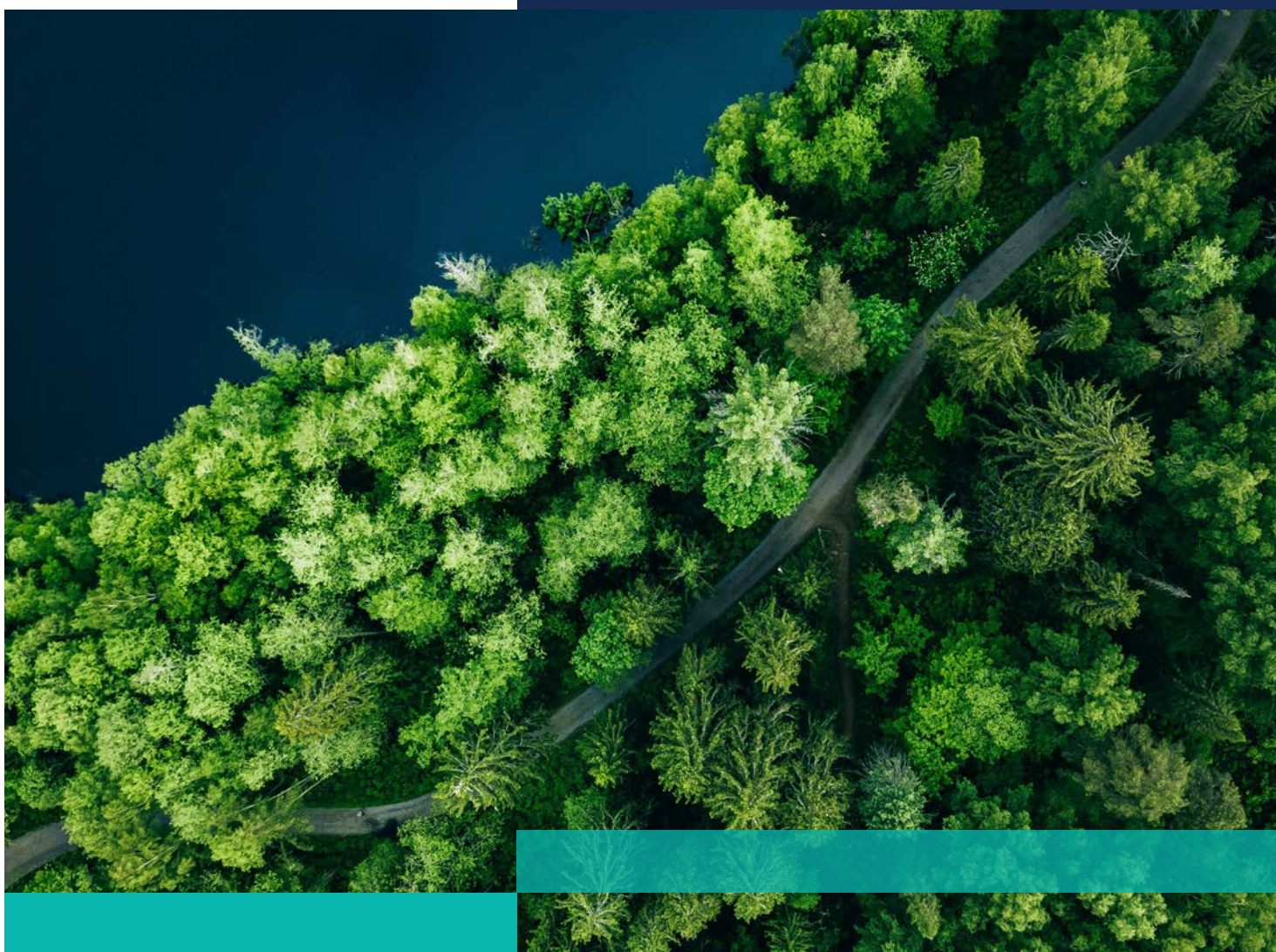# THE **FUTURE** DEPENDS ON THE WORK WE DO **TODAY**

KRATON™

SUSTAINABILITY REPORT | 2021

SUSTAINABLE SOLUTIONS.
ENDLESS INNOVATION.™

ABOUT THIS REPORT:

This Sustainability Report covers the period January 1, 2021 to December 31, 2021, 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 accordance with the Sustainability Accounting Standards Board (SASB). The report also contains a Taskforce on Climate-related Financial Disclosures (TCFD) table. 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.

CONTENTS

From left to right: Holger Jung and Marcello Boldrini

Staying the Course

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

The last year has brought its share of challenges. As the world pivoted and learned new ways to work during the pandemic, maintaining the well-being and safety of our employees and communities became an even more critical goal than before. We implemented new safety measures and protocols that extended into 2021. We are proud of the dedication of our colleagues, who enabled us to continue providing outstanding service to our customers without disruption and helped us achieve our best annual safety performance yet in 2021. It is moments like these that serve as a prime example of how we seek to make a positive difference for our stakeholders and reinforce our main priority, the safety of our people and environment.

As global trends continue to evolve and magnify environmental and social impacts, Kraton is focusing on a long-term approach involving setting ambitious targets and taking actionable steps towards solving global sustainability challenges. Driven by our vision to be a sustainable supplier of innovation-based solutions

that create value for our stakeholders, we consistently reflect on opportunities to improve our strategy and operations to create a better future for tomorrow. For us, this means making real strides towards advancing the circular economy through innovation and our product development, being responsible stewards of the environment, and ensuring we foster a diverse and inclusive workplace.

As society faces the aftermath of the pandemic and supply chain challenges, it also continues to confront the potential long-term impacts of challenges such as climate change, resource scarcity, and population growth. As a specialty chemical company, we understand our responsibility to mitigate climate change and continuously improve our operational footprint. In 2020 we achieved our 2030 greenhouse gas (GHG) intensity reduction target of 25% based on 2014 emissions. As a result, in 2021 we set a new GHG intensity reduction target of an additional 20% by 2030 compared to the base year 2020.

We remain dedicated to developing and investing in innovative technology and solutions that continue to meet the performance needs of our customers and aid them in addressing the sustainability challenges facing our world today. Throughout the many markets we serve, in 2021, we saw more businesses place greater emphasis on improving the sustainability of their products, operations, and supply chain. Kraton is well-placed to provide sustainable innovations that help our customers achieve their sustainability goals and integrate their processes and products into the biobased and circular economy. Our sustainable solutions can help customers lower carbon emissions, extend product life, shift to renewable materials, improve product performance, and allow the uptake of recycled plastics.

On September 27, 2021, Kraton entered into a definitive merger agreement to be acquired by DL Chemical Co., Limited. Kraton became part of DL Chemical on March 15, 2022. DL Chemical provides the financial strength and the growth-oriented focus

that will allow Kraton to further invest in innovation and compete more effectively in the global market. In addition, we believe the scale and strength of the combined company will also benefit our stakeholders.

As we continue our sustainability efforts into 2022, we are eager to build upon our progress thus far. We remain committed to the United Nations (UN) Global Compact's principles on Human Rights, Labor, Environment, and Anti-Corruption and the UN's Sustainable Development Goals (SDG) relevant to our strategy, business model, and activities.

From developing innovations that reduce greenhouse gas emissions to pouring back into our local communities or ensuring our suppliers practice responsible sourcing, we are grateful to our employees who help us deliver on our sustainability commitments. Their passion and verve allow us to make a positive difference within our global society every day. By staying true to our vision, remaining focused on creating long-term value, and improving our operational sustainability, we will be able to make a positive difference and advance a more sustainable future.

Holger

Holger Jung
Co-Chief Executive Officer

Marcello

Marcello Boldrini
Co-Chief Executive Officer
Chief Sustainability Officer

SUSTAINABILITY FASTFACTS 2021

ISCC
International Sustainability & Carbon Certification

- **ISCC EU CERTIFIED**
  Sites in: **Oulu** + **Sandarne** + **Savannah**
- **ISCC PLUS CERTIFIED**
  Sites in: **Berre** + **Sandarne**

ALL MANUFACTURING
SITES ISO 14001/ RC14001 CERTIFIED

Implementing Recommendations

TCFD
TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

PLATINUM Top **1%**
2021 ecovadis
Sustainability Rating

ECOVADIS PLATINUM
Sustainability Rating

UN GLOBAL COMPACT

119 USDA
BioPreferred®

Certified Products

50% Business Built on
BIOBASED RAW MATERIALS

50%

NEW 2030 TARGETS SET
for Climate Action & Environmental Impact

Driving Sustainability In Procurement

TOGETHER FOR SUSTAINABILITY

9 METRIC TONS
OF TRASH COLLECTED
IN COMMUNITIES WE SERVE

GOVERNANCE & RISK MANAGEMENT
TO MANAGE CLIMATE & SUSTAINABILITY

FOSSI
The Future of STEM Scholars Initiative
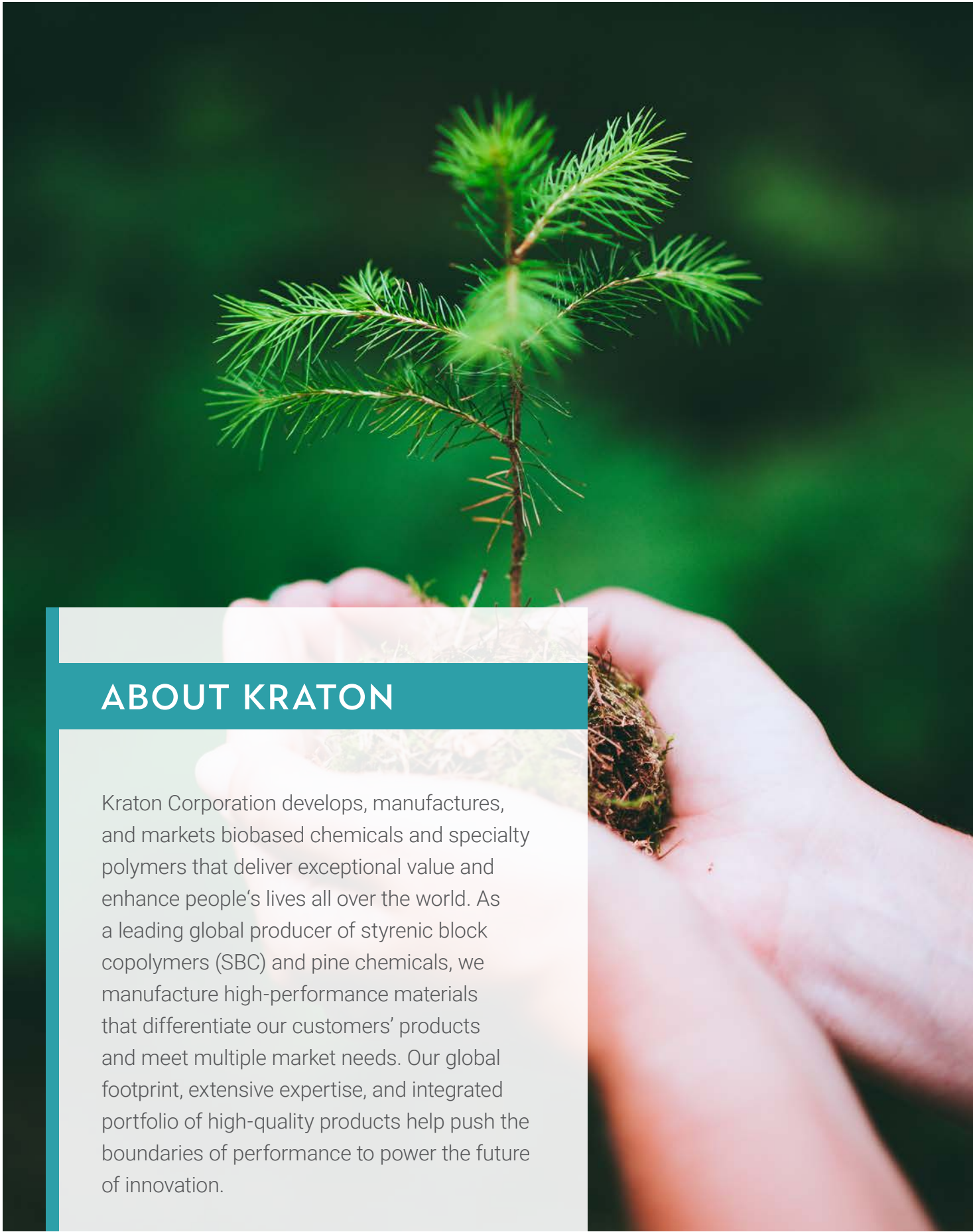
ABOUT KRATON

Kraton Corporation 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.

KRATON AT A GLANCE
2021

100
Years of Pioneering Innovations

1,000+
Patents & Patent Applications

9
Innovation Centers

13
Manufacturing Sites

1,751
Employees Globally

700+
Customers

6
Regional Headquarters

70+
Countries Served

$40.4 M
Invested in R&D in 2021

$1.97 B
Sales in 2021

MESSAGE FROM THE SUSTAINABILITY DIRECTOR

Sustainable Stewardship

We are in a pivotal moment in history to ask ourselves, how can we help solve the most pressing sustainability challenges affecting our world today? At Kraton, we recognize that our desire to create a more sustainable future and build a profitable business does not have to be mutually exclusive. By operating a sustainable business model, we understand sustainability challenges like climate change, and resource scarcity can be key drivers in developing valuable, sustainable solutions to our strategic markets that address these environmental concerns. While we are a trusted specialty chemical company, we do not exist solely to make products. Our goal is to create sustainable solutions that make a positive difference in people's lives and deliver exceptional value for our customers, employees, and communities. For this reason, sustainability is embedded within our corporate strategy and at the heart of our focus.

