



**EASTMAN**

# 2024 Green Bond report





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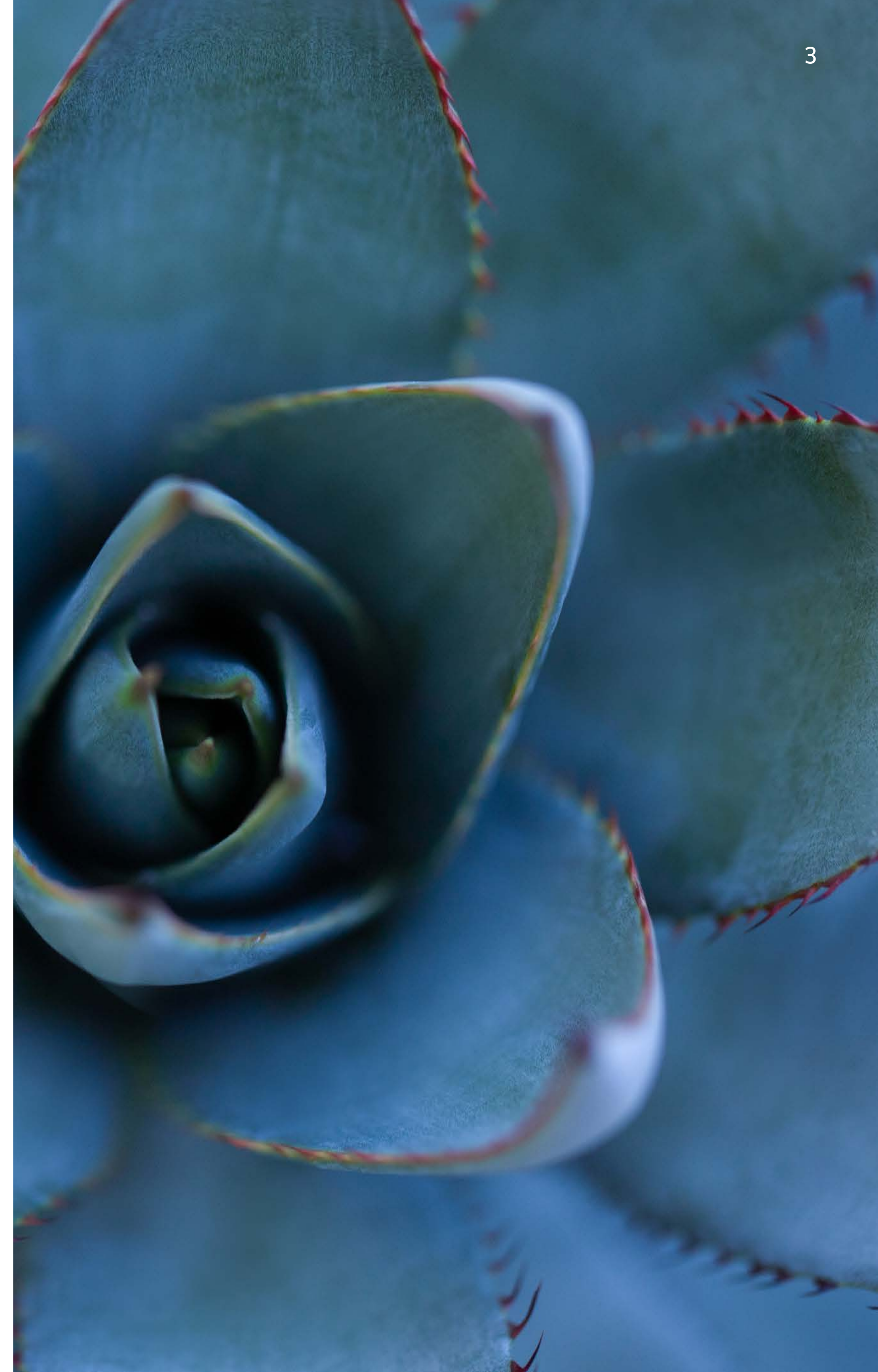


# Eastman's sustainability strategy

Sustainability is at Eastman's core. Our sustainability strategy, which we call A Better Circle, is comprised of meaningful and measurable goals that ensure action and progress toward the environmental, social and governance (ESG) expectations of our stakeholders — investors, employees, customers and the communities we serve. Eastman's advances across end markets such as consumer durables, transportation, agriculture, personal care, and textiles are helping improve the quality of life for people around the world. This work guides our efforts to confront the world's biggest challenges, and our goals and objectives reflect that across our three critical impact pillars: mitigating climate change, mainstreaming circularity and caring for society.

