



Health, Safety, and Environment Annual Report 2002



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A Letter from Kodak Management

03

OUR COMMITMENT TO CONTINUAL IMPROVEMENT

Welcome. For the fourth consecutive year, we are pleased to offer the Kodak Health, Safety, and Environment (HSE) Annual Report online. This allows us to disseminate information quickly and conveniently to people around the world.

Although this report covers the calendar year 2002, we recognize that real progress requires a commitment to continuous improvement and can rarely be isolated into such specific timeframes.

In fact, we are proud that many HSE achievements made in 2002 are the result of programs planned a decade or more ago and efficiently implemented over the intervening years. Such progress depends on the foresight to plan and the commitment to execute – and Kodak people have shown both.

For example, in 1999, we set forth a series of aggressive, voluntary, worldwide environmental goals. Over five years, we sought to reduce emissions, conserve natural resources, and strengthen environmental management. As you review our update for 2002, you will see that we already have met or exceeded almost every goal – in several cases beating our targets by more than 100 percent.

Among the environmental goals already achieved is ISO 14001 certification for all 28 of our major Kodak manufacturing plants around the world as well as for our corporate HSE management system.

We also invite you to read about a remarkable safety record at our Xiamen facility in China, where Kodak employees have worked 10 million hours without a lost-time incident. Never before in this company has such a milestone been achieved – and the Kodak plant in Shantou, China, already has passed the six-million-hour mark without a lost-time incident.

Energy efficiency received special attention in 2002, an effort that included the first worldwide Kodak Energy Summit. Not only did the company save energy, but we have also saved \$8.5 million in energy costs.

For the second consecutive year, Kodak has been identified as the leader within its business sector on the Dow Jones Sustainability World Index (DJSI World), a guide for people who seek to invest in companies that promote corporate sustainability.

DJSI World defines corporate sustainability as: “a business approach that creates long-term shareholder value by embracing opportunities and managing risks deriving from economic, environmental, and social developments.” Kodak has earned similar recognition in Europe from FTSE, an organization co-owned by the London Stock Exchange and The Financial Times.

While we are proud to receive recognition from awards presented to Kodak, we also actively participate in programs where Kodak recognizes others and supports those involved in environmental improvements. These include the Kodak American Greenways Awards, which we present in concert with The Conservation Fund, and the Windows on the Wild, a program in biodiversity education that we support under the auspices of World Wildlife Fund.

The table of contents provides a guideline to help you explore the entire report or to quickly select areas of particular interest. For general corporate information about HSE and Kodak, we welcome you to go to our HSE website www.kodak.com/go/hse. Those who desire more detailed data on the company will find several direct links to help you.

If you have comments to share, contact information is provided in the contents menu. Once again, we are pleased to share with you our progress and we thank you for visiting this site.

Daniel A. Carp

Chairman, and Chief Executive Officer

R. Hays Bell

Vice-President

Director, Health, Safety, and Environment

Chairman, Health, Safety, and Environment

Coordinating Committee

Charles S. Brown, Jr.

Senior Vice-President

Director, Global Manufacturing and Logistics

Chairman, Health, Safety, and Environment

Management Council



About Kodak

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Eastman Kodak Company is the leader in helping people take, share, enhance, preserve, print, and enjoy pictures – for memories, for information, for entertainment.

The company is a major participant in “infoimaging,” a \$385 billion industry composed of devices (digital cameras and PDAs), infrastructure (online networks and delivery systems for images) and services and media (software, film, and paper enabling people to access, analyze, and print images). Kodak brings together its technology, market reach, and a host of industry partnerships to provide innovative products and services for customers who need the information-rich content that images contain.

The company is organized into four major businesses: Photography, providing consumers, professionals, and cinematographers with digital and traditional products and services; Commercial Imaging, offering image capture, output, and storage products and services to businesses and government; Components, delivering flat-panel displays, optics, and sensors to original equipment manufacturers; and Health, supplying the healthcare industry with traditional and digital image capture and output products and services.

In 2002, sales totaled \$12.8 billion, with more than half coming from outside the U.S. Kodak employs approximately 70,000 people, with 39,000 in the U.S. With major manufacturing plants in the U.S., Canada, Mexico, Brazil, England, France, Germany, Australia, and China, Kodak markets a wide range of imaging products in nearly every country in the world.

In 2002, the company invested more than \$750 million in research and development and almost \$600 million in capital expenditures (plants, equipment, etc.). Over the past three years, expenditures for pollution prevention and waste treatment totaled nearly \$300 million. Currently, the company is reusing or recycling nearly 1.5 billion pounds of material annually. In addition, the company's environmental improvement programs have resulted in a significant reduction in overall discharges since 1987.

Kodak conducts itself according to six corporate values – respect for the dignity of each individual, uncompromising integrity, trust, credibility, continuous improvement, and recognition and celebration. At Kodak, we believe that doing well by shareholders also means doing right by customers, employees, neighbors, and suppliers. With that in mind, Kodak operates its facilities and designs and markets its products and services not only to increase shareholder value, but also to promote development of the individual, the well-being of the community, and respect for the environment.



Vision and Strategy

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KODAK'S VISION FOR HEALTH, SAFETY, AND ENVIRONMENT, AND HOW WE EMBRACE IT

Our vision at Eastman Kodak Company is to make measurable improvements in the health, safety, and environmental aspects of our products, services, and operations – and to do so continually.

To realize this vision, all Kodak operations and employees around the world work together to protect the quality of the environment and the health and safety of our employees, customers, and neighbors.

As a strategic framework to keep us on the path to our goals, we have established a company Health, Safety, and Environmental Policy – and further set forth a series of guiding principles and global performance expectations.

It is the policy of Eastman Kodak Company to carry out its business activities in a manner consistent with sound health, safety, and environmental management practices and to comply with applicable health, safety, and environmental laws and regulations. The company will produce and sell products which, when manufactured, handled, transported, used, and disposed of in accordance with appropriate labeling and product literature, are safe for employees, customers, and others.

These are the standards by which we plot our progress, monitor any shortcomings, and measure our successes. Proper stewardship of health, safety, and environment is fundamental to Kodak's core values, and our policies, organization, and management systems are rooted in them. For a complete look at what guides us – our environmental policies and principles – [click here](#).



Vision and Strategy

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GUIDING PRINCIPLES

1. To extend knowledge by conducting or supporting research on the health, safety, and environmental effects of our products, processes, and waste materials.
2. To operate our plants and facilities in a manner that protects the environment and the health and safety of our employees and the public, conserves natural resources and energy, and demonstrates our commitment to continual improvement and the prevention of pollution.
3. To include health, safety, and environmental considerations in our planning for existing and new products and processes.
4. To develop and market products that can be manufactured, transported, used, serviced, and disposed of safely and responsibly. Through the use of design and best management practices, improvements are continually made in the conservation of natural resources.
5. To assist customers on the safe and responsible use, transportation, storage, and disposal of our products.
6. To participate with government and others in creating responsible laws, regulations, and standards to safeguard the community, workplace, and environment.
7. To measure our health, safety, and environmental performance on a regular basis and provide timely, appropriate information to officials, employees, customers, shareholders, and the public.
8. To recognize and respond to community concerns about our operations and to work with the community and others to understand and resolve health, safety, and environmental issues related to our operations.
9. To encourage employees when outside of work to apply the same principles for health, safety, and environment that are applied at work.



Governance

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STRUCTURE AND GOVERNANCE OF KODAK'S HEALTH, SAFETY, AND ENVIRONMENT SYSTEM

Health, Safety, and Environment Management Council – Kodak's corporate program of environmental responsibility is strongly supported by the commitment and direct involvement of senior management.

