



EASTMAN

Green financing framework

February 2023

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1. Introduction to Eastman Chemical Company

1.1 Overview

Eastman Chemical Company (Eastman) is a global specialty materials company that produces a broad range of products found in items people use every day. We have four business segments: Additives & Functional Products, Advanced Materials, Chemical Intermediates and Fibers.

Eastman has approximately 14,500 employees around the world spread across 35 manufacturing locations and has equity interests in two manufacturing joint ventures in 12 countries as well as corporate headquarters in Kingsport, Tennessee. We had \$10.6 billion in sales revenue in 2022 across our major end markets, which include transportation; durables and electronics; building and construction; consumables; and food, feed and agriculture. We serve customers in more than 100 countries.

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

1.2 Eastman's sustainability strategy

Sustainability is integral to our strategy, driven by innovation and focused always on people.

Our goals

	Target year	Results 2020	Results 2021
Mitigating climate change			
• Reduce our Scope 1 and 2 greenhouse gas emissions by one-third by 2030 to achieve carbon neutrality by 2050	2030	10.2%	13.8%
• 100% of NAR and EU purchased electricity will be renewable by 2030	2030	—	10%

We have also received review-level assurance from PricewaterhouseCoopers LLP (PwC) in accordance with attestation standards established by the American Institute of Public Accountants (AICPA) over our Scope 1 and Scope 2 greenhouse gas emissions for the year ended December 31, 2021.

Mainstreaming circularity			
• Recycle more than 500 million pounds of plastic waste annually by 2030 via molecular recycling technologies with a commitment to recycle 250 million pounds annually by 2025	2025	8.8M lb	12.7M lb

Our recycling progress will begin a significant upward trajectory in 2023, when operations begin at our new polyester renewal recycling facility in Kingsport, Tennessee.

Caring for society			
• 100% of growth R&D spend aligns with sustainable macro trends to create materials that improve the quality of life for people around the world	2030	—	>80%
• Achieve gender parity in alignment with our commitment to Paradigm for Parity®	2030	36%	37%
• Be a leader for racial equity within our industry sector	2030	14%	13%

While we have made gains in our gender representation across the organization, we slid slightly in our racial equity progress over the past year. Through a root-cause analysis, we are working to better understand the drivers of internal talent movement and turnover. We will continue to support the strong talent we bring in to ensure growth throughout their careers.

Our path toward carbon neutrality

Eastman has prioritized addressing our own climate impact through an aggressive decarbonization strategy. We have a robust portfolio of greenhouse gas reduction options, including energy efficiency, process transformation, renewable energy and alternative technologies.

Energy efficiency

Energy efficiency improvements are foundational to our strategy to reduce energy, cost and greenhouse gas emissions from the footprint of our operations. We have a strong history of focused energy efficiency improvements, for which we have received multiple ENERGY STAR® awards. We also partner with government organizations such as the DOE Better Plants Program, and we are committed to the DOE Better Climate Challenge to both learn from others and share our learnings.

Process transformation

We are helping lead the world into a new age of plastics recycling with molecular recycling technologies that produce new materials with a substantially reduced carbon footprint. By using plastic waste as feedstock, molecular recycling leaves fossil feedstocks in the ground and produces virgin-quality intermediates for plastic production with 20%–50%¹ fewer greenhouse gas emissions than heritage processes. With the addition of renewable energy sources available in France, we anticipate up to 80% fewer greenhouse gas emissions for plastic production there. We will continue to identify and pursue additional enhancements to our manufacturing processes.

Renewable energy

We are working to use more renewable energy and are committed to 100% of our purchased electricity in North America and Europe being renewable by 2030.

Alternative technologies

We are exploring alternative energy technologies that have the potential to accelerate our progress toward decarbonization. Our project team is studying uses of clean hydrogen; carbon capture, utilization and storage (CCUS); and other emerging innovations.

Upstream/downstream impact

We have a cross-functional steering team focused on driving results on Scope 3 upstream and downstream impacts.

Upstream

Eastman is a member of Together for Sustainability (TfS), a procurement-led initiative focused on increasing sustainability of the chemical industry supply chain. As a member, we request suppliers complete the TfS-endorsed EcoVadis sustainability assessment which has four elements, including an environmental element which incorporates questions and scoring related to the supplier's climate impact. Eastman is actively participating in a TfS work stream focused on developing and launching a standard guideline for consistent measurement of product carbon footprints across chemical supply chains. This standard will provide the visibility needed to drive specific improvements in Scope 3 emissions.

