DRIVING
LONG TERM VALUE

2020 SUSTAINABILITY REPORT

KRATON™

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About this Report:

This Sustainability Report covers the period January 1, 2020 to December 31, 2020, and is part of Kraton's corporate story, allowing us to show progress year-on-year. In connection with our sustainability policies, the Annual Report on Form 10-K, and our website, this report helps showcase Kraton's efforts to integrate sustainability throughout our company, our processes, and the products we produce. The Form 10-K and Proxy Statement offer further details on our governance and financial reporting. This report has been prepared in accordance with the GRI Standards: Core option and in alignment with the Sustainability Accounting Standards Board (SASB). Furthermore, Kraton's sustainability management and reporting is guided by our commitment to the ten principles of the United Nations Global Compact (UNGC) and the Sustainable Development Goals (SDG).

We invite stakeholders to learn more about Kraton's approach to sustainability by visiting our website: www.kraton.com

COMMUNICATION ON PROGRESS

UN GLOBAL COMPACT

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.

A MESSAGE FROM THE PRESIDENT AND CEO

The COVID-19 pandemic has profoundly impacted humanity, the economy, and business globally. The effects have left a lasting mark on society; seeing the loss of lives worldwide has been painful to witness. Our primary concern during this pandemic was and continues to be the health and safety of our employees, customers, and the communities in which we operate.

Kraton is committed to making a Positive Difference, and I am proud that we have continued to do that under such challenging conditions. Our company was able to quickly and decisively react to the crisis and adapt. Our crisis management team coordinated and managed the necessary measures at our sites and offices so that we were able to deliver our products to customers safely without disruption.

Living Our Values

Safety is our number one core value, and I am happy to announce that we drastically improved our safety performance during 2020.

At Kraton, we take our values seriously. They are the guiding principles by which we run our business. Our core value, Integrity, is the cornerstone of who we are and defines how we do business. It also underscores our commitment to Diversity and Inclusion. Over the past year, we have intently focused on advancing a culture rooted in treating each other with dignity and respect. Our commitment to our core value of Creativity was also evident in 2020. Even though many of our colleagues worked virtually for most of 2020, we continued to innovate sustainable breakthrough solutions, such as RE*volution*™ and Cirkular+™ technologies, contributing to the bio- and circular economies.

Sustainability Is A Driving Force

I am encouraged by how quickly sustainability has become a key business driver in many of our markets. The growing demand for more sustainable products offers exciting growth opportunities and proposes solutions towards some of our world's pertinent sustainability challenges, including climate change.

Our sustainable solutions help our customers improve their products' performance, reduce greenhouse gas emissions across their product life cycle, and enable the recycling of materials.

We remain committed to the United Nations Global Compact's principle on Human Rights, Labor, Environment, and Anti-Corruption. We have identified the United Nations Sustainable Development Goals (SDG) relevant to our business model and activities. A sustainable business recognizes it must meet the changing expectations of its stakeholders – now and in the future. A sustainable business model is the only way to continue to create long-term value for all our stakeholders – stockholders, employees, customers, and the communities in which we operate, which is why Kraton embraces sustainability and integrates it into its long-term strategy.

As we move forward, we continue to deliver innovative and sustainable solutions that provide exceptional value to the world. Our most recent innovation, BiaXam™, is a surface protectant designed to offer long-lasting protection against the SARS-CoV-2 virus on high-traffic public surfaces. We are excited to announce that in April of 2021, BiaXam received a section 18 emergency exemption from the U.S. Environmental Protection Agency for specific applications. Subject to regulatory approval allowing sales into other applications, our initial focus will be on the healthcare and air filtration markets. We feel these key markets will be the most impactful towards protecting the public. We remain focused on creating long-term value for all our stakeholders through products like BiaXam, improving our operational sustainability, making a positive difference in the world, and moving towards a more sustainable future.

Kevin M. Fogarty

Kevin M. Fogarty
President and CEO

A LEADING GLOBAL PRODUCER

Styrenic Block Copolymers and Pine Chemicals

100 Year of Pioneering Innovations

13 Manufacturing Sites

Belpre, OH US
Berre, FR
Dover, OH US
Gersthofen, DE
Kashima, JP

Mailiao, TW
Niort, FR
Oulu, FI
Panama City, FL
Pensacola, FL US

Sandarne, SE
Savannah, GA US
Wesseling, DE

700+ Customers

9 Innovation Centers

Almere, NL
Amsterdam, NL
Belpre, OH US

Houston, TX US
Paulinia, BR
Mumbai, IN

Savannah, GA US
Shanghai, CN
Tskuba, JP

70+ Countries

6 Regional Headquarters

Almere, NL
Houston, TX US
Mumbai, IN

Paulinia, BR
Shanghai, CN
Tokyo JP

* Kraton's Paulinia manufacturing site was sold during 2020, the Paulinia Innovation Center remains.

ABOUT KRATON

Kraton Corporation (NYSE: KRA) develops, manufactures, and markets biobased chemicals and specialty polymers that deliver exceptional value and enhance 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.

As of December 31, 2020, Kraton employed 1808 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 include 13 manufacturing sites (of which two are joint ventures), 9 innovation centers, and multiple regional offices that enable us to support our broad global customer base.

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

Kraton is a member and active participant of the European Chemical Industry Council (Cefic) and the American Chemistry Council (ACC). Kraton is proud to participate in the American Chemistry Council's Responsible Care®

initiative. Our goal was to complete certification of all US manufacturing facilities to Responsible Care 14001, which we achieved in early 2021. Our Jacksonville office is Responsible Care Management System (RCMS) certified. Going forward, we will evaluate multi-site RC14001 certification under a single corporate certification, including our headquarters in Houston, Texas.

We are proud to have earned the EcoVadis Gold rating in 2020 for our sustainability management systems. In 2020, Kraton became a member of 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 with peers, suppliers, and customers, and to learn about sustainability.

TfS is based on the UN Global Compact and Responsible Care principles and facilitates exchanging best practices for embedding sustainability and responsible procurement in the member's organizations and sharing data amongst TfS members. With associations and platforms like ACC, Cefic, and TfS, Kraton can work with industry peers to define our collective positions regarding government regulations and policy proposals that address environmental and social factors and to develop approaches that shape sustainability for the future of the chemical industry. This collaboration is important because sustainability requires that we work with our industry peers to be able to make systemic progress.

We are committed to high standards of transparency in our advocacy, public policy work, and lobbying activities. Kraton does not make financial or in-kind political contributions.

2020 FAST FACTS

HISTORICAL BEST **SAFETY** PERFORMANCE

ALL MANUFACTURING SITES **ISO 14001/ RC14001 CERTIFIED**

ecovadis **191** SUPPLIER ASSESSMENTS

12 LIFE CYCLE ASSESSMENTS **COMPLETED**

24% FEMALE GLOBAL WORKFORCE

118 BIOBASED CERTIFICATIONS

9K HOURS COMPLIANCE TRAINING **COMPLETED**

50% KRATON BUSINESS BUILT ON **BIOBASED RAW MATERIALS**

REDUCED GHG INTENSITY BY **26%**

50% FEMALE BOARD

ISCC International Sustainability & Carbon Certification
ISCC EU Certified Sandarne - Oulu - Savannah

PLATINUM Top 1% 2021 ecovadis Sustainability Rating

MESSAGE FROM THE SUSTAINABILITY LEADERSHIP TEAM

The external global sustainability agenda is changing rapidly. Today, there are clear shifts in the global regulatory and policy environments affecting how businesses are required to operate. Consumers' preferences are progressively moving towards more sustainable options and employees are becoming more sustainably conscious. Due to these shifts, we have aligned our vision and strategy with sustainability while also clarifying our societal impact to a wide range of stakeholders. Kraton continues to evolve to meet the expectations of this ever-changing landscape.

In 2020, we embraced sustainability as a value driver and a vital component of our long-term success by integrating sustainability into our business strategy. We continued rolling out the responsible procurement program to our procurement staff and suppliers, including training all in-scope buyers, on-boarding new suppliers into the program, and increasing the number of sustainability assessments performed. We are also proud to report that we met our target of completing 12 cradle-to-gate Life Cycle Assessments (LCA) for our key products by early 2021. Furthermore, regarding our global greenhouse gas (GHG) intensity, we achieved our 25 percent reduction target ahead of our 2030 goal (compared to 2014).

In 2020, we also made a firm commitment to further Diversity and Inclusion (D&I) in Kraton. Among our initial actions, we updated the employment provisions in our Code of Ethics, commenced diversity and inclusion training across the company, added minority-owned investments to our U.S. 401(k) plan investment line-up, established a global D&I council, and aligned with FOSSI, an industry program that provides scholarships to students in STEM degrees at historically black colleges and universities. We envision nurturing an environment at Kraton where all employees feel valued, have a sense of belonging, and are provided opportunities to succeed and grow.

We are proud of the work done in 2020 to improve our sustainability governance, strategy, management systems and reporting. Kraton's senior leadership team, led by the Chief Sustainability Officer, provides oversight and direction on sustainability. They oversee the implementation work of the Sustainability Council, which is chaired by the Sustainability Director and consists of senior functional leaders across the organization. Overall governance and oversight of sustainability are undertaken at the highest levels by the CEO and ultimately by Kraton's Board of Directors. In 2020 our improvements to our overall management systems culminated in joining Together for Sustainability (TfS) and being named one of America's Most Responsible Companies by Newsweek for the second year in a row.

Finally, as we progress into 2021 we continue to strive to improve our sustainability performance and reporting. This report is our first SASB-aligned report. In early 2021 we achieved EcoVadis' Platinum rating, placing Kraton in the top one percent of all companies evaluated, and signifying advanced sustainability management systems. In 2021 we will continue to concentrate our efforts towards Diversity & Inclusion, increasing our operational efficiency, and reviewing our emissions, waste generation, and water-use targets. We are committed to continuously improving our sustainability performance and helping solve today's global challenges through our sustainable solutions.

Marcello Boldrini

Marcello Boldrini
SVP & Chemical Segment
President & Chief
Sustainability Officer

Nella Baerents

Nella Baerents
Global Sustainability Director

12 LCAs Completed

-25% GHG Target Achieved

PLATINUM Top 1%
2021
ecovadis
Sustainability Rating

VISION - STRATEGY - APPROACH

Creating value for stakeholders and society starts with a vision; our vision is the cornerstone of our strategy; it helps us envision the future and defines our approach.

Kraton is committed to meeting stakeholders' sustainability expectations, now and in the future.

We are confident that our proactive and focused approach to sustainability provides Kraton with the direction to focus investments, drive performance and engage all of our stakeholders.

KRATON'S VISION

To be an admired sustainable supplier of innovation-based solutions to our pine chemical and polymer markets, creating exceptional value for our customers, stockholders, employees, and communities alike.

GLOBAL TRENDS

We live in a complex world characterized by rapid change resulting from several significant global trends. These trends, and the changes they drive, are signals that present opportunities and challenges to Kraton and the chemical industry.

Demographics - By 2050, the United Nations expects the global population to grow to approximately 9.5 billion people, almost four times the number from 1950.

Economic Prosperity – Economic growth across emerging markets will continue to lift millions of people out of poverty, increase living standards, and drive demand for our products. However, prosperity is not universally distributed. Poverty and inequity remain growing challenges worldwide that need to be addressed.

Supply Chains - Complex and globalized supply chains present risks relating to human rights, child labor, environmental impacts, and anti-corruption issues.

Resource Scarcity - The use of scarce resources to support a growing population and economy drives increased environmental and social impacts. The limited resource pools increasingly flow to those with the economic means. Global society uses resources at a rate that eclipses natural systems' ability to regenerate them with the potential consequence of more scarcity, inequity, and driving up the cost of business. At the same time, the increasing rate of resource-use generates complex and persistent waste streams at a scale beyond natural systems' capacity to assimilate that waste, ultimately building up in the food chain, and undermining global health.

Climate Change – Environmental impacts, like climate change, present a physical risk to human well-being and business, driving potential physical weather impacts on our operations, the pine tree forests we depend upon upstream, and within our global supply chain. Governments and Regulators are implementing new policies, commitments, and regulations that will drive our- and other energy-intensive industries to decarbonize.

Stakeholder Expectations – Global trends drive stakeholder expectations. From investors to customers, to governments worldwide, there is an increased stakeholder demand for businesses to become part of the solution and enable global sustainable development. Companies must plan for how their business model will be compatible with a net-zero and circular economy. These drivers require them to integrate sustainability in strategy and tactics, develop a solid sustainability management infrastructure, innovate sustainable solutions, and be transparent about non-financial risks and performance.

Our long-term vision must include how we respond to these challenges and opportunities. It is imperative that we continue to meet the changing expectations of our stakeholders.

CHANGING STAKEHOLDER EXPECTATIONS

At the global level, changing expectations led to the United Nations Sustainable Development Goals (SDGs) development. Kraton has identified and mapped the SDGs material to our business because they interlink with our sustainability ambitions and business model. We have identified six SDGs for which we believe we can play a prominent role today and in the future. We will link our sustainability ambitions, business practices, activities, and products to these selected SDGs throughout this report.

We recognize the significant opportunity that sustainability offers to our business, and Kraton is dedicated to creating exceptional value for our stakeholders. A sustainable business is capable of meeting its stakeholders' expectations, now and in the future.

We understand the global challenges, and anticipate changing expectations; we include sustainability in our strategy and tactics to define our ambitions and develop our sustainability practices. Kraton also recognizes that societal expectations will continue to evolve, and over time as we progress our selected SDGs may change.

We are committed to partnering with customers to innovate and provide solutions that make a Positive Difference. We are equally committed to employees, investors, and governments worldwide to meet their needs for sustainability management, safe and inclusive working environments, transparency, and reporting our company's Environmental, Social, and Governance (ESG) risks.

Community & Regulatory

Expectations: Be good stewards of the environment and community.

Value: Better reputation, improved productivity, better risk management.

Customers & Suppliers

Expectations: Reduce supply chain risks, produce products that are environmentally responsible, and collaborate to meet future industry and regulatory needs.

Value: Viewed as a responsible supplier that meets needs and manages risks effectively, driving sustainable practices in supply chain.

Employees

Expectations: Provide a safe and inclusive working environment for all, focused on developing and moving people forward.

Value: Enhanced engagement, which provides improved productivity.

Investors

Expectations: Provide a return on investment. Continued focus on business continuity and risk management, while providing transparency.

Value: Attract Investors, long-term shareholder value

Kraton Is Taking Active Steps To Be Part Of The Solution To Global Sustainability Challenges.

We embrace sustainability as an integral part of our business strategy and contribute to the United Nations Sustainable Development Goals.

SDG Description	SDG Ambition	Kraton's Contirbution
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 is 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. 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 employement and decent work for all**	Economic growth and the enhancement of people's lives through beneficial products depend 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 esources 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. 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 have taken steps that brought us closer to achieving this target. In 2020 we achieved it, ten years ahead of the target date, reporting a reduction of our GHG emissions intensity by 26% compared to 2014.

