

## Risk Factors Comparison 2024-02-14 to 2023-02-15 Form: 10-K

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For identification and discussion of **In addition to factors described elsewhere in this Annual Report, the following are** the material known factors, risks, and uncertainties that could **cause actual results to differ materially from those in the forward- looking statements made in this Annual Report and elsewhere from time to time. See " Forward- Looking Statements".** The risks described below should be carefully considered, some of which have manifested and any of which may occur in the future, in addition to the other information contained in this Annual Report, before making an investment decision with respect to any of the Company' s securities. The following risk factors are not necessarily presented in the order of importance. **In addition, there may be other factors not currently known to the Company, which could**, in the future, materially adversely affect the Company, its business, financial condition, or results of operations. **This**, see "Management's Discussion and **other related disclosures made by the Company** Analysis of Financial Condition and Results of Operations- Risk Factors" in Part II, Item 7 of this Annual Report, and elsewhere from time to time represent management' s best judgment as of the date the information is given. The Company does not undertake responsibility for updating any of such information, whether as a result of new information, future events, or otherwise, except as required by law. Investors are advised, however, to consult any further public Company disclosures (such as in filings with the Securities and Exchange Commission, in Company press releases, or in other public Company presentations) on related subjects. **Risks Related to Global Economy and Industry Conditions** Continued uncertain conditions in the global economy, labor market, and financial markets could negatively impact the Company. The Company' s business and operating results were impacted by the last global recession, and its related impacts, such as the credit market crisis, declining consumer and business confidence, fluctuating commodity prices, volatile exchange rates, and other challenges that impacted the global economy. Similarly, as a company which operates and sells products worldwide, uncertainty in the global economy, labor market, and capital markets (including impacts from inflation, higher interest rates, and subsequent changes and disruptions in business, political, and economic conditions) have impacted and may adversely impact demand for and the costs of certain Eastman products and accordingly results of operations, and may adversely impact the Company' s financial condition and cash flows and ability to access the credit and capital markets under attractive rates and terms and negatively impact the Company' s liquidity or ability to pursue certain growth initiatives. In addition, the Federal Reserve in the U. S. and other central banks in various countries have raised interest rates in response to concerns about inflation, which, coupled with reduced government spending and volatility in financial markets, may have the effect of further increasing economic uncertainty and heightening these risks. Interest rate increases or other government actions taken to reduce inflation could also result in recessionary pressures in many parts of the world. Volatility in costs for strategic raw material and energy commodities or disruption in the supply and transportation of these commodities and in transportation of company products could adversely impact the Company' s financial results. Eastman is reliant on certain strategic raw material and energy commodities for its operations and utilizes certain risk management tools to mitigate market fluctuations in raw material and energy costs. The cost and availability of these raw materials and energy commodities can be adversely impacted by factors such as business and economic conditions, anomalous severe weather events, natural disasters, global pandemics, plant interruptions, supply chain and transportation disruptions, changes in laws or regulations, levels of unemployment and inflation, currency exchange rates, higher interest rates, war or other outbreak of hostilities or terrorism (such as the ongoing Russia / Ukraine and Middle East conflicts), and breakdown or degradation of transportation and supply chain infrastructure. Inflationary pressures affecting the general economy, energy markets, and certain raw materials have increased the Company' s operating costs. While the Company has undertaken efforts to offset many of these costs through various pricing actions, these risk mitigation measures do not eliminate all exposure to market fluctuations. In addition to these inflationary pressures, the Company has experienced certain supply chain challenges impacting its ability to secure certain raw materials and timely distribute products to customers. To mitigate the effects of these and other supply chain disruptions, the Company has implemented multifaceted sourcing, warehousing, and delivery strategies to focus on building resilient and redundant supply positions, and minimizing disruptions to customers by using alternate shipping methods to expedite delivery times. The Company' s geographic footprint has also helped reduce exposure to localized risks. Prolonged periods of heightened inflation or supply chain disruptions could have a material, adverse impact on the Company' s financial performance and results of operations. The Company' s substantial global