The integration of sustainability and innovation in our business strategy provides tangible benefits for stakeholders. We strive to create financial value by delivering consistent earnings growth through our compelling, innovation-based organic growth model, our resilient portfolio of specialty products, differentiated circular economy solutions, strong operating cash flow, and disciplined and balanced capital deployment. We believe Eastman is well positioned to build on our 100 years of success and drive growth well into the future.

The objective of issuing our first 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 us engage with our stakeholders in support of this effort.





# Working to create A Better Circle

Sustainability is integral to our strategy, driven by innovation and focused always on people. Eastman has the responsibility and opportunity to lead, joining others to address climate change, mainstream circularity as an economic model and care for society.

## Our goals:

### Mitigating climate change

- Reduce our Scope 1 and 2 greenhouse gas emissions by one-third by 2030 to achieve carbon neutrality by 2050\*
- 100% of NAR and EU purchased electricity will be renewable by 2030

We have also received [review-level assurance](#) 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 ending in 2022.  
*\*Results are reduction since baseline year*

### Mainstreaming circularity

- Recycle more than 500 million pounds (225,000 MT) of plastic waste annually by 2030 via molecular recycling technologies, with a commitment to recycle 250 million pounds (110,000 MT) annually by 2025

Eastman began commissioning and startup activities at our methanolysis plant in Kingsport, Tenn., in 2023. With capacity of approximately 220 million pounds (110,000 MT) of plastics recycled annually, the launch of this plant will further our ability to accomplish this goal. In 2022, we recycled 18.1 million pounds (8,000 MT) of plastic waste — a more than 40% increase from our 2021 volume.

### 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
- Achieve gender parity in alignment with our commitment to Paradigm for Parity®
- Be a leader for U.S. racial equity within our industry sector