Our Sustainable Solutions Enable The Circular Economy By Helping Customers Shift To Renewable Materials, Improve Product Performance, Extend Product Life, And Allow The Uptake Of Recycled Plastics.

EMBRACING THE CIRCULAR ECONOMY

The circular economy is geared to sustain value.

The circular economy seeks to preserve value by not allowing anything to go to waste. It means striving not to overuse critical resources, producing zero waste, avoiding incineration and emissions, and using 100% renewable energy to power the circular economy.

Making the circular economy a reality begins with designing products for circularity. It includes moving to the use of renewable biobased materials, expanding the economic life of products through re-use, repair, re-manufacturing, and the continuous recycling of materials. In essence, adapting to this model means moving from an efficiency mindset to an effectiveness mindset.

Kraton is well-placed to enable the circular economy. Our sustainable solutions help customers shift to renewable materials, improve product performance, extend product life, and allow the uptake of recycled plastics.

Our RE*volution*™ platform, CirKular+™ solutions, and portfolio of Biobased-certified products are a testament to our commitment to enabling the circular economy in partnership with our customers.

Committed To Reducing GHG Emissions

We are proud to have achieved a 26% reduction in GHG intensity, compared to 2014.

FOCUSING ON CLIMATE CHANGE

Global trends impact our industry everywhere in some shape or form, including the suppliers we depend on upstream and the customers we serve downstream. Climate change is high on the agenda of all stakeholders, and its implications are widespread across the economy, society, and the environment.

Kraton has focused on reducing our greenhouse gas emissions to contribute to mitigation efforts. We intend to expand our view to understand whether and how we may need to adapt to climate change in the future, and what the future implications may be for our business model. For example, some of our plants are located close to the water's edge, including in areas that are susceptible to extreme weather occurrences, and we have experienced firsthand how these can impact us. Physical impacts may also be felt anywhere along our value chain and supply lines of materials, including upstream in the pine forests from which the raw materials in our chemicals segment are derived.

Additionally, the transition to a low carbon economy is rapidly increasing and will likely drive accelerating change in the policy, legal, technology, and market sectors. For example, governance and policy changes are already taking place to align with the Paris Agreement on climate change. Kraton is an active member of industry associations like the ACC, CeFic, and others to ensure that we collectively understand and shape our changing futures.

Kraton has Governance and Risk Management systems and processes to identify, assess, manage and oversee our response to climate change. Still, like all companies, we have work to do to ensure that both mitigation and adaptation information travel through these systems and processes. We must also ensure that the data is of high quality, realistic and actionable to further refine our strategies to mitigate and adapt to climate change. Kraton's Nominating, Governance and Sustainability Committee of the Board has oversight of Kraton's sustainability efforts, including climate change.

Kraton's Enterprise Risk Management (ERM) process identifies, evaluates, and monitors risks to our business. Existing enterprise risks and new or emerging risks are reviewed on a quarterly basis. Our Internal Audit department facilitates our ERM process and reports to the Audit Committee of our Board of Directors. The audit department provides periodic progress reports on material sustainability topics. Kraton's Proxy Statement provides more information on risk management.

Kraton has a Greenhouse Gas intensity target in place, and we have measured and reported our Scope 1 and Scope 2 emissions since 2014. Our target is: Reduce GHG emissions Intensity by 25 percent by 2030 compared to 2014. We are proud to be able to report that we achieved this target ten years ahead of schedule. In 2020 we reduced our GHG emissions intensity by 26 percent compared to 2014. In 2021 we intend to set a new long-term target for our GHG emissions. The Environment section of this report contains additional information and more performance reporting on this topic.

LEARNING FROM LIFE-CYCLE ASSESSMENTS

Our manufacturing operations create highly valued products which can produce different types of wastes in solid, liquid, or gaseous forms that can impact the environment. Therefore, transparency is necessary to discover where environmental impacts occur, upstream, in our operations, and during transportation.

Life Cycle Assessments (LCA) provide that transparency. LCA provides the data needed to make informed decisions. For example, LCA allows us to identify if changing a raw material, introducing a manufacturing process change, altering a specific transportation method/route improves the product's overall environmental footprint. In addition, we can foster closer engagement with suppliers, supply chain partners, and customers around their products and move towards improved sustainability performance in the value chain and society through LCA.

Kraton's 2020 target was to undertake 12 cradle-to-gate LCAs for critical products. We finalized 11 in 2020, and the final report was released in early 2021.
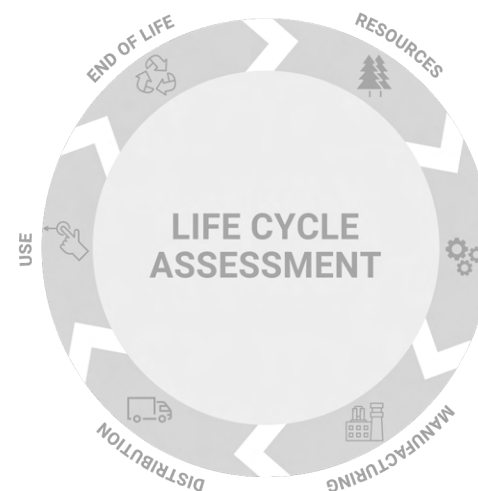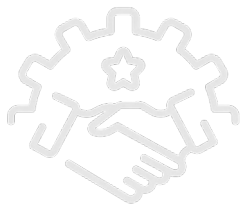
END OF LIFE
RESOURCES
USE
DISTRIBUTION
MANUFACTURING
LIFE CYCLE ASSESSMENT

We Are Committed To Partnering With Customers To Innovate And Provide Solutions That Make A Positive Difference.
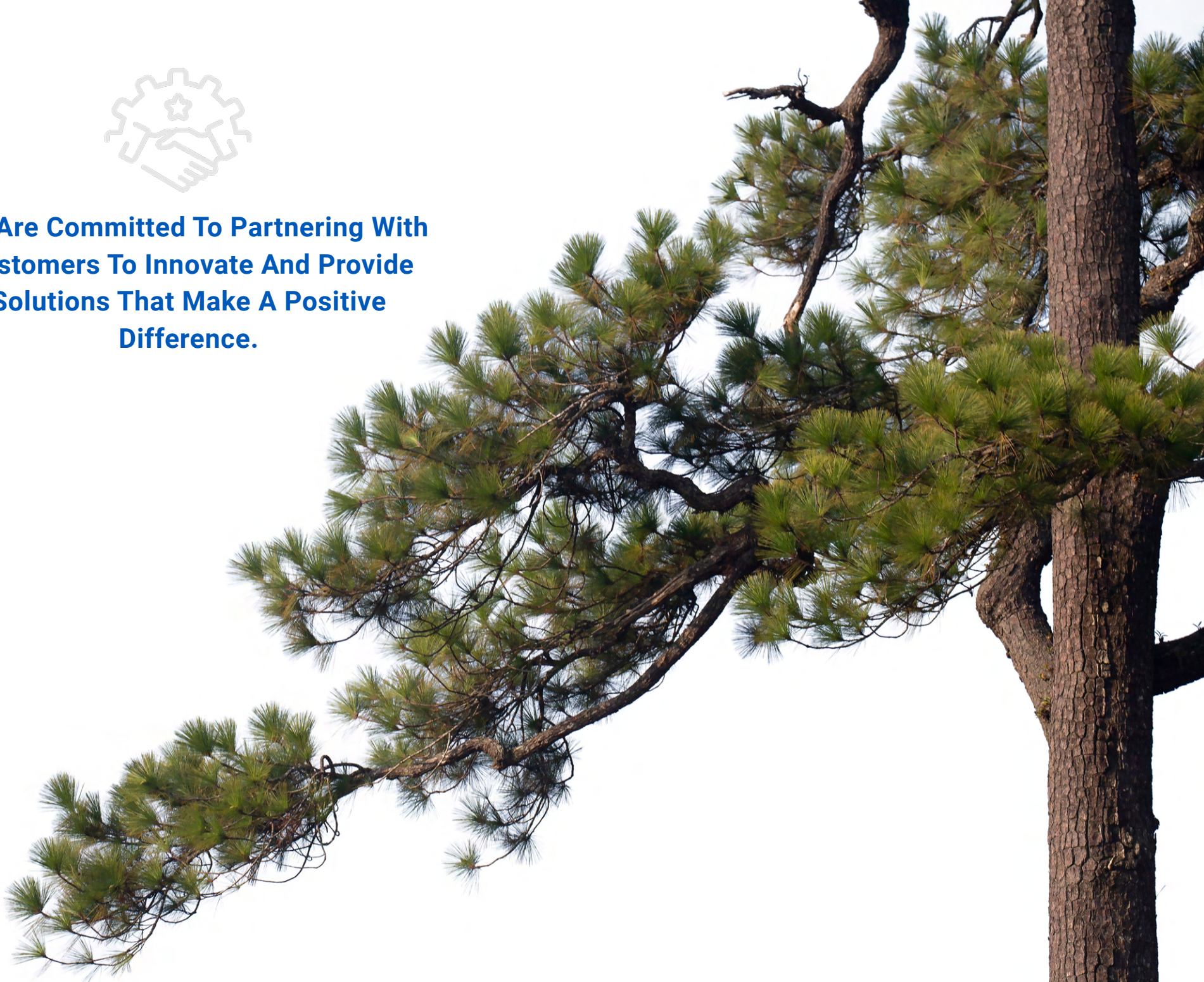
MAKING A POSITIVE DIFFERENCE

Kraton's vision is to be an admired sustainable supplier of innovation-based solutions to our pine chemical and polymer markets, creating exceptional value for our customers, stockholders, employees, and communities alike.

We exist to make a Positive Difference, which includes continually improving our company's sustainability performance and providing solutions to our customers (and society) that foster the circular economy.

We will achieve our vision and continue to make a Positive Difference by:

- Meeting the sustainability expectations of our customers, investors, employees, and regulators today and in the future
- Committing to being part of the solution to the global sustainability challenge
- Setting and meeting environmental targets to reduce emissions, waste, and water use, while protecting water and air quality
- Delivering on the growing demand for more sustainable products and capturing opportunities for growth presented by society's shift towards circular economies
- Embracing sustainability as a value driver and key to success for our business, growing and fostering a culture that celebrates diversity and talent, and ensuring equal opportunities for our employees

+Difference

OUR CORE VALUES

At Kraton, our desire to make a Positive Difference drives us, and our core values are the foundation of all that we do to make the world a better place. Utilizing ingenuity, unique perspectives, and experiences, we find inventive ways to create sustainable products and solutions that produce exceptional value for our customers and the world.

Relationships
We listen, communicate and collaborate.

Verve
We value talent and passion.

Safety
We value the health of our people and our environment.

Integrity
We are compliant, respectful, and ethical.

Creativity
We innovate in everything we do.

Ownership
We make it happen.

OUR VALUE CREATION MODEL

Kraton's Value Creation Model (VCM) helps visualize how we create value for stakeholders and society in general. Using the International Integrated Reporting Council's (IIRC) six capitals framework, our VCM describes Kraton's business model and value drivers. It also expresses the capitals we depend on to develop, manufacture and market specialty chemicals. These capitals include our plants and equipment, employees, raw materials used in the manufacturing process, and the necessary financial capital to make the process work.

INPUTS

FINANCE

$ 649 Million
Equity

$ 689 Million
Operating Expenses (excl. R&D)

$ 864 Billion
Consolidated Debt

MANUFACTURED

$ 943 Million
Property, Plant and Equipment

INTELLECTUAL

$ 41 Million
R&D

847
Granted Patents

289
Pending Applications

HUMAN

1,808
Employees

Training & Development
Safety Policies

SOCIAL

Stakeholder Relationships
Strong Market Position

NATURAL

$ 677 Million
Raw Material Costs

10,721 TJ
Energy Use

42.9 Million m3
Water Use

INTEGRITY

GOVERNANCE

SAFETY

PINE CHEMICALS

DEVELOP › MANUFACTURE › M

RELATIONSHIPS

POLYMERS

GOVERNANCE

CREATIVITY

All data as of December 31, 2020

OUTPUTS

FINANCE

$ 262 Million
Adjusted EBITDA

$ 886 Million
Shareholder value

MANUFACTURED

$ 1.563 Billion
Revenue

Pine Chemicals and Engineered
Polymers Product Sales

INTELLECTUAL

69
New Patent Applications

118
Biobased-Certified Products
Innovative Products
and Technologies

HUMAN

0.31
Incident Rate

112
New Hires

SOCIAL

700 +
Customers

Supply Chain Transparency

Global Community Initiatives

NATURAL

22,898 Tons
Waste Disposal

0.52 MTCO$_2$E/Ton

-26% GHG Intensity
Reduction (comp. 2014)

VERVE

OWNERSHIP

MARKET

ECONOMIC IMPACT
Creating long-term value for our stakeholders
Enabling the circular and biobased economy
through our products

SOCIAL IMPACT
Improving HSES and process safety performance
Creating solutions toward safer products
Making a Positive Difference for our employees and communities

ENVIRONMENTAL IMPACT
Increasing responsible procurement
Improving resource efficiency in our company and value chain
Enabling sustainable development through innovative products

GOVERNANCE

Kraton's Board of Directors (Board) provides an important governance role. The Board's Nominating, Governance, & Sustainability Committee, specifically, oversees Kraton's sustainability initiatives on behalf of the Board.

An early priority of this Committee has been board refreshment. Among other actions, the Committee recommended three new directors over the past few years. Today, 50 percent of the Board's independent directors are female. Kraton received a "Win" Rating by the 2020 Women on Boards advocacy group nomination for the NACD NXT award for board diversity in the Mid-Cap category.

Kraton's Board of Directors bring diverse skills and professional experiences including:

- Strategy
- Organizational Management & Innovation
- Sustainability
- Chemical, Operations & Commercial
- Financial & Compensation

Vision & Oversight

Board of Directors	President and CEO
Nominating, Governance & Sustainability Committee	Kraton Leadership Team

Strategic Plan: Leadership & Control

Chief Sustainability Officer
Sustainability Council

(Chair: Sustainability Director)
Functional Leaders + Sustainability Team: Sustainability, Legal, Operations, Procurement, Commercial, Innovation, Human Resources, Finance, Corporate strategy, Investor relations, Communication

Coordination of Sustainability Program & Implementation

Kraton Sustainability Team

- Sustainability program management & implementation coordination (Goals, KPI definition)
- Performance and issue monitoring
- Sustainability reporting
- Sustainability capacity building
- Stakeholder engagement

Functional Leaders

Drive functional implementation of sustainability programs, goals and KPI by key functions

Functional Implementation
Working groups, local teams

A Diverse, Dedicated and Responsible Board

12.5% DIRECTORS ARE ETHNICALLY DIVERSE

63 AVERAGE AGE

100% INDEPENDENT (excluding CEO)

3 NEW DIRECTORS IN THE PAST FOUR YEARS

50% FEMALE BOARD

3 COMMITTEES CHAIRED BY WOMEN

12.5% BASED OUTSIDE U.S.