¹Does not include greenhouse gas emissions reductions achieved through using renewable energy

Downstream

Eastman has engaged external experts to consult with us on deepening the understanding of our downstream Scope 3 emissions. Reducing emissions that are directly in our control is the priority; meanwhile, we're working with key customers and collaboratively looking for opportunities to reduce product footprints. As product circularity is a key pillar of our climate strategy, we are actively identifying opportunities, like molecular recycling, where possible. Eastman is also focused on scaling the efficiency of our downstream transportation.

Product life cycle assessments

Eastman uses life cycle assessment (LCA) to analyze the potential cradle-to-gate environmental impacts of our products and the implied impact along the value chain. To expand this capability, Eastman established a curriculum that trained approximately 200 process improvement engineers in LCA methodology in 2021. This program is ongoing and will be incorporated into the onboarding for new hires in such roles. We are excited for this cohort to take the next level of training that is being developed, allowing engineers to take a systems approach in how we manufacture innovative materials with reduced environmental footprints.

We are at the beginning of our Scope 3 journey, and we acknowledge that there is much more work to do.

Eastman is engaging with the Science Based Targets initiative (SBTi), a leader in mobilizing the private sector on climate action. SBTi does not currently have a methodology for the chemicals sector, but we are currently a member of the SBTi Expert Advisory Group, supporting the development of the sectoral framework that will shape the methodology for the chemicals sector.

Circular solutions

Mechanical recycling is an efficient, environmentally friendly process that should be used whenever possible.

However, mechanical recycling is generally unable to process hard-to-recycle plastic — items like fast food containers, colored plastic bottles, plastic eyeglass frames, etc. Many of these items have resin identification codes 3 through 7 and typically end up in landfills or incinerators.

Mechanical recycling is useful, but it has limitations:

- Mechanical recycling requires clean sources of materials.
- Mechanical recycling can only process two of the seven different types of plastics produced.
- Materials can only be mechanically recycled a finite number of times due to degradation, often resulting in reduced performance in key properties.
- Many products made with recycled content eventually end up in the landfill due to downcycling. For example, a water-bottle cap can be recycled into a lipstick container. That lipstick container can be recycled into a pen; and the pen, can be recycled into shoelace tips. At this point, the shoelace tips can't be recycled again and often will end up in a landfill.

Mechanical recycling is designed to delay some plastic from going to the landfill, but alone it is not enough. We need a solution to create products that improve our quality of life and keep them in use longer.

Through Eastman’s molecular recycling technologies, we are creating value from waste. These technologies break down waste into its molecular building blocks so it can be reused over and over again — creating an infinite life span for materials that were previously destined to be discarded. This provides a powerful new tool in the fight against material waste, enabling us to reimagine and revolutionize materials.

At Eastman, we are using two different forms of molecular recycling technologies: carbon renewal technology and polyester renewal technology.

Polyester renewal technology (PRT) takes polyester plastics, such as soft drink bottles, carpet or even polyester-based clothing, and unzips them back to basic monomers. These monomers are then sent through a polymerization process to make final products.

Carbon renewal technology (CRT) accepts a broad mixture of plastic waste — items as diverse as mixed plastics, textiles and carpet — and uses them as a feedstock source. Then, that mixture of waste is converted back to molecules and chemical building blocks that are used to make a broad range of new consumer products.

Mechanical and molecular recycling are two very different approaches to recycling with distinct benefits. We believe mechanical recycling should be leveraged whenever possible, as it is the most efficient and environmentally friendly recycling process for materials. However, we firmly believe it will be challenging to meet sustainability goals with mechanical recycling alone. More importantly, we can’t stop at these goals. We must pursue a 100% circular solution, and we must do it as economically as possible.

