A responsible approach to tax

This document describes the policy of the Eastman Chemical Company, including its subsidiaries, (the "Group") as it relates to the handling of taxes and dealing with tax risk.
It will be periodically reviewed and amended/updated as required.
It is effective for the financial year ending 31 December 2017 and will remain in force until superseded by an amended policy.

Company Tax Policy

The Group is committed to handling its tax affairs consistent with the following principles and, therefore, to:

1. comply with all applicable laws, rules, regulations, and reporting and disclosure requirements, as necessary;
2. ensure the tax policy is in line with the Group's overall strategy, its approach to risk, and the Company's core values;
3. apply professional diligence and care in the management of all risks associated with tax matters, and ensure governance and assurance procedures are appropriately applied; and
4. develop and continue constructive, professional and transparent relationships with tax authorities, based on integrity, collaboration and mutual trust.

The tax department, under the supervision of the Vice President, Corporate Tax, who reports to the CFO, is responsible for the content and maintenance of this policy and to make sure that tax policy is adopted and consistently applied across the Group through partnering with our businesses.

For the purposes of this document, Tax or Taxation refers to:

- All Corporate income tax
- Indirect tax
- Employment tax
  Other applicable taxes as they should fall due

The tax policy in more detail:

1. Approach of the Group to risk management and governance arrangements in relation to taxation.

The Tax Department makes sure that this document aligns to the parental Group's overall strategy with respect to corporate governance and risk management.

The Tax Department consists of a team of tax professionals suitably qualified. In addition, Group tax will seek advice from external professionals as appropriate to ensure the accuracy and timely reporting of tax matters and compliance.

Professional care and judgement will be applied in reviewing tax risks to make rational decisions on how the risks should be managed. In case there are material uncertainties, as to the application or interpretation of tax law, necessary written advice supporting the facts, risks and conclusions will be prepared internally, or requested from external professional advisers, to support the decision-making process, as appropriate.

Where appropriate, the Tax Department will engage with the tax authority to disclose and resolve issues.

The Tax Department utilizes the Eastman control framework to manage the Group tax risks. The controls are frequently monitored and audited to make ensure they are effective and applied.

The Group openly supports initiatives on improving international transparency on taxation matters, including OECD measures on country-by-country reporting and BEPS.

2. *Tax planning*

The Group recognizes it has the responsibility to pay the amount of tax due based on applicable legislation, or as modified by treaty, in any territory in which it operates. The Group may utilize tax incentives or opportunities it deems appropriate. The Group strives to ensure tax planning does not cross lines set by applicable legislation, would not be detrimental to reputational risk, nor damage its relationship with tax authorities.

Furthermore, the Group will balance this responsibility with its commitment to its shareholders and customers, in ensuring affairs are constructed in a stable, efficient manner.

3. *Relationships with tax authorities*

The Group is applying the principle of transparency in interacting with tax authorities in any country around the world. All contacts with the tax authorities and other relevant government parties will be handled at a professional level. The Group wishes to reach early agreement on matters under discussion and to have certainty when possible. Circumstances will arise where this amount may not be clearly defined, or where different approaches may result in different tax outcomes. The Company will use its best judgement in determining the appropriate course of action.

4. *UK Tax legislation*

The United Kingdom has recently introduced legislation that requires businesses to prepare and publish (publicly) an annual statement about their UK tax strategy. The legislation came into force in September 2016 and applies to financial years beginning on or after September 15, 2016.

This addresses the relationship between large businesses and HMRC in the UK, and promotes best practice in a business' governance over its UK tax affairs. This Group Tax Policy aligns with this.

The Group commits to:

- adopt open and collaborative professional relationships on every occasion with HMRC;
- engage in full, open and early dialogue with HMRC to discuss tax planning, strategy, risks and significant transactions, where needed;
- provide fair, accurate and timely disclosures in correspondence and returns, and answer to

queries and information requests within a reasonable time frame;

- resolve issues with HMRC in real time, and before returns are filed where reasonably possible, and if there are disagreements, look in co-operation with HMRC for resolutions to resolve issues (where possible);
- be open and transparent about decision-making, governance and tax planning;
- reasonably believe that transactions are structured to give a tax result which is not inconsistent with the economic consequences (unless specific legislation anticipates that result), nor contrary to the intentions of Parliament; and
- interpret the relevant laws in a reasonable way and ensure transactions are structured consistently with a co-operative relationship.

In 2015, the Group engaged in a full Enquiry Coordinator Programme (ECP) compliance audit with HMRC, due to its inclusion as part of the wider SAO requirement reporting, and cooperated fully in all aspects in bringing the audit to a successful conclusion