In 2021 we continued to align our sustainability program with our long-term targets to make effective progress toward meeting our ambitions. The necessity to preserve water resources, address climate change, and the societal ambition to move to a circular economy has led us to concentrate our efforts on environmental stewardship, efficiency improvements, and decarbonization in our operations.

To reduce our impact on the environment and climate, we defined new 2030 long-term targets to reduce our Greenhouse gas-, water-, and waste intensity and developed the necessary roadmaps to meet these ambitions.

We further integrated sustainability into our business functions through initiatives led by our Sustainability Council and collaboration with our value chain partners. Our responsible procurement program focused on rolling out training to procurement staff and suppliers and collaborating through Together for Sustainability (TfS) to further develop and improve supply chain sustainability. We are proud participants in the American Chemistry Council's Responsible Care® initiative and in early 2021, met our goal to certify all US manufacturing facilities to Responsible Care 14001.

Along with reducing our emissions, in 2021, we continued to focus on developing innovative solutions for the circular and biobased economy. This included helping customers shift to renewable materials, improving product performance, extending product life, and allowing the uptake of recycled plastics. Our work in Life Cycle Assessments (LCA) has provided us with a foundational understanding of the impact of our product's carbon footprint. By 2022, we seek to build on this expertise by developing a more comprehensive understanding of our value chain GHG emissions and continue evaluating the risks and opportunities associated with climate change and a transition to a low carbon economy in alignment with the Taskforce for Climate-Related Financial Disclosures (TCFD) framework. Kraton's core value of Integrity and the principles behind our zero-incident mindset guides our actions in creating an environment that fosters a sense of belonging, acceptance, and safety for our employees. In 2021 our Global Diversity and Inclusion Council developed multiple cultural awareness initiatives and trainings to reduce potential bias and promote workplace inclusion within our organization. Furthermore, by expanding our recruiting and hiring processes to reach more diverse talent, our female and minority hires increased. Beyond our operations, we've also partnered with the Future of STEM Scholars Initiative (FOSSI) to provide scholarships to students pursuing STEM degrees at historically black colleges and universities.

Our continued focus on improving our sustainability management system awarded us the globally recognized EcoVadis Platinum rating in 2021, placing Kraton in the top 1% of more than 90,000 companies assessed by EcoVadis. We are also proud to be named one of "America's Most Responsible Companies" by Newsweek for the third year in a row. At Kraton, we are very excited to see sustainability gaining more momentum within our society. As we continue to execute our vision and progress on our sustainability roadmap, we are committed to continuously improving our sustainability performance, and developing solutions that enable the bioeconomy, advance circularity, and help solve today's global challenges.

Nella

Nella van der Eerden
Global Sustainability Director

IN THIS SECTION:

Global Trends and Changing Expectations

Our SDGs—Aligning with the UN Sustainable Development Goals

Our Governance Structure

Stakeholder Engagement

Focusing on Climate Change

Our Vision

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.

Enhancing people's lives and contributing to a sustainable society is essential to Kraton. We are committed to being part of the solution to the global challenges we collectively face, this requires adopting a sustainable business model, lifecycle thinking, and aligning our corporate strategy with sustainability to ensure we meet the expectations of our stakeholders. By focusing on our relationships upstream with suppliers and downstream with customers, we can help our customers improve their sustainability performance, and as an industry, provide the solutions necessary to address global challenges.

OUR VALUE PROPOSITION

ORGANIC GROWTH

OPERATIONAL EXCELLENCE

OUR VISION

Be an admired sustainable supplier of innovation-based solutions

SUSTAINABLE BUSINESS

ENTERPRISE VALUE CREATION
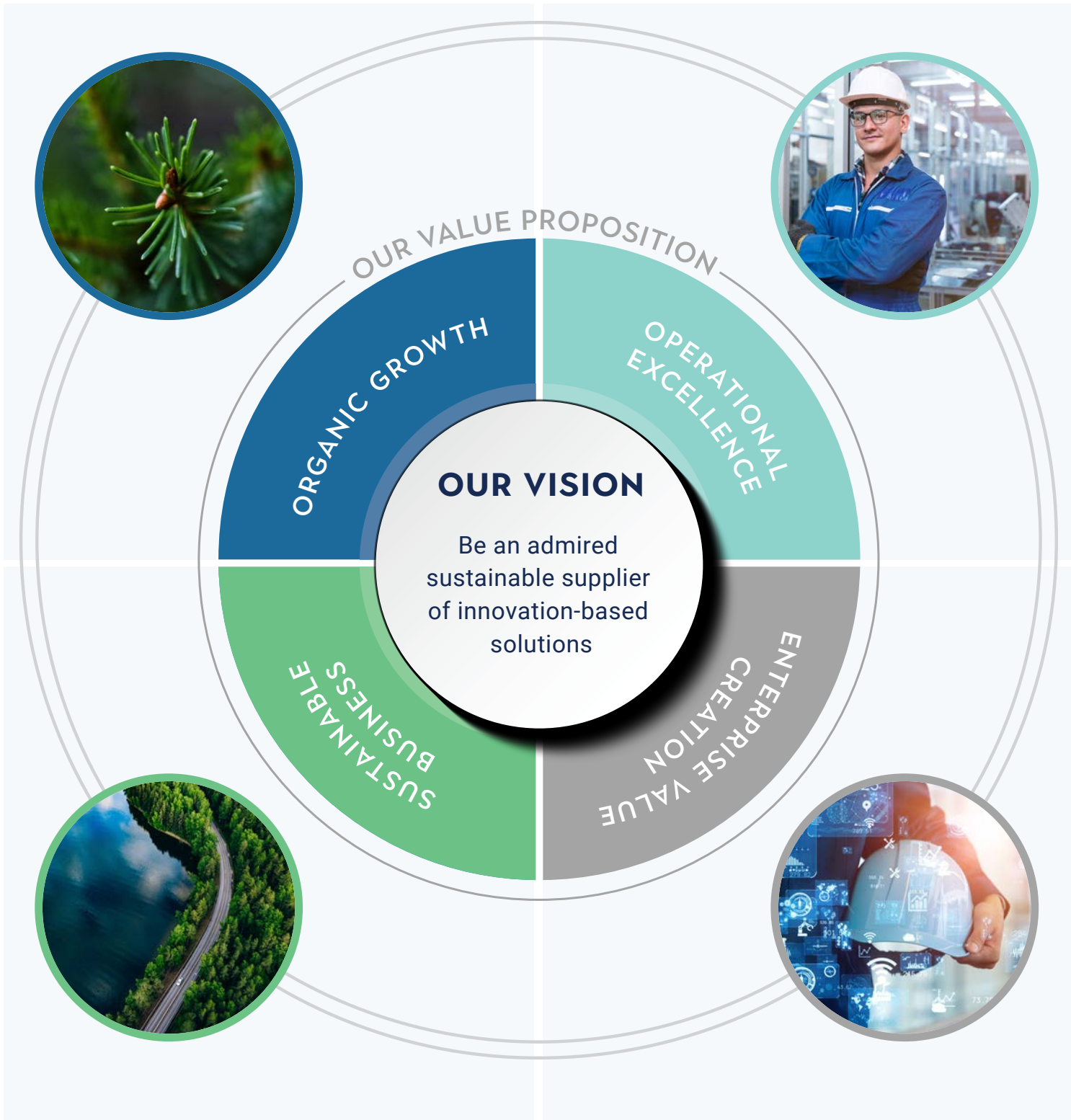
CORE VALUES

At Kraton, our core values are the pillars that drive us to make a Positive Difference in the world around us.

By living out these six principles, we create sustainable products and solutions that produce exceptional value for our customers and, in turn, for our global society.

• **SAFETY**

We value the health of our people and our environment.

• **INTEGRITY**

We are compliant, respectful, and ethical.

• **RELATIONSHIPS**

We listen, communicate and collaborate.

• **VERVE**

We value talent and passion.

• **CREATIVITY**

We innovate in everything we do.

• **OWNERSHIP**

We make it happen.

GLOBAL TRENDS AND CHANGING EXPECTATIONS

In 1950, there were approximately 2.5 billion people on our planet. Today the global population is close to 8 billion. This exponential growth has driven rapid industrialization and a multi-decade economic boom driven by the growing need for food, water, housing, energy, infrastructure, and many other necessities. While the last several decades have produced remarkable developments and improvements in technology, global health, and global poverty reduction, the rapid expansion of the Earth's population has led to adverse environmental and social impacts in recent years.

How the Global Sustainability Challenge Affects Society Worldwide:

- The use of scarce resources to meet the needs of a growing population and economy drives increased environmental and social impacts. The limited resource pools increasingly flow to those with the economic means.

- We collectively use natural resources at a faster rate than natural systems' ability to regenerate them—driving more scarcity, inequity, volatility, and driving up the cost of business.

- The increasing rate and ways we use resources generate 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.

- The growing economy's Greenhouse Gas (GHG) emissions lead to global warming and climate change, causing extreme weather events that can threaten our water and food supplies and causing some areas to become uninhabitable over time.

- Our growing need for resources and the increase in the number of droughts and wildfires results in the destruction of biodiverse habitats, which play a vital role in absorbing global CO_2 emissions. Instead, CO_2 emissions are increasingly absorbed by the world's oceans, leading to acidification, and ultimately impacting our food chain.

- Globally, eight out of the world's ten largest cities are on or near the water's edge, meaning a large part of the global population increasingly must deal with impacts related to rising sea levels.

Businesses can play an important role in solving global sustainability challenges.

The global population will continue to grow and is expected to reach 10 billion by the middle of this century. Today's global sustainability challenges will likely increase unless businesses become part of the solution. Our stakeholders are aware of these global challenges and expect us to manage risks and build our sustainable business model while embracing opportunities. Consumer expectations and market drivers are shifting in a changing world driven by global sustainability challenges. As a result, Kraton is constantly adapting to these shifts and producing specialty chemicals that seek to improve the well-being of our society.

Our Stakeholder Expectations:

Customers seek sustainable solutions that enable them to improve the sustainability of their production processes and their end products.

Investors expect transparency on how organizations are governed and how we manage Environmental, Climate and Social risks in our operations and how sustainability risks and opportunities factor into our strategy and the value we create for society.

Regulators and communities expect reduced environmental and social impacts, more ambitious climate mitigation measures and increased transparency on sustainability management systems. Their expectations for contributing to global challenges are increasingly captured in the tightening of the policy and regulatory environment.

Employees expect their employers to be ambitious and develop practical sustainability programs that shows the company is working to become more sustainable.

Delivering on Our Vision–Driving Sustainability Strategically Through Four Key Themes

Climate Action

We integrate climate risks into our business strategies and risk management processes. As part of our efforts to mitigate climate change, we aim to reduce our own Greenhouse Gas emissions and continue to innovate and manufacture products that help customers reduce their carbon footprint.

Environmental Impact & Resource Efficiency

We continuously strive to reduce our environmental impact and create value through improved operational efficiency, improvements in yields, and reduced use of resources, including water and energy.

Advancing the Biobased & Circular Economy

We offer innovative solutions that enable lower carbon emissions, extend product life, shift to renewable materials, improve product performance, and allow the uptake of recycled plastics.

Positive Impact on People & Our Communities

Our aspiration is Zero Harm to our employees, contractors, and the environment and to make a Positive Difference in the communities in which we operate. We treat all employees with dignity and respect and base our work culture on the key values of diversity and inclusion.

OUR COMMITMENT

Reduce Our Scope 1 & 2 Greenhouse Gas Emissions Intensity by 20% by 2030.

Climate Action

The topic of climate change has risen rapidly on the agenda of all our stakeholders and is perhaps the single greatest challenge to our quality of life on this planet. The implications of climate change are potentially widespread across the economy, society, and the environment.

Climate action represents the global initiatives to reduce greenhouse gas emissions (mitigation) and strengthen resilience and adaptive capacity to climate-induced impacts (adaptation); this includes embedding climate change measures into national policies and legislation. A growing number of countries worldwide are setting ambitious targets for the de-carbonization of society. Kraton integrates the climate risks and opportunities into our business strategy and risk management processes and aligns ourselves with external frameworks such as the Task Force on Climate-related Financial Disclosures.

Kraton has met its previous 2030 25% GHG intensity reduction target ten years ahead of schedule. During 2021, we have set a new target to reduce our scope 1 and 2 Greenhouse Gas (GHG) emissions intensity (per ton of product) by 20% by 2030 (against a 2020 baseline).

We know this will require a high level of dedication within our operations, with our suppliers, and with stakeholders throughout our value chain over the coming years. In addition to reducing our own emissions, we will continue to innovate and manufacture products that help customers reduce their carbon emissions. For 2022, we will build on our product life cycle expertise by developing a more comprehensive understanding of our Scope 3 emissions, including measurement and reporting of Scope 3 emissions.

OUR COMMITMENT

Reduce Waste & Water Intensity by 10% by 2030, compared to 2020.

Environmental Impact & Resource Efficiency

Kraton's focus is on environmental stewardship by reducing our environmental impact and improving our resource efficiency. We are aware of global resource concerns, society's ambition to move to a circular economy, and the importance of protecting water resources. As a result, our focus on resource efficiency has led us to set new water and waste targets. We consider these initiatives part of holding ourselves accountable as we strive to create more value than we consume in our use of natural resources.

In 2021 we have set a new target to reduce Water intensity by 10% by 2030, (against a 2020 baseline). Kraton is committed to improving processes, minimizing waste, and recycling and reusing process residuals and byproducts by setting a target to reduce Waste intensity by 10% by 2030, compared to 2020.

