

UNITED NATIONS GLOBAL COMPACT

COMMUNICATION ON PROGRESS

'20



KRATON™

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About This Report:

This United Nations Global Compact (UNGC) Communication on Progress (CoP) report and the data within it cover the period of January 1, 2019 to December 31, 2019, unless specified otherwise. Guided by our commitment to the ten principles of the UNGC and the Sustainable Development Goals (SDG) this report has been prepared in accordance with the UNGC's CoP requirements. In connection with our sustainability policies, our annual sustainability report, and our website, this report helps showcase Kraton's sustainability efforts and how they are integrated by our people, in our plants and through our processes. This report is part of Kraton's corporate sustainability story. Kraton's Annual Report on Form 10-K and Proxy Statement offer further details on our governance and financial reporting. The sustainability website provides information on our long-term strategy and framework in creating tomorrow's sustainable future. We invite stakeholders to learn more about Kraton's approach to sustainability through our 2019 sustainability report, available through: sustainability.kraton.com



This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.



Dear Stakeholders,

In 2019, we charted another step in our sustainability journey by committing to the United Nations Global Compact's Ten Principles. We also identified the United Nations Sustainable Development Goals (SDG) that are relevant to our business model and aligned with the activities we have undertaken to advance our sustainability strategy. Our selected SDG reflect our commitment to sustainability at every level of our operations – from manufacturing to supply chain to product development – all of which impact the communities in which we operate.

I am pleased to confirm that Kraton Corporation supports the Ten Principles of the United Nations Global Compact covering Human Rights, Labor, Environment, and Anti-Corruption. This is our first annual Communication on Progress (CoP). In this CoP, covering January to December 2019, we describe our policies and actions to further integrate the Global Compact's principles into our business strategy, culture, and daily operations. We also commit to sharing this information with our stakeholders.

Sincerely yours,

Kevin M. Fogarty

Kevin M. Fogarty // President and CEO

ABOUT KRATON

Kraton Corporation (NYSE: KRA) develops, manufactures, and markets biobased chemicals and specialty polymers that deliver exceptional value and enhances people's lives all over the world. As a leading global producer of styrenic block copolymers (SBC) and pine chemicals, we manufacture high-performance materials that differentiate our customers' products and meet multiple market needs. Our global footprint, extensive expertise, and integrated portfolio of high-quality products help push the boundaries of performance to power the future of innovation.



"Kraton's Paulinia manufacturing site was sold in 2020, the Paulinia Innovation Centre remains"

As of 31 December 2019, Kraton employed 1,944 employees and worked with more than 700 customers across a diverse range of end markets in over 70 countries. Our products are manufactured on three continents: North America, Europe, and Asia. Our worldwide locations included 14 manufacturing sites, 7 innovation centers, and multiple regional offices that enable us to support our broad global customer base.



We depend on a wide variety of stakeholders for maintenance, freight forwarding, warehousing, tolling, and more. In addition, we rely on the collaboration and support of employees, customers, shareholders, and the communities in which we operate. We seek to balance stakeholders' needs and expectations in developing sustainable, useful, and competitive solutions that provide long-term benefits for people and the environment.

Kraton is proud to participate in the American Chemistry Council Responsible Care® initiative. During 2019, our goal was to complete certification of all US manufacturing facilities to Responsible Care 14001. We met this goal with the exception of Panama City due to Hurricane Michael. Additionally, our Jacksonville office was certified to Responsible Care Management System (RCMS). Current plans are to certify our Panama City facility in March 2021. For the future, we plan to look at multi-site RC14001 certification under a single corporate certification, including our headquarters in Houston, Texas. Kraton is also a member and active participant of the European Chemical Industry Council (Cefic).



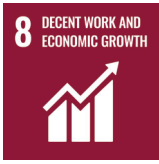

Kraton is proud to have earned the EcoVadis' Gold rating for our sustainability management systems. The achievement opened the doors to Together for Sustainability (TfS), a joint initiative of chemical companies for sustainable supply chains. Using the EcoVadis platform, TfS implements a global program to assess, audit, and improve supply chain sustainability. TfS is a forum to engage and learn about sustainability with suppliers and customers. The program is based on the UN Global Compact and Responsible Care® principles. It facilitates exchanging best practices for embedding sustainability and responsible procurement in the members' organizations, sharing data amongst TfS members and shaping the future of sustainability for the chemical industry.

KRATON AND THE SUSTAINABLE DEVELOPMENT GOALS

During 2019, we began to identify and map the Sustainable Development Goals (SDGs) that are most material to Kraton and clearly interlink them with our sustainability ambitions and business model. We have identified six SDGs closely related to our business and where we believe we can play a prominent role today and in the future.