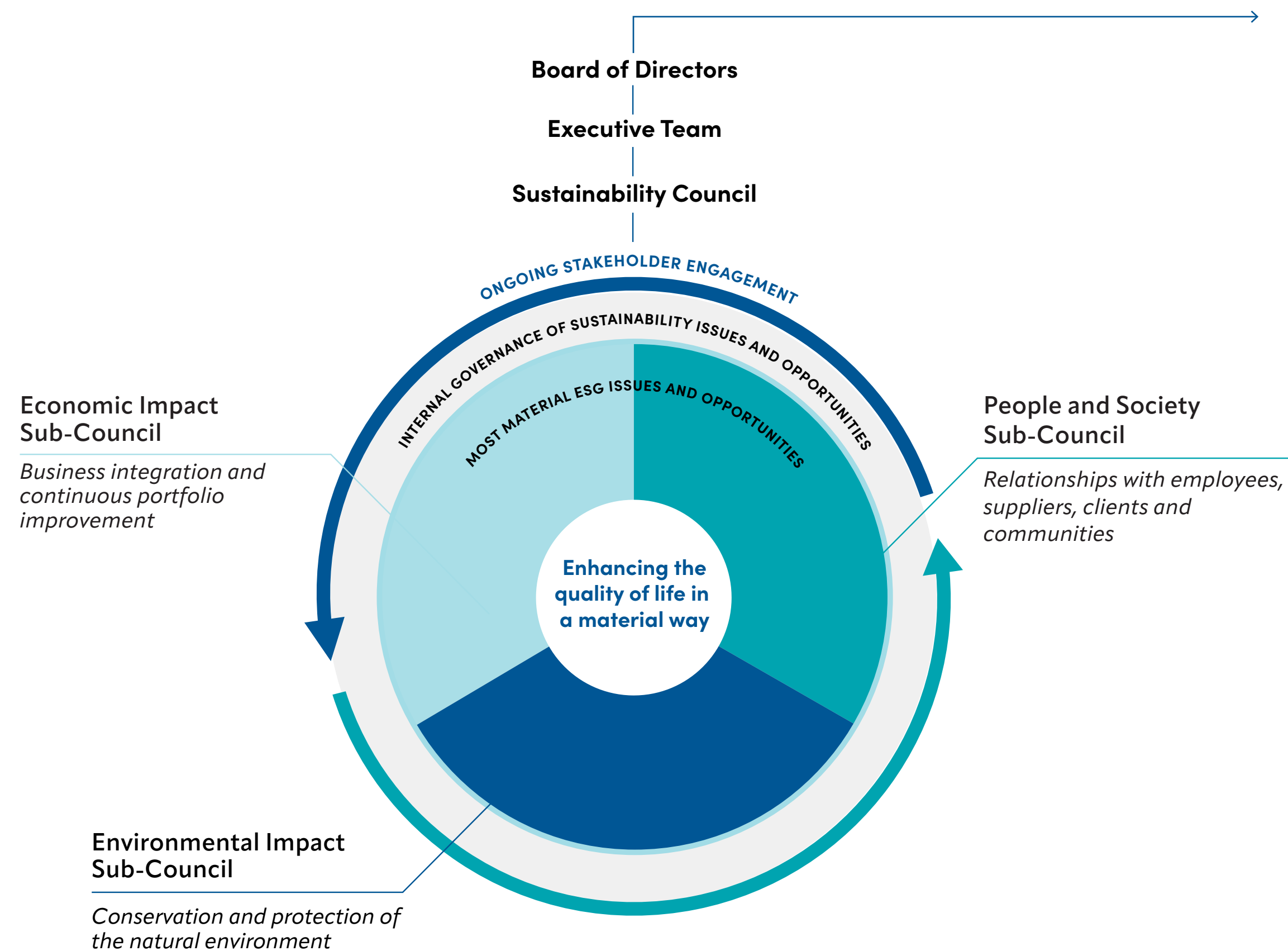
Target year	Results 2021	Results 2022
2030	13.8%	16.3%
2030	10%	14%
2025	12.7M lb 5,500 MT	18.1M lb 8,000 MT
2030	80%	85%
2030	37%	38%
2030	13%	14%





SUSTAINABILITY GOVERNANCE

# Governance of material sustainability issues and opportunities



Mark J. Costa



Humberto P. Alfonso



Brett D. Begemann



Eric L. Butler



Edward L. Doheny II



Linnie M. Haynesworth



Julie F. Holder



Renée J. Hornbaker



Kim Ann Mink



James J. O'Brien



David W. Raisbeck



Charles K. Stevens III

## BOARD OF DIRECTORS

### Eastman is committed to strong governance

We remain committed to maintaining our strong [corporate governance policies](#) and practices while enhancing the transparency of our business. Integrated into our strategy are Eastman's ESG and sustainability initiatives.

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 matters. This committee is chaired by [Kim Ann Mink](#).

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 I&D, sustainability and ESG efforts with executive compensation as another measure of accountability.

[Click here](#) to learn more about how we govern material sustainability and ESG issues.





# Green Bond overview

Eastman offered its inaugural Green Bond on February 22, 2023. This \$500 million senior note with a fixed rate coupon of 5.750% due on March 8, 2033, was the first offering under Eastman's Green Financing Framework (Framework) and was the first investment grade USD-denominated senior unsecured green bond offering by a U.S. issuer in the chemical sector. As outlined in the Framework, Eastman is committed to fully allocating the net proceeds within 36 months of issuance, and we have limited use of proceeds for refinancing to a 24-month lookback period. Eastman has allocated the net proceeds of the \$496 million from the issuance of the \$500 million notes to finance or refinance with eligible projects related to eco-efficient and/or circular economy adapted products, production technologies and processes.

