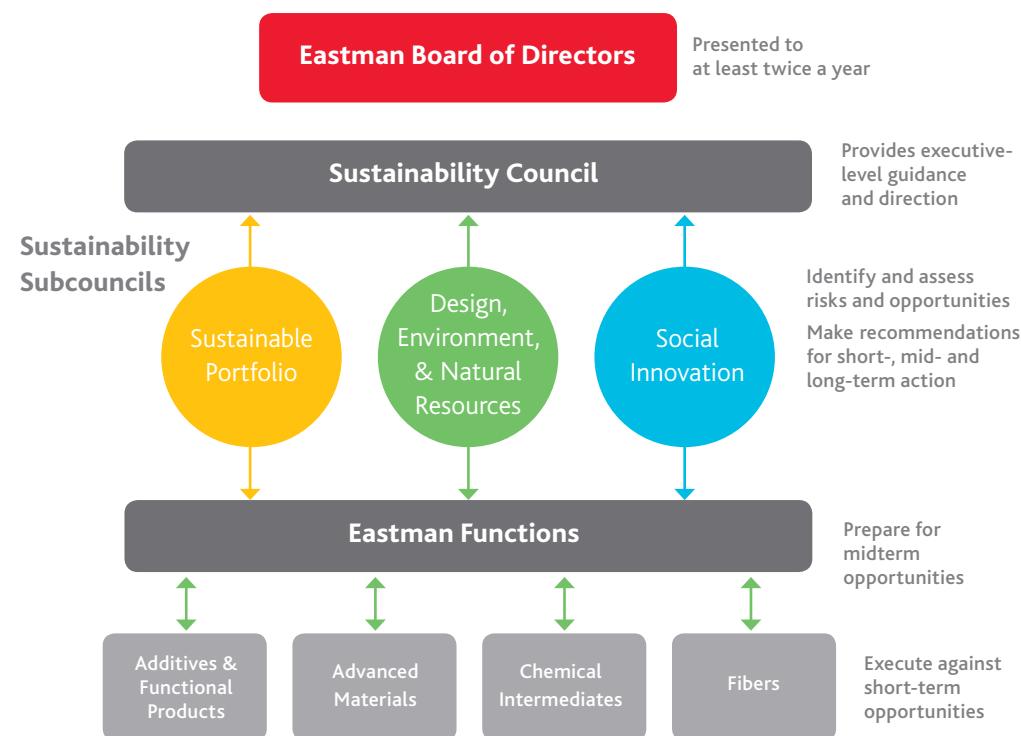
Eastman's Board of Directors and the Board's committees oversee compliance with legal and regulatory requirements as well as development and management of policies and practices in their respective areas of responsibility (see more online at [eastman.com/investors](http://eastman.com/investors)). Chaired by Julie F. Holder, the Health, Safety, Environment & Security (HSES) Committee is a board committee of all the independent directors and oversees the company's sustainability performance. Eastman's Chief Sustainability Officer meets regularly with the HSES Committee to review and, where appropriate, make recommendations to the Board regarding the company's policies and practices concerning health, safety, environment, security, sustainability, and political activities. Eastman's Corporate Governance Guidelines and Committee Charters are available on the website. Additional information is available in Eastman's 2019 Annual Meeting Proxy Statement.

## Sustainability Council

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

*continued on page 15*

Sustainability is ingrained in our governance structure at every level



## Governance structure

Sustainability Subcouncils identify and assess risks and opportunities to make recommendations for short-, mid- and long-term action. The Sustainability Council provides executive-level guidance and direction.



# Innovating. Accelerating. Enhancing.

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## Governance (continued)

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.

### Sustainability Subcouncils

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 by driving a sustainable portfolio, effectively managing all of our resources and enhancing social innovation. The Sustainability subcouncils proactively identify emerging issues, assess internal gaps, engage cross-functional teams and execute strategically where Eastman can make the most impact.

### Executive Team responsibility

Because sustainability is foundational to Eastman's values and integral to the company's business strategy, members of our executive team carry responsibility for our environment, social and governance policies, processes and commitments.

Eastman's Chief Executive Officer and Board Chair Mark Costa has executive responsibility for the company's strategy and performance, including sustainability performance as it aligns to the corporate strategy. Company sustainability goals are included in the CEO's annual personal performance commitments, including environmental performance goals and safety commitments, which align to the company's focus on fostering a zero-incident mindset.

Sustainability progress is reported to the Executive Team and the Board of Directors to ensure alignment of the sustainability strategy with the corporate strategy.

### Examples of other Executive Team responsibilities

#### Chief Human Resources Officer

- Inclusion and diversity
- Ensure excellence in talent acquisition, retention, management and development
- Organizational effectiveness, employee relations and labor relations

#### Chief Manufacturing, Engineering and Supply Chain Officer

- Alignment of manufacturing operations and supply chain strategy to the company's sustainability commitments
- Asset design and improvements
- Capital spending for projects that help reduce the company's environmental footprint

#### Chief Technology Officer

- Alignment of corporate innovation and technology strategies to Eastman's sustainability commitments
- Assessment of disruptive macro trends
- Development of robust innovation pipeline
- Sustainability assessment of product portfolio

#### Chief Commercial Officer

- Alignment of procurement and sales strategies and priorities with company's sustainability strategy
- Customer engagement to understand market needs
- Alignment to business strategies

# Values, policies, and guidelines

## Core values

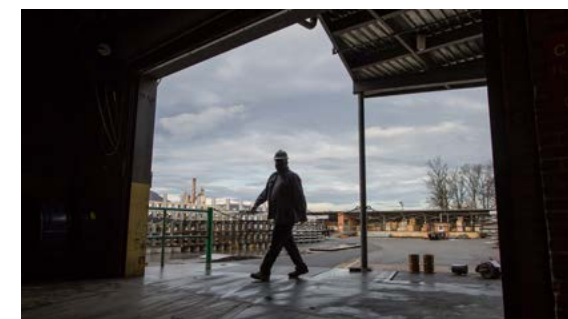
Our people are the heart of our success. We're a team focused on winning, and we know it's not just what we achieve together; it's how we achieve it that helps us create value and sustain success. Eastman's culture is rooted in a common set of values that are shared by the global Eastman team. These values — safety and wellness, honesty and integrity, inclusion and diversity, sustainability — are our foundation. They remain constant. We strive to always do the right thing. From maintaining safe and reliable operations to developing insights that benefit our customers to innovating the future, we're focused on making a difference for the many people who count on Eastman, today and tomorrow.



## Code of Business Conduct

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. Eastman has a number of policies and initiatives in place that allow employees to cultivate a culture of integrity and ethical standards. The company has an Office of Global Business Conduct which administers 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.

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 via annual supplier surveys to drive the highest standards of sustainability, fair labor practices and safety along our value chain.



## Responsible Care®

Eastman has an established Responsible Care® policy that outlines the company's commitment to continually improve its health, safety, environment and security performance. For more than 30 years, Responsible Care has been the cornerstone of Eastman's global HSES policies and practices. Eastman also adheres to the Responsible Care Global Charter, which goes beyond the original elements of Responsible Care. The charter focuses on new and important challenges facing the chemical industry and global society, as well as the need for greater industry transparency and the opportunity to achieve greater harmonization and consistency among the national Responsible Care programs currently implemented.



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## Values, policy, and guidelines (continued)

### Environmental stewardship

Eastman is committed to global excellence in environmental stewardship as outlined in our [environmental stewardship policy](#). Caring for the environment continues to be an important part of our legacy, our culture and our brand. The guiding principles listed within the policy are expectations and basic responsibilities for all employees and contractors at all times and at all locations.



### Natural resource management

An understanding of increasing global demands and limited natural resources drives our commitment to improved performance and continual innovation. Energy, water, food and materials are critically linked, and an understanding and appreciation of this nexus is imperative to provide for the needs of future generations in a resource-constrained environment. The guiding principles listed within our policy complement the environmental stewardship policy with a clear focus on responsible management of our finite natural resources.

### Safety



Eastman operates in a culture committed to safety excellence. By fostering a zero-incident mindset, we believe that workplace incidents and injuries are preventable. The safety of our employees, contractors, customers, visitors, and communities is a core value. Working safely and looking out for the safety of others is an expectation and a basic responsibility of all employees and contractors at all times and at all locations.

### Climate and carbon

Eastman realizes the significance of climate change and the need to act in response to its effects. We understand that even small actions can create positive change. We continually evaluate and improve our strategies focused on the efficient use of natural resources and environmental protection and seek opportunities for decarbonization within our operations. We also innovate to bring lower-carbon solutions to the market through sustainable products. We are committed to continuing voluntary, responsible actions on climate change.



The concept of a holistic zero-incident mindset centers on a complete focus on each task at hand and a view that all incidents are preventable. The zero incident mindset embraces all of our values: safety and wellness, inclusion and diversity, ethics and integrity, and sustainability.





# Sustainability in action

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## **Eastman Naia™ cellulosic yarn**

Made from the cellulose esters of renewable wood pulp, Eastman Naia™ cellulosic yarn is a new brand of fiber that can be knitted or woven into fabric, providing comfort, ease of care, and excellent dry rates for textiles and garments.

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# Accelerating a more circular economy

## *Sustainability in action*

As an innovation-driven materials company developing solutions for the world, it's critical that we have a better understanding of the world around us and the macro trends impacting it.

