EASTMAN

Global Reporting Initiative Supplement

to Eastman's October 2011 Sustainability Report

GRI G3 Submission

Global Reporting Initiative™

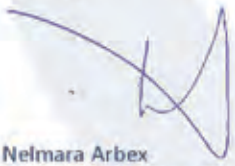
Statement
GRI Application Level Check

GRI hereby states that **Eastman Chemical Company** has presented its report "GRI Supplement to Eastman's October, 2011 Sustainability Report " to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level B.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, March 20th 2012



Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative

GRI REPORT
GRI CHECKED

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

***Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on March 9th 2012. GRI explicitly excludes the statement being applied to any later changes to such material.*

Contents

Introduction

Eastman Chemical Company is pleased to present our first Global Reporting Initiative (GRI) G3-compliant report, the internationally recognized standard for sustainability reporting. This GRI report is designed to supplement our second Sustainability Report, "Connecting science and sustainability," which provides an overview of the progress we have made towards achieving our sustainability goals. Our second Sustainability Report is available in our entirety at: "Connecting science and sustainability."

To develop this GRI report, we utilized the GRI G3 framework and included data and information through December 31, 2010. The report lays out both the GRI G3 questions and Eastman's specific answers to make it easier for readers to absorb.

A GRI G3 Index is provided at the end of this report to enable quick references to particular sections. The following key documents were used to assemble answers to the GRI G3 reporting guidelines:

- Eastman 2010 Annual Report
- Eastman 2010 Form 10-K
- Eastman 2010 Annual Meeting Proxy Statement
- Eastman 2011 Annual Meeting Proxy Statement
- Eastman 2010 Data Book
- Eastman Sustainability Report, "Connecting science and sustainability"
- Eastman Corporate Governance Guidelines
- Eastman's Code of Business Conduct

The triple bottom line

Our business philosophy embraces the Triple Bottom Line — economic growth, environmental stewardship and social responsibility — now and for future generations.

Economic growth

Sustainability is a critical driver to our company's financial growth. We are constantly innovating, increasing our ability to adapt and utilizing our best and brightest minds to seek creative solutions to the problems of tomorrow's world — today.

Environmental stewardship

We are committed to protecting natural resources, reducing our environmental footprint and reusing materials that could otherwise be considered waste.

Social responsibility

We practice a culture of safety and constantly drive improvements in the performance of our products and processes. We are committed to investing in our employees through advanced training and continuing education opportunities. We donate time and resources to support local philanthropies and programs around the world.

Profile

1. Strategy and Analysis

1.1 Statement from the most senior decision maker of the organization (e.g., CEO, chair CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.

The following letter from Jim Rogers, Chairman and CEO of Eastman, appeared in Eastman's second Sustainability Report, published in October 2011.

To our stakeholders,

Sustainability has become an essential component of Eastman's business, representing our culture of continuous improvement, innovation and responsibility. Sustainability makes sense for our business, but more importantly, it makes sense for our world.

I am convinced that Eastman's continued growth and future success depend on the intelligent way in which we integrate sustainability across everything we do, from product development and manufacturing processes to strategic acquisitions and our continued protection of the earth's valuable resources.

As I travel the world, I see rapidly growing interest in sustainability. I am encouraged by the lively conversations I have had in such markets as China and Brazil where the field of sustainability is moving forward at a lightning pace. Here at Eastman, we are working hard to incorporate sustainable practices into our products, processes and facilities worldwide.

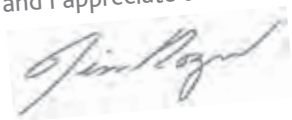
Eastman is committed to growth — for our employees, customers, suppliers and stockholders. Our corporate strategy centers on growing our core businesses, investing in fast-growing regions with a rising middle class, forming strategic joint ventures and making acquisitions to continuously improve our product portfolio, and leveraging our sustainability advantages today and in the future.

When we first reported our sustainability efforts last year, we shared details of our sustainability approach and actions and illustrated how they add value to our business. In this year's report, we set out clear and measurable goals, showing the advances we have made during the past year and explaining our vision for connecting sustainability with scientific improvements to our products and processes.

During the past year, we made significant strides along our sustainability path, including naming a Chief Sustainability Officer (CSO) — Godefroy Motte. This is an important milestone on our sustainability journey and for our business. Based in The Netherlands, Godefroy is one of two members of our executive team outside the United States and he brings with him Europe's pioneering sustainability thinking and a personal passion for sustainability.

It is my hope that this account of our progress and aspirations will inspire valuable feedback and further collaboration with our customers, suppliers, communities, employees and other stakeholders. We know we cannot make meaningful advances alone, and we welcome comments and questions as our exciting sustainability journey continues.

Our vision is to be recognized as a company with a genuine and deep-rooted commitment to sustainability. I am pleased with Eastman's progress and proud of what we have achieved so far. I recognize we are on a journey, and I appreciate that we have a long road ahead of us.



Jim Rogers
Chairman and CEO
Eastman Chemical Company

1.2 Description of key impacts, risks, and opportunities. The reporting organization should provide two concise narrative sections on key impacts, risks, and opportunities.

Internal culture

Sustainability has become an essential component of Eastman's business, representing the Company's culture of continuous improvement, innovation and responsibility. At Eastman, sustainability is about creating value through environmental stewardship, social responsibility and economic growth, both now and for future generations. It is more than complying with laws and regulations. It is about developing innovative, environmentally and socially responsible solutions that satisfy the needs of a changing world.

Commitment to safety

Protecting the health and ensuring the well-being and security of our employees, neighbors, customers and consumers is, and always has been, the top priority at Eastman. Eastman has stringent standards to ensure personal, process and product safety, and regularly reports on our progress in meeting and exceeding our comprehensive safety goals.

Industry participation

As a Responsible Care® company, Eastman closely monitors the laws and regulations that apply to our operations and products around the world. The Company is actively involved with The European Chemical Industry Council (CEFIC) and its European REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) initiative.

Eastman is also an active member of The Netherlands Chemical Industry Association (Vereniging van de Nederlandse Chemische Industrie [VNCI]), United Kingdom Chemical Industry Association (CIA), Singapore Chemical Industry Council (SCIC), and Chemical Industry Council of Malaysia (CICM). The Company's participation in these vital industry associations provides many benefits for Eastman's sustainability efforts, as well as for the chemical industry and society at large.

Officer/employee support

Eastman officers and employees were active members and leaders of key committees within these chemical industry and business trade organizations during 2010, focusing on issues such as energy policy, GHG emissions, environmental management, chemical management, chemical manufacturing site security, effective communications, transportation, trade, tax issues and industry performance and reporting (Responsible Care®). In November 2010, former Eastman CEO J. Brian Ferguson completed a year as Chairman of the ACC's Board of Directors. In addition, Theresa Lee, Senior Vice President, Chief Legal & Administrative Officer, is currently serving as a member of the NAM Board of Directors.

Energy policy

Since the 1970s, Eastman's energy policy has balanced the need for affordable energy supplies with the need to reduce the amount of energy needed to make our products. While the nature of our business and manufacturing processes requires large amounts of energy, we remain committed to implementing innovative solutions to maximize our energy efficiency and reduce our GHG emissions.

Emissions trading

Since 2005, Eastman has participated in the European Union's Emission Trading System (ETS). Through this program, Eastman has bought and sold emissions credits and implemented numerous energy efficiency projects, which have helped reduce the Company's overall emissions.

Key achievements against environmental targets

In 2010, Eastman made significant progress against our aggressive short-term environmental goals, with the Company taking steps to reduce our energy intensity, improve air quality and lower instances of reportable releases. Highlights of Eastman's 2010 environmental achievements and progress against goals include:

- Life Cycle Assessments (LCAs)
  - Completed LCAs for 75 products constituting 60 percent of the Company's top-selling product lines that produce 80 percent of our total revenue
  - Completed LCA studies of the utility infrastructure of our Kingsport, Tenn., manufacturing facility, as well as many of the Company's core processes for our acetyl, oxo and olefin streams in the United States and adhesive resin materials in Europe and the United States
- Energy efficiency and intensity
  - Lowered energy intensity by 6 percent, with savings of 3 million MMBtu and more than 275,000 tons of CO_2 emissions
  - For details on Eastman's energy data, see Energy charts.
- GHG emissions
  - For the calendar year 2010, Eastman reported CO_2 equivalent emissions totaling 6.71 million metric tons.
  - This is a 2.4 percent reduction compared to the baseline year of 2008.
  - For details on Eastman's emissions data, see GHG charts, global; and GHG charts, sites.

- Air quality
  - VOC emissions
    - 2010 VOC emissions were 7,048 tons, a reduction of almost 32 percent compared to 2005 baseline year of 10,326 tons.
  - SO_2 emissions
    - 2010 SO_2 emissions were 22,068 tons, a reduction of almost 10 percent compared to 2005 baseline year of 24,406 tons.
  - NO_x emissions
    - 2010 NO_x emissions were 10,359 tons, a reduction of almost 20 percent compared to 2005 baseline year of 12,892 tons.
- Total reportable releases
  - Kingsport, Tenn., and Longview, Texas, sites have developed project teams and undertaken initiatives to drive reductions in reportable releases.
  - In 2010, we had 55 release events. Since 2003, we have significantly reduced our annual release events.
- TRI (U.S. only)
  - 2010 TRI emissions to the atmosphere were 5.4 million pounds, a reduction of nearly 22 percent compared to 2005 baseline year of 6.9 million pounds.
- Waste management
  - Eastman takes care to manage our on-site waste and recycles many materials that would otherwise become waste through manufacturing processes like cogeneration.
- Water quality and consumption
  - Eastman is evaluating appropriate water metrics, including identification of geographic areas where water scarcity is a significant issue and evaluation of the impact of the Company's operations in those areas.

Eastman's future goals and 2010 achievements against our economic, environmental and societal targets are shown on pages 8–13 as they first appeared in our second Sustainability Report published in October 2011.

Our 2010 progress — Economic growth

	2009 goals	2010 progress	2010 details
Short-term goals 1–3 years	Value-creating growth delivers: • Earnings per share (EPS) of between $5.25 and $5.50 in 2010* • $200 million–$300 million of free cash flow in 2010	✓	• The company reported 2010 earnings per diluted share from continuing operations of $6.96. • Generated free cash flow in excess of $400 million *For reconciliation to reported GAAP EPS, see page 60.*
	Two-thirds (⅔) of revenues from new product launches are advantaged on assessed sustainability criteria	●	We are on track to achieve this goal as launches occur throughout the 2010–2015 time frame. We have moved this to our midterm goals to reflect the timing of this commitment.
	Use sustainability as a lens for identifying growth opportunities	●	We achieved this goal with recent acquisitions in Performance Chemicals and in our Specialty Plastics segment for core growth. We are working to implement it in other business segments during 2011.
	Collaborate with strategic customers to help them meet their sustainability goals	✓	We have initiated several strategic relationships with key customers and are piloting sustainability projects with them. These projects are primarily in the area of Life Cycle Assessments, based on customer requests.
	Utilize internal Innovation & Sustainability Council to manage investments and drive priorities	✓	The Council meets regularly (quarterly scheduled meetings and additional meetings, as needed) to provide guidance on corporate sustainability and innovation investments across the company. We have also created subcouncils with a broader representation of vice presidents and senior managers to ensure decisions are made and integrated across all areas of the company.
Midterm goals 3–5 years	Continue delivering value-creating growth with EPS of greater than $6 in the economic recovery	●	The company reported 2010 earnings per diluted share from continuing operations of $6.96. *For reconciliation to reported GAAP EPS, see page 60.*
	Complete sustainability pilot efforts with strategic suppliers and customers to holistically improve our life cycle management practices	●	We continue efforts with key customers and suppliers to define and implement life cycle thinking into our work together. We are actively developing a stakeholder engagement plan in 2011, which will help us continue to make progress against this commitment.
	Further embed a culture of growth across the company (business units, supply chain, technology, marketing)	✓	We have continued to train and coach our customer-facing employees (primarily business, sales and marketing) to "live the brand" by bringing our unique insights and sustainability solutions to all areas of our value chain.

✓ Completed ● In progress ○ Not yet begun ✗ Did not meet

**Goals apply to legacy sites as of 12/31/2009*

Goals and progress are printed as they appeared in Eastman's Sustainability Report published in October 2011.

Eastman has retrospectively applied a change in accounting during the first quarter of 2012 to all prior periods. Click here for the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission.

Our 2010 progress — Environmental

	2009 goals	2010 progress	2010 details
Short-term goals 1–3 years	2.5% improvement in energy efficiency year-over-year	✓	2010 target of 10.5 MMBtu/1,000 kg produced — actual 2010 data was 10.5 MMBtu/1,000 kg produced.
	2% reduction of greenhouse gas (GHG) emissions per unit of production (GHG intensity) year-over-year	●	We will report our GHG emissions in our GRI supplement, to be released in 2012.
	10% reduction in hazardous waste (indexed to production) from 2005 to 2010	✓	2010 target was less than 0.0126 kg waste/kg — actual 2010 performance was 0.01 kg waste/kg.
	25% reduction in reportable releases from 2005 to 2010	✗	2010 target was less than 35 reportable release events — actual 2010 performance was 55 reportable releases.
	25% reduction in Toxic Release Inventory (TRI) releases to the air from 2005 to 2010	✗	2010 target was less than 5.175 Mlb — actual 2010 performance was 5.4 Mlb.
	15% reduction in Volatile Organic Compounds (VOC) from 2005 to 2010	✓	2010 target was less than 8777.1 tons — actual 2010 performance was 7048 tons.
	Life Cycle Assessments (LCAs) are completed on prioritized product families aligned with our customers' priorities	✓	We have completed cradle-to-gate LCAs on approximately 60% of the product lines that represent 80% of our revenues. We continue to complete assessments according to business and customer priorities.
Midterm goals 3–5 years	25% reduction in energy intensity within next 10 years (in conjunction with Department of Energy's *Save Energy Now* LEADER program)	●	We are on track with our energy improvement goals and are two years into a 10-year commitment.
	20% reduction of GHG intensity over 10 years	●	We achieved a 10% reduction in GHG intensity in 2010 compared to 2009 and are making progress on our 10-year commitment.
	Continuously improve levels of performance of energy conversion and energy consumption per unit of output	✓	We assessed our environmental goal performance in 2010 and established new goals for 2008–2020. In most cases we met our 2005–2010 goals as detailed in the short-term progress report above.
	20% nitrogen oxide (NO_x) and 40% sulfur dioxide (SO_2) reductions within 10 years	●	We have restated these goals as long-term goals and will report actual progress through 2010.
	Reassess and set new environmental goals for those that have been met or are on track to be completed in 2010	✓	We assessed our environmental goal performance in 2010 and established new goals for 2010–2020. In most cases we met our 2005–2010 goals as detailed in the short-term progress report above.
	All new product family launches have an accompanying LCA within the next few years	●	We have plans to complete preliminary LCAs on new products before they are launched and to produce full LCAs once the manufacturing data is available.

✓ Completed ● In progress ○ Not yet begun ✗ Did not meet

Goals and progress are printed as they appeared in Eastman's Sustainability Report published in October 2011.

Our 2010 progress — Societal

	2009 goals	2010 progress	2010 details
Short-term goals 1–3 years	Maintain our strong commitment to health, safety and employee well-being with continued goals and incident tracking for Corporate Injury and Illness Recordable Rates, Days Away from Work Rates and Process Safety incidents	●	We maintained our focus on health, safety and well-being of our employees. We continue to track Corporate Injury and Illness Recordable Rates (2010 target not met), Days Away from Work Rates (2010 target met), and process safety incidents (2010 target not met), and have set new multiyear goals. While we did not reach the targets established for some metrics for 2010, our safety performance is strong and we have experienced a significant reduction in injury rates in the last 20 years. Our Injury and Illness Rate for 2010 was our fourth lowest ever, and our DAW rate for 2010 was also tied to our fourth lowest ever.
	Enhance recruiting, training, communications and mentoring practices, with a focus on diverse global perspectives and public policy issues	●	We continue to focus on recruiting for diversity of thought and reinforcing diversity of experience in internal and external work. We have set diversity goals and are taking meaningful steps to achieve them.
	Offer diverse and challenging volunteer opportunities to employees	●	We continue to offer volunteer opportunities to employees in the communities where we live and work. Some examples of expanded efforts include our Community Relations Team in Kirkby, England, our Community Advisory Panel work in Jefferson, Pa., and our many volunteer activities at our corporate headquarters location in Kingsport, Tenn.
	Maintain Community Advisory Panels (CAPs) in our site communities	✓	We currently have CAPs at five of our global sites: Jefferson, Pa.; Kingsport, Tenn.; Longview, Texas; Middelburg, The Netherlands; and Workington, United Kingdom.
	Proactively engage key education, environmental and community stakeholders in our communities	●	We had active engagements with various global stakeholders in 2010. We provided faculty enrichment workshops and capstone project support for graduating senior-level courses in the College of Business and Technology and a half-day campus visit by our CEO which was focused on sustainability at East Tennessee State University. Additionally, we are active participants in the Southeast Energy Efficiency Alliance (SEEA). In The Netherlands, employees support the Sophia Children's Hospital in Capelle aan den IJssel as a friend of the Pallieter Foundation.
	Support community involvement efforts, including philanthropy, volunteerism and in-kind donations	✓	Supported numerous philanthropic and volunteer efforts, including donations to The Nature Conservancy and The United Way, financial support to orphaned children and earthquake relief efforts in Haiti, more than 200 volunteer hours with disadvantaged youth in Rotterdam schools and donating hundreds of hours to conserving the Appalachian Trail in the United States.