SDG Description	SDG Ambition	Kraton's Contribution
3 GOOD HEALTH AND WELL-BEING 	Ensure healthy lives and promote well-being for all at all ages	Throughout society in everyday life, people experience exposure to chemicals through ingestion, inhalation or skin contact. Many chemicals are harmless and beneficial; but some can be a threat to human health and the environment. Safety is Kraton's number one core value. We strive to minimize negative health impacts in our operations and surrounding communities. Our innovations and commitment to product stewardship have increased the availability of products with health and safety benefits while reducing their environmental footprints. Our product portfolio of biobased materials are a testament to this commitment.
6 CLEAN WATER AND SANITATION 	Ensure availability and sustainable management of water and sanitation for all	In many locations across the world, water is scarce. The water quality is determined by many factors, including the extent of pollution of water supplies by toxic chemicals. The chemical industry is water-intensive, using water for, among other things, heating, cooling, and cleaning. Kraton is committed to improving our water management and stewardship. Although we do not operate in water-stressed locations, we believe it is our duty to use this valuable resource efficiently and effectively.
8 DECENT WORK AND ECONOMIC GROWTH 	Promote inclusive and sustainable economic growth, full and productive employment and decent work for all	Economic growth and the enhancement of people's lives through beneficial products depends on the safe production and management of chemicals in the world's production processes. The safety of people engaged in economic activities for our company needs to be ensured. We believe that upholding labor standards and respect for human rights enables human development everywhere, while contributing to growth. We incorporate our commitment to these topics in our policies and procedures that guide our employees, suppliers, service providers and customers.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	Through research and development, design and product lifecycle management, we strive to understand the impacts our products have on the environment. This understanding enables us to innovate products that reduce the amount of natural resources used and reduce the hazardous materials in products and waste. Our polymer and chemical products are destined for a wide variety of applications that people interact with in their day-to-day lives, including mobility and infrastructure. We actively engage with suppliers and customers to bring sustainable solutions to market. In 2019, we defined and implemented our definition of a sustainable solution through 10 sustainability criteria against which product and process innovation ideas, projects and patents are assessed.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	Ensure sustainable consumption and production patterns	Polymer and biobased chemical innovations can contribute to the development of biobased and circular economies, and promote more sustainable patterns of production, consumption and lifestyle. Our polymer and chemical products can form the building blocks for a sustainable future. We provide a number of solutions that enable the circular economy as well as the bioeconomy. These innovations enable customers to produce products with better sustainability performance, enable recycling and uptake of recycled feedstock.
13 CLIMATE ACTION 	Take urgent action to combat climate change and its impacts	Kraton is taking proactive action on climate change mitigation. Some of our products provide a more sustainable alternative for our customers and reduce their products' carbon footprint. We have a target to reduce our GHG emissions intensity by 25% by 2030. Every year we are taking steps that bring us closer to achieving this target.

LABOR & HUMAN RIGHTS

UNGC Principle	SDG
<p>Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights;</p> <p>Principle 2: Make sure that they are not complicit in human rights abuses;</p> <p>Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</p> <p>Principle 4: The elimination of all forms of forced and compulsory labor;</p> <p>Principle 5: The effective abolition of child labor; and</p> <p>Principle 6: The elimination of discrimination in respect of employment and occupation.</p>	   

Policies and Approach

Kraton is committed to maintaining a workplace that recognizes employees' rights and promotes safety, security, and well-being while fostering opportunities for professional growth and success. This includes respecting and upholding fundamental human rights within our operations and throughout our supply chain.

We have a variety of policies in place that reference our commitments to labor and human rights:

- + Code of Ethics and Business Conduct
- + Human Rights Policy
- + HSES Policy (Responsible Care®)
- + Contractor Qualification Policy
- + Management of Change (MOC) Policy
- + Slavery and Human Trafficking Statement
- + Supplier Code of Conduct
- + Responsible Procurement Policy

Kraton sets high standards for the way we conduct business. We have adopted management systems that include policies, procedures, and practical actions designed to manage the social topics and risks of particular importance to us. These include:

- + Human Rights, Child- and Forced Labor
- + Discrimination & Harassment
- + Diversity & Inclusion
- + Working Conditions
- + Social Dialogue
- + Health & Safety
- + Career Management

We expect similar appropriate standards of conduct, sound business character, and respect for human rights from our suppliers, contractors, and partners. We reaffirm these expectations in our various policy documents, such as our Supplier Code of Conduct, Code of Ethics and Business Conduct, Human Rights Policy, and Responsible Procurement Policy. Kraton expects key suppliers to continuously improve their labor and human rights performance over time, and we assess them on this criteria.

Human Rights, Child and Forced Labor

We prohibit the use of all forms of forced labor, including prison, indentured, bonded, and military labor, as well as modern forms of slavery and any form of human trafficking. We prohibit child labor, and our sites and operations verify our employees' age at the time of hire. We regularly review and update our Code of Conduct (a new version is expected to be launched in 2021). We have an established whistle-blower procedure to report incidents related to Human Rights, child labor, or forced labor. We also implement awareness training across the business, on ethics, discrimination, harassment, and associated topics.