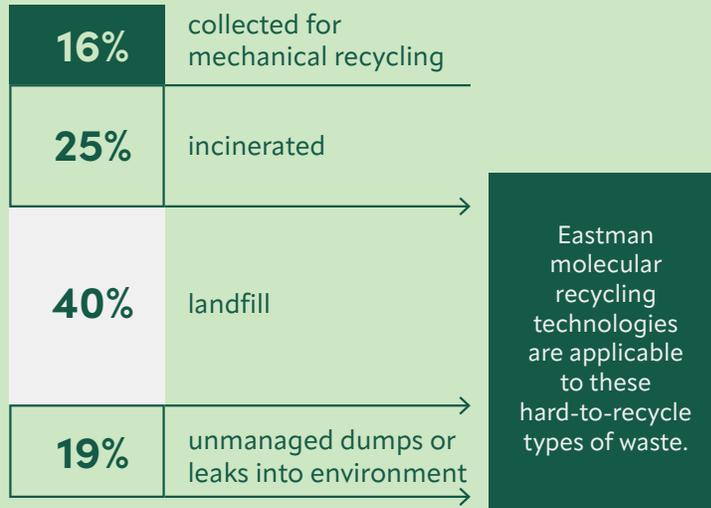
Advancing material technologies and circular solutions is central to Eastman’s commitment to deliver change right now.

Mechanical recycling Best choice if application allows	Molecular recycling Required where mechanical cannot work
 Optimal greenhouse gas footprint	 Improved carbon footprint when compared to processes using fossil-based resources: CRT improved by 20%–50% PRT improved by 20%–30%
 Limited to clean sources	 Can recycle materials that have little value or that cannot be mechanically recycled
 Degradation in performance properties	 Upcycles the material back to the highest value — premium quality
 Finite processing	 Enables infinite life for materials and a truly circular economy

The global reality that drives our efforts

300 million
metric tons of plastic
are produced globally

260 million
metric tons of plastic
are **disposed of**



Data from study by McKinsey & Company

By using plastic waste as a raw material to replace conventional fossil-based feedstocks:



20%–30%

PRT reduces greenhouse gas emissions by 20%–30% compared to processes using fossil fuels.



20%–50%

CRT reduces the GHG emissions for syngas production by 20%–50% compared to processes using fossil fuels.

In the next three years, we plan to invest approximately \$2 billion in three new molecular recycling plants — two in the United States and one in France.

Driving Eastman to innovate more sustainably advantaged products

Eastman is a leader in molecular recycling technologies addressing plastic waste and climate, scaling up across the world.

Eastman has instituted new systems and processes within our business practices to drive alignment around our vision for “A Better Circle” and educate our employees on what sustainability means at Eastman.

As we scale our sustainability center of excellence, we are aligning our innovation sustainability assessment methodology in accordance with the 2018 World Business Council for Sustainable Development (WBCSD) Chemical Industry Methodology for Portfolio Sustainability Assessment. We are applying this standardized sustainability assessment to Eastman's current commercial portfolio in 2022, which will establish a baseline of understanding that will inform our business strategies, inspire new product innovations and drive growth. We are also committed to assessing 100% of our innovation portfolio, with the goal of 80% of the portfolio achieving sustainability performance ratings that demonstrate alignment with a minimum rating as defined by the World Business Council for Sustainable Development (WBCSD) assessment methodology² that the product-application-region combination (PARC) has one or more sustainability-related benefits and no material sustainability challenges identified.

Sustainable solutions at scale

With our new product and application development R&D activities, we focus our investment on improving the sustainability profile over the current incumbent solution in the market. To accelerate our innovation pipeline, we have developed a deep understanding of how our materials perform within our customer's products and across the value chain. This not only creates demand downstream by demonstrating the value of our innovation but also improves our understanding of the difference our products make in people's lives while having a positive impact on the planet.

Some examples include:

Tritan™ Renew copolyester

Tritan Renew is powered by revolutionary molecular recycling technology that transforms single-use plastic waste into durable materials, offsetting the use of fossil fuels and lowering greenhouse gas (GHG) emissions. Tritan Renew boasts as much as 50% certified recycled content.³

Naia™ Renew cellulosic fiber

Made with the vision to help solve one of the textile industry's biggest challenges — circularity at scale — Naia™ Renew is an innovative material produced from 60% sustainably sourced and traceable wood pulp and 40% certified recycled waste materials.⁴ Not only are Naia™ cellulosic yarns and fibers responsibly sourced from sustainably managed forests to ensure no deforestation of ancient and endangered forests, but Naia™ Renew also creates new value from hard-to-recycle materials destined for landfills, incinerators or other undesirable end-of-life destinations.

Our efforts to enable a more sustainable textiles industry were recognized in Canopy's 2020 Hot Button Report, where Eastman ranked third for sustainable production of Naia™ cellulosic fiber and was acknowledged for fiber innovation through the launch of Naia™ Renew.