✓ Completed ● In progress ○ Not yet begun ✗ Did not meet

Goals and progress are printed as they appeared in Eastman's Sustainability Report published in October 2011.

Our 2010 progress — Societal

	2009 goals	2010 progress	2010 details
Midterm goals 3–5 years	Continue and expand sustainability awareness and education for employees and local constituents	●	We began sustainability awareness and education with our customer-facing employees in our North America and Europe regions during 2010. We will expand this program to all four of our regions in 2011, focusing on externally facing employees.
	Partner with key influencers in our value chain to promote sustainable practices	●	We are beginning development of a stakeholder engagement plan to help us with this commitment in 2011.
	Assess safe work practice goals annually to focus on maintaining gains and continual improvement	●	We have assessed our safety goals and have established a new set of quantitative and aspirational goals focused on behavior changes needed to prevent injuries, incidents and illnesses.
	Become an active voice in our industry, sharing leading practices on sustainability throughout our value chains	○	We have been focusing first on establishing our sustainability foundation internally.
	Expand our value chain engagements to focus on strategic sustainability issues with key influencers such as designers, academia, government and nongovernment organizations	●	We are actively collaborating with the design community in our value chains, as well as universities near our North America and Europe, Middle East and Africa region headquarters. We plan to expand this initiative to other stakeholders by utilizing our stakeholder engagement plan that will be developed in 2011.

✓ Completed ● In progress ○ Not yet begun ✗ Did not meet

Goals and progress are printed as they appeared in Eastman's Sustainability Report published in October 2011.

Our Future goals — Economic and Environmental

	Economic goal recommendations	Environmental goal recommendations
Short-term goals 1–3 years	• Earnings per share (EPS) approaching $10 in 2012 • Achieve mid-single digit compounded annual volume growth rate through 2013 • Capital expansions, including those in product lines with sustainable advantages, deliver returns in the 15%–20% range • Earnings per share (EPS) compounded annual growth rate (CAGR) >10%	• Improve energy efficiency of operations 2.5% year-over-year, from 2008 to 2018 against a baseline of 11.1 MMBtu/1000 kg produced (U.S. sites*) • Reduce GHG emissions per unit of production (GHG intensity) by 2% per year from 2008 to 2018 against a baseline of 0.95 equivalent lb CO_2 emissions per lb produced (U.S. sites*) • Complete LCAs on product families aligned with our customers' priorities (equivalent to approximately 60% of products which represent 80% of total revenues) • Develop a baseline for water used at Eastman sites in water-stressed regions of the world
Midterm goals 3–5 years	• Continue to pursue organic and inorganic growth to enhance our portfolio of sustainable alternatives for emerging markets • EPS compounded annual growth rate (CAGR) >10% • Complete sustainability pilot efforts with at least 6 of our strategic suppliers and customers to holistically improve our life cycle management practices • Ensure two-thirds (⅔) of revenues from new product launches are advantaged on assessed sustainability criteria	• Continuously improve levels of performance of energy conversion and energy consumption per unit of output on track with the ENERGY STAR® *Save Energy Now* LEADER pledge • Continuously improve levels of performance of energy conversion and GHG emissions on track with GHG intensity goal • Complete LCAs on all new product family launches
Long-term goals 5–10+ years	• Continue strong EPS compounded annual growth rate (CAGR) • Develop new businesses utilizing sustainable renewable feedstocks by 2020	• Reduce energy intensity by 25% from 2008 to 2018 (in conjunction with *Save Energy Now* LEADER program) against a baseline of 11.1 MMBtu/1000 kg produced (U.S. sites*) • Reduce GHG emissions per unit of production (GHG intensity) by 20% from 2008 to 2018 against a baseline of 0.95 equivalent lb CO_2 emissions per lb produced • Reduce nitrogen oxide (NO_x) by 20% and sulfur dioxide (SO_2) by 40% from 2010 to 2020 (NO_x baseline of 10,359 tons in 2010; SO_2 baseline of 22,068 tons in 2010) • Reduce total Volatile Organic Compounds (VOC) by 15% from 2010 to 2020 against a baseline of 7,048 tons in 2010 • Reduce total number of reportable releases by 25% from 2010 to 2020 against a baseline of 55 release events in 2010 • Reduce Toxic Release Inventory (TRI) emissions to the air by 25% from 2010 to 2020 against a baseline of 5.4 Mlb in 2008 • Reduce hazardous waste (indexed to production) by 15% from 2010 to 2020 against a baseline of 0.01 kg waste/kg production in 2010

**Non-U.S. sites will be incorporated into the same goals and measures as the data is collected.*

Goals and progress are printed as they appeared in Eastman's Sustainability Report published in October 2011.

Our Future goals — Societal

	Societal goal recommendations			
	Safety	Employee growth and development	Value chain focus	Community
Short-term goals 1–3 years	• Maintain our strong commitment to health, safety and employee well-being with continued goals and incident tracking for Corporate Injury and Illness Recordable Rates, Days Away from Work Rates and Process Safety incidents • Achieve Process Safety goal of <5 incidents in 2011 (incidents defined as per ACC)	• Enhance recruiting, training, communications and mentoring practices with a focus on diverse global perspectives and public policy issues • Continually improve diversity in our professional hiring pipeline to enrich our collective point of view, including U.S. percentages (where the majority of our employee base is located) for females (30%) and minorities (15%) • Offer diverse and challenging volunteer opportunities to employees • Provide sustainability education and awareness training to 80% of our customer-facing employees by 2012	• Collaborate with a minimum of six key influencers in our value chain to promote sustainable practices	• Maintain Community Advisory Panels (CAPs) in our site communities • Proactively engage key education, environmental and community stakeholders in our communities • Support community involvement efforts, including philanthropy, volunteerism and in-kind donations
Midterm goals 3–5 years	• Achieve best ever safety rates of <0.35 OSHA-R and <0.05 DAW by 2015	• Create a culture that thinks and acts in more sustainable ways with volunteer Green Teams creating meaningful sustainability improvements at Eastman sites by 2015 • Develop hiring pipeline that reflects the diversity of talent and background available at our sites globally, increasing the percentages of females, minorities and nationalities represented • Develop process to measure percentage of employees involved in volunteer activities and the types of activities. Once baseline data are established, set a goal to increase participation by 10% over a 3-year period. Revisit goals on a semiannual basis	• Expand our value chain engagements to focus on strategic sustainability issues with key influencers such as designers, academia, government and nongovernment organizations	• Complete neighborhood pulse surveys at every site by 2015 and track perception of Eastman in the communities where we live and work • Develop philanthropic and contribution strategies which support company strategic objectives; reassess strategies annually to ensure strategic linkage
Long-term goals 5–10+ years	• Develop a safety culture to prevent workplace incidents, injuries and illnesses to achieve a zero (0) rate	• Create thought leadership diversity and a competitive advantage by expanding our percentages of employees with diversity of national origin, race, gender, education and experience • Become known as a company of employees committed to community involvement	• Become an active voice in our industry, sharing leading practices on sustainability throughout our value chains	• Develop stretch goals at each site to increase Eastman's perception and track progress • Expand contribution and philanthropic strategy across all Eastman sites and develop online, real-time system for tracking

Goals and progress are printed as they appeared in Eastman's Sustainability Report published in October 2011.

Eastman is always striving to enhance the sustainability of our products and processes whenever possible, in part by carefully examining the cradle-to-gate impacts of our products by undertaking Life Cycle Assessments (LCAs). LCAs enable the Company to compare environmental impacts of products and operational processes to find the most cost-effective and sustainable solutions. During the past year, Eastman formalized our LCA methodology and shared it with several of the Company's largest customers. These customers have confirmed that the approach and methodology is sound. Eastman's goal is that by 2015, all new product family launches will have an accompanying LCA.

Sustainability is a critical driver to Eastman's financial growth. As a result, the Company is constantly innovating, increasing our ability to adapt and utilizing our best and brightest minds to seek creative solutions to the problems of tomorrow's world — today. The impact of environmental constraints on ever-stressed natural resources is supporting Eastman's commitment to embed sustainability in our product development and innovation processes. Research and development (R&D) expenses were $152 million in 2010, up $28 million from $124 million in 2009, as the Company invested in our sustainability and innovation pipeline. By 2015, Eastman's goal is that two-thirds of our revenues from new product launches are advantaged based on assessed sustainability criteria.

Eastman is working to expand the limits of innovation while developing new manufacturing processes that further reduce energy intensity and ensure our energy-related emissions are as clean as possible. The Company plans to invest more than $35 million for implementing more energy efficient manufacturing processes during 2010 and 2011. These investments include heat recovery and heat integration improvements and installation of more energy efficient equipment. In addition, Eastman's technology department is actively investigating and developing next-generation energy efficient manufacturing processes.

From energy efficient operations, to sustainable products, to active engagement in communities around the world, Eastman knows firsthand that sustainability is beneficial to our business, our customers, the communities in which we operate, and the world.

2. Organizational Profile

2.1 Name of the organization.

Eastman Chemical Company

2.2 Primary brands, products and/or services.

Eastman Chemical Company manufactures more than 1,200 chemicals, fibers and plastics that are key ingredients in products used around the world every day. The Company's commitment to sustainability, innovative thinking and technical expertise help deliver practical solutions that make the world a better place.

Headquartered in Kingsport, Tenn., USA, Eastman (NYSE: EMN) is a Fortune 500 company with 2010 sales of $5.8 billion. Approximately 10,000 Eastman employees around the world blend technical expertise and innovation to deliver practical solutions.

Eastman is divided into four core business segments:

Coatings, Adhesives, Specialty Polymers & Inks (CASPI)

Eastman's CASPI segment manufactures resins, specialty polymers and solvents, which are integral to the production of paints and coatings, inks, adhesives and other formulated products. In 2010, Eastman's CASPI segment represented 27 percent of the Company's total sales.

Fibers

Eastman's Fibers segment manufactures and sells Eastman Estron™ natural and Eastman Chromspun™ solution-dyed acetate yarns for use in apparel, home furnishings and industrial fibers. The Company also manufactures and sells Estron acetate tow and Eastman Estrobond™ triacetin plasticizers for use in cigarette filters and cellulose acetate flake and acetyl raw materials for other acetate fiber producers. In 2010, Eastman's Fibers segment accounted for 19 percent of the Company's total sales.

Performance Chemicals & Intermediates (PCI)

Eastman's PCI segment manufactures diversified products including both acetyl products and olefin derivatives, which are sold externally and used internally for other segments of the Company. In 2010, Eastman's PCI segment represented 36 percent of the Company's total sales.

Specialty Plastics

Eastman's Specialty Plastics segment produces specialized copolyesters and cellulosic plastics used to create specialty packaging, appliances, consumer housewares, medical devices and packaging and liquid crystal displays for electronics, among others. In 2010, Eastman's Specialty Plastics segment accounted for 18 percent of the Company's total sales.

See the Eastman 2010 Form 10-K for a detailed breakdown of sales revenue and operating earnings for each of these four business segments, as well as key products, markets and applications and raw materials for each business.

2.3 Operational structure of the organization, including main divisions, operating companies, subsidiaries and joint ventures.

Information about Eastman's four core business segments can be found in the preceding section 2.2.

A map of the Company's major global sites can be found on the following page. This same map includes subsidiaries and joint ventures and can also be found in the Eastman 2010 Form 10-K.

Eastman's Board of Directors is elected by the stockholders to oversee management and to assure that the long-term interests of the stakeholders are being served. The primary role of the Board of Directors is to maximize stockholder value over the long term. Eastman Chemical Company's business is conducted by our employees, managers and officers, under the direction of the chief executive officer (CEO) and the oversight of the Board. The Board of Directors recognizes that its role includes responsibly addressing the interests of the Company's other stakeholders, including employees, customers, suppliers and the communities in which the Company operates or is located.

Additional information about Eastman's Board of Directors is available in our Eastman Corporate Governance Guidelines and the Eastman 2011 Annual Meeting Proxy Statement.

2.4 Location of organization's headquarters.

Kingsport, Tenn., United States of America

2.5 Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.

The Company operated major sites and joint ventures in nine countries as of December 31, 2010. For names of locations, see the map on page 16 that was taken from page 4 of the Eastman 2010 Data Book.

Global manufacturing locations

2.6 Nature of ownership and legal form.

Eastman is a publicly traded company. Total common stock outstanding as of December 31, 2010, was 70,748,189 shares. Refer to Eastman's 2010 Form 10-K for additional information.

2.7 Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries).

Eastman provides our products to global locations, serving the following markets:

Markets	Product groups	Geographic area
Adhesives & Sealants	Amorphous polyolefins	Global
	Functionalized polyolefins	Global
	Hydrocarbon resins	Global
	Hydrogenated hydrocarbon resins	Global
	Hydrogenated pure monomer resins	Global
	Pure monomer resins	Global
	Resin dispersions	Global
	Rosin resins	Global
	Tall oil and fatty acid derivatives	Global
	Water-dispersible polymers	Global
	Performance additives	Global
	Plasticizers	Global
Appliances	Copolyesters	Global
	Polymers	Global
	Resin intermediates	Global
Biodiesel & Agriculture	Acetaldehyde	North America
	Plasticizers	Global
	Antioxidants	Global

(Continued)

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Markets	Product groups	Geographic area
Building & Construction	Plasticizers	Global
	Coatings	Global
	Coatings additives	Global
	Adhesives	Global
	Plastics	Global
Cleaners	Solvents	Global
Coatings	Performance additives	Global
	Plasticizers	Global
	Cellulose-based specialty polymers	Global
Cosmetics & Personal Care	Copolyesters	Global
	Cellulosics	Global
	Plasticizers	Global
Electronics	Cellulose esters	Global
Fashion	Acetate yarn	Global
Food & Beverage	Plasticizers	Global
	Antioxidants	Global
	SAIB	Global
	Copolyesters	Global
Graphic Arts & Printing Inks	Cellulose-based specialty polymers	Global
	Resins	Global
	Plasticizers	Global
	Solvents	Global
	Cellulose esters	Global
Housewares	Copolyesters	Global
Infant Care	Plasticizers	Global
	Copolyesters	Global
Medical	Copolyesters	Global
	Polymers	Global
	Elastomers	Global
	Plasticizers	Global
Nonwovens	Resins	Global
	Copolyesters	Global
	Cellulose esters	Global
Packaging	Plasticizers	Global
	Copolyesters	Global
	Polymers	Global
Safety & Leisure	Copolyesters	Global
	Cellulosics	Global
Signs	Copolyesters	Global
Tobacco	Acetate tow	Global
Visual Merchandising	Specialty copolyesters	Global

Additional information on these markets can be found on Eastman.com under “Markets.”

2.8 Scale of the reporting organization.

As of December 31, 2010, Eastman employed approximately 10,000 people worldwide. In 2010, Eastman had sales revenue of $5.8 billion.

The quantity of products and services is not reported.

Geographic region	2010 Sales revenue (U.S. dollars in millions)	% of total sales
United States and Canada	2,957	50.7
Asia Pacific	1,446	24.7
Europe, Middle East, and Africa	1,150	19.7
Latin America	289	4.9

In the Eastman 2010 Form 10-K, Eastman reported total long-term debt of $1,598 million and equity of $1,627 million.

2.9 Significant changes during the reporting period regarding size, structure, or ownership.

Eastman named a Chief Sustainability Officer (CSO) — Godefroy Motte — in 2010, an important milestone for the Company. Based in The Netherlands, Godefroy Motte is one of two members of Eastman's executive team based outside the United States and he brings with him Europe's pioneering sustainability thinking and a personal passion for sustainability.

In 2010, Eastman had sales revenue of $5.8 billion and operating earnings of $862 million, up nearly 145 percent compared to $345 million in 2009. Earnings from continuing operations were $425 million and earnings per diluted share from continuing operations were $5.75. Included in 2010 operating earnings were asset impairments and restructuring charges of $29 million. Included in 2010 earnings from continuing operations were early debt extinguishment costs of $115 million.

The Company completed the sale of the polyethylene terephthalate (PET) business and related assets at the Columbia, South Carolina, site and technology of our Performance Polymers segment on January 31, 2011. The PET business, assets, and technology sold were substantially all of the Performance Polymers segment. Performance Polymers segment operating results are presented as discontinued operations for all periods presented and are therefore not included in results from continuing operations under Generally Accepted Accounting Principles (GAAP) in the United States.