operations subject it to risks of doing business in other countries which could adversely impact its business, financial condition, and results of operations. More than half of Eastman' s sales for 2023 were to customers outside of North America. The Company expects sales from international markets to continue to represent a significant portion of its sales. Also, a significant portion of the Company' s manufacturing capacity is located outside of the United States. Accordingly, the Company' s business is subject to risks related to the differing legal, political, cultural, social and regulatory requirements, and economic conditions of many jurisdictions. Fluctuations in exchange rates may impact product demand and may adversely impact the profitability in U. S. dollars of products and services provided in foreign countries. The U. S. and foreign countries may also adopt or increase restrictions on foreign trade or investment, including currency exchange controls, tariffs or other taxes, or limitations on imports or exports (including recent and proposed changes in U. S. trade policy and resulting retaliatory actions by other countries, including China, which have recently reduced and which may

increasingly reduce demand for and increase costs of impacted products or result in U. S.- based trade counterparties limiting trade with U. S.- based companies or non- U. S. customers limiting their purchases from U. S.- based companies). Certain legal and political risks are also inherent in the operation of a company with Eastman's global scope. For example, it may be more difficult for Eastman to enforce its agreements or collect receivables through foreign legal systems. There is also a risk that foreign governments may nationalize private enterprises in certain countries where Eastman operates. Also, changes in general economic and political conditions in countries where Eastman operates are a risk to the Company's financial performance. As Eastman continues to operate its business globally, its success will depend, in part, on its ability to anticipate and effectively manage and mitigate these and other related risks. There can be no assurance that the consequences of these and other factors relating to its multinational operations will not have an adverse impact on Eastman's business, financial condition, or results of operations.

**Risks Related to the Company's Business and Strategy** The Company's business is subject to operating risks common to chemical and specialty materials manufacturing businesses, any of which could disrupt manufacturing operations or related infrastructure and adversely impact results of operations. As a global specialty materials company, Eastman's business is subject to operating risks common to chemical manufacturing, storage, handling, and transportation, including explosions, fires, inclement weather, natural disasters, mechanical failure, unscheduled downtime, transportation and supply chain interruptions, remediation, chemical spills, and discharges or releases of toxic or hazardous substances or gases. Significant limitation on the Company's ability to manufacture products due to disruption of manufacturing operations or related infrastructure could have a material adverse impact on the Company's sales revenue, costs, results of operations, credit ratings, and financial condition. Disruptions could occur due to internal factors such as computer or equipment malfunction (accidental or intentional), operator error, or process failures; or external factors such as supply chain disruption, computer or equipment malfunction at third- party service providers, natural disasters, changes in laws or regulations, war or other outbreak of hostilities or terrorism, cyber- attacks, or breakdown or degradation of transportation and supply chain infrastructure used for delivery of supplies to the Company or for delivery of products to customers. Unplanned disruptions of manufacturing operations or related infrastructure could be significant in scale and could negatively impact operations, neighbors, and the environment, and could have a negative impact on the Company's results of operations. The Company is subject to operating risks related to its information technology infrastructure, including service interruptions, data corruption, cyber- based attacks or network security incidents, which could cause operations to be disrupted, product manufacturing to be delayed or data confidentiality to be impaired. Eastman depends on information technology ("IT") to enable the Company to operate safely, interface with employees, vendors and customers, and maintain its internal control environment. The Company's IT systems are maintained with a risk- based approach for the implementation of security protocols, system updates, employee training, and engagement of external experts. Eastman's risk- based approach is integrated with the Company's overall risk management strategy. Eastman's IT capabilities are delivered through a combination of internal and external services and service providers. Despite the Company's efforts to mitigate cybersecurity risk, its business may be impacted by system shutdowns, service disruptions, or cybersecurity incidents. Such an incident could result in unauthorized access or disclosure of confidential or personal information, and loss of trade secrets and intellectual property. In addition, the Company may suffer financial and reputational damage because of lost or misappropriated confidential information belonging to the Company, its current or former employees, customers, or suppliers, and may become exposed to legal