Advancing the Biobased Economy & Enabling Circular Economy

We at Kraton recognize the importance of moving to a circular economy. The linear take-make-waste economy, the predominant economic model since the industrial revolution, will not sustain a growing population or solve problems such as the plastic waste crisis. We recognize that moving to a circular economy that seeks to preserve value by not letting anything go to waste is imperative. The circular economy favors stewardship, more conscious use of critical resources, producing zero waste, avoiding incineration and emissions, and using renewable energy and biobased and circular solutions to power the circular economy.

We recognize a growing need for customers to integrate their processes and products into the biobased and circular economy. Our sustainable solutions can help customers lower carbon emissions, extend product life, shift to renewable materials, improve product performance, and allow the uptake of recycled plastics.

Kraton has conducted cradle-to-gate life cycle assessments (LCA) on key product lines to improve understanding of our products' environmental impacts, such as greenhouse gas emissions. LCAs are an essential tool that 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 overall. Our long-term ambition is to continue innovating and manufacturing products that advance and enable the biobased- and circular economy.

OUR COMMITMENT

Innovate & Manufacture Products that Advance and Enable the Biobased & Circular Economy.

Positive Impact on People & Our Communities

Safety is our top core value at Kraton. Our ambition is Zero Harm to our employees, contractors, environment, and the communities in which we operate.

We are committed to achieving American Chemistry Council (ACC) top quartile performance for Recordable Injury Rates and achieving zero Fatalities and zero serious injuries. For process safety, we are committed to achieving Process Safety performance of ≤ 1 Tier 1 event, and ≤ 10 combined Tier 1 and 2 Events.

Next to our employees' physical health and safety, it is essential that our employees view their workplace as respectful of their fundamental human rights. As a company, we actively work to prevent discrimination and harassment while building a more diverse and inclusive culture over time.

As part of Kraton's continuing efforts to make a Positive Difference in our communities, we are diligently executing our community relations strategy to enable maximum impact in the communities we operate.

OUR COMMITMENT

ACC Top Quartile Performance, ≤ 1 Tier 1 Process Safety Event, ≤ 10 Combined Tier 1 & 2 Events.

OUR SDGS—ALIGNING WITH THE UN SUSTAINABLE DEVELOPMENT GOALS

The United Nations Sustainable Development Goals (SDGs) define the global ambition for sustainable development. Kraton has identified six SDGs relevant to our business and 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 continue to include sustainability in our strategy and tactics to define our ambitions and develop sustainability practices. We recognize the significant opportunity sustainability offers to our

business and Kraton is dedicated to creating exceptional value for our stakeholders.

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 of our company's Environmental, Social, and Governance (ESG) risks.

SDG	KRATON'S CONTRIBUTION
3 GOOD HEALTH AND WELL-BEING	Kraton is committed to positive impact on people and our communities. Safety is our 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.
6 CLEAN WATER AND SANITATION	Kraton is committed to reducing our environmental impact and increasing resource efficiency. This includes improving our water management and stewardship. We have established a new water intensity target to reduce our water intensity by 10% by 2030 (compared to a 2020 baseline). 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	Kraton is committed to having a positive impact on people and our communities. We believe that upholding labor standards and respect for human rights enables human development and growth. We incorporate our commitment to these topics in our policies and procedures that guide our employees, suppliers, service providers, and customers. We also strive to foster and grow a diverse and inclusive working environment.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Our polymer and chemical products are designed 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 the market. 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 more sustainable products that advance resource efficiency and enable a circular economy.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Kraton is committed to advancing the Biobased and Circular Economy. Our sustainable solutions can help customers to lower carbon emissions, extend product life, shift to renewable materials, improve product performance, extend product life and allow the uptake of recycled plastics. Kraton has established a new water intensity target to reduce our Waste intensity by 10% by 2030 (compared to a 2020 baseline).
13 CLIMATE ACTION	Kraton is taking proactive action on climate change. In our operations, we take steps every year to further reduce our GHG emissions. In 2014 we committed to a 25% reduction by 2030 and by 2020 we had already reached that goal. In 2021 we recommitted to a new target to further reduce our (Scope 1 and 2) GHG emissions intensity by 20% by 2030 (compared to a 2020 baseline). Our sustainable solutions can help customers lower the carbon emissions of their operations and products.

33% Committees Chaired by Women

33% Directors are Ethnically Diverse

78% Non-Executive Members

25% Female External Board Members

45% Independent

64 Average Age

45% Based Outside the U.S.

From left to right: Dan Phelan, J.H. Kim, Holger Jung, Karen Twitchell, Yong Nam, Dominique Fournier, Marcello Boldrini and Bob Frei
Jin Wook not pictured

DL Chemical aspires to be a global leader in the basic materials and specialty chemical business. Kraton's expertise in the polymer and pine chemical business is key to achieving that aspiration. Through our combined forces we will boast a diversified portfolio, an expanded global reach and presence, and an increased footprint with our combined global manufacturing capabilities.

Our core values are the backbone of our organization and of the integration of Kraton and DL Chemical. Our values and vision are what ultimately drive our performance. Combined with our approach to Governance they help align our everyday decisions and creates accountability.

Yong

Yong Nam
Chairman of the Board, DL Chemical

OUR GOVERNANCE STRUCTURE

Kraton's Board of Directors (Board) sits at the top of Kraton's Governance structure and consists of nine Directors. The Board's Strategy, Sustainability & Investments (SSI) Committee specifically oversees Kraton's sustainability initiatives on behalf of the Board. The SSI Committee's important priority is to periodically watch and review the company's sustainability strategies and initiatives, including assessing and managing climate-related risks and opportunities and broader material environmental, social, and governance issues. The Committee reports at least twice a year to the Board on the Company's sustainability-related matters. It ensures that climate-related risks and opportunities, including those pertaining to emerging climate legislation and regulation, are integrated into the Company strategy and investment decisions. Simultaneously the Audit & Compliance Committee oversees that climate-related risks are integrated into the group-wide risk management framework; they annually assess whether the group-wide risk management framework remains effective and ensures appropriate risk management actions are identified and undertaken to manage these climate-related risks.

See chapter "Focusing on Climate Change" for further details on Kraton's work in this area.

Kraton's Board of Directors brings diverse skills and professional experiences including:
- Strategy
- Organizational Management & Innovation
- Sustainability & Climate Change
- Operations & Commercial
- Finance & Compensation
- Diversity & Inclusion

Following Kraton's merger with DL Chemical our Board has seen a transformation. We welcome the expertise of DL Chemical in our Board. To ensure our joint and aligned journey towards sustainability a number of changes have taken place in our Board. The changes following the merger mirror the introduction of 7 new Board members over the last year.

Vision & Oversight

• Strategy, Sustainability & Investments Committee • Audit & Compliance Committee	**Board of Directors**
	Co-CEOs **Kraton Leadership Team**

Strategic Plan: Leadership & Control

Functional Leaders + Sustainability Team: Sustainability, Legal, Operations, Procurement, Commercial, Innovation, Human Resources, Finance, Communications	**Chief Sustainability Officer** **Sustainability Council** (Chair: Sustainability Director)

Coordination of Sustainability Program & Implementation

• Sustainability program management & implementation coordination (Goals, KPI definition) • Performance and issue monitoring • Sustainability reporting • Sustainability capacity building • Stakeholder engagement	**Kraton Sustainability Team**
Drive functional implementation of sustainability programs, goals and KPI by key functions	**Functional Leaders**
Working groups, local teams	**Functional Implementation**

STAKEHOLDER ENGAGEMENT

As a global enterprise, Kraton interacts with many stakeholders, including customers, communities, employees, governments, industry associations, and suppliers. Our focus on sustainability creates exceptional value for Kraton and our stakeholders, impacting 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 main stakeholders when designing sustainability initiatives that address, mitigate, or avoid risks and create long term value.

A strong sustainability profile strengthens our social license to operate with higher regard to our stakeholders.

More information about how we engage with stakeholders can be found here: https://kraton.com/stakeholder.
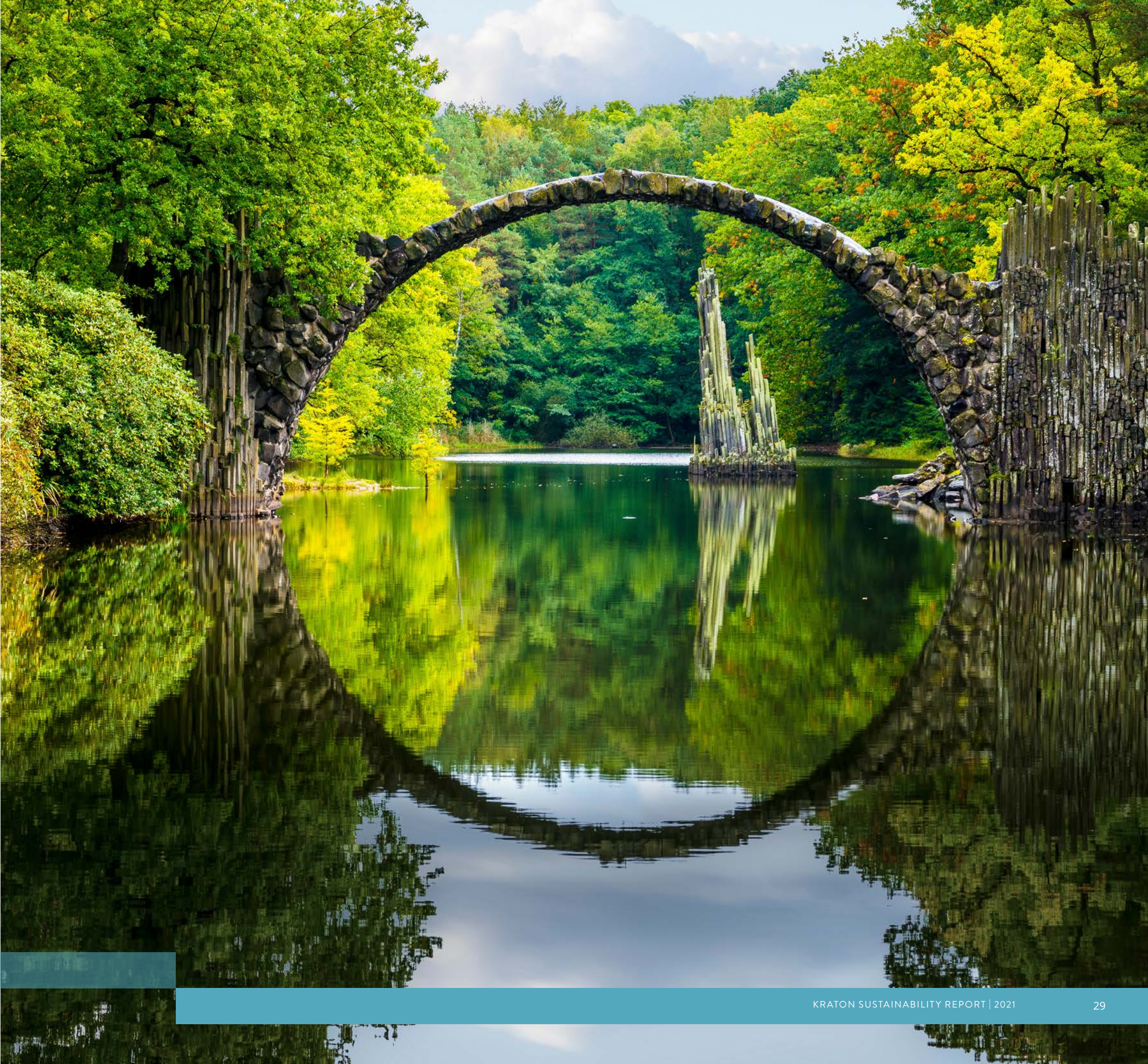
FOCUSING ON CLIMATE CHANGE

We recognize that expectations around climate disclosures are changing, and investors and other stakeholders expect a greater level of transparency. As we moved into the next phase of our sustainability journey, in 2021, we took a fresh look at our impact on and exposure to climate change. We started a project to understand where we are in relation to the recommendations set by the Task Force on Climate-related Financial Disclosures (TCFD). In alignment with external frameworks such as the TCFD, we evaluate the risks and opportunities associated with climate change and the transition to a low carbon economy. This project helps us better understand whether and how we may need to adapt to climate change, and the future implications for our business model. These actions are part of holding ourselves accountable to our stakeholders and adapting to a changing future while striving to create more value per resource output.

Some of our manufacturing plants are in areas susceptible to extreme weather events. Physical climate impacts may also be felt along our value chain and supply lines of raw materials, including upstream in the pine forests from which the raw materials in our Pine Chemicals business are derived. Our initial assessments indicate that the majority of physical climate risks to Kraton's operations and suppliers (including raw materials) are relatively low in most locations. Additionally, the transition to a low carbon economy is accelerating change in the policy, legal, technology, and market contexts. Worldwide the regulatory and policy environment is evolving to align with the Paris Agreement on climate change, and the response from the 2021 United Nations Climate Change Conference (COP26) led to an increase in Net Zero pledges from numerous countries. Kraton is an active member of industry associations like the American Chemistry Council (ACC), The European Chemical Industry Council (CeFic), and others to ensure that we collectively understand, shape, and adapt to our changing futures.