During the second quarter of 2010, Eastman completed the stock purchase of Genovique Specialties Corporation (Genovique), which has been accounted for as a business combination. Genovique was a global producer of specialty plasticizers, benzoic acid, and sodium benzoate. This acquisition included Genovique's manufacturing operations in Kohtla-Järve, Estonia, and Chestertown, Maryland, and a joint venture in Wuhan, China. Genovique's benzoate ester plasticizers were a strategic addition to Eastman's existing general-purpose and specialty non-phthalate plasticizers.

Research and development (R&D) expenses were $152 million in 2010, up $28 million from $124 million in 2009, as the Company invested in our sustainability and innovation pipeline.

For additional information on changes, refer to Eastman 2010 Form 10-K, Part II, Item 7.

2.10 Awards received in the reporting period.

Energy

- Received several Responsible Care® Energy Efficiency Awards from the American Chemistry Council for various projects that reduced energy consumption and greenhouse gas emissions.

Environmental

- Ranked 143 on *Newsweek's* 2010 list of the 500 Greenest Companies in America
- Received a European Responsible Care Commendation Award from the Cefic European Chemical Industry Council for sustainable groundwater remediation of one of the Company's former production sites
- Received an Excellence Award from the Singapore Chemical Industry Council for excellence in implementing the organization's Pollution Prevention Code

Health & safety

- Received a Distinguished Service Award from the Texas Chemical Council for continuous improvement in safety performance
- One of only two manufacturing sites worldwide to receive an Excellence Award from the Singapore Chemical Industry Council for excellence in implementing the organization's Employee Health & Safety Code
- Received an Achievement Award from the Singapore Chemical Industry Council for implementation of the organization's Process Safety Code

Financial strength

- Recognized as a World-Class Performer in Finance by The Hackett Group for demonstrating efficiency and effectiveness in corporate finance operations

Innovation

- Lead inventor of Eastman Tritan™ copolyester, Emmett Crawford, received the Society of Chemical Industry 2010 Gordon E. Moore Medal from the Chemical Heritage Foundation

Citizenship

- Received the Excellence in Caring for Texas Award from the Texas Chemical Council for Eastman's Texas Operations' outstanding performance in community awareness, emergency response, security and pollution prevention activities
- Received an Achievement Award from the Singapore Chemical Industry Council for implementation of the organization's Community Awareness and Emergency Response Code
- Named to *G.I. Jobs'* Top 100 Military-Friendly Employers list
- Received the Economic Excellence and Equality Award from the Tenn. Economic Council on Women, recognizing companies that are committed to improving the lives of women
- Recognized by IDG's *Computerworld* as a 2010 Best Places to Work in IT honoree

3. Report Parameters

3.1 Reporting period (e.g., fiscal/calendar year) for information provided.

The information provided is based on 2010 corporate data for the year ending December 31, 2010.

3.2 Date of most recent previous report (if any).

This is Eastman's first GRI report. The company previously published our second Sustainability Report in October 2011.

3.3 Reporting cycle (annual, biennial, etc.).

The reporting cycle is currently on an annual basis.

3.4 Contact point for questions regarding the report or its contents.

Godefroy Motte
Chief Sustainability Officer
Eastman Chemical Company EMEA B.V.
Fascinatio Boulevard 602-614
2909 VA Capelle aan den Ijssel, The Netherlands
gmotte@eastman.com

3.5 Process for defining report content, including:

- **Determining materiality;**
- **Prioritizing topics within the report; and**
- **Identifying stakeholders the organization expects to use the report.**

We considered any area of our business that impacts our economic, environmental and societal goals for this report. The content was largely guided by our short-term, midterm and long-term economic, environmental and societal targets, which are driven by the needs and expectations of our stakeholders, as well as factors within the Global Reporting Initiative (GRI) framework and industry best practices. The development of these goals was guided by Eastman's mission, the Company's Innovation and Sustainability Council, key interests expressed by stakeholders, relevant regulatory requirements and societal concerns.

In 2009, Eastman published our inaugural Sustainability Report, "Our Sustainability Journey," with the intent to elevate our reporting transparency using the GRI guidelines. To accomplish this goal, the Company undertook an extensive gap assessment and content review in late 2009 to determine the current processes and procedures in place to capture data and to identify where new processes were needed to produce a comprehensive GRI report.

To guide the development of the Company's second Sustainability Report and first GRI supplement, Eastman engaged an outside consultant to gather feedback from key stakeholders — including customers, global employees and nongovernmental organizations — about how they utilized the Company's inaugural Sustainability Report and what could be improved in the future. As a result, the Company's second Sustainability Report and subsequent GRI supplement offer stakeholders a greater level of detail and reporting transparency.

Given that this is Eastman's first GRI report, the Company is seeking to answer as many questions as possible in this report, with the goal of improving our reporting boundaries and scope each year. As part of our culture of continuous innovation, Eastman is striving to increase our transparency in reporting. The process of developing and publishing this document and our Sustainability Report is a crucial building block to the rest of our sustainability communication and disclosures, as they inform and guide these processes.

Eastman's goal is to develop a GRI report that informs the Company's diverse, global stakeholders, including customers, suppliers, employees, investors, community partners, trade associations and nongovernment organizations. In October 2011, the Company published in electronic and hard copy our second Sustainability Report, located online at: http://www.eastman.com/Company/Sustainability/Pages/Introduction.aspx.

3.6 Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).

Our report covers Eastman's wholly owned operations. The Company plans to include information on our newly acquired sites within three years of acquisition. See Eastman 2010 Form 10-K, Part II, Item 8 for more information on the Company's joint ventures and newly acquired sites.

3.7 State any specific limitations on the scope or boundary of the report.

Within the context of the boundary of the report as defined in 3.6, there are no specific limitations.

3.8 Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.

Not applicable, as this is the Company's first GRI report.

3.9 Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.

Eastman collects information through several information management processes that have been developed to meet specific data collection requirements, including instrumentation, monitoring, sample collection and analysis, engineering estimates, material balances and other methods appropriate to the application.

3.10 Explanation of the effect of any restatements of information provided in earlier reports, and the reasons for such restatement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).

There are no restatements.

3.11 Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.

Not applicable, as this is Eastman's first GRI report.

3.12 Table identifying the location of the Standard Disclosures in the report.

The GRI index is provided at the end of this report.

3.13 Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the Sustainability Report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance providers.

Eastman did not obtain external assurance for the development of this report. However, Eastman has rigorous internal policies and practices that provide assurance about the accuracy of the content in this report. Additionally, Eastman conducts internal audits of our activities in conformance with standards set by the Institute of Internal Auditors (U.S.). Internal Audit assesses the information contained in the report to ensure appropriate supporting documentation exists.

4. Governance, Commitments, and Engagement

4.1 Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.

Eastman Chemical Company relies on our Board of Directors to oversee management and to maximize stockholder value over the long term. Eastman's business is conducted by our employees, managers, and officers under the direction of the Chief Executive Officer and the oversight of the Board. The Nominating and Corporate Governance Committee of the Board periodically reviews and assesses the Company's Corporate Governance Guidelines and governance practices.

In performing its role, the principal functions of the Board of Directors are:

- To select, evaluate the performance of and plan for the succession of the CEO and, with the advice of the CEO, the executive officers;
- To review, approve and monitor the Company's major objectives and our strategies to achieve those objectives, and evaluate the Company's performance against those objectives and strategies;
- To authorize all fundamental corporate changes and major transactions, such as material mergers, acquisitions, or divestitures and changes in capital structure, subject to approval of the stockholders when and as required by law and the Company's governing documents or instruments;
- To advise management on significant issues facing the Company and oversee the conduct of the Company's businesses in order to evaluate whether the businesses are being properly managed;
- To review and, where appropriate, approve major changes in, and determinations of other major issues respecting the appropriate auditing and accounting principles and practices to be used in the preparation of the Company's financial statements;
- To review and oversee compensation of executive officers;
- To oversee processes for evaluating the adequacy of internal controls, risk management, financial reporting and legal compliance;
- To facilitate the performance of the Board of Directors' fiduciary obligations by promoting an open, positive dialogue among members of the Board of Directors; and
- To nominate directors and ensure that the structure and practices of the Board of Directors provide sound corporate governance.

A substantial majority of the Board are independent directors in accordance with the standards of independence of the New York Stock Exchange and as described in the Guidelines on pages 18 and 19 of Eastman's 2011 Annual Meeting Proxy Statement.

The Committees of the Board include:

- Audit Committee — Responsible for oversight related to:
  - Integrity of the financial statements of the Company and the Company's system of internal controls
  - Company's management of and compliance with legal and regulatory requirements
  - Independence and performance of the Company's internal auditors
  - Qualifications, independence and performance of the Company's independent auditors
  - Retention and termination of the Company's independent auditors, including the approval of fees and other terms of engagement, and the approval of nonaudit relationships with independent auditors
  - Risk assessment and risk management
- Nominating and Corporate Governance Committee — Responsible for oversight related to:
  - Identifying individuals qualified to become Board members
  - Recommending to the Board candidates to fill Board vacancies and newly created director positions
  - Recommending to the Board whether incumbent directors should be nominated for reelection to the Board on the expiration of their terms
  - Developing and recommending corporate governance principles
  - Reviewing and making recommendations to the Board regarding director compensation
  - Recommending committee structures, membership and chairs
- Compensation and Management Development Committee — Responsible for oversight related to:
  - Establishing and administering the Company's policies, programs and procedures for evaluating, developing and compensating the Company's senior management
  - Discharging the Board's responsibilities relating to compensation of the Company's executive officers
  - Reviewing and approving the adoption of cash and equity-based incentive management compensation plans
  - Overseeing the administration of the Company's benefit plans

- Finance Committee — Responsible for oversight related to:
  - Reviewing with management and, where appropriate, making recommendations to the Board regarding the Company's financial position and financing activities, including consideration of the Company's financing plans, corporate transactions, capital expenditures, financial status of the Eastman Retirement Assistance Plan, payments of dividends and use of financial instruments, commodity purchasing and hedging arrangements and strategies to manage exposure to market risk
- Health, Safety, Environmental and Security Committee — Responsible for oversight related to:
  - Reviewing with management and, where appropriate, make recommendations to the Board regarding the Company's policies and practices concerning health, safety, environmental, security and sustainability matters

For additional information about each of the committees of the Board of Directors, refer to Eastman's 2011 Annual Meeting Proxy Statement.

4.2 Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).

James (Jim) P. Rogers serves as Chairman of the Board and Chief Executive Officer of Eastman Chemical Company. The Board designated Jim Rogers to serve as Chairman to facilitate effective communication between management and the Board and to provide strong and consistent leadership as well as a unified voice for the Company. In addition, combining the roles of Chairman and Chief Executive Officer helps ensure that the Chief Executive Officer understands and can effectively and efficiently oversee the implementation of the recommendations and decisions of the Board.

In order to give a significant voice to the Company's nonmanagement directors and to reinforce effective, independent leadership on the Board, when the Board designated Mr. Rogers as Chairman, it amended the Company's Bylaws and Corporate Governance Guidelines to create the position of Lead Director. Under the Company's Bylaws, a Lead Director is appointed when the same person holds the Chief Executive Officer and Chairman positions or if the Chairman is not otherwise independent.

In recognition of his deep operational knowledge and experience in the chemical industry and his significant experience serving on other public company boards and insight into the process and procedural oversight and appropriate levels of interaction between the Board and management, the Company's Board has designated Gary E. Anderson as Lead Director. Gary Anderson formerly served as the Chairman of the Board and Chief Executive Officer of Dow Corning Corporation.

Eastman believes that the foregoing structure, policies and practices, when combined with the Company's other governance policies and procedures, provide appropriate opportunities for oversight, discussion and evaluation of decisions and direction from the Board.

4.3 For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or nonexecutive members.

Of the 12 members of the Board of Directors, 11 are independent. The Board has assessed the independence of each nonemployee Director based on the Company's Director Independence Standards in Eastman's Corporate Governance Guidelines, Section II, Item D and the criteria in the listing standards of the New York Stock Exchange, and has reviewed and evaluated the relationships of directors with the Company and our management.

4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.

Stockholders and other interested parties may communicate with nonmanagement directors in writing by directing such communications to the Chair of the Nominating and Corporate Governance Committee or the Lead Director, Eastman Chemical Company, P.O. Box 1976, Kingsport, Tenn., 37662-5075, or by telephone toll free by calling (800) 782-2515. Any communications concerning substantive Board or Company matters are promptly forwarded by the office of the Corporate Secretary to the Chair of the Nominating and Corporate Governance Committee and the Lead Director. The office of the Corporate Secretary keeps and regularly provides the Chair of the Nominating and Corporate Governance Committee and the Lead Director a summary of any communications received.

At least annually, the Lead Director and Nominating and Corporate Governance Committee evaluate the method for interested parties to communicate directly and confidentially with the nonmanagement directors.

Eastman's Code of Business Conduct and applicable laws prohibit any retaliatory or adverse action against an employee or other person raising an ethical, legal or integrity concern.

4.5 Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).

The Company's business strategy for value-creating growth is to leverage the capabilities of our employees to innovate and execute our growth strategy while remaining committed to maintaining a strong financial position with financial flexibility and consistently solid cash flows. Eastman's compensation philosophy supports this strategy by stressing the importance of pay for corporate and individual performance in meeting strategic and business goals for value creation, financial strength and flexibility, and maintains flexibility to meet changing employee, business and market conditions. The Company's executive compensation program is designed to attract and retain a talented and creative team of executives who will provide disciplined leadership for the Company's success in dynamic, competitive markets.

It is the policy of Eastman's Board of Directors to provide nonmanagement directors with a mix of compensation, which may include an annual cash retainer, Lead Director retainer, committee chair and membership retainers, event fees and stock or stock-based awards. Directors should be fairly compensated for serving as a director of a company of Eastman's size, nature and complexity, and their compensation should align directors' interests with the long-term interests of stockholders.

Directors who are otherwise employed by the Company do not receive additional compensation for their service on the Board of Directors. Proposed changes in Board of Directors' compensation are initially reviewed by the Nominating and Corporate Governance Committee, but any changes in the compensation of directors require the approval of the Board of Directors. The Nominating and Corporate Governance Committee periodically reviews the status of Board of Directors' compensation in relation to other comparable companies and other factors the committee deems appropriate.

4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided.

It is the policy of Eastman's Board of Directors that every director should consult with the Chief Legal Officer prior to accepting any invitation to serve on another corporate or not-for-profit Board of Directors (except for local residential associations, local charitable organizations, or the like) or with a government or advisory group to confirm the absence of any actual or potential conflict of interest. The Chief Legal Officer will discuss any such actual or potential conflicts of interest with the Chairman, the Lead Director and the Chair of the Nominating and Corporate Governance Committee.

If a director has a personal interest in a matter before the Board of Directors, the director will disclose the interest to the full Board of Directors prior to discussion as to such matter or deliberation, excuse himself or herself from participation in the discussion, and will not vote on the matter. Personal interests may include but are not limited to commercial, industrial, banking, consulting, legal, accounting, charitable and financial relationships.

For additional information, refer to Eastman's Corporate Governance Guidelines.

4.7 Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental and social topics.

Nominations by stockholders of persons for election to the Board may be made by giving adequate and timely notice to the Corporate Secretary of the Company. The Nominating and Corporate Governance Committee of the Board will consider persons properly and timely nominated by stockholders and recommend to the full Board whether such nominee should be included with the Board's nominees for election by stockholders.

For additional information, refer to Eastman's 2011 Annual Meeting Proxy Statement.

4.8 Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.

Eastman's leadership believes that how the Company does business is just as important as what we achieve. As a company, Eastman holds itself to very high standards and applies the same level of discipline to the way we operate. Eastman's employees at all levels participate in reviews with their supervisors to ensure standards of excellence are being met and that lines of communication remain open.

Teamwork, quality, responsibility and safety are core values that are ingrained in Eastman's corporate culture and in the way we do business. The Company recognizes the importance of treating our employees, customers and the world around us with fairness and respect and strives to showcase these values within all of our interactions.

TEAMWORK

We work together effectively to achieve business success. Every day we think and act as owners of the company. As members of the Eastman Team, we are accountable for doing our part to contribute to success.

QUALITY

We work to consistently meet customer needs with products and services that customers value. Understanding and validating market and competitive trends allows us to bring innovative solutions to the market and to improve our processes to increase business results.

RESPONSIBILITY

We are dedicated to meeting our commitments by portraying our eager can-do attitude. With responsibility comes dependability and our internal drive to ensure success.

SAFETY

We are committed to safety, accountability for actions and feedback on performance. Working safely is a condition of employment and is the responsibility of every employee and contractor.

Eastman also believes that our values are reflected in an unwavering commitment to our brand. The Eastman brand is centered on innovative approaches and practical solutions.

INSIGHTFUL

Beyond facts

We ask "why," connecting the dots to identify emerging patterns.

EXPERIENCED

Applied know-how

With our technical, operating and commercial expertise, we deliver results that enable market success.

CREATIVE

Divergent thinking

We ask "what if" and refuse to settle for obvious solutions.