8.2 YEARS AVERAGE TENURE
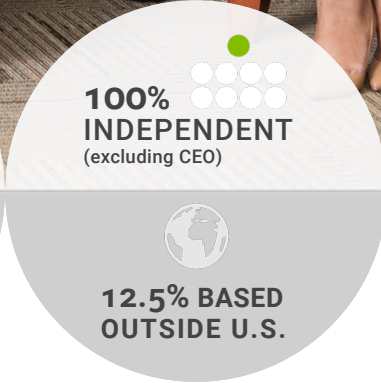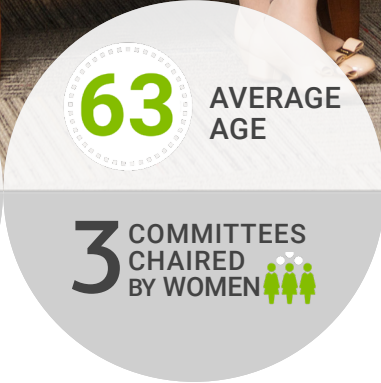
Left to Right:
Standing: Mark A. Blinn, John J. Gallagher III, Billie I. Williamson, Kevin M. Fogarty, Dan F. Smith, Dominique Fournier, Shelley J. Bausch,
Seated: Karen A. Twitchell, Anna C. Catalano

STAKEHOLDER ENGAGEMENT

As a global enterprise, Kraton interacts with many stakeholders, including stockholders, customers, communities, employees, governments, industry associations, and suppliers. Our focus on sustainability creates exceptional value for Kraton and our stakeholders, providing the opportunity to affect all the value creation levers that help grow our business, improve productivity and manage risks. It requires that we remain sensitive to the needs and expectations of our stakeholders when designing sustainability initiatives that address, mitigate, or avoid risks and build intangible assets.

A strong sustainability profile strengthens our social license to operate and commands higher regard with customers, investors, and other stakeholders in the market. In essence, sustainability is a multi-faceted strategy that can contribute to the long-term value of our business.

More information can be found here:
https://kraton.com/stakeholder

Kraton Is Committed To Meeting Stakeholders' Sustainability Expectations, Now And In The Future.

COMPLIANCE AND BUSINESS ETHICS

UNGC Principle:10

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 1174 employees) to complete two on-line compliance training modules per quarter. Employees who have increased interaction with people outside Kraton also receive live training, either virtually or in person. Throughout the pandemic, we continued uninterrupted with virtual compliance-related training. In 2020, we conducted 17 global compliance sessions with Commerical, Research and Development (R&D), Human Resources, Manufacturing,

KRATON IS COMMITTED TO 100% COMPLIANCE 100% OF THE TIME.

Procurement, and Supply Chain. We also distribute compliance topics through the Kraton intranet, which is available to all employees. To further support our compliance efforts, Kraton has ethics reporting procedures that individuals may anonymously report (where permitted by law). We conduct audits of control procedures to prevent corruption and have specific approval procedures for sensitive transactions in addition to having a third-party anti-corruption due diligence program in place. Periodic compliance training is conducted with our distributors, marketing representatives, and other third-party representatives.

In 2020, we provided our new distributors and marketing representatives with virtual compliance training sessions and conducted a designated session for all distributors located in India. 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 addition, we enhanced our compliance monitoring of third-party commercial representatives and strengthened the due diligence performed on these groups.

Finally, Kraton maintains Competitor Interaction guidelines, and during 2020 implemented a new online notification site for interactions with Competitors and Hospitality with Government Officials.

99% of non-operator employees complete two e-learnings every quarter on business ethics topics (including anti-corruption, anti-competitive practices, IT Security)

9281 person-hours of online awareness training

706 person-hours of virtual training

0 incidents of corruption violations related to Kraton were reported during the reporting period

0 incidents of anti-competitive practices related to Kraton were reported during the reporting period
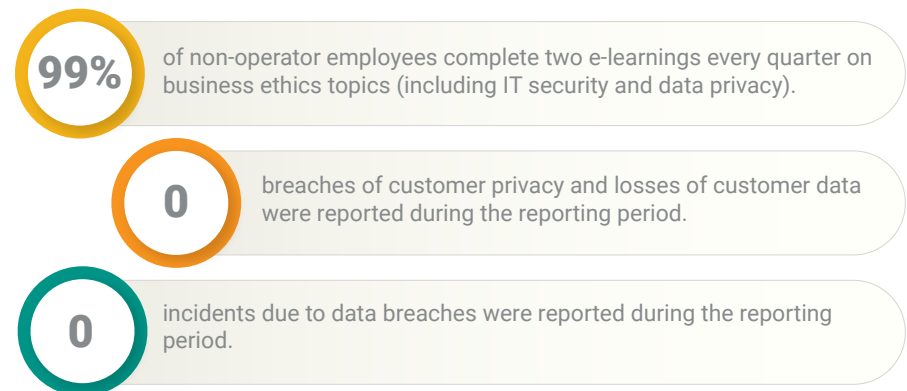
Responsible Information Management

Kraton's Information Security Program ensures administrative, technical, and physical safeguards are successfully in place to protect confidential information. To better assess our responsible information management, we test and evaluate ourselves through an external security services provider to track our current cyber capabilities and maturity levels based on the NIST Cyber Security Framework (CSF). The third-party provider, Security Scorecard, gave us an 89 rating (out of 100) for 2020. Kraton has had a full-service Security Information and Events Monitoring system implemented since 2019.

Kraton recognizes and understands the importance of data privacy for our employees, customers, and suppliers alike. Through our data privacy program, we have measures in place to protect employee data, customer data, and other third-party data from unauthorized access or disclosure and conduct regular information management and security risk assessments (such as the NIST third-party assessment) to help mitigate these risks. Further, should we experience any concerns with data privacy, we have an information management incident response procedure in place, with specific due diligence steps to assess and report, as required. Finally, to continuously improve and ensure our internal teams remain focused on data privacy and other security issues in their areas, we have conducted multiple awareness trainings throughout 2020, as identified below:

- Email and Cyber Security Awareness Month Events
- Scam of the Week, Weekly Tips/Tricks, and Yammer Posts
- Awareness Champion Recognition Program (Individual/ by Site)
- Data Privacy

99% of non-operator employees complete two e-learnings every quarter on business ethics topics (including IT security and data privacy).

0 breaches of customer privacy and losses of customer data were reported during the reporting period.

0 incidents due to data breaches were reported during the reporting period.

Through Our Responsible Procurement Program, We Improve Sustainability Within The Supply Chain.

RESPONSIBLE PROCUREMENT

Policies and Approach

We have a variety of policies in place that connect to our Responsible Procurement Commitments:
- Responsible Procurement Policy
- Supplier Code of Conduct
- Conflict Minerals Policy
- 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 and expect our suppliers to make similar commitments to continuously improve their environmental, health, and safety performance.

Kraton works with over 6,000 suppliers. We expect key suppliers to continuously improve their sustainability performance to support our ambitions of enhancing our supply chain sustainability.

To this end, we integrated environmental and social clauses in supplier contracts and conducted supplier portfolio-wide and individual supplier assessments. To determine suppliers' commitment to sustainability and compliance with sustainability principles we ask suppliers to perform third-party Corporate Social Responsibility (CSR) assessments, confirm compliance through certifications/ statements of compliance, and/or facilitate on-site audits. Performance improvement plans are developed in mutual agreement and implemented for suppliers who repeatedly fail to meet the defined requirements.

In 2020, we continued rolling out the responsible procurement program to our procurement staff and suppliers, intending to improve sustainability performance and manage supply chain risks. We also set targets for 2021 that will be reported on in future updates:

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

In 2020, 100 percent of all Kraton buyers in scope received training in sustainability, the responsible procurement program, the process of on-boarding suppliers on the EcoVadis platform, and the EcoVadis scorecard. Kraton ran three other campaigns in 2020 to invite and on-board suppliers into the responsible procurement program. As of December 31, 2020, 72 percent of key suppliers were assessed and shared their scorecards. Suppliers' performance was assessed on four themes:

- Environment
- Labor and Human Rights
- Ethics
- Responsible Procurement

Kraton embedded a 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 updated the Responsible Procurement pages on our external website, including supplier testimonials and other information to support suppliers and educate them on Kraton's Responsible Procurement Program.

Kraton did not conduct physical on-site audits during 2020 due to the restrictions in place related to the COVID-19 pandemic. In 2020, we further improved the risk-evaluation methodology of our vendor base, incorporating country and industry-type risk criteria. Kraton utilizes an EcoVadis solution that provides a risk rating per country, which factors in themes such as corruption, child labor, and anti-bribery when assigning a score. For industry-risk rating, the solution analyses environmental impact, safety, and labor relations along with other critical topics. This process ensures we can be objective in our approach and identifies non-key suppliers that may pose a sustainability risk.

Additionally, we initiated the development and follow-up of Supplier Corrective Action Plans for low-scoring vendors.

100% 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.

72% of key suppliers were assessed through the EcoVadis platform.

191 EcoVadis assessments were completed

77% of low-scoring suppliers (less than 35 points in EcoVadis) have signed the supplier code of conduct

# of new assessments and re-assessments (New: to be reported in 2021)

% of improved assessments (New: to be reported in 2021)

LABOR & HUMAN RIGHTS

UNGC Principles: 1, 2, 3, 4, 5, 6

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. It includes respecting and upholding fundamental human rights within our operations and throughout our supply chain. Our core values and respect guide us and we celebrate the diversity of our organization.

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

We Treat Employees With Dignity and Respect, Providing Equal Opportunities for All.

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. These include:

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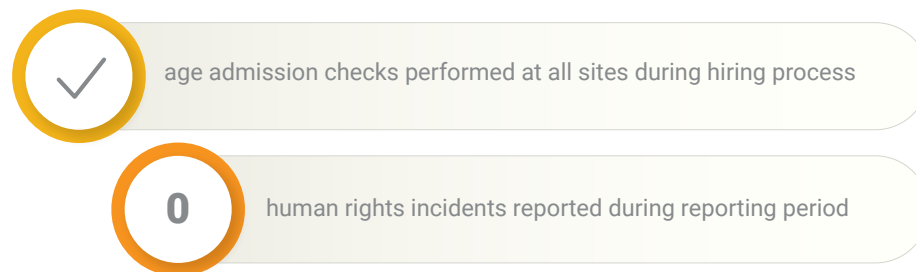- Career Management
- Health & Safety

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 suppliers to improve their labor and human rights performance over time continuously. We assess and improve supplier performance through EcoVadis and our participation in the TfS chemical industry initiative.

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 (the most recent update took place in 2020). We have established a reporting procedure through which incidents related to Human Rights, Child Labor, or Forced Labor can be reported. We also implemented awareness training across

business ethics, discrimination, harassment, and associated topics through designated quarterly compliance training and specific statutory requirements and other trainings.

✓ age admission checks performed at all sites during hiring process

0 human rights incidents reported during reporting period

Discrimination and Harassment

Kraton does not tolerate discrimination or harassment in our workplace. In addition to regularly reviewing and updating our Code of Conduct, we have a reporting procedure in place through which incidents related to discrimination and harassment can be reported. We also implemented awareness training across business ethics, discrimination, harassment, and associated topics. All new hires also receive training on these issues.
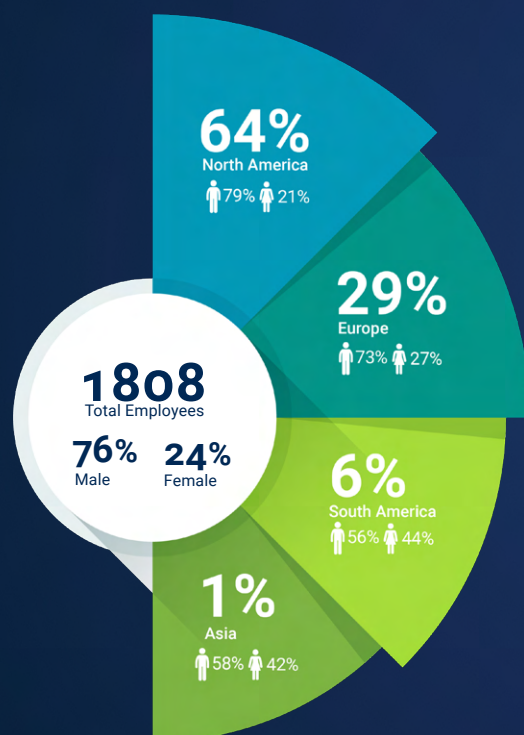
100% of all new employees in scope were trained on fairness, anti-harassment, discrimination
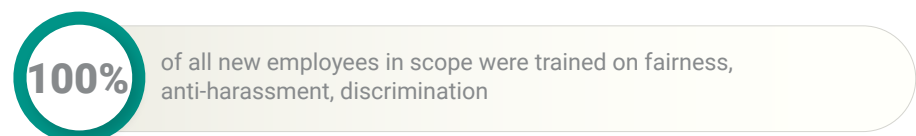
We Are A Culture That Celebrates Diversity and Talent.

Diversity and Inclusion

Kraton values the diversity of our workforce and treats all employees with dignity and respect. Employees have the freedom to express their opinions and thoughts respectfully through a variety of established channels. As stated in our various policies, we are committed to inclusivity and opportunity for our employees while ensuring each person has a voice. We updated the employment provisions in our Code of Ethics and added minority-owned investments to our U.S. 401k plan investment line-up. To attract greater diversity, we have increased our focus on diversity within our hiring practices .

64%
North America
79% 21%

29%
Europe
73% 27%

1808
Total Employees
76% Male **24%** Female

6%
South America
56% 44%

1%
Asia
58% 42%

1808 employees as of 31st December 2020

112 new hires during 2020

24% of total global workforce are female

4:8 external Board of Directors (excluding Kraton's CEO) are female (50%)

2:9 executive leadership positions are female (22%)

infrastructure for employees with disabilities available in all corporate offices

We regard D&I 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. As a result, we initiated a robust D&I program in 2020 with more comprehensive plans for 2021. It includes establishing a Global Diversity Council, and company-wide diversity training for all leadership in the organization, and global diversity council members; in conjunction with unconscious bias training for all employees.

Through these initiatives, our goal is to foster an inclusive environment where differences are accepted and celebrated.

Working Conditions

Kraton is committed to all employees receiving fair living wages. In specific cases, we provide compensation for extra or atypical working hours. We provide additional leave beyond standard vacation days and provide a flexible working environment (e.g., remote work, flextime), as appropriate for each employee's role, and business conditions. Health care coverage for employees is in place throughout our organization.

Throughout the pandemic employees classified as "essential workers" (primarily our manufacturing and R&D employees) continued to work in our plants and labs with specific protocols in place. Essential employees made a seamless transition to rotating alternate schedules to ensure the safety of fellow team members and remain in accordance with the CDC COVID-19 guidelines. Additionally, our offices transitioned to a virtual work setting in order to protect the health and well-being of our employees, which continued into 2021.

