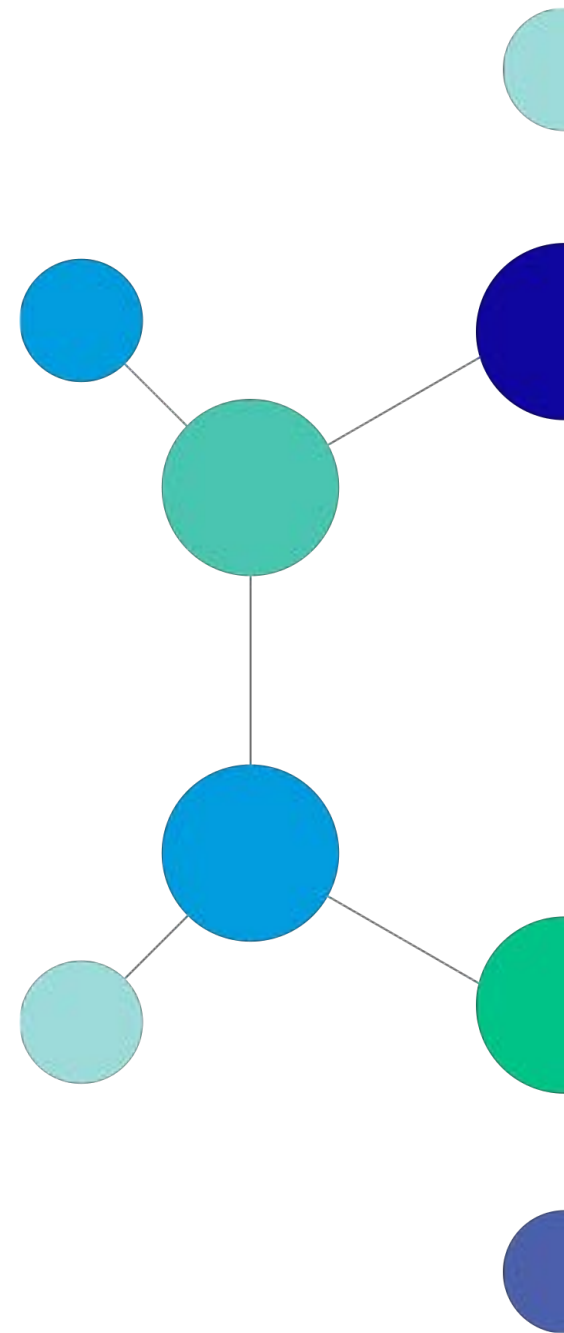


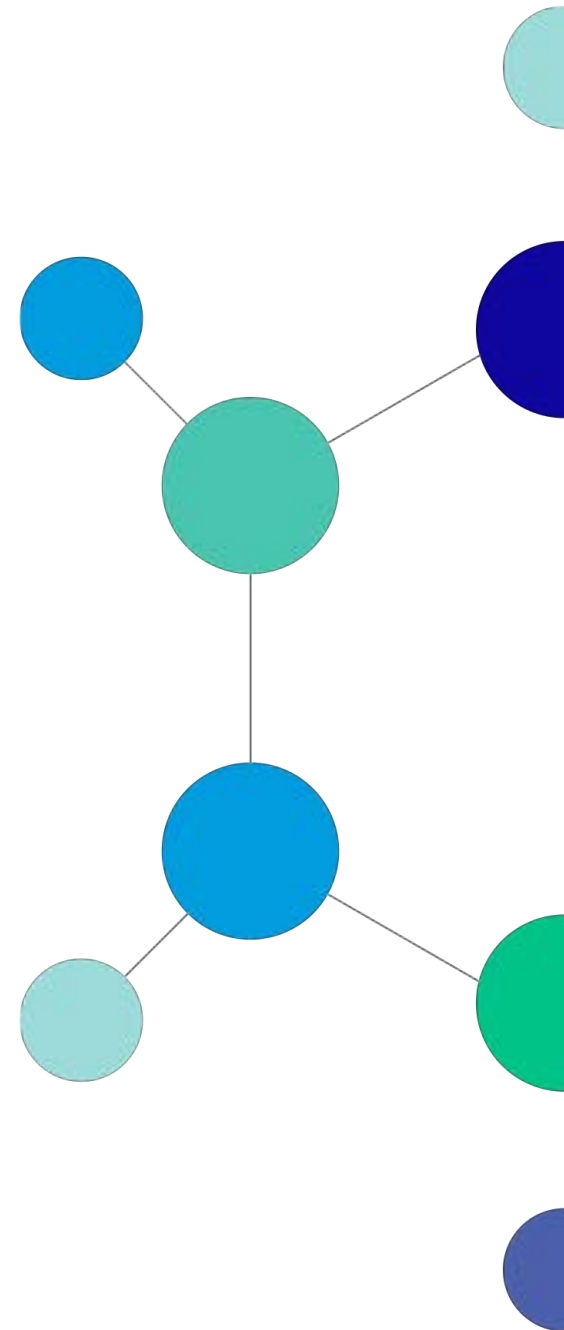


Session 1: Materiality Assessments





MILLIKEN – MATERIALITY ASSESSMENTS



OBJECTIVES

1. What is materiality?
2. How does materiality work?
3. Engage in materiality - today

WHAT is materiality

- First, your perspectives

WHAT is materiality

- First, your perspectives
- May depend on reporting frameworks and/or regulations

SUSTAINABILITY REPORTING STANDARDS 2023 - EXPANDED VALIDATIONS

UN
FRAMEWORKS



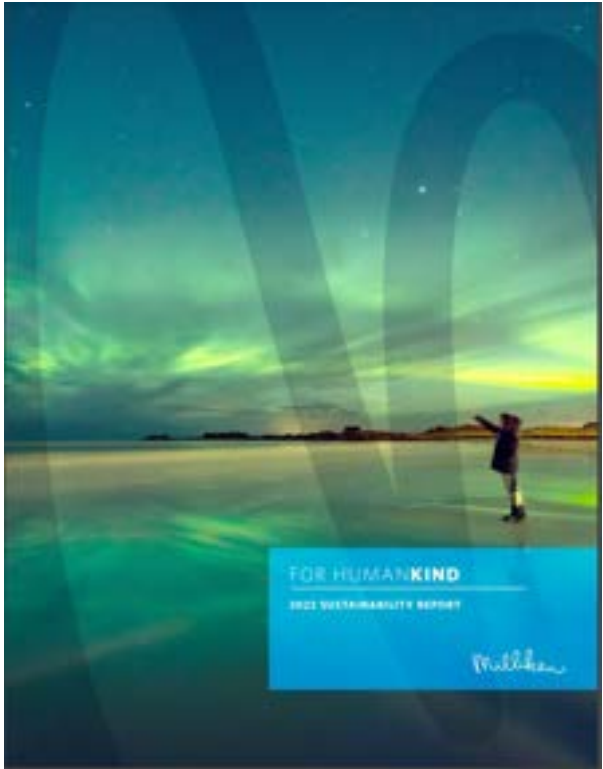
MILLIKEN
2025 GOALS



MEASURING
CLIMATE TARGETS



REPORTING



INDEPENDENT
REPORTING
PLATFORMS

WHAT is materiality

- First, your perspectives
- May depend on reporting frameworks and/or regulations
- General requirements = stakeholders + engagement + impact areas

Identify Stakeholders + Identify Methods of Engagement

Stakeholder Engagement



- Share your perspectives

HOW

1. What is materiality?
2. How does materiality work?
3. Engage in materiality - today

HOW

- Flexible and adaptive

Stakeholder Engagement Process Defined

MATERIALITY DEFINED

Stakeholder Engagement and Report Materiality

Milliken & Company's commitment to sustainability includes a commitment to meaningful collaboration. We work with our stakeholders, partners, and team members to determine what we report, with the intent to hold ourselves accountable and invite important dialogues within our industries.