ADAPTIVE

Clarity over certainty

We manage risks and move forward by developing plans with options.

RESPONSIBLE

Can do

We are driven to do things right. We meet our commitments.

COLLABORATIVE

Come to contribute

Working together, both internally and externally, we achieve more.

Eastman Chemical Company and our subsidiaries are committed to conducting all business activities in accordance with the highest legal and ethical standards. Business ethics is a critical component of the Company's success because it builds trust and confidence for Eastman's employees, customers, suppliers, stakeholders and the communities the Company is a part of. Eastman's Code of Business Conduct describes the laws, principles and guidelines the Company follows in support of our commitment to honesty, integrity and responsible corporate behavior.

4.9 Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.

Eastman's Board of Directors oversees the Company's corporate policy and our overall performance to assure that the long-term interests of our stockholders are being served.

The Company's Health, Safety, Environmental and Security Committee is responsible for oversight related to the Company's policies and practices concerning health, safety, environmental, security and sustainability matters. For additional information, refer to Eastman's 2011 Annual Meeting Proxy Statement.

In addition, Eastman's Innovation & Sustainability (I&S) Council was established in 2009 and consists of senior officers who meet regularly to provide guidance on corporate sustainability and innovation investments across the Company. The Council prioritizes and ensures all sustainability initiatives link to key business strategies and sets external sustainability goals that are tied to overall growth strategies.

Current Council members include:

- **Godefroy Motte**, Senior Vice President, Chief Regional and Sustainability Officer and Innovation & Sustainability Council Chair
- **Etta Clark**, Vice President of Communications and Public Affairs
- **Mark Costa**, Executive Vice President, Specialty Polymers, Coatings, Adhesives and Chief Marketing Officer
- **Tim Dell**, Vice President of Innovation
- **Theresa Lee**, Senior Vice President, Chief Legal & Administrative Officer
- **Ron Lindsay**, Executive Vice President, Performance Chemicals and Intermediates, Fibers, Engineering, Construction and Manufacturing Support
- **Greg Nelson**, Senior Vice President and Chief Technology Officer

Since forming in 2009, the Council has overseen the development of the foundation necessary to embed sustainability across Eastman by:

- Providing guidance on innovation platform priorities and investments in corporate research and development
- Developing and approving Companywide sustainability goals
- Endorsing a strategic lens through which to view all corporate decisions
- Agreeing on a strategic process for tracking and managing emerging product issues

4.10 Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance.

The Board of Directors, led by the Lead Director, in consultation with the Nominating and Corporate Governance Committee, will annually review and evaluate our performance based on completion by all members of the Board of Directors of an evaluation form that includes, among other things, an assessment of the Board of Directors' structure, size, government principles, composition, agenda, processes and schedule. The purpose of the review is to consider whether the Board of Directors and its committees are functioning well in view of their responsibilities and the evolving circumstances facing the Company and to identify specific areas, if any, in need of improvement or strengthening.

4.11 Explanation of whether and how the precautionary approach or principle is addressed by the organization.

We believe it is our responsibility to create products that are safe. That is why Eastman is committed to being an outperforming chemical company in all respects, including safety, health and environmental excellence. As a member of the American Chemistry Council, we were one of the early adopters of the Responsible Care® Code of Management Practices. We continuously assess and evaluate our operations and products and implement plans to reduce risk and impact on human health and the environment. The Company has implemented the Responsible Care® Management System and that system has been certified through third party audits. We are committed to continuous improvement of the safety and performance of our operations and products. Further information and details on the Company's efforts in these areas can be found in our 2011 Sustainability Report.

Eastman's Product Safety and Health team conducts rigorous product safety reviews to help minimize the potential for adverse effects that our products and operational processes have on human health or the environment as well as to ensure that product-specific regulatory requirements are met or exceeded. The Company's product safety team has a detailed product regulatory and risk characterization process for assuring that new products that go to market are safe for their intended use.

Another example of Eastman's commitment to good product stewardship is our participation in the Environmental Protection Agency's (EPA) High Production Volume (HPV) challenge program that began in 2000. This is a voluntary program managed through the EPA as a key component of the Chemical Right-to-Know initiative. Eastman is currently participating on a voluntary basis in the Extended High Production Volume (EHPV) program that has been established to collect information on chemicals that were not included in the original HPV program.

4.12 Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or endorses.

Commitment to Responsible Care®

Eastman is a signatory company to the Responsible Care Global Charter. Responsible Care® is the chemical industry's global voluntary initiative under which companies, through their national associations, work together to continuously improve their health, safety and environmental performance, and to communicate with stakeholders about their products and processes.

As a Responsible Care® company, Eastman closely monitors the laws and regulations that apply to our products and engages in new product compliance efforts, including the European Union's REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) regulation policy. Two of the main objectives of REACH are to determine the hazards of chemicals and to carry out comprehensive risk assessments to protect human health and the environment.

Commitment to energy efficiency

In May 2010, Eastman formally pledged to reduce our energy intensity by 25 percent over a 10-year period in partnership with the U.S. DOE. Eastman is one of 11 chemical companies out of 105 total companies that have distinguished themselves as energy management champions among their industry peers by making this public commitment. As a Save Energy Now LEADER, Eastman has established an energy intensity baseline consistent with DOE guidelines and reports our progress to the DOE on an annual basis.

Commitment to safety and security of global employees

Eastman meets the following safety and security policies as applicable to specific facilities and operations:

- Department of Homeland Security's (DHS) Chemical Facilities Anti-Terrorism Standards (CFATS)
- United States Coast Guard (USCG) Maritime Transportation Security Act
- American Chemistry Council's (ACC) Responsible Care® Security Code
- Tier II Customs-Trade Partnership Against Terrorism (C-TPAT), a supply chain and border security program developed collaboratively by the United States Bureau of Customs and Border Protection and the international trade community
- Authorized Economic Operator (AEO), a customs security program developed by the European Union to provide a risk management framework and establish increased protections in customs controls for goods brought through the European customs union

4.13 Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization:

- **Has positions in governance bodies;**
- **Participates in projects or committees;**
- **Provides substantive funding beyond routine membership dues; or**
- **Views membership as strategic.**

Eastman participates in many associations at the regional, national and international level. The Company's primary association memberships include:

- American Chamber of Commerce (AmCham) in The Netherlands and Shanghai
- American Chemistry Council (ACC)
- American Council on Science & Health
- The Business Roundtable (BRT)
- European Chemical Industry Council (CEFIC)
- Chemical Industry Council of Malaysia (CICM)
- Vereniging van de Nederlandse Chemische Industrie (VNCI); The Netherlands Chemical Industry Association
- Industrial Energy Consumers of America (IECA)
- National Association of Manufacturers (NAM)
- Singapore Chemical Industry Council (SCIC)
- Sustainable Packaging Coalition
- United Kingdom Chemical Industry Association (CIA)
- United National Global Compact
- United States Council for International Business (USCIB)
- World Economic Forum (WEF)

4.14 List of stakeholder groups engaged by the organization.

Eastman is committed to partnering with stakeholders across the Company's value chain, including suppliers, customers, academics, designers, government and nongovernment organizations, communities, investors and other influencers. The Company is developing a stakeholder engagement plan to grow our stakeholder commitment in 2012.

Eastman regularly seeks input and openly communicates with citizens and leaders in the communities in which we operate through Community Advisory Panels (CAPs). A CAP is collaboration among communities and companies, created to enhance communications between Eastman and the communities where the Company has manufacturing sites. Eastman currently has five CAPs, located in Jefferson, Pa.; Kingsport, Tenn.; Longview, Texas; Middelburg, The Netherlands; and Workington, United Kingdom. The objective of Eastman's CAPs is to provide citizens living in plant communities the opportunity for open dialogue with company representatives. CAPs help local citizens understand industry issues and help Eastman understand concerns of citizens.

Other stakeholders groups Eastman engages include:

- Various chemistry, environmental and business associations and coalitions (listed in section 4.13)
- Academy of Natural Sciences
- East Tennessee Clean Fuels Coalition
- Environmental Institute of Houston
- Habitat for Humanity
- Salvation Army
- The Nature Conservancy
- United Nations Children's Fund (UNICEF)

4.15 Basis for identification and selection of stakeholders with whom to engage.

Eastman is committed to partnering with stakeholders across the Company's value chain and identifies these stakeholders based on community engagement activities, key customers and suppliers of specific business units, investor relations' initiatives and societal concerns. Eastman is working to expand our stakeholder engagements to focus on strategic sustainability issues with key influencers, including designers, academia, government and nongovernment organizations.

4.16 Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.

Stakeholder engagement is an ongoing process between the Company and the stakeholder throughout the cycle of the strategy development or project. The goal of engaging with stakeholders at the corporate, regional and local levels is to advance the Company's business objectives while building Eastman's reputation. Given the diversity of the Company and our global locations, the approach to and frequency of stakeholder engagements are determined at the corporate and regional level but include Community Advisory Panels, customers, trade associations, policy groups, suppliers, investors and shareholders, with specific interactions tailored to the goals of each group.

Examples of Eastman's stakeholder engagement during the past year include:

- Eastman is committed to protecting the environment through the continuous improvement of our energy performance. To foster that commitment, the Company is an ENERGY STAR® Partner, a joint program of the U.S. EPA and the U.S. DOE to increase and promote energy efficient products and practices.

- In May 2010, Eastman formally pledged to reduce our energy intensity by 25 percent over a 10-year period in partnership with the U.S. DOE. Eastman is one of 11 chemical companies out of 105 total companies that have distinguished themselves as energy management champions among their industry peers by making this public commitment.
- On a regular basis since the 1960s, Eastman has commissioned the world renowned, Philadelphia-based Academy of Natural Sciences to study the rivers upstream and downstream of our major United States manufacturing sites, to ensure that the Company's operations are not negatively impacting the environment.
- Many companies in the manufacturing sector share the challenge of identifying and hiring individuals with the critical technical skills needed by the industry today. To address this issue, Eastman, in collaboration with Domtar, Northeast State Community College, the City of Kingsport and the Kingsport Chamber of Commerce, has opened the Regional Center for Advanced Manufacturing (RCAM), a state-of-the-art training facility designed to help create a pipeline of applicants who are better prepared and more interested in applying for jobs in manufacturing.
- Eastman volunteered to lead the registration of 17 chemical substances manufactured in the European Union and requiring registration as dictated by REACH (Registration, Evaluation, Authorisation, and Restriction of Chemicals) for groups of companies who also had to register those substances.

4.17 Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.

To ensure our annual Sustainability Report meets the expectations of key stakeholders, including customers, suppliers and nongovernment organizations, Eastman hired an outside consultant to perform due diligence on how those stakeholders used the Company's 2009 Sustainability Report and what they would like to see improved. As a result, Eastman's second Sustainability Report features more data and a greater level of transparency.

Also in 2010, Eastman submitted our facilities' GHG emissions data, along with 10,000 other U.S. facilities, to the Environmental Protection Agency (EPA). In anticipation of that reporting change, Eastman met with both the Kingsport, Tenn., and Longview, Texas, Community Advisory Panels (CAPs) to review our communications plans and discuss concerns and questions. Another key topic discussed with our Kingsport, Tenn., CAP was the results of a study of the river adjoining the plant site, conducted by the Academy of Natural Sciences.

All citizens are stakeholders in the education system. If our communities are to flourish, we must be able to attract and maintain sound businesses and good employees. Business and industry depend on a well-educated work force. It's important that they communicate their needs to educators. School systems can use this kind of information to prepare and guide students toward what they want to be, while also giving them the skills needed to be successful throughout their adult lives. When business and education discover they need each other, remarkable progress can occur. That's the basis of Eastman's partnership model and the premise from which Putting Children First evolved. The launch of the Putting Children First business/education partnership within four school systems near our headquarters in Tennessee — Hawkins County, Kingsport City, Sullivan County, Tenn., and Scott County, Va. — is a result of a collaboration to maximize the value of outreach programs and improvement initiatives. Through Putting Children First, Eastman achieved a clearer focus on our education initiatives to a large extent and received local, state and national recognition for implementing several innovative programs.

Economic Summary

Sustainability is such a strong part of our culture that we view it as one of the four lenses through which we analyze our overarching corporate strategy:

- Growing our core business
- Bias toward fast-expanding regions
- Leveraging our sustainability advantages
- Using joint ventures and acquisitions to execute our strategy

Eastman's continued growth and future success depend on the way in which we integrate sustainability across everything we do, from product development and manufacturing processes to strategic acquisitions and our continued protection of the earth's valuable resources.

Driving growth through sustainability

2010 was a year of growth for Eastman. We emerged from the recession with renewed confidence in our future, achieving our financial objectives and growing our portfolio through several strategic acquisitions. Our 2010 record financial results were achieved by growing our portfolio of sustainably advantaged products, reinforcing our belief that a sustainability-centric approach aligns with our customers' needs, as well as our responsibility to help address the environmental challenges facing our planet. Products containing renewable content accounted for 27 percent of our 2010 revenues.

Appointment of our first chief sustainability officer

During the past year, we made significant strides along our sustainability path, including naming a Chief Sustainability Officer (CSO) — Godefroy Motte.

Sustainable product development

More than half of our products currently in development are sustainably advantaged. During the past few years, we have increased the estimated net present value (NPV) of our projects in development and we expect that to continue, with NPV targeted to grow to approximately $800 million in 2011.

Our sustainability goals

Refer to the Sustainability Goals and Progress section of our Sustainability Report, "Connecting science and sustainability" for complete information on our progress on our short-term, midterm and long-term economic goals. For additional information on our 2010 financial performance, refer to our Eastman 2010 Form 10-K.

Key accomplishments in 2010

- Initiated a joint venture with Mazucchelli 1849 SPA to manufacture compounded cellulose diacetate — made from 100 percent renewable softwood materials — in Shenzhen, China.
- Recognized as a world-class performer in finance by the Hackett Group for demonstrating top quartile efficiency and effectiveness in corporate finance operations.
- Grew revenues for key sustainably advantaged products, including increasing revenues for non-phthalate plasticizers by 102 percent from 2009 and revenues for Eastman's specialty plastics segment, which includes sustainably advantaged Eastman Tritan™ copolyester, by 39 percent.
- Committed to having two-thirds of revenues from new product launches be advantaged on assessed sustainability criteria by 2015.

Economic Performance Indicators

EC1 — Economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.

Key data	2010
Sales	$ 5,842
Operating earnings	862
Operating earnings excluding items[1]	891
Earnings from continuing operations before income tax	636
Provision for income taxes	211
Earnings from continuing operations	425
Earnings from continuing operations excluding items, net of tax[1]	514
Net earnings	438
Net earnings per diluted share[2]	2.96
Earnings from continuing operations per diluted share[2]	2.88
Earnings from continuing operations per diluted share excluding items, net of tax[1,2]	3.48
Net cash provided by operating activities	575
Free cash flow[3]	405
Commitments (Long-term borrowings, purchase obligations, operating leases, and interest payable)	3,597
Capital expenditures	243
Research and development expenses	152
Dividend per share[2]	0.89
Liability for pension and other postretirement welfare plans	2,448

[1] *Items are asset impairments and restructuring charges and early debt extinguishment costs.*

[2] *Per share amounts have been adjusted for the two-for-one stock split on October 3, 2011.*

[3] *Free cash flow is defined as cash from operating activities less capital expenditures and dividends and excludes the impact of amended accounting guidance on the transfer of financial assets in 2010.*

EC2 — Financial implications and other risks and opportunities for the organization's activities due to climate change.

We consider our company to be exposed to regulatory risks. Eastman Chemical Company is a chemical manufacturing company and as such, is an energy intensive company. By their very nature, energy intensive companies have large carbon emissions. Generally, Eastman is no more at risk from climate change regulations than other energy intensive industries, and in fact, Eastman's great results at improving energy intensity reduce Eastman risk. Regulatory constraints on carbon emissions can impact the development of new GHG emitting 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_2 emissions from electric power generation may impact the cost of electric power supplied to Eastman, our customers and suppliers. Climate change does not represent other risks or opportunities specific to Eastman. The Company has diversified product offerings and serves broad markets and regions and tries to mitigate our exposure to swings in energy and raw material prices. These diversified product offerings and diversified customer base mitigate Eastman's potential commercial impact. Eastman complies with current regulation of GHG emissions in those countries that regulate with minimal financial impact to the Company. 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.

EC3 — Coverage of the organization's defined benefit plan obligations.

Eastman provides a total compensation package to attract, retain, reward and engage highly qualified employees who work together to support the Company's business objectives. The Company also provides various postretirement benefits to eligible employees, including defined benefit plans and defined contribution plans.

Eastman's largest defined benefit plan covers United States employees. The pension plans sponsored by the Company are funded through separate trusts with oversight from the Eastman Retirement Assistance Plan Committee.

The present value of accrued benefits for Eastman's U.S.-defined benefit plan as of December 31, 2010, was $1.182 billion. In addition, the assets at the end of the 2010 plan year reflect the unaudited market value of assets in the domestic-defined benefit trust as $925 million.