In 2012, Eastman connected with world-class ocean scientists at the Woods Hole Oceanographic Institution (WHOI) to hear their thoughts on some of the biggest challenges facing the planet.

From this interaction, we came to realize the threat of climate change and waste plastics.

**Fast forward and the global issue of waste plastics and plastics in the ocean has quickly escalated.** While the desire to create a more circular economy has grown over time, the concept has become one of critical mass across nearly all industries and markets. Driven by increasing public awareness and the changing regulatory landscape, many consumer product companies are setting aggressive goals for reducing waste, incorporating sustainably sourced feedstocks and increasing the recyclability of their products or packaging. As a materials company, we are actively engaging our markets and our customers to determine how we can leverage our technologies and application development expertise to help enable those companies to meet their goals and accelerate a more circular economy.

In early 2019, Eastman introduced two innovative chemical recycling technologies: advanced circular recycling and carbon renewal technology. Complementary to mechanical (traditional) recycling, these solutions can unlock value in waste plastics that cannot be recycled or are difficult to recycle today, delivering a true circular solution.

## Collaborations



### Advanced circular recycling

Through the process of methanolysis, polyester plastic materials are taken back to their polymer building blocks. These building blocks can then be reintroduced to the production of new polyester-based polymers. Advanced circular recycling technology can be an especially impactful solution as low-quality polyester waste that would typically be diverted to landfills can instead be recycled into high-quality polyesters in our specialty plastics portfolio suitable for use in a variety of end markets, including food contact applications.

### Carbon renewal technology

Capable of recycling some of the most complex plastic materials, from specialty materials to mixed plastics to alloys and components, this new recycling technology addresses plastics that cannot be recycled with conventional

*continued on page 20*

Accelerating a more circular economy (continued)

recycling technologies, diverting materials such as flexible packaging and plastic films, among others, from landfills. By modifying the front end of Eastman's acetyls production stream, carbon renewal technology converts mixed plastic feedstock back to simple and versatile molecular components. The process partially oxidizes the plastic, converting the feedstock input at very high efficiency back into the basic building blocks of Eastman's cellulose product lines that serve industries such as ophthalmics, durables, packaging, textiles and nonwovens.



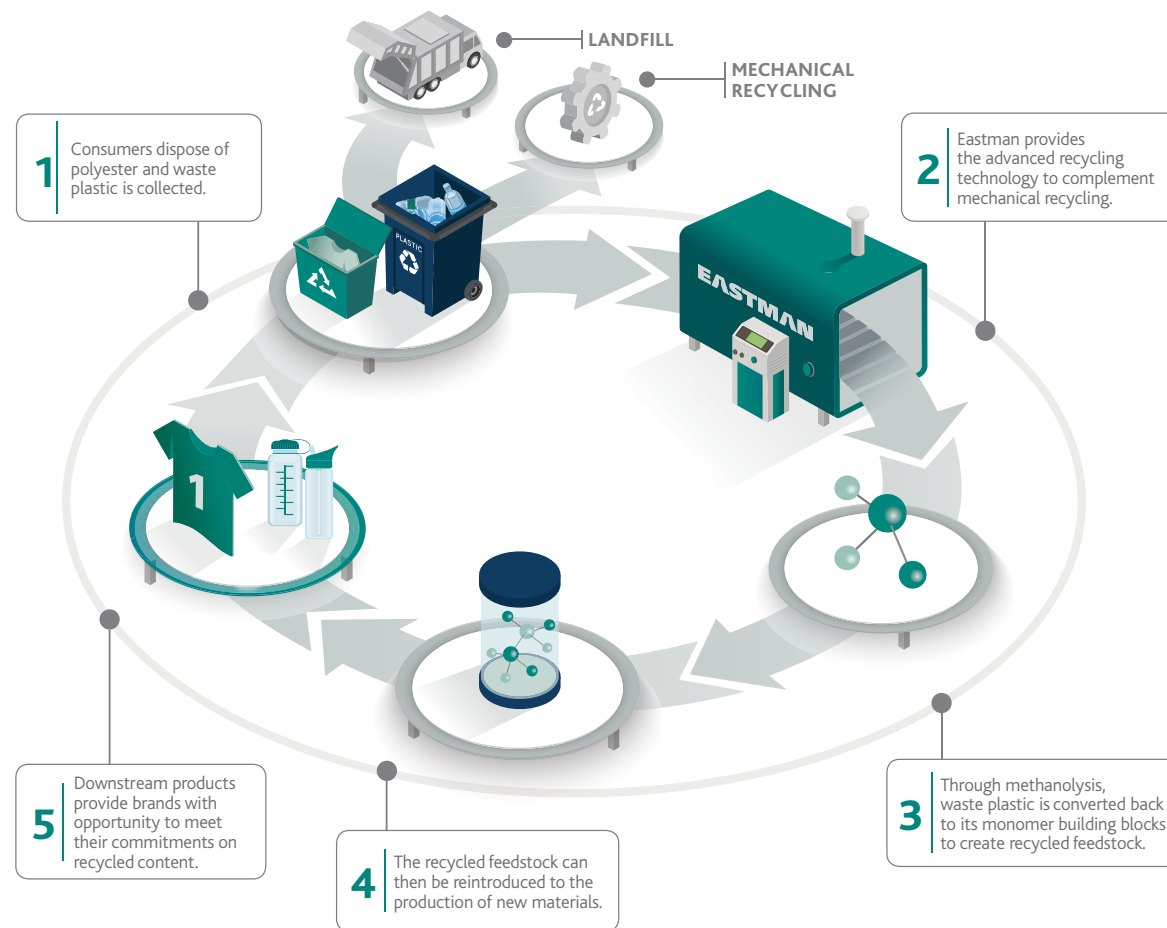
Eastman is a partner in the Ellen MacArthur Foundation Mass Balance white paper project.

Partnership and collaboration across the value chain is critical to give these circular solutions the scale and capacity that the challenges demand.

Earlier this year, Eastman joined the Ellen MacArthur Foundation's [Circular Economy 100 \(CE100\)](#), a collaborative environment focused on bringing business, innovators, cities, governments, universities, and thought leaders together to create solutions that enable a more circular economy. We collaborated with other members on the [Mass Balance white paper project](#).

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A pictorial model of Eastman's advanced circular recycling





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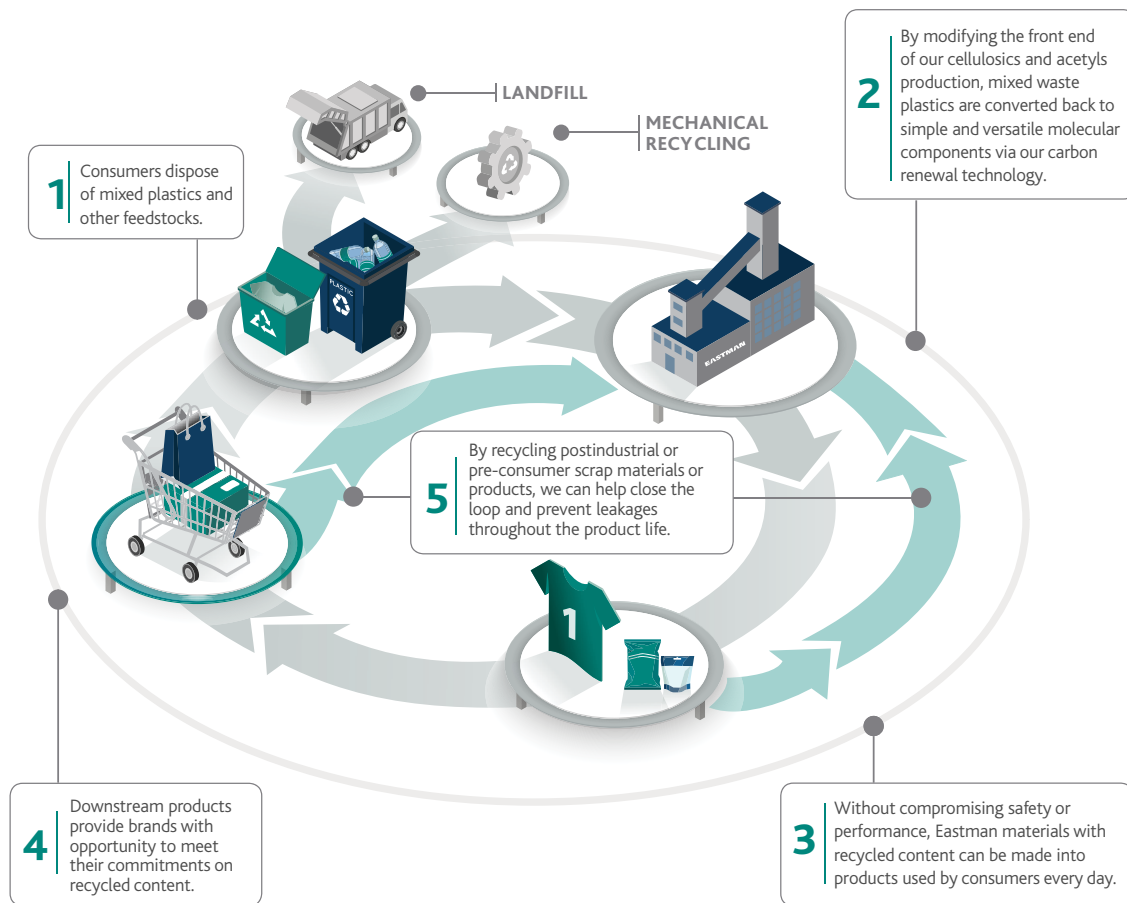
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## Accelerating a more circular economy (continued)

A pictorial model of Eastman's carbon renewal technology.