Performance Indicator

- + Age admission checks performed at all sites
- + Zero Human Rights incidents reported during reporting period

Discrimination and Harassment

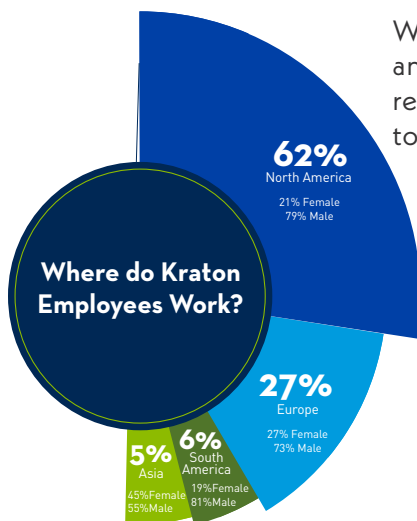
We will not tolerate discrimination or harassment in our workplace. We regularly review and update our Code of Conduct (a new version to be launched in 2021). We have a whistle-blower procedure in place to report incidents related to discrimination and harassment. We also implement awareness training across business ethics, discrimination, harassment, and associated topics.

Performance Indicators

- + 99% of employees in scope trained on fairness, anti-harassment, discrimination

Diversity and Inclusion

All employees are treated with dignity and respect. Employees have the freedom to express their opinions and thoughts respectfully through a variety of established channels. Stated in our various policies, we are committed to inclusivity and opportunity for our employees while ensuring each person has a voice.



We maintain an environment where differences are celebrated. We regard diversity and inclusion as a business imperative that supports our goals to attract, engage, and retain top talent – all of which have a significant impact on our bottom line and ability to grow. Additional diversity training will be implemented in 2021.

Performance Indicators

- + 24% of total global workforce are female
- + Two of nine executive leadership positions are female (22%)
- + Four of eight external Board of Directors (excluding CEO) are female (50%)

Working Conditions

We are committed to all employees receiving a fair or living wage. In specific cases, we provide compensation for extra or atypical working hours. We provide additional leave beyond standard vacation days and maintain a flexible organization of work available to employees (e.g., remote work, flextime), as appropriate for the role they are working and as business conditions permit. Health care coverage of employees is in place.

Performance Indicators

- + All full-time employees are covered by a health care package, applicable in their particular country
- + All full-time employees have access to paid annual leave and company-paid holidays, based on the particular country in which they live

Social Dialogue

We respect the right of all employees to form, join or assist an association to represent their interests as an employee, to self-organize, and bargain collectively or individually. However, we do believe we are in the best position, to work directly with our employees to discuss changes and opportunities together, rather than through a third party representative. And, every two years, we conduct an employee engagement survey to gain further insight. Our next employee engagement survey is planned for 2021. We have collective agreements in place in multiple Kraton locations, and Employee representatives or employee representative bodies such as works councils are established at Kraton facilities across the world.

Performance Indicator

- + 13.6 percent of Kraton's employees in the USA are unionized.

Health and Safety

We are committed to ensuring that employees have a safe working environment. We conduct internal audits on health and safety issues at our locations. We provide protective equipment to all impacted employees and conduct recurring employee health and safety detailed risk assessments. We also offer training of relevant employees on health and safety risks and best working practices. 13 of our sites are Certified as having Responsible Care Management Systems in place.

Performance Indicators

- + Total Incident Rate (TIR) = 0.88
- + Process Safety Incident Rate (PSIR) = 0.25

Career Management





Kraton's Career Development Framework enables leaders and team members to identify career paths and opportunities. The Individual Development Plan is the first step in this framework. Employees take ownership of their career development in consultation with their leaders and create a plan covering the upcoming three years. We conduct an annual assessment of individual performance and provide skills and leadership development training.

Performance Indicators

- + 192 New Hires During 2019
- + 100% of Employees in scope received an annual performance review



ENVIRONMENT

UNGC Principle	SDG
<p>Principle 7: Businesses should support a precautionary approach to environmental challenges;</p> <p>Principle 8: Undertake initiatives to promote greater environmental responsibility; and</p> <p>Principle 9: Encourage the development and diffusion of environmentally friendly technologies.</p>	<div> <div>  <p>6 CLEAN WATER AND SANITATION</p> </div> <div>  <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> </div> </div> <div> <div>  <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> </div> <div>  <p>13 CLIMATE ACTION</p> </div> </div>

Policies and Approach

We have a variety of policies in place that reference our Environmental commitments:

- + HSES Policy
- + Conflict Minerals Policy
- + Chemical Control Policy

Kraton sets high standards for the way we conduct business. Our suite of policies highlights the environmental topics and risks that are particularly important to us and that our management systems are designed to manage, such as:

- + Energy & GHG,
- + Water, Local & Accidental Pollution,
- + Hazardous Materials and Waste Management
- + Customer Health & Safety.

Kraton is proud to participate in the American Chemistry Council Responsible Care® initiative. A majority of our US manufacturing facilities are Responsible Care 14001 certified. Safety is our number one core value. We have a vision of zero incidents, loss of containment, or impact on neighbors and communities. We strive to achieve Zero Harm by making safety an integral part of our culture and operations. Our global Health, Safety, Environment, and Security (HSES) network develops guidelines to help employees maintain safe working conditions at all sites, and we continuously refine those best practices. We are committed to environmental stewardship through sustainable operations, and we invest in projects that improve environmental performance.