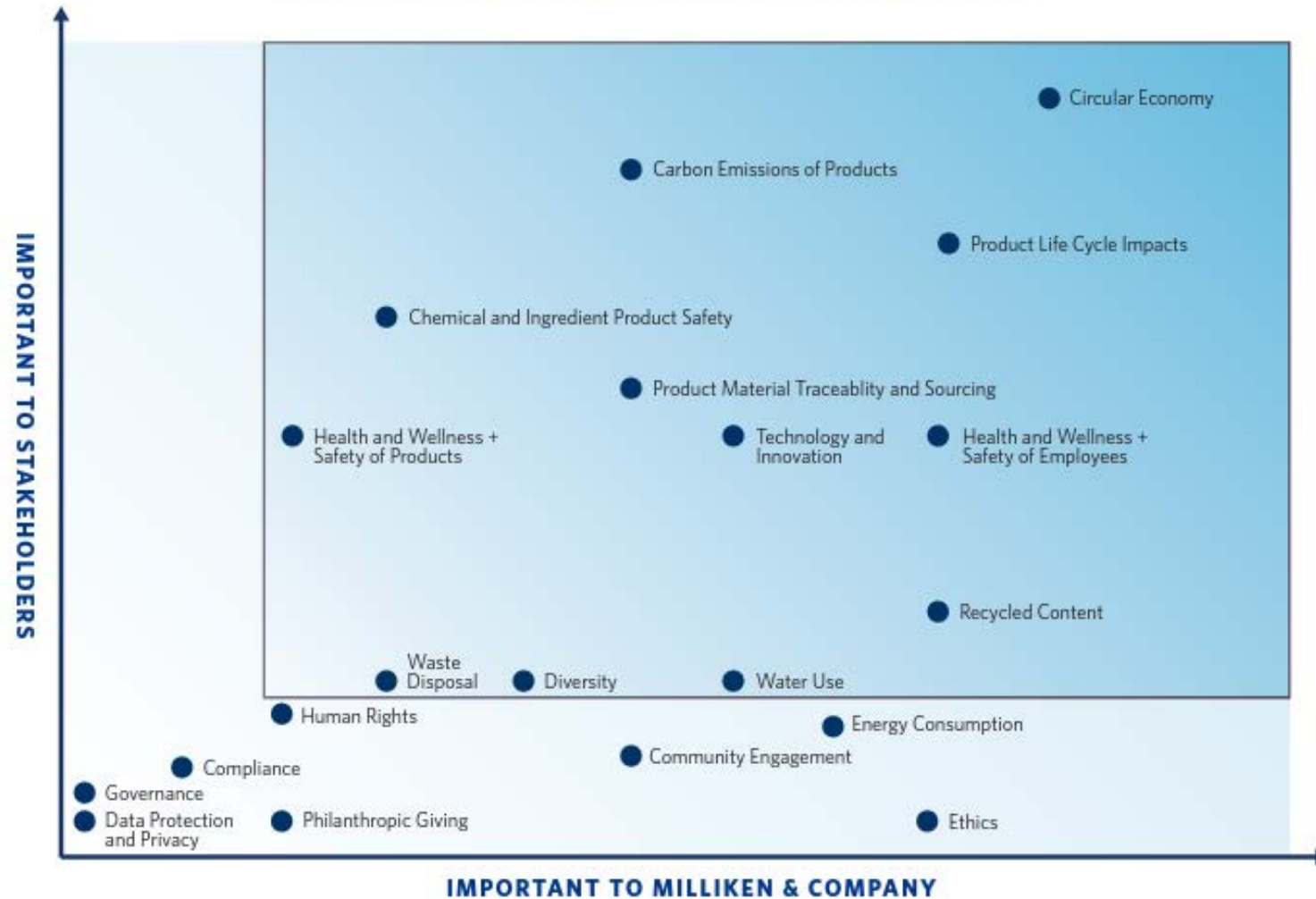
We seek to involve stakeholders in varying degrees, from simple, one-way monitoring of stakeholders' actions and communications, to cooperative dialogues focused on mutual learning, collaboration, and understanding. To help guide our decision-making process for this report, Milliken engaged customers, nongovernmental organizations, and sustainability subject matter experts along with a cross-functional group of global Milliken associates to provide honest and open feedback on our sustainability performance, challenges and opportunities.

Establishing our priorities in sustainability is a complex process involving a combination of tactics: corporate introspection, environmental and community impacts, and stakeholder engagement beyond traditional business analytics. Through this broad mix, Milliken is working to mitigate risks while leveraging opportunities that improve our business, our world, and well-being for all in our value chain.