Kraton has Governance and Risk Management systems and processes to identify, assess, manage, and oversee our response to climate change. Kraton's Strategy, Sustainability & Investments (SSI) Committee of the Board has oversight of Kraton's sustainability efforts, including climate change. The Board oversees major plans, investments, annual budgets, and setting of performance objectives relating to climate change. Kraton's Enterprise Risk Management (ERM) process identifies, evaluates, and monitors risks to our business. Existing enterprise risks, including climate risks and new

or emerging risks and legislation, are reviewed quarterly. Our Internal Audit department facilitates our ERM process and reports to the Audit & Compliance Committee of our Board of Directors. The Internal Audit Department provides quarterly progress reports to the Board on Enterprise Risk topics, including climate change. Kraton's 2021 Proxy Statement provides more information on risk management.

Kraton has Governance and Risk Management systems and processes in place to identify and manage our response to climate change.

Kraton's Sustainability Council guides the company's global approach to climate change, serving as a decision-making body, defining resource requirements, and overseeing the implementation and progress of our climate change initiatives. The Sustainability Council is made up of 15 Functional Senior Leaders and Directors from Commercial, Operations, Legal, Investor Relations, Finance and Corporate Strategy, R&D, Procurement, Communications and Human Resources. The Council is chaired by the Global Sustainability Director who provides a progress report to the Kraton Leadership team on a quarterly basis. A core responsibility of the Council is to measure, monitor, and publish the Sustainability Dashboard. The Council monitors the progress of the global sustainability strategy and policies on a Sustainability Balanced Scorecard which includes Climate Change. Metrics measured and input into the scorecard include energy savings, energy intensity and Scope 1 and 2 GHG emissions.

As of 2022, Kraton has a new greenhouse gas intensity target in place, and we have measured and reported our Scope 1 and Scope 2 emissions since 2014. Our new target is: Reduce Scope 1 and 2 GHG emissions Intensity (per ton of product) by 20% by 2030 compared to the 2020 baseline year. We are proud to have been able to achieve our previous target ten years ahead of schedule. In 2020 we reduced our GHG emissions intensity by 26% compared to 2014. The Environment chapter of this report contains additional information and more performance reporting on this topic.
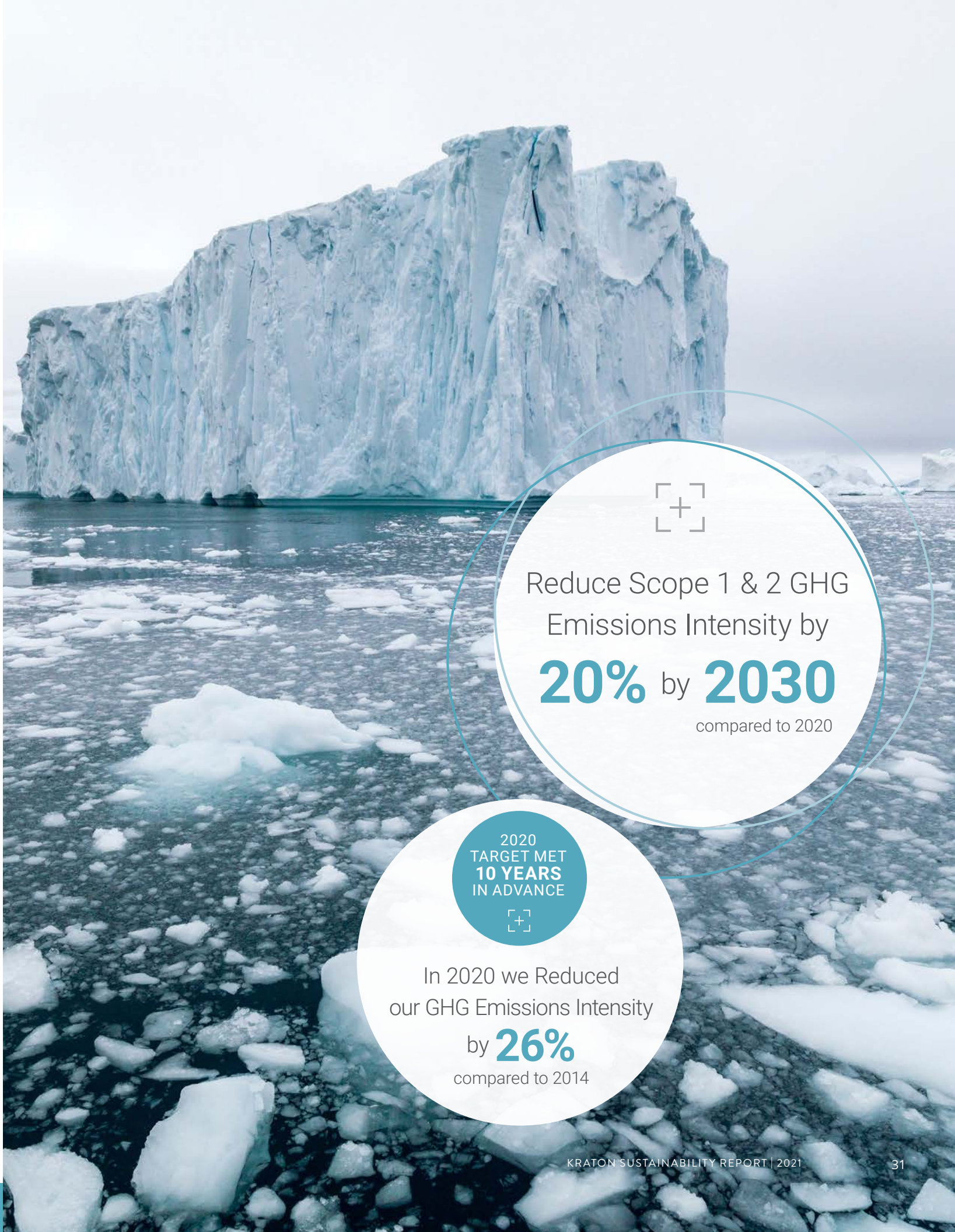
Reduce Scope 1 & 2 GHG Emissions Intensity by **20%** by **2030** compared to 2020

2020 TARGET MET **10 YEARS** IN ADVANCE

In 2020 we Reduced our GHG Emissions Intensity by **26%** compared to 2014

Sustainable Innovations

Kraton is well-placed to provide sustainable innovations that help our customers achieve their sustainability goals and integrate their processes and products into the biobased and circular economy.

IN THIS SECTION:

Reducing Adhesive Carbon Footprint with Biobased Tackifiers

CirKular+ ReNew: Enabling a Circular Economy through Value Chain Partnership

Driving Roadway Sustainability

Biobased Rosin Esters for Safer Road Markings

Extending Pavement Lifecycle with Kraton SBS

ADVANCING THE BIOBASED & CIRCULAR ECONOMY

In the linear economy, raw natural resources are collected, transformed into products, and eventually discarded. However, a circular economy model seeks to preserve value by eliminating the creation of waste and switching to a reuse, repair, and recycle model. It involves not overusing critical resources while also reducing incineration and emissions by shifting to renewable energy instead of fossil fuels.

Today's industries and businesses increasingly seek solutions to improve the sustainability of their production processes and end products. Kraton is doing its part in making the circular economy a reality by designing products for circularity. We do this by developing sustainable solutions that help customers integrate their products and processes into the biobased and circular economy by lowering carbon emissions, extending product life, shifting to renewable materials, improving product performance, and enabling increased use of recycled plastics.

Meeting our customers' sustainability needs requires us to understand their ambitions and generate solutions that improve the sustainability of their products. In practical terms, we achieve this by taking a product life cycle approach to identify opportunities for sustainable market-driven innovations. We have conducted cradle-to-gate life cycle assessments (LCA) on key product lines to improve our understanding of our products' environmental impacts, such as greenhouse gas emissions. Our LCA's allow us to make informed decisions and identify if optimizing of the production process or raw materials used could improve the product's environmental footprint. LCA's are an essential tool to foster closer engagement with suppliers, supply chain partners, and customers around their products and move towards improved sustainability in the value chain and society overall.

Kathryn

Kathryn Wright
VP, R&D, Polymers

Life Cycle Assessment

RESOURCES · PROCESSING · MANUFACTURING · DISTRIBUTION · USE · END OF LIFE
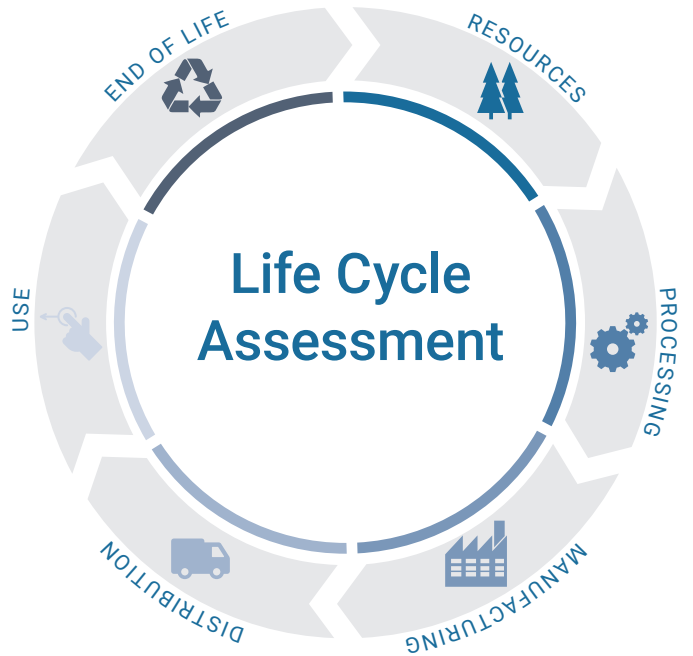
Shaping Our World Through Sustainable Innovation

Kraton is a leading global producer of styrenic block copolymers and specialty polymers, and high-value performance products derived from pine wood pulping co-products. Kraton's polymers are used in many applications, including adhesives, coatings, consumer and personal care products, sealants, medical, packaging, automotive, paving, roofing, and footwear. As the largest global provider in the pine chemicals industry, the company's pine-based specialty products are used in adhesives, roads and construction, and tire markets. Additionally, Kraton produces and sells a broad range of performance chemicals into markets that include fuel additives, oilfield chemicals, coatings, metalworking fluids, lubricants, inks, flavors and fragrances, and mining. Kraton is proud to develop breakthrough technologies and products that serve a diverse customer base in over 70 countries worldwide.

MARKETS

Adhesives	Consumer Durables	Medical	Personal Care	Roofing
Automotive	Cosmetics	Oil Gels	Plastics Recycling	Sealants
Biofuels	Fuel Additives	Oilfield Chemicals	Protective Film	Tires
Coatings	Lubricants	Paving	Roadmarkings	Wire & Cable

POLYMER GROUP

Our SBC polymers are a class of thermoplastic elastomers, which is a plastic material that behaves like rubber, delivering both strength and elasticity.
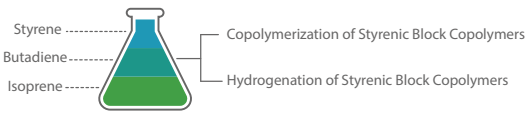
Crude Oil & Refining

Strategic Raw Materials

Butadiene   Styrene   Isoprene

Chemistry Process

Styrene ———
Butadiene ———
Isoprene ———
— Copolymerization of Styrenic Block Copolymers
— Hydrogenation of Styrenic Block Copolymers

CHEMICAL GROUP

Our biobased pine chemistry enables numerous industries to replace non-renewable resources with high-performance, sustainable alternatives.

Bio-Refining

CTO ————— CST

Fractions

TOFA   DTO   TOR   PITCH   Terpene Fractions

Upgrades/Derivatives

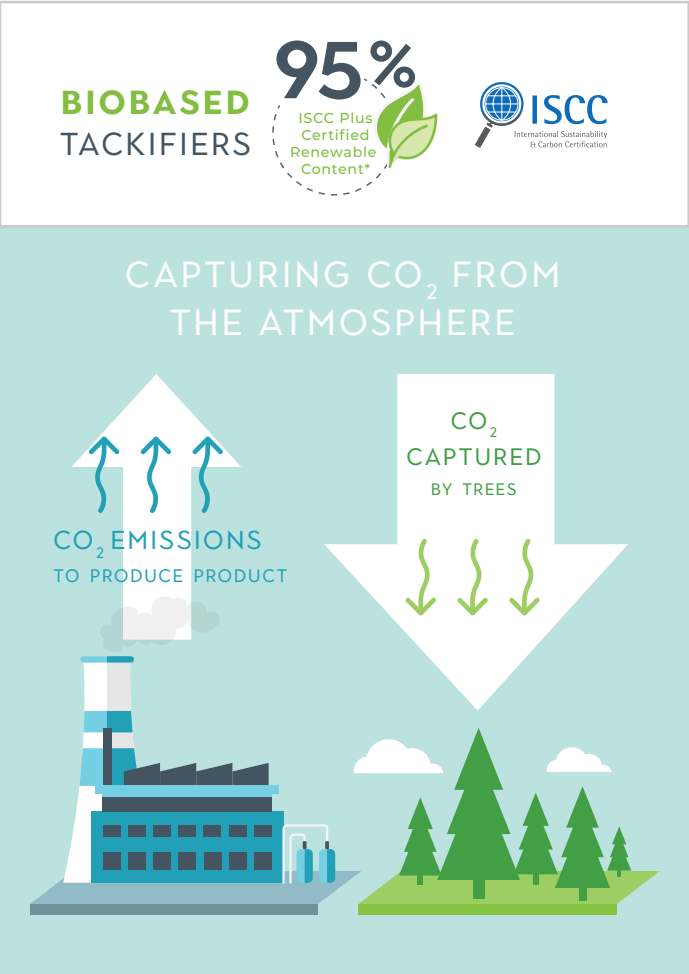| TOFA	TOR	Terpene Fractions	AMS
Dimer Acids	Rosin Resins	Terpene Resins	AMS Resins
Polyamide Resins	- Dispersions		
	Upgraded Rosins		
	Insoluble Maleics		

REDUCING ADHESIVE CARBON FOOTPRINT WITH BIOBASED TACKIFIERS

With the rising impacts of climate change and the global ambition to move to a circular economy, businesses are under pressure to develop and implement better sustainability practices. It has also led to new requirements and regulations for many industries. Companies in segments such as adhesives now seek materials that lower their product's carbon footprint and are easy to recycle in addition to performance. They are also required to enhance production safety and make credible claims about the sustainability credentials of their products.