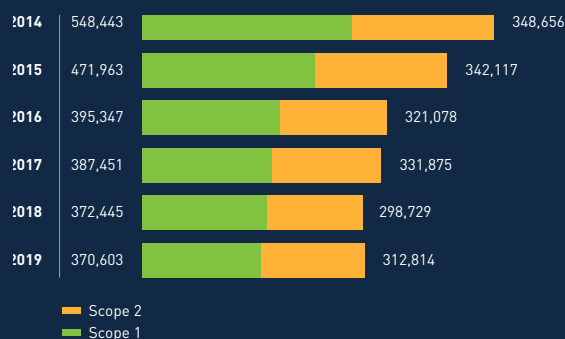
Energy & GHG

We continue to be committed to reducing our GHG emissions and energy usage throughout the year, a pattern that has reflected positively on our efforts to improve operational efficiency. During 2019, we introduced measures to reduce CO₂ emissions from transport. For example, in Europe, our polymer segment worked with our logistics service provider to increase our share of inter-modal transportation by combining water, road, and railway modes. We reduced energy consumption and emissions through technology and or equipment upgrades.

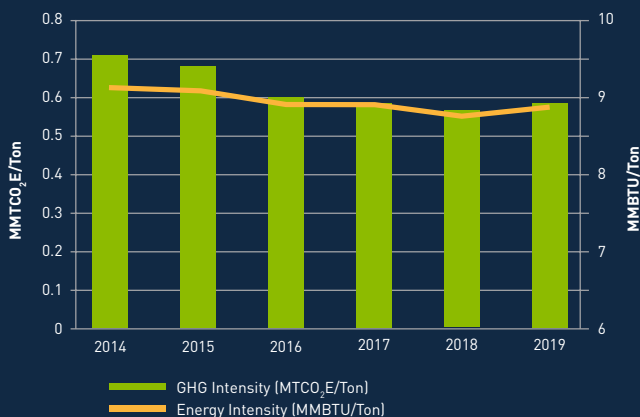
Performance Indicators

In 2019, our energy consumption globally was slightly lower than 2018, while our energy intensity and GHG intensity figures increased marginally compared to 2018, by one and two percent respectively. GHG intensity increased as our Belpre, Ohio's gas turbine was shut down for maintenance for a period of time. As a result, the Belpre plant purchased outside electricity that had a higher carbon footprint. We have achieved a -18% GHG intensity reduction (compared to the 2014 baseline year).

GHG Emissions (MTCO₂E)



GHG Emissions Intensity vs Energy Intensity

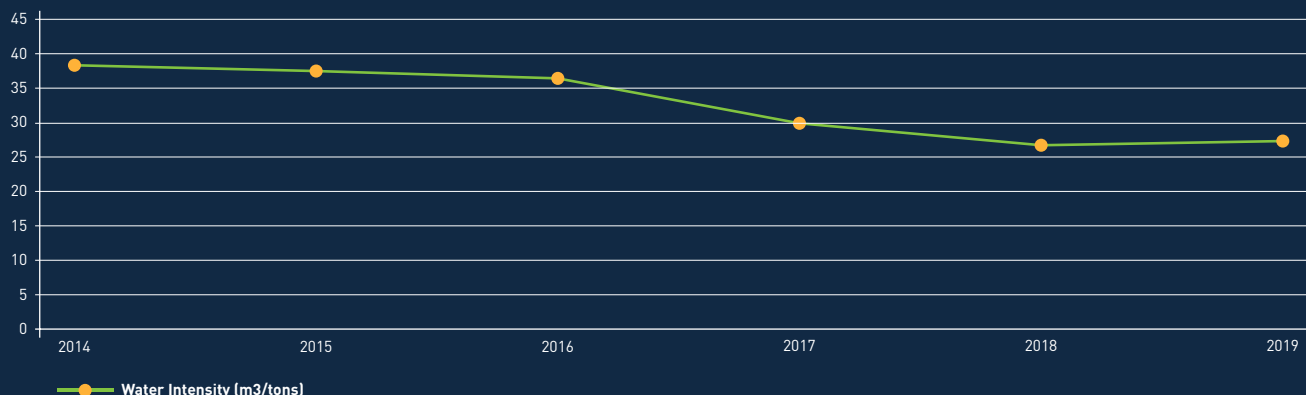


Water, Local & Accidental Pollution

At Kraton, we are committed to protecting our water resources. We strive to reduce water consumption through innovative equipment, methods, and technologies such as installing new cooling towers and replacing once-through cooling water heat exchangers to improve water use efficiency. In 2019, Kraton implemented further measures such as systems and sensors to detect and/or eliminate accidental water contamination. We also have emergency preparedness and response procedures in place in the unfortunate event of local pollution. As part of permit requirements and/or regulations, we monitor the concentration of pollutants in gas emissions (e.g. VOCs, heavy metals, NO_x, SO_x). Kraton invested in additional process control instrumentation and introduced measures such as better tank sealing and control improvements to control or minimize odor generated and material releases from operations, and installed filters to control or minimize emissions of dust or particles. Kraton also undertook soil testing for heavy metal contamination as part of the remediation program.

Performance Indicators

- + 0.5 percent reduction in water consumption compared to 2018.
- + Marginal increase in water use compared to 2018 on intensity basis.
- + Since 2014, we saw a 31 percent decrease on intensity basis.