All of these changes transpired seamlessly without interruption to our customers. We ensured continued check-points with all of our employees in virtual ways and continued updating protocols to focus on the health and safety of our organization, both on-site and remote. During this time, we also successfully transformed our employee development program into a virtual environment to ensure continued employee growth.

all full-time employees have access to paid annual leave and company paid holidays, based on the particular country in which they live

all full-time employees are covered by a health care package, applicable in their particular country

84% of employees participating in bonus scheme (either gainsharing or incentive compensation)

30% of employees using flexible work arrangements (remote work, flexi-time) in 2020 working 60 percent or more from home

Social Dialogue

Kraton respects the rights of all employees to form, join or assist an association in representing their interests as an employee, to self-organize, and bargain collectively or individually. We have collective agreements in multiple Kraton locations, and employee representatives or employee representative bodies such as works councils have been established at Kraton facilities worldwide. However, we 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. Kraton conducts an employee engagement survey to gain further insight. In 2019, Kraton achieved an 89% response rate company wide. As a follow-up, throughout 2021 we are initiating smaller, more focused site-specific surveys to review progress from 2019 and are continuing to engage with our survey champions to address site priorities. In addition, another company wide survey is scheduled for 2022.

24% of Kraton's employees in the USA are unionized

63% of Kraton's employees in Europe are part of a collective agreement

Career Management

Through Kraton's Leadership Essentials program, we advocate the personal relationship in establishing trust and mutual respect while encouraging open dialogues between leaders and employees throughout the organization.

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.

60% of Kraton's employees (all non-operator employees) receive an annual performance review

10% of non-operator workforce received a promotion in 2020

Safety - Security - Well-Being

While Fostering Opportunities For
Professional Growth And Success

#1 Safety Is Our Core Value

HEALTH AND SAFETY

UNGC Principles: 1, 2, 3, 4, 5, 6

At Kraton, safety is our number one core value. It takes precedence over all else, and we are committed to ensuring that employees and contractors have a safe working environment. We make every effort to involve workers in the development and execution of the health and safety program. Ultimately, our goal is zero harm to our employees, contractors, environment, and the communities in which we operate.

A basic tenet of the health and safety program is the reporting and tracking of all incidents, including near misses, to enact measures to prevent future occurrences. We believe that using the PDCA (Plan, Do, Check, Act) cycle approach and by focusing on Culture, Operational Discipline, defined management systems & processes, the right tools & equipment, worker commitment, and conducting regular risk assessments, we can continuously progress towards HSES Excellence.

Kraton is a proud participant in the American Chemistry Council Responsible Care® initiative. Most of Kraton's sites have certified Responsible Care Management Systems in place. Since early 2021, all our manufacturing plants in North America are certified to RC14001. Our plants in Oulu, Finland, Sandarne, Sweden, Gersthofen, Germany, Niort and Berre, France, Wesseling, Germany, and Kashima, Japan are certified to ISO14001, and our Jacksonville, Florida site is Responsible Care Management Systems (RCMS) certified. These management systems cover all Kraton employees, contractors, activities, and workplaces under operational control in those locations. The American Chemistry Council's website houses a list of standards related to RC14001 and RCMS.

As part of our management systems, we conduct internal audits on health and safety issues at our locations and maintain Hazard and Operability studies and Risk Mitigation and Compliance plans. In addition, we conduct HSES risk assessments, pre-startup safety reviews, and personal safety and pre-job risk assessments and provide protective equipment to all impacted employees. We also maintain a Management of Change policy and procedures.

All risk assessments, incidents, and investigation findings are reviewed and rated based on a standard risk matrix, ensuring the highest risks are prioritized and addressed, with a goal to reduce the overall risk profile of the company. Further, the application of the hierarchy of controls ensures that the most effective guidelines are adopted.

Kraton employees and contractors are involved in many health & safety committees worldwide. Through these committees and an open and inclusive culture, all of our employees and contractors have the opportunity to provide feedback that helps improve the environmental, health, and safety programs. Our employees are involved in shift meetings, RCA (Root Cause Analysis) events, hazard risk assessments, process hazards reviews, job safety analyses, housekeeping rounds, 5s efforts, and several other programs that ensure that their collective knowledge and input are incorporated into our work activity.

Training is an integral element of our management systems and is defined in various Health and Safety related policies and procedures. We offer targeted training, including regulatory training, to relevant employees and contractors on health and safety risks and best working practices, including Chemical Safety, General Safety, and many Personal safety-related subjects. We also offer many specialized training modules for specific activities at our chemical plants, such as Working from Heights, Preparation of Equipment for Maintenance, Hazardous Materials Transportation, Emergency Response, and Respiratory Protection training to name a few.

All of our employees and contractors received training on Health & Safety topics during the reporting period.

	Total Work Hours	TRIR (200,000 man hour basis)	Lost Work Cases	Lost Work Days	Fatalities
Employees	3,824,286	0.26	2		0
Contractors	1,402,143	0.43	0		0
Total	**5,226,429**	**0.31**		**213**	**0**

A total of 65 injuries were recorded worldwide during the year. Of these, eight met the recordable classification, two of which were lost time incidents. The injuries amounted to a Total Injury Rate (TIR) of 0.31, which was the lowest TIR in the company's history. Hand injuries (21) accounted for the majority of injuries, followed by 8 Head/Neck, 7 Eye, 6 Foot, 5 Arm, 3 Back, 3 Shoulder, 2 Chest/Abdomen, 2 Leg, 6 Other, and 2

N/A. This trend is to the rest of the chemical industry at large, and we continue to focus on this with increased awareness campaigns, machine guarding, and personal protective equipment (PPE).

Process Safety was a key area of focus for 2020. Kraton includes all releases in its tracking, including those that are captured and, therefore, never released to the environment. There were 3 Tier 1 Process Safety Incidents during the year for a Process Safety Incident Rate (PSIR) of 0.11. This is considered good performance in our industry, and Kraton's historical best safety performance.

Third parties handle all transportation within Kraton. In general, transportation incidents are not reported to us unless there is product damage. Hence, we do not have comprehensive data on worldwide transportation incidents. In the United States, our ACC membership provides access to Chemtrec reports, and in 2020, 14 incidents were recorded, two of which required Regulatory Inspection. Kraton will investigate the feasibility of collecting data from 3rd parties to obtain a more comprehensive overview of transportation incidents across the world. We have implemented training regarding the transportation of hazardous materials throughout our sites.

ENVIRONMENT

UNGC Principles: 7, 8, 9

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 the highest standards for the way we conduct business. Our management systems are designed to attain the ultimate aspiration of zero harm; no harm to our employees, communities, or the environment. Therefore, our suite of policies highlights environmental aspects and risks, which expand beyond regulatory compliance.

These include:

- Energy, GHG, and Air Emissions
- Water, Local & Accidental Pollution
- Hazardous Materials and Waste Management
- Product Regulatory and Customer Health & Safety

As described in the Health and Safety section of this report, Kraton is a member of the ACC Responsible Care initiative and its associated management system requirements. Our plants are certified to ISO 14001, RC14001, or RCMS standards. Our vision of zero harm includes no adverse health and safety incidents, loss of containment, or impact on neighbors and communities. Our global Health, Safety, Environment, and Security (HSES) network

develops guidelines to help employees maintain safe and healthy working conditions at all sites, and we continuously refine our standards and procedures based on key learnings from our continuous improvement processes and industry best practices. We are committed to environmental stewardship through sustainable operations, and we invest in projects that continuously improve environmental performance.

RESPONSIBLE CARE®
OUR COMMITMENT TO SUSTAINABILITY

In 2020, we received one fine at our Panama City manufacturing plant. It was associated with the RCRA (Resource Conservation Recovery and Act), and primarily involved labeling deficiencies in a satellite storage area. The infractions were corrected immediately.

Commitment to Environmental Stewardship and Project Investments That Improve Environmental Performance.
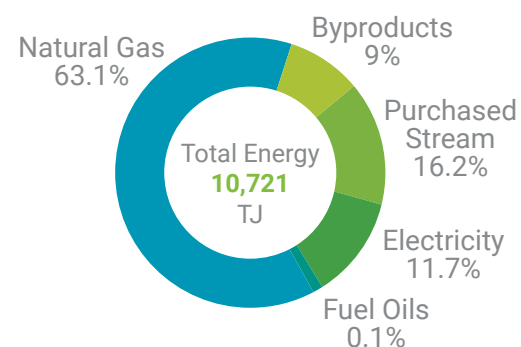
Energy, GHG and Air Emissions

Kraton is committed to reducing GHG emissions and energy usage. We made steady progress throughout the year, a historical pattern that has reflected positively on our continuing efforts to improve operational efficiency. Additionally, during 2020, we continued implementing measures to reduce CO_2 emissions in operations and elsewhere through technology and/or equipment upgrades.
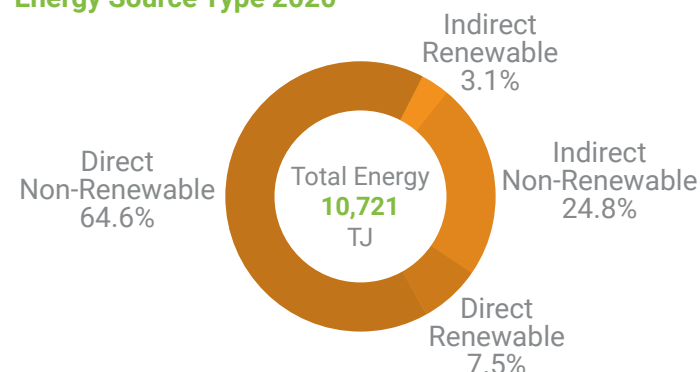
We undertook efforts to build a culture of energy consciousness through regular communications and goal-setting at our plants. Further, each of our plants visualizes energy by using information screens, dashboards, and operator views. We also implemented steam trap maintenance programs, steam leak elimination programs and generated engagement among the plants through bi-monthly energy network meetings.

In 2020, our total global energy consumption was slightly lower than 2019, in part due to the sale of Kraton's Paulinia site. Kraton consumed 10721 (TJ) of Energy during 2020 – a two percent reduction compared to 2019. This change followed a pattern of year-on-year decline since the base case year of 2014. 10.6 percent of our energy consumption was renewable energy, a slight increase compared to 2019. A component of this was the use of our biobased byproducts, such as pitch, as fuel.

Energy Source Breakdown 2020

Natural Gas
63.1%

Byproducts
9%

Purchased
Stream
16.2%

Total Energy
10,721
TJ

Electricity
11.7%

Fuel Oils
0.1%

Energy Source Type 2020

Indirect
Renewable
3.1%

Indirect
Non-Renewable
24.8%

Direct
Non-Renewable
64.6%

Total Energy
10,721
TJ

Direct
Renewable
7.5%
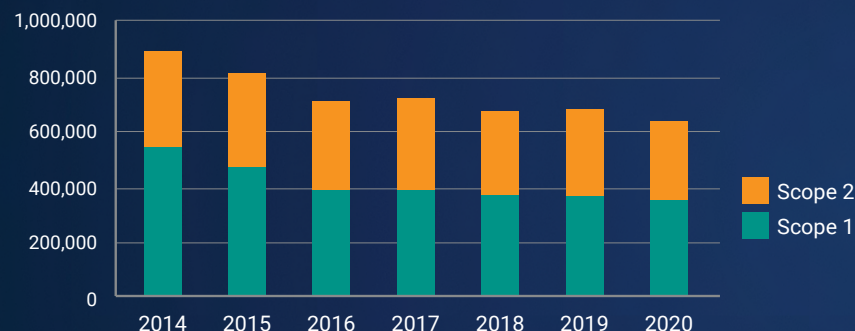
Committed To Reducing GHG Emissions

Since 2014 Kraton has been able to steadily reduce our total absolute emissions (Scope 1 and Scope 2). In 2020 we reduced our total absolute emissions by approximately six percent. Half of this reduction is attributable to the sale of our Paulinia, Brazil plant in 2020.

current assets' 2020 performance against this target, we have removed our Paulinia plant's GHG emissions from the 2014 baseline year emissions, as they are also not included in the 2020 emission numbers. We are proud to have achieved a 26 percent reduction in GHG intensity (compared to the 2014 baseline year – excluding Paulinia) and to have done so ten years ahead of the target date of 2030. In 2021, we intend to set a new long-term GHG emissions reduction target.

Absolute GHG Emissions (MTCO2E)

GHG Emissions Intensity vs Energy Intensity

Energy Intensity (MMBTU/Ton)
GHG Intensity (MTCO2E/Ton)
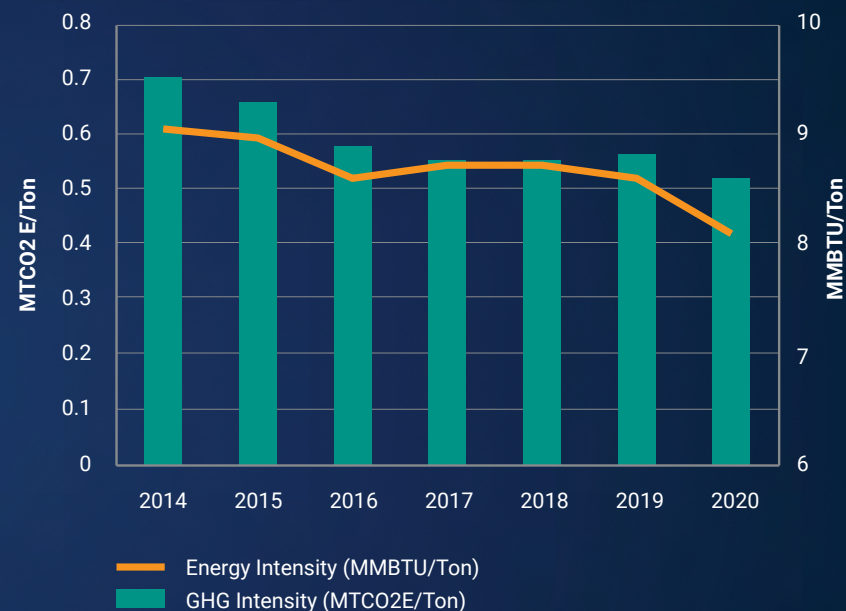
2014-2020 data excludes Paulinia, Brazil data

Energy Intensity was 8.1 MMBTU/Ton, which constitutes an 8.3 percent reduction compared to 2019, of which approximately two percent is attributable to the sale of Kraton's Paulinia site, a very energy-intensive operation. Energy intensity is calculated based on energy consumed (10721 TJ) within our organization divided by tons of product produced.

Our GHG intensity figure improved by approximately 11 percent compared to 2019. Approximately two percent of this reduction is attributable to the sale of Kraton's Paulinia site. GHG intensity is calculated based on total GHG emissions (Scope 1 and Scope 2) divided by tons of product produced. Kraton's production increased by approximately seven percent in 2020, playing a substantial role in achieving strong reductions in Energy Intensity and GHG Intensity.