Kraton pine chemicals are produced from renewable by-products of the paper and pulp industry are utilized to create products used by millions around the globe each day. Our biobased portfolio can deliver value to numerous industries due to its reduced cradle-to-gate environmental impact and ISCC PLUS certified* renewable content.

Kraton pine-based products include our high-quality tackifiers, the preferred chemistry for various adhesive formulations due to their excellent adhesion performance and compatibility with a broad range of polymers. Suitable for hot-melt, solvent, and water-based adhesive technologies, Kraton biobased tackifiers are designed to improve various applications, including packaging, tapes, labels, and flooring adhesives.

The cradle-to-gate LCA performed on Kraton biobased tackifiers shows that the CO_2 captured by the pine trees during the first phase of the tackifier's life cycle is far greater than the CO_2 emissions that result from the processes to produce our product. Overall, this results in a substantial negative cradle-to-gate carbon emission for Kraton biobased tackifiers. In addition, Kraton biobased tackifiers have up to 95% ISCC PLUS certified renewable content, further expanding the product's sustainability advantage. Adhesives formulated with biobased tackifiers can also be compatible with paper recycling, offering even more environmental benefits across the entire product life cycle**.

BIOBASED TACKIFIERS

95% ISCC Plus Certified Renewable Content*

ISCC International Sustainability & Carbon Certification

CAPTURING CO₂ FROM THE ATMOSPHERE

CO_2 CAPTURED BY TREES

CO_2 EMISSIONS TO PRODUCE PRODUCT

The in-depth expertise of our R&D team, along with our targeted innovations, enables us to develop solutions that proactively address evolving markets and regulatory requirements for the adhesives industry. We will continue to work with adhesive formulators to deliver sustainable, high-quality products that support customer needs and future growth.

* ISCC PLUS certificates are available for a selection of our products.

** The actual life cycle performance improvement that is achieved through the use of Kraton products can only be concluded through an ISO-certified process that considers all life cycle stages of the end product.

CIRKULAR+™ RENEW:
Enabling a Circular Economy Through Value Chain Partnership

Value chain collaboration is instrumental in achieving progress towards a circular economy.

Collaboration within the supply chain can significantly improve operations by reducing costs, enhancing processes, and advancing sustainability. In that regard, we are proud to work with SABIC to produce the CirKular+ ReNew Series, our latest portfolio of ISCC PLUS Certified renewable styrenic block copolymers (SBC).

Developed in our Berre, France manufacturing facility, the newly launched CirKular+ ReNew Series expands Kraton's existing suite of CirKular+ solutions designed to advance the circular economy. With up to 70% certified renewable content, the series offers customers the opportunity to use the mass balance approach and adopt ISCC PLUS certification to produce renewable products without compromising performance or quality. This approach combines renewable and fossil fuel feedstocks in the production process, enabling the tracking of renewable content in the value chain and attributes it based on verifiable bookkeeping.

The new suite of HSBC polymers is produced using SABIC's ISCC PLUS certified renewable butadiene from the company's TRUCIRCLE™ portfolio of circular solutions. The butadiene derives from animal-free and palm oil-free "second-generation" renewable feedstock, such as tall oil from the wood pulping process in the paper industry. Each ton of renewable butadiene cuts fossil depletion by up to 80%.

The CirKular+ ReNew Series is an innovative, sustainable solution ideal for consumer durable, automotive, and adhesive applications. By collaborating with SABIC, we can help compounders, formulators, and brand owners reduce fossil-based materials, lower their carbon footprint, and incorporate certified renewable feedstock into their products.

Kraton CirKular+ solutions are engineered to address industry challenges such as end-of-life product recyclability, post-consumer resin (PCR) quality, and limited reusability of mixed plastic waste. By enabling a holistic approach to product lifecycle, CirKular+ additives can improve product design recyclability, maximize recycled content, and enhance PCR performance in many end-use applications.

Since its 2020 launch, CirKular+ compatibilizers have enabled the use of up to 33,000 tons of PCR, contributing to a reduction of up to 87,000 tons of CO_2 emissions globally.

International Sustainability & Carbon Certification

Kraton supports the bioeconomy by offering a range of certified products according to the International Sustainability & Carbon Certification PLUS system. ISCC PLUS is a globally applicable sustainability certification system covering all sustainable feedstocks, including agricultural and forestry biomass, circular and biobased materials, and renewables. ISCC PLUS certification provides traceability along the supply chain and verifies that companies meet environmental and social standards.

ISCC PLUS is an accounting system that ensures the amount of certified recycled or renewable raw material that a company uses matches the amount of recycled or renewable content allocated to products they produce. As a result, customers can adopt a mass balance approach and produce ISCC-certified renewable or recycled products.

Using the mass balance approach, renewable and fossil fuel feedstocks are combined in the production process. However, the mass of renewable raw material used can be attributed to a particular output or product. This product may then be referred to as a renewable product certified by the ISCC PLUS mass balance approach. Consequently, the ISCC PLUS certification offers Kraton and its customers the opportunity to monetize the sustainability credentials of our products.

Kraton offers a selection of ISCC PLUS certified products in our pine chemicals and polymers portfolios. We support the bioeconomy by contributing to the replacement of virgin fossil resources with renewable feedstocks. The Kraton CirKular+™ ReNew Series is produced using an ISCC-certified mass balance approach and contains up to 70% of ISCC PLUS certified renewable raw materials attributed via mass balance accounting.

DRIVING ROADWAY SUSTAINABILITY

Biobased Rosin Esters for Safer Road Markings

Improving road safety is an ongoing priority for many governments and road owners. With population growth and mobility increasing, we have also seen increases in traffic accidents and deaths around the globe. Car manufacturers, road owners, road maintenance contractors, and road marking formulators are all working to ensure a safer and more sustainable road environment for road users.

Kraton is helping road marking formulators create safer road environments with SYLVACOTE™ 4995, a maleic modified glycerol rosin ester designed as a binder resin for durable hot-melt thermoplastic road marking formulations. This biobased rosin ester helps formulators deliver excellent nighttime visibility for drivers, longer service life for road owners, and improved predictability for road marking contractors.

In road markings, binder resins like SYLVACOTE 4995 help provide lasting visibility for motorists by enabling excellent adhesion to the road surface and the glass beads which make road markings visible at night. A prominent transportation institute estimated that an average crash reduction of 21% can be attributed to better pavement markings. Highly visible, brighter road markings are essential to traffic safety, helping deter nighttime run-off-the-road and opposite-direction accidents. More recently, as driver assistance technology based on machine vision has advanced, the importance of pavement markings in reducing crashes has increased even more. Driver assistance technology and ultimately autonomous vehicles have the potential to eliminate 50% of fatal accidents caused by roadway departures.

While enhancing road safety remains a critical component for road and highway sustainability, the industry has recently sought to increase sustainability practices across the entire value chain. Developed from Kraton's pine-based raw materials, SYLVACOTE 4995 is a high-performance rosin ester having over 90% biobased content. As a result, we're able to offer formulators and customers a reduced carbon footprint compared to petroleum-based resin alternatives. The USDA BioPreferred® Certification Scheme, which validates biomass content, is currently in progress for the product.

SYLVACOTE 4995 also provides ease of use for contractors applying the road marking formulation due to its enhanced thermal stability. Because its melt viscosity and color remain consistent when melting and applying the formulated road marking, even if unexpected extreme weather conditions occur, the applied product stays in specification from beginning to end of the striping job. In addition, SYLVACOTE 4995 offers excellent batch-to-batch consistency and broader compatibility with other road marking ingredients, thus ensuring a highly robust product and reliable job execution for road marking contractors. Thermoplastic road markings using these biobased resins can offer long-lasting performance, lasting five to ten years depending on traffic conditions.

From improving nighttime driving to enabling high-quality car automation, road markings will continue to play a vital role in advancing driver and roadway safety. As the discussion around transportation sustainability increases, Kraton is committed to delivering products and solutions that address the concerns of the road safety industry.

With a biobased content of over 90%, SYLVACOTE 4995 can offer formulators and customers a reduced carbon footprint.

Extending Pavement Lifecycle with SBS Polymers

One strategy to increase circularity and decrease the use of resources is to expand the economic life of products. Polymer-modified bitumen has been utilized in asphalt pavement formulations for more than 40 years. Our high-performing polymers are used to modify bitumen in various pavement applications globally, such as roads, bridge decks, airports, and seaports. Its benefits, such as a smooth, comfortable, and safe surface, improved rutting resistance, and better durability, saves costs and reduces the need for road maintenance and related traffic disruption.

Although adding polymers increases the carbon footprint of the bitumen at the gate of the factory, studies show that bitumen modified with Kraton SBS polymers can increase the economic life of asphalt by 25%. As a result, this lowers the cradle-to-grave carbon footprint of the asphalt by at least 10% compared to a road surface that uses conventional unmodified bitumen. In combination with using 50% reclaimed asphalt, Kraton SBS modified bitumen can reduce the cradle-to-grave carbon footprint of the asphalt by about 23% without compromising the high-quality performance for daily road users.

SUSTAINABILITY BENEFITS OF ADDING SBS TO BITUMEN LEADS TO:

Increase the economic life of asphalt by
25%

Lowering the cradle-to-grave carbon footprint of the asphalt by at least
10%
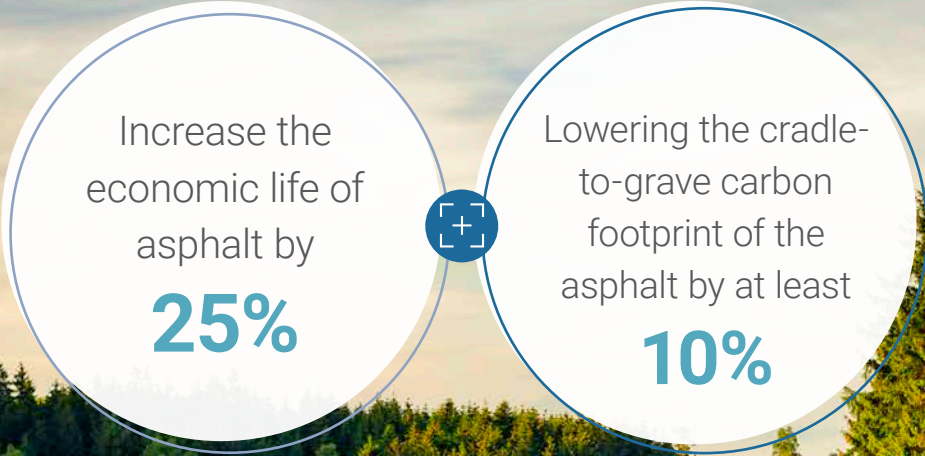
BIAXAM™

Strengthening Health Innovation with BiaXam™ Technology

The health and well-being of people continue to be of utmost focus in the fight towards building a more sustainable ecosystem. So much so, the United Nations SDG Goal Three focuses on ensuring healthy lives and promoting well-being for all ages. Unfortunately, the COVID-19 pandemic significantly impacted this goal, affecting the health and safety of millions around the globe. The World Health Organization reported over 288 million confirmed cases and more than 5 million deaths as of December 2021. As we continue to navigate through a post-pandemic era, Kraton is committed to developing innovative solutions that positively impact human health.

BiaXam™ sulfonated block copolymer is a solid, yet transparent material developed by Kraton. Protected by a portfolio of 15 patent families in several countries, BiaXam technology can be coated on various substrates or applied as a versatile peel-and-stick film on non-porous surfaces such as plastic, metal, and glass. In April 2021, the U.S. Environmental Protection Agency (EPA) approved public health emergency exemption requests under the provisions of section 18 of the Federal Insecticide, Fungicide and Rodenticide Act (FIFRA) in Georgia, Utah, and Minnesota for the deployment of BiaXam in specific applications. This exemption allowed BiaXam to be used at check-in kiosks operated by Delta Airlines in Georgia as a supplemental residual surface coating. Under this exemption, it was determined this transformational technology can kill up to 99.999% of the SARS-CoV-2 virus under laboratory conditions, with continued protection for up to 200 days, depending on use, exposure, and cleaning methods.

The residual antimicrobial efficacy of Kraton's BiaXam technology has been studied by renowned organizations, including Boston University's National Emerging Infectious Diseases Laboratories (NEIDL), North Carolina State University, the University of Texas Medical Branch (UTMB) at Galveston, and Syngene International Ltd. The testing performed at the UTMB and Boston University's BSL-4 laboratories has demonstrated BiaXam's ability to be 99.999% effective against SARS-CoV-2.

Sulfonated block copolymer technology is adaptable and offers multiple unique features suitable for non-antimicrobial uses. We have begun seeking additional regulatory approvals and exploring alternative opportunities to expand adoption in applications that make use of its additional characteristics. More specifically, the sulfonated block copolymer technology has been beta-tested as an antifogging agent on goggles, visors, and face shields and has been proven to improve visualization significantly. It has also been tested on coveralls; our material has shown excellent permeability to water vapor, which enhances the wearer's comfort level and reduces the risk of heat stress. The technology has proven suitable for use in Energy Recovery Ventilation membranes due to its excellent water vapor transport properties. As we continue developing cutting-edge innovations, we are dedicated to creating products like BiaXam that seek to further advance the safety and sustainability of our global society.