Stakeholder Engagement Principles

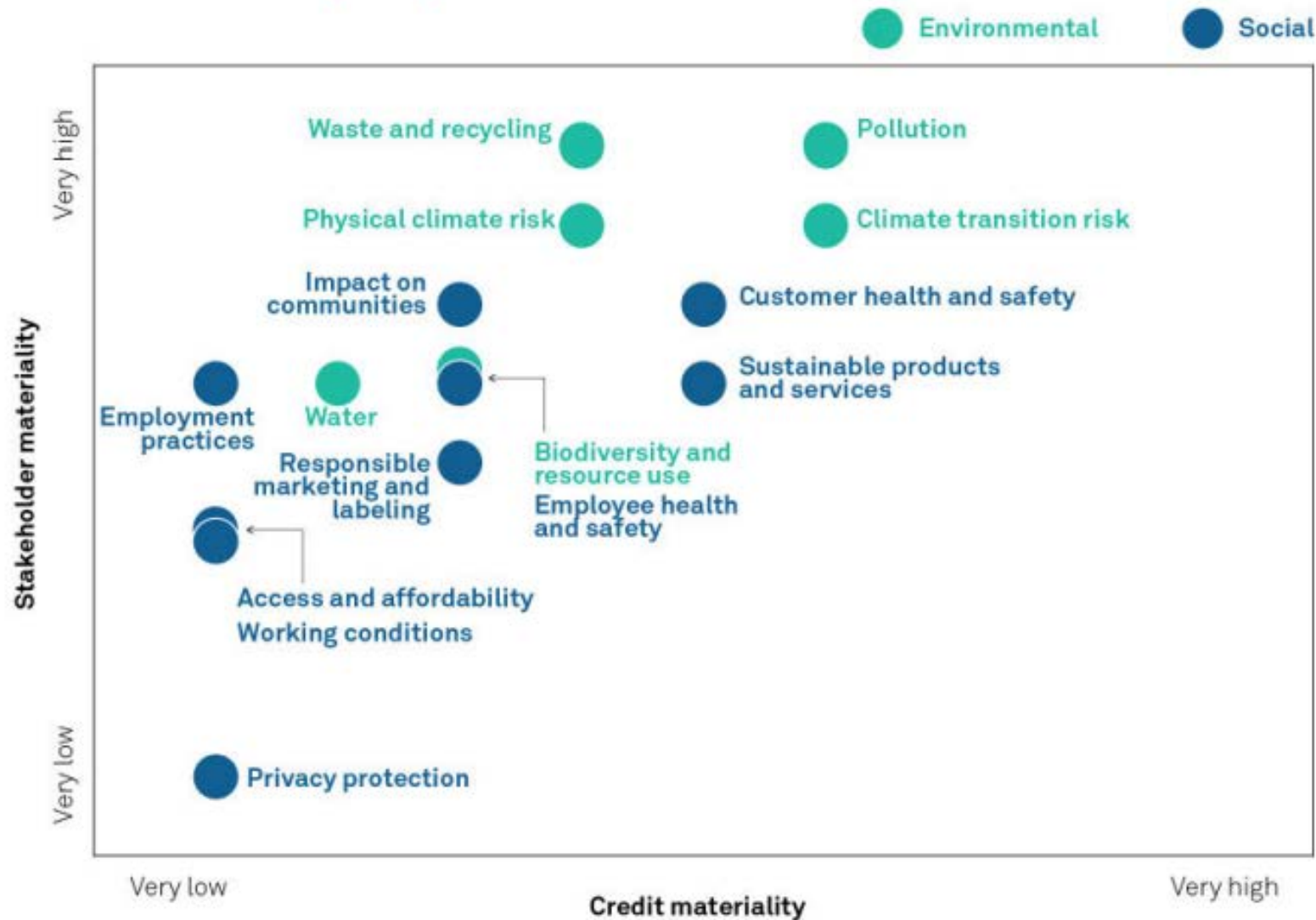
- Increasing Innovation: Business as usual is not enough. We must continue our heritage of innovating and exceed what we believe is possible.
- Prioritizing Customer Focus: Milliken succeeds if we keep the customer foremost in our mind, linking our initiatives with efforts that provide our customers with the greatest value.
- Heightening Global Understanding: Our activities must be viewed with a global lens, from managing a complex supply chain to understanding and appreciating the different cultures with which we interact.
- Enhancing Transparency and Accountability: Enriched strategic reporting will clarify our impacts and help us monitor progress each year.
- Engaging in Meaningful Collaborations: To achieve our aspirations at the necessary scale, we need to seek out driven, curious collaborators.
- Embracing Materiality: Advancing Milliken's sustainability goals with broader material issues.

MILLIKEN & COMPANY MATERIALITY MATRIX



To determine Milliken sustainability initiatives most important to external stakeholders, results from an external stakeholder survey were ranked and plotted based on frequency of participant response. To determine company sustainability topics most important to Milliken's internal stakeholders, results from a cross-functional associate survey were ranked and plotted based on frequency of response.

ESG Materiality Map For The Chemicals Sector



The materiality map provides an illustration at a point in time, of our findings on the relative materiality of certain environmental and social (E&S) factors, from both the stakeholder and credit perspectives, for the sector. It does not represent any new analytical approach to the treatment of E&S factors in our credit ratings. See our ESG Criteria for more information on how we incorporate the impact of ESG credit factors into our credit ratings analysis. Source: S&P Global Ratings.

HOW

- Flexible and adaptive
- Examples

SUSTAINABILITY MATERIALITY ASSESSMENT

- Global Reporting Initiative
 - “materiality is the principle that determines which relevant topics are sufficiently important that it is essential to report on them..”
 - Material topics are those that “reflect the organizations important economic, environmental, and social impacts”
 - Considering impact is multidimensional, including the perspective of the organization as well as that of external stakeholders.
- Quantitative Assessment:
 - 143/66 External Stakeholders: NGO’s; Trade Associations; Government; Customers; Suppliers
 - 181/116: Internal Stakeholders: cross-functional, geographic representation
 - Data: “Please indicate the top 5 most important sustainability topics you would like to see addressed by Milliken & Company today.”
- Materiality is an ongoing, holistic process...

Sample: 181 Associates

Division Representation

- 50 Corporate
- 48 Textiles
- 40 Chemicals
- 23 Flooring
- 5 Healthcare
- 15 “Asia”

Cross-functional representation: Business leadership, HR, Marketing/Communications, Finance, Sales, Manufacturing, Legal, R&D

Geographic representation: Europe, North America, Asia

Sample: 143 External Stakeholders

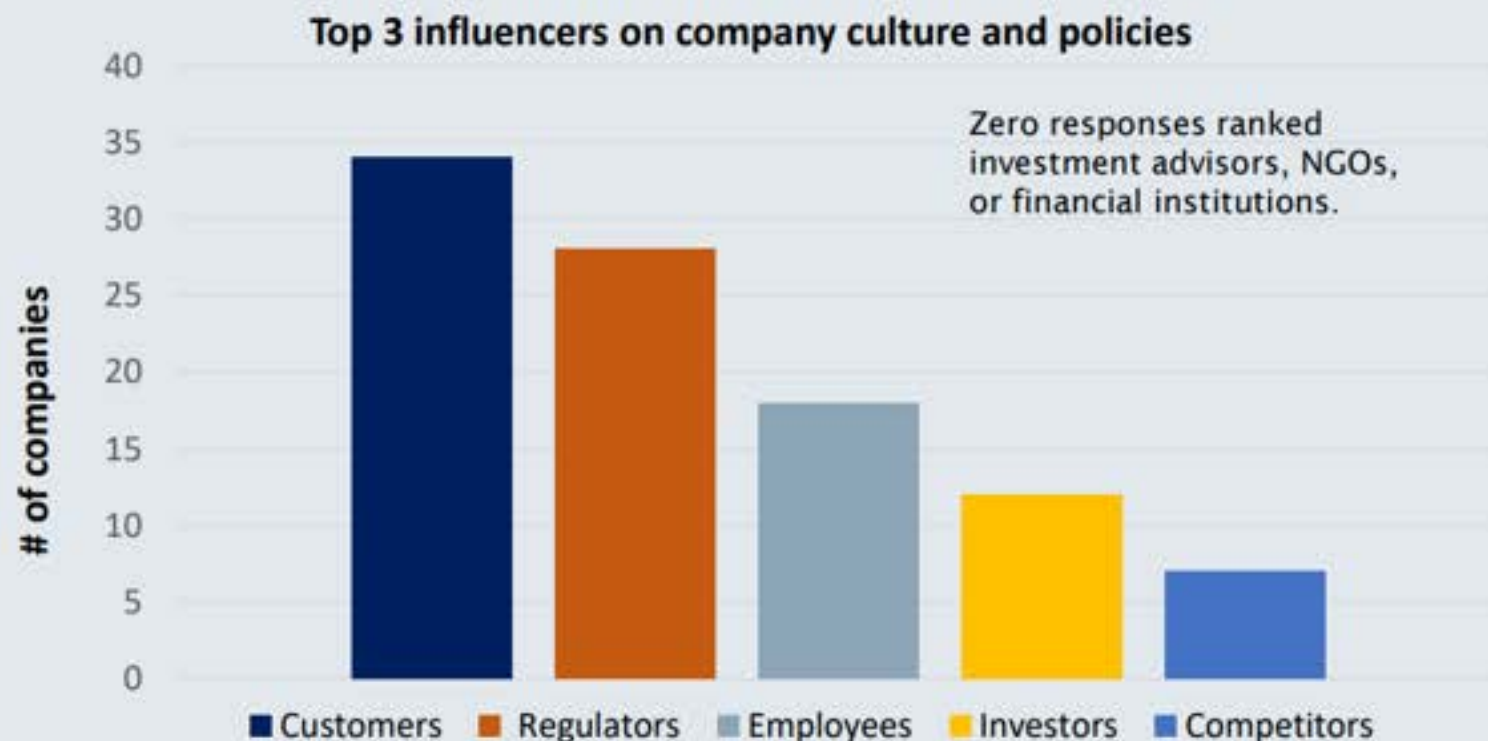
- Academia = 5
- Government = 5
- NGO = 15
- Trade Association = 17
- Business = 101