action, governmental investigations, enforcement actions and regulatory fines. The Company may also be required to spend additional resources to restore systems or repair damage caused by a cybersecurity incident. These risks may also be present for the Company's joint venture partners, suppliers, or acquired businesses. The Company has been in the past, and likely will be in the future, subject to cyber- attacks related to its information systems. Although none of the previous cyber- attacks have had a material adverse impact on the Company's operations or financial results, no assurances can be provided that any future disruptions due to these, or other, circumstances will not have such an impact. See "Cybersecurity" in Part I, Item 1C of this Annual Report. Growth initiatives may not achieve desired business or financial objectives and may require significant resources in addition to or different from those available or in excess of those estimated or budgeted for such initiatives. Eastman continues to identify and pursue growth opportunities through both organic and inorganic initiatives, such as Eastman's sustainable innovation initiatives, which aim to develop a more "circular economy." These and other growth opportunities include development and commercialization or licensing of innovative new products and technologies, expansion into new markets and geographic regions through, among other means, alliances, ventures, and acquisitions that complement and extend the Company's portfolio of businesses and capabilities. Such initiatives are necessarily constrained by availability and development of additional resources. There can be no assurance that such innovation, development and commercialization or licensing efforts, investments, or acquisitions and alliances (including integration of acquired businesses) will receive necessary governmental or regulatory approvals, or result in financially successful commercialization of products, or acceptance by existing or new customers, or successful entry into new markets or otherwise achieve their underlying strategic business objectives or that they will be beneficial to the Company's results of operations. There also can be no assurance that capital projects for growth efforts can be completed within the time or at the costs projected due to, among other things, demand for and availability of construction materials and labor, obtaining regulatory approvals and operating permits, and reaching agreement on terms of key agreements and arrangements with potential suppliers and customers. Any such delays or cost overruns or the inability to obtain such approvals or to reach such agreements on acceptable terms could negatively impact the returns from any proposed or current investments and projects. The Company is the subject of various legal proceedings, and may be subject to future claims, that could have a material adverse effect on

the business, financial condition, and results of operations. From time to time, Eastman is involved in various legal proceedings or other commercial disputes and other legal and regulatory proceedings relating to its business. Due to the inherent uncertainties of litigation, commercial disputes, or other legal or regulatory proceedings, management cannot accurately predict their ultimate outcome, including the outcome of any related appeals. Although management establishes reserves based on the assessment of contingencies related to legal claims asserted against the Company, subsequent developments may affect our assessment and estimates of the loss contingency recorded as a reserve and require payments in excess of the Company's reserves, which could have an adverse effect on Eastman's business, financial conditions, and results of operations. Although the Company maintains liability insurance coverage, potential litigation claims could be excluded, limited by self-insured retentions, or exceed coverage limits under the terms of our insurance policies. If Eastman is unable to protect its intellectual property rights, the Company's competitive position, financial condition, and results of operations could be adversely impacted. Eastman relies on its intellectual property rights both in the U. S. and in foreign countries, including patents, trade secrets, trademarks, trade names, and copyrights to protect its investment in research and development and its competitive commercial positions in manufacturing and branding its products. Because of the differences in foreign trademark, patent, and other laws concerning intellectual property rights, the intellectual property rights may not receive the same degree of protection in foreign countries as they would in the U. S., which could result in inconsistent protection or loss of valuable intellectual property rights in some countries. If the Company is not successful in protecting its intellectual property rights, Eastman's business, financial condition, and results of operations may be adversely affected. Significant acquisitions or divestitures could expose the Company to risks and uncertainties, the occurrence of any of which could materially adversely affect the Company's business, financial condition, and results of operations. While acquisitions and divestitures have been and continue to be a part of Eastman's strategy, acquisitions of large companies and acquisitions or divestitures of businesses subject the Company to a number of risks and uncertainties, the occurrence of any of which could have a material adverse effect on Eastman. These include, but are not limited to, the possibility that the actual and projected future financial