▲ DELTA

Kraton partnered with Delta Airlines under the U.S. Environmental Protection Agency (EPA) emergency exemption approval for the use of BiaXam in the airline's Georgia facilities. BiaXam was applied as a supplemental residual surface coating to check-in kiosks operated by Delta to provide an additional layer of protection against the SARS-CoV-2 virus. The EPA emergency exemption under Section 18 of the Federal Insecticide, Fungicide and Rodenticide Act ("FIFRA") was submitted by the Georgia, Utah, and Minnesota Departments of Agriculture to deploy BiaXam in specific applications.

COMMUNITY ENGAGEMENT

We recognize that being a socially responsible business requires maintaining an open door for dialogue with our community and actively working to support those communities. The key to creating a vibrant and sustainable company is to find ways to get all employees—from top executives to manufacturing workers—personally engaged in day-to-day corporate sustainability efforts. By creating conditions for our employees to own sustainability, Kraton is making positive strides in creating a more sustainable future.

As our team works around the world to create solutions to global sustainability challenges, they are also inspired by our slogan, "We all make a Positive Difference" to impact their communities by participating in corporate and regional community engagement initiatives. These initiatives range from providing deserving STEM students with scholarships to support their educational pursuits to organizing food and health drives to support the well-being of people in the communities we serve.

Although our efforts may not appear to be high-profile individually, collectively, they tell a much bigger story. These examples illustrate the passion Kraton, and our employees have for being responsible neighbors to our communities and integrating sustainability into our daily lives.

Shane

Shane Broomall
Vice President, Chief Human Resources Officer

KRATON GIVES BACK

$287,949
Global Giving

1,318
Employees Volunteered

1,068
Volunteer Hours Served

Leading in Our Communities

Building long-term relationships with community leaders are vital to developing sustainable communities. As we seek to make meaningful change in the communities we live and operate in, we understand we cannot do this alone. We actively seek key leadership roles in organizations we know can help us make a positive difference to people and the planet.

Partnering in Education

Consistent with our goal to support and equip the next generation, in 2021, Kraton contributed to several schools, universities, and educational facilities around the globe. We provided over $60,000+ towards student academic development, including sponsoring college scholarships, after-school programs, and workshops. One of our contributions involved supporting a back-to-school drive by Daniel's Kids, a non-profit agency offering residential, academic, and mental health assistance to at-risk children in the Florida area. Also, because of our partnership with AIChE's Future of STEM Scholars Initiative (FOSSI), we are proud to have sponsored two students pursuing STEM degrees at historically black colleges and universities in 2021. Due to our continued efforts to support future industry leaders and provide professional growth opportunities,

Kraton was also named the 2020-2021 Outstanding Co-op and Internship Employer of the Year by the Russ College of Engineering at Ohio University.

Building Sustainable Communities

Maintaining and improving the sustainability of our local communities requires the collective support of our trusted employees. On Earth Day 2021, we executed a company-wide community cleanup initiative where 190 Kraton employees around the globe participated in collecting a total of 9 tons (or 19,000 lbs) of trash from local parks, rivers, and highways as part of our cleanup efforts.

Our mission to support sustainable communities also means taking action to protect people's health and well-being. When Hurricane Ida made landfall in Louisiana, Kraton aided in relief efforts by collecting goods and relief items to support recovery and rebuilding efforts. Furthermore, in addition to participating in various health events throughout the year, Kraton donated 2,000 face masks to support the launch of a new vaccination clinic in Mid-Ohio valley, which enabled the clinic to administer up to 1,000 vaccinations per day.

IN THIS SECTION:

Compliance and Business Ethics

Responsible Procurement

Labor & Human Rights

Environment

Responsible Business

Kraton is committed to 100% compliance 100% of the time.

COMPLIANCE AND BUSINESS ETHICS

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% compliance, 100% of the time. As part of our ongoing commitment to prevent and eliminate compliance violations including, but not limited to, corruption in all its forms, we have prioritized the following compliance risk areas by implementing policies, procedures, training, and internal and external communications:

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

Anti-Corruption, Anti-Competitive Practices, and International Trade

We require our administrative workforce (approximately 1,100 employees) to complete two online compliance training modules per quarter. Employees who are susceptible to increased compliance risks due to having interactions with certain businesses and people outside of Kraton also receive live training, either virtually or in person. Despite the COVID-19 pandemic and other global activity, we continued with uninterrupted virtual compliance-related training. In 2021, we increased the international compliance sessions to 35 sessions with Commercial, Research and Development (R&D), Human Resources, Manufacturing, Procurement, Supply Chain, and the Financial business functions. We also communicate compliance information through the Kraton intranet, which is available to all employees. Further, Kraton's external website houses policies and codes of conduct available to third parties. In 2021, Kraton implemented a new Charitable Contributions Policy to enhance further measures to prevent corruption.

To further support our compliance efforts, Kraton has ethics reporting procedures with a zero-tolerance, non-retaliation provision communicated to the entire organization, and, during the Compliance Orientation Training for new hires. To support and encourage violation reporting, we also have an anonymous reporting system (where permitted by law). We conduct audits of control procedures designed to prevent corruption and specific approval procedures for sensitive transactions.

In addition to having a compliance & ethics program, we also have an extensive third-party anti-corruption compliance due diligence program in place.

Compliance training is conducted with our distributors, marketing representatives, and other third-party representatives annually. Distributors and marketing representatives must also annually certify they comply with all applicable laws and regulations. In 2021, we provided all new distributors and marketing

representatives with virtual compliance training sessions and conducted a designated session for distributors located in Asia. The transition to the online certification process has proven to be a reliable tool with enhanced efficiency and adequate audibility. In addition, we updated the compliance due diligence procedures to increase the visibility and awareness for monitoring of third-party commercial representatives. We strengthened the due diligence performed on these groups. All employees involved with the designated third parties received additional training on the revised procedures and are aware of their responsibility to report any violations or suspected incidents of wrongdoing.

In 2021 the Compliance & Ethics program developed the Compliance & Ethics Champion award to encourage further diligence. The inaugural winner was announced in Q4-2021.

2021 FACTS

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

8785 person hours of online compliance awareness training

867.5 person hours of virtual and in person training

ZERO incidents of anti-competitive practices related to Kraton were reported during the reporting period

ZERO 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. We test and evaluate ourselves through an external security services provider to better assess our responsible information management to track our current cyber capabilities and maturity levels based on the NIST Cyber Security Framework (CSF). Kraton has had a full-service Security Information and Events Monitoring (SIEM) system implemented since 2019. In tandem with this, Kraton has been utilizing Managed Detection Services since 2019, a 3rd party company that monitors our SIEM and provides cyber incident management services. The third-party provider, Security Scorecard, gave us an 86 rating (out of 100) for 2021.

Some significant implementations to foster security during 2021 included updating our email filtering system to add detections for spoofing and email attachments (malware) and updating our password policy to increase the password length to 12 characters. Finally, we also introduced Plant IT segmentation, which means we segmented plant assets from corporate assets to ensure corporate network users have no direct access to Plant and Lab assets.

Kraton recognizes and understands the importance of data privacy for our employees, customers, and suppliers alike. We have measures in place through our data privacy program, to protect employees, customers, and other third-party data from unauthorized access or disclosure. Regular information management and security risk assessments (such as the NIST third-party assessment) are conducted to help mitigate these risks. Should there be data privacy concerns, there is an information management 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, eLearnings are assigned quarterly to all employees. In 2021 a variety of eLearnings were disseminated such as Social Media use, Social Engineering Red Flags, Spot the Phish game, and a Password Trivia game.

We also conducted multiple awareness campaigns throughout 2021, including:
- Email and Cyber Security Awareness Month Events
  - Email Awareness including Business Email compromise, 7 signs of Phishing emails, and Urgency and Fear tactics
  - Cyber Security Awareness including at work, at home, when traveling, and on social media.
- Scam of the Week, Weekly Tips/Tricks, and Yammer Posts
- Awareness Champion Recognition Program (Individual / by Site) promoting positive behavior
- Data Privacy

2021 PERFORMANCE DATA

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

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

Kraton recognizes and understands the importance of data privacy for our employees, customers, and suppliers.

Policies and Approach

Our Responsible Procurement Program is built on a range of policies:

- 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. The policies mentioned above guide our suppliers in our expectations. We insist all our suppliers:

- conduct business ethically, with integrity, and in compliance with the law.
- be dedicated to responsible sourcing.
- respect the human rights of their employees and treat them fairly, in accordance with all applicable laws.
- be committed to Responsible Care or similar assurances to continuously improve their environmental, health, and safety performance.

Kraton works with many suppliers. Next to adhering to high standards, we also expect key suppliers to continuously improve their sustainability performance over time and support our ambitions of enhancing our supply chain sustainability. Our Responsible Procurement Program is aligned with our participation in Together for Sustainability (TfS) and has five main objectives:

- Deliver a robust due diligence procedure in our supply chain
- Evaluate suppliers against CSR principles
- Conduct assessments and audits
- Reduce supply security-, reputational-, regulatory- and other risks
- Foster continuous improvement and capability building

Performance is assessed in management, environment, health and safety, labor and human rights, and issues of ethical corporate governance. Identified improvements are tracked via corrective action planning and are reviewed through reassessments or audits. Monitoring and supplier management are the responsibility of the individual member company.

Together for Sustainability (TfS)

TfS is a global procurement-driven initiative to assess and improve the sustainability performance of chemical companies and their suppliers. The TfS program delivers the de facto global standard for environmental, social, and governance performance of the chemical supply chains. The program is based on the UN Global Compact and Responsible Care® principles and facilitates exchanging best practices for embedding sustainability throughout the supply chain. TfS is a global organization with regional members' representation in Europe, Asia and, North and South America.

TfS Process

In 2021 a TfS working group was launched in order to establish a global program to collect and share information on Scope 3 GHG emissions, including developing a standardized approach for measuring greenhouse gas emissions data in the chemical industry. It will also define a data collection and sharing process and the design of a supplier engagement program. Kraton is part of the TfS working group.

In 2022 the TfS academy will launch. This program is a capability-building and training program. The TfS academy will be a foundational building block for our Responsible Procurement Program to foster sustainability in our supply chain. Education will be available to buyers and suppliers in Procurement, Health, and Safety, Environment, Labor & Human Rights, Emissions, and more.
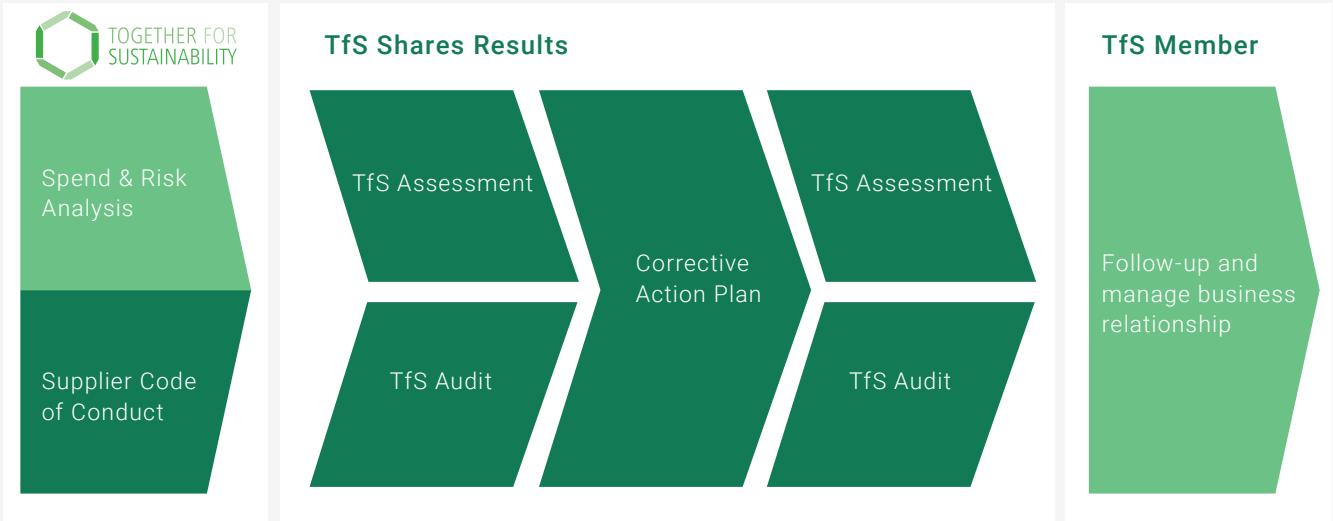
Kraton has integrated the TfS framework into our Sustainable Procurement Policy and Procedures. First, Kraton requires suppliers to commit to Kraton's Supplier Code of Conduct. Second is the implementation of TfS globally applicable tools, — TfS Assessments and TfS Audits, — to create transparency of the sustainability performance of chemical companies and their suppliers and collaborate to continuously improve performance. Vendors are selected based on spend and CSR risk (country, industry, and procurement -risk). Performance is tracked via three TfS Key Performance Indicators (KPIs) to improve sustainability and increase its impact. We are currently following the number of valid assessments in the shared TfS pool, the influx of new and reassessments being shared in the TfS pool, and the percentage of suppliers who show improvements after a reassessment. Regarding audits, Kraton is tracking the number of currently valid audits and the amount completed during the calendar year.