Kraton has a GHG Intensity reduction target of 25 percent by 2030 based on a 2014 baseline year. To facilitate a fair like-for-like comparison in reporting our

As part of permit requirements and/or regulations, we monitor the concentration of pollutants in gas emissions (e.g., VOCs, heavy metals, NOx, SOx). We continued our efforts to reduce our air emissions, such as reducing leaks and losses from mechanical equipment. In 2020 we reported:

Air Emission Type	Year: 2020
Volatile Organic Compounds (VOC)	389 Tons
Sulphur Oxide (SOx)	74.6 Tons
Nitrogen Oxide (NOx)	338 Tons
Hazardous Air PWollutants (HAP)	HAPs To Be Reported From 2021 Onwards

Water, Local & Accidental Pollution

Kraton is 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. Following our assessments against WRI Aqueduct, Gassert et al. 2013, we determined that Kraton does not source water from High or Extremely High Baseline Water Stress regions.

In 2020, Kraton reported 42,898 megaliters of water withdrawn, representing a 12% decrease from 2019, approximately 0.5% of which is attributable to the sale of Kraton's Paulinia site. Kraton's water intensity figures for 2020 are 34.1m3 / ton of product produced, which represents a 12% decrease since 2019 (excluding Paulinia).

Water Withdrawn by Source 2020

Utility Water 30.4%

Groundwater 6.8%

Surface Water 62.8%
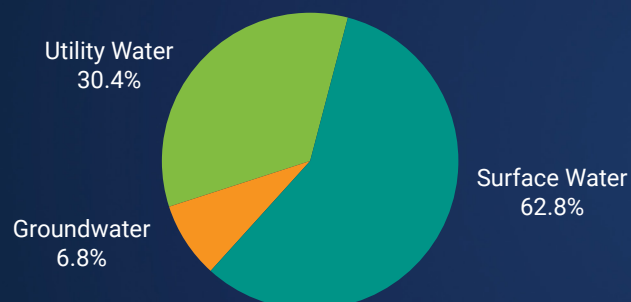
In 2020, Kraton implemented further measures such as systems and sensors to detect and eliminate accidental water contamination. To this end, we maintain water-monitoring systems, and are in compliance with federal, state, and local requirements at all our sites. There were no incidents of non-compliance associated with water quality permits, standards, and regulations.

In the unfortunate event of a local uncontainable release, we have emergency preparedness and response procedures in place to help limit its impact. 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. We installed filters and vacuum equipment to control or minimize emissions of dust or particles. We also undertook soil testing for heavy metal contamination as part of the ongoing legacy remediation program; no contamination was detected at our perimeter sampling points.
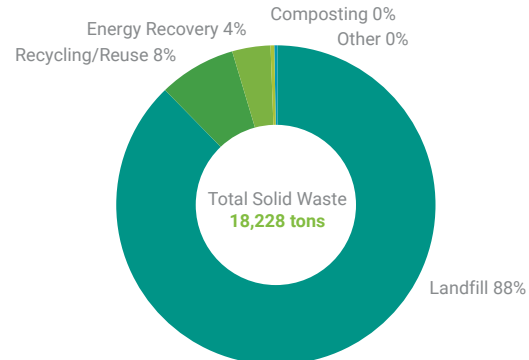
Hazardous Materials and Waste Management

We continue to improve our processes and reduce the generation of process residuals. Wherever possible, we seek to minimize waste by recycling or reusing process residuals such as catalysts, maintaining proper oversight of non-conforming products, and using our byproducts for fuel or other commercial applications.

Our non-hazardous solid waste disposal increased by 6.5 percent compared to 2019, primarily attributable to demolition projects at our Dover and Savannah sites. Our hazardous waste generation decreased by 14.8 percent compared to 2019, approximately half of which is attributable to the sale of Kraton's Paulinia site. Presented further below is the breakdown of the disposal methods.

Solid and Hazardous Waste Disposal (tons)

2020 is the first year for reporting waste disposal intensity figures.

Type of Waste	Kg / Ton of Product Produced
Solid Waste Intensity	16 Kg
Hazardous Waste Intensity	4.09 Kg

Solid Waste Disposal Breakdown by Method - 2020

Energy Recovery 4% Composting 0%
Recycling/Reuse 8% Other 0%
Total Solid Waste 18,228 tons
Landfill 88%

Hazardous Waste Disposal Breakdown by Method - 2020

Landfill 0% Other 3%
Recycling 11%
Total Hazardous Waste 4,670 tons
Incineration 47%
Energy Recovery 39%

Product Regulatory and Customer Health & Safety

Kraton's Product Stewardship & Regulatory Affairs (PSRA) team manages the health, safety, and environmental aspects of our raw materials and products throughout their lifecycle and across the value chain to prevent or mitigate risks to customers, stakeholders, and the environment. In 2020, the PSRA team completed the four-year US Toxic Substances Control Act (TSCA) Chemical Data Reporting for all US facilities (8 total), including the importing that occurs through our Houston, Texas headquarters and our Jacksonville, Florida regional headquarters.

In 2020, we established new Only Representatives in the UK for both our Polymer and Chemical segments to ensure continuity of business with the implementation of the UK REACH regulations (BREXIT). We completed the Turkey REACH pre-registration of our identified products prior to the December 31, 2020 deadline.

Various process improvements were made internally. We implemented new designs for the Product Regulatory Bulletins, and the new inquiry type in our Customer Relationship Management (CRM) system to allow for rapid response to 85-90% of customer-requested regulatory information. The intent was to reduce response time from 14 calendar days to minutes, improve the consistency and depth of our response and make it self-service, allowing the sales managers to answer without direct PSRA team involvement. Kraton passed the 2020 American Chemistry Council Responsible Care® surveillance audit for the Responsible Care Management System (RCMS), of which the Product Safety Codes of Practice are a critical part.

We have conducted hazard assessments of 100% of our product portfolio (both commercial and experimental) through the use of our Safety Data Sheet (SDS) authoring software and know the GHS classification for all products, which is a basic requirement under the Product Safety Codes of ACC Responsible Care. The percentage of revenue from our products that results in a GHS Category 1 or 2 for Health or Environmental hazards is not something we track at this time.

Kraton conducts raw material review, product review, product testing, SDS/labeling, product hazard and risk assessment; product prioritization; and regulations tracking for changes (new regulations and changes to existing

regulations). We reassess Kraton products whenever changes to product, process, or regulations occur and communicate the impact and necessary actions with stakeholders. Internally, the PSRA team works with R&D (IMPACT process), Operations and Commercial to identify and reduce or eliminate chemicals of concern.

Through Kraton's compliance with ACC Responsible Care Product Safety Codes, we conduct product assessment, and prioritization for health and environmental impacts including review of end uses for our total product portfolio. Through this process, we have identified the top ten highest priority chemical families based on human health and environmental risk and have reviewed these for potential areas of risk mitigation.

Kraton is committed to developing and diffusing sustainable solutions and environmentally responsible 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 customer's requirements for safer, more sustainable alternatives. We can provide customers with independently verified scientific evidence of our product's biomass content, confirmed by a certification body through certification.

Classification and labeling are part of product review. Product Stewardship and the PSRA team is responsible for the authoring of the SDS and hazard communication labels for Kraton manufactured products. We utilize an SDS authoring software (3EGenerate) which allows the creation of SDS in the proper country formats, applying the specific national GHS rules and languages. We also utilize a corresponding system called Label Generator for the creation of hazard communication labels. Our SDS and labels address the safe use, storage, and disposal of our products. Kraton maintains a contract with CHEMTREC and other international emergency service providers to receive urgent product safety and transportation emergency calls, accessible 24 hours/day, 365 days/year. This process is linked to Kraton's Crisis Management Plan.

COMMUNITY ENGAGEMENT

As part of Kraton's continuing efforts to make a Positive Difference in our communities and uphold our vision of being an admirable sustainable supplier, we are proudly executing our global community strategy, which enables us to maximize our impact in the communities we operate in and have a corporate presence. To make meaningful change, we have committed to three guiding principles that we believe are critical to supporting the advancement, well-being, and safety of our communities:

• **We are Leaders in Our Communities**
• **We are Partners in Education**
• **We Support Sustainable Communities**

Our Global Community Strategy Enables Us To Make An Impact In The Communities In Which We Work and Live.

We Are Leaders in Our Community

Building strong relationships with our community leaders is essential to creating a long-term impact in the areas we serve, which results in the advancement of sustainable communities. As a company, we actively seek out key leadership roles within organizations aligned with our vision. We are proud to partner with leading nonprofits, serving as local board members to help address the pressing challenges facing today's communities.

We Are Partners in Education

For Kraton, supporting the next generation of future leaders is of utmost importance and a fundamental responsibility we do not take lightly. Our goal is to create more opportunities for children and students to learn and excel by volunteering with local schools for teaching programs, accelerating under-served students in STEM fields, and promoting a more diverse and inclusive future workforce.

With the help of employees in our Oulu, Finland plant, we are partners in education for Yrityskylä – a Finnish hands-on learning experience recognized as one of the world's best education innovations. Kraton has donated over $22,000 to the interactive program designed to equip sixth and ninth-grade students with invaluable business, economics, and entrepreneurship skills through the management of a student-led miniature city.

As part of our ongoing pledge to cultivate a diverse and innovative culture, in 2020, Kraton has made a formal commitment to become a Corporate Supporter of the Future of STEM Scholars Initiative (FOSSI). FOSSI is a national industry-wide program providing scholarship and professional development opportunities to students from underrepresented communities pursuing STEM degrees at Historically Black Colleges and Universities (HBCUs).

We Support Sustainable Communities

Our participation and sponsorships in community initiatives show our unwavering commitment to being a Sustainable Business both globally and locally. In 2020, with the strength of our collective workforce, we donated approximately $320,000 (converted to USD based on the exchange rate as of 12/31/2020) to sponsor events and support local communities. Our employees also contributed approximately 880 volunteer hours to serve the neighboring areas in which they work. In Belpre, Ohio alone, we're proud to have donated $122,280 to United Way of the Mid-Ohio Valley providing health, educational and financial support to those most in need. From helping reduce food insecurity to committing to replant trees destroyed by Hurricane Michael or providing scholarships and educational opportunities for students, Kraton is dedicated to strengthening and giving back to our communities.

KRATON'S RESPONSE TO COVID

Making a Positive Difference is a mindset that truly reflects who we are - in good times and unfortunately during the challenging times, the world has seen over the past year. The COVID-19 pandemic profoundly affected humanity, the economy, and business, causing unimaginable losses for many people worldwide.

Since the pandemic's beginning, Kraton was deemed an essential business. Many of our chemical and polymer products are crucial raw materials utilized in numerous life-essential end-use applications, including those needed to slow the spread of the COVID-19 virus and the vital medical equipment required to save lives.

Understanding our responsibilities, Kraton quickly and seamlessly instituted and adopted robust work processes that ensured the safety of our people, enabled the continuity of our operations, and ensured our ability to innovate the solutions desperately needed within society.

New technologies and communication tools were implemented for continued collaboration and virtual work, allowing for streamlined efficiencies. We developed and implemented virtual product training to help our customers properly formulate our materials, which is essential to ensuring a high-quality end product and internal training to further our employees' skill sets.

Our actions have maintained business continuity, fostered growth, and created significant value for customers. We are proud to say we have successfully supported our global customer base without interruption.

INNOVATION SPOTLIGHT

Kraton continuously looks for ways to replace solvent-based materials and help reduce emissions, water and energy consumption, and waste generation. The R&D team has direct alignment with our business units, ensuring product developments meet customer needs. By investing in R&D programs and personnel training, we can bring products to market quicker; innovate on specialty, sustainable solutions; grow our portfolio of intellectual property; and nurture close relationships with customers.

Kraton continuously strives to create a more robust work process that enables us to accelerate growth and create value for customers.

Partnering With Customers To Develop Sustainable Innovations And Solutions For A Better World.
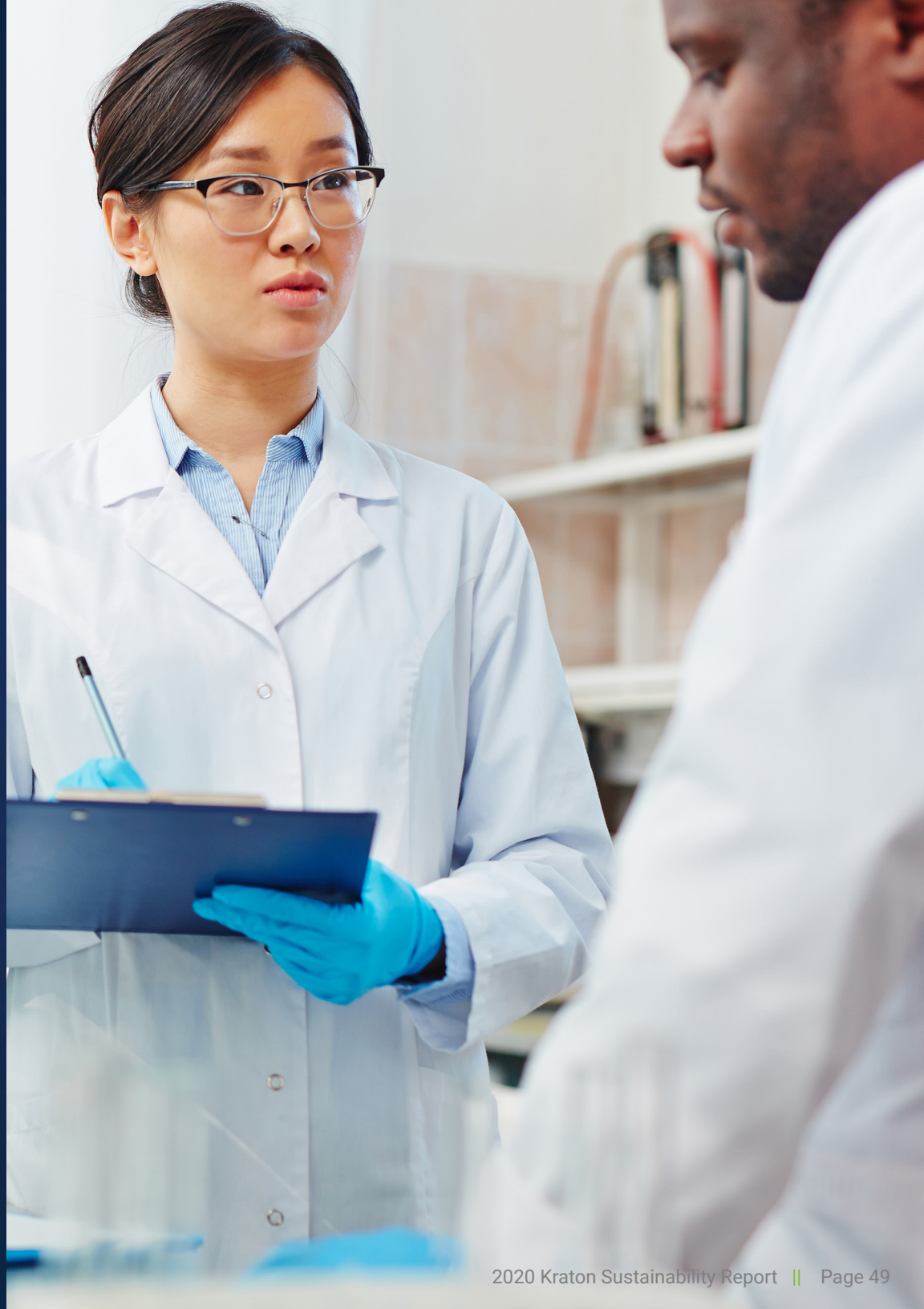
ENABLING THE CIRCULAR ECONOMY

Because the Future Depends on the Work We Do Now.