Because preventing plastic leakage through the supply chain of a product is a key component to circular economy, Eastman also joined the Plastic Leak Project led by Quantis with the primary focus of increasing science, data and methodology to better measure plastic leakage. Through our established relationship with Woods Hole Oceanographic Institution, Eastman is serving as a facilitator to help engage scientific experts and advocate for sound science. Other initiatives and memberships to reduce leakage include [Plastics Industry Association](#) and [Operation Clean Sweep](#).

Learn more at [eastman.com/circulareconomy](http://eastman.com/circulareconomy).



“As a leader in materials innovation, Eastman can now provide unique circular solutions that will support our customers and end-users in achieving their sustainability goals.”

— Steve Crawford  
Senior Vice President and Chief Technology Officer

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## Accelerating a more circular economy, continued

In addition to our recycling technologies and partnerships, we are embracing a more circular economy in tangible ways — from reducing waste to commercializing products with a better beginning and end-of-life.

### Minimizing waste, one event at a time

Eastman's corporate events team challenged themselves to embed sustainable meeting practices into the company's Global Innovation Summit earlier this year. The event brought 1,000 employees and guests from around the world to Kingsport. With an emphasis on minimizing waste, the team served zero single-use bottled waters, diverting an average one-to-two bottles per attendee/per day from the landfill, encouraged reusable water bottles, used reusable dinner ware and food service supplies, and worked with other Eastman teams to create a mobile app for the event, resulting in limited use of paper for printed materials.



One of the biggest challenges was managing food waste. The team contracted a local composting company to process any food waste, which resulted in more than 1,100 pounds of food waste being diverted from landfill. Beyond that, the team donated any food that was prepared but not served to Second Harvest for distribution to local families and organizations.

### Trēva™ engineering bioplastic



[Eastman Trēva™ engineering bioplastic](#) will be one of the first Eastman products to benefit from carbon renewal technology, which will further enhance Trēva's beginning-of-life profile. Trēva™ is a cellulose-based plastic for opaque and color-tinted materials with better performance and less environmental impact. In addition to having over 40 percent of its content from biobased materials, Trēva™ enabled by carbon renewal technology will have a significant part of its remaining content derived from allocated certified recycled plastic.

### Avra™ recycled performance fibers



Debuting in Spring 2020, [Eastman Avra™ recycled performance fibers](#) transforms our existing performance fibers technology by producing it with 100 percent post-consumer recycled PET material across the portfolio. Avra™ is a family of performance fibers enabled by a proprietary spinning technology. The exceptional moisture and thermal management imparted by Avra™ fibers means fabrics dry quickly — up to 50 percent faster than conventional polyester fabrics — helping wearers stay more comfortable during demanding physical activities and reducing drying times.

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# Partnering to drive social innovation

## Sustainability in action

As our company has transformed over the last several years, we've developed a comprehensive, global strategy for our societal efforts. Our strategy focuses on the right projects in the right places with the right partners where we can make the greatest collective impact. Perhaps the most critical factors in this equation are the partnerships and collaborations.

We prioritize catalytic projects and partnerships that combine our resources, expertise and influence to drive social innovation in education, environment, empowerment and economic development. Together with the Eastman Foundation, the company works across the value chain to strategically align with business, government, nongovernment and community organizations on the projects and initiatives that bring solutions to significant, real-world problems. We look intently for those opportunities that open doors across multiple key areas, such as bringing together environment and education.

*In 2018, the Eastman Foundation assisted in the seven-acre expansion of the Schoolyard Springs Preserve in Shady Valley, enabling The Nature Conservancy to implement a stream restoration project and open up additional opportunities for education, research and outreach efforts.*



PAUL KINGSBURY, THE NATURE CONSERVANCY

## Partnerships and collaborations



We recognize the constraints on our natural resources; the inextricable linkage of water, energy, food, and materials; and the need for solutions to sustain us in the future. We also recognize that many of those solutions aren't available today. To that end, we are actively working with organizations where we can take immediate actions to preserve and protect the environment as well as educate and develop the next generation.

For example, the Eastman Foundation's 18-year partnership with The Nature Conservancy has aided in the expansion of

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## Partnering to drive social innovation (continued)

wetlands for at least 26 rare, threatened or endangered plant and animal species, investing in the unique biodiversity of the Shady Valley area of Northeast Tennessee’s South Fork Holston River basin. Shady Valley covers four preserves totaling 785 acres, including 549 acres of mountain land and 236 acres on the valley floor. In 2018, the Eastman Foundation assisted in the seven-acre expansion of the [Schoolyard Springs Preserve](#) in Shady Valley, enabling The Nature Conservancy to implement a stream restoration project and open up additional opportunities for education and outreach efforts.

With its focus on addressing the most urgent conservation challenges at the largest scale by pursuing science-based, nonconfrontational, pragmatic, market-based solutions, The Nature Conservancy remains a valued Eastman Foundation partner as we work together to leave a sustainable world for future generations.

**We know that 70% of our world is covered with water** — most notably, the ocean. So as we have looked at the complex macro trends facing society and our businesses over the last several years, we realized that, although the ocean is the fundamental driver of our climate, atmospheric, weather, food, energy and water systems, we know relatively little about it. If we are going to design products and technologies for the future, we need to know what that future may hold.

Our efforts to collaborate in this space started in 2012 with the Woods Hole Oceanographic Institution. Since that time, we’ve built a strong platform of support for ocean research and education. We are actively promoting and enabling innovative technologies to accelerate ocean research; developing unique educational curriculums for ocean processes, robotics and synthetic biology; and providing opportunities for students to compete in ocean science and robotics competitions at a national level.

*continued on page 25*

“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 and executive director at MATE  
Inspiration for Innovation (MATE II)*



*In June 2019, the Eastman Foundation, in partnership with STREAMWORKS, welcomed the 18th annual Marine Advanced Technology Education (MATE) International ROV Competition to Kingsport, Tennessee.*



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*Partnering to drive social innovation (continued)*

**Bringing underwater robotics inland**

Earlier this year, the Eastman Foundation in partnership with STREAMWORKS, welcomed the 18th annual [Marine Advanced Technology Education \(MATE\) International ROV Competition](#) to Kingsport, Tennessee. Typically held in coastal cities, the MATE ROV Competition has historically focused on robotics in an ocean environment. To bring the competition to East Tennessee presented a unique opportunity to demonstrate how underwater robots can and are being used in inland waterways and freshwater environments. Hosted at the state-of-the-art Kingsport Aquatic Center, students put their remotely operated vehicles (ROVs) to the test with a focus on ensuring public safety, maintaining healthy waterways and preserving historical artifacts.

Eastman’s education efforts to advance science, technology, engineering, arts and math (STEAM) hinge on strategic partnerships and initiatives such as MATE and STREAMWORKS to help ensure a successful workforce in the future.

**EASTMAN  
FOUNDATION**

*Good for Good*



For more information about Eastman Foundation global initiatives, visit [EastmanFoundation.com](http://EastmanFoundation.com).







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# Translating trends into value

## Sustainability in action

Over the last several years, we have accelerated the transformation of Eastman's portfolio with the aspiration to become the world's leading materials innovation company. By leveraging our innovation-driven growth model, we're committed to finding new applications for heritage Eastman products while acquiring specialty businesses that complement our technologies and investing in innovation of new products to expand our portfolio. This unique model, based on our world-class technologies, relentless market engagement and differentiated application development, is central to our strategy. With a shift in strategy comes a shift in how we operate and engage across the value chain — downstream and upstream.

### Macro trend examples

	<b>Health and wellness</b>	<ul style="list-style-type: none"> <li>Product safety in durables and packaging</li> <li>Low VOC coalescents</li> </ul>	<b>Eastman TRITAN™</b> copolyester  <b>Eastman TETRASHIELD™</b> protective resin systems
	<b>Emerging middle class</b>	<ul style="list-style-type: none"> <li>Low odor in adhesives</li> <li>Higher performing products</li> </ul>	<b>SUNTEK™</b> window film  <b>REGALITE™</b> hydrocarbon resins
	<b>Natural resource efficiency</b>	<ul style="list-style-type: none"> <li>CAFE standards</li> <li>Bioplastics</li> </ul>	<b>Eastman IMPERA™</b> performance resins  <b>Eastman TRÉVA™</b> engineering bioplastic  <b>LLUMAR™</b> window and paint protection film
	<b>Feeding a growing population</b>	<ul style="list-style-type: none"> <li>Antibiotic free</li> <li>Crop yields</li> </ul>	<b>Eastman Enhanz™</b> Adding value to your recipe  <b>Eastman</b> propionic acid  <b>Banguard®</b> crop protection

### Product examples

While sustainability is a term most people have heard, truly understanding global sustainability drivers and macro trends was traditionally a skill of a corporate sustainability team. That simply isn't acceptable for us. To be successful, we must embrace sustainability across the company. And that's exactly what

Eastman's sales, marketing and procurement teams are doing.