	Number of Valid Assessments (number of scorecards in Kraton's EcoVadis pool which are not older than 3 years by Dec. 31, 2021)	Number of Assessments in Volume During 2021 (new or re-assessments entering Kraton's EcoVadis pool)	Percentage Improved Assessments (re-assessments with improved scores within 2021)	Number of Valid Audits (completed and shared with all TfS, not older than 3 years)	Number of Audits Completed and shared with all TfS in 2021
2021 Target	142	70	55%	10	10
2021 Achieved	200	152	65%	6	6
Performance	141%	217%	118%	60%	60%

These KPIs create transparency to work on continuous improvements with suppliers. They benefit from the collective efforts and exploit synergies created by the combined contribution of the TfS member companies to the TfS objectives. These KPIs are included in the Procurement organization's and its global team members' annual goals. Kraton embedded a CSR section in the vendor performance scorecard, making it an integrated part of the evaluation and selection of our suppliers.

We expect suppliers to adhere to high standards and continuously improve sustainability performance over time.

LABOR & HUMAN RIGHTS

Policies and Approach

Kraton is committed to maintaining a workplace that recognizes employees' rights and promotes safety, security, and well-being while fostering professional growth and opportunities for 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

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 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 social 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

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

| 3 GOOD HEALTH AND WELL-BEING | 6 CLEAN WATER AND SANITATION | 8 DECENT WORK AND ECONOMIC GROWTH | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE |

Rights Policy, and Responsible Procurement Policy. Kraton expects suppliers to continuously improve their labor and human rights performance over time. We assess and improve supplier performance through EcoVadis and our participation in the TfS chemical industry initiative.

Human Rights, Child- and Forced Labor

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 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 (most recently updated in 2020). Kraton has established procedures 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 training.

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 procedures 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.

On top of this, as part of our Compliance Training Program, one of the modules implemented was "Creating a Harassment-free workplace: An International Perspective". 99% of all employees required to participate in our Compliance Training Program completed this module.

2021 FACTS

✓ Age admission checks performed at all sites during hiring process

ZERO human rights incidents were reported during the reporting period

2021 FACTS

100% of all new employees in scope were trained on fairness, anti-harassment, and discrimination.

ZERO breaches of customer privacy and losses of customer data were reported during the reporting period.
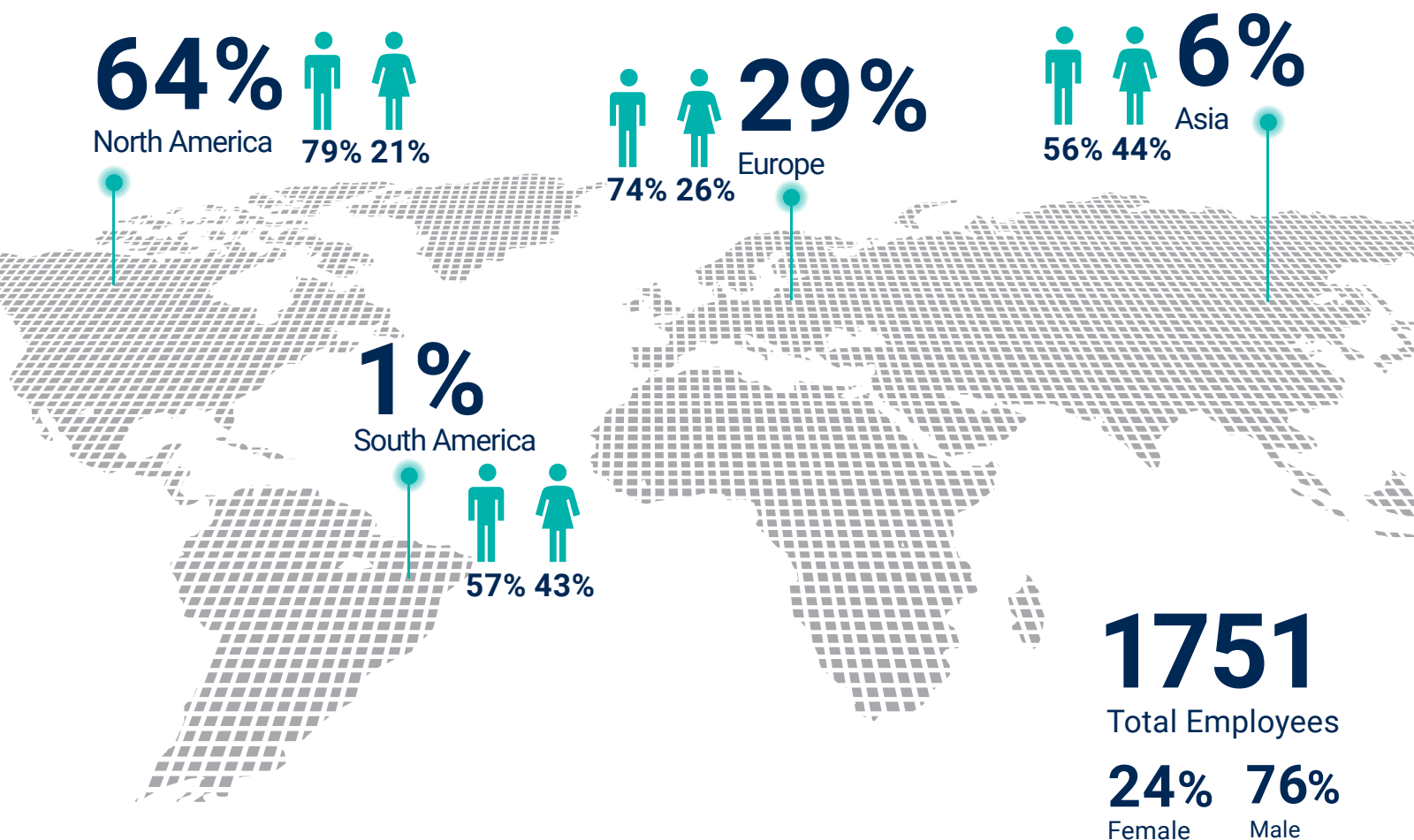
DIVERSITY AND INCLUSION

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. In 2021 we rolled out Unconscious Bias training for all non-operator employees. 99% of those in scope (1,054 employees) completed this training. The remaining 701 employees are scheduled to complete the training in Q3'22. As a follow-up to the training, we developed tools to help people leaders facilitate discussions with their teams to further deepen their understanding of Unconscious Bias.

We actively work to build a more diverse and inclusive culture.

Diversity and inclusion (D&I) are more than policies, programs, or headcounts. We recognize that there is a social and ethical case for D&I, as well as a business case. Equitable employers outpace their competitors by respecting team members' unique needs, perspectives, and potential. An inclusive organization fosters the ability for people to work together effectively without fear or discomfort. When organizations intentionally support unique needs, everyone thrives professionally.

To better support our employees, Kraton continues to further its journey with D&I. Our Global Diversity Council developed multiple cultural awareness initiatives, such as podcasts with global leaders, internal news articles, and created a dedicated internal website with resources for employees. We have also taken multiple steps to enhance our recruiting and hiring processes to reach a broader group of candidates. Kraton has expanded its networks, joined diverse professional groups and job boards, and bolstered our university relations to identify Historically Black Colleges and Universities (HBCU) to provide an increased slate of diverse candidates. As a result of these actions, we are proud to announce that we have expanded our female and minority hires over the past year.

64%
North America
79% 21%

29%
Europe
74% 26%

6%
Asia
56% 44%

1%
South America
57% 43%

1751
Total Employees
24% Female   **76%** Male

2021 FACTS

1751 Employees as of December 31, 2021

157 New hires during 2021

24% of total global workforce are female

Infrastructure for employees with disabilities available in all corporate offices

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 following the World Health Organization, CDC, local health, and governmental agencies' COVID-19 guidelines. Additionally, our offices transitioned to a virtual work setting to protect our employees' health and well-being, which continued into 2021.

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

2021 FACTS

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

85% of employees participate in a bonus scheme (either gainsharing or incentive compensation)

Social Dialogue

Kraton respects the rights of all employees to form, join in 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. We are continuing to engage with our survey champions to address site priorities. In addition, another company-wide survey is scheduled for 2022.

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 in a comprehensive digital format. Additionally, we also work individually with employees to help build a road map to a successful future.

2021 FACTS

23% of Kraton's employees in the USA that are unionized

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

2021 FACTS

99% of Kraton's employees (all non-operator employees) receive a annual performance evaluation

371 employees have an active Individual Development Plan in the system

HEALTH AND SAFETY

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 by using the PDCA (Plan, Do, Check, Act) cycle approach and by focusing on Culture, Operational Discipline, a defined management systems and processes, the right tools and equipment, worker commitment, and conducting regular risk assessments, we can continuously progress towards HSES Excellence.

We are committed to achieving American Chemistry Council (ACC) top quartile performance for Recordable Injury Rates and achieving zero Fatalities and zero serious injuries. For process safety, we are committed to achieving Process Safety performance of ≤ 1 Tier 1 event, and ≤ 10 combined Tier 1 and 2 Events.

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 have been 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. The American Chemistry Council's website houses a list of standards related to RC14001 and RCMS. These management systems cover all Kraton employee and contractor activities at those locations.

Last year we committed to Process Safety Management (PSM) principles at all our facilities including those not covered by the PSM and Seveso regulations. We believe that adopting these regulations is needed to achieve our aspiration of operational excellence and zero harm.

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, 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.

Based on a standard risk matrix, all risk assessments, incidents, and investigation findings are reviewed and rated, ensuring the highest risks are prioritized and addressed, intending to reduce the company's overall risk profile. Further, applying the hierarchy of controls ensures that the most effective guidelines are adopted.

Kraton employees and contractors are involved in various health & safety committees worldwide. Through these committees and an open and inclusive culture, all our employees and contractors can 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 (sort, set in order, shine, standardize, and sustain), 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 Kraton employees and contractors received training on Health and Safety topics during the reporting period.

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

3 GOOD HEALTH AND WELL-BEING

6 CLEAN WATER AND SANITATION

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

A Message From Chris Tagoe | Senior Director, Global HSES

Sustainability is about maintaining and protecting our planet and its diversity of life for the long term in its broadest sense. At Kraton, this means we have an obligation and a commitment to preserve and protect our environment, our communities, and our workforce. We refer to this as a Zero Harm approach. This concept has been foundational to Kraton since its beginning and is captured in our notion of Safety.

Safety is Kraton's leading core value, and it is woven into how we do our jobs each day. We also encourage our workforce to carry this principle with them in their personal lives, avoiding the challenge of managing split values between the home and the workplace.

As a sustainable organization, we strive to balance people, planet, and profit to achieve long-term success and viability.

Sustainability is not just about what is done but how it gets done. It is a mindset that requires leadership to not settle for second best in any aspect of operations but that we vie for excellence. Consequently, we set and pursue goals beyond regulatory compliance.

We are committed to ensuring that employees and contractors have a safe working environment. We believe in fostering a sense of ownership in our organization, and our employees take an active role in developing and executing our health and safety program. We continually work towards Zero Harm for our employees, contractors, environment, and the communities in which we operate.

Safety is our core value, and we strive to have zero harm to our employees, communities and the environment.

Chris

Chris Tagoe
Senior Director, Global HSES

2021 Data:

	Total Work Hours	TRIR (200,000 man-hour basis)	Lost Work Cases	Lost Work Days	Fatalities
Employees	3,720,329	0.22	1	-	0
Contractors	1,516,614	0.26	1	-	0
Total	**5,236,943**	**0.23**	**2**	**-**	**0**

2021 Performance vs Targets

	2021 Target	2021 Performance	2022 Performance	Definition as Zero Harm
Personal Safety	TIR ≤ 0.30	TIR = 0.23	TIR 0.28	Achieve recordable injury rate - TIR ≤ 0.28 (ACC Top Quartile Performance)
Personal Safety	No target defined	LWIR = 0.04	LWIR 0.00	Achieve Zero Fatalities and Zero Serious Injuries
Personal Safety	PSIR (Tier 1) ≤0.09	PSIR (Tier 1) = 0.04	PSIR (Tier 1) ≤ 0.04	Achieve Process Safety target ≤ 1 Tier 1 event and ≤ 10 Tier 1 or 2 Events

NB – 2021 results for TIR and PSIR were Kraton's historical best performance.

A total of 82 injuries were reported worldwide during the year. Of these, six met the OSHA (United States Occupational Safety and Health Administration) recordable classification, two of which were lost time incidents. The injuries amounted to a Total Injury Rate (TIR) of 0.23, which was the lowest TIR in the company's history. This was the second successive year of record low injuries. Hand injuries (16) accounted for the majority of injuries, followed by 11 Arm, 11 Back, 10 Foot, 8 Leg, 7 Head/Neck, 5 Eye, 3 Shoulder, and 1 Chest/Abdomen, 7 were classified as other, and 3 N/A. This trend is similar 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 2021. Kraton includes all releases in its tracking, including those that are captured and therefore, never released to the environment. There was 1 Tier 1 Process Safety Incident during the year for a Process Safety Incident Rate (PSIR) of 0.04. Our industry considers this good performance, and Kraton's historical best safety performance.

It also represents the 4th year of sequential performance improvement.

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 2021, 28 incidents were recorded, 3 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. Kraton maintains contracts 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.

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 operates by the highest standards in the conduct of its business. Our management systems are designed to attain the ultimate aspiration of zero harm: no harm to our employees, communities, or the environment. 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 manufacturing plants and Florida corporate office are certified To RC14001, and RCMS standards respectively. All our global manufacturing sites are also certified to ISO 14001. 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.

In 2021 we set new targets for environmental performance and shifted to monthly data reporting for sustainability-related data. Kraton has committed to three new long-term 2030 targets for GHG emissions, Waste and Water withdrawal/consumption. You can find further details in the subsections below.