MILLIKEN & COMPANY MATERIALITY MATRIX



The matrix above is focused on broad sustainability categories, each of which could be separated into multiple sustainability subcategories. Milliken's strategy is driven by an understanding of the interconnectedness of materiality topics.

Which stakeholders most influence company culture and policies?



"We are starting to see increased interest in ESG from our customers."

"We are getting some push from customers and ownership level for ESG planning."

"[We] need to delve into ESG standards/performance as a factor in employee retention /recruitment."

Is your company having internal discussions about ESG?



Have you been asked for ESG information by your customers?



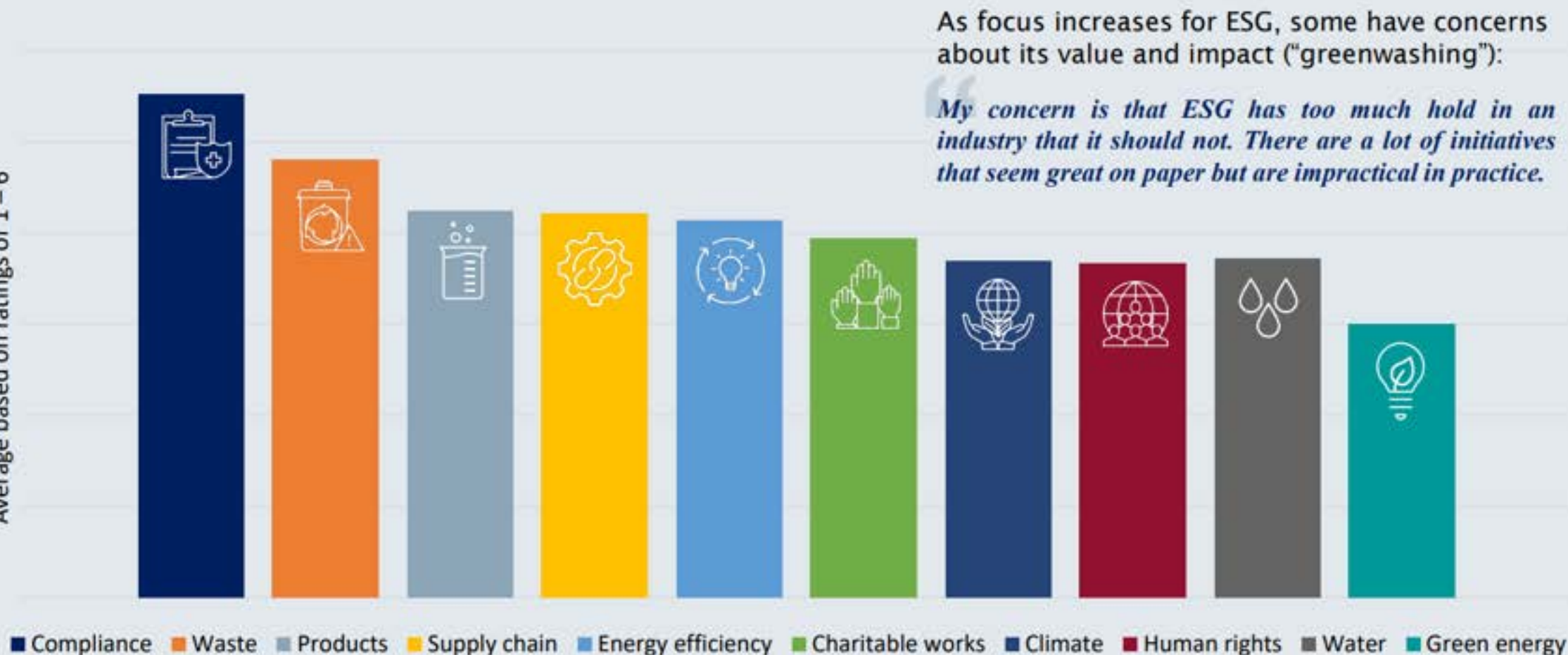
On which areas of ESG is the specialty chemicals industry most focused?



More focus →

Average based on ratings of 1 – 6

← Less focus



What are current frameworks or standards being used?



Which current frameworks, platforms, rankings, or standards does your business use, or does it plan to use in the next year?



Some reported that current programs and frameworks are confusing or not tailored for specialty chemicals:

Most programs required by customers do not address unique roles of custom manufacturers.

[We need] consistency across the industry around reporting requirements to reduce the current burden.

On average, responders are using or plan to use 1-2 of these.

Zero responders are using HRC or DJSI.