The principal organizational element is the Health, Safety, and Environment Management Council (HSEMC), chaired by the Senior Vice-President and Director, Global Manufacturing and Logistics. Members of the HSEMC are senior line managers and staff from representative worldwide Business Units, Regions, Manufacturing, Legal, and Corporate Communications & Public Affairs, and HSE. The HSEMC provides leadership and direction, sets policy, and reviews progress against goals for Kodak's worldwide health, safety, and environmental program.

The HSEMC is supported by the HSE Coordinating Committee, which is chaired by the Corporate Vice-President and Director, HSE. The HSE Coordinating Committee develops and administers appropriate programs under the direction of the HSEMC. Several subcommittees focus attention on key issues such as manufacturing, packaging and product design, site assessments, employee, visitor, and contractor health and safety, and environmental management systems.

Operational Structure – At the heart of Kodak's Health, Safety, and Environment structure is a set of Global Performance Expectations (*see frame on right*) that define for all Kodak employees what the company expects of them.

Background, Measures, and Accountability – Because Health, Safety, and Environment (HSE) responsibility is fundamental to Kodak values and is essential in delivering total customer satisfaction, it is expected that all levels of the company will integrate HSE management practices into key business processes. These processes include strategic planning, product development, service delivery, material purchasing, and the design and operation of manufacturing processes and jobs. Likewise Kodak suppliers, alliance partners, site tenants, and contractors are encouraged to adopt similar principles and practices.

All employees are expected to comply with government regulations, as well as internal and external standards; HSE units at the local, regional, and corporate levels provide implementation assistance. Kodak's HSE management system is supported by its Vision of Health, Safety, and Environmental Responsibility, HSE Policy, Guiding Principles, and Performance Standards as well as the Corporate Responsibility Principles and is operated consistently with international standards for environmental management systems. Facilities worldwide, including subsidiaries, are routinely evaluated against these standards. *continued on next page*

Global Performance Expectations

All Kodak employees are expected to perform their jobs in a safe, environmentally responsible manner. Kodak managers and supervisors are expected to take appropriate steps to ensure the health and safety of employees, and that products are designed, services are delivered, and facilities are operated in accordance with our Vision of Health, Safety, and Environmental Responsibility. Our collective focus is on preventive measures today, not remedial actions tomorrow.

These expectations can best be realized by employees who understand the importance of continuous health, safety, and environmental improvements to the long-term success of the company. As the world leader in imaging, Kodak must make measurable improvement in HSE performance every day . . . every month . . . every year.

Governance

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CONTINUED

To achieve alignment of activities, Kodak's worldwide business units, manufacturing facilities, shared resource units, and subsidiaries are expected to set targets and track HSE performance. To provide accountability at all levels of management, HSE expectations are included in performance goals. Individual operating units establish their own metrics to drive improvement appropriate to their business objectives.

Accident-Free Workplaces – Consistent with Kodak values, the company's goal is to have healthy employees productively and safely at work. Work related illnesses and injuries reduce individual productivity and disrupt company operations – like quality defects, they are preventable and should be eliminated. The company has established the goal of achieving, by the year 2003, a minimum 10X improvement in safety performance, compared to the benchmark of 1998. Each employee's best effort in every aspect of the job, including HSE, is crucial to Kodak's future success.

Focused HSE Product Leadership – Kodak is committed to achieving total customer satisfaction through a portfolio of differentiated products and services that offer the highest value. As part of this portfolio, customers seek value-added HSE attributes in Kodak products and services. Kodak has developed an internal guide for Business Units as a means of measuring their success in incorporating these attributes.





Governance of Health, Safety, and the Environment

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CORPORATE VALUES DRIVE KODAK POLICIES, ORGANIZATION, AND HSE MANAGEMENT SYSTEMS

As part of its voluntary environmental goals, and in line with the company's corporate values, Kodak set an objective to have all of its major manufacturing sites attain ISO 14001 registration (see below). This means the sites adhere to the stringent environmental management system requirements set by the International Standards Organization. Today, all of Kodak's worldwide major manufacturing sites and the corporate HSE Management System have attained ISO 14001 registration.

In addition, HSE management has established 29 performance standards in the categories of Medical, Environmental, Safety, and Health. These standards provide more detailed guidance on specific areas, such as Preventive Medical Services, Groundwater Protection, Electrical Safety, and Chemical Management Control (*see chart on right*).

To verify HSE performance and to drive management excellence, a Corporate Health, Safety, and Environmental Assessment Program was initiated in 1988. This program evaluates compliance of Kodak organizations worldwide with health, safety, and environmental corporate policies and procedures, good management practices, and the laws and regulations of national, regional, and local governing entities. In 2002, 92 assessments were completed – at manufacturing, office, photofinishing, and distribution sites.

With strong support and review by senior management, the assessment results are used to drive individual facility improvements and to provide direction to company HSE programs. Following a site visit, an assessment, and a full report, sites must complete corrective actions within one year. Each action is monitored by corporate HSE experts and verified during subsequent assessments. Assessments are repeated every one to six years, depending on site characteristics.

Kodak assessments often include advanced approaches such as utilizing multi-media teams, conducting risk-based assessments, developing teleauditing techniques (strengthening the reach of audit teams using videoconference equipment with digital cameras), and employing rapid reporting systems. Periodic external audits of the Kodak assessment program are conducted. The most recent found that Kodak's program met or exceeded every one of 13 key criteria and was judged a "premier quality" program.

Kodak's HSE Performance Standards Which Define Typical Assessment Topics

Environment	▶ Air Emissions Release Reporting Waste Minimization Groundwater Protection Wastewater Management Waste Management
Health	▶ Product Responsibility Health Hazard Assessment Ergonomics HSE Training Chemical Management Control Exposure Limits
Medical	▶ Occupational Health Surveillance Medical Records Emergency Medical Care Fitness to Work Preventive Medical Services Medical Facilities & Staff Medical Program for International Business Travel
Safety	▶ Emergency Preparedness Employee Safety Chemical & Manufacturing Process & Equipment Safety Personal Protective Equipment Storage Handling Distribution of Materials Contractor & Visitor HSE Equipment Safety Facility Safety Electrical Safety Product Safety, Returns, and Recalls

Kodak Site	Status	Kodak Site	Status	Kodak Site	Status	Kodak Site	Status
Annesley, England	Registered, 1997	Kodak Canada	Registered, 1999	Shanghai - minilabs, China	Registered, 1999	Malanpur, India	Registered, 2001
Kodak Colorado	Registered, 1998	Kodak Park, Rochester	Registered, 1999	Shantou, China	Registered, 2000	Bangalore, India	Registered, 2001
Chalon, France	Registered, 1998	Kodak Australia	Registered, 1999	Wuxi, China	Registered, 2000	China Xiamen	Registered, 2001
Kirkby, England	Registered, 1998	Manaus, Brazil	Registered, 1999	White City, Oregon	Registered, 2000	Japan Chinon	Registered, 2001
Harrow, England	Registered, 1998	Kodak Mexico	Registered, 1999	Goa, India	Registered, 2000		
Corporate HQ	Registered, 1999	Eastman Gel, Massachusetts	Registered, 1999	Kodak Nordic	Registered, 2001		
Sao Jose, Brazil	Registered, 1999	Shanghai - cameras, China	Registered, 1999	Kodak Berlin	Registered, 2001		



Our Commitments

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EIGHT WORLDWIDE ENVIRONMENTAL GOALS

With one year remaining on a series of eight worldwide environmental goals set by Kodak in the spring of 1999, the company has achieved seven of them – in many cases going well beyond the aggressive targets.