- + No significant environmental incidents recorded in 2019
- + VOCs, NO_x and SO_x emission numbers (see environmental data table, pg. 9)

Hazardous Materials, Waste Management and Customer Health and Safety

Kraton's Product Regulatory team manages the health, safety, and environmental aspects of our raw materials and products throughout their life-cycle and across the value chain to prevent or mitigate risks to customers, stakeholders, and the environment. In 2019, the Product Regulatory team completed the Korea REACH pre-registration of our identified products before the June 30, 2019 deadline. In anticipation of the planned UK Brexit, we transferred our EU REACH Only Representative (OR) from the UK to mainland Europe, ensuring that we will remain in compliance with EU REACH with no disruption for customers. Internally, we implemented a regulatory inquiry process through our improved and expanded customer relationship management (CRM) system. The new process expects all global regulatory inquiries to be funnelled through this platform – increasing visibility, traceability, and efficiency in responding to customers. We completed the development of 11 Product Safety Codes of Practice under the American Chemistry Council Responsible Care® initiative, as part of Kraton's successful effort to achieve certification of the Responsible Care Management System (RCMS). The third-party auditor commented that our product prioritization process was amongst the best that the auditor had seen.



was specifically designed for plastics upcycling and to provide a circular economy solution. CirKular+ enables a balanced equilibrium in performance and value enhancement for mixed post-consumer and post-industrial recycling streams and bioplastics across a wide range of applications.

Our manufacturing operations create highly-valued raw materials, and different types of wastes in solid, liquid, or gaseous forms that can impact the environment. Transparency is needed to discover where the impacts occur, such as upstream, our operations, and transportation, to reduce environmental effects. Life cycle assessments (LCA) provide that transparency. LCA offer data upon which decisions can be based. LCA allow us to identify, for example, if switching a raw material, introducing a manufacturing process change, altering a specific transportation method/route, or recapturing and selling a by-product improves the product's overall sustainability footprint. Through LCA, we enable closer engagement with suppliers, supply chain partners, and customers around their products and move towards improved sustainability performance in the value chain and society. Kraton's target (set in 2018) was to undertake 12 cradle-to-gate LCA for key products by the end of 2020. This target was largely achieved, only one LCA report was delayed and is expected to be released in 2021.

Finally, Kraton is committed to developing and diffusing sustainable solutions and environmentally friendly technologies. A large part of our product portfolio is biobased. More than 115 of these products are certified as biobased against European Standard EN 16785-1. A product is biobased when it is wholly or partly derived from biomass. As a leading global producer of pine-based chemicals, the biobased certification enables us to differentiate our products while meeting our customers' requirements for safer, more sustainable alternatives. We can provide customers with scientific evidence of our products' biomass content, which is independently verified by a certification body through certification. Another example is our CirKular+™ product line, which

We formalized a procedure related to materials/chemicals management (e.g., storing, handling, transportation). We provided Safety Data Sheets and communicated to downstream users regarding the use of dangerous substances and or substances of very high concern (SVHC). Following legal requirements, we kept our REACH registrations up to date. We put a formalized process in place to assess and document risks related to customer health and safety and environmental risks. We implemented an awareness-raising program on the transportation of hazardous materials. Finally, we introduced measures to reuse or recycle waste.

Performance Indicators

- + Our non-hazardous solid waste disposal decreased 15 percent compared to 2018, due to a reduced number of construction projects.
- + Our hazardous waste generation increased by four percent compared to 2018, due to a change in catalyst material resulting in increased Organic Waste in the process water stream. Project work has commenced looking at the reduction of waste generation for this process.

* See the environmental table below and the next page more performance data on waste.