Understanding how disruptive macro trends impact consumers, markets and downstream customers has become critical to our customer engagement. It has also become a critical piece

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## Translating trends into value (continued)

of supplier engagement. As we gain more insight downstream, we must then translate that back to our internal teams and up the value chain to our suppliers. Over the last year, our sales, marketing and procurement organizations have aligned under our Executive Vice President and Chief Commercial Officer, Brad Lich, and more recently under the leadership of Julie McAlindon, Chief Procurement Officer and Vice President, Global Marketing & Sales. This alignment allows us to consistently drive sustainability commitments and philosophy across these organizations — translating to a holistic approach to embedding sustainability into our value chain engagement.

**“The more we can integrate sustainability into customer engagement, translate that discovery into insight for our innovation programs, and drive sustainable practices and expectations up the value chain to our suppliers, the more success we will have,” says McAlindon.**

“Embracing sustainability is a basic expectation for our teams. We’ve invested resources into training our sales teams to do deeper discovery with our customers. We’ve focused on creating a differentiated experience for our customers

— enabling more strategic and collaborative engagements. Having a better understanding of the challenges facing our world creates the basis for a different kind of conversation.”

As we look upstream to our supply base, our sourcing teams have reenergized their focus on sustainable procurement. In 2015, Eastman was the first U.S.-based company to join Together for Sustainability (TfS), a consortium of 23 companies supporting transparency and sustainable supply chains. Through this initiative, we have the ability to assess the sustainability performance our supply base using EcoVadis. We also provide our assessment to customers looking to evaluate Eastman’s performance. In 2018, the company scored in the 98th percentile, achieving EcoVadis Gold rating.

“Assessing the sustainability practices of our supply base is essential — not optional,” says McAlindon. “If we are going to commit to sustainability as a company, then it’s a basic expectation that our suppliers commit as well. It’s simply part of doing business with Eastman. The sustainability of our portfolio relies not only on how responsibly we manage resources to manufacture our products, but also, what basic materials are in it? How were they sourced? What sustainable certifications does the supplier have? These are all questions we must consider.”

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“ Sustainability doesn’t start and stop at our manufacturing facilities. It’s a continuum. We see that more and more with the heightened focus on circular economy. ”

— Julie McAlindon  
Vice President, Chief Procurement Officer,  
Global Marketing & Sales





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## Translating trends into value (continued)

“Sustainability doesn’t start and stop at our manufacturing facilities. It’s a continuum. We see that more and more with the heightened focus on circular economy. So we are investing in our procurement and sales teams to enable them to actively integrate sustainability into their daily operations and engagements. We are reflective of the company transformation, shifting from technology-driven to market-driven. It’s challenging. Change isn’t easy. But we recognize that it is necessary to continue delivering value and delivering on our promise to enhance the quality of life in a material way.”

### Eastman Tetrashield™

Through our innovation-driven growth model to relentlessly engage the market and leverage our technology platforms to deliver differentiated applications, we are redefining coating systems. And in a world that will have 2.5 billion more people by 2050, including a growing middle class demanding higher quality, safe and sustainable products, innovating new solutions is imperative.

Based on the monomer technology found in Eastman Tritan™ copolyester, a leading material in food packaging and housewares, the unique technology behind Eastman Tetrashield™ protective resin systems delivers a balance of durability and flexibility for coatings used in canned foods with improved performance, shelf life, safety and regulatory compliance. Simply put, whether a can of food is on a store shelf or in a kitchen cabinet, a lot depends on the coating inside: product life, food safety, regulatory compliance, and brand reputations. Consumers trust the coating in the metal packaging will protect their food. . . and them.

Additionally, the technology enables higher-solids coatings while maintaining excellent application parameters. This allows for more efficient film build, faster film drying, and ultimately a more efficient coating process. Tetrashield is a win for the consumer, the brands, the formulators, and Eastman.



With BPA-free Eastman Tetrashield™ protective resin systems, food packaging professionals can formulate coatings with a unique balance of durability and flexibility.





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# Fostering a zero-incident mindset

## Sustainability in action

Over the last year, we have expanded the definition of “incident” beyond personal and process safety to include any departure from our core values, expected behaviors and principles — the key elements of Eastman’s strategy and culture.



We introduced the concept of a holistic zero-incident mindset, centered on complete focus on each task at hand and a view that all incidents are preventable in all of these categories, focusing heavily on our values: safety & wellness, inclusion & diversity, ethics & integrity, and sustainability. In short, we are who we say we are and do what we say we’re going to do — the right way!

### Safety

Since introducing the ALL IN FOR SAFETY initiative in 2012, we’ve changed how we discuss and approach safety at Eastman. While

we are making progress, we recognize the need to continue efforts to meet our safety targets and accelerate our journey towards the ultimate goal of no one getting hurt.

Over the last two years, we recommitted ourselves to pursuing and achieving continual excellence in both personal and process safety.

We understand that serious events have the potential to impact all of our stakeholders — especially our employees and communities where we operate. We’ve shifted to measuring

*continued on page 30*

“ A zero-incident mindset is an expectation for every employee. From a health, safety, environmental, and security perspective, we believe all incidents are preventable and we strive for zero incidents — zero injuries, accidents, loss of primary containment events, permit deviations, and zero security breaches. We want every employee to approach each and every job with a zero-incident mindset and work proactively to prevent all incidents. ”



— Hanneke Counts

Vice President of Global Health, Safety, Environment & Security

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## Fostering a zero-incident mindset (continued)

### Safety, continued

leading indicators to help assess and eliminate potential risks before they become an incident. For personal safety, we now track and report Serious Injuries and Fatalities (SIF) and Potential SIF, and each of these cases is reviewed at the executive level. We are tracking process safety incidents as defined by the American Chemistry Council, looking beyond Tier I and II to leading indicators at Tier III and IV. By reviewing lower-tier process safety events, we can proactively mitigate risk of higher-tier events.



“Processes and systems don’t innovate. People innovate. That means that every team we have on the ground at Eastman needs to feel valued and be absolutely, fully engaged in order to contribute to their fullest potential. Our focus on inclusion and diversity ensures an environment where everyone’s unique perspectives and skills are leveraged to drive our corporate strategy and the experience of fulfilling careers.”

— Eryn O'Brien  
Vice President of Global Talent Management

“A zero-incident mindset doesn’t mean we are perfect, but it does mean we are committed to doing business the right way. It takes commitment by all of our team members to work with honesty and integrity and to speak up when we see something that doesn’t align with our culture.”

— Karen Guske  
Director of Public Policy and Global Business Conduct



### Ethics & integrity

When it comes to fostering a zero-incident mindset, we can’t focus on safety alone. To be truly zero-incident, we must also focus on having zero incidents when it comes to honesty and integrity. Our goal is to have zero incidents of unethical behavior. Every day, every employee is personally responsible for upholding the company’s values and not compromising our

integrity when faced with difficult decisions. We recognize that how we treat each other at work and how we interact with our external stakeholders determines how Eastman is viewed by the business world, the communities in which we operate, and potential future employees. A critical factor in fostering a zero-incident mindset is reporting concerns. If faced with concerns over possible unethical behavior, we strongly encourage team members to promptly seek advice on the proper course of conduct or report it. By voicing concern, team members help us maintain our culture of integrity and prevent or minimize harm. Eastman has a strict no retaliation policy for employees who raise concerns in good faith, even if the concern proves to be unsubstantiated. It is absolutely vital that we act ethically not only to maintain our reputation and comply with laws and regulations, but also because it is simply the right thing to do.

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## Fostering a zero-incident mindset (continued)

### Inclusion & diversity

A key part of our commitment to operating with the highest ethical business standards and integrity extends to creating an inclusive environment at Eastman. We're striving to grow a workforce with increasingly diverse talents, perspectives and experiences that bring the best ideas to the table. A zero-incident mindset is vital to fostering an inclusive culture that inspires innovation, and enables our employees to bring their full selves to work every day and bring out the best in each other. At Eastman, by leveraging the diverse experiences and perspectives of all our employees, every employee has an opportunity to achieve personal growth as well as contribute to the growth of our business. It's about providing a future for our company, which is extremely important because when the company wins, our people win, our communities win, and all of our stakeholders win. We have a number of inclusion & diversity initiatives that help us connect and engage our talent, including Eastman Resource Groups (ERGs), immersive Leadership Learning Labs, and other developmental experiences. We partner with campuses and other organizations to recruit the best talent to our company. We support local celebrations and events that strengthen the communities where we live and work. Learn much more about inclusion & diversity at [eastman.com/diversity](http://eastman.com/diversity).



“ Having a zero-incident mindset pushes us to set ambitious stretch goals. We may not already know exactly how we will get there, and that’s the exciting part. That drives creativity and collaboration. That drives strategic thinking. That drives innovation to deliver impactful solutions. ”

— Cathy Combs  
Director of Sustainability

### Sustainability

Having a zero-incident mindset when it comes to sustainability can mean many things to different people. And as we look at the company’s values and how we are implementing zero-incident mindset, we realize they all connect under the umbrella of sustainability, encompassing governance, social and corporate responsibility, and, of course, environmental performance. How we protect and conserve our natural resources and drive for continual environmental performance plays a critical role in Eastman’s sustainability commitments. We take our license to operate very seriously, and our communities expect us to operate in a manner that doesn’t negatively impact the communities and environments where we work and live. For example, our environmental permits, laws, and regulations are designed to protect human health and the environment. And so, because we care, we comply with these

permits and regulations so that our employees, communities, and everyone who depends on our compliance is protected. But having a zero-incident mindset is much bigger than compliance.