Target setting — by company size

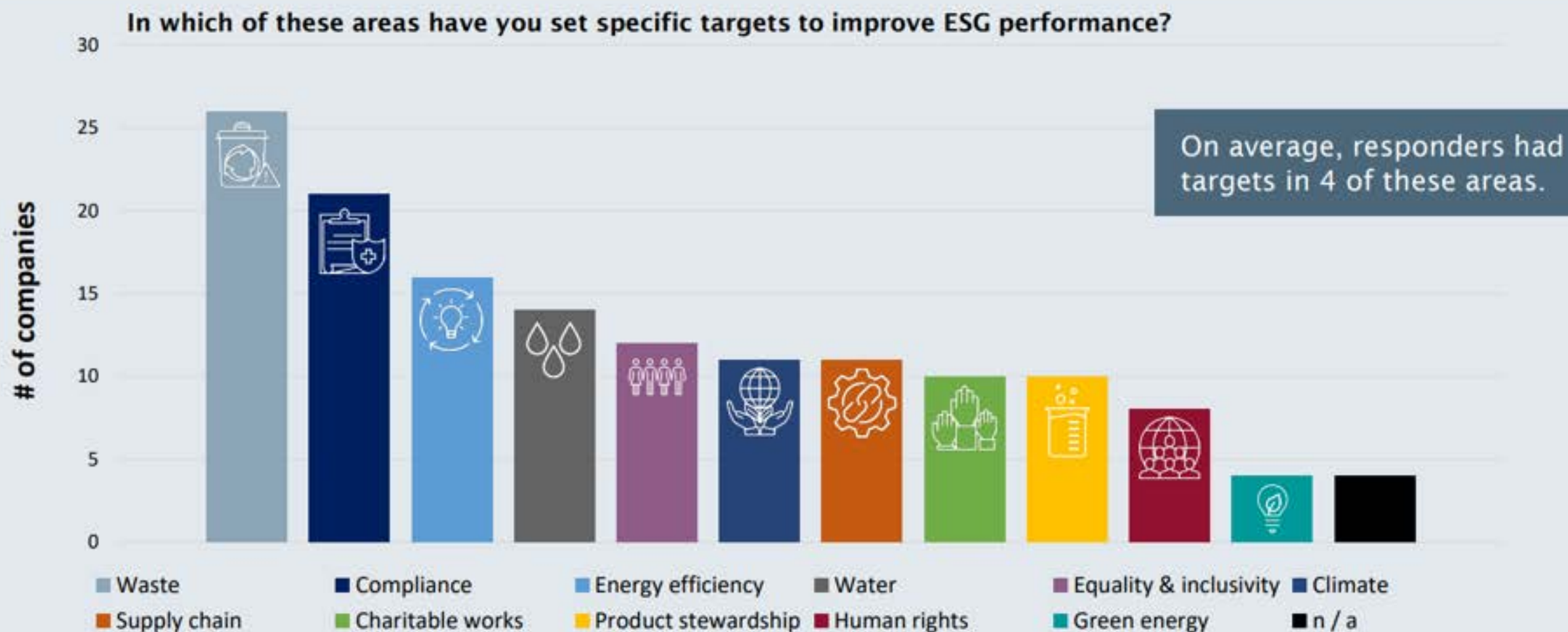


% of responders that have set targets in each area, by number of employees



Again, larger companies are likely to cover a broader range of target areas vs. smaller companies

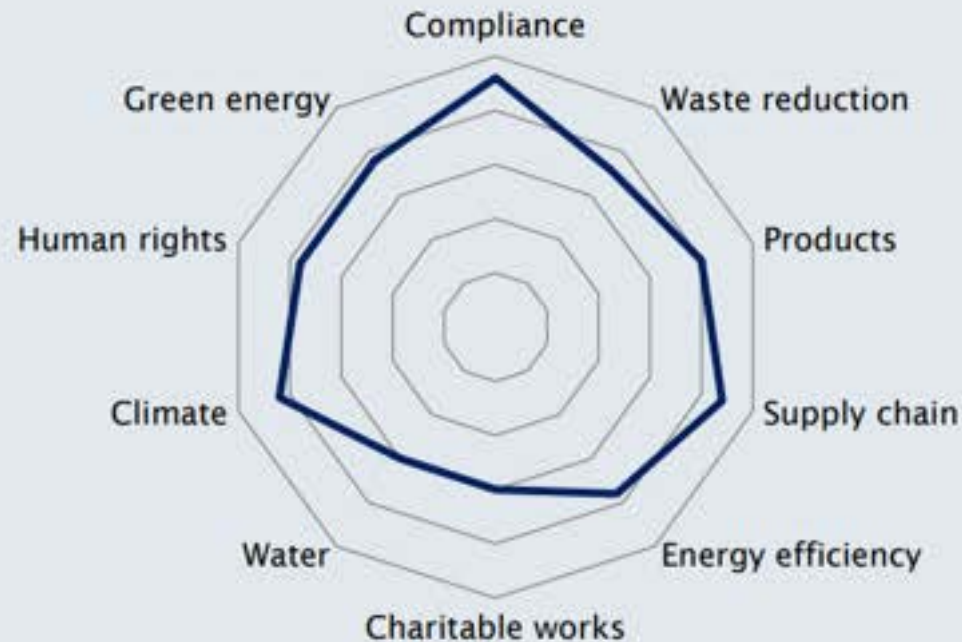
Target setting for ESG improvements



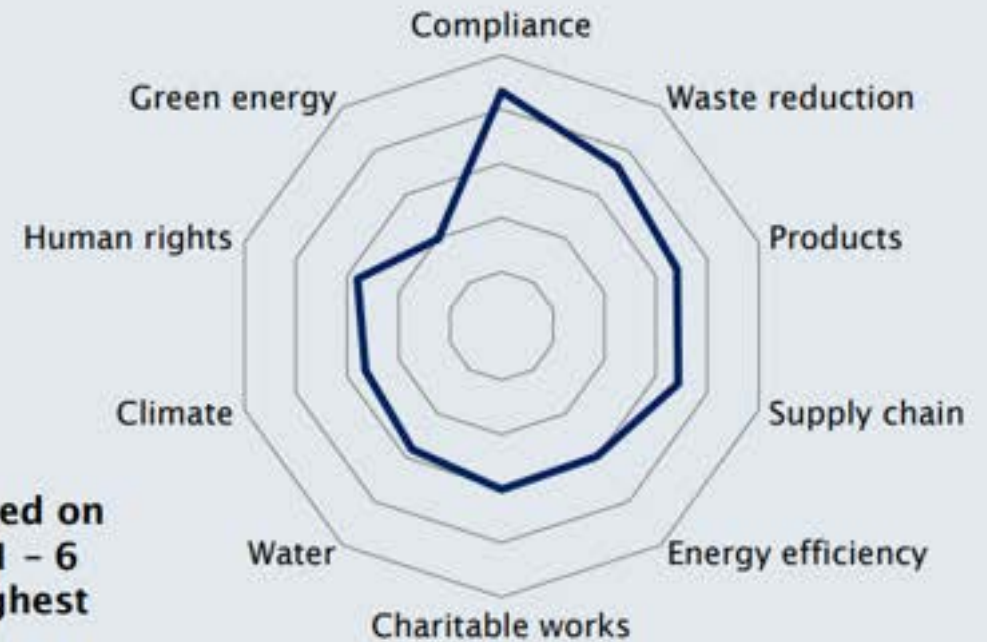
On which areas of ESG is the specialty chemicals industry most focused?



Larger Companies
(>1000 employees, >3 production sites)



Smaller Companies
(<1000 employees, <5 production sites)



Average based on
ratings of 1 – 6
(6 being highest
focus)

While larger companies tend to be focused on ESG across a wider range of topics, smaller companies mostly focus on key areas.