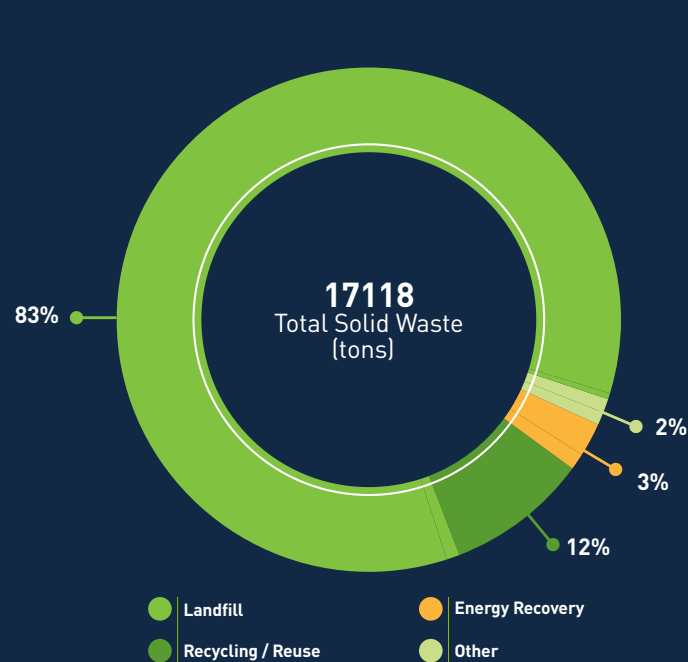
2019 Environmental Data Table

Year	2014	2015	2016	2017	2018	2019	Change from 2018
Energy							
Energy Consumption (TJ)	12235	11696	11224	11662	10950	10932	0%
Energy Intensity (MMBTU/Ton)	9.16	9.13	8.85	8.93	8.75	8.83	1%
Renewable energy use (%)	7.30%	7.20%	7.80%	10.20%	10.00%	10.50%	5%
Emissions							
GHG Emissions (MTCO ₂ E)	900695	817305	716424	719326	671174	683281	2%
GHG Intensity (MTCO ₂ E/Ton)	0.71	0.67	0.6	0.58	0.57	0.58	2%
Scope 1 (MTCO ₂ E)	548443	471963	395347	387451	372445	370603	0%
Scope 2 (MTCO ₂ E)	348656	342117	321078	331875	298729	312814	5%
Volatile organic compounds (VOCs)	815	694	649	564	520	341	-34%
Sulphur Oxide (SO _x)	2343	1568	105	87	85	80	-6%
Nitrogen Oxide (NO _x)	932	673	523	541	452	371	-18%
Waste							
Solid waste - Non Hazardous (tons)	23390	24665	25884	21406	20103	17118	-15%
Hazardous waste disposal (tons)	6204	7083	6745	7343	4799	4983	4%
Water							
Water Use (1000 m ³)	49010	45909	43887	37052	31561	31385	-1%
Water intensity (m ³ /tons)	38.7	37.8	36.5	30	26.6	26.7	0%

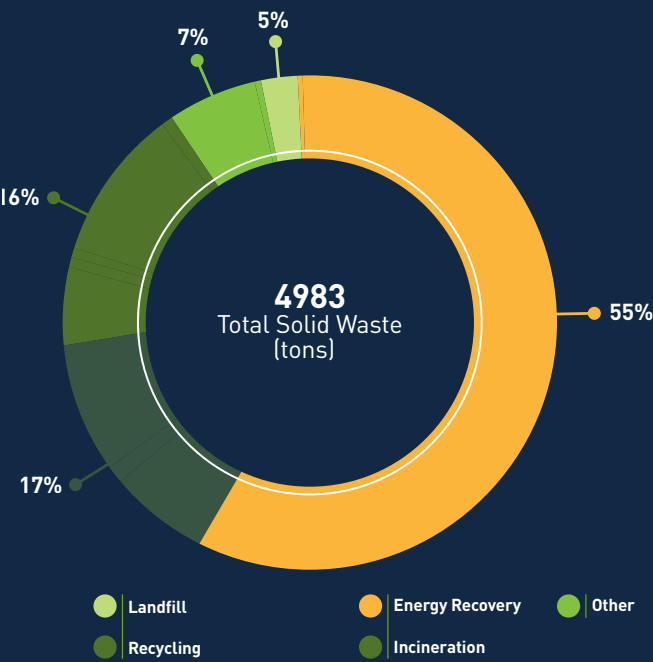
Solid and Hazardous Waste Disposal (tons)




Solid Waste Disposal Breakdown by Method



Hazardous Solid Waste Disposal by Method



COMPLIANCE

UNGC Principle	SDG
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	

Policies and Approach

We have enacted and enforced policies that are essential to our commitment to work against corruption:

- + Code of Ethics and Business Conduct
- + Global Anti-Bribery Policy
- + International Trade Policy
- + Anti-Trust policy
- + Information Security Policy

Kraton is committed to 100 percent compliance, 100 percent of the time. As part of our ongoing commitment to work against corruption in all its forms, we have prioritized the following compliance risk areas with policies, procedures, training, and internal communications:

- + Corruption,
- + Anti-Competitive Practices,
- + International Trade
- + Responsible Information Management

Anti-Corruption, Anti-Competitive Practices and International Trade

We require our non-operator workforce (approximately 1,250 employees) to complete two online compliance trainings per quarter. Employees with more direct interactions with people outside Kraton also receive in-person training. In 2019, we conducted 32 global in-person compliance sessions with employees in sales, research and development, HR, plant management, and supply chain. We also featured a compliance topic in each issue of our internal quarterly newsletter, which was distributed to employees worldwide.

Kraton conducts periodic compliance training with our distributors, marketing representatives, and other third-party representatives. In 2019, we conducted two sessions – one in Japan and one in Latin America. Additionally, distributors and marketing representatives must annually certify they comply with all applicable laws. We transitioned the certification process to an online platform, allowing for greater efficiency and auditability. In 2019, Kraton enhanced our compliance monitoring of third-party commercial representatives and strengthened the due diligence performed on these groups.

Kraton has a whistle-blower procedure through which individuals may report (anonymously where permitted by law) any ethics or information management concerns. We conduct audits of control procedures to prevent corruption and have specific approval procedures for sensitive transactions. We have a third-party anti-corruption due diligence program in place. Commitment to Kraton's ethics-related policies is integral to contracts engaged in with Business Partners. Kraton also provides training on compliance topics to third parties. Third-party procedures include mandatory live Compliance training for new intermediaries. Finally, Kraton maintains Competitor Interaction guidelines and implemented a new online notification site for interactions with Competitors and Hospitality with Government Officials.