On Earth Day 2020, Kraton launched CirKular+, our award-winning line of Plastics Upcycling Solutions, into the market. Through our holistic approach to the circular economy, these high-performance products are specifically designed to address the unmet needs of the plastics industry to reduce, reuse and recycle plastic materials. CirKular+ performance enhancement additives enable the plastic value chain to reduce virgin plastic use while maximizing product recyclability and post-consumer resin (PCR) content in a cost-efficient manner.

Our sustainable solutions enable the circular economy by helping customers shift to renewable materials, improve product performance, extend product life, and allow the uptake of recycled plastics.

CirKular+ brings unlimited opportunities to create and capture value across various industries such as consumer products, packaging, industrial, and even fashion through upcycling and recycling of different plastic waste streams.

Kraton is committed to reducing the environmental impact on society through the CirKular+ product portfolio, which reduces plastic waste, broadens PCR reuse, and creates a new life for less-recyclable plastic waste while offering sustainable product development expertise.

The New Norm

Globally, society produces 13 million tons of textile waste per year. Finding better ways to reduce, reuse and recycle has been a pressing topic for the fashion industry. Over the past few years, recycling plastic (polyethylene terephthalate (PET) bottles into textiles has been a focal trend in the fashion industry. Although easily implemented, PET's limited quantity prevents it from being a reliable long-term choice of plastic to rely on for the future. That is where Lauren Choi, founder of The New Norm, saw an opportunity. The New Norm is a fashion start-up whose mission is to change the narrative around creating sustainable clothing. According to the EPA, plastic debris has the most significant potential to harm the environment than other waste. With this in mind, Choi began her search to find creative ways to increase plastic recycling in the United States. From this research, the eco-conscious start-up was formed. The New Norm aspires to revolutionize the fashion industry through its innovative creation of wearable fabric engineered from less recycled plastic. Through Choi's quest to turn her idea from concept to conception, our partnership with The New Norm began.

Kraton's CirKular+ plastics upcycling solutions enables The New Norm to transform red Solo® cups at their end-of-life cycle into versatile recycled yarn fiber and wearable clothing designs.

CirKular+ additives were used as a compatibilizer to enable mechanical recycling of red Solo cups and their ability to be woven into recycled yarn. During the process, the Solo cups are ground into flakes, melted with CirKular+ high-performance additives, and extruded into the yarn. The yarn is then woven into the fabric using a specially designed machine invented by Choi.

With over 7.4+ billion Solo cups used annually, our collaboration with The New Norm presents a considerable opportunity to divert these plastics, which are not accepted by the existing recycling infrastructure, from being landfilled or ending up in the oceans. PCR content and the reduced amount of virgin plastic can enable the fashion industry to lower its carbon footprint by up to 66% with our plastics upcycling solutions. Additionally, this business relationship introduces a new approach to expanding the PCR feedstock for textiles beyond PET, allowing for easier accessibility and usability of PCR content with CirKular+ solutions. We're proud to continue our contributions to the circular economy through this partnership and support The New Norm through sustainable fashion.

DRIVING SUSTAINABLE INNOVATION WITH IMSS™

Throughout the years, automotive manufacturers have faced increased pressure to improve the sustainability of car designs. This need has driven Original Equipment Manufacturers (OEM's) to search for options that offer a level of recyclability, provide:

- **Lower volatile organic compounds (VOCs)**
- **Lighter weight**
- **Aging performance to meet the automotive industry's needs.**

Many of the existing options for automotive interiors today are far from sustainable and can have long-term damaging effects on the air we breathe and the overall environment. Kraton's advanced IMSS (Injection Molded Soft-Skin) technology presents an innovative solution for car interiors, designed to address the environmental concerns challenging the entire automotive value chain. Our innovative, ultra-high flow thermoplastic elastomers belonging to the Hydrogenated Styrenic Block Copolymers (HSBC) family enabled this revolutionary technology. IMSS delivers enhanced manufacturing efficiency by enabling the injection molding of large, thin-walled soft skin parts such as instrument panel skins as thin as 1mm. Its weight reduction capabilities provide key sustainable advantages such as reduced vehicle energy consumption and less material usage than more traditionally used PVC slush skins. PVC density is 1.26g/cm3 while IMSS is 0.92g/cm3. Studies show that IMSS is capable of reducing 25 – 30% weight for a single part.

process. Additionally, this innovation enables Tier 1 Automotive Suppliers to lower their carbon footprint and have a more sustainable technology solution versus PVC slush skin. With many automotive OEMs defining clear recyclability and reduced emissions targets, our IMSS technology presents an opportunity to help these companies achieve their own sustainability needs. Our technological achievements in the industry have granted Kraton's IMSS technology the Ringier Technology Innovation Award – Plastics Industry in the Raw Material & Additives Category along with being recognized as a viable alternative to slush-molded PVC in automotive instrument panel skin applications by the European Rubber Journal's (ERJ) Elastomers for Sustainability (ES4) contest.

Our award-winning IMSS technology is designed to be used to develop instrument panels, door trim panels, and center consoles for the added benefit of reduced vehicle VOC and emission levels as opposed to PVC soft skins.

Although they are a common choice, PVC slush skin contains plasticizers that may potentially cause fogging, high VOC, and odor in the car. Alternatively, IMSS contains no added plasticizers, phthalates, or cross-linking agents.

The production of instrument panel soft skins, with an injection molding process, can help automotive interior manufacturers avoid the high-cost, labor-intensive, and energy-consuming slush molding

Ringier Technology Innovation Awards 2021
荣格技术创新奖
塑料行业   Plastics Industry

SAIC-General Motors

SAIC-GM's R&D Center in China, and Pan Asia Technical Automotive Center Co., Ltd. (PATAC) are committed to making their vehicles and the auto industry as a whole more sustainably driven. The center provides world-class automotive engineering services for select GM models in China, like the brand-new 2021 Buick GL6. For the vehicle's development, SAIC-GM was dedicated to ensuring the car model's interior provided their consumers with comfort in their driving experience along with comfort in their driving experience along with a sustainably conscious design.

The 2021 Buick GL6 is the first mass-produced car engineered with Kraton's revolutionary IMSS Technology for its instrument panel skin. Our high-performance IMSS material offers car manufacturers a sustainable and cost-effective alternative to conventional PVC soft skins.

PATAC Tier1 Supplier, International Automotive Components (IAC), utilized instrument panel soft-skin manufactured by IMSS Technology licensed to Dawn New Materials Co. Ltd. to help develop the product.

Traditionally used for instrument panel soft-skins, PVC slush skin is not sustainably designed and has disadvantages, including increased energy consumption, odor from plasticizer content, and high machinery costs. With the implementation of IMSS, PATAC received a 20-30% weight reduction in the injection-molded soft skin of the 2021 Buick GL6 compared to using PCV slush skin, resulting in immediate net emissions savings.

Additional benefits include improved process and cost-efficiency through shorter development time and minimal manufacturing infrastructure required, enabling OEMs to lower their carbon footprint.

From Tier1 suppliers to OEM customers, stakeholders from all auto value chains have long awaited a PVC slush skin replacement like IMSS to improve in-car driver safety, maximize cost efficiency, and achieve better material performance.

**Building Blocks That
Foster The Bioeconomy**

REVOLUTION™ ROSIN ESTER TECHNOLOGY

The use of rosin ester chemistry has a long history in the formulation of adhesives spanning over 80 years. Although it is proven to be a standard sustainable technology within the industry, the increased use of hydrocarbon resins led to a decline in the product's interest and innovation. In fact, for more than 30 years, no significant changes have been made to the base chemistry to improve their inherent darker color and stability challenges. For industries such as adhesives or thermoplastic road markings, the need for lighter and more stability in materials is critical for the quality and performance of its applications. These characteristics are easily achieved using petroleum-based products, and although various rosin ester technologies exist, they have shortcomings in terms of resin color.

As a solution to this long-standing challenge, Kraton has offered a step-change innovation in rosin ester catalysis that meets both the sustainability needs and performance requirements of the industry. The new REvolution technology platform allows for the production of rosin esters with improved color (up to 1.8 Gardner reduction in neat color) and oxidative stability cost-effectively. With REvolution technology, Kraton supplies the market with a viable high-performing alternative to hydrocarbons with a lower carbon footprint, allowing formulators to increase their biobased content and move away from fossil-based products.

With 93% biobased content (certified according to EN-16785), the resin developed with the REvolution technology has a much lighter initial color while keeping the functionalities of rosin ester; no compromise on adhesion, excellent performance on difficult to bond substrates, and best-in-class color and viscosity stability. Though hydrocarbon-based tackifiers have taken a significant share in the market, these fossil-based products are sourced from non-renewable raw material, leading to a depletion of fossil fuels and additional release of CO_2 in the environment. On the contrary, our rosin esters are bio-based, derived from pine trees, and harvested from responsibly managed forests. The trees are non-genetically modified and do not compete with food crops. This process enables Kraton and our customers to keep the carbon earth cycle constant.

Rosin esters based on REvolution technology have a carbon footprint of less than half of their hydrocarbon-based alternatives (LCA conducted by a third party per EN-15804) and can reduce end-product greenhouse gas emissions.

Suppose Kraton's improved rosin esters with REvolution replaced 10% of the global hydrocarbon-based tackifiers used in packaging adhesives annually; it could save at least 100,000 metric tons of CO_2 from being released into the atmosphere, or the consumption of 70,000 barrels of oil annually, equivalent to 20,000 flights worldwide.

Since its initial launch in Europe, rosin esters developed with REvolution have received positive customer recognition within the European region, prompting us to further expand our production efforts to North America and Asia respectively. The customer approval and overall market response of REvolution is evidence of its innovative nature and reaffirms the significant market need for a high-performance biobased resin.
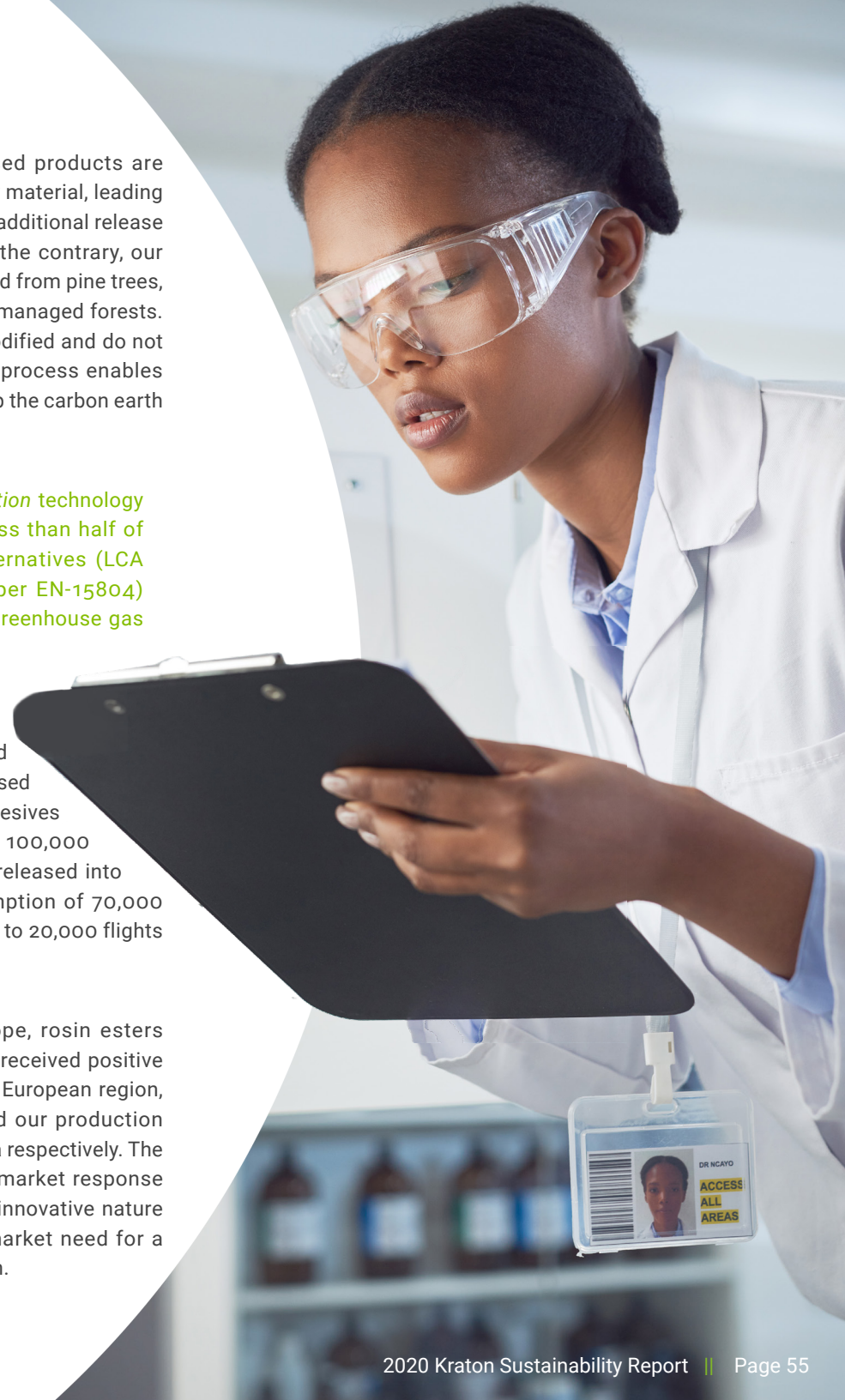
Supporting The Coatings Industry To Minimize Environmental Impacts

SYLFAT™ TOFA Is 100% Biobased

POWERING HIGH-QUALITY COATINGS WITH SYLFAT™ TALL OIL FATTY ACID

Today, our global society widely recognizes sustainability as one of the most critical topics facing our world. Consequently, our customers are increasingly inquiring about the origin of our raw materials, the sustainability of our products, and how we are managing environmental, social, and governance issues. They look to sustainability to offer opportunity, add value, and effectively manage risks. With a rapidly growing market of 37 billion liters (reported in 2019), the paints and coatings sector is eager to minimize its environmental impacts and play its part in mitigating global climate change.