Contributions to Eastman's defined benefit plans are determined by funding regulations, negotiations with trustees, where appropriate, and economics. Eastman makes Company contributions to defined contribution plans for employees in such plans and also encourages employees to contribute and save by offering additional matching contributions.

EC4 — Significant financial assistance received from government.

None

EC6 — Policy, practices, and proportion of spending on locally based suppliers at significant locations of operation.

Eastman's policy is to purchase 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 performance and commitment to sustainability. Procurement strategies are continuously being developed and implemented to provide appropriate assurances of sources for important goods and services necessary to the company's operations. Procurement strategies may include the development of a local supply base to ensure timely and reliable delivery.

The following table summarizes the percentage of purchases from local suppliers by major plant sites. For United States locations, local is defined as within the state. For locations outside the United States, local is defined as within the country.

Major site	State	Country	% of purchases that are local
Jefferson	Pennsylvania	United States	25.9
Jurong Island		Singapore	83.1
Kingsport	Tennessee	United States	12.4
Longview	Texas	United States	80.9
Middelburg		The Netherlands	39.1
Workington		England	92.8

EC7 — Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.

In the majority of locations where Eastman has significant operations, the Company is a long-standing and valued member of the local community. As such, recruiting and hiring strategies are typically focused on local (within a city or local region) talent for hourly workers and regional (within a specified region of the country) talent for professional employees.

In most locations, a majority of senior management (defined as the highest two levels of management at the site) came from the local talent pool. In addition, most of those that came to the site from outside the local community at one time have been long-term residents of the community by the time they are appointed to senior management. Eastman has a long-standing history of encouraging employee involvement, and specifically senior management involvement, in community activities.

Eastman occasionally uses expatriate assignments both for developing management candidates and filling local gaps in management talent. However, in cases where this results in a majority of senior management at a specific location coming from outside the local/regional area, the Company oversees aggressive leadership development initiatives to develop local talent for future leadership roles at the location.

EC8 — Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.

At Eastman, sustainability is about creating value through environmental stewardship, social responsibility and economic growth, now and for future generations. By donating time and resources and supporting local causes and programs, Eastman is committed to improving the health and vibrancy of the communities where we live, work and play.

In 2010, The Eastman Chemical Company Foundation gave almost $3 million in charitable donations to a variety of causes, outlined in our most recent Sustainability Report. We also provided more than $500,000 to support local programs, including scholarship and workforce placement initiatives. Eastman employees represent the heart and soul of our community outreach efforts, donating more than 10,000 hours to service projects each year.

The Nature Conservancy

Eastman has been an annual financial supporter of The Nature Conservancy since 1995, specifically supporting the Shady Valley Nature Preserve in northeastern Tenn. and the Appalachian Trail. Eastman's support of the Shady Valley Nature Preserve helps maintain our roads, gates, signs and buildings, as well as the native season grasses projects and the bog turtle preserves. In addition, Eastman's Hiking and Canoeing Club is an active part of the Appalachian Trail Conservancy's efforts to preserve and manage the natural, scenic, historic and cultural resources associated with the Appalachian National Scenic Trail. In 2010, more than 490 Club volunteers including Eastman employees, retirees, community residents, student groups, and hikers contributed more than 12,500 hours to maintaining the Appalachian Trail.

Habitat for Humanity

Eastman has been a supporter of Habitat for Humanity for the past five years, providing financial support and construction support through employee volunteering. This collaboration is part of Eastman's commitment to help solve some of the world's most pressing challenges, including the availability of decent and affordable housing.

Environmental Summary

Sustainability is integrated into every area of our business for the benefit of our customers, our stockholders, our employees and the world at large. We recognize that sustainability is a journey, and we are on a road of continuous discovery and enhancement.

We measure our environmental impact within the following eight metrics. In 2010, Eastman made progress against our aggressive short-term environmental goals, with the Company taking steps to reduce our energy intensity, improve air quality and lower instances of reportable releases. Highlights of Eastman's 2010 environmental achievements and progress against goals are shown below.

LCAs

- Completed LCAs for 75 products, constituting 60 percent of our top-selling product lines that produce 80 percent of our overall revenue
- Completed LCA studies of the utility infrastructure at our Kingsport, Tenn., facility, as well as many of the core processes of our acetyl, oxo and olefin streams in the United States and adhesive resin materials in Europe and the United States

Energy efficiency and intensity

- Lowered energy intensity by 6 percent, with savings of 3 million MMBtu and more than 275,000 tons of CO_2 emissions

GHG emissions

- For the calendar year 2010, Eastman reported CO_2 equivalent emissions totaling 6.71 million metric tons.
- For details on Eastman's emissions data, see GHG charts, global; and GHG charts, sites.

Air quality

- VOC emissions
  - Our 2010 VOC emissions were 7,048 tons, a reduction of almost 32 percent compared to our 2005 baseline year of 10,326 tons.
- SO_2 emissions
  - Our 2010 SO_2 emissions were 22,068 tons, a reduction of 9 percent compared to our 2005 baseline year of 24,406 tons.
- NO_x emissions
  - Our 2010 NO_x emissions were 10,359 tons, a reduction of almost 20 percent compared to our 2005 baseline year of 12,892 tons.

Total reportable releases

- Both our Kingsport, Tenn., and Longview, Texas, sites have developed project teams and undertaken initiatives to drive reductions in reportable releases.
- In 2010, we had 55 release events. Since 2003, we have significantly reduced our annual release events.

TRI (U.S. only)

- Our 2010 TRI emissions to the atmosphere were 5.4 million pounds, a reduction of almost 22 percent compared to our 2005 baseline year of 6.9 million pounds.

Waste management

- We take great care to manage our on-site waste. We also recycle many materials that would otherwise become waste through manufacturing processes like cogeneration.

Water quality and consumption

- Eastman is evaluating appropriate water metrics, including identification of areas where water scarcity is a significant issue and the evaluation of the impact of operations in those areas.

More detailed information on the preceding environmental impacts can be found throughout the environmental performance indicators on the following pages.

Refer to the Sustainability Goals and Progress section of our Sustainability Report, "Connecting science and sustainability" for complete information on our progress against our short-term, midterm and long-term environmental goals.

Sustainability across our supply chain

Eastman is committed to ensuring the highest sustainability standards possible throughout our global operations. Our Global Logistics Division looks for ways to optimize the efficiency and sustainability of our supply chain processes by transporting more products in fewer shipments or finding new ways to recycle freight and shipping containers. We make it a priority to collaborate closely with our customers to ensure these supply chain improvements are mutually beneficial and are effective at reducing waste and trimming costs.

We also encourage our suppliers to take a similar approach by delivering more sustainable products and solutions. We recognize those suppliers who have gone above and beyond our sustainability requirements with our annual Eastman Supplier Excellence Award for Sustainability.

Environmental stewardship for the future

Eastman supports a range of environmental organizations, including the East Tenn. Clean Fuels Coalition, Environmental Institute of Houston, Southeast Energy Efficiency Alliance for Industrial Coalition, Upper East Tenn. River Roundtable, U.S. Council for Energy-Efficient Manufacturing, Waterfowl Association and the Wildlife Federation. For the past 16 years, Eastman has also provided financial support to The Nature Conservancy, a leading conservation organization working to protect the environment around the world.

Key accomplishments in 2010

- Lowered energy intensity by six percent, with energy savings of 3 million MMBtu for our manufacturing sites in Tenn., Texas and Pennsylvania
- Completed Life Cycle Assessments (LCAs) for 75 products, constituting 60 percent of our top-selling product lines that produce 80 percent of our overall revenue
- Innovation and Sustainability Council held its inaugural meeting in 2010, with the mission of leveraging innovation and sustainability as key drivers of growth across the company.
- Named one of *Newsweek's* "Top Greenest Companies in America" for the second year in a row
- Became a Save Energy Now LEADER in partnership with the U.S. Department of Energy and an ENERGY STAR® Partner, a joint program of the U.S. Department of Energy and Environmental Protection Agency. Both programs focus on reducing energy intensity and increasing energy efficiency.

Eastman's environmental matters are reviewed as required by the U.S. Securities and Exchange Commission in Eastman's 2010 Form 10-K.

Environmental Performance Indicators

EN1 — Materials used by weight or volume.

Eastman is an integrated manufacturing company, purchasing basic feedstocks to feed three primary streams: olefin, polyester and acetyl. 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 produce products that are sold as finished goods. In 2010, major raw materials purchased, including feedstocks and materials consumed as fuel, were of the magnitude of 8 million tons.

EN2 — Percentage of materials used that are recycled input materials.

Eastman Chemical Company manufactures a large number of products, most of which are sold as feedstocks for our downstream customers. With integrated manufacturing streams, internal recycling of off-class materials and developing value-up opportunities for coproduct streams are critical to minimizing waste and maximizing value creation. Opportunities to purchase raw materials with recycle content are limited and currently represent a relatively small percentage of the total purchases. Examples of the use of recycle material include:

- **Recycled acid:** Eastman purchases recycled acid for use as an internal feedstock or for resale as a feedstock to other manufacturers.
- **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, which 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.
- **Recycled glycols:** Eastman has on occasion purchased glycol recycled from airport deicer recovery.
- 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 recycle content, our Special Materials Team oversees the sale of Eastman's waste streams to manufacturers who recover and convert these materials into useful products.

EN3 — Direct energy consumption by primary energy source.

Eastman used 80 trillion Btu (84 million gigajoules) in 2010 to produce products. About 85 percent of this direct energy was produced from purchased natural gas and coal, and about 15 percent was recovered fuel from feedstock. Eastman now meets essentially all steam and over 90 percent of our global electricity needs with cogeneration, which uses up to 40 percent less fuel, produces much fewer emissions and provides better air quality for our environment. As a result, our direct energy consumption is 97 percent of our total energy consumption.

EN4 — Indirect energy consumption by primary source.

In 2010, Eastman used about 2 trillion Btu (2.1 million gigajoules) of indirect energy, primarily in the form of electricity to produce our products.

EN5 — Energy saved due to conservation and efficiency improvements.

Eastman has made great strides in improving energy efficiency:

- During 2010, Eastman reduced our overall energy intensity by 6 percent compared to 2009, saving 3 million MMBtu.

Eastman began working with DOE prior to 2008 and publicly signed the DOE *Save Energy Now* LEADER pledge in 2010, committing to a 25 percent reduction in energy intensity over 10 years from our 2008 baseline.

The need to be energy efficient in business and personally is a high priority in the U.S. and throughout the world. Making our world's homes and buildings more energy efficient is critical in the long-term health of our planet, preserving natural resources, and controlling costs.

Since the 1970s, Eastman's energy policy has balanced the need for affordable supply with the need to reduce the amount of energy required to make our products. We have made a lot of progress and are committed to continue to improve.

Eastman's integrated manufacturing process results in highly efficient operations. Waste heat from one chemical process can be used to heat a different chemical process.

Cogeneration (also combined heat and power, CHP) is producing electricity and useful heat, typically steam, with the same fuel. In traditional power plants generating electricity, energy in the form of heat is wasted. Because our manufacturing facilities need heat, they are an ideal application of CHP. Our Kingsport facility has efficiently cogenerated steam and electricity for almost 90 years. As part of our drive to become more energy efficient and reduce greenhouse gas emissions, we implemented cogeneration at our Longview, Texas, site in 2001 and at our Columbia, South Carolina, site in 2004. At Longview and Columbia, we replaced our coal-fired steam boilers with highly efficient, natural gas-fired cogeneration facilities. Eastman now meets over 90 percent of our global electricity needs with cogeneration, which uses up to 40 percent less fuel, produces much fewer emissions and provides better air quality for our environment.

For example, we have made significant capital expenditures to ensure our energy related emissions are as clean as possible. We continue to improve our boiler emissions controls that remove the majority of particulates, SO_2 and NO_x.

We utilize coal in our gasification processes, in which the majority of the carbon is converted into chemicals and plastics and the small stream of CO_2 is clean, concentrated and capture-ready, meaning we are only steps away from a full carbon capture and sequestration (CCS) program. In fact, we've participated in studies to identify CCS opportunities in our region.

We are constantly looking for new ways to drive energy improvements. In 2009, we created an energy buildup tool to allow comparison of energy use against production between operating areas. The tool provides comparisons of total utilities or individual utility systems to highlight opportunities or inefficiencies within an operation.

Our employees are a great resource on ways to reduce our energy intensity. Our Tennessee Operations' Utilities Division "Energy Wise" program manages an internal Web site with advice and resources for improving energy efficiency both at work and at home. There is also a forum for sharing energy-saving ideas, named "Bring Your Green to Work."

While more than 95 percent of our energy intensity comes from manufacturing, we also take measures to lower our energy intensity in our office buildings and transportation. Employees lead efforts to turn off lights, share rides to work and use bicycles within the facilities.

EN6 — Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives.

Eastman is conducting life cycle analysis (LCA) of many of our products. We have committed that all new product-family launches will have an accompanying LCA within the next few years.

EN7 — Initiatives to reduce indirect energy consumption and reductions achieved.

Due to Eastman's extensive use of combined heat and power, indirect energy consumption is a small part of our energy requirements. We continue to look for ways to reduce our indirect energy demand and replace it with highly efficient combined heat and power.

EN8 — Total water withdrawal by source.

For Eastman facilities, water for manufacturing use consists almost entirely of withdrawals from adjacent surface waters. Purchases of water from utilities and third parties constitute a minor source of water intake, and groundwater withdrawal accounts for an insignificant portion of total use. Greater than 90 percent of the water is used for cooling purposes and is returned to the source.

EN9 — Water sources significantly affected by withdrawal of water.

Eastman's withdrawals do not significantly affect any water source. Comprehensive river studies conducted by the Academy of Natural Sciences at our Kingsport, Tenn., and Longview, Texas, facilities confirm the continued and improving health of surface waters in the vicinity of our operations. At our operations outside the U.S., our facilities' impact on water sources is negligible, as the water we use is purchased from or supplied by third-party providers.

EN10 — Percentage and total volume of water recycled and reused.

Although a number of Eastman's sites reuse and/or recycle water, this water usage data is not currently compiled for the total Company.

EN11 — Location and size of land owned, leased, managed in or adjacent to protected areas and areas of high biodiversity value outside protected areas.

Eastman currently does not have a formal listing that delineates lands owned, leased, managed in or adjacent to protected areas and areas of high biodiversity value outside protected areas.

When considering acquisitions, permit requirements and other activities, Eastman may at times evaluate such aspects, but a compilation of such information is not currently available.

EN12 — Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.

Eastman is not aware of any significant impacts on biodiversity in 2010. Since the 1960s, Eastman has partnered with the Academy of Natural Sciences to study the rivers upstream and downstream of our major United States manufacturing sites, to ensure that our operations are not negatively impacting the environment. Two of the most extensive of these river studies are focused around the Kingsport, Tenn., and Longview, Texas, sites. The studies conducted in 2010 again confirmed in both cases that our operations do not adversely impact these water bodies.

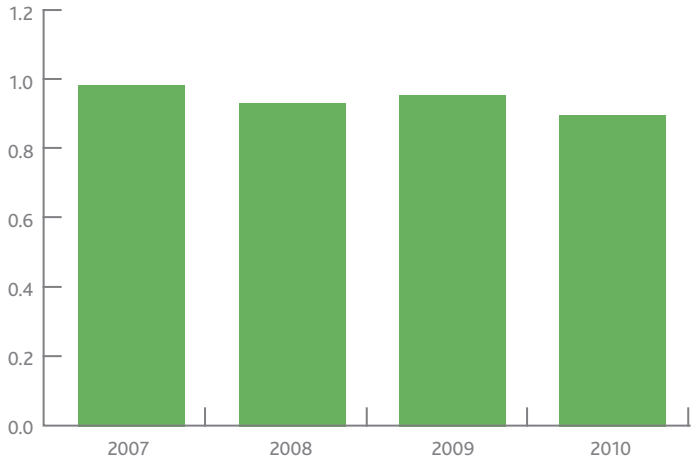
EN16 — Total direct and indirect greenhouse gas emissions by weight.

Direct greenhouse gas emissions (GHG) are from sources controlled and operated by Eastman. Indirect GHG emissions result from Eastman's purchase of energy generated by facilities owned by another company. We measure our emissions based on the protocol recommended by the Intergovernmental Panel on Climate Change (IPCC) and the American Chemistry Council Responsible Care® guidelines. We are also measuring GHG emissions in accordance with the EPA Mandatory Reporting Rule (MRR), which is a different methodology from the IPCC/ACC methodology. Reporting under the MRR has been delayed by the EPA until September.

Eastman has a Sustainability Goal to reduce GHG intensity by 20 percent over 10 years.

Greenhouse gas intensity

(Equivalent CO_2 emissions per pound of product produced)



Goal: Reduce GHG emissions per unit of production (GHG intensity) by 20% between 2008 and 2018

Progress: 2.4% reduction compared to the baseline year of 2008 or a reduction of almost 8% compared to 2007

2010 U.S. emissions calculated by EPA's GHG reporting rule and non-U.S. emissions calculated by ACC's GHG Protocol

Site specific emissions

Facility*	Total CO_2e, million metric tons
Jefferson, Pennsylvania	0.05
Columbia, South Carolina	0.08
Longview, Texas	2.02
Kingsport, Tennessee	4.56
Total	**6.71**

Chestertown, Maryland, and Franklin, Virginia, emissions are below the limit that requires reporting to EPA.