In a world that needs answers and solutions that we simply don’t have today, having a zero-incident mindset pushes us to define where we need to drive toward zero and think outside the lines to get there. The world needs innovation, and innovation isn’t easy. It doesn’t happen overnight. But to be a sustainable company and sustain a growing population into the future, innovating smarter and faster is imperative. Whether it is zero waste, zero emissions, carbon neutrality, or circular economy, sustainability is a continuum. While zero may not be realistic, it will drive strategic shifts and behavior changes to make a real impact.



# Goals and progress

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This year, we continue to report on the goals and targets we established looking towards 2020. We review our goals regularly and establish targets that challenge us to continually improve.





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Enhancing.**

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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

## Innovation

### PRODUCT PORTFOLIO

Drive Eastman to innovate more sustainably advantaged products



## Energy

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

## Greenhouse gas emissions

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

## Water



Increase water use efficiency and ensure sustainable withdrawals and supply

## Safety

Maintain our strong commitment to a zero-incident mindset



**SUPPORT CATALYTIC projects and initiatives**



Focused on education, environment, empowerment, and economic development

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# Goals and progress



## Steering a sustainable portfolio

Goal	Progress details
Drive Eastman to innovate more sustainably advantaged products	<p>Within the first year of sustainability assessment integration into innovation:</p> <ul style="list-style-type: none"> <li>• We completed assessments of approximately 40% of our innovation portfolio, up from 0% just one year earlier when the new assessment was launched. The assessments are completed collaboratively by project leaders, marketing and/or technical leaders in a facilitated setting guided by a Corporate Sustainability team member. Assessments adhere to the Framework for Portfolio Sustainability Assessments that Eastman collaborated with eight other chemical companies to develop jointly with the World Business Council for Sustainable Development.</li> <li>• Approximately 80% of our innovation projects assessed (by count) are classified as sustainably advantaged or leadership level, the highest possible rating in our portfolio assessment.</li> <li>• Approximately 30% of the innovation portfolio (assessed and not yet assessed) is advantaged or leadership level.</li> </ul> <p>As we continue the integration of sustainability assessment into our innovation process, we are establishing baselines and targets. Currently, any innovation project not identified as sustainably advantaged or higher requires additional discussion and risk mitigation.</p> <p>Driving toward a more sustainable product portfolio requires leadership buy-in, culture and behaviors that reinforce and reward decisions to pursue development of sustainable products, tools to evaluate and track progress, goals and targets that are meaningful and strategic for our businesses and our corporation as a whole, and assurance systems to validate our evaluation and reporting.</p> <p>We are well into the journey to drive our portfolio decisions by intentionally incorporating sustainability as a choice in product innovation, and have made demonstrable progress by having already: created and launched a Sustainable Portfolio Subcouncil comprised of key influencers and sustainability champions across the company; designed and launched the assessment integrated into innovation; and begun to generate a baseline which we will use to set targets. We anticipate reporting the overall sustainability performance of our entire innovation portfolio in our 2020 sustainability report.</p>
Drive Eastman portfolio toward more sustainable offerings	<p>Based on our innovation project assessments, we began to develop a commercial portfolio assessment process in 2018 and are continuing through 2019 with the intention of initiating the commercial assessment toward the end of the year. At this time, we plan to report progress on metrics for this goal in the 2020 report. We anticipate tracking progress on metrics such as percent of Eastman revenue generated by sustainably advantaged products with goals for improvement over time.</p>

## Goals and progress (continued)

### Driving resource productivity

Goal	Progress details
Improve energy efficiency of operations by 20% by 2020 against the 2008 baseline	Through 2018, energy intensity improved 10.9% compared to the 2008 baseline.
Reduce greenhouse gas (GHG) emissions per unit of production (GHG intensity) by 20% by 2020 against the 2008 baseline	2018 greenhouse gas intensity decreased 20% compared to the baseline, meeting our 2020 target ahead of schedule.
Increase water use efficiency and ensure sustainable withdrawals and supply	<p>While water is a basic need for our manufacturing operations, Eastman is committed to increasing water efficiency. Recycling water in manufacturing operations reduces water demand and raw water treatment costs and enhances energy and water efficiency. Essential recycling operations include condensate recovery and reuse and recirculating cooling towers as well as reuse of water within some processes for heat recovery.</p> <p>Total withdrawals are monitored for all sites where Eastman has controlling ownership.</p> <p>Water withdrawals for 2018 increased by 17% compared to 2017. The increase was heavily influenced by counting large rainfall events per the Carbon Disclosure Project methodology.</p>
Reduce total number of reportable releases by 25% by 2020 against the 2010 baseline.	Improved process safety also reflects our strong commitment to environmental performance. In 2018, we had 54 reportable releases, a reduction of 11% compared to the 2010 baseline.
Reduce volatile organic compounds (VOC) by 15% by 2020 against the 2010 baseline	2018 VOC emissions decreased 17% compared to the baseline, exceeding our 2020 target.
Reduce toxic release inventory (TRI) emissions to the air by 25% by 2020 against the 2010 baseline	2017 TRI air emissions decreased 16% compared to the baseline.

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

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## Goals and progress (continued)

### Driving resource productivity

Goal	Progress details
Reduce hazardous waste (indexed to production) by 15% by 2020 against the 2010 baseline	2018 hazardous waste indexed to production increased 9% compared to the baseline.
Maintain our strong commitment to a zero-incident mindset	<p>While we continue to make progress, we recognize the need to focus our efforts to develop a zero-incident mindset that encompasses all aspects of operational excellence, including personal safety and process safety.</p> <p>Specific to our safety goal, in 2018, we established process safety targets for each of our business segments and integrated process safety into the foundational structure of our business leadership teams. We understand that any process safety event isn't acceptable in a zero-incident mindset, 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>Additionally, we have shifted our personal safety focus to track and report Serious Injuries and Fatalities (SIF) and Potential SIFs. This change represents a clear shift in our commitment and culture to track leading indicators and assess potential risks to prevent injury or incident before it occurs.</p> <p>Targets we continue to monitor and report:</p> <ul style="list-style-type: none"> <li>• 2018 Global Process Safety Incident Rate 0.11 against target of 0.13</li> <li>• 2018 Global Recordable Injury Rate 0.73 against target of 0.54</li> <li>• Zero employee or contractor fatalities in 2018</li> </ul>

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

“Operating responsibly and driving continuous improvement takes engagement and commitment at every level of the company. There is no one-size-fits-all solution. The challenges facing our world are complex. The solutions are complex. And that’s where Eastman excels — converting complexity into value — every day.”

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





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## Goals and progress (continued)

### Focused good for good

Goal	Progress details
Support catalytic projects and initiatives focused on education, empowerment, economic development and the environment	<p>Eastman leverages corporate and Eastman 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>Over the last year, Eastman has accelerated its efforts to help address the global waste plastic issue and advance the circular economy. In addition to the company's investments to commercialize advanced recycling technologies for waste plastic, Eastman is partnering and actively collaborating with strategic influencers in the circular economy and blue initiatives space. Examples include Ellen MacArthur Foundation CE100, Quantis Plastic Leak Project, Business for Social Responsibility, Operation Clean Sweep, Singapore Chemical Industry Council's Clear Shores, and the Clean Waters Campaign.</p> <p>Additional 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 Foundation, in conjunction with the 2018 G7 Summit, advocated for action to better understand our ocean by launching the Great Blue Challenge. The challenge is designed to spark innovation and find unique, creative and potentially transformative projects that will expedite ocean research. For more information, visit [GreatBlueChallenge.org](https://GreatBlueChallenge.org).

### 2018 Great Blue Challenge grant recipients



Marco Island Academy  
Charter High School

Naples, Florida

Robotic video reef observations  
project



Oglethorpe Charter School  
Savannah, Georgia

Girls in Engineering and Maritime  
Science (GEM)



Scripps Institution of  
Oceanography, Mira Costa  
College

Carlsbad, California

Low-power wave energy converter

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## Scope of report

This report focuses on our progress and challenges during 2018 and early 2019 and includes quantitative data for the year ending December 31, 2018, 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) standard framework and meets requirements for the United Nations Global Compact Communication of Progress.

Based on the stakeholder mapping assessment we completed for this 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. We also examined our business opportunities and risks and evaluated external trends related to our business. See Strategy and Stakeholder engagement sections of this report for more detail.

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 2018 Annual Report](#).

## Other reports of interest



*2018 Annual Report: Enhancing the quality of life in a material way*



*2018 Databook: Enhancing the quality of life in a material way*



*2018 Sustainability Report: Changing the Trajectory*



*2017 Sustainability Report: Innovating with Purpose*



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



*2015 Sustainability Report: Gaining momentum*



*2014 Sustainability Report: Moving forward together*

# Global Reporting Initiative (GRI)

## Advanced Circular Recycling

Advanced circular recycling complements basic mechanical recycling. Through methanolysis, polyester materials are taken back to their polymer building blocks. These building blocks can then be reintroduced to the production of new polyester-based polymers, delivering a true circular solution.





# Global Reporting Initiative content index

This report aligns with the GRI Standards. Eastman self-declares the 2019 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).