The voluntary goals, to be met by January 1, 2004, address three strategic initiatives:

- Greater reduction in emissions
- Conservation of natural resources
- Further strengthening environmental management

Even for the goals that have been reached and exceeded, Kodak will continue to press for improvements in all areas through the five-year period – and beyond.

HERE'S THE REPORT AFTER FOUR YEARS OF WORK TOWARD THE FIVE-YEAR GOALS:

EMISSIONS REDUCTION

Goal: 40% aggregate emission reduction of 30 priority chemicals (from 1997 base levels).

At year-end 2002: Target reached. A 43% reduction has been achieved, driven by excellent efforts at Kodak Park in Rochester, Kirkby in Great Britain, and Chalon in France.

Goal: 50% reduction in emissions of methylene chloride (from 1997 base levels).

At year-end 2002: Target reached. Reduction of 57% has been achieved, all of which occurred at Kodak Park in Rochester. This has resulted in an aggregate, 15-year reduction of nearly 90%.

Goal: 20% reduction in emissions of carbon dioxide from power production (emissions associated with global climate change).

At year-end 2002: 13% reduction has been achieved worldwide, with most significant gains at Kodak Park in Rochester and at Harrow in Great Britain.

PRESERVATION OF NATURAL RESOURCES (indexed to production)

Goal: 15% reduction in energy used in manufacturing.

At year-end 2002: Target reached. With excellent improvement achieved at Kodak's Harrow plant in Great Britain, at Chalon in France, and at Kodak Park, energy used in worldwide manufacturing has been reduced by 29%.

Goal: 25% reduction in the production of manufacturing waste.

At year-end 2002: Target reached. Waste has been reduced by 49%, with strong contributions from many sites, including Kodak Australia.

Goal: 15% reduction in water usage at manufacturing sites.

At year-end 2002: Target reached. On a worldwide basis, water use has been reduced by 39%, with Kodak Park the driving force.

Goal: Targeted elimination of heavy metals (lead, mercury, cadmium, and hexavalent chromium) from Kodak products.

At year-end 2002 (percentages compiled by weight against a 1999 baseline): Target reached. Average reduction of 89% by aggregate weight achieved, continued progress made with suppliers on other heavy metal applications and recycling initiatives.

STRENGTHEN ENVIRONMENTAL MANAGEMENT

Goal: Have all major manufacturing sites certified to the ISO 14001 standard by January 1, 2004.

At year-end 2002: Target reached. All Kodak major manufacturing sites, as well as the corporate HSE management system, have been registered worldwide. See page 9.



Our Commitments

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VOLUNTARY HSE PROGRAMS

At Kodak, our commitment to voluntary environmental programs is good for our business and good for the environment. Here are some examples of recent initiatives.

EPA Energy Star Program – The Energy Star label is a symbol for energy efficiency developed by the U.S. Environmental Protection Agency (EPA). The label, which is on such products as household appliances, home electronics, office equipment, heating and cooling equipment, and windows, is designed to help the consumer save money on utility bills while helping the environment.

For almost a decade, Kodak has partnered with the U.S. EPA Energy Star program for energy efficient products. Over 20 Kodak products have been branded with EPA's Energy Star logo. Last year, Kodak extended this partnership and joined a list of companies participating in EPA's Energy Star program for buildings. The multifaceted Energy Star program is designed to promote energy conservation among businesses and consumers.

EPA Sustainable Design and Remanufacturing – Kodak is working with the National Center for Remanufacturing and Resource Recovery (NCR3) under an EPA-sponsored sustainable design and remanufacturing project. The project objectives are to develop and demonstrate two sustainable design tools. The first tool will assist designers in determining the optimal end-of-life options for a product or component. The second tool will provide guidance for selecting design attributes (e.g., material, coatings, joining techniques) that facilitate remanufacturing and recycling.

EPA's Project XL (eXcellence and Leadership) – Kodak and the U.S. EPA signed an innovative agreement that will lead to significant reduction in waste, improvements in cycle time, and savings in R&D costs while enabling Kodak to produce more environmentally friendly products.

According to the agreement, Kodak will use a series of pollution prevention, computerized tools developed by the EPA to screen chemicals while they are in the early stages of development.

EPA's Climate Leaders Program – As of June 2002, Kodak is participating in the EPA's Climate Leaders Program. The program, a partnership between the government and the industry, challenges businesses to reduce the amount of greenhouse gases (GHG) emitted into the air.

Participating businesses complete a corporate-wide GHG gas inventory and then work with EPA officials to set an emissions reduction target. The businesses then report emission and reduction levels over a set period of time.

After the inventory phase is complete, an EPA assigned contractor will work with the business to set an emissions reduction target. Targets are long-term, aggressive goals that exceed business-as-usual standards. For businesses that have shown successful reduction goals in the past, a less aggressive goal may be agreed upon.



Our Commitments

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ENERGY SAVINGS – A WIN-WIN FOR KODAK AND THE ENVIRONMENT

A Kodak Worldwide Energy Summit in December, 2002 highlighted a year of significant activity and outstanding results in the company's efforts to conserve energy in all of its global operations – an outcome mutually beneficial to the environment and to the bottom line.

The event was planned, coordinated, and facilitated by Kodak's Worldwide Energy Office, which led initiatives on many fronts to enhance energy conservation.

Throughout the year, Energy Focus Teams in different areas gathered for three-day sessions to identify energy savings opportunities, find solutions, and implement action. Around the globe, these teams worked to replace inefficient motors, upgrade pumps, and optimize lighting, and other electrical components to achieve their objectives.

More than 60 energy management representatives from around the Kodak manufacturing world gathered in Rochester for three days to share best practices and solutions to help the company drive toward its goal of a 20-percent reduction in carbon dioxide emissions.

The results? The company saved \$8.5 million in energy costs by 2002.

And, in terms of lessened environmental impact, consider this: Think of the famous island of Manhattan in New York City. Now think of an area 11 times that size. Now imagine that huge amount of land completely planted with trees. That's what it would take to equal the reduced carbon dioxide emissions Kodak has achieved as a result of energy reduction efforts.

Through 2002, Kodak's efforts were aided by its membership in the U.S. Environmental Protection Agency's Energy Star Program. When Kodak joined Energy Star at the end of 2001, it noted that it was making "a fundamental commitment to the continuous improvement of our organization's energy performance," and also pledged to use Energy Star tools and strategies to help drive results.





Our Commitments

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KODAK CONTINUES STRONG WASTEWISE INITIATIVES

When the United States Environmental Protection Agency (EPA) created its WasteWiSe program in 1994, Kodak became a charter member and since then has been recognized a number of times for its programs to reduce waste and to recycle.

In 2002, Kodak was once again recognized by the EPA as a WasteWiSe Program Champion for a series of environmentally sound initiatives and outstanding results in its operations in New York, Colorado, and Massachusetts.

Highlights of the recycling initiatives carried out in 2002 include:

- 650 million one-time-use (OTU) cameras have been recycled since the program began in 1990. In 2002, the company collected over 110 million units, or more than 14 million pounds of OTU cameras, which resulted in the reuse of more than three million pounds of plastic, more than two million circuit boards, and numerous batteries.
- More than 550,000 pounds of equipment were recycled.
- 14 million pounds of movie film were recycled.
- Two million pounds of furniture, machinery, and equipment were reused. 215,000 pounds of computers were recycled along with an additional 64,000 pounds of components.
- In Kodak Colorado (KCD), the resource recovery program increased the amount of material diverted from landfills through reuse and recycling. Some 20,000 pounds of computer equipment were recycled and 300 computers and related equipment were donated to local schools and organizations.