EN17 — Other relevant indirect greenhouse gas emissions by weight.

The relevant other indirect GHG emissions are those avoided by the use of Eastman products. A 2009 study,[1] commissioned by the International Council of Chemical Associations (ICCA), showed that for every one pound of CO_2 emitted in producing chemicals and plastics, two to three pounds of emissions are reduced by using consumer products made from those chemicals or plastics.

EN18 — Initiatives to reduce greenhouse gas emissions and reductions achieved.

Eastman's manufacturing processes require considerable amounts of energy to produce our products, and almost all of our greenhouse gas (GHG) emissions result from our energy conversion. We make every effort to maximize the efficiency of our fuel usage and take significant steps to reduce any adverse impacts.

We utilize coal in our gasification processes, in which the majority of the carbon is converted into chemicals and plastics and the small stream of CO_2 is clean, concentrated and capture-ready, meaning we are only steps away from a full carbon capture and sequestration (CCS) program when that technology develops. In fact, we've participated in studies to identify CCS opportunities in our region.

Our use of fossil fuels is currently essential to our manufacturing. But we understand the growing concerns about climate change. Eastman has an ongoing commitment to making our fuel usage as efficient as possible, and we are always exploring ways to practically and economically reduce our carbon footprint. This is a major part of our sustainability journey.

Now more than ever, GHG reduction is widely accepted as critical to reducing the impacts of climate change. For Eastman, reducing GHG emissions is not a new initiative. Since the early 1990s, our energy management team has been focused on reducing our overall GHG intensity. In 2002, we set a goal of reducing the GHG intensity of our operations two percent per year through 2012. By 2008, we had achieved the 2012 target level. In conjunction with our DOE *Save Energy Now* LEADER pledge, we set a new goal to reduce GHG intensity by 20 percent in 10 years. These efforts position us among the chemical industry's leaders in GHG initiatives.

EN19 — Emissions of ozone-depleting substances by weight.

Although some of the manufacturing sites may compile information concerning estimate of emissions of these compounds, a compilation of such information for the Company as a whole is not available.

EN20 — NO_x, SO_x, and other significant air emissions by type and weight.

Eastman's 2010 NO_x emissions were 10,359 tons, a reduction of 20 percent compared to our 2005 baseline year of 12,892 tons. Our goal is to reduce NO_x emissions by 20 percent by 2020.

[1] *"Innovations for Greenhouse Gas Reductions" commissioned by the ICCA, July 2009*

Nitrogen oxides (NO_x)

Goal: Reduce nitrogen oxide (NO_x) by 20% from 2010 to 2020 against a baseline of 10,359 tons in 2010

Progress: Our 2010 NO_x emissions were 10,359 tons, a reduction of almost 20% compared to our 2005 baseline year of 12,892 tons. In 2009, global NO_x emissions were 26% less than 2005 levels.

Eastman's 2010 SO_2 emissions were 22,068 tons, a reduction of 10 percent compared to our 2005 baseline year of 24,406 tons. Our goal is to reduce SO_2 emissions by 40 percent by 2020.

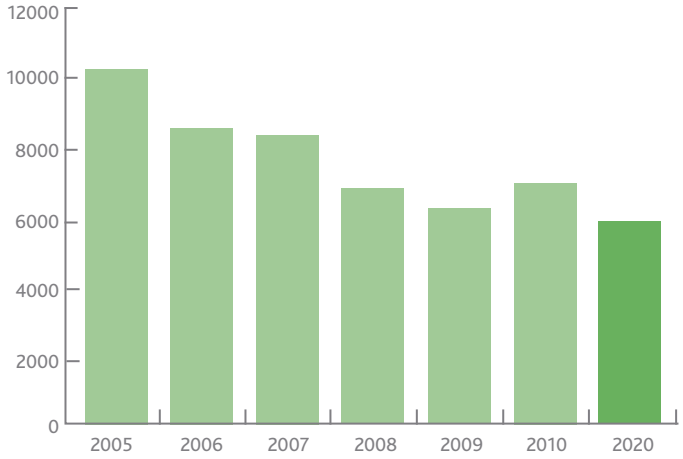
Sulfur dioxide (SO_2) — (Tons)

Goal: Reduce sulfur dioxide (SO_2) by 40% from 2010 to 2020 against a baseline of 22,068 tons in 2010

Progress: Our 2010 SO_2 emissions were 22,068 tons, a reduction of almost 10% compared to our 2005 baseline year of 24,406 tons.

Eastman's 2010 VOC emissions were 7,048 tons, a reduction of 32 percent compared to our 2005 baseline year of 10,326 tons. Our goal is to reduce VOC emissions by 15 percent by 2020.

Volatile organic compounds (VOC) — (Tons)

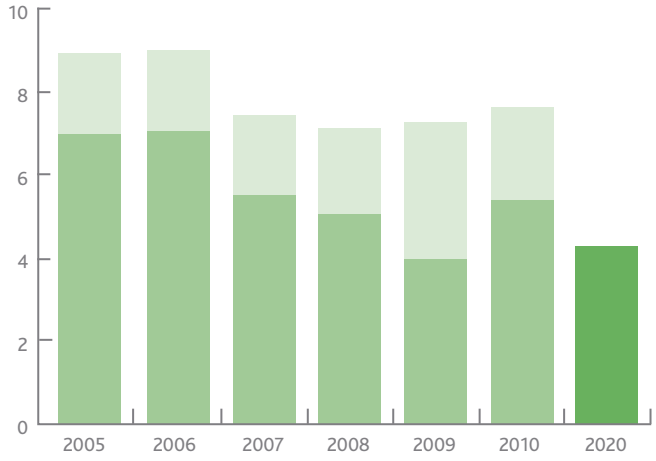


Goal: Reduce total Volatile Organic Compounds (VOC) by 15% from 2010 to 2020 against a baseline of 7,048 tons in 2010

Progress: Our 2010 VOC emissions were 7,048 tons.

From 2005 through 2010, Eastman reduced the emission of constituents contained on the Toxic Release Inventory (TRI) to the atmosphere by 22 percent in the U.S. Our goal is to reduce the emission of TRI compounds in the U.S. by 25 percent by 2020.

Toxic release inventory (TRI) emissions



Goal: Reduce Toxic Release Inventory (TRI) emissions to the air by 25% from 2010 to 2020 against a baseline of 5.4 Mlb in 2008

Progress: 2010 target was less than 5.175 Mlb — actual 2010 performance was 5.4 Mlb.

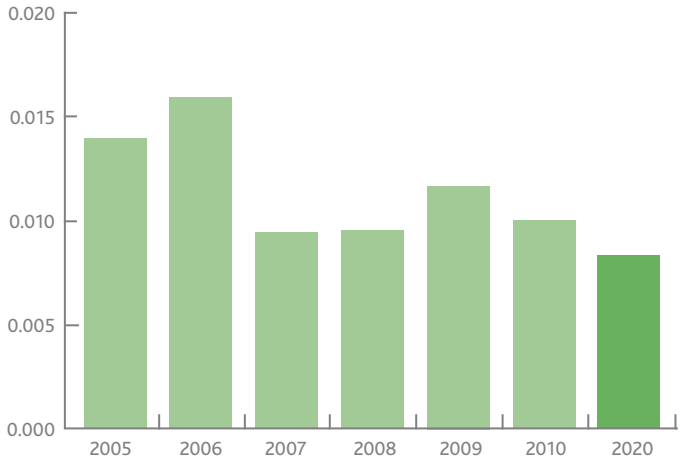
EN21 — Total water discharge by quality and destination.

Eastman discharges process wastewater in accordance with applicable permits, licenses and agreements. The wastewater is either treated in Eastman-owned treatment facilities and discharged directly to surface waters or it is treated in Eastman-owned pretreatment facilities and is conveyed to third-party providers (utilities, municipalities, etc.) for additional treatment and/or discharge.

EN22 — Total weight of waste by type and disposal method.

Nonhazardous waste amounts are not currently aggregated at a corporate level. From 2005 through 2010, Eastman reduced the amount of hazardous waste generated by approximately 28 percent.

Hazardous waste indexed to production — (Without biosolids)



Goal: Reduce hazardous waste (indexed to production) by 15% from 2010 to 2020 against a baseline of 0.01 kg waste/kg production in 2010

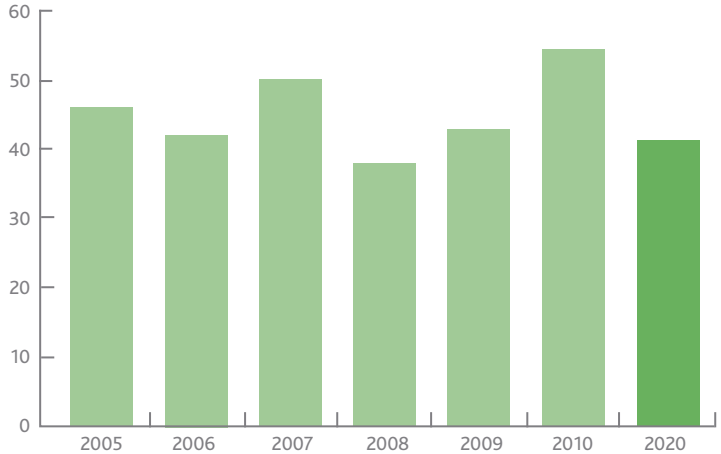
Progress: 2010 target was less than 0.0126 kg waste/kg — actual 2010 performance was 0.01 kg waste/kg.

In late 2010, Eastman's executive team approved the establishment of a new reduction goal of 15 percent for the period 2010 through 2020.

EN23 — Total number and volume of significant spills.

No spills in 2010 were of a magnitude that required reporting in Eastman's financial statement. Eastman monitors releases that require notification of authorities. In 2010, the company experienced 55 such events, a reduction of 30 percent since 2003.

Reportable releases — (Releases reported by number)



Goal: Reduce total number of reportable releases by 25% from 2010 to 2020 against a baseline of 55 release events in 2010

Progress: In 2010, we had 55 reportable release events, a significant reduction since 2003.

Eastman has established a goal of a reduction of such releases by 25 percent by year-end 2020.

EN26 — Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.

Eastman's Product Safety and Health (PS&H) team conducts rigorous product safety reviews to help minimize the potential for adverse effects that our products and operational processes have on human health or the environment, as well as to ensure that product-specific regulatory requirements are met or exceeded. Our product safety team has a detailed product regulatory and risk characterization process for assuring that new products that go to market are safe for their intended use.

Another example of Eastman's commitment to product stewardship is our participation in the U.S. Environmental Protection Agency's High Production Volume (HPV) chemical testing program that began in 2000. This is a voluntary program managed through the EPA as a key component of the Chemical Right-to-Know initiative. Eastman is currently participating on a voluntary basis in the Extended High Production Volume (EHPV) program that has been established to collect information on chemicals that were not included in the original HPV program.

As a Responsible Care® company, Eastman closely monitors the laws and regulations that apply to our products and engages in new product compliance efforts, including the European Union's REACH regulation policy. Two of the main objectives of REACH are to determine the hazards of chemicals and to carry out comprehensive risk assessments to protect human health and the environment.

REACH requires that companies carry out a human health, physicochemical and environmental hazard assessment for the chemicals they produce. This data helps achieve correct classifications and labeling of products so that our customers and employees can work safely with our products. Further, REACH requires chemical companies to develop exposure scenarios and to map out all potential risk situations for hazardous substances for each registered use.

Eastman, a Responsible Care® company, fully supports the objectives of REACH. Eastman remains actively involved in REACH through various working groups in the European Chemical Industry Council (CEFIC), including its sector groups such as HARRPA, PlasticsEurope as well as the Dutch Chemical Industry Association (VNCI). Cooperation between all key stakeholders is crucial to make REACH a success, minimize costs and decrease the need for animal testing.

At Eastman, we continuously strive to enhance the sustainability of our products and processes whenever possible. We carefully examine the "cradle-to-gate" impacts of our products by undertaking Life Cycle Assessments (LCAs). This practice takes into account the product's value chain, from sourcing of raw material to the manufacturing processes it undergoes until it leaves our gates. These LCAs enable us to compare environmental impacts of products and operational processes, so that we can find the most cost-effective and sustainable solutions.

EN27 — Percentage of products sold and their packaging materials that are reclaimed by category.

Eastman sells into a broad range of markets and applications, some of which are intermediates for further processing. At this time, data related to downstream product reclamation is not available. As appropriate, Eastman is working with our customers throughout our value chain to find end-of-life solutions in some key product applications.

Related to packaging materials, most wood pallets are reused by Eastman customers and bulk bags are cleaned and recycled. In some cases, plastic tray packs are shipped back in container loads for reuse.

EN28 — Monetary value of significant fines and total number of nonmonetary sanctions for noncompliance with environmental laws and regulations.

Eastman utilizes 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 2010, the Company is not aware of any nonmonetary sanctions that should be reported. The Company paid $985,944 in 2010 for fines and penalties, which includes amounts paid for supplemental environmental projects. When appropriate, supplemental environmental projects may include expenditures for pollution prevention, support of local emergency response providers, education activities and similar projects that may benefit public welfare and the environment.

Labor Practices and Decent Work Summary

We seek to create a workplace that attracts top talent, retains employees with engaging work, embraces differences and encourages all team members to reach their full career potential.

Teamwork, quality, responsibility and safety are core values that are ingrained in our corporate culture and in the way we do business. We recognize the importance of treating each other, our customers and the world around us with fairness and respect, and we strive to showcase these values in all our interactions. The men and women of Eastman have created a culture where integrity is of the utmost importance and unethical behavior is not tolerated.

Fair labor policy

Eastman and our subsidiaries are committed to conducting business with the highest standards of ethics and integrity, as well as in accordance with the laws and regulations of the communities we serve. We are an equal opportunity employer, and we take care to meet or exceed the local labor practices at each of our sites around the world. Eastman's Code of Business Conduct was established as a guide and resource to help employees understand the Company's expectations and alert them to legal and ethical issues that may arise.

We recognize that today's business environment is complex and always changing, so we mandate that all employees receive training on Eastman's Code of Business Conduct every year. We also ask each employee to certify his or her compliance with the code. Eastman encourages the prompt and responsible reporting of potential violations of our Code of Business Conduct to the Law Department or the Office of Global Business Conduct.

As of 2010 year-end, Theresa Lee, senior vice president and chief legal officer, and Norris Sneed, senior vice president and chief administrative officer, were the most senior positions with operational responsibility for labor aspects of the Company. Effective in 2011, Norris Sneed retired from Eastman and Theresa Lee assumed his responsibilities.

Training and development opportunities

We are committed to investing in our employees through advanced training and continuing education opportunities such as operator certification training, business ethics courses and global interaction workshops. On average, we provide our employees with 70 hours per year of global training opportunities via internal training and development programs.

Eastman also invests in formal workforce training programs and apprenticeship programs, which are recognized and approved by the United States Department of Labor's Office of Apprenticeship.

Commitment to safety

Eastman's culture is one of commitment to safety, accountability for actions and feedback on performance. Working safely is a condition of employment and is the responsibility of every employee and contractor. We believe that every workplace incident, injury and illness is preventable, and preventing workplace incidents is an integral part of our worldwide business strategy. We assess our personal workplace safety performance by examining:

- *Global Injury and Illness Rates:* Annual incidents per 100 employees (200,000 work hours) involving treatment beyond first aid in relation to actual work hours.
- *Global Days Away From Work:* Annual incidents per 100 employees (200,000 work hours), where work is missed in relation to actual work hours.
- *Global Process Safety Incidents:* The number of process safety incidents globally that match specific criteria established by the American Chemistry Council.

Building and maintaining a diverse workforce

Different points of view enrich our ability to gain insights, generate ideas and deliver value to our customers. As we continue to grow globally, it is critical that our workforce at all levels of the Company represents the diversity of thought, backgrounds and perspectives of the markets we serve and the markets from which we recruit talent. To improve our diversity levels in the United States, we have set the goal that 30 percent of qualified candidates in our business and technical hiring pipeline are female and 15 percent are minorities during 2011.

We are committed to transparent and constructive labor practices globally. We strive to have our workforce and employees in leadership roles mirror local society and include women, minorities and a variety of experience levels at both our corporate and manufacturing sites. Due to increases in immigration as countries compete to attract talent, there is an increased need for diversity training to ensure that all of our sites practice a culture of inclusion where differing opinions and ways of life are encouraged and celebrated.