HOW WE OPERATE AND INNOVATE

Sustainability

LISTEN

Materiality assessment

To best understand the highest-priority sustainability/ESG risks and opportunities that may have an impact on our company, Eastman actively evaluates potential drivers based on significant economic, environmental and social impact using stakeholder input.

LEARN

Stakeholder inclusiveness

What Eastman learns from input collected from both internal and external stakeholders, we validate against known sustainability frameworks such as the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), the Carbon Disclosure Project (CDP), the Task Force for Carbon Disclosure (TFCD), and the United Nations Sustainable Development Goals (SDGs). Leaders across Eastman use this body of knowledge to inform and align our sustainability framework and corporate strategy.

LEAD

Sustainability framework

Eastman's purpose is to enhance the quality of life in a material way. For our key stakeholders, this report presents our sustainability performance and helps ensure progress toward our sustainability framework, A Better Circle. This framework dictates our 2025/30/50 goals and commitments while acknowledging and instituting change where we must do better.

STAKEHOLDER ENGAGEMENT

Governance of material sustainability issues and opportunities

Inclusive stakeholder engagement informs and refines the way we govern material sustainability/ ESG issues:

- 1 Collect data from a diverse set of external and internal stakeholders: materiality assessment
- 2 Identify key issues and opportunities and align them with reporting standards: GRI, TCFD, SASB, CDP, UNGC, SDGs
- 3 Conduct internal interviews to prioritize issues and opportunities with substantive impacts: sustainability sub-councils
- 4 Confirm top issues and priorities with senior leadership: Sustainability Council, Eastman Executive Team and Eastman's Board of Directors
- 5 Assess our strategy, goals, metrics, performance and transparency on each issue: corporate sustainability team



STRATEGY AND PERFORMANCE	MATERIAL ISSUES	MATERIAL DEFINITION	TYPE OF IMPACT	IMPACT MATERIALITY LEVEL	SDG
Mitigating climate change	Climate change risks and management	The physical and transition impacts, risks and opportunities presented by climate change and the transition to a low-carbon economy and adaptation and resilience measures adopted by companies (governance systems to manage climate-related risks and opportunities)	+	●●●	
Mitigating climate change	GHG emissions	Greenhouse gas emissions that an organization generates from activities under its control (Scope 1), from the energy it uses and purchases (Scope 2) and from business-related activities that are created from sources outside its control (Scope 3); it further captures disclosures on GHG emissions reductions, eco-friendly transportation, infrastructure and logistics management.	-	●●●	13 12 14 15
Mitigating climate change	Air emissions	Non-greenhouse gas air emissions that impact indoor or outdoor air quality, atmospheric conditions and/or human health (emitted through company operations and/or the use of company products)	-	●●●	3 12 13
Mainstreaming circularity	Product design and life cycle management	Integration of sustainability considerations in the production and consumption of products and services during their use phase and at the end of their life (practices and processes that minimize or eliminate negative impacts on both the environment and consumers' health and safety)	+	●●●	8 12
Sustainable business practices	Waste and hazardous materials management	The gaseous, liquid and solid substances used or disposed of in business operations or present in products that threaten human health or the environment (captures the generation, treatment, recovery, recycling and reduction measures of hazardous and nonhazardous waste and the handling, storage and application of hazardous material)	-	●●●	8 12
Sustainable business practices	Water and wastewater management	The management and conservation of water resources to meet business and customer needs (water consumption, water reduction, water effluent, and wastewater treatment and pollution from commercial operations affecting water quality and availability)	+	●●●	6 8 12
Mitigating climate change	Energy management	The management of the environmental and social consequences associated with energy use (management of a company's energy consumption, production, diversification, recovery and reductions)	+	●●○	7 8 12 13
Mitigating climate change	Transition to renewables and alternative energies	The transition from a predominantly fossil-based energy production system and consumption to renewable and alternative energy sources, including policies, goals, accounting instruments and technologies that facilitate that transition.	+	●○○	7 8 12 13
Sustainable business practices	Natural capital	The stock of capital derived from biological diversity and ecosystems as well as natural resources	-	●○○	6 14 15
Sustainable business practices	Ecological impacts	The contamination of natural resources due to harmful substances, excessive use or exploitation, and general corporate operational impacts that affect the protection of land, forests and biodiversity resources	-	●○○	

Type of impact + Positive - Negative Relative materiality level ●○○ Lower ●●○ Medium ●●● Higher

As Eastman collects data from a diverse set of external and internal stakeholders, we identify, prioritize and address issues and opportunities with the most substantive impacts to the company.

Eastman has prioritized addressing our own climate impacts through an aggressive decarbonization strategy that leverages energy efficiencies, incorporates renewable energy and is actively exploring transformational technologies. We are also addressing the footprint of our products and the value chains we serve through the implementation of our molecular recycling technologies. In addition, we set new aggressive air emission targets for NO_x and SO_x to manage other pollution-related issues.

In 2022, Eastman published a water policy and continues to work on our corporate waste strategy.

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS



MATERIALITY ASSESSMENT | SOCIAL

STRATEGY AND PERFORMANCE	MATERIAL ISSUES	MATERIAL DEFINITION	TYPE OF IMPACT	IMPACT MATERIALITY LEVEL	SDG
Caring for society	Employee health and safety	A company's safety performance and the mechanisms they have in place to maintain a safe and healthy workplace environment (protocols, training, work arrangements and the physical/mental working conditions to which employees are exposed to)	+	●●●	8
Caring for society	Product and services safety and quality	The initiatives, procedures, and staff training to ensure product and service quality and end-consumer safety (product ingredients and their potential effects on customer health; references to breaches of product or service quality and safety and general liability concerns)	+	●●●	
Caring for society	Public health risks	Major risks to public health, including the spread of infectious diseases and eventual pandemics, the availability of vaccinations and the anti-vaccine movement, and potentially deadly noncommunicable diseases	—	●●●	
Caring for society	Human rights	The fundamental rights and freedoms inherent to all human beings that ensure they are able to live with dignity, freedom, equality, justice and peace. The measures necessary to uphold these rights. The protection of the rights of a child as relates to preventing or responding to any form of violence, exploitation, abuse or practices that might be harmful.	+	●●●	8
Caring for society	Employee diversity and inclusion	The processes and mechanisms a company has to grow and maintain diversity in the workforce and ensure equal opportunities and treatment for all employees	+	●●○	10 5 8
Caring for society	Responsible consumption and production	Ability to promote sustainable consumption and production patterns	+	●●○	
Caring for society	Community relations	The relationship management between businesses and the local communities where they operate/interact (considers engagement mechanisms, community contributions, and positive or negative impact)	+	●●○	12
Caring for society	Customer privacy and data security	The aspect of information technology that deals with the protection of private corporate information, critical information systems and networks from security breaches.	+	●●○	
Caring for society	Workforce management	The process of ensuring the workforce is functioning at its most productive levels and copes with organizational changes (employee recruitment, retention and development practices)	+	●○○	5 8 10
Caring for society	Labor practices	Employment practices regarding internal/external workforce throughout the value chain and compliance with regulatory regimes and internationally accepted labor standards in the workplace (minimum labor rights, employee benefits, fair compensation and worker-related CSR initiatives)	+	●○○	3 5 8
Caring for society	Selling practices and product labeling	The requirements, standards, certifications and established practices regarding the information presented to consumers when advertising and selling goods and services and the social challenges related to the failure to provide transparent, accurate and complete information	+	●○○	
Sustainable business practices	Competitive behavior	Practices that prevent or restrict free trade or competition between commercial actors in a market, including anticompetitive behavior and protectionism, including protection and infringement of intellectual property rights	—	●○○	
Caring for society	Management of the local impacts	The mechanism to assess, manage and mitigate the direct and indirect negative impacts of the business in the local communities in which they operate	+	●○○	
Caring for society	Access and affordability	Ability to ensure all individuals and population groups can access products and services without discrimination (management of universal needs, affordability and accessibility)	+	●○○	1 3 8 10
Sustainable business practices	Physical and sociopolitical risks	The challenges due to the changes in society, politics and people due to an event or general trend and natural and human-induced disasters	—	●○○	