Disclosure Number	Description	Cross-Reference or Answer	Pages	SDG*	UNCG* Connection
<b>GRI 102 General Disclosures</b>					
102-1	Name of the organization	<a href="#">Eastman at a glance</a>	3		
102-2	Activities, brands, products, and services	<a href="#">Eastman at a glance</a> ; <a href="#">Eastman brands</a> Marketing materials in all formats originate in the business organizations and are reviewed by attorneys and experts within Eastman’s Law Department. The team carefully reviews the content of the marketing materials to ensure compliance with applicable advertising laws, regulations and standards as well as Eastman’s Code of Business Conduct. When necessary, reviewers seek input from fellow Eastman experts or third-party consultants.	3		
102-3	Location of headquarters	Kingsport, Tennessee, USA			
102-4	Location of operations	<a href="#">Locations</a>			
102-5	Ownership and legal form	<a href="#">2018 10K Report</a>			
102-6	Markets served	<a href="#">Eastman at a glance</a> <a href="#">Markets</a>	3		
102-7	Scale of the organization	<a href="#">Eastman at a glance</a> <a href="#">2018 10K Report</a>	3		
102-8	Information on employees and other workers	<a href="#">Appendix</a>	54		
102-9	Supply chain	<a href="#">Value Chain</a>	11		
102-10	Significant changes to the organization and its supply chain	<a href="#">2018 10K Report</a>		8	6
102-11	Precautionary principle or approach	<a href="#">Sustainability Governance</a>			

\*UNGC = [United Nations Global Compact requirements](#) • SDG = [Sustainable Development Goals](#)

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102-12	External initiatives	<a href="#">Responsible Care Product Stewardship</a>			
102-13	Membership of associations	<a href="#">Memberships</a>			
102-14	Statement from senior decision-maker	<a href="#">CEO message</a>	2		
102-15	Key impacts, risks, and opportunities	<a href="#">Stakeholder engagement</a> and <a href="#">priority matrix 2018 10K report</a>	11 – 13		
102-16	Values, principles, standards, and norms of behavior	<a href="#">Values Code of Business Conduct</a>		16	10
102-17	Mechanisms for advice and concerns about ethics	<a href="#">Code of Business Conduct Sustainability Governance</a>		16	10
102-18	Governance structure	<a href="#">Corporate Governance</a>			
102-19	Delegating authority	<a href="#">Corporate Governance</a>			
102-20	Executive-level responsibility for economic, environmental, and social topics	<a href="#">Corporate Governance</a>			
102-21	Consulting stakeholders on economic, environmental, and social topics	<a href="#">Corporate Governance</a>		16	
102-22	Composition of the highest governance body and its committees	<a href="#">Board of Directors</a>		5, 16	
102-23	Chair of the highest governance body	<a href="#">Board of Directors</a>		16	
102-24	Nominating and selecting the highest governance body	<a href="#">Corporate Governance</a>		5, 16	

\*UNGC = [United Nations Global Compact requirements](#) • SDG = [Sustainable Development Goals](#)

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Disclosure Number	Description	Cross-Reference or Answer	Pages	SDG*	UNCG* Connection
102-25	Conflicts of interest	<a href="#">Corporate Governance</a>		16	
102-26	Role of highest governance body in setting purpose, values, and strategy	<a href="#">Corporate Governance</a>	<a href="#">14</a>		
102-27	Collective knowledge of highest governance body	<a href="#">Corporate Governance</a>			
102-28	Evaluating the highest governance body's performance	<a href="#">Corporate Governance</a>			
102-29	Identifying and managing economic, environmental, and social impacts	<a href="#">Corporate Governance</a>	<a href="#">14</a>	16	
102-30	Effectiveness of risk management processes	<a href="#">Sustainability Governance</a>			
102-31	Review of economic, environmental, and social topics	<a href="#">Sustainability Governance</a>	<a href="#">14</a>		
102-32	Highest governance body's role in sustainability reporting	<a href="#">Sustainability Governance</a>	<a href="#">14</a>		
102-33	Communicating critical concerns	<a href="#">Corporates Governance Guidelines</a>			
102-35	Remuneration policies	<a href="#">Corporate Governance Guidelines</a> <a href="#">Proxy Statement</a>			
102-37	Stakeholders' involvement in remuneration	<a href="#">Corporate Governance Guidelines</a> <a href="#">Proxy Statement</a>		16	
102-38	Annual total compensation ratio	This is considered business confidential.			
102-39	Percentage increase in annual total compensation ratio	This is considered business confidential.			
102-40	List of stakeholder groups	<a href="#">Stakeholder engagement</a>	<a href="#">11</a>		

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Disclosure Number	Description	Cross-Reference or Answer	Pages	SDG*	UNCG* Connection
102-41	Collective bargaining agreements	As of June 1, 2018, collective bargaining agreements cover approximately 6% of Eastman's U.S.-based workforce.		8	6
102-42	Identifying and selecting stakeholders	<a href="#">Stakeholder engagement</a>	11		
102-43	Approach to stakeholder engagement	<a href="#">Stakeholder engagement</a>	11		
102-44	Key topics and concerns raised	<a href="#">Stakeholder engagement</a> and <a href="#">priority matrix</a>	11, 13		
102-45	Entities included in the consolidated financial statements	<a href="#">Scope of Report</a>	38		
102-46	Defining report content and topic Boundaries	<a href="#">Scope of Report</a>	38		
102-47	List of material topics	<a href="#">Stakeholder engagement</a> and <a href="#">priority matrix</a>	11, 13		
102-48	Restatements of information	None			
102-49	Changes in reporting	None			
102-50	Reporting period	<a href="#">Scope of Report</a>	38		
102-51	Date of most recent report	<a href="#">Scope of Report</a>	38		
102-52	Reporting cycle	Annually			
102-53	Contact point for questions regarding the report	<a href="#">Cathy Combs, Director of Sustainability</a>			
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option.			
102-55	GRI content index	<a href="#">GRI Index</a>	40		
102-56	External assurance	<a href="#">Scope of Report</a>	38		

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Disclosure Number	Description	Cross-Reference or Answer	Pages	SDG*	UNCC* Connection
<b>GRI 103 Management Approach</b>					
103-1	Explanation of the material topic and its boundary	<a href="#">2018 10K Report Corporate Overview Sustainability Strategy</a>	7–13		
103-2	The management approach and its components	<a href="#">2018 10K Report</a> , Corporate Overview, page 6 <a href="#">Sustainability Strategy</a>	7–13		
103-3	Evaluation of the management approach	<a href="#">Goals and progress</a>	32		
<b>GRI 201 Economic Performance</b>					
201-1	Direct economic value generated and distributed	<a href="#">2018 10K Report</a> , Part II, Item 8		2, 5 7, 8, 9	
201-2	Financial implications and other risks and opportunities due to climate change	<a href="#">Appendix</a>	54	13	
201-3	Defined benefit plan obligations and other retirement plans	<a href="#">2018 10K Report</a> , Part II, Item 8, note 11 <a href="#">Benefits at Eastman</a>			
201-4	Financial assistance received from government	None			
<b>GRI 202 Market Presence</b>					
202-2	Proportion of senior management hired from the local community	<a href="#">Appendix</a>	55		
<b>GRI 203 Indirect Economic Impacts</b>					
203-1	Infrastructure investments and services supported	<a href="#">Appendix</a>	55	2, 5 7, 9	

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## Global Reporting Initiative content index (continued)

Disclosure Number	Description	Cross-Reference or Answer	Pages	SDG*	UNCG* Connection
203-2	Significant indirect economic impacts	<a href="#">Appendix</a>	<a href="#">55</a>	8, 10, 17	
<b>GRI 204 Procurement Practices</b>					
204-1	Proportion of spending on local suppliers	Eastman's policy is to procure products and services based on total value for the company. Factors that Eastman considers when making purchasing decisions include competitive pricing, quality of work and materials, timely and trustworthy performance. Procurement strategies are continuously developed and implemented to provide assurance of sources for goods and services necessary to the company's operations. Procurement strategies may include the development of a local supply based on business needs.		12	
<b>GRI 205 Anti-corruption</b>					
205-1	Operations assessed for risks related to corruption	Eastman conducts an annual risk assessment of 100% of our businesses, which includes risks relating to corruption.		16	10
205-2	Communication and training about anti-corruption policies and procedures	In addition to our Code of Business Conduct, Eastman internal policies include training on anti-corruption. Each year, 100% of regular full-time and part-time, limited term and Eastman-paid employees worldwide are required to complete online Code of Business Conduct training. Employees with more sensitive roles are required to take additional training.		16	10
205-3	Confirmed incidents of corruption and actions taken	Where any incident of corruption was identified, appropriate disciplinary action was taken in conformance with applicable laws. In addition, Eastman internal policies include training on anticorruption.		16	10
<b>GRI 206 Anti-competitive Behavior</b>					
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Any legal actions that are material for anticompetitive behavior, antitrust or monopoly practices would be disclosed in Eastman's filings with the Securities and Exchange Commission, and all such actions would generally be a matter of public record.			