Key accomplishments in 2010

- Transitioned from year-over-year incremental safety targets to a more aggressive, five-year target accompanied by a sweeping, companywide safety program with the goal of challenging employees across the Company to change their way of thinking about safety.
- Attained our fourth-lowest ever Global Injury and Illness Rate and Global Days Away From Work rate.
- Received the "Economic Excellence and Equality Award" from the Tenn. Economic Council on Women, recognizing companies that have made distinguished contributions to improving the lives of women, specifically noting the value Eastman places on equality in the workplace through training, development, performance management and mentoring programs.
- At the end of 2010, Eastman's Europe, Middle East and Africa headquarters in Capelle, The Netherlands, comprised 160 employees representing 23 different nationalities.

Labor Practices and Decent Work Performance Indicators

LA1 — Total workforce by employment type, employment contract, and region.

Total workforce	Employment type	Employment contract	Region
9,898 employees, as of December 31, 2010	Full-time: 98.5%	Permanent contract: 98.4%	North America: 88%
	Part-time: 1.5%	Temporary contract: 1.6%	Europe, Middle East and Africa: 7%
			Asia Pacific: 4%
			Latin America: 1%

LA2 — Total number and rate of employee turnover by age group, gender, and region.

Eastman's attrition data includes all types of turnover, including retirement. In 2010, 368 employees left or retired from Eastman.

Attrition by gender	Attrition by age	Attrition by region
Male employees: 3.7%	Less than 30 years: 6.3%	North America: 3.4%
Female employees: 3.8%	30–50 years: 2.5%	Europe, Middle East and Africa: 6.0%
	Greater than 50 years: 4.9%	Asia Pacific: 6.8%
		Latin America: 6.0%

LA4—Percentage of employees covered by collective bargaining agreements.

Collective bargaining agreements cover 5.2 percent of Eastman's global workforce.

LA5 — Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.

Eastman deploys multiple information technology solutions (e.g., intranet, paging systems, voicemail, emergency alarm systems, etc.) to ensure prompt and effective communication to our employee groups. In the event of operational changes that involve a change in employment status, significant planning is completed to ensure employees are treated with the utmost respect and dignity. Labor and employment laws including, but not limited to, WARN Act, collective agreements, etc. are recognized and respected in all locations globally.

LA7 — Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.

Our culture is one of commitment to safety, accountability for actions and feedback on performance. We believe that every workplace incident, injury and illness is preventable. Our goal is to ensure personal safety for our employees. Preventing workplace incidents, injuries and illnesses is an integral part of our worldwide business strategy.

As with all aspects of sustainability, we continually strive to improve our workplace safety. That is why we have decided to transition from year-over-year, incremental safety targets to a more aggressive, five-year target accompanied by a sweeping, companywide safety program. The goal of our ambitious 2015 safety targets is to challenge employees across the Company to change their way of thinking about safety.

Safety measurement	2010 Data	2011 Target	2015 Target
Global Injury and Illness rates (OSHA Recordable) (annual incidents per 100 employees [200,000 work hours] involving treatment beyond first aid in relation to actual work hours)	0.79	Target rate of no more than 0.7	Target rate of no more than 0.35
Global Days Away From Work (DAW) (annual incidents per 100 employees [200,000 work hours] where work is missed in relation to actual work)	0.11	Target rate of no more than 0.15	Target rate of less than 0.05
Global Process Safety Incidents*	7	5	N/A (Currently an annual target)

**Eastman applies American Chemistry Council's reporting criteria for process safety incidents globally.*

LA8 — Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.

Eastman has an established history of commitment to workplace safety and health for our employees, families and alumni, underscored by our extensive counseling, prevention and risk-control programs. In addition, Eastman maintains on-site medical departments at our largest locations to address:

- Workplace safety, including surveillance programs
- Treatment of workplace injuries
- Medications, vaccination and emergency response contacts for employees while traveling
- Annual flu vaccination campaign

Eastman has a dedicated team to manage short-term disabilities and has achieved a 70 percent higher return-to-work rate than disability guidelines.

In the United States, Eastman provides on-site wellness programs to address high-risk factors among our active employees and spouses. Eastman is committed to various disease management programs that address chronic health conditions among our population, including face-to-face programs, telephonic and web-based programs. Among conditions targeted are diabetes, hyperlipidemia and metabolic syndrome. In addition, Health Risk Assessments are available for all active employees and spouses, and participation rates are among the highest in our industry with an average of 90 percent during the past five years.

Eastman also provides preventative services at 100 percent coverage for their covered population for services assigned to Class A by the U.S. Preventive Services Task Force, such as mammograms and colonoscopies.

The Employee Assistance Program (EAP) is a comprehensive behavioral health program available to our domestic sites and administered by Eastman's Health Insurance partner, Cigna Corporation. EAP offers free and confidential resources that can help employees and their households identify and resolve problems 24/7. EAP representatives can help employees find counseling services or direct employees to a variety of resources in the community and online. And, up to three face-to-face sessions with a specialist in the area are available at no cost to the employee. Additionally, there are resources available at locations outside the U.S. based on local country guidelines.

Eastman has a Corporate Pandemic Preparedness Plan in place, which helps guide our actions in responding to pandemic outbreaks. Our mitigation plans include remote work; thus, IT programs and functionality have been expanded and tested to support working from home as needed. Customer interface business processes have also been successfully tested to support working remotely. We continually remind our employees about the importance of good hygiene practices as preventative measures to prevent the spread of illness. Our Corporate Pandemic Preparedness Team meets annually to review and update the Corporate Pandemic Preparedness Plan.

LA10 — Average hours of training per year per employee by employee category.

Eastman offers an extensive array of both internal and external training opportunities for employees at all levels and job categories. Training is provided through various channels, including classroom, distance learning, instructor-led, on-the-job training and training through the company's intranet. On average, there were 70 hours of internal training per Eastman employee during 2010.

External training is not scheduled or reported through the Company's Learning Management System and therefore is not included in the following table. External training includes courses or degree programs in Eastman's tuition reimbursement programs, MBA Scholars program, external conferences and other external learning opportunities.

Employee category/average training hours	
Professional & management	37
Nonexempt (nonoperations)	22
Nonexempt (operations)	101
Technician/technologist	32
Average for all categories	70

LA13 — Composition of governance bodies and break down of employees per category according to gender, age group, minority group membership, and other indicators of diversity.

As a global company operating in regions throughout the world, Eastman places great value on diversity in our workforce. For many years, the company's diversity emphasis has been on creating a work environment that encourages the individual differences in our employees and capitalizes on their vast array of unique talents and skills such that diversity is a driver of superior business results. Diversity is represented by differences in experiences, culture, race, age, education, religion, ethnicity and gender, all of which are vitally important in maintaining a successful workforce for the present and future.

Eastman deploys a Diversity Steering Team to drive all aspects of diversity across the organization. In 2010, specific emphasis was placed on recruiting goals, retention, representation in management, education and training, work and life/child and elder care, and community and cultural awareness.

Eastman's worldwide workforce is impacted by the demographics of locations where we do business, the technical nature of our industry, the schedules required to maintain 24-hour continuous operations and various other physical and personal requirements. The following table provides indicators of key diversity measures of our global workforce.

Gender	Age	Ethnicity (U.S. population only — self reported)
Male: 74.4%	Less than 30 years: 6.9%	Minority: 8.0%
Female: 25.6%	30–50 years: 52.4%	Nonminority: 92%
	Greater than 50 years: 40.7%	

In an effort to continually improve diversity recruitment efforts at our U.S. locations, Eastman currently has a goal to increase our female and minority representation in our U.S. professional and managerial population.

Key results:

- During the past six years, on average each of these measures has been attained or exceeded.
- Theresa Lee was featured in the "8th Annual Women Worth Watching in 2010" edition of *Profiles in Diversity Journal*. The theme of the edition was "Celebrating Women in Leadership and the Companies that Employ Them."

Human Rights Summary

Eastman treats everyone with dignity and respect. We conduct business with the highest standards of ethics and integrity, as well as in accordance with the laws and regulations of the communities we serve. Eastman's Code of Business Conduct was established as a guide and resource to help employees understand the company's expectations and alert them to legal and ethical issues that may arise. Eastman encourages the prompt and responsible reporting of potential violations of our Code of Business Conduct to the Law Department or the Office of Global Business Conduct.

Every two years, Eastman provides our suppliers with a document describing the Company's expectations related to ethics, social and environmental responsibilities, and commitment to sustainability.

Commitment to human dignity

Every day, we live our commitment to human dignity by practicing fair treatment to all our employees:

- We comply with all child labor laws and support the reduction of unlawful child labor and child exploitation. And, we expect the suppliers and contractors with whom we do business to embrace similar values and standards.
- We do not utilize forced or compulsory labor and provide working conditions and payment of wages and benefits that comply with or exceed all applicable laws and regulations.
- We prohibit harassment, discrimination or workplace violence in any form.

Furthermore:

- It is our policy to execute our human rights policy with the same high standards in every country we operate in around the world.
- We have zero tolerance for human rights infringements or abuses.

Human Rights Performance Indicators

HR1 — Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.

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

HR2 — Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.

While at this time, Eastman has not conducted a specific human rights screening of significant suppliers or contractors, Eastman Chemical Company and our subsidiaries are committed to conducting all of our business activities in accordance with the highest legal and ethical standards. To underscore our expectation that our suppliers join us in adopting sustainable practices and programs, every two years we distribute our global "Doing Business with Eastman" Supplier Code of Conduct, which defines our supplier standards and expectations related to business ethics, environmental stewardship and social responsibility.

HR5 — Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.

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.

HR6 — Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.

Eastman has a long history of very clear expectations and policies against the use of forced and/or child labor as documented in the following corporate policies:

- Eastman's Code of Business Conduct: "Eastman complies with all child labor laws. Eastman supports the reduction of unlawful child labor and child exploitation. Eastman expects the suppliers and contractors with whom we do business to embrace similar values and standards."
- Fair Treatment of Employees (Admin Policy 100-48): "Eastman does not utilize forced or compulsory labor. Eastman recruits our employees and provides working conditions, including payment of wages and benefits that complies with applicable laws and regulations. In addition, the exploitation of child labor in any Eastman operation worldwide is forbidden. All Eastman employees will be above the legal employment age in the country of their employment. The Company will not sanction the use of forced or compulsory labor. Employees will be provided with wages and benefits that comply with applicable laws and regulations."

Eastman's Code of Business Conduct was established as a guide and resource to help employees understand the company's expectations and alert them to legal and ethical issues that may arise. Eastman encourages the prompt and responsible reporting of potential violations of our Code of Business Conduct to the Law Department or the Office of Global Business Conduct.

Every two years, Eastman provides our suppliers with a document describing the Company's expectations related to ethics, social and environmental responsibilities and commitment to sustainability. "Doing Business with Eastman" Supplier Code of Conduct can be found online.

HR7 — Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.

See policy statements in HR6.

Society Summary

Eastman strives to improve the health and vibrancy of the communities in which we live and work by donating time and resources to support philanthropies and community programs worldwide.

Refer to the Sustainability Goals and Progress section of our Sustainability Report, "Connecting science and sustainability" for complete information on our progress against our short-term, midterm and long-term goals.

Supporting our communities

Eastman supports science, technology, engineering and mathematics (STEM) education in the communities we serve through our GEM4STEM program, an educational mentoring initiative started in 2007. In 2010, Eastman mentors completed more than 400 assignments in Kingsport, Tenn., area elementary, middle and high schools, including requests to tutor or substitute teach, conduct career presentations and provide academic coaching for competitions and enrichment programs.

We also support our site communities in the U.S. through the Eastman Chemical Company Foundation, a private, charitable foundation established in 1993 to provide funding support to charitable organizations. During 2010, the Foundation donated more than $2.8 million to approximately 400 organizations worldwide, including $20,000 to assist earthquake relief efforts in Chile and $70,000 to assist relief efforts following the earthquake in Haiti.

We regularly seek input from and openly communicate with citizens and civic leaders in the communities we serve through our Community Advisory Panels (CAPs). We currently have five CAPs, located in Jefferson, Pa.; Kingsport, Tenn.; Longview, Texas; Middelburg, The Netherlands; and Workington, United Kingdom. CAP members serve for one, two or three years and come from all walks of life. Meetings are held regularly on topics including current company initiatives and other company strategies such as hiring and education, which impact local communities.

Public policy and advocacy leadership

In the late 1980s, Eastman played a pivotal role together with other leaders of the chemical industry to develop Responsible Care®, a voluntary program administered by the American Chemistry Council to help chemical companies share their safety and environmental initiatives with the communities surrounding their plant sites. Eastman has been an active Responsible Care® company since the program's inception, and in 2010 participated in a strategic review of Responsible Care® with the American Chemistry Council to identify opportunities to further strengthen the program in the areas of health, safety, environment and security.

Eastman is also an active member of other international industry advocacy organizations, including The European Chemical Industry Council, The Netherlands Chemical Industry Association, United Kingdom Chemical Industry Association, Singapore Chemical Industry Council, and Chemical Industry Council of Malaysia. Under the governance structures of these industry associations, Eastman is able to collaborate in a noncompetitive forum to develop consensus positions that advocate for the implementation of appropriate public policies, laws and regulations that protect human health and the environment.

Given Eastman's significant presence in the United States, U.S. public policy is a determining factor in our continued competitiveness. Our team of public affairs professionals and technical experts regularly provides their insights to public officials on the impact certain laws and regulations may have on the future of the chemical industry and our ability to sustain and create jobs. We have identified the following issues of importance in the U.S. public policy arena: tax, trade, environmental regulations, energy policy and chemical management.

Key accomplishments in 2010

- Partnered with Hydration Technology Innovations (HTI) to utilize our cellulose acetate membrane in its HydroPack™, which uses Forward Osmosis technology to block contaminants, making dirty, polluted water safe to drink. In January 2010, HTI delivered 24,000 HydroPacks to Haiti after the country was debilitated by a deadly earthquake.
- Employees at our Kingsport, Tenn., headquarters donated more than 22,500 volunteer hours to local United Way charities.
- Awarded Putting Children First Eastman Education Grants to 28 teachers in seven school systems in Tennessee and Virginia to help promote innovative classroom programs that improve students' learning and performance in math and science. Eastman also donated more than $51,000 in used lab equipment to local schools in the Kingsport area.
- In partnership with the American Chemistry Council, Eastman actively supported the creation of a comprehensive U.S. national energy policy and the reform of the 35-year-old Toxic Substance Control Act.
- Successfully registered 44 chemical substances requiring registration by the European Union's Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) program, and volunteered to lead the registration of 17 substances for groups of companies who also had to register those substances. REACH requires companies to register all substances manufactured in the European Union or imported in volumes exceeding 1,000 metric tons.

Society Performance Indicators

SO1 — Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.

At Eastman, we strive to operate in harmony with the communities where we have facilities. Our global community relations strategy includes partnerships, programs, sponsorships and donations to meet community needs. It is also designed to build an environment of trust and understanding with the various stakeholder groups within the community.

In our quest to forge meaningful relationships within our local communities, Eastman regularly seeks input and openly communicates with citizens and leaders. One of the main ways this is done is through Community Advisory Panels (CAPs). A CAP is a collaboration between communities and companies, created to enhance communication between the two entities. CAP members are made up of local residents who exemplify a diverse cross section of the community; each representing specific and different interests. Eastman currently has CAPs at five of our global sites: Jefferson, Pa.; Kingsport, Tenn.; Longview, Texas; Middelburg, The Netherlands; and Workington, United Kingdom.

To be successful, it is important to understand the needs of our communities before, during and even after we exit operations. On entering and operating in a region, the following steps help ensure that we are familiar with the surrounding communities and sensitive to needs and concerns:

- Eastman's government and community relations team works closely with city and county governments to develop strong relationships with local leaders.
- Every Eastman employee is responsible for adhering to all HSE requirements and regulations. At every site there are dedicated HSE professionals who assist in identifying applicable requirements and monitoring HSE compliance.
- Eastman engages with the local Chamber of Commerce (or equivalent) and the local school systems to further understand the needs of the community. If acquiring a facility, Eastman works closely with the seller to understand historical, philanthropic and community activities at the site.
- Eastman also encourages site management to engage in community outreach, including activities that promote active and regular dialogue with employees, regulatory authorities, emergency services and community neighbors at each facility.

We understand the significant impacts that exiting a facility may have on our employees and the surrounding community. As these types of decisions are made, it is our goal to provide clear and transparent communications whenever possible in an effort to limit anxiety and misinformation for impacted employees, regulatory authorities and community neighbors. We carefully coordinate communication to affected groups as decisions are made, and as appropriate, clearly state the business reasons impacting the decision, crucial next steps in the process and how individual groups may be impacted.

Although each divestiture is unique, the steps we generally take include:

- Working with local employment commissions to let them know of the potential availability of qualified workers.
- Providing career counseling with a third party to assist displaced employees in finding new opportunities.
- Honoring any long-term philanthropic commitments made within the community.
- May provide extended pay and/or benefits to displace workers, depending on local requirements.
- May place qualified employees into the Eastman Redeployment Process to find a position at another Eastman site.

SO2 — Percentage and total number of business units analyzed for risks related to corruption.

Eastman conducts an annual risk assessment of all 4 of our businesses (100%), which includes risks related to corruption.