Aventa™ Renew compostable materials

Food packaging waste is only part of the problem. The packaging often contains leftover food, which gets landfilled and creates methane gas that can leak into the atmosphere — and methane is 25 times worse than carbon dioxide in its ability to trap greenhouse gases. This problem drove Eastman to create Aventa™ Renew, which is made with up to 99% sustainable content and is 100% compostable.

²WBCSD Chemical Industry Methodology for Portfolio Sustainability Assessment:

<https://www.wbcd.org/Programs/Circular-Economy/Resources/Chemical-Industry-Methodology-for-Portfolio-Sustainability-Assessments>

³Tritan™ Renew certified recycled content is allocated using International Sustainability & Carbon Certification (ISCC) mass balance.

⁴Naia™ Renew certified recycled content is allocated using International Sustainability & Carbon Certification (ISCC) mass balance.

Responsible Care® and chemical management systems

Eastman has been an active supporter and participant in the chemical industry's Responsible Care® initiative. The general management practices developed for Responsible Care® have been further refined and incorporated into a series of corporate Health, Safety, Environmental and Security (HSES) policies which Eastman applies to its operations and businesses globally. Eastman's Responsible Care® pledge, outlining our approach to protecting people and the environment, is one of the company's guiding commitments.

In keeping with our dedication to sound environmental, social and governance (ESG) performance, Eastman is dedicated to the continuous improvement in how we implement our environmental, health and safety programs around the world. We have certified 20 of 41 manufacturing locations and continue to evaluate management systems in place at our global manufacturing sites with a goal of maximizing the number of sites under a certified EHS management system (e.g., ISO 14001, RCMS, RC 14001). We plan to incrementally increase the number of our sites certified in the coming years.

Governance of material sustainability issues and opportunities

Eastman remains committed to maintaining our strong corporate governance policies and practices while enhancing the transparency of our business. Eastman's ESG and sustainability initiatives are integrated into our business strategy. Guiding this integration, the environmental, safety and sustainability (ESS) committee of the board of directors reviews with management and, where appropriate, makes recommendations regarding the company's policies and practices concerning health, safety, environmental, security, sustainability, philanthropy, public policy and political activities. The board remains committed to maintaining a strong alignment between company performance and our executive compensation program and has taken greater steps to align the outcomes of the company's inclusion and diversity and sustainability/ESG efforts with executive compensation as another measure of accountability.

Awards and recognitions

Eastman has been recognized by many organizations for our outstanding progress and dedication to sustainability, including:



The Wall Street Journal World's Most Sustainably Managed Companies 2020

WSJ top 100 list



Barron's list of 100 Most Sustainable Companies

Awarded in 2021



Global Commitment

In 2020, we joined the Ellen MacArthur Foundation Global Commitment, which unites more than 500 organizations behind a common vision of a circular economy for plastics.



Fortune Magazine

2021 Change the World list



Just 100

Named one of America's Most Just Companies in 2022



Fast Company's North American World Changing Ideas

2022 honorable mention



The U.S. Plastics Pact
In 2020, Eastman became a founding member.



Human Rights Campaign
Scored 100



Responsible Care
For more than 30 years, we have incorporated Responsible Care® principles into our business to drive continual improvement in health, safety and environmental performance.



FTSE4Good

FTSE Russell
FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Eastman has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series.



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

2. Green financing framework

The objective of issuing green financing instruments is to assist in financing Eastman’s initiatives to lower our own carbon footprint as well as grow our contribution of sustainable solutions in many other industries. The issuance of green financing instruments will also help engage with our stakeholders in support of this effort.

Green financing instruments include bonds, loans and commercial paper where the proceeds can be exclusively allocated to finance or refinance in part or in full new and/or existing eligible green projects as defined in this green financing framework (this framework).

This framework is intended as a high-level, multipurpose explanation of how our financing will support our sustainability strategy. Investors should refer to the relevant documentation of each transaction for further details.

Alignment with market principles

This framework is designed to ensure any green financing instruments issued by Eastman and/or its subsidiaries are aligned with the voluntary guidelines outlined by the International Capital Markets Association (ICMA) 2021 Green Bond Principles (GBP)⁵ and the Loan Market Association (LMA) 2021 Green Loan Principles (GLP)⁶ and includes the following sections:

1. Use of proceeds
2. Process for project evaluation and selection
3. Management of proceeds
4. Reporting

⁵Green Bond Principles 2021 (International Capital Market Association acting as secretariat to the Principles) <https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Green-Bond-Principles-June-2021-140621.pdf>

⁶Green Loan Principles 2021 (Loan Market Association) https://www.lma.eu.com/application/files/9716/1304/3740/Green_Loan_Principles_Feb2021_V04.pdf

This framework also describes the approach to external review as recommended by the principles.