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Disclosure Number	Description	Cross-Reference or Answer	Pages	SDG*	UNCG* Connection
<b>GRI 301 Materials</b>					
301-1	Materials used by weight or volume	<a href="#">Appendix</a>	55		
301-2	Recycled input materials used	<a href="#">Appendix</a>	56		
<b>GRI 302 Energy</b>					
302-1	Energy consumption within the organization	<a href="#">Appendix</a> <a href="#">CDP Climate</a>	56	7, 8, 12, 13	7, 8
302-2	Energy consumption outside of the organization	In 2018, Eastman used about 30 trillion Btu of indirect energy in the form of purchased steam and electricity to produce products.		7, 8, 12, 13	8
302-3	Energy intensity	<a href="#">Energy</a> <a href="#">CDP Climate</a>		7, 8, 12, 13	8
302-4	Reduction of energy consumption	<a href="#">Energy</a> <a href="#">CDP Climate</a>		7, 8, 12, 13	8, 9
302-5	Reductions in energy requirements of products and services	<a href="#">Energy</a>		7, 8, 11, 12, 13	
<b>GRI 303 Water and Effluents</b>					
303-1	Interactions with water as a shared resource	<a href="#">Water</a> <a href="#">CDP Water</a>			
303-2	Management of water discharge-related impacts	<a href="#">Water</a> <a href="#">CDP Water</a>			
303-3	Water withdrawal	<a href="#">Water</a> <a href="#">CDP Water</a>			
303-4	Water discharge	<a href="#">Appendix</a> <a href="#">CDP Water</a>	56		
303-5	Water consumption	<a href="#">Water</a> <a href="#">CDP Water</a>			

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Disclosure Number	Description	Cross-Reference or Answer	Pages	SDG*	UNCG* Connection
<b>GRI 304 Biodiversity</b>					
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	<a href="#">Biodiversity</a>			
304-2	Significant impacts of activities, products, and services on biodiversity	<a href="#">Biodiversity</a>			
304-3	Habitats protected or restored	<a href="#">Biodiversity</a>		6, 14, 15	8
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	<a href="#">Biodiversity</a>			
<b>GRI 305 Emissions</b>					
305-1	Direct (Scope 1) GHG emissions	Our 2018 direct greenhouse gas emissions using the ACC methodology were approximately 5.8 million metric tons. <a href="#">CDP Climate</a>		3, 12, 13, 14, 15	7, 8
305-2	Energy indirect (Scope 2) GHG emissions	Our 2018 indirect greenhouse gas emissions using the ACC methodology were approximately 1.6 million metric tons. <a href="#">CDP Climate</a>		3, 12, 13, 14, 15	7, 8
305-3	Other indirect (Scope 3) GHG emissions	<a href="#">Emissions</a> <a href="#">CDP Climate</a>		3, 12, 13, 14, 15	7, 8
305-4	GHG emissions intensity	<a href="#">Appendix</a> <a href="#">CDP Climate</a>	<a href="#">56</a>	13, 14, 15	8
305-5	Reduction of GHG emissions	<a href="#">Emissions</a> <a href="#">CDP Climate</a>		13, 14, 15	8, 9

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## Global Reporting Initiative content index (continued)

Disclosure Number	Description	Cross-Reference or Answer	Pages	SDG*	UNCG* Connection
305-6	Emissions of ozone-depleting substances (ODS)	Eastman policies require 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.		3, 12,	7, 8
305-7	Nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ), and other significant air emissions	<a href="#">Environmental performance</a>		3, 12, 13, 15,	7, 8
<b>GRI 306 Effluents and Waste</b>					
306-2	Waste by type and disposal method	<a href="#">Waste management</a>		3, 6, 12	8
306-3	Significant spills	<a href="#">Goals and progress</a> <a href="#">Environmental performance</a>	<a href="#">32</a>	3, 6, 12, 14	8
306-4	Transport of hazardous waste	<a href="#">Goals and progress</a> <a href="#">Environmental performance</a>	<a href="#">32</a>		
<b>GRI 307 Environmental Compliance</b>					
307-1	Non-compliance with environmental laws and regulations	Eastman uses an internal reporting mechanism to ensure that all fines and penalties associated with noncompliance with environmental laws and regulations are captured in one place. This system applies globally and includes all fines and penalties of any size. For 2018, the company is not aware of any nonmonetary sanctions that should be reported. The company paid \$180,861 in 2018 for fines and penalties, which does not include amounts paid for supplemental environmental projects.		8, 16	8
<b>GRI 401 Employment</b>					
401-1	New employee hires and employee turnover	<a href="#">Appendix</a>	<a href="#">57</a>	5, 8	6

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## Global Reporting Initiative content index (continued)

Disclosure Number	Description	Cross-Reference or Answer	Pages	SDG*	UNCG* Connection
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	<a href="#">Benefits at Eastman</a>		8	
401-3	Parental leave	We do not report in detail on the return to work and retention rate after parental leave by gender.		5, 8	6
<b>GRI 402 Labor/Management Relations</b>					
402-1	Minimum notice periods regarding operational changes	In the event of operational changes that involve a change in staffing levels or otherwise affect employment, the company engages in significant planning to ensure affected employees are treated with the utmost respect and dignity. Labor and employment law requirements, including but not limited to reasonable employee notice of job loss, and requirements under collective bargaining agreements, are carefully assessed in every global location.		8	3
<b>GRI 403 Occupational Health and Safety</b>					
403-1	Occupational health and safety management system	<a href="#">Health and Safety</a>			
403-4	Worker participation, consultation, and communication on occupational health and safety	<a href="#">Health and Safety</a>			
403-5	Worker training on occupational health and safety	<a href="#">Health and Safety</a>			
403-6	Promotion of worker health	<a href="#">Employee Wellness</a>			
403-9	Work-related injuries	<a href="#">Health and Safety</a>			
<b>GRI 404 Training and Education</b>					
404-1	Average hours of training per year per employee	<a href="#">Appendix</a>	57	8	6

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## Global Reporting Initiative content index (continued)

Disclosure Number	Description	Cross-Reference or Answer	Pages	SDG*	UNCG* Connection
404-2	Programs for upgrading employee skills and transition assistance programs	<a href="#">Careers at Eastman</a>		8	
404-3	Percentage of employees receiving regular performance and career development reviews	We do not report on the percentage of employees receiving regular performance and career development reviews, by gender and by employee category.		5, 8	6
<b>GRI 405 Diversity and Equal Opportunity</b>					
405-1	Diversity of governance bodies and employees	<a href="#">Appendix Board of Directors</a>	<a href="#">57</a>	5, 8	6
405-2	Ratio of basic salary and remuneration of women to men	Eastman establishes and administers compensation based on business needs and external market competitiveness without regard to gender.		8, 10	6
<b>GRI 406 Non-discrimination</b>					
406-1	Incidents of discrimination and corrective actions taken	Eastman does not publicly report the total number of such incidents or any of their corrective actions.			
<b>GRI 407 Freedom of Association and Collective Bargaining</b>					
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Eastman complies with all laws designed to preserve the right to exercise freedom of association and collective bargaining. Eastman has not identified any operations at which those rights are at significant risk.		8	3
<b>GRI 408 Child Labor</b>					
408-1	Operations and suppliers at significant risk for incidents of child labor	<a href="#">Code of Business Conduct</a>		8, 16	5

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Disclosure Number	Description	Cross-Reference or Answer	Pages	SDG*	UNCG* Connection
<b>GRI 409 Forced or Compulsory Labor</b>					
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	<a href="#">Code of Business Conduct</a>		8	4
<b>GRI 410 Security Practices</b>					
410-1	Security personnel trained in human rights policies or procedures	<a href="#">Security</a>		16	1
<b>GRI 411 Rights of Indigenous Peoples</b>					
411-1	Incidents of violations involving rights of indigenous peoples	As of December 2018, zero operations have been subject to human rights reviews or impact assessments.			1
<b>GRI 412 Human Rights Assessment</b>					
412-2	Employee training on human rights policies or procedures	Each year, 100% of regular full-time and part-time, limited-term and Eastman-paid employees worldwide are required to complete online training, which includes a course on the Eastman Code of Business Conduct which governs our human rights policy and additional courses that focus on topics within the Code. Some additional courses may be assigned by managers to their employees based on job relevancy, development, or for other reasons. On average, employees receive approximately five hours of training through this system on these topics.			
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	<a href="#">Appendix</a>	<a href="#">57</a>		

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Disclosure Number	Description	Cross-Reference or Answer	Pages	SDG*	UNCC* Connection
<b>GRI 413 Local Communities</b>					
413-1	Operations with local community engagement, impact assessments, and development programs	<a href="#">Appendix</a>	58		1
<b>GRI 414 Supplier Social Assessment</b>					
414-1	New suppliers that were screened using social criteria	We do not report on the percentage of new suppliers screened using labor practices criteria because these data are not available. We report on the procedure used for assessment. We provide our third-party Code of Business Conduct to our suppliers, which includes our expectations regarding societal issues such as labor practices and human rights. It also defines our expectations for conducting business with Eastman. We desire the same ethical behavior of our suppliers and hold them accountable by annual supplier surveys.			2
414-2	Negative social impacts in the supply chain and actions taken	Eastman is not aware of any significant impacts in our supply chain with respect to the environment, labor, human rights, or societal issues that occurred in 2018.			2
<b>GRI 415 Public Policy</b>					
415-1	Political contributions	<a href="#">Appendix</a>		16	10
<b>GRI 416 Customer Health and Safety</b>					
416-1	Assessment of the health and safety impacts of product and service categories	<a href="#">Life Cycle Assessment (LCA)</a>			