Type of impact + Positive — Negative Relative materiality level ●○○ Lower ●●○ Medium ●●● Higher

First and foremost, Eastman ensures the safety of our employees, the communities we serve and the products we make.

We also ensure the necessary measures to uphold [human rights](#) as a corporation, and we continue our own journey to advance the inclusion and equity of a diverse set of individuals at work and in our communities.

Stakeholder engagement

EMPLOYEES

The MyImpact digital platform, implemented in 2021, has greatly expanded our internal communications and capability to educate our global workforce on Eastman's sustainability strategy. It is leveraged by our six [Employee Resource Groups](#) (ERGs), and is the conduit for special events and volunteer and giving opportunities. In addition, Eastman conducts pulse surveys to gain insights from our diverse workforce to better understand and embed sustainability into our culture.

CUSTOMERS

As we fill our innovation pipeline, we take care in understanding the needs and expectations of the value chain through our newly implemented Sustainability Center of Excellence (COE). By actively engaging downstream, we understand the sustainability drivers most important to our customers and provide sustainable innovations to help them achieve their goals.

COMMUNITIES

We regularly engage with [Community Advisory Panels](#) (CAPs) in communities in which we operate to connect on and address topics of shared interest like public health and safety.

MEDIA

We proactively communicate across media channels to reach our target audiences and ensure transparency. Eastman regularly monitors traditional and social media across the globe to track and identify issues that are key to our sustainability strategy and the general population's sentiment toward them. We use these insights as signposts to inform our corporate strategy and proactively disseminate information in leadership meetings and through weekly emails.



INVESTORS

Sustainability issues are increasingly important to investors. We regularly engage with the investment community through our annual stockholder meeting and report; quarterly financial results, public webcast and calls; SEC filings and other public releases; targeted ESG road shows; and in-person investor events.

POLICYMAKERS AND REGULATORS

Our government affairs team interacts directly with legislators regarding issues that concern our stakeholders or that could potentially affect our ability to achieve our corporate commitments. This engagement has highlighted the need for broader industry efforts in recycling, improving feedstocks of plastic waste and more.

NONGOVERNMENTAL ORGANIZATIONS (NGOS)

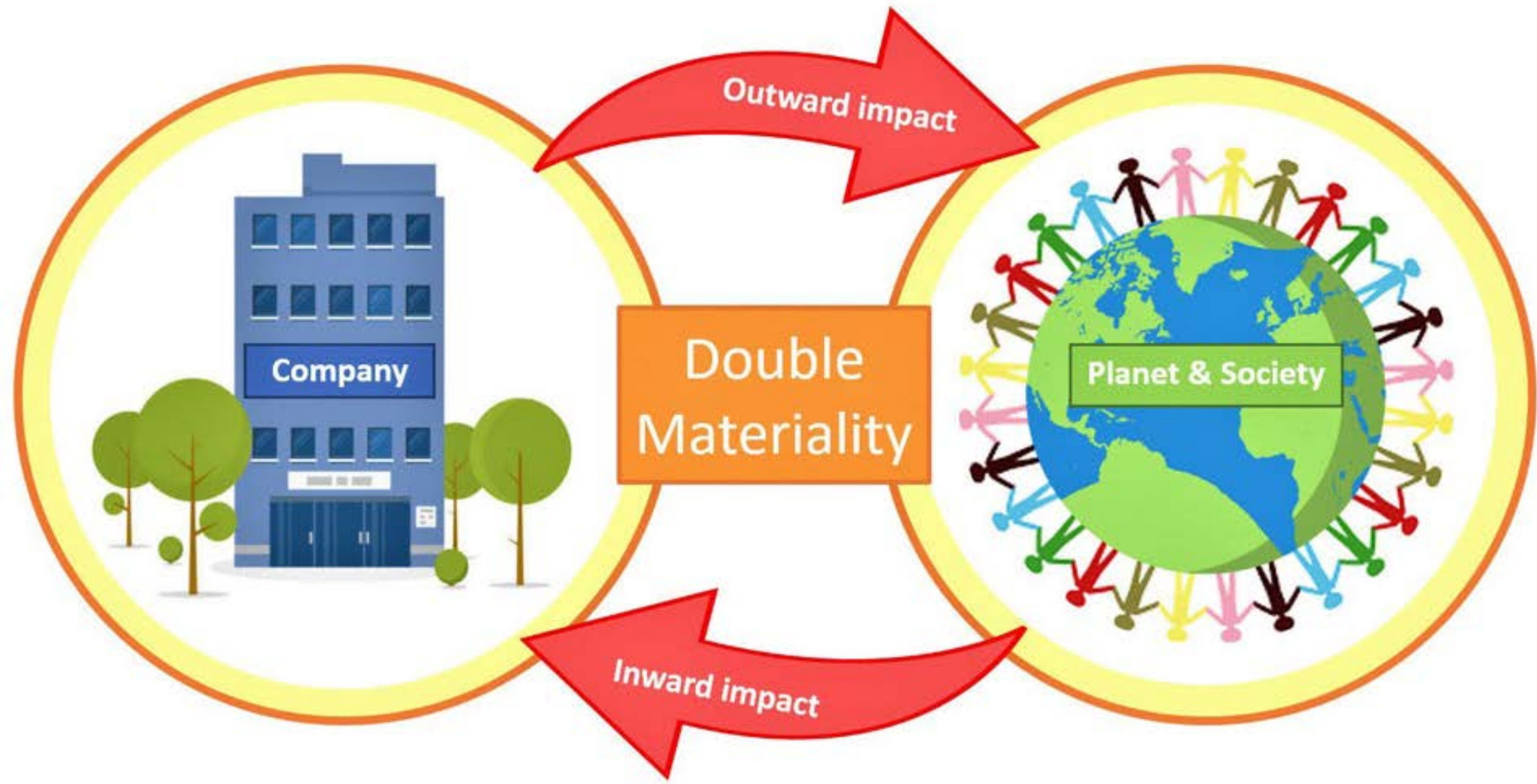
Philanthropic partners and other NGOs share knowledge that helps inform our sustainability efforts. Some examples include our Eastman Foundation partnering with organizations to enhance social well-being, environmental integrity and economic success, to our circularity teams engaging and collaborating with nonprofits like The Recycling Partnership, where we collectively help to expand and improve recycling in the U.S.

