

**PROGRESS**

# **Task Force on Climate-related Financial Disclosures (TCFD)**

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# Task Force on Climate-related Financial Disclosures (TCFD)

The Task Force on Climate-related Financial Disclosures (TCFD) helps companies understand what financial markets want from disclosure in order to measure and respond to the effects of climate change. Eastman has monitored the development and adoption of the TCFD framework recommendations and use them as a guide to assess climate-related risks and opportunities. This index provides the location of Eastman’s information pertaining to the TCFD framework recommendations, categorized by governance, strategy, risk management, and metrics and targets.

Disclosure focus area	Disclosure	Response 2023	Reference
<b>Governance</b>			
Disclose the organization’s governance around climate-related risks and opportunities.	a. Describe the Board’s oversight of climate-related risks and opportunities.	Eastman’s Environmental, Safety and Sustainability (ESS) Committee of the Board of Directors and other committees, as appropriate, are responsible for climate-related risks and opportunities.	<a href="#">CDP Corporate Questionnaire 4.1.2.7 (C11, C11a, C11b, C11d), ESS Committee charter and p.32, 2024 Proxy Statement</a>
	b. Describe management’s role in assessing and managing climate-related risks and opportunities.	Members of Eastman’s executive team, including Eastman’s chief sustainability officer, chief legal officer and corporate secretary, chief financial officer and others present climate-related risks and opportunities to the ESS Committee and other committees as appropriate.	<a href="#">CDP Corporate Questionnaire 4.3.1</a>

**TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) | CONTINUED**

Disclosure focus area	Disclosure	Response 2023	Reference
<b>Strategy</b>			
<p>Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy and financial planning.</p>	<p>a. Describe the climate-related risks and opportunities Eastman has identified over the short, medium, and long term.</p>	<p><b>RISKS</b>  <b>Transition</b> — Policy and Legal: current carbon pricing regulation; emerging carbon pricing regulation  <b>Physical</b> — Acute: increased frequency of extreme weather events</p> <p><b>OPPORTUNITIES</b>  <b>Resource efficiency</b> — Returns on investment in energy efficiency projects  <b>Products/services</b> — Molecular recycling technologies  <b>Markets</b> — Access to new markets through climate-related products and solutions</p>	<p><a href="#">CDP Corporate Questionnaire</a>  <a href="#">3.1</a></p>
	<p>b. Describe the impact of climate-related risks and opportunities on Eastman’s businesses, strategy, and financial planning.</p>	<p>Climate-related risks and opportunities impact in different ways Eastman’s products and services, supply chain, investment in R&amp;D, and the company’s operations. Eastman’s use of an internal carbon price to illustrate future carbon pricing mechanisms is an example of how climate impacts the company’s capital expenditures.</p>	<p><a href="#">CDP Corporate Questionnaire</a>  <a href="#">5.3</a>  <a href="#">Regulatory Changes and Compliance’ p.59</a></p>
	<p>c. Describe the resilience of Eastman’s strategy, taking into consideration different climate-related scenarios, including a 2° C or lower scenario.</p>	<p>In 2021, Eastman conducted a robust climate scenario analysis which was led by an internationally recognized climate and sustainability consulting firm. Four publicly-available climate scenarios were used: International Energy Agency’s (IEA) Net Zero Emissions (NZE) 2050 scenario; IEA Sustainable Development Scenario (SDS); IEA Announced Pledges Scenario (APS); and IEA Stated Policies Scenario (STEPS). Resulting from the scenario analysis, Eastman identified the following areas of our strategy that may have more concentrated impact areas: new and emerging markets, low-carbon technologies aligned with decarbonization transition, and employee health and well-being. We are currently evaluating strategic considerations that will integrate forward-looking resiliency planning into our organization. For more information, please see the reference links.</p>	<p><a href="#">CDP Corporate Questionnaire</a>  <a href="#">5.1.1</a>  <a href="#">TCFD scenario analysis</a></p>

**TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) | CONTINUED**

Disclosure focus area	Disclosure	Response 2023	Reference
<b>Risk management</b>			
Disclose how the organization identifies, assesses, and manages climate-related risks.	a. Describe Eastman’s processes for identifying and assessing climate-related risks.	Climate-related risks are considered as physical and/or transition risks that are monitored alongside climate-related opportunities on an ongoing basis. Eastman defines short-, medium- and long-term time horizons as 0–3 years, 3–10 years and > 10 years, respectively.	
	b. Describe Eastman’s processes for managing climate-related risks.	Substantive issues are managed through the sustainability governance structure and presented to Eastman’s business units on a regularly scheduled interval to ensure alignment with the company’s strategic business decision-making.	<a href="#">CDP Corporate Questionnaire 2.2.2</a>
	c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into Eastman’s overall risk management.	Eastman’s process for identifying and assessing climate-related risks and opportunities that could have a substantive financial and/or strategic impact is integrated into our multi-disciplinary, company-wide risk management process. Our risk management process is coordinated by a working team with guidance from the Executive Team and oversight by the Board of Directors. An update on public policy issues — including climate-related policy issues — is provided to the Environmental, Safety and Sustainability Committee of the Board of Directors at least annually.	<a href="#">CDP Corporate Questionnaire 2.2.2</a>

**TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) | CONTINUED**

Disclosure focus area	Disclosure	Response 2023	Reference
<b>Metrics and targets</b>			
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities.	a. Disclose the metrics used by Eastman to assess climate-related risks and opportunities in line with its strategy and risk management process.	Eastman uses several climate-related metrics to track progress and performance. These can be found in Eastman's <a href="#">ESG Data Sheet</a> . Metrics include Scope 1, Scope 2 and Scope 3 emissions as defined by the widely accepted GHG Protocol Corporate Accounting and Reporting Standard. Eastman also uses an internal carbon price for its financial analysis of strategic business and investment decisions.	<a href="#">CDP Corporate Questionnaire C7</a>
	b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	Scope 1 — 6,537,605 (metric tons CO <sub>2</sub> e) Scope 2, location-based — 1,048,027 (metric tons CO <sub>2</sub> e) Scope 2, market-based —1,011,020 (metric tons CO <sub>2</sub> e) Scope 3 — 9,245,195 (metric tons CO <sub>2</sub> e)	<a href="#">CDP Corporate Questionnaire C7</a>
	c. Describe the targets used by Eastman to manage climate-related risks and opportunities and performance against targets.	Targets: Eastman is committed to reducing absolute greenhouse gas emissions Scope 1 and Scope 2 by one-third by 2030 and aspires to be carbon neutral by 2050 from a baseline year of 2017.  The boundary of Eastman's Scope 1 and Scope 2 emissions are manufacturing sites where we have a controlling interest. Scope 1 and Scope 2 emissions have decreased by 3.43% compared to 2022 and have decreased by 22.3% compared to the baseline year of 2017.	<a href="#">CDP Corporate Questionnaire 7.53</a>

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