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Disclosure Number	Description	Cross-Reference or Answer	Pages	SDG*	UNCG* Connection
<b>GRI 417 Marketing and Labeling</b>					
417-1	Requirements for product and service information and labeling	<a href="#">Product Safety</a>		12	
417-2	Incidents of non-compliance concerning product and service information and labeling	All of our product safety data sheets and labeling comply with regulatory requirements for hazard communication in all countries and regions. In 2016, we implemented the Globally Harmonized System for Classification and Labeling (GHS) process to define, classify and communicate chemical hazard and safety information for all of our products.		16	
417-3	Incidents of non-compliance concerning marketing communications	Eastman is unaware of any significant fines in 2018 concerning marketing communications.			
<b>GRI 418 Customer Privacy</b>					
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Eastman is unaware of any complaints regarding breaches of customer privacy or loss of customer data in 2018.			
<b>GRI 419 Socioeconomic Compliance</b>					
419-1	Non-compliance with laws and regulations in the social and economic area	Eastman is unaware of any significant fines in 2018 concerning the provision and use of our products and services.		16	

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# Global Reporting Initiative appendix

## 102-8 • Information on employees and other workers

Total Workforce	Employment Type	Employment Contract	Region
14,819 employees as of Dec 31, 2018	Full-time: 97.5%	Permanent Contract: 95.5%	North America: 73%
	Part-time: 2.5%	Temporary Contract: 4.5%	Europe, Middle East and Africa: 15%
			Asia Pacific: 10%
			Latin America: 3%

Global total turnover 8.2%

## 201-2 • Financial implications and other risks and opportunities due to climate change

Chemical manufacturing by its very nature is energy intense and can result in substantial carbon emissions. However, many products of chemistry, including Eastman products, reduce greenhouse gas emissions over time. Risks posed by climate change may manifest themselves in physical risks due to potential impacts of climate change and regulatory risks associated with actions to mitigate or respond to climate change. In particular, the company may be exposed to increased capital and operational costs associated with a move from fossil derived fuels and feedstocks to more renewable sources of energy and materials. Carbon pricing has the potential to increase operational costs due to use of fossil 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, Eastman relies heavily on combined heat and power, which produces significantly fewer emissions and therefore has less impact on air quality. Electricity produced by combined heat and power plants are approximately twice as efficient as purchasing electricity from a utility with conventional power stations. Eastman's use of cogeneration therefore helps reduce the carbon emissions that would otherwise be required to operate these facilities. Eastman is no more at risk from climate change regulation than other energy-intensive industries. Regulatory constraints on carbon emissions can impact the development of new processes and facilities for Eastman, as well as our customers and suppliers.

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. See Eastman's [CDP disclosure report](#) for more information.

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## Global Reporting Initiative appendix (continued)

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

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

### 203-1 • Infrastructure investments and services supported

Eastman and the Eastman Foundation provided funding and in-kind donations totaling more than \$5.62 million in 2018 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 2018, 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 numbers of hours are not representative of all global sites.

### 203-2 • Significant indirect economic impacts

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

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

In 2018, Eastman's economic impact from employee and contractor compensation was estimated to be a total of \$8-10 billion in the states where we have manufacturing sites and sales offices. These figures are indicative of Eastman's reputation of being a responsible economic steward through the creation of jobs and investment in the community.

### 301-1 • Materials used by weight or volume

Eastman is an integrated manufacturing company, purchasing basic feedstocks to feed three primary streams: olefins, polyesters and acetyls. Basic raw materials include ethane/propane for the olefin stream, paraxylene for polyesters, and coal as a major building block for acetyls. These building block materials are processed through various downstream processes to yield products that are sold as finished goods. In 2018, major raw materials purchased, including feedstocks and materials consumed as fuel, were nearly 5.3 million tons. Eastman is beginning to implement and, in the future, will look to use fuel sources with lower emissions. At our Kingsport, Tennessee, facility, we recently completed the conversion of a powerhouse that provides approximately 50% of the steam and electricity for site manufacturing from coal to natural gas combustion.

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## Global Reporting Initiative appendix (continued)

### 301-2 • Recycled input materials used

Eastman manufactures a large number of products, most of which are sold as feedstocks for our downstream customers. With integrated manufacturing streams, internal recycling of materials and developing value-up opportunities for coproduct streams are critical to minimizing waste and maximizing value creation. Opportunities to purchase materials with recycled content are limited due to our vertical integration to basic commodity raw materials and currently represent a relatively small percentage of total purchases. However, Eastman is committed to value added recycling and has many examples of the use of recycled material including:

**Recycled acid:** Eastman purchases recycled acid for use as an internal feedstock or for resale as a feedstock to other manufacturers.

**Recycled Saflex®:** Eastman assets associated with Saflex production recover waste Saflex sheets in the U.S. and European regions through a toll agreement with Soca.

**Catalyst recycling program:** When possible, Eastman replaces spent catalysts with fresh catalysts, both of which contain varying amounts of precious metals. As the spent catalyst becomes available, the material is sent to catalyst refiners who extract the precious metals from the spent material for reuse in the production of fresh catalysts. This recycling program helps reduce the amount of precious metals mined to satisfy global demand.

**Other purchased materials** made with recycled materials include drums (steel, plastic, and fiber), bulk boxes, plastic liners and plastic and steel pails. In addition to purchasing feedstocks with recycled content, our Special Materials Team oversees the sale of Eastman's used materials streams to manufacturers who recover and convert these materials into useful products.

### 302-1 • Energy consumption within the organization

Eastman used about 88 trillion Btu in 2018 to produce products. About 69% of direct energy was produced from purchased natural gas and coal, and about 16% was recovered fuel from feedstock. Our direct energy consumption is almost 70% of our total energy consumption.

### 303-4 • Water discharge

Eastman discharges process wastewater in accordance with applicable permits, licenses and agreements. The wastewater is either treated in Eastman-owned treatment facilities and discharged directly to surface waters, or it is treated in Eastman-owned pretreatment facilities and conveyed to third-party providers (e.g. utilities, municipalities) for additional treatment and/or discharge, or it is conveyed directly to third-party providers (e.g. utilities, municipalities) for treatment and/or discharge. An estimated 811 thousand megaliters (ML) of water was discharged in 2018.

### 305-4 • GHG emissions intensity

Eastman committed to a 20% reduction in GHG intensity by 2020. The intensity measure for this effort is GHG emissions per unit of production as measured against the baseline of 2008. As of 2018, GHG intensity measured 0.79, which represents a 20% reduction compared to the baseline. The boiler conversions from coal to natural gas at our sites in Massachusetts and Tennessee enhanced our emission reduction efforts and helped us attain our goal. Emissions reductions attributed to the conversions will be fully realized in reporting year 2020. [View site specific emissions.](#)



## Global Reporting Initiative appendix (continued)

### 401-1 • New employee hires and employee turnover

Attrition by Gender	Attrition by Age	Attrition by Region
Male employees: 7.7%	Less than 30 years: 11.1%	Asia Pacific: 14.2%
Female employees: 9.1%	30 to 50 years: 6.9%	Europe, Middle East and Africa: 8.8%
	Greater than 50 years: 8.5%	Latin America: 10.9%
		North America: 7.0%

Hires by Gender	Hires by Age	Hires by Region
Male employees: 9.9%	Less than 30 years: 34.9%	Asia Pacific: 18.5%
Female employees: 11.0%	30 to 50 years: 9.2%	Europe, Middle East and Africa: 8.5%
	Greater than 50 years: 1.9%	Latin America: 10.2%
		North America: 9.3%

Percentages based on total population of respective category.

### 404-1 • Average hours of training per year per employee

Employee category	Hours*
Professional/management	32
Nonexempt (nonoperations)	16
Nonexempt (operations)	113
Technicians/technologists	26
Average	67

\* MyLearningLab was fully implemented at the end of 2018 and more sites were able to track their training completions, including operations.

### 405-1 • Diversity of governance bodies and employees

Gender	Age	Ethnicity
Male: 75.5%	Less than 30 years: 13.8%	Minority: 12%
Female: 24.5%	30 to 50 years: 50.2%	White: 88%
	Greater than 50 years: 36.0%	

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

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

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

Eastman facilitates engagement efforts at all 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 fourteen community advisory panels (CAPs) at our largest global operating sites, Eastman provides regular opportunities for open dialogue between community members and company leaders.

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

To encourage an inclusive culture, Eastman provides opportunities for employees to participate in resource groups for members and allies of the following communities: veterans and active duty military employees, Hispanics, Black and African Americans, women, LGBT, and young professionals. We currently have over 900 employees who participate in these programs.

We have a global compliance line that provides a confidential way for employees and others to ask questions about Eastman policies as well as seek guidance or report concerns that may involve illegal activity or any other violations of the Company's Code of Business Conduct.

### 415-1 • Political contributions

Eligible U.S. employees may contribute voluntarily to EastmanPAC, the Political Action Committee of Eastman. The Advisory Council of EastmanPAC approves an annual budget proposed by the company's director of government 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 2018, EastmanPAC contributed \$231,500 to state and federal candidates in the U.S. No political contributions are made to entities outside the U.S. Eastman works with outside vendors to file all reports and to make sure all contributions comply with state and federal campaign finance regulations. All of EastmanPAC's Federal Election Commission (FEC) filings are available online at [www.fec.gov](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 \$54,350 in 2018. 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.



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