This framework will apply to any green financing instrument issued by Eastman and/or its subsidiaries and will be applied as long as any such instrument is outstanding and may be updated from time to time to ensure continued alignment with voluntary market practices, emerging standards and classification systems. Any updated version of this framework will either maintain or improve the current levels of transparency and reporting disclosures, including the corresponding external review.

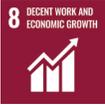
2.1 Use of proceeds

An amount equivalent to the net proceeds from Eastman's green financing instruments will be used to finance or refinance, in whole or in part, existing and/or future eligible projects that meet the eligibility criteria as defined below and are financed by Eastman.

In the case of refinancing existing eligible projects, expenditures which have been made within the 24 months preceding the date of issuance of a green financing instrument shall be considered for inclusion as eligible projects.

Eligible projects will include investments, capital expenditures, operation expenditures, acquisitions and other related and supporting expenditures, such as near commercial research and development, which contribute to Eastman's sustainability strategy and fall within any of the following project categories.

a) Eligible green projects

GBP/GLP category	Eligibility criteria	Alignment with the UN SDGs ⁷
<p>Eco-efficient and/or circular economy adapted products, production technologies and processes</p>	<p>Expenditures, investments, operation expenditures, acquisitions and other related and supporting expenditures such as near commercial research and development related to the development, construction, installation and manufacturing of:</p> <p>Circular economy production technologies and processes</p> <ul style="list-style-type: none"> • Waste prevention, reduction or recycling projects, facilities, assets, technologies or processes that enable a circular economy. Circular economy activities are those that reduce or eliminate waste and circulate products and materials; examples include: <ul style="list-style-type: none"> ◦ Molecular recycling, whereby technologies break down waste into its molecular building blocks so it can be reused indefinitely; examples of these technologies include: <ul style="list-style-type: none"> - Polyester renewable technology (PRT) - Carbon renewable technology (CRT) ◦ Mechanical recycling, whereby a material (e.g., plastic) is mechanically transformed into new products without changing its chemical structure <p>Eco-efficient and/or circular economy technologies and products</p> <ul style="list-style-type: none"> • Eligible products, technologies and/or materials are identified and evaluated by Eastman and expected to receive a minimum rating for sustainability performance as defined by the World Business Council for Sustainable Development (WBCSD) methodology⁸ that the Product Application Region Combination (PARC) will have one or more sustainability-related benefits and no material sustainability challenges identified. Performance is evaluated against the following sustainability attributes: <ul style="list-style-type: none"> ◦ Mitigating climate change, which can encompass reducing GHG emissions; improving energy efficiency; reducing the use of natural resources; reducing pollutants to air, water or land; and delivering durability/prolonged use of products ◦ Mainstreaming circularity, which can encompass acquiring and using circular feedstocks/inputs, enabling recyclability, composability, biodegradability or reducing waste <ul style="list-style-type: none"> - Circular feedstocks, which are waste materials that can be broken down to their molecular level and rebuilt into new materials and for which Eastman's technologies offer a better end of life 	   

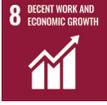
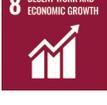
⁷United Nations Sustainable Development Goals (UN SDGs)

⁸As of September 30, 2022. Product evaluations are based on a standardized sustainability assessment developed in accordance with the WBCSD Chemical Industry Methodology for Portfolio Sustainability Assessment:

<https://www.wbcd.org/Programs/Circular-Economy/Resources/Chemical-Industry-Methodology-for-Portfolio-Sustainability-Assessments>.