- A print cartridge recycling program at KCD collected nearly 2,000 cartridges, which resulted in about \$2000 donated to local schools and charities. Kodak Colorado also recycled 3.8 million pounds of assorted materials in 2002.
 - In 2002, the company purchased 110 million pounds of 100% recycled corrugated paper, as the Corporate Supplier Environmental Responsibility Subcommittee continued to reinforce Kodak's commitment to purchase recycle-content products.
 - 154 million pounds of coal combustion products (fly ash, bottom ash, cinders) were reused in concrete mix, as hiking and biking trail beds, and as traction agents for roads in 2002.
 - Kodak's Film Container Recycling Program recycled more than 355 million film-roll equivalents in 2002, bringing the total to 3.5 billion film roll equivalents over the past 11 years. This effort has diverted 87 million pounds of material from landfills since the program began.
 - 76 million pounds of wastewater treatment sludge were used in land application for soil enrichment for soil enrichment in Eastman Gelatin and Kodak Colorado Facilities.
- Ongoing efforts include efforts to identify new opportunities to reduce material use and to improve equipment and material reuse and recycling.





2002 Fines and Penalties (Worldwide)

14

WE COULD IMPROVE...

Our policy is to conduct our business activities in a manner consistent with sound health, safety, and environmental management practices, and to comply with all applicable laws and regulations. Given the complex nature of today's regulatory arena and the size and complexity of our operations, we believe our compliance record, while good, also shows the need to continue to improve.

Date	Location	Violation	Amount
March 21	Cinesite, Inc. Hollywood, CA	Failure to install new pollution control equipment by compliance date	\$ 3,375
April 4	Pro-Tek Film Vaults Burbank, CA	Failure to stay below daily solvent usage limit of 0.15 gal.	\$ 500
June 24	Kodak Park, Polymer Mfg.	Late in providing a compliance plan and to implement RACT by 5/31/95. Also, emissions subject to BACT requirements were made without the required degree of air cleaning.	\$ 60,000
July 4	Kodak Philippines	Civil Penalty assessed for operation of a diesel gen-set without a "Permit to Operate".	\$ 60
July 30	Qualex Montague Twp, NJ	Failure to submit appropriate permit application to operate a hazardous waste facility; failure to keep a copy of the manifest for 3 years.	\$ 8,000
August 1	Kodak Park	Civil penalty for not providing Emulsion Mfg. RACT compliance plan for two air emission points and failure to implement RACT by 5/31/95.	\$ 30,000
Sept. 1	Kodak Park	Kodak self-report: manufactured a chemical substance without first submitting a "Notice of Commencement of Manufacture" to U.S. EPA.	\$ 3,300
Sept. 30	Qualex	Civil penalty for transporting hazardous materials by air without proper manifest.	\$ 36,000
RACT - Reasonably Available Control Technology BACT - Best Available Control Technology EPA - Environmental Protection Agency			



Health and Safety of Our Employees

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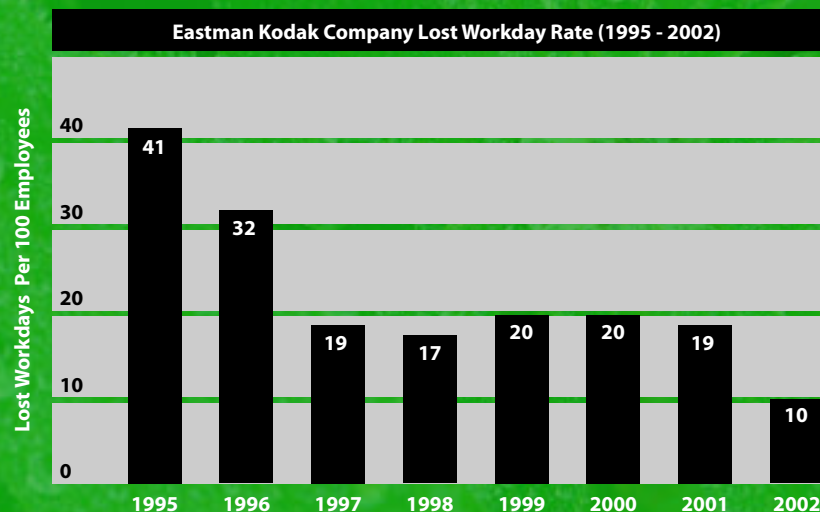
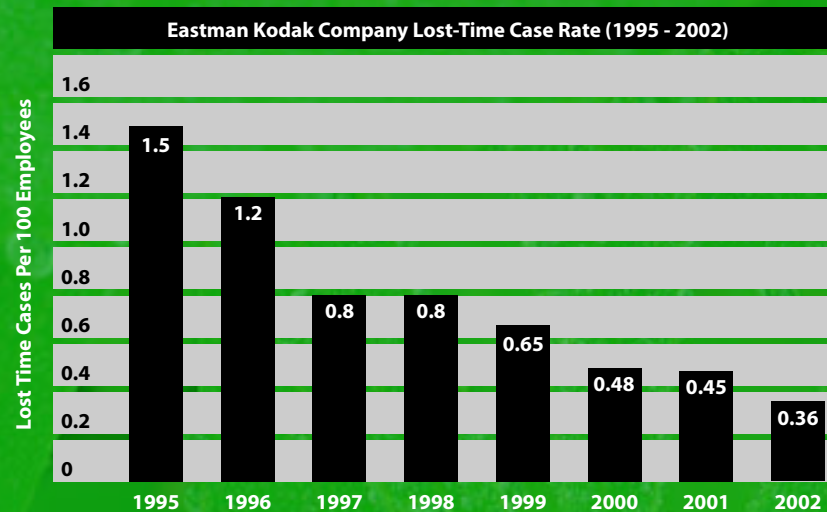
KODAK HEALTH AND SAFETY RECORD CONTINUES TO IMPROVE

Kodak's health and safety record, as measured by lost-time injuries and illnesses of employees, has shown steady improvement over the past eight years.

In 2002, the company achieved an excellent worldwide, lost-time incident rate* of 0.36 per 100 employees. The lost workday cases per 100 employees showed a sharp decline in the past year, dropping from 19 in 2001 to 10 in 2002.

Health and safety awareness, line leadership, and employee involvement have been key elements in achieving the year-to-year achievement reflected in the accompanying graphs.

** These data are exclusive of recent acquisitions and photofinishing. It should be noted that some definitions of lost-time incidents have been clarified/changed during the 8-year period, which may have resulted in shifts to the baseline.*



Health and Safety of Our Employees

16

A REMARKABLE STORY OF SAFETY IN KODAK CHINA

Imagine 50 people working together in a manufacturing plant.

Now, imagine that all 50 work an entire year and never have even one lost-time accident.

That would be a good safety record.

Now, imagine if those 50 people worked one hundred years and never had a lost-time accident – because only then would they match the record achieved by Kodak's Xiamen facility in China.

In 2002, the Xiamen plant completed the equivalent of such a record, reaching the remarkable number of 10 million hours without a lost-time incident. No Kodak manufacturing site had ever reached this milestone.

Kodak CEO Dan Carp was among company officials who visited Xiamen in November to celebrate with employees and local government officials. And, just how does a plant site achieve a record of 10 million hours of safety?

While acknowledging that no such record could be attained without a bit of simple good fortune, the management of Kodak's Xiamen facility offered a few factors and procedures that – in combination – contributed to the achievement, including the following:

- In Xiamen's five-year history, great effort has gone into building the workplace culture on Kodak's corporate values.
- Strong management commitment to and involvement with safety was present from the beginning of the operation, including the construction phase.
- As a new plant, many good ergonomic factors were built into it, based on Kodak's knowledge and experience in other areas.
- The Xiamen workforce is made up of employees new to the workforce; they were taught good work habits as they joined the company.