Kraton's SYLFAT Tall Oil Fatty Acids (TOFA) are a practical solution used in binder and coatings surfactant technologies to achieve high-performance coating systems and address the industry's ambition to reduce Greenhouse Gas (GHG) emissions. Used in a wide range of architectural and industrial coating applications, this biobased innovation enables faster air-drying properties, high gloss performance, low initial color, and enhanced corrosion resistance in alkyd binders, in addition to its sustainability benefits.

SYLFAT TOFA is part of Kraton's pine chemistry portfolio produced from crude tall oil (CTO), a by-product from the paper pulp industry. Unlike vegetable oil-based alternatives which require arable land, SYLFAT TOFA originates from responsibly-managed forests and is not in competition with the food chain. The minimal land-use change impact associated with the production of SYLFAT TOFA results in up to 10 times lower Global Warming Potential than vegetable oil-based alternatives, as evidenced by our life cycle assessment. SYLFAT TOFA is steadily supplied year-round and can be halal and kosher certified.

As a 100% biobased product, SYLFAT TOFA is certified in the Biobased Content Certification Scheme, which validates a product's biomass based on the European standard EN 16785-1. This certification enables Kraton to transparently and credibly communicate about our materials to customers and help them improve their product's sustainability performance.

In addition, this innovative technology supports our customers in compliance with industry VOC requirements, leading to substantial cycle-time savings and optimized plant capacity utilization. By enabling alkyd binder and paint formulators to decrease their carbon footprint and develop biobased coatings, Kraton's SYLFAT TOFA offerings help the industry gain the sustainability they need without compromising product quality or performance.

APPENDIX

Kraton Sustainability Data Table

PERFORMANCE	2018	2019	2020
Revenue (US $ Million)	2012	1804	1563
Adjusted EBITDA (US $ Million)	378	321	262
Market Cap (US $ Million)	694	804	886
EcoVadis Rating	Silver	Silver	Gold
HEALTH & SAFETY	**2018**	**2019**	**2020**
Fatalities	0	0	0
Total Incident Rate (TIR)	0.81	0.88	0.31
Incident Rate, Direct Employees	0.47	1.02	0.26
Incident rate, contractors	1.62	0.57	0.43
Process Safety Incident Rate (PSIR)	0.4	0.25	0.11
Total Recordables (# number)	22	25	8
Employees and Contractors Trained on Health & Safety Issues (percentage)	100%	100%	100%
CUSTOMERS & MARKETS	**2018**	**2019**	**2020**
Number of Customers (# Number)	700	700	700
R&D Spend (US $ Million)	41	41	41
Granted Patents & Patent Applications (# Number)	1397	1136	1120
Biobased-certified Products (# Number)	107	119	118
ENERGY & GHG EMISSIONS	**2018**	**2019**	**2020**
Energy Consumption (TJ)	11153	10934	10721
Energy Intensity (MMBTU/Ton product)	8.79	8.83	8.1
Renewable energy use (%)	10.00%	10.50%	10.60%
GHG Emissions (MTCO2E)	674848	683281	643810
Scope 1 GHG Emissions (MTCO2E)	372564	370603	356642
Scope 2 GHG Emissions (MTCO2E)	302284	312814	287168
GHG Intensity (MTCO2E/Ton) – (excluding Paulinia site)	0.55	0.57	0.52

ENVIRONMENT	2018	2019	2020
Responsible Care / ISO 14001 Certified (percentage out of 14 plants)	57%	86%	86%
Water Withdrawn (1000 m3)	43904	48912	42898
Water Intensity (m3/Ton product)	37	41.6	34.1
Volatile Organic Compounds (VOCs) (Tons)	520	341	389
Sulphur Oxide (SOx) (Tons)	85	80	74.6
Nitrogen Oxide (NOx) (Tons)	452	371	338
Solid waste - Non Hazardous (Tons)	19901	17118	18228
Solid waste Intensity (KGs/Ton product)	18.5	16.1	16.0
Hazardous Waste Disposal (Tons)	4799	5481	4670
Hazardous Waste Intensity (KGs/Ton product)	4.46	5.17	4.09
PEOPLE	2018	2019	2020
Number of Employees (# number)	1918	1944	1808
Male (# number)		1475	1368
Male (percentage)		76%	76%
Female (# number)		469	440
Female (percentage)		24%	24%
Number of New Hires (# number)	194	192	112
Number of Human Rights Incidents Reported During Reporting Period			0
Percentage of Female Executive Leadership Positions	30%	30%	22%
Percentage of Female External Board of Directors (Excluding Kraton's CEO)	50%	50%	50%
COMPLIANCE & BUSINESS ETHICS	2018	2019	2020
Percentage Non-Operator Employees Trained on Business Ethics (Anti-Corruption, Anti-Competitive Practices, and IT Security).	99%	99%	99%
Number of Incidents of Corruption Violations Related to Kraton Reported During the Reporting Period	0	0	0
Number of Incidents of Anti-Competitive Practices Related to Kraton Reported During the Reporting Period	0	0	0
Number of incidents of customer privacy and losses of customer data related to Kraton reported during the reporting period.	0	0	0
COMMUNITY ENGAGEMENT	2018	2019	2020
Number of volunteer hours (estimated)	1748	2700	1189

ABOUT THIS REPORT

This report includes financial and nonfinancial information from Kraton Corporation about activities, data, statistics awards, and accolades related to environmental, social, and governance topics covering the 2020 calendar year unless otherwise stated. This 2020 sustainability report integrates and aligns with various sustainability and reporting frameworks, namely the Global Reporting Initiative (GRI) Standards, Sustainability Accounting Standards Board (SASB), the United Nations Global Compact (UNGC), and the United Nations Sustainable Development Goals (SDGs).

Global Reporting Initiative (GRI)

GRI Standards are globally recognized standards for sustainability reporting. This report has been prepared in accordance with the GRI Standards: Core option. Kraton Corporation has not sought independent verification for this report.

United Nations Global Compact (UNGC)

The United Nations Global Compact is a voluntary initiative based on CEO commitments to implement ten universal sustainability principles and to take steps to support UN goals.

Sustainability Accounting Standards Board (SASB)

The purpose of the Sustainability Accounting Standards Board (SASB) is to establish industry-specific disclosure standards across environmental, social and governance topics that facilitate communication between companies and investors about financially material decision-useful information. The SASB standards are maintained by the Value Reporting Foundation.

United Nations Sustainable Development Goals (SDGs)

The United Nations Sustainable Development Goals (SDGs) are a global framework for sustainable development. The framework is designed to tackle the world's most pressing social, economic and environmental challenges by 2030. For Kraton, the SDGs provide a new lens through which to translate global needs and ambitions into business solutions. Countries around the globe adopted the SDGs to end poverty, protect our environment and ensure prosperity as part of the new sustainable development agenda. Each goal has specific targets that must be achieved in the next ten years. Kraton Corporation focuses on six out of 17 SDGs, specifically:

UN Global Compact Commitment

Kraton is a signatory to the United Nations Global Compact at the Signatory level. We are committed to uphold and promote the UNGC's ten principles within our organization and sphere of influence.

	UN Global Compact Principles	Our Position
1	Businesses should support and respect the protection of internationally proclaimed human rights.	Kraton prohibits 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 regularly review and update our Code of Conduct (a new version to be launched in 2021) and maintain a Human Rights policy. Additionally, we have an established ethics reporting procedure to report incidents related to Human Rights, child labor, or forced labor. We expect similar appropriate standards of conduct, ethical business practices, and respect for human rights from our suppliers, contractors, and partners.
2	Make sure that they are not complicit in human rights abuses.	
3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Kraton respects the right of all employees to form, join or assist an association in representing their interests as an employee, to self-organize, and bargain collectively or individually. 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. We expect similar appropriate standards of conduct, ethical business practices, and respect for human rights from our suppliers, contractors, and partners.
4	The elimination of all forms of forced and compulsory labour;	Kraton prohibits 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 expect similar appropriate standards of conduct, ethical business practices, and respect for human rights from our suppliers, contractors, and partners.
5	The effective abolition of child labour;	Kraton prohibits child labor, and our sites and operations verify our employees' age at the time of hire. We expect similar appropriate standards of conduct, ethical business practices, and respect for human rights from our suppliers, contractors, and partners.
6	The elimination of discrimination in respect of employment and occupation.	Kraton 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 whistleblower procedure in place to report incidents related to discrimination and harassment. We also implement awareness training across business ethics, discrimination, harassment, and associated topics. 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. We expect similar appropriate standards of conduct, ethical business practices, and respect for human rights from our suppliers, contractors, and partners.
7	Businesses should support a precautionary approach to environmental challenges	Kraton is committed to developing and diffusing sustainable solutions and environmentally friendly technologies. We take our environmental responsibility seriously and apply the precautionary approach principle. Therefore, we expect similar appropriate standards of conduct, ethical business practices, and respect forthe environment and biodiversity from our suppliers, contractors, and partners. By working together, we can create tomorrow's sustainable solutions and help to achieve the Sustainable Development Goals.
8	Undertake initiatives to promote greater environmental responsibility	
9	Encourage the development and diffusion of environmentally friendly technologies	
10	Businesses should work against corruption in all its forms, including extortion and bribery	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; Corruption, Anti-competitive practices, International trade, and Responsible information management. We have policies, procedures, training, and internal communications in place. We expect similar standards of conduct, ethical business practices, and working against corruption in all its forms from our suppliers, contractors, and partners.

GRI Content Index

GRI Standard	Disclosure Title	Kraton Disclosure	UNGC & SDG Disclosure
1. Organizational Profile			
102-1	Name of the organization	Business Profile Kraton at a Glance	
102-2	Activities, brands, products, and services	Business Profile Kraton at a Glance Kraton Annual Report 2020 – Form 10K – Pages 4-9 Kraton's products are not banned in any market.	
102-3	Location of the organization's headquarters	Kraton at a Glance	
102-4	Number of countries operating	Kraton at a Glance	
102-5	Nature of ownership and legal form	Governance Kraton Annual Report 2020 – Form 10K – Pages 4-9	
102-6	Markets served	Business Profile Kraton at a glance	
102-7	Scale of the reporting organization	Business Profile Kraton at a Glance Kraton Annual Report 2020 – Form 10K – Pages 4 – 9, 25 & 29 Labor & Human Rights	
102-8	Information on employees and other workers	Labor & Human Rights Currently we report on the number of employees by region. The majority of our employees have full-time contracts.	SDG: 8 UNGC: 6
102-9	Supply chain	Responsible Procurement Kraton Annual Report 2020 – Form 10K	
102-10	Significant changes to the organization and its supply chain	In 2020 Kraton's Paulinia, Brazil plant was sold.	
102-11	Precautionary Principle or approach	Vision, Strategy and Approach Kraton Annual Report 2020 – Form 10K - Page 10, Risks	SDG: 8 UNGC: 7
102-12	External initiatives	Business Profile Stakeholder Engagement https://kraton.com/sustainability/management/stakeholder.php	
102-13	Membership of Associations	Business Profile Stakeholder Engagement https://kraton.com/sustainability/management/stakeholder.php About this Report Message from the President Responsible Procurement	

2. Strategy		Disclosure	
102-14	Statement from senior decision-maker	Message from the President and CEO	
3. Ethics and Integrity		Disclosure	
102-16	Values, principles, standards, and norms of behavior	Our Values Responsible Business http://kraton.com/company/values.php	SDG:3,6,8,9 UNGC: 1~6
4. Governance		Disclosure	
102-18	Governance structure	Governance https://kraton.gcs-web.com/corporate-governance/guidelines https://kraton.gcs-web.com/corporate-governance/highlights	
5. Stakeholder Engagement		Disclosure	
102-40	List of stakeholder groups	Stakeholder Engagement https://kraton.com/sustainability/management/stakeholder.php	
102-41	Collective bargaining agreements	Labor & Human Rights Kraton Annual Report 2020 – Form 10K – Page 6, 13	SDG: 8 UNGC: 3
102-42	Identifying and selecting stakeholders	Stakeholder Engagement https://kraton.com/sustainability/management/stakeholder.php	
102-43	Approach to stakeholder engagement	Stakeholder Engagement https://kraton.com/sustainability/management/stakeholder.php	
102-44	Key topics and concerns raised	Vision, Strategy and Approach Stakeholder Engagement https://kraton.com/sustainability/management/stakeholder.php	
6. Reporting Practice		Disclosure	
102-45	Entities included in the consolidated financial statements	Kraton Annual Report 2020 – Form 10K – Pages 25	
102-46	Defining report content and topic Boundaries	The information in this report applies to Kraton Corporation and all owned facilities, joint ventures, operating companies, and associated companies globally within the reporting period, unless otherwise stated. In the case of our employees, all data metrics pertain only to employees of Kraton Corporation and its operating subsidiaries, unless otherwise stated. In addition, environmental data covers all sites, owned and operated by Kraton Corporation.	
102-47	List of material topics	https://kraton.com/sustainability/management/materiality.php	
102-48	Restatements of information	There are restatements of information compared to the previous report. https://kraton.com/edr	
102-49	Changes in reporting	Compared to the previous reporting period there are no changes to the material topics or their boundaries	
102-50	Reporting period	The reporting period covers 1st January 2020 to 31st December 2020.	
102-51	Date of Most Recent Report	Kraton's previous Sustainability Report about 2019 was released in mid-2020.	
102-52	Reporting Cycle	Annual	
102-53	Contact Point for Questions Regarding the Report	sustainability@kraton.com	
102-54	Claims of Reporting in Accordance with the GRI Standards	This report has been prepared in accordance with GRI Standards: core option	

102-55	GRI Content Index	Page 63	
102-56	External Assurance	Currently, we do not pursue external assurance/verification for our Sustainability Report. However, in the next reporting period, this will be reconsidered.	