SO3 — Percentage of employees trained in organization's anticorruption policies and procedures.

One hundred percent of Eastman employees receive annual training on Eastman's Code of Business Conduct, which incorporates Eastman's anticorruption policies and procedures that are generally applicable to all Eastman employees. Designated Eastman employee role groups receive additional training on anticorruption policies and procedures that apply to their specific job functions.

SO4 — Actions taken in response to incidents of corruption.

Eastman believes that employees are accountable for their actions. Where any incident of corruption was identified, appropriate disciplinary action was taken in conformance with application laws.

SO5 — Public policy positions and participation in public policy development and lobbying.

In light of Eastman's significant domestic presence, U.S. public policy is a determining factor in the Company's continued competitiveness. Eastman's strong team of public affairs professionals and technical experts provides their insights and knowledge to public officials on the impact certain laws and regulations may have on Eastman's future and the Company's ability to sustain and create jobs. The following areas were identified as issues of importance to Eastman:

- Taxes — The U.S. has the second-highest corporate tax rate in the world. Eastman supports comprehensive tax reform that lowers this tax rate to level the global playing field.
- Trade — As one of the country's largest exporters, Eastman supports open access to markets for trade and investment, while ensuring our domestic markets are not subjected to unfair trade practices. In addition, Eastman opposes trade barriers, which include tariff barriers, nontariff barriers, investment restrictions or other methods of protectionism.
- Environmental Regulations — Eastman applauds regulations that balance environmental protection with domestic economic growth and the preservation of good, domestic manufacturing jobs. In particular, Eastman supports a climate change policy that does not diminish the global competitiveness of U.S. manufacturers.
- Energy Policy — Eastman is in favor of domestic energy policies that foster a diverse and inexpensive supply of energy generated from a broad spectrum of sources, as well as expanded energy research and development. In addition, Eastman supports energy efficiency policies. Eastman not only cogenerates almost all of our own steam and electricity (the most efficient use of fuel), we have committed, as a Department of Energy *Save Energy Now* LEADER, to reduce our energy intensity by 25 percent during the next 10 years.
- Chemical Management/Toxic Substances Control Act (TSCA) — Eastman supports improvements to regulations governing chemicals and products to promote enhanced protection of human health and the environment. Any changes to TSCA should facilitate innovation and support the U.S. chemical industry's efforts to be a world leader in developing new products that benefit society.

Eastman employs internal lobbyists and contract lobbyists at both the state and federal levels to interact with public officials on the important issues listed in the preceding. Those individuals spend most of their time educating members of state and federal legislatures and their staffs on the potential impact that public policy decisions could have on Eastman's businesses.

Eastman complies with all requirements for reporting lobbying activity with the federal government and with state governments in states where there are Eastman facilities. In 2010, Eastman reported to the Internal Revenue Service that we spent $1,886,510 on state and federal lobbying activities in the United States.

SO6 — Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.

Eligible U.S. employees may contribute voluntarily to EastmanPAC, the Political Action Committee of Eastman Chemical Company. The Advisory Council of EastmanPAC approves an annual budget proposed by the Company's director of government relations. The Advisory Council meets semiannually and is made up of employees from U.S. sites, as well as at-large company representatives.

EastmanPAC supports candidates who:

- Support business friendly laws and regulations,
- Represent a state/district where an Eastman facility is located,
- Are members of key committees, or
- Hold a leadership position within Congress or a state legislature.

In 2010, EastmanPAC contributed $171,000 to state and federal candidates in the U.S. No political contributions are made to entities outside the U.S.

Eastman works with an outside vendor 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. State disclosure reports are also available by visiting the state campaign finance websites in South Carolina, Tennessee and Texas. In states where the law allows corporate contributions, Eastman supports state candidates with corporate funds.

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 also available online at www.fec.gov.

SO8 — Monetary value of significant fines and total number of nonmonetary sanctions for noncompliance with laws and regulations.

Eastman is unaware of any significant fines in 2010 relating to noncompliance with laws and regulations.

Product Responsibility Summary

We practice a culture of safety and constantly drive improvements in the performance of our products and processes. Our Product Safety and Health team comprises toxicologists, chemists, biologists, industrial hygienists and experienced regulatory and risk review specialists. Eastman's Product Safety and Health team conducts rigorous product safety reviews to help minimize the potential for our products to have adverse effects on human health and the environment, as well as to ensure that product-specific regulatory requirements are met or exceeded.

The Product Safety and Health team uses our detailed product regulatory and risk characterization process to review raw materials and final composition, manufacturing process steps and end uses of our products. This process helps ensure any risks associated with our products are known, and that appropriate risk management measures have been implemented prior to manufacturing, use, sale or shipment of a product. Eastman's product regulatory and risk characterization process is based on three factors:

- *Inputs:* What we need to know about the product, including inherent properties of starting materials, exposure potential and whether any of the substances are new chemicals or have new regulations governing their use.
- *Considerations:* What we take into account as we analyze the inputs, including a product's end use, regulatory status and relative hazards.
- *Outputs:* The results of our analysis to satisfy our numerous stakeholders, including transport and hazard classifications, label statements, training programs for customers and/or employees and food contact statements.

As a Responsible Care® company, Eastman closely monitors the laws and regulations that apply to our products and engages in new product compliance efforts, including the European Union's Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) regulation policy. Two of the policy's main objectives are to:

- Determine the hazards of chemicals; and
- Carry out comprehensive risk assessments to protect human health and the environment.

We also participate in the Environmental Protection Agency's (EPA) High Production Volume (HPV) challenge program, a voluntary program established to make publicly available the baseline health and environmental screening data for chemicals that are manufactured or imported in excess of one million pounds.

Product Responsibility Performance Indicators

PR1 — Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.

Eastman conducts product reviews on all new products and periodically on existing products. These reviews help minimize the potential for adverse effects on human health or the environment from exposure to our products during all stages of the product life cycle, and help ensure that product-specific regulatory requirements are met.

Subject matter experts in our Product Safety and Health team review the raw materials utilized in our products, the manufacturing process steps, final product composition and the intended end uses of the product to help ensure risks associated with products, process materials, and samples are known and that appropriate controls have been implemented prior to commencement of manufacturing, use, sale or shipment. This detailed product regulatory and risk characterization process ensures that new and existing products that go to market are safe for their intended use.

Eastman is also conducting value chain life cycle assessments (LCAs), which are holistic assessments of our products' entire existence, from raw material sourcing and manufacturing processes through distribution, usage and disposal. We have completed cradle-to-gate LCAs on approximately 60 percent of our top-grossing product lines comprising 80 percent of our revenues, and we have plans to collaborate with our customers to produce more holistic LCAs in the future.

During the past year, we formalized our Life Cycle Assessment methodology, which we have shared with several of our largest customers. These customers have confirmed that our approach and methodology are sound.

By 2015, it is our goal that all of Eastman's new product family launches will have an accompanying preliminary Life Cycle Assessment, with plans to produce full LCAs once appropriate manufacturing data is available.

PR3 — Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.

Eastman's products must comply with hazard communication program requirements, including appropriate labeling and Safety Data Sheets, for all countries in which Eastman sells them. Product and service information such as sourcing of components, content that might produce environmental impact, safe use of product, and disposal of product and impacts is accessible through Material Safety Data Sheets and product labels where required by hazard communication laws and requirements. This information is also reviewed as part of our product stewardship review process for all new and existing products. The review includes an assessment of the applicability of regulations, legislation and other Responsible Care® related requirements.

PR6 — Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.

Marketing materials in all formats originate in the business organizations and are reviewed by attorneys and Product Safety and Health specialists within Eastman's Legal Department. Reviews include compliance with local, state and federal laws and regulations and conformity with Eastman's Code of Conduct. Reviews requiring expertise outside the Legal Department are directed to the appropriate internal or external expert. Eastman's Product Safety and Health maintains up-to-date regulatory information sheets on Eastman products to support internal and external inquiries about Eastman products.

PR9 — Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.

Eastman is unaware of any significant fine in 2010 concerning the provision and use of our products or services.

GRI G3 Index

Item	Description	Page	Reporting Level
	PROFILE		
1.1	Statement from CEO presenting overall vision	5	Fully
1.2	Key impacts, risks and opportunities	6	Fully
2.1	Name of reporting organization	15	Fully
2.2	Primary brands, products and/or services	15	Fully
2.3	Operational structure of the organization	15	Fully
2.4	Location of organization's headquarters	15	Fully
2.5	Countries of operation	15	Fully
2.6	Nature of ownership and legal form	16	Fully
2.7	Markets served	16	Fully
2.8	Scale of the reporting organization	18	Fully
2.9	Significant changes during the reporting period	18	Fully
2.10	Awards received during 2010	18	Fully
3.1	Reporting period	20	Fully
3.2	Date of most recent previous report	20	Fully
3.3	Reporting cycle	20	Fully
3.4	Contact point for questions regarding the report	20	Fully
3.5	Process for defining report content	20	Fully
3.6	Boundary for report	20	Fully
3.7	Limitations on the scope or boundary of the report	20	Fully
3.8	Basis for reporting that can significantly affect comparability	20	Fully
3.9	Data measurement techniques and the bases of calculation	21	Fully
3.10	Explanation of any restatements of information provided in earlier reports	21	Fully
3.11	Significant changes from previous reporting	21	Fully
3.12	Table identifying location of Standard Disclosures	21	Fully
3.13	Policy and practice regarding external assurance for the report	21	Fully
4.1	Governance structure of the organization	22	Fully
4.2	Is the Chair of the Board of Directors also an executive officer?	23	Fully
4.3	Members of the Board of Directors that are independent and/or nonexecutive members	23	Fully
4.4	Mechanisms to provide recommendations or direction to the highest governance body	23	Fully
4.5	Linkage between compensation and the organization's performance	24	Fully
4.6	Processes to ensure conflicts of interest are avoided	24	Fully
4.7	Process for determining the qualifications and expertise of the Board members	24	Fully
4.8	Statements of mission or values, codes of conduct and principles	24	Fully
4.9	Procedures for overseeing economic, environmental and social performance	26	Fully
4.10	Processes for evaluating the highest governance body's performance	26	Fully
4.11	How the precautionary approach is addressed	27	Fully
4.12	Externally developed economic, environmental and social charters to which the organization subscribes or endorses	27	Fully

(Continued)

Item	Description	Page	Reporting Level
	PROFILE *(Continued)*		
4.13	Memberships in associations and/or advocacy organizations	28	Fully
4.14	List of stakeholder groups engaged by the organization	28	Fully
4.15	Basis for identification and selection of stakeholders	28	Fully
4.16	Approaches to stakeholder engagement	28	Fully
4.17	Key topics and concerns raised through stakeholder engagement	29	Fully
	ECONOMIC PERFORMANCE INDICATORS		
EC1	Economic value generated and distributed	31	Partially
EC2	Financial implications due to climate change	31	Fully
EC3	Coverage of defined benefit plan obligations	32	Fully
EC4	Significant financial assistance from government	32	Fully
EC5	Range of wage ratios	-	-
EC6	Spending on locally based suppliers	32	Fully
EC7	Procedures for local hiring	33	Fully
EC8	Infrastructure investments and services	33	Fully
EC9	Indirect economic impacts	-	-
	ENVIRONMENTAL PERFORMANCE INDICATORS		
EN1	Materials used	35	Fully
EN2	Recycled input materials	35	Partially
EN3	Direct energy consumption by primary source	36	Fully
EN4	Indirect energy consumption by primary source	36	Fully
EN5	Energy saved through conservation and efficiency improvements	36	Fully
EN6	Initiatives related to renewable energy	36	Fully
EN7	Initiatives to reduce indirect energy consumption	36	Fully
EN8	Total water withdrawal	37	Partially
EN9	Water sources significantly affected	37	Fully
EN10	Water recycled and reused	37	Partially
EN11	Land in/adjacent to protected areas	37	Partially
EN12	Biodiversity impacts	37	Partially
EN13	Habitats protected or restored	-	-
EN14	Strategies/plans related to biodiversity	-	-
EN15	IUCN Red List species in areas affected	-	-
EN16	Direct and indirect greenhouse gas emissions	37	Fully
EN17	Other relevant indirect GHG emissions	38	Partially
EN18	Initiatives to reduce GHG emissions	38	Fully
EN19	Emissions of ozone-depleting substances	38	Partially
EN20	NO_x, SO_x, and other air emissions	38	Fully

(Continued)

Item	Description	Page	Reporting Level
	ENVIRONMENTAL PERFORMANCE INDICATORS *(Continued)*		
EN21	Water discharge	40	Partially
EN22	Weight of waste	41	Partially
EN23	Significant spills	41	Fully
EN24	Waste deemed hazardous under the terms of the Basel Convention	-	-
EN25	Biodiversity value of water bodies and related habitats	-	-
EN26	Initiatives to mitigate environmental aspects	42	Fully
EN27	Products and packaging materials reclaimed	42	Partially
EN28	Significant fines and sanctions	42	Fully
EN29	Transportation impacts	-	-
EN30	Environmental protection expenditures	-	-
	LABOR PRACTICES PERFORMANCE INDICATORS		
LA1	Workforce by employment type	44	Fully
LA2	Employee turnover	44	Fully
LA3	Benefits provided only to full-time employees	-	-
LA4	Employees covered by collective bargaining	44	Fully
LA5	Minimum notice period(s)	45	Fully
LA6	Workforce represented in health and safety committees	-	-
LA7	Rates of injury and number of work-related fatalities	45	Partially
LA8	Education programs for workforce and others	46	Fully
LA9	Health and safety topics covered in union agreements	-	-
LA10	Training per year per employee	46	Fully
LA11	Programs for skills and lifelong learning	-	-
LA12	Employees receiving development reviews	-	-
LA13	Composition of governance bodies and breakdown of employees	47	Fully
LA14	Ratio of salary of men to women	-	-
	HUMAN RIGHTS PERFORMANCE INDICATORS		
HR1	Investment agreements with human rights clauses	48	Partially
HR2	Screening suppliers and contractors on human rights	48	Partially
HR3	Training on aspects of human rights	-	-
HR4	Incidents of discrimination and actions taken	-	-
HR5	Right to exercise freedom of association	48	Fully
HR6	Incidents of child labor	49	Fully
HR7	Risk for incidents of forced labor	49	Fully
HR8	Security training — human rights policies	-	-
HR9	Violations involving human rights of indigenous people	-	-

(Continued)

	SOCIETY PERFORMANCE INDICATORS		
SO1	Programs to assess impacts on communities	51	Fully
SO2	Units analyzed for risks related to corruption	51	Fully
SO3	Training on anticorruption policies	51	Fully
SO4	Actions in response to incidents of corruption	51	Fully
SO5	Public policy positions and lobbying	52	Fully
SO6	Value of contributions to political parties	52	Fully
SO7	Total number of legal actions	-	-
SO8	Fines and sanctions for noncompliance	52	Fully
	PRODUCT STEWARDSHIP PERFORMANCE INDICATORS		
PR1	Life cycle assessment of health and safety impacts	53	Fully
PR2	Noncompliance with regulations and codes during life cycle	-	-
PR3	Information required by procedures	54	Fully
PR4	Incidents of labeling noncompliance	-	-
PR5	Practices related to customer satisfaction	-	-
PR6	Marketing and adherences to laws and standards	54	Fully
PR7	Incidents of noncompliance with marketing related regulations	-	-
PR8	Customer privacy and data	-	-
PR9	Noncompliance with regulations for use of products	54	Fully

"Sustainability is an attitude and not an activity to participate in from time to time. It's not a fad or unwelcome burden but is the constant awareness of one's environment and actions. It is an opportunity to use our creativity and innovation to be part of the solution, for our world today and for future generations."

Godefroy Motte
Chief Sustainability Officer

GAAP Earnings Per Share, Cash Flow, and Operating Earnings Reconciliations

Earnings per diluted share from continuing operations	2010
Earnings per diluted share from continuing operations	$ 5.75
Earnings per share impact of: Asset impairments and restructuring charges, net	0.24
Accelerated depreciation included in cost of sales	—
Other operating (income) / loss	—
Early debt extinguishment costs	0.97
Net deferred tax benefits related to the previous divestiture of businesses	—
Earnings per share from continuing operations excluding certain items	$ 6.96

Net cash flow provided by operating activities reconciliation and free cash flow (dollars in millions)	2010
Net cash provided by operating activities	$ 575
Impact of adoption of amended accounting guidance*	200
Net cash provided by operating activities excluding item	775
Additions to properties and equipment	(243)
Dividends paid to stockholders	(127)
Free cash flow	$ 405

**Twelve months 2010 cash from operating activities reflected the adoption of amended accounting guidance for transfers of financial assets which resulted in $200 million of receivables, which were previously accounted for as sold and removed from the balance sheet when transferred under the accounts receivable securitization program, being included on the first quarter balance sheet as trade receivables, net. This increase in receivables reduced cash from operations by $200 million in first quarter 2010.*

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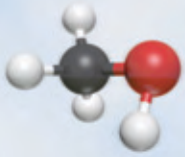

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