Kodak's Xiamen plant nestled in the beautiful Guangdong province of China

- An injury-free workplace is clearly a high-priority management expectation. Safety is always the first topic discussed at any performance review.
- When employees are involved in a safety incident, they are expected to learn from it and to help others learn from it as well.
- Safety accomplishments are celebrated and reinforced tangibly.
- Improvement comes from changing things where the actual work is being done. This means going to the workplace to see the opportunities and to assess the results of continuous improvement efforts.

The Xiamen plant is eager to continue its outstanding record – and it has plenty of incentive to do so. For one thing, it can look “over its shoulder,” because Kodak China's plant in Shantou has already exceeded the six-million-hour mark without a lost-time safety incident.

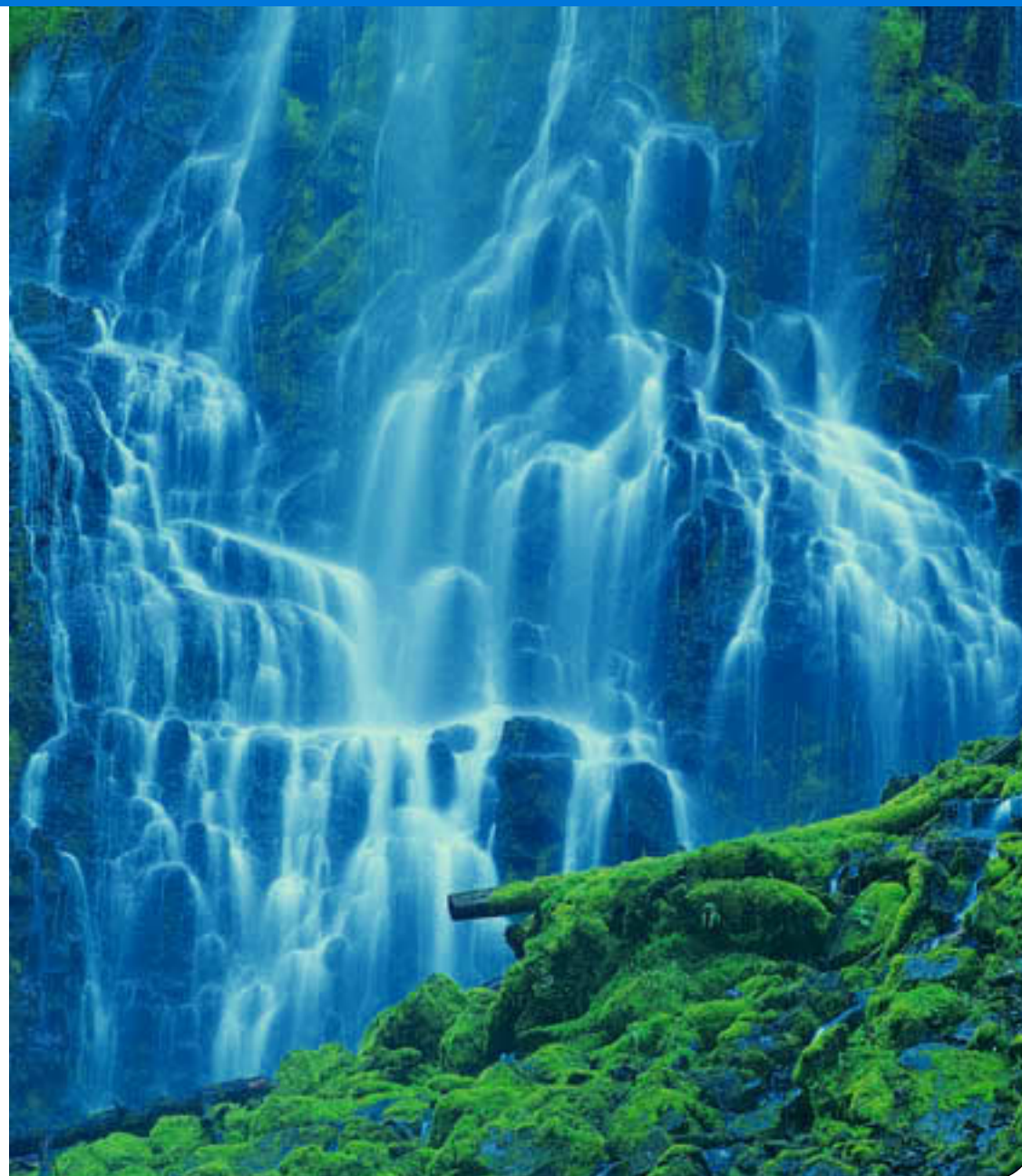
Contractors and Suppliers

17

KODAK WORKS WITH CONTRACTORS AND SUPPLIERS TO PROTECT PUBLIC HEALTH AND SAFETY

Contractors – Excellence in health, safety, and environmental performance is an objective of all operations at Kodak. This includes operations in which a contractor is performing work on a specific project or is providing a service for the company. Kodak's corporate HSE performance standards clearly state that the HSE performance demonstrated by contractors is part of the selection criteria in Kodak's awarding of initial and future contracts.

Suppliers – Kodak serves a wide range of customer needs throughout the world. Consistent with our Global Performance Expectation on Worldwide Health, Safety, and Environmental Responsibility, we endeavor to provide products that protect the health of the customer, that are safe, and that minimize environmental burdens. We cannot effectively meet customer needs or our global performance expectations unless we engage our suppliers in providing environmentally responsible products through effective environmental management.





Product Stewardship

18

A CONTINUING COMMITMENT

Kodak has a long-standing, steadfast commitment to helping our customers use and dispose of our products safely and responsibly. Together with designing our equipment and products to meet local and international regulatory standards, we provide customers with a wealth of information and services focused on health, safety, and the environment.

A Vital Interface with Customers – Playing a key role in this endeavor is Kodak Environmental Services (KES), which provides a vital interface between the company and our customers. The KES online location at www.kodak.com/go/KES provides customers with health-, safety-, and environment-related information on Kodak products and also gives answers to the most frequently asked questions. Material Safety Data Sheets for many Kodak products are also available at this site.

Kodak has a team of professionals dedicated to helping imaging businesses cost-effectively comply with health, safety, and environmental issues. They frequently work with Kodak customers over the phone, in educational seminars, online, and in other ways to help them achieve compliance with regulations, save raw materials and energy, and use Kodak products safely. Direct customer questions about health, safety, or environmental issues related to Kodak products are answered by e-mail or by one of several telephone hotlines.

Surveys conducted over the years have shown that customers are highly satisfied with Kodak's support.

Equipment Safety & Assessment – It is no accident that Kodak offers safe equipment products. The company's Equipment Safety and Assessment (ES&A) group makes sure Kodak equipment products meet all pertinent product safety requirements.

The ES&A team reviews product designs, tests samples prior to production, and conducts ongoing audit inspections to ensure that Kodak products will be safe for customers or service personnel to use. The group evaluates products for the risk of the most common hazards in equipment, which includes electric shock, fire, burns, or mechanical hazards. It also collaborates as necessary with other Health, Safety, and Environment units to evaluate the risk of radiation or chemical hazards.

ES&A routinely works with certification bodies such as Underwriters Laboratories (UL), Canadian Standards Association (CSA), and TUV Rheinland (TUV) to obtain third-party certification for eligible products.





Product Stewardship

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KODAK CONSUMER DIGITAL CAMERAS: FIVE YEARS OF ENVIRONMENTAL PROGRESS

In the past five years, Kodak's consumer digital cameras have made giant strides in capabilities, performance, and portability, to the delight of picture-takers around the world.