GRI 201: ECONOMIC PERFORMANCE 2016			
201-1	Direct Economic Value Generated or Distributed	Kraton Annual Report 2020 – Form 10K Value Creation Model	SDG: 8, 9

GRI 205: ANTI-CORRUPTION 2016			
205-1	Operations Assessed for Risks Related to Corruption	Kraton conducts an annual risk assessment related to corruption	UNGC: 10
205-2	Communication and Training About Anti-Corruption Policies and Procedures	Compliance & Business Ethics	UNGC: 10

GRI 302: ENERGY 2016			
302-1	Energy Consumption Within the Organization	Environment – Energy & GHG (partial)	SDG: 8, 12, 13 UNGC: 7, 8
302-3	Energy Intensity	Environment – Energy & GHG	SDG: 8, 12, 13 UNGC: 8
302-4	Reduction of Energy Consumption	Environment – Energy & GHG	SDG: 8, 12, 13 UNGC: 8, 9
Indicator	Renewable Energy Use	Appendix – Sustainability Data table (page)	UNGC: 8, 9

GRI 303: WATER & EFFLUENTS 2018			
303-1	Interactions with water as a shared resource	Environment - Water, local & accidental pollution	SDG: 6, 12 UNGC: 7, 8
303-2	Management of water-related discharge	Environment - Water, local & accidental pollution	SDG: 6 UNGC: 7, 8
303-3	Water withdrawal by source	Environment - Water, local & accidental pollution	SDG: 6 UNGC: 7, 8
303-5	Water consumption	Environment - Water, local & accidental pollution Appendix – Sustainability Data table (page)	SDG: 6 UNGC: 7, 8
Indicator	Water intensity	Environment - Water, local & accidental pollution Appendix – Sustainability Data table	SDG: 6 UNGC: 7, 8

GRI 304: BIODIVERSITY 2016			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Kraton's facilities are located in cities or towns in areas that are not considered critical habitats or recognized for high biodiversity value or High Conservation Value (HCV). We have not built any new facilities in green fields that would threaten biodiversity. About Kraton (page 5)	UNGC: 7, 8

GRI 305: EMISSIONS 2016			
305-1	Direct greenhouse gas (GHG) emissions (Scope 1)	Environment – Energy & GHG emissions Appendix – Sustainability Data table	SDG: 3, 12, 13 UNGC: 7, 8

305-2	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Environment – Energy & GHG emissions Appendix – Sustainability Data table	SDG: 3, 12,13 UNGC: 7, 8
305-4	Greenhouse gas (GHG) emissions intensity	Environment – Energy & GHG emissions Our strategy and value creation model	SDG: 13 UNGC: 8
305-5	Reduction of GHG emissions	Environment – Energy & GHG emissions	SDG: 13 UNGC: 8, 9
305-6	Emissions of ozone-depleting substances (ODS)	Kraton does not produce any Ozone Depleting Substances	SDG: 3, 12
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and volatile organic compounds (VOCs)	Environment – Energy & GHG emissions Appendix – Sustainability Data table	SDG: 3, 12 UNGC: 7, 8
GRI 306: EFFLUENTS & WASTE 2016			
306-3	Significant spills	Kraton recorded no unrecovered significant environmental spills in 2020	SDG: 3, 6, 12 UNGC: 8
GRI 306: WASTE 2020			
306-2	Management of significant waste r-related impacts	Environment – Hazardous materials and Waste Management	SDG: 3, 6, 12 UNGC: 8
306-3	Waste generated by type and disposal method	Environment – Hazardous materials and Waste Management	SDG: 3, 6, 12 UNGC: 8
306-4	Waste diverted from disposal	Environment – Hazardous materials and Waste Management	SDG: 3, 12 UNGC: 8
306-5	Waste directed to disposal	Environment – Hazardous materials and Waste Management	SDG: 3, 12 UNGC: 8
GRI 307: ENVIRONMENTAL COMPLIANCE 2016			
307-1	Non-compliance with environmental laws and regulations	Environment	
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016			
308-1	New suppliers that were screened using environmental criteria	As part of Kraton's supplier selection procedure, suppliers are vetted through various processes before becoming an approved source; this includes an EcoVadis sustainability assessment and rating that covers Environmental criteria.	UNGC: 8
308-2	Negative Environmental Impacts in the Supply Chain and Actions Taken	To date, 191 suppliers were assessed for Environmental Impacts (through EcoVadis). Information unavailable: Information regarding the number and nature of environmental impacts and corrective action plans is currently unavailable. During the next reporting cycle, following further implementation of Kraton's Responsible Procurement program, we expect to be able to report more comprehensively regarding the performance of the suppliers in the scope of the program.	UNGC: 8
GRI 401: EMPLOYMENT 2016			
401-1	New Employee Hires	Labor & Human Rights – Diversity & Inclusion	SDG: 8 UNGC: 6
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018			
403-1	Occupational Health & Safety Management System	Health & Safety	SDG: 3, 8 UNGC: 1

403-2	Hazard Identification, Risk Assessment, and Incident Investigation	Health & Safety	SDG: 3, 8
403-4	Worker Participation, Consultation and Communication on Occupational Health and Safety	Health & Safety	SDG: 3, 8
403-5	Worker Training on Occupational Health and Safety	Health & Safety	SDG: 3, 8
403-8	Workers Covered by an Occupational Health and Safety Management System	Health & Safety	SDG: 3, 8
403-9	Work-Related Injuries	Health & Safety	SDG 3, 8
Indicator	Total Incident Rate (TIR)	Health & Safety	SDG 3, 8
Indicator	Process Safety Incident Rate (PSIR)	Health & Safety	

GRI 404: TRAINING AND EDUCATION 2016			
404-1	Average Hours of Training per Year per Employee (per topic)	Kraton does not centrally track the average hours of training per employee. However, we discuss training hours, numbers of trainings, and participants in the chapters on Compliance & Business Ethics, Health and Safety, Information Security, Labor & Human Rights, and more.	SDG: 8 UNGC: 6
404-2	Programs for Upgrading Employee Skills and Transition Assistance Programs	Labor & Human Rights	SDG:8
404-3	Percentage of employees Receiving Regular Performance and Career Development Reviews	Labor & Human Rights	SDG: 8 UNGC: 6

GRI 405: DIVERSITY & EQUAL OPPORTUNITY 2016			
405-1	Diversity of Governance Bodies and Employees	Governance Labor & Human Rights	SDG: 8 UNGC: 6

GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING 2016			
407-1	Operations and Suppliers in which the Right to Freedom of Association and Collective Bargaining may be at Risk	To our knowledge, within Kraton's own operations and those of our Joint Ventures the right to freedom of association and collective bargaining continue to remain compliant with all statutory requirements. Comprehensive information about supplier performance is currently unavailable. During the next reporting cycle, following further implementation of Kraton's Responsible Procurement program, we expect to be able to report more comprehensively regarding the performance of the suppliers in scope of the program. Also see disclosure 414-2 regarding Supplier Social Assessments.	SDG: 8 UNGC: 3

GRI 408: CHILD LABOR 2016			
408-1	Operations and Suppliers at Significant Risk for Incidents of Child Labor	To our knowledge, within Kraton's own operations and those of our joint ventures, there is no significant risk of child labor. Comprehensive information about supplier performance is currently unavailable. During the next reporting cycle, following the further implementation of Kraton's Responsible Procurement program, we expect to be able to report more comprehensively regarding the performance of the suppliers in the scope of the program. Also, see disclosure 414-2 regarding Supplier Social Assessments.	SDG: 8 UNGC: 5

GRI 409: FORCED OR COMPULSORY LABOR 2016			
409-1	Operations and Suppliers at Significant Risk of Incidents of Forced or Compulsory Labor	To our knowledge, within Kraton's own operations and those of our joint ventures there is no significant risk for incidents of forced or compulsory labor. However, comprehensive information about supplier performance is currently unavailable. During the next reporting cycle, following the further implementation of Kraton's Responsible Procurement program, we expect to be able to report more comprehensively regarding the performance of the suppliers in the scope of the program. Also, see disclosure 414-2 regarding Supplier Social Assessments.	SDG: 8 UNGC: 4

GRI 413: LOCAL COMMUNITIES 2016			
413-1	Operations with Local Community Engagement, Impact Assessments, and Development Programs	Community Engagement	UNGC: 1

GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016			
414-1	New Suppliers that were Screened using Social Criteria	As part of Kraton's supplier selection procedure, suppliers are vetted through various applicable processes before becoming an approved source; this includes an EcoVadis sustainability assessment and rating that covers social criteria.	SDG: 8
414-2	Negative Social Impacts in the Supply Chain and Actions Taken	To date, 191 suppliers were assessed for Social Impacts (through EcoVadis). Information unavailable: Information regarding the number and nature of social impacts, and corrective action plans is currently unavailable. During the next reporting cycle, following the further implementation of Kraton's Responsible Procurement program, we expect to be able to report more comprehensively regarding the performance of the suppliers in the scope of the program.	SDG: 8 UNGC: 2
GRI 415: PUBLIC POLICY 2016			
415-1	Political Contributions	About Kraton Kraton does not make Financial or In-Kind Political contributions.	
GRI 416: CUSTOMER HEALTH AND SAFETY 2016			
416-1	Assessment of the Health and Safety Impacts of Product and Service Categories	Product Regulatory and Customer Health & Safety Life-Cycle Assessments.	
416-2	Incidents of Non-Compliance Concerning the Health and Safety Impacts of Products and Services	Kraton is unaware of any zero incidents of non-compliance concerning the health and safety impacts of products and services during the reporting period.	
GRI 417: MARKETING AND LABELING 2016			
417-1	Requirements for Product and Service Information and Labeling	Product Regulatory and Customer Health & Safety	SDG: 12
417-2	Incidents of Non-Compliance Concerning Product and Service Information and Labeling	Kraton is unaware of any incidents of non-compliance concerning product and service information and labeling during the reporting period.	
417-3	Incidents of Non-Compliance Concerning Marketing Communications	Kraton is unaware of any incidents of non-compliance concerning marketing communications during the reporting period.	
GRI 418: CUSTOMER PRIVACY 2016			
418-1	Substantiated Complaints Concerning Breaches of Customer Privacy and Losses of Customer Data	Kraton is unaware of any substantiated complaints concerning breaches of customer privacy and losses of customer data during the reporting period.	
SUSTAINABLE PRODUCTS AND SOLUTIONS			
Indicator	Number of Biobased Products Certified	118 of our products are Certified as Biobased against European Standard EN 16785-1.	SDG: 9, 12
Indicator	Number of Cradle-to-Gate Life-Cycle Assessments (LCA) Conducted for Key Products	Target: conduct 12 cradle-to-gate LCA by 2020 Performance: Completed 11 LCAs by end 2020, and one in the 1st quarter of 2021.	SDG: 9, 12
RAW MATERIALS			
Indicator	$677 Million in Direct Raw Material Costs (2020)	Value Creation Model	

SASB Chemical Industry Disclosures

The table below is a summary of Kraton's SASB-aligned disclosures following SASB's Chemical Industry disclosure framework for the 2020 calendar year.

Topic	Accounting Metric	Category	Unit of Measure	Unit of Measure	Disclosure / Location
Greenhouse Gas Emissions	Gross Global Scope 1 Emissions, Percentage covered under Emissions-Limiting Regulations	Quantitative	Metric tons (t) CO_2E, Percentage (%)	RT-CH-110a.1	Environment – Energy, GHG & AIr Emissions Sustainability Data Table (page 58)
	Discussion of Long-Term and Short-Term Strategy or Plan to manage Scope 1 Emissions, Emissions Reduction Targets, and an Analysis of Performance against those Targets	Discussion and Analysis	N/A	RT-CH-110a.2	Environment – Energy, GHG & AIr Emissions Sustainability Data Table (page 58)
Air Quality	Air emissions of the following pollutants: (1) NOX (excluding N2O), (2) SOX, (3) volatile organic compounds (VOCs), and (4) hazardous air pollutants (HAPs)	Quantitative	Metric tons (t)	RT-CH-120a.1	Environment – Energy, GHG & AIr Emissions Sustainability Data Table (page 58)
Energy Management	(1) Total Energy Consumed, (2) Percentage Grid Electricity, (3) Percentage Renewable, (4) Total Self-Generated Energy	Quantitative	Gigajoules (GJ), Percentage (%)	RT-CH-130a.1	Environment – Energy, GHG & AIr Emissions Sustainability Data Table (page 58)
Water Management	(1) Total Water Withdrawn, (2) Total Water Consumed, Percentage of each in Regions with High or Extremely High Baseline Water Stress	Quantitative	Thousand cubic meters (m³), Percentage (%)	RT-CH-140a.1	Environment – Water, Local & Accidental Pollution Sustainability Data Table (page 58)
	Number of Incidents of Non-Compliance associated with Water Quality Permits, Standards, and Regulations	Quantitative	Number	RT-CH-140a.2	Environment – Water, Local & Accidental Pollution
	Description of Water Management Risks and Discussion of Strategies and Practices to Mitigate those Risks	Discussion and Analysis	N/A	RT-CH-140a.3	Environment – Water, Local & Accidental Pollution
Community Relations	Discussion of Engagement Processes to Manage Risks and Opportunities Associated with Community Interests	Discussion and Analysis	N/A	RT-CH-210a.1	Stakeholder Engagement Community Engagement https://kraton.com/sustainability/management/stakeholder.php
Workforce Health & Safety	(1) Total Recordable Incident Rate (TRIR) and (2) Fatality Rate for (a) Direct Employees and (b) Contract Employees	Quantitative	Rate	RT-CH-320a.1	Health & Safety
	Description of Efforts to Assess, Monitor, and Reduce Exposure of Employees and Contract Workers to Long-Term (Chronic) Health Risks	Discussion and Analysis	N/A	RT-CH-320a.2	Health & Safety
Product Design for Use-Phase Efficiency	Revenue from products designed for Use-Phase Resource Efficiency	Quantitative	Reporting currency	RT-CH-410a.1	We do not currently track this.

Topic	Accounting Metric	Category	Unit of Measure	Unit of Measure	Disclosure / Location
Safety & Environmental Stewardship of Chemicals	(1) Percentage of products that contain Globally Harmonized System of Classification and Labeling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances, (2) percentage of such products that have undergone a Hazard Assessment	Quantitative	Percentage (%) by revenue, Percentage (%)	RT-CH-410b.1	Product Regulatory and Customer Health & Safety
	Discussion of strategy to (1) Manage Chemicals of Concern and (2) Develop Alternatives with Reduced Human and/or Environmental Impact	Discussion and Analysis	N/A	RT-CH-410b.2	Product Regulatory and Customer Health & Safety
Genetically Modified Organisms	Percentage of products by revenue that contain Genetically Modified Organisms (GMOs)	Quantitative	Percentage (%) by revenue	RT-CH-410c.1	Kraton products do not contain GMOs.
Management of the Legal & Regulatory Environment	Discussion of corporate positions related to Government Regulations and/or Policy Proposals that address Environmental and Social Factors affecting the Industry	Discussion and Analysis	N/A	RT-CH-530a.1	About Kraton
Operational Safety, Emergency Preparedness & Response	Process Safety Incidents Count (PSIC), process Safety Total Incident Rate (PSTIR), and Process Safety Incident Severity Rate (PSISR)	Quantitative	Number, Rate	RT-CH-540a.1	Health & Safety (PSIR) Sustainability Data Table (page 58)
	Number of Transport Incidents	Quantitative	Number	RT-CH-540a.2	Health & Safety
Activity Metric	Production by Reportable Segment	Quantitative	Cubic meters (m³) and/or metric tons (t)	RT-CH-000.A	Not Disclosed

Forward Looking Statements

Some of the statements in this press release contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. This press release 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.

KRATON™

Sustainable Solutions. Endless Innovation.™

KRATON CORPORATION (NYSE:KRA)

For more information, visit our website at www.kraton.com or email sustainability@kraton.com

U.S.A. Headquarters	Asia Pacific	Europe, Africa, Middle East	India/ Southeast Asia	South America
Houston, Texas	Shanghai, China	Almere, Netherlands	Mumbai, India	Paulinia, Brazil