Performance Indicators

- + 99% of non-operator employees trained on business ethics (anti-corruption, anti-competitive practices, IT security)
- + 9,000 person hours of online awareness training
- + 1,300 person-hours of face-to-face training
- + 0 incidents of corruption were reported during reporting period

Responsible Information Management

Kraton's Information Security Program implements administrative, technical, and physical safeguards to protect confidential information. The NIST Cyber Security Framework (CSF) is our cybersecurity benchmark, and we continue to progress through its maturity levels. Our systems are tested and assessed regularly by external security services provider Security Scorecard, which gave us an A rating for 2019. We also implemented a full-service Security Information and Events Monitoring system.

Kraton has implemented a data privacy program and performed periodic information security risk assessments. We have measures in place to protect third-party data from unauthorized access or disclosure and conduct regular information management risk assessments. We also have Customer data protection measures implemented. We have an Information management incident response procedure in place and an Information Management Due diligence program. Awareness training on Information Management-related topics was implemented during 2019. We conduct NIST third-party assessments and third-party penetration tests. During 2019, we continued the roll out of the IT Ambassador program (22 current ambassadors). We ran email security and cybersecurity awareness campaigns. We conducted Cybersecurity simulations and incident response testing. Finally, we rolled out a new Anti-Virus/End-point protection tool.

Performance Indicators

- + 99% of non-operator employees trained on business ethics (anti-corruption, anti-competitive practices, and IT security).
- + Zero breaches of customer privacy and losses of customer data were reported during the reporting period.

RESPONSIBLE PROCUREMENT

Policies and Approach

We have a variety of policies in place that connect to our Responsible Procurement commitments:

- + Conflict Minerals Policy
- + Responsible Procurement Policy
- + Supplier Code of Conduct
- + Human Rights Policy
- + Slavery and Human Trafficking Statement

Kraton is committed to conducting business with reliable suppliers aligned with environmental, social, and ethical standards. Kraton's Supplier Code of Conduct, Conflict Minerals Policy, Human Rights Policy, and Slavery and Human Trafficking statement guide our suppliers in our expectations. Kraton's Responsible Procurement policy has the following guiding principles, which we expect to be respected by all our suppliers:

- + Integrity and ethics: We expect our suppliers to conduct business ethically, with integrity and in compliance with the law.
- + Supplied materials: We expect our suppliers to be dedicated to responsible sourcing.
- + Human rights and labor: We expect our suppliers to respect the human rights of their employees and treat them fairly, in accordance with all applicable laws.
- + Health, safety, environment and security. We are committed to Responsible Care™ management system and expect our suppliers to make similar commitments to continuously improve their environmental, health and safety performance.

Kraton works with over 6,000 suppliers. Kraton expects key suppliers to continuously improve sustainability performance to support our ambitions of enhancing our supply chain sustainability. To this end, we integrated Environmental and social clauses in supplier contracts, conducted a risk assessment, and supplier assessments. To determine suppliers' sustainability commitment to sustainability and compliance with CSR principles can include third-party CSR assessments, confirmation of compliance through Certifications/statements of compliance, and / or onsite audits. Suppliers who repeatedly fail to meet the defined requirements are identified, and a performance improvement plan is developed in mutual agreement.

In 2019, we continued rolling out the responsible procurement program to our procurement staff and suppliers, with the goal of improving sustainability performance and manage supply chain risks. We also set targets for 2020-2021 that we will report about in our next CoP.

- + Assess 70% of the key suppliers on CSR via EcoVadis (2020).
- + Assess 60% of all suppliers identified by EcoVadis's country and industry risk analysis (2021 completion).
- + Ensure Supplier Code of Conduct is signed or verified by alternative means for 50% of the low scoring (<45) key suppliers (2020).
- + Audit, support and improve suppliers with a "low theme" score or overall score <25, or develop alternatives and phase out (2020).
- + Improve overall average score by 2 points for suppliers in Ecovadis under 45 by initiating corrective action plans (2021 completion).

In 2019, 100 percent of all buyers in scope were trained in sustainability, the responsible procurement program, the process of on-boarding suppliers on the EcoVadis platform, and the EcoVadis scorecard. Kraton ran three additional campaigns in 2019 to invite and on-board suppliers into the responsible procurement program. To date, 66 percent of the contracted suppliers have shared their scorecard, finalized, or in the process of a CSR assessment. Suppliers' performance was assessed on four themes:

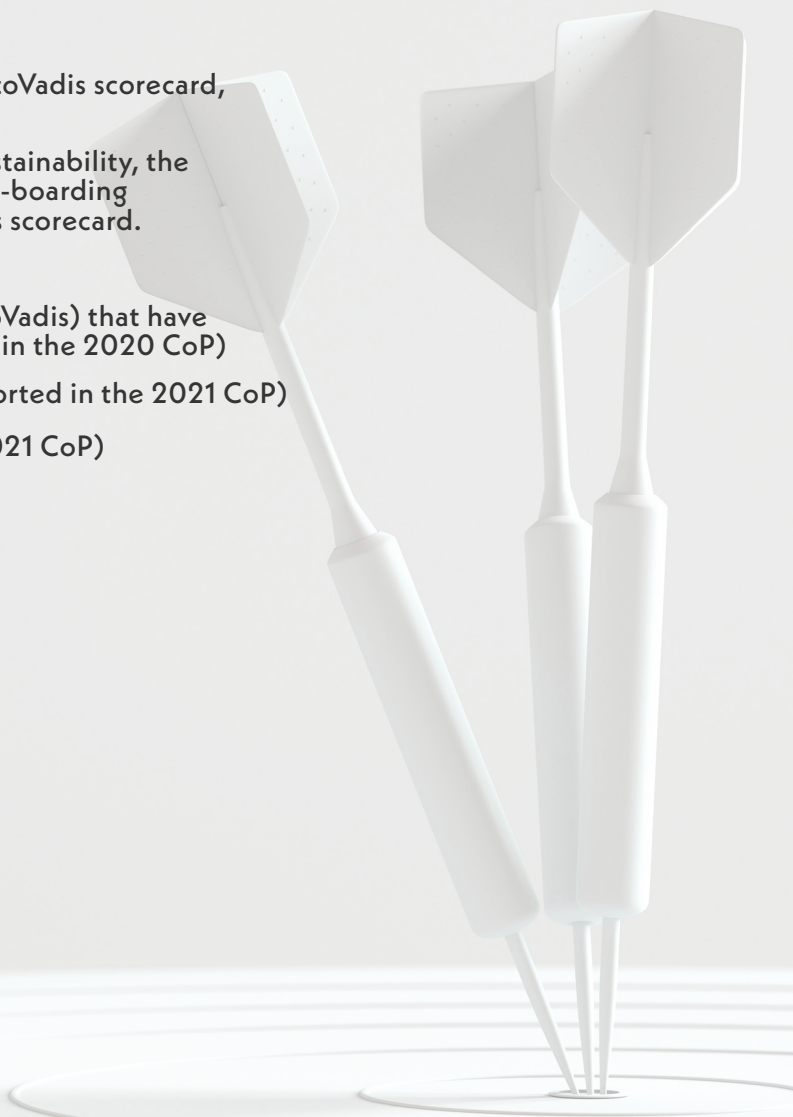
- + Environment,
- + Labor and Human Rights,
- + Ethics, and
- + Responsible Procurement.

In 2019, Kraton added a corporate social responsibility (CSR) section in the vendor performance scorecard, making it an integrated part of the evaluation and awarding of our suppliers. The CSR section includes the supplier's stated CSR commitment and CSR scores. We also built new Responsible Procurement pages on our external website, including supplier testimonials and other information to support suppliers and build capacity about Kraton's Responsible Procurement Program.

We also conducted 20 physical audits in 2019. Two were done with raw materials suppliers, seven with logistics suppliers and, 11 at custom manufacturers. These audits took place in North America, Europe and Asia and covered security of supply, safety, and other topics. In 2019, Kraton worked on further improving the risk-evaluation methodology of our vendor base. Starting in 2020, the methodology incorporated risk-country and industry-type criteria. We will also initiate and follow up on Supplier Corrective Action Plans for low scoring vendors.

Performance Indicators

- + 66 percent of the contacted suppliers shared their EcoVadis scorecard, finalized or in the process of a CSR assessment.
- + 100 percent of all buyers in scope were trained in sustainability, the responsible procurement program, the process of on-boarding suppliers on the EcoVadis platform, and the EcoVadis scorecard.
- + 135 EcoVadis assessments completed
- + % of low-scoring suppliers (less than 45 points in EcoVadis) that have signed the supplier code of conduct (to be reported in the 2020 CoP)
- + # of new assessments and re-assessments (to be reported in the 2021 CoP)
- + % of improved assessments (to be reported in the 2021 CoP)



OUTLOOK



Over the past few years, Kraton has achieved significant improvements in our sustainability performance across the 10 UNGC principles by focusing on our management systems and through our Responsible Procurement program to foster similar developments within our supplier base. Our sustainability management systems are independently assessed as advanced, however, we understand that sustainability is a journey and requires continuous improvement, progress, and development. We are committed to refining our management systems over time, similar to our dedication to innovation and bringing new sustainable solutions that improve our customers' sustainability performance.

Committing to frameworks such as the UNGC and joining industry sustainability forums such as Together for Sustainability enables Kraton to stay abreast of the developing sustainability agenda, emerging best practices and ensures we are heading in the right direction. We believe the coming years will be focused on the practical side of refining our sustainability program, setting targets, defining the right actions and measures and better performance reporting. We will also further explore and explain how Kraton delivers on the Sustainable Development Goals.

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Forward Looking Statements

Some of the statements in this Sustainability Report contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. This report includes forward-looking statements that reflect our plans, beliefs, expectations, and current views with respect to, among other things, future events and performance. Forward-looking statements are often characterized by the use of words such as "outlook," "believes," "target," "estimates," "expects," "projects," "may," "intends," "plans," "on track," or "anticipates," or by discussions of strategy, plans or intentions.

All forward-looking statements in this Sustainability Report are made based on management's current expectations and estimates, which involve known and unknown risks, uncertainties, and other important factors that could cause actual results to differ materially from those expressed in forward-looking statements. Readers are cautioned not to place undue reliance on our forward-looking statements. Forward-looking statements speak only as of the date they are made, and we assume no obligation to update such information in light of new information or future events.

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