performance of the acquired or remaining business may be significantly worse than expected. In the case of an acquired business and as reported in "Management's Discussion and Analysis of Financial Condition and Results of Operations- Critical Accounting Estimates – Impairment of Long- Lived Assets- Goodwill" in Part II, Item 7 of this Annual Report, the carrying values of goodwill, indefinite-lived intangible assets, and certain assets from acquisitions may, as has been the case for certain acquired assets, be impaired resulting in non-cash charges to future earnings. In the case of a divested business, the divestiture could reduce Eastman's revenue and, potentially, margins and increase its costs and liabilities in the form of transition costs and retained liabilities from the operations divested, including environmental liabilities. If Eastman were to incur significant additional indebtedness, it may constrain the Company's ability to access the credit and capital markets at attractive interest rates and favorable terms, which may negatively impact the Company's liquidity or ability to pursue certain growth initiatives. The Company also may not be able to achieve the cost, revenue, tax, or other "synergies" expected from any acquisition, or that there may be delays in achieving any such synergies. In addition, management's time and effort may be dedicated to the integration of the new business or specific assets or product lines or separation of the divested business or specific assets or product lines resulting in a loss of focus on the successful operation of the Company's legacy businesses. The Company also may be required to expend significant additional resources in order to integrate any acquired business or specific assets or product lines into Eastman or separate any divested business or specific assets or product lines from Eastman. As such, the integration or separation efforts may not achieve the expected benefits. The Company may be subject to indemnity claims relating to properties or businesses it has divested. In connection with the sale of certain properties and businesses, Eastman has agreed to indemnify the purchasers of such properties for certain types of matters, including unknown contingent liabilities for environmental matters or tax liabilities. With respect to environmental matters, the discovery of contamination arising from properties that the Company has divested may expose it to indemnity obligations under the sale agreements with the buyers of such properties or cleanup obligations and other damages under applicable environmental laws. Eastman may not have insurance coverage for such indemnity obligations or cash flows to make such indemnity or other payments. Certain agreements by which the Company has acquired companies require the former owners to indemnify Eastman against certain liabilities related to the operation of those companies prior to Eastman's acquisition. Similarly, the purchasers of the Company's disposed operations may, from time to time, agree to indemnify it for operations of such businesses after the closing. There can be no assurance that the indemnity agreements will be sufficient to protect Eastman against the full amount of any liabilities that may arise, or that the indemnitors will be able to fully satisfy their indemnification obligations. The failure to receive amounts for which Eastman is entitled to indemnification could adversely affect Eastman's financial condition and results of operations. Failure to attract and retain talented personnel could adversely affect the Company's ability to compete and achieve its strategic objectives. Eastman's future success in achieving its performance and growth goals depends on its ability to attract, retain, develop and motivate highly skilled personnel. The Company has experienced, and continues to experience, an increasingly competitive hiring environment for skilled employees at its manufacturing and other sites, which has generally increased the cost of hiring or retaining talented employees essential to its success. In addition, effective succession planning is paramount to its long-term success. It is critical that Eastman identifies and develops succession candidates for senior management and other key positions throughout the organization. Failure to timely identify and develop succession candidates heightens the risk associated with the unexpected departure of key employees. Eastman's inability to ensure effective transfer of knowledge and transitions involving key employees could adversely impact its strategic planning and execution, which could adversely affect Eastman's business, financial condition, and

results of operations. Risks Related to Regulatory Changes and Compliance Legislative, regulatory, or voluntary actions could increase the Company's future health, safety, and environmental compliance costs. Eastman, its facilities, and its businesses are subject to complex health, safety, and environmental laws, regulations, and related voluntary actions, both in the U. S. and internationally, which require and will continue to require significant expenditures to remain in compliance with such laws, regulations, and voluntary actions. The Company's manufacturing activities, both inside and outside of the U. S., are subject to regulation by various federal, state, local and foreign laws, regulations, rules and government agencies concerning, among other things, air emissions, discharges to land and water, and the generation, handling, treatment, and disposal of hazardous waste and other materials. Actual or alleged violations of environmental, health