Eastman received a second-party opinion on the Framework pre-issuance from S&P Global Ratings.

## Project evaluation and selection process

Eastman's green finance committee is responsible for governing the selection and monitoring of eligible projects as well as managing the allocation of the net proceeds to selected eligible projects. The green finance committee consists of members from Eastman treasury, finance, controllers, sustainability/ESG, investor relations, operations/business, legal and audit departments.

## Use of proceeds

Each of our eligible projects meets the stated eligibility criteria outlined in the Bond Prospectus and defined in the Framework, which is aligned with Eastman's sustainability strategy, as well as the International Capital Markets Association (ICMA) 2021 Green Bond Principles and the Loan Market Association (LMA) 2021 Green Loan Principles. 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 into one or more of the following categories:

- Eco-efficient and/or circular economy adapted products, production technologies and processes
- Pollution prevention and control
- Energy efficiency
- Renewable energy
- Sustainable water and wastewater management



# Green Bond allocation

Eastman will report annually until full allocation of the proceeds and, in the event of any material changes, until the relevant maturity date. As outlined in the Green Bond Prospectus and Framework, each allocation report will be accompanied by an assurance report over Eastman’s management assertion regarding our Green Bond use of proceeds. This assurance report will be provided by an independent, registered public accounting firm and conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The assurance report issued by PricewaterhouseCoopers LLP (PwC) is included in Appendix B of this report.

### Allocation

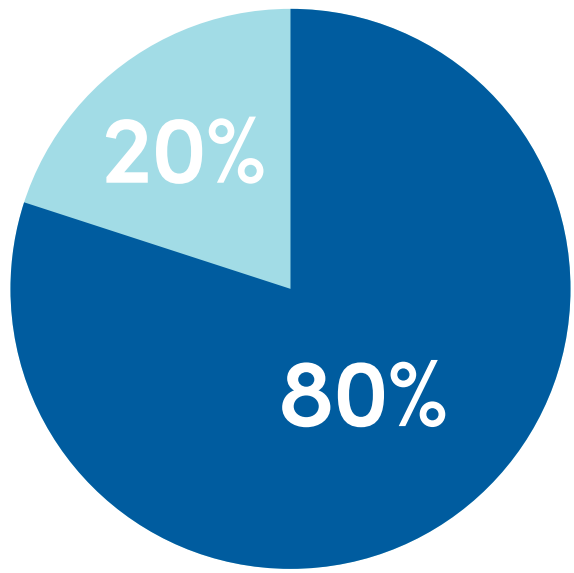
We’re proud to report that we allocated the full amount of the net proceeds of \$496 million within one year of issuance,<sup>1</sup> with funds directed solely to the eco-efficient and/or circular economy adapted products, production technologies and processes category. We allocated 100% of the net proceeds to finance or refinance our new methanolysis facility in Kingsport, Tennessee.

Eligible green projects



Eco-efficient and/or circular economy adapted products, production technologies and processes

Refinancing vs. financing



■ Financing    ■ Refinancing

<sup>1</sup> Allocation of Eastman’s Green Bond proceeds to select eligible projects, with the spend occurring between March 8, 2021, and September 12, 2023