And, thanks to the company's Design for Health, Safety, and Environment (DfHSE) Program, these cameras also have become significantly and increasingly more environment-friendly.

The success of the DfHSE Program requires knowledgeable design and management decisions across all life cycles of a product in order to minimize environmental effects and capitalize on business opportunities.

The formal procedure uses a "phases-and-gates" approach that considers nine specific stages, from product concept proposal to product end-of-life. The actual product design stage falls about midway through the consideration process.

In the case of Kodak digital cameras, DfHSE factors have been considered with each succeeding model, and the results have been dramatic – as the accompanying chart illustrates (next page). Consumer research indicated that digital picture-takers preferred a relatively small camera body. Eliminating "camera mass" was clearly an environmental goal as well.

Kodak design engineers focused first on batteries. The early models required four AA alkaline batteries, which was a main reason that the camera bodies were so heavy. The image resolution of the early models was 0.9 megapixels and a user could expect to get about 50 pictures before changing the batteries. They can now get as many as 400 pictures from cameras with 2 to 4 megapixels.

This progress was achieved over several years. Changes in the digital camera power circuit improved power efficiency. Older cameras are less efficient than new cameras. Advances in battery chemistry produced longer life batteries. In 2002, the company introduced the

Kodak EasyShare DX4900 zoom digital camera, which can use two AA lithium batteries (CR-V3) – and it's good for approximately 400 images.

In the same timeframe, the engineers designed a camera docking station. This camera dock handles the battery recharging function, making it easy for a consumer to need only one set of batteries because they are always charged. In addition, they introduced advanced image technology that resulted in smaller image sensors and lessened the associated electronics to run the sensors.

The 2002 models are half the size of the 1998 models, yet have as much as four times the resolution. The average weight of the 2002 Kodak digital cameras is between 7 and 10 ounces, down from 14 to 20 ounces. And consumers now have battery options that allow them to reuse rather than throw away batteries.

Kodak's technological advances have also greatly reduced the power and time required to download images onto a computer. New models with EasyShare 2.1 software allow a user to download 1000 images in just 11 minutes – saving 31 minutes and 74% PC power compared with the earlier generation software.

Progress is also evident on one other critical frontier – heavy metals. As the Kodak digital camera models have evolved, the company has systematically eliminated lead from the lenses and cadmium from the photosensors and batteries in line with the company's heavy metals reduction goals. In 2003, Kodak anticipates introducing the LS633 camera with an organic light emitting diode (OLED) display. The OLED display is small, lightweight, and does not require a backlight, which eliminates the need for a mercury lamp in the camera.

These improvements reflect Kodak's strong heritage of product stewardship. But the journey is not over. Kodak is continuing to work with its suppliers and commercialization teams to identify additional environmental improvements across the life cycle of digital cameras.



Product Stewardship

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continued..

Environmental Progress - Consumer Digital Cameras

Camera Mass						
	14-20 ounces		10-14 ounces		7-10 ounces	
Heavy-Metal Reduction						
	No batteries with intentionally added mercury	1st lead-free glass lenses	1st cadmium-free photosensors		All cameras: lead-free glass, cadmium-free photosensors, cadmium-free batteries	2003 model: lead-free glass, cadmium-free sensors, 1st mercury-free display
Battery Life						
	Non-rechargeable batteries		Rechargeable batteries		Batteries recharged in cameras with camera dock	
Image Manipulation / Energy Consumption						
				EasyShare 2.0 1000 images 42 minutes	EasyShare 2.1 1000 images 11 minutes 74% less PC power used	
1998	1999	2000	2001	2002	2003	



Corporate Citizenship

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KODAK PLAYS AN ACTIVE ROLE IN COMMUNITY RELATIONS, CONTRIBUTIONS, EQUAL OPPORTUNITY, AND DIVERSITY INITIATIVES

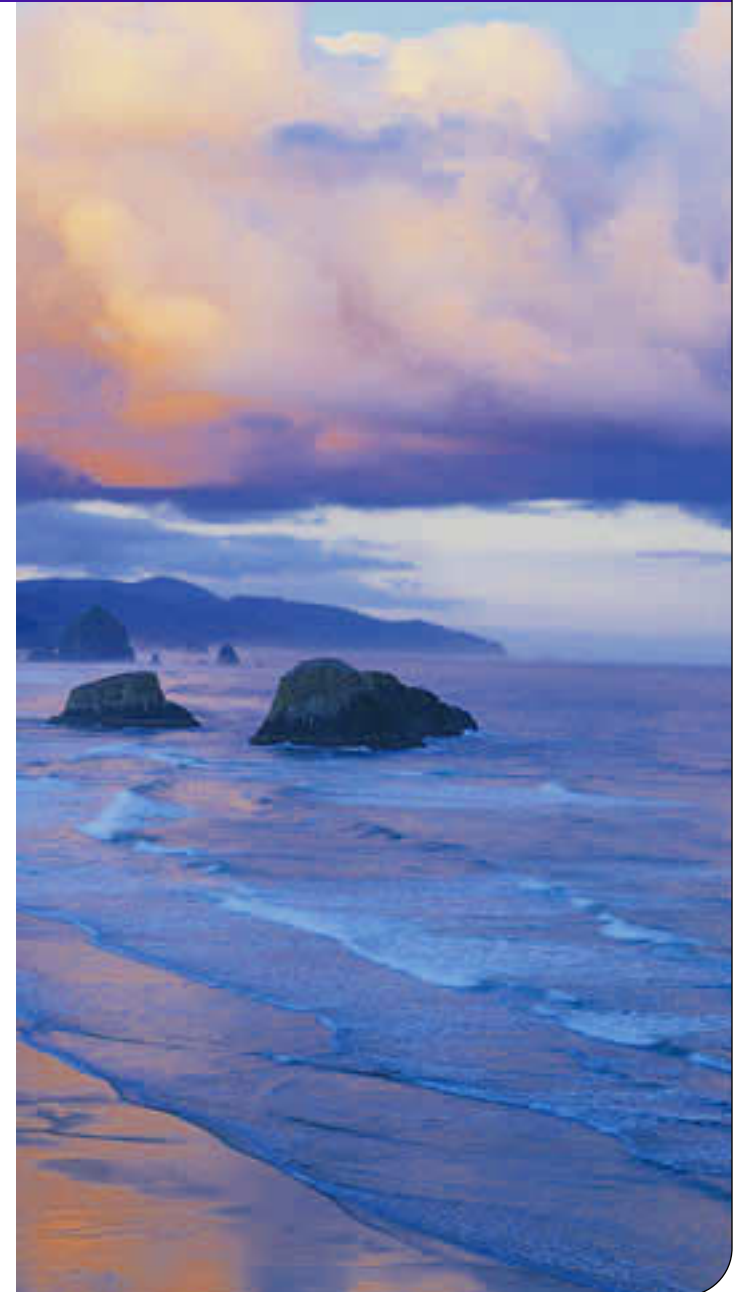
Business Ethics Magazine ranked Kodak among the “100 Best Corporate Citizens” for 2002, in an analysis of 1,000 companies. The ranking is based on quantitative measures of corporate service to seven stakeholder groups: shareholders, employees, customers, the community, the environment, overseas stakeholders, and women and minorities. This award recognizes Kodak for top-tier strengths in its diversity programs, community/education support, employee relations, and pollution prevention programs.

Eastman Kodak Company has an active community relations and contributions program designed to support the achievement of company goals. As such, programs and initiatives are focused to instill employee pride, build public trust, foster education, respond to community needs, and enhance the company's image.