SUPPLIERS

Led by sustainable procurement leadership team, Eastman is actively engaging with suppliers to assess their level of commitment to sustainability and help drive improvements where needed. We are members of [Together for Sustainability](#) (TfS), a global network of chemical companies focused on improving sustainability performance in their supply chains. Supplier assessments are conducted via EcoVadis and site audits are conducted as needed.

HOW

- Flexible and adaptive
- Examples
- Evolving



FINANCIAL MATERIALITY

To the extent necessary for an understanding of the company's development, performance and position...



Primary audience:
INVESTORS

ENVIRONMENTAL & SOCIAL MATERIALITY

...and impact of its activities



Primary audience:
CONSUMERS, CIVIL SOCIETY, EMPLOYEES, INVESTORS

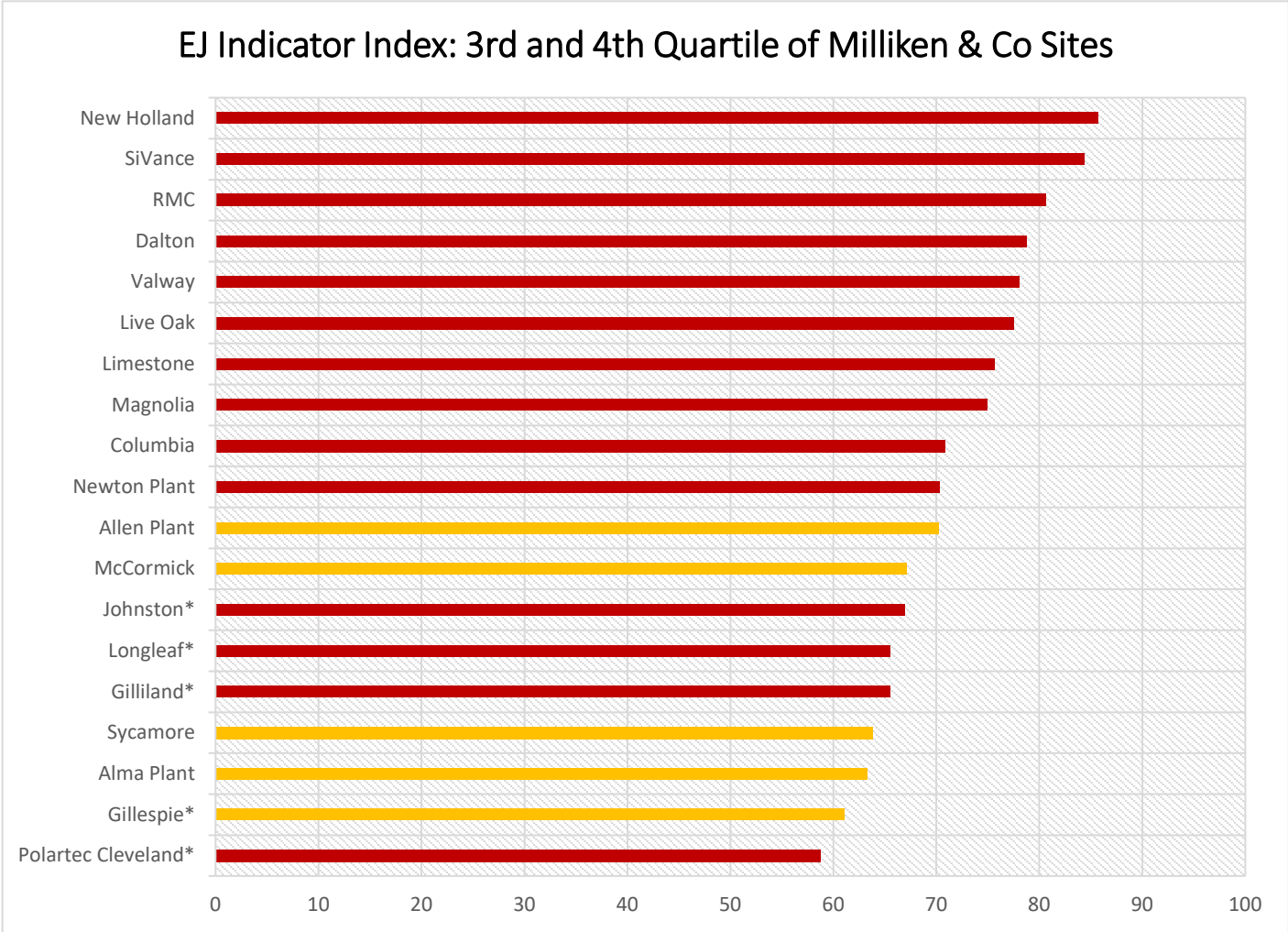
*Company impact on climate
can be financially material*

RECOMMENDATIONS OF THE TCFD

NON-FINANCIAL REPORTING DIRECTIVE

Data Related Questions and Analyses	Quantitative/ Qualitative	Stakeholder Group
The most important sustainability topics now	Quantitative	Both
Why these are most important now	Qualitative	Both
The most important sustainability topics in 2030	Quantitative	Both
Why these are expected to be most important in 2030	Quantitative	Both
Comparisons between most important topics now and 2030	Quantitative	Both
Explanation of additional, actual or potential sustainability impacts	Qualitative	Both
The most important sustainability policy topics for Milliken	Quantitative	Internal
A database of Milliken experts in different sustainability areas	Qualitative	Internal
Comparisons of how our divisions view sustainability	Quantitative	Internal
Comparisons of how different external stakeholder groups view sustainability	Quantitative	External
Comparisons of how different Milliken functional groups (e.g. HR, sales, etc) view sustainability	Quantitative	Both

Example: Systematic Integration of Different Data Sources



Milliken's 2022 Impact Framework

KEY IMPACTS FOR REPORTING

Our sustainability reporting is driven by our commitment to transparency as well as a deep and growing understanding of the potential impacts of our actions and inactions. We recognize all our efforts are interconnected and therefore report in alignment with global standards on our key impacts, including on key policies, commitments, actions, targets, and an evaluation of our progress.



REPORT LOCATION	IMPACT AREAS			
OUR APPROACH	Training	Ethics	Supply Chain	Human Rights
PEOPLE	Workforce Health and Safety	Diversity, Equity and Inclusion	Data Protection and Privacy	Community Engagement
PRODUCT	Product Sustainability Impacts	Circular Economy	Value Chain Carbon Emissions	Material Traceability
PLANET	Direct Carbon Emissions	Waste and Recycling	Renewable Energy	Water Risk
NET-ZERO	Climate Risk	Direct Carbon Emissions	Indirect Carbon Emissions	Value Chain Carbon Emissions

ENGAGE

1. What is materiality?
2. How does materiality work?
3. Engage in materiality - today