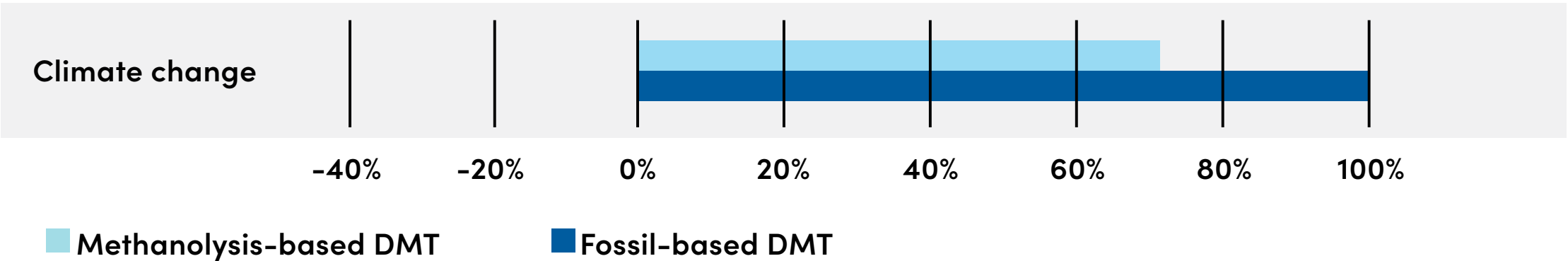


# Green Bond impact

## Global warming improvement

Dimethyl terephthalate (DMT) from Eastman methanolysis Kingsport, Tennessee, facility, has a 20%–30% lower global warming potential than fossil-based DMT.

### Relative life cycle impact assessment of DMT made by methanolysis compared to conventional



## Life cycle assessment (LCA)

Eastman is committed to developing technologies and products with a lower carbon footprint than traditional production. That’s why we commissioned a cradle-to-grave study from Quantis, an international expert in LCA methodology, to assess methanolysis. The study had an independent, third-party expert LCA panel reviews in accordance with ISO 14040 and 14044 ICA standards.

The study showed that producing DMT through methanolysis from recycled polyester waste results in 20%–30% lower greenhouse gas emissions than producing DMT from fossil-based paraxylene at the same site. In addition, DMT from methanolysis outperforms fossil-based DMT in 13 of 14 environmental impact categories assessed.

[Click here](#) to inquire about more details on our study.

## Plastic waste recycled

Eastman’s goal is to recycle 250 million pounds of waste plastic annually by 2025, with a significant portion (>90%) of that being completed via polyester renewal technology (PRT) at our Kingsport, Tennessee, facility.

Eastman began commissioning and startup activities at its Kingsport manufacturing site in 2023 and introduced plastic waste into its Kingsport methanolysis facility in early 2024.

**Our Kingsport facility will be one of the world’s largest material-to-material molecular recycling facilities. The plant will use more than 110,000 metric tons of polyester waste as raw material annually. The equivalent of:**



**11 billion**  
single-use water bottles



**790 million**  
polyester T-shirts



**2.7 billion**  
shampoo bottles





# Featured project

## Kingsport methanolysis facility will transform recycling, reduce plastic waste and address climate change

Eastman has completed all commissioning activities, enabling the startup of one of the world’s largest polyester recycling facilities at our Kingsport, Tennessee, manufacturing site and introduced plastic waste into the Kingsport methanolysis facility in early 2024.

We allocated 100% of the \$496 million net proceeds of our Green Bond to expenditures for the development, construction, installation and manufacturing of this asset, which processes hard-to-recycle polyester waste and delivers Eastman Renew materials for new products with up to 50% certified recycled content via mass balance allocation.

At steady-state capacity, the Kingsport asset will recycle 110,000 metric tons of polyester waste annually that would otherwise go to landfill, be incinerated or leak into the environment.

## A reliable, secure supply of feedstock in place

We have secured reliable, affordable and sufficient supplies of waste plastic for feedstock to support stated capacity levels with most material sourced within a 150-mile radius of Kingsport.

Our feedstocks are comprised of hard-to-recycle waste plastics that cannot be processed by mechanical recycling, such as colored polyethylene terephthalate (PET) bottles, thermoforms for food storage, opaque milk bottles, polyester textiles and bale strapping. Because mechanical recycling handles a limited set of plastics, approximately 12% of the 300 million tons of waste plastic each year is recycled. Eastman is committed to restoring value to what is currently regarded as waste and changing this unsustainable reality.

## Enabling sustainability for brands and consumers

This new asset and our vertical integration will accelerate our strategy to meet the unmet market need for recycled materials. Kingsport is our primary manufacturing facility for specialty plastics, used in a wide spectrum of applications, including consumer durables, packaging, and small appliances.

More than 60 brands have already adopted Eastman Renew materials to help them meet sustainability goals and add value for consumers who want products with recycled content.