Kodak support takes many forms and is based on its corporate values: respect for the individual, uncompromising integrity, trust, credibility and continuous improvement, personal renewal, and recognition and celebration. For further information, click on [Community Relations and Contributions](#).

Kodak continues to broaden its view and scope of diversity and a Global Diversity Leadership Team of senior managers from around the world coordinates this initiative.

The company is committed to diversity as a workforce strategy and supports diversity in many ways, including hiring practices, a program aimed at supplier diversity, an annual Kodak CEO Diversity Award, and many other efforts. Follow this link to our last diversity report: [Kodak's Global Diversity](#).



Corporate Citizenship

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KODAK RECOGNIZED FOR PROGRESS IN SUSTAINABLE DEVELOPMENT

Two leading financial institutions have recognized Kodak as a publicly traded company that practices environmental and social responsibility.

FTSE, an organization co-owned by the London Stock Exchange and The Financial Times, has established the FTSE4Good index designed to give investors a global standard for comparing the environmental and social performance of companies that meet the financial criteria for being listed on the FTSE index.

The Ethical Investment Research Service, an independent firm, researches companies that trade on the London Stock Exchange and are reported in The Financial Times. After evaluating Kodak, the company was selected for inclusion in the FTSE4Good index.

In the U.S., Kodak has been named for the second year in a row to the Dow Jones Sustainability Index (DJSI), a guide for people who seek to invest in companies that promote corporate sustainability. The founders of DJSI believe companies that meet future economic, environmental, and social challenges will increase long-term shareholder value. Corporations are evaluated on financial, social, and environmental policies, management systems, health and safety reporting, and transparency (how well their performance can be evaluated from outside).

Based on the research performed by SAM*, the firm that evaluates companies for inclusion in the DJSI, Kodak was the leader within its business sector for all three measures: economic, social, and environmental.

** SAM – Sustainable Asset Management – an independent asset management company headquartered in Zurich, Switzerland.*



Corporate Citizenship

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PARTNERSHIPS WITH OTHER ORGANIZATIONS PROMOTE EDUCATION AND ENVIRONMENTAL RESPONSIBILITY

Four years ago, Kodak joined two outstanding partners – The Conservation Fund and the National Geographic Society – in the Kodak American Greenways Awards Program, a project that provides the opportunity to salute the environmental initiatives of others.

The American Greenways Program works in partnership with various groups and organizations to support and create trails, linear parks, and other open spaces. It has three specific goals:

- To develop new, action-oriented greenway projects
- To assist grassroots greenway organizations
- To leverage money for conservation and greenway development

Eastman Kodak Company also sponsors environmental education in the United States and abroad through the World Wildlife Fund's Windows on the Wild program. The goal of this program is to educate people of all ages about biodiversity issues and stimulate critical thinking, discussion, and informed decision making on behalf of the environment.

In addition, Eastman Kodak Company supports a number of programs worldwide, such as the World Resources Institute, the Emirates Environmental Group, Instituto de Conservacion de Ballenas, and the Canada Cancer Society – to name just a few. In this report, we have highlighted our partnerships with the U.S. National Parks Foundation and The Nature Conservancy.



Corporate Citizenship

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PHOTOVOICE – VILLAGERS IN CHINA TAKE PHOTOGRAPHS TO HELP PROTECT THE LOCAL ECOLOGY

The “Yunnan Great Rivers Project” is a collaborative effort between the government of China and the Nature Conservancy to create a conservation and economic development plan to protect 6.5 million acres of ecologically important land in the northwest Yunnan Province. It’s a vast and sparsely populated region of mountains, lakes, and forests that provides a natural habitat to a great biodiversity of life, such as lesser pandas, golden monkeys, elusive snow leopards, endangered black-necked cranes, rhododendron forests, and a large variety of medicinal plants.

Organizers of the initiative found a very simple way to give local villagers a voice in the project, while at the same time encouraging their support and participation.

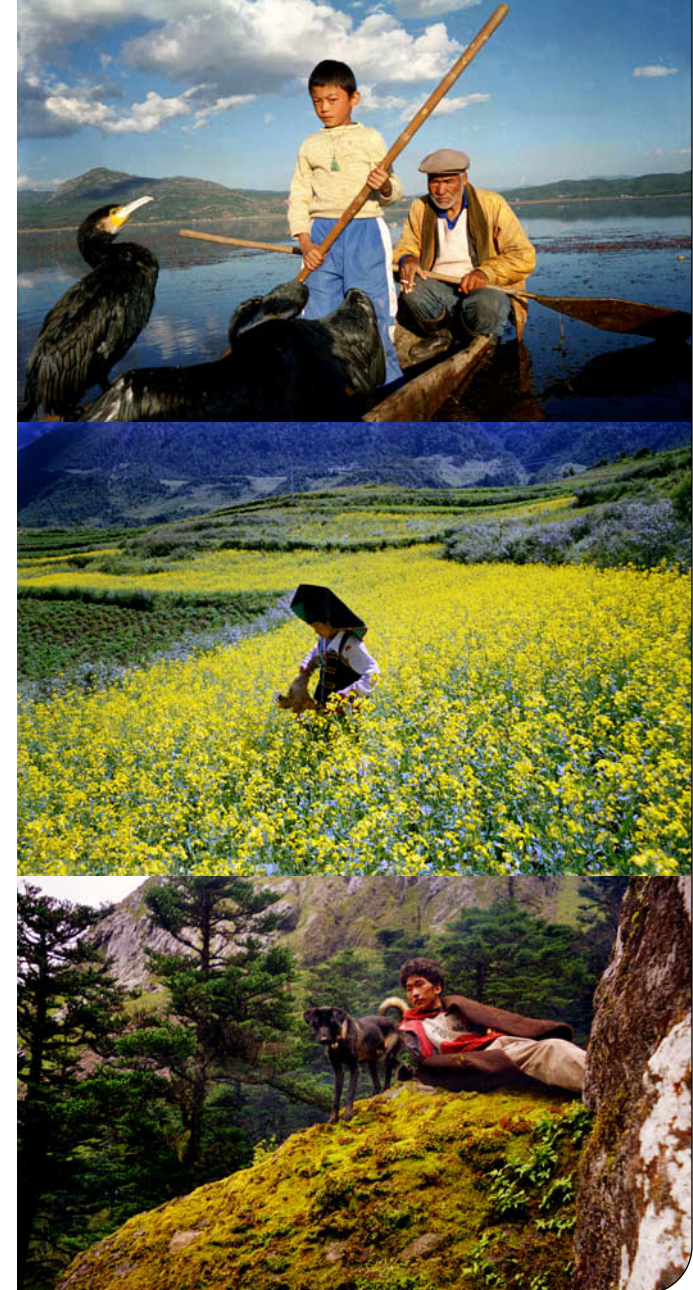
Kodak cameras were provided to about 100 people from 20 villages with a request to help promote and support the overall conservation effort by capturing their ideas on film for display and analysis. Film is provided monthly and the photographers are encouraged to share their ideas with their fellow villagers as well as with conservationists.

Called “Photovoice,” the project was organized by Ann McBride-Norton who, along with her husband Ed Norton, helps direct the Yunnan Great Rivers Project. McBride-Norton believes that environmental problems cannot be solved without the social context.

The plan under development will identify the area’s richest habitats and their biggest threats and then propose ways to abate them. The Nature Conservancy biologists have spent considerable time with villagers mapping regional geography and integrating their findings with their planning. Photovoice provides the people of the region with a means of communicating their beliefs and ideas through images.

The results have been extraordinary. Villagers have captured not only the flora and fauna of the region, but the impacts of human habitation. Photos of illegal fishing and logging, photos, lakes, mountains, forests, and village life that when blended with a narrative, tell a story of both concern and opportunity.