or safety laws and regulations could result in restrictions or prohibitions on manufacturing operations as well as substantial damages, penalties, fines, civil or criminal sanctions and remediation costs. Eastman has incurred, and will continue to incur, significant costs and capital expenditures to comply with these laws and regulations, which may adversely impact its business and financial results. Future developments and more stringent environmental regulations may require the Company to make significant expenditures for environmental protection equipment, compliance, and remediation. The Company's accruals for such costs and associated liabilities are subject to changes in estimates on which the accruals are based. For example, any amount accrued for environmental matters reflects the Company's assumptions about remediation requirements at the contaminated site, the nature of the remedy, the outcome of discussions with regulatory agencies and other potentially responsible parties at multi-party sites, and the number of and financial viability of other potentially responsible parties. Changes in the estimates on which the accruals are based, unanticipated government enforcement action, or changes in health, safety, environmental, chemical control regulations and actions, and testing requirements could result in higher costs. Financial, regulatory, physical and transition risks associated with climate change could materially adversely affect the Company's business, financial condition, and results of operations. Extreme weather events linked to climate change, including hurricanes and other storms, flooding, extreme heat and drought, create physical risks to Eastman's manufacturing operations, as well as those of its key suppliers, which could result in operating disruptions and additional costs. While the Company's sustainability and "circular economy" innovation initiatives are sources of competitive strength (see "Business- Corporate Overview- Business Strategy- Circular Economy and Sustainability" in Part I, Item 1 of this Annual Report), future changes in legislation and regulation and related voluntary actions associated with physical impacts of climate change may increase the likelihood that the Company's manufacturing facilities will in the future be impacted by carbon requirements, regulation of greenhouse gas emissions, and energy policy. In addition, such changes may require additional capital expenditures, increase costs or limit the supply of raw materials and energy choices, and result in other direct and indirect compliance or other costs. Such changes could also result in decreased demand for products related to carbon-based energy sources or increased demand for goods that result in lower emissions than competing products. See "Business- Eastman Chemical Company General Information- Compliance with Environmental and Other Government Regulations" in Part I, Item 1 of this Annual Report. Changes in tax laws, regulations or treaties or adverse determinations by taxing or other governmental authorities could increase the Company's tax liabilities or otherwise affect its business, financial condition or results of operations. The multinational nature of Eastman's business subjects it to taxation in the United States and other foreign jurisdictions. Changes to income tax laws and regulations or in the interpretation of such laws in any of the jurisdictions in which it operates, or the unfavorable resolution of tax matters could significantly increase the Company's effective tax rate and adversely impact its financial condition or results of operations. Eastman could also be affected by, among other things, changes in the mix of earnings in countries with differing statutory tax rates, expirations of tax holidays, changes in the valuation of deferred tax assets and liabilities, and changes in liabilities for uncertain tax positions. In addition, the U. S. and foreign countries may impose additional taxes or otherwise tax Eastman's income. See "Management's Discussion and Analysis of Financial Condition and Results of Operations- Critical Accounting Estimates- Income Taxes" in Part II, Item 7 of this Annual Report. For example, the Organization for Economic Co- operation and Development ("OECD") has introduced a framework to implement a global minimum tax. Several jurisdictions in which Eastman operates have enacted laws effective January 1, 2024, consistent with the OECD's framework. While details around the global minimum tax in each jurisdiction are uncertain, the Company may experience an increase in tax obligations in jurisdictions it conducts business. The Company's insurance may not fully cover all potential exposures. Eastman maintains property, casualty, business interruption, and other insurance, but coverage limits may not be sufficient to cover all risks associated with the hazards of its business. As a result of market conditions, premiums and deductibles for certain insurance policies can increase substantially and, in some instances, certain insurance policies may become unavailable or available only for reduced amounts of coverage. In addition, from time to time, various types of insurance for specialty chemical companies have not been available on commercially acceptable terms or, in some cases, have not been available at all. For some risks, the Company may elect not to obtain insurance but instead self-insure. Losses and liabilities from uninsured or underinsured events and delay in the payment of insurance proceeds could have a material adverse effect on Eastman's business, financial condition, and results of operations.