Leading brands such as Procter & Gamble (shampoo and conditioner bottles with Eastman Renew resins); Stanley, Black & Decker (power tools featuring Tritan™ Renew); LVMH Perfumes & Cosmetics (cosmetics containers with Cristal™ Renew); Williams Sonoma (a consumer drinkware line featuring Tritan™ Renew; and Ello (water bottles with Tritan™ Renew) have adopted Eastman Renew materials. These are a few examples of dozens of exciting brand adoptions, and we expect to announce more in 2024.





## APPENDIX A

# Management assertion

Management of Eastman Chemical Company (Eastman) is responsible for the accuracy and validity of this management assertion. Eastman asserts that, as of September 12, 2023, the net proceeds of \$496 million from the March 2023 issuance of the \$500 million aggregate principal amount 5.750% Notes due March 2033 (the “Notes”) were allocated to finance or refinance eligible projects related to eco-efficient and/or circular economy adapted products, production technologies and processes during the period from March 8, 2021<sup>1</sup> through September 12, 2023. For purposes of this assertion, eligible projects are related to expenditures for the development, construction, installation and manufacturing of the Kingsport, Tennessee molecular recycling facility, whereby technologies are designed to break down waste into molecular building blocks so it can be reused indefinitely.

<sup>1</sup>Per the Use of Proceeds section of the Prospectus Supplement dated February 22, 2023, expenditures made by us or any of our subsidiaries from the issue date of the Notes or in the 24 months prior to the issue date of the Notes that meet the eligibility criteria were considered for inclusion as eligible projects. Additionally, refer to the Use of Proceeds section for eligible projects to which the net proceeds may be allocated.



## APPENDIX B

# Report of independent accountants



## Report of Independent Accountants

To the Management of Eastman Chemical Company

We have examined the accompanying management assertion of Eastman Chemical Company (Eastman) that the net proceeds of \$496 million from the March 2023 issuance of the \$500 million aggregate principal amount 5.750% Notes due March 2033 (the “Notes”) were allocated to finance or refinance eligible projects related to eco-efficient and/or circular economy adapted products, production technologies and processes (as defined in management’s assertion) during the period from March 8, 2021 through September 12, 2023. Eastman’s management is responsible for its assertion. Our responsibility is to express an opinion on management’s assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA). Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management’s assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management’s assertion. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management’s assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements related to the engagement.

Only the information included in the management assertion of Eastman on page 10 is part of our examination engagement. The other information in the Eastman 2024 Green Bond report has not been subjected to the procedures applied in our examination engagement, and accordingly, we make no comment as to its completeness and accuracy and do not express an opinion or provide any assurance on such information.

In our opinion, management’s assertion is fairly stated, in all material respects.

Portland, Oregon  
February 7, 2024



# Disclaimer

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Green Bond report includes “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Such statements are made in reliance upon the safe harbor provisions of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. In this context, forward-looking statements often address expected future business and financial performance, and often contain words such as “expect,” “anticipate,” “believe,” “estimate,” “intend,” “plan,” “believe,” “seek,” “see,” “will,” “would,” “target,” and similar expressions and variations or negatives of these words. Forward-looking statements are based upon certain preliminary information, internal estimates, and management assumptions, expectations, and plans, and are subject to a number of risks and uncertainties inherent in projecting future conditions, events, and results. Actual results could differ materially from expectations and assumptions expressed in the forward-looking statements if one or more of the underlying assumptions or expectations prove to be inaccurate or are unrealized. Important risk and other factors that could cause actual results to differ materially from those indicated by such forward-looking statements are set forth in Eastman’s annual report on Form 10-K for the year ended December 31, 2023, which is on file with the U.S. Securities and Exchange Commission (SEC) and available in the Investors section of Eastman’s website, [www.eastman.com](http://www.eastman.com), and in any subsequent quarterly reports on Form 10-Q and other documents Eastman files with the SEC. Readers are cautioned not to place reliance on these forward-looking statements. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update publicly or otherwise revise any forward-looking statements, regardless of whether those statements are affected by the results of new information, future events or otherwise.