Pictures on the right are examples from the Photovoice Project.



Corporate Citizenship

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KODAK – PROUD PARTNER OF AMERICA'S NATIONAL PARKS

America's National Parks tell a compelling story about the country's rich heritage – its people, its culture, the events that have shaped its history – and there is no better way to capture the essence of the National Park experience than through pictures.

With this in mind, Kodak made a commitment to the National Park Foundation to become one of five corporate Proud Partners of America's National Parks. The Proud Partners work with the Foundation to raise public awareness and appreciation of the breadth and depth of our National Parks.

Kodak uses its technology, resources, and, most importantly, its people to enrich the experiences of park visitors and showcase the rich treasures of these special places. Kodak has also donated photography equipment to over 140 parks across the country. The equipment is used in a variety of ways, ranging from documenting Civil War history to helping with children's programs.

Other programs include:

Kodak Ambassadors Program – Since the early 1960s, Kodak Ambassadors have helped National Park visitors capture and share their memorable experiences. The Ambassadors host free photo walks, children's programs, and photography workshops throughout the summer.

National Parks Pass Photo Contest – Starting in the year 2000, the National Park Foundation and the National Park Service have sponsored the annual National Parks Pass "Experience Your America" Photo Contest with Kodak's support.

The winning photo is used on the face of the annual National Parks Pass for the following year and 80% of the proceeds from pass sales goes to in-park projects.

National Park PhotoQuilt – Through pictures and personal stories, the PhotoQuilt shares visitors' special experiences at some of America's most beautiful National Parks. Photos are submitted to the National Park Foundation's website at www.nationalparks.org and are posted on the virtual quilt for others to browse through. Clicking on the image accesses a story written by the photographer.

National Park Postcards – The Picture Postcard feature on the National Park Foundation's website at www.nationalparks.org allows visitors to use National Parks photo scenes – or their own photos – to create postcards and send them online to friends and family.





Kodak Celebrates

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AWARDS

Kodak is proud to receive external recognition, worldwide, for its efforts in the arena of health, safety, and the environment. We celebrate many awards each year, and are highlighting some of these in this report.

Kodak Sites in Great Britain Earn Honors – Kodak Limited in Great Britain won a number of Gold Awards from the Royal Society for the Prevention of Accidents (RoSPA) for achievement of a very high standard of health and safety at work over the last four years. The research and development facility at Kodak Ltd. received the Sector Award from RoSPA for the most outstanding performance in health and safety by a company or organization within a particular industry or sector.

The Kirkby Site was recognized with the Chemical Industries Association award for achieving a rate of lost-time accidents for the past three years that is lower than the industry standard of 0.25. A lost-time accident is one in which an employee loses time from work; the rate is calculated per 100 full-time employees.

EPA WasteWiSe Program Salutes Kodak – For the fifth consecutive year, Kodak has received recognition from the U.S. Environmental Protection Agency's (EPA) WasteWiSe Program. The agency particularly complimented the company on its extensive recycling and waste-reduction initiatives. Kodak is a Charter Partner in the EPA WasteWiSe program that now includes more than a 1000 companies.

Synthetic Chemicals Division Receives Awards – The Synthetic Chemicals Division in Rochester received two awards from the New York State Water and Environment Association

for work on a project to reduce the amount of hazardous waste generated and the amount of solvents used in production.

17 Kodak Units Receive I3A Safety Excellence Awards – Seventeen Kodak organizations received Safety Excellence Awards in 2002 from I3A, the International Imaging Industry Association. Awards are given to company units from the imaging business sector, and are based on achieving a lost-time case rate of less than 0.4 for a year, plus several other criteria. The list of Kodak winners included company units in the United States, Canada, India, China, and Australia.

Kodak Australia Tops in Responsible Care – The Plastics and Chemicals Industries Association (PACIA) of Australia has developed eight Responsible Care Codes of Practice that address hazards associated with chemical operations and products. Australian companies who are part of the Responsible Care initiative are ranked according to their overall compliance with these codes and Kodak Australia was ranked No. 1 in the compliance assessment process.

Kodak Facilities in China Honored – Kodak's plant in Shantou has received an award as the Number One Environmentally Friendly Company in the Province of Guangdong. The plant also received honors from the city for its Children's Environmental Training Program.

Kodak's facility in Wuxi received that city's Green Enterprise Award for environmental performance.





Kodak Celebrates

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TEAMWORK

Kodak employees worldwide are proud of the accomplishments highlighted in this report. Particularly because many of them would not have been possible without the success of innumerable projects that we undertake to uphold Kodak's commitment to Corporate Citizenship. Here are a few examples of these achievements.

Conserving Energy and Reducing Waste in Canada – Kodak Canada has made significant progress in the areas of solid waste reduction to landfills and energy conservation. Kodak sent five fewer tons of solid waste per month to landfills in 2002 than in 2001, reclaimed city water, and made changes to the brine system to contribute to energy conservation.

Partnership Drives Environmental Progress in Brazil – Kodak Brazil has partnered with the University of Sao Paulo and Cetesb, an environmental association, to optimize the use of water, reduce the loss of silver, and change some raw materials in the production of photographic materials. Also in Brazil, Kodak has substantially reduced its levels of waste from 780 tons in 1995 to 70 tons in 2001. The current goal is to reduce the waste level to 10 tons by 2007.

Off-site Solvents Waste Reduced in White City, Oregon – By upgrading coating ovens and adding a new regenerative thermal oxidizer, Kodak White City (Oregon) reduced off-site waste disposal of solvents by nearly 400,000 pounds per year and reduced on-site storage of solvents by more than 400,000 gallons.

Rochester Site Improves Contractor Safety Record – Kodak Rochester averages more than 7,000 non-employees on its premises each working day. That statistic underscores the importance of the steadily improving contractor safety record at the site – a 48% reduction in OSHA-recordable injuries to contractors over the past four years. An OSHA recordable injury is an occupational injury that requires treatment beyond regular first aid.

Kodak, Hollywood Team Up for the Environment – For more than a decade, the Earth Communications Office (ECO) in Hollywood, with the help of Kodak, has used the power of communications in an effort to improve the global environment.

ECO uses the talents of members of the entertainment industry to create award-winning public service campaigns that educate and inspire people around the world to protect the Earth. The announcements are often broadcast on movie screens prior to the showing of commercial motion pictures. They are also made for television, radio, and a network of other communications channels. Kodak provides motion picture film to ECO for producing these special features.

A 2002 feature was produced by ECO in time for the Winter Olympic Games in Salt Lake City. The film asks people to consider the environmental legacy they are leaving for the world's children.

Tele-audit Checks Environmental Performance at Russian Sites – Kodak environmental audit teams regularly check on company sites around the world to assure compliance with HSE standards. A planned 2002 audit in Russia, however, provided special challenges.

Kodak's Consumer Imaging business has photofinishing minilabs on-site in 15 Russian cities, from the European part near Moscow, across Siberia to Chita, north of Mongolia. Training for employees at these KodaPost Sites is handled by HSE staff in Moscow.

To complete a successful audit in a cost-efficient and environmentally efficient way, a five-person Kodak team spent a week in August conducting the audits by telephone to every Russian site. Photos and written documents helped in the process and the team was reassured to learn that the KodaPost site managers had a good knowledge of HSE issues and requirements.

Major Water Reduction Effort – An initiative by a team at the papermaking unit in Kodak Rochester led to a significant reduction in water usage at that facility. The team used a variety of quality assessment techniques to identify and capitalize on opportunities to save water. The result: a reduction of more than 138 million gallons of water from 2001 to 2002.