GBP/GLP category	Eligibility criteria	Alignment with the UN SDGs
<p>Pollution prevention and control</p>	<p>Expenditures, investments, operation expenditures, acquisitions and other related and supporting expenditures such as near commercial research and development related to reducing, preventing or controlling environmental pollution designed to support Eastman’s sustainability goals:</p> <ul style="list-style-type: none"> • Eliminating, reducing or mitigating environmental pollutants in water, air and soil through process improvements or transformations and/or implementation of breakthrough technologies.⁹ Potential projects may include infrastructure that reduces air pollutants via selective catalytic reduction systems, GHG abatement systems and smart GHG monitoring systems. • Refrigerant monitoring and detection equipment, purchase of refrigerants with low global warming potential (GWP), installation of new equipment using low-GWP refrigerants and the conversion of existing systems to enable them to use low-GWP refrigerants • Refurbishing current installations to use hydrogen or construction of new hydrogen production facilities limited to green hydrogen • Carbon capture technologies, utilization and/or storage projects whereby carbon emissions are captured for further use or sequestered. Captured CO₂ will not be utilized for enhanced oil recovery (EOR). • Eliminating harmful materials beyond what is required under current regulations and adapting manufacturing processes to phase out substances that could have a negative impact on the environment • Leveraging products in our portfolio that drive emission reductions and eliminate harmful materials or phase out substances that could have a negative impact on the environment • Reducing any negative impacts or creating benefits for terrestrial or aquatic biodiversity, including genetic diversity, species diversity or habitat diversity. Potential projects may include ensuring renewable-based products are made from sustainably sourced raw materials such as those evidenced by Forest Stewardship Council (FSC), Programme for the Endorsement of Forest Certification (PEFC), and/or Canopy Planet certifications; working to improve sustainable farming practices and increase yields; and improving soil conservation and the preservation of native vegetation and wildlife. 	    

⁹Certain projects in other categories of the framework also contribute to the elimination or reduction of environmental pollutants.

GBP/GLP category	Eligibility criteria	Alignment with the UN SDGs
Energy efficiency	<p>Expenditures, investments, operation expenditures, acquisitions and other related and supporting expenditures, such as near commercial research and development related to increasing energy efficiency in production processes, including:</p> <ul style="list-style-type: none"> • Energy monitoring systems, including meters, lighting upgrades, smart devices to optimize energy consumption, switching to more energy efficient equipment (e.g., ventilation, compressors, chillers, engines), thermal energy storage systems, building refurbishment and any other sustainability-oriented construction materials, software, and optimization tools. • Using more energy-efficient processes (e.g., new reactors, new separation techniques, highly selective catalysis). 	   
Renewable energy	<p>Expenditures, investments, operation expenditures, acquisitions, and other related and supporting expenditures, such as near commercial research and development related to renewable energy with direct emissions of less than 100g CO₂e/kWh of solar, wind, geothermal or small-scale hydropower generation with a capacity of fewer than 25 megawatts; bioenergy that is derived from waste feedstock; hydrogen produced from electrolysis using renewable energy; and waste to energy, including:</p> <ul style="list-style-type: none"> • On-site and off-site production and transmission of electricity and heat from renewable sources. • Sourcing of renewable energy through long-term Power Purchase Agreements (PPAs) or virtual Power Purchase Agreements (vPPAs). • When other options are not viable or practical, purchase of renewable energy instruments such as renewable energy certificates (RECs), guarantees of origin (GoOs) or green tariffs. 	   

GBP/GLP category	Eligibility criteria	Alignment with the UN SDGs
Sustainable water and wastewater management	<p>Expenditures, investments, operation expenditures, acquisitions and other related and supporting expenditures such as near commercial research and development related to solutions that promote the sustainable management of water resources, including:</p> <ul style="list-style-type: none"> • Sustainable water management, water consumption reduction, reuse, recycling, efficiency increases and conservation • Wastewater treatment and management • Leak detection and repair • Improved collection and distribution systems • Source water treatment to facilitate water reuse • Reducing any negative impacts or creating benefits for aquatic biodiversity, including genetic diversity, species diversity or habitat diversity. Biodiversity conservation activities also include the protection of coastal, marine and watershed environments. Potential projects could include working to protect water quality and ensuring water used from local resources has no negative affect on the aquatic ecosystem when returned to the water source. 	 

2.2 Project evaluation and selection process

Eastman established a green finance committee with responsibility for governing the selection and monitoring of the eligible projects. The green finance committee consists of members from Eastman treasury, finance, controllers, sustainability/ESG, investor relations, operations/business, legal and audit departments.

The green finance committee will screen and assess projects to ensure they meet the eligibility criteria laid out in section 2.1 of this framework as well as Eastman’s sustainability policies and procedures¹⁰ for inclusion in our portfolio of eligible projects.

Once projects are screened, the green finance committee will track actual expenditures on the eligible projects using internal systems and ensure that no double counting of expenditures for the use of proceeds occurs across green financing instruments. The green finance committee will annually review the list of eligible projects against the eligibility criteria. If a project no longer meets the eligibility criteria set forth in this framework, the project will be removed from the portfolio.

¹⁰Additional information can be found on Eastman’s website: <https://www.eastman.com/eastman/Sustainability/Governance/Pages/Policies.aspx#:~:text=We%20continuously%20assess%20and%20evaluate,of%20our%20operations%20and%20products.>

2.3 Management of proceeds

Eastman's green finance committee will manage the allocation of an amount equivalent to the net proceeds of its green financing instruments to expenditures related to eligible projects. Eastman will achieve a level of allocation to the eligible project portfolio that matches or exceeds the balance of net proceeds of its outstanding green financing instruments within 36 months of issuance of each green financing instrument.

Pending full allocation of an amount equal to the net proceeds of outstanding green financing instruments, the proceeds will be held in temporary investments such as cash, cash equivalents and/or other liquid marketable investments, and they will be managed in line with Eastman's treasury management policies or used to repay a portion of outstanding indebtedness.

If any eligible projects are removed from the eligible project portfolio, Eastman will substitute those projects with replacement eligible projects as soon as possible.

2.4 Reporting

For each green financing instrument, Eastman commits to publish an allocation and impact report annually until full allocation of the proceeds and in the event of any material changes until the relevant maturity date. The allocation and impact report will be available on Eastman's website.

Allocation reporting

Eastman will provide information on the allocation of the net proceeds of its green financing instruments. The information will contain at least the following details:

- a. Net proceeds of outstanding green financing instruments
- b. Amount of net proceeds allocated to eligible project categories as defined in the use of proceeds section of this framework
- c. The percentage of allocation of net proceeds between financing/refinancing of existing and new eligible projects
- d. The remaining balance of unallocated proceeds, if any

Impact reporting

Eastman will provide impact reporting at the level of each eligible project category which may include the following estimated impact reporting metrics:

Eligible category	Potential impact reporting indicators
Eco-efficient and/or circular economy adapted products, production technologies and processes	<ul style="list-style-type: none"> • Waste prevented, minimized, reused or recycled (in metric tons) • Amount or percentage of sales of Eastman's products • CO₂ or other GHG emissions avoided/reduced (tons of CO₂e) through the use of Eastman's products
Pollution prevention and control	<ul style="list-style-type: none"> • CO₂, SO₂, NO_x or other GHG emissions avoided/reduced (tons of CO₂e) • Reduction of energy intensity of operations (kWh/\$1,000 sales or kWh/sq. ft) Btu/unit of product • Waste prevented, minimized, reused or recycled (metric tons) • Ecosystem metrics (e.g., species population, physical area or volume by condition)
Energy efficiency	<ul style="list-style-type: none"> • CO₂, SO₂, NO_x or other GHG emissions avoided/reduced (tons of CO₂e) • Reduction of energy intensity of operations (kWh/\$1,000 sales or kWh/sq. ft) Btu/unit of product • Reduction of emissions intensity of operations (tons CO₂e/\$1,000 sales)
Renewable energy	<ul style="list-style-type: none"> • CO₂, SO₂, NO_x or other GHG emissions avoided/reduced (tons of CO₂e) • Electricity consumption from renewable sources (GWh and/or consumption share in % terms)
Sustainable water and wastewater management	<ul style="list-style-type: none"> • Percentage reduction in total water withdrawals at our sites located in water-stressed regions (megaliter) • Percentage increase in water use met through recycling and reuse (megaliter) • Percentage reduction in freshwater withdrawal intensity corporately (megaliter/metric ton production) • Ecosystem metrics (e.g., species population, physical area or volume by condition)

2.5 External reviews

Eastman's green financing framework is supported by the following external reviews:

a) Second-party opinion (SPO)

Eastman has retained S&P Global Ratings to provide an SPO on this framework to confirm alignment with the ICMA 2021 Green Bond Principles and the LMA 2021 Green Loan Principles. This SPO will be made available on Eastman's and S&P Global Ratings' websites.

b) Post-issuance external verification on reporting

Eastman will request, on an annual basis starting one year after a specific issuance and until its full allocation, an assurance report reviewing the allocation of the green financing instrument proceeds to eligible projects, provided by its external auditor.

Disclaimer

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