UNGC PRINCIPLES:
7, 8, 9

In 2021, we received 2 fines at our Panama City manufacturing plant. Both were associated with late reporting and did not involve emissions. The infractions were corrected immediately.

Topic	2021 Performance	2022 Target	Definition as Zero Harm
Environmental	NOV's = 2	NOV = 0	Achieve Zero Environmental Reportable Incidents (NOV = Notice of Violation)

Energy, GHG and Air Emissions

Kraton is committed to reducing GHG emissions and energy usage. Following the achievement of our previous 2030 25% GHG intensity reduction target 10 years ahead of schedule, we challenged ourselves during 2021 to identify and set a new ambitious target.
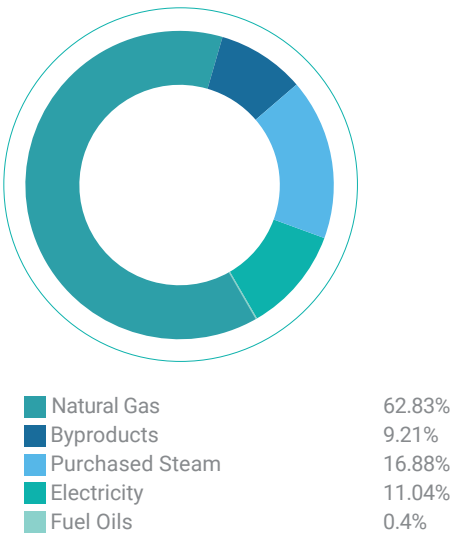
We are committed to reduce (scope 1 and 2) greenhouse gas (GHG) emissions intensity by 20% by 2030 (against a 2020 baseline).

We made steady progress throughout the year; a historical pattern that has been reflected positively in our continuing efforts to improve operational efficiency. Additionally, during 2021, Kraton continued implementing measures to reduce CO_2 emissions in operations and elsewhere through technology and/or equipment upgrades.
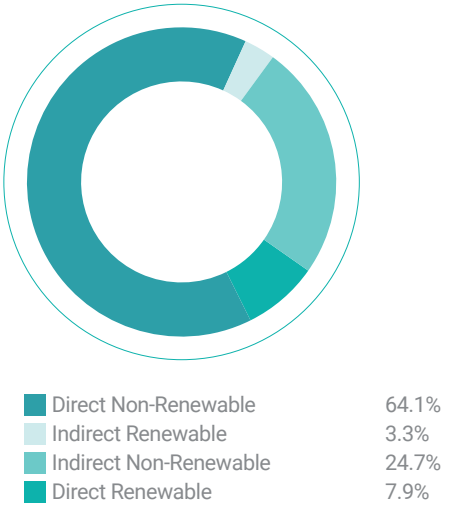
We undertook efforts to build a culture of energy consciousness through regular communications and goal setting at our plants. Further, each of our plants visualizes energy by using information screens, dashboards, and operator views. We also implemented steam trap maintenance programs, steam leak elimination programs, and generated engagement among the plants through bi-monthly energy network meetings.

In 2021, our total global energy consumption was approximately the same compared to 2020. Kraton consumed 10843 (TJ) of Energy during 2021, approximately a 1% increase compared to 2020. 11.2% of our energy consumption was renewable energy, a slight increase compared to 2020. A component of this was the use of our biobased byproducts, such as pitch, as fuel.

Energy Source Breakdown 2021
Total Energy 10,843 TJ

Natural Gas	62.83%
Byproducts	9.21%
Purchased Steam	16.88%
Electricity	11.04%
Fuel Oils	0.4%

Energy Source Type 2021
Total Energy 10,843 TJ

Direct Non-Renewable	64.1%
Indirect Renewable	3.3%
Indirect Non-Renewable	24.7%
Direct Renewable	7.9%

Kraton sets the highest standards for the way we operate our business. Our focus on sustainable operations is geared towards manufacturing products through economically-sound processes that minimize negative environmental impacts while conserving energy and natural resources.

Manufacturers can no longer confine sustainability to aspirational targets printed in annual reports. To make the necessary progress, we need to commit to clear action instead. That is why Kraton is focused on reducing waste and water usage, adjusting energy loads, and tapping into renewable resources. With a concentration on these aspirations, our future manufacturing facilities can drive measurable outcomes and reduce costs.
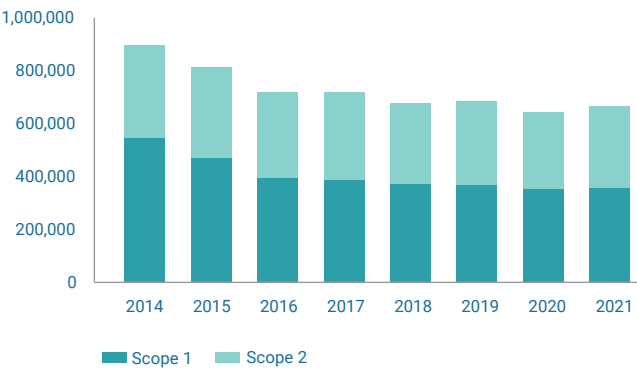
Michael

Michael Osborne
Vice President, Manufacturing

Since 2014, Kraton has been able to steadily reduce our total absolute emissions (Scope 1 and Scope 2). However, in 2021 our total absolute emissions marginally increased by approximately 3.25% due to an increase in production volume of 5.4%.

GHG Emissions (MTCO2E)

Scope 1   Scope 2

Energy Intensity was 7.8 MMBTU/Ton, constituting a 3.7% reduction compared to 2020. The change in energy intensity is mainly attributable to three plants. In Berre, we had a 6-week outage for standard maintenance which occurs every 3-4 years, during which the plant consumed energy while not manufacturing products. Our plant in Dover also achieved a sizable decrease in natural gas and electricity consumption. Due to changing market conditions, the Dover solvent plant was dismantled during 2020-2021, which also idled our hydrogenation plant at the site. Hence actual use and intensity rates were down. Finally, our plant in Sandarne experienced a sizeable increase in demand, and therefore production, which translates favorably to our total Energy Intensity rate. Energy intensity is calculated based on energy consumed (10843 TJ) within our organization divided by tons of products.

Kraton's production increased by approximately 5.4% in 2021, playing an essential role in achieving further energy and GHG intensity reductions. Our GHG intensity figure decreased by 3.7% compared to 2020. GHG intensity is calculated based on total

absolute GHG emissions (Scope 1 and Scope 2) divided by tons of product. We are proud to have achieved a further reduction during 2021 and will continue working towards our new long-term GHG Intensity reduction target.

GHG Emissions Intensity vs Energy Intensity

GHG Intensity (MTCO2E/Ton)   Energy Intensity (MMBTU/Ton)
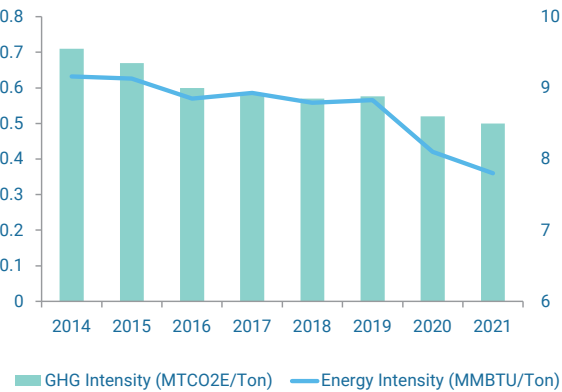
As part of permit requirements and/or regulations, we monitor the concentration of several pollutants in gas emissions (e.g., VOCs, NOx, SOx). We continued our efforts to reduce our air emissions, such as reducing leaks and losses from mechanical equipment. In 2021 we reported:

Air Emission Type	Year: 2021
Volatile Organic Compounds (VOC)	440 Tons
Sulphur Oxide (SOx)	63.7 Tons
Nitrogen Oxide (NOx)	387 Tons

The increase in these emissions compared to 2020 is due to more extensive reporting across our plants and the company's increased production rate during 2021.

Water, Local & Accidental Pollution

Water is critical to life on earth and one of our planet's most valuable resources, which should be used with considerable care. Global water stress is an evolving challenge. Kraton recognizes the intrinsic link between climate change and water and has a holistic view of protecting and preserving our natural resources.

Shifting patterns of water availability and incidences of flooding driven by climate change are causing global water concerns. While we operate most plants on the edges of water bodies, we currently do not work in any water-stressed areas. However, we recognize that water availability is a critical issue for certain parts of the world and is likely to become more severe over time. Water is an essential requirement for our manufacturing operations. The chemical industry uses water for materials processing, washing, cooling, and more. We also transport our products via waterways. Hence water stewardship (and climate action) is critical to Kraton. With an eye on the future, we are preparing ourselves and have carried out a climate-related risk assessment on physical risks to our sites, including impacts of potential water availability or flooding. Using Verisk Maplecroft's Water Stress Index, our evaluation found that none of our sites are assessed as being exposed to high or extreme risk. Only one supplier out of 57 assessed fell into the high-risk category in terms of strategic suppliers. While water management is conducted locally at each unique plant, Kraton has Governance and Risk Management systems and processes to identify, assess, manage, and oversee water-related issues. At the highest level, Kraton's Strategy, Sustainability & Investments (SSI) Committee of the Board oversees Kraton's sustainability efforts, including water management.

Our approach is that we want to manage risks and promote long-term water security for all. Kraton's Enterprise Risk Management (ERM) process identifies, evaluates, and monitors threats to our business. Existing enterprise risks include water-related risks. We have assessed acute and chronic water risks (such as coastal and fluvial flooding, sea-level rise, and changing precipitation patterns) and monitor and review evolving regulations in this space quarterly. Kraton is committed to protecting our water resources. We start our work in-house with a focus on reducing water consumption. Leveraging on our

expertise in energy management, in 2021 we started building our skills in water management by focusing on reducing our water use. We can improve water use efficiency through innovative equipment, methods, and technologies, such as installing new cooling towers and replacing once-through cooling water heat exchanger loops with a recirculation design. To this end, Kraton has established a new long-term target for water:

Reduce Water Intensity by 10% by 2030, compared to the 2020 baseline year.

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

In 2021, Kraton reported 43,046 megaliters of water withdrawn, similar to our performance in 2020 (less than 0.5% change). In 2021, Kraton reported approximately 15,567 megaliters of water consumed.

Kraton's water intensity figures for 2021 are 32.4m3 / ton of product produced, which represents a 4.8% decrease since 2020.

Water Withdrawn by Source 2021

■ Utility Water	30.66%
■ Surface Water	62.98%
■ Groundwater	6.737%
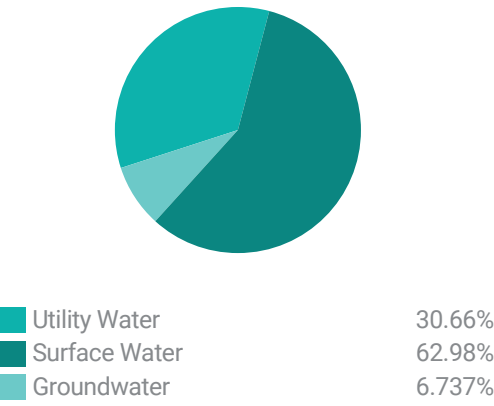
In 2021, Kraton implemented further measures such as systems and sensors to detect and eliminate the potential for accidental waterbody contamination. To this end, we maintain water-monitoring systems, and are in compliance with federal, state, and local requirements at all our sites. In 2021, there 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 the impact. Kraton invested in additional process control instrumentation and introduced measures such as better tank sealing and manage improvements to control or minimize odor generated and material releases from our operations. We installed filters and vacuum equipment to control or reduce 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.

We are committed to reduce Waste Intensity by 10% by 2030, compared to 2020.

Our non-hazardous solid waste disposal increased by approximately 18% compared to 2020, primarily attributable to demolition projects. Our hazardous waste generation increased by 36% compared to 2020. The increase in hazardous waste during 2021 was attributable to our Niort plant, with a 66% increase due to installing a new solvent recovery tower. Our Berre facility produced an approximately 20% increase due to a large extended outage for maintenance and cleaning, finally Panama City with an approximately 18% increase due to a new product generating higher-than-normal amounts of hazardous waste. We are currently seeking to utilize this waste as part of new product manufacturing. Except for Oulu, most of our plants have experienced an increase in hazardous waste during 2021. Presented further below is the breakdown of the disposal methods for this waste.

Global Solid Waste Disposal Breakdown by Method - 2021

Total Solid Waste 21,553 Tons

Incineration	1%
Energy Recovery	2%
Recycling/Reuse	14%
Landfill	83%
Composting	0%
Other	0%
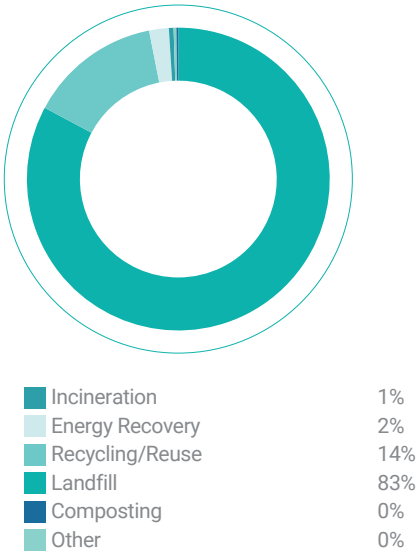
Hazardous Waste Disposal Breakdown by Method - 2021

Total Hazardous Waste 6,355 Tons

Incineration	34%
Energy Recovery	40%
Recycling	25%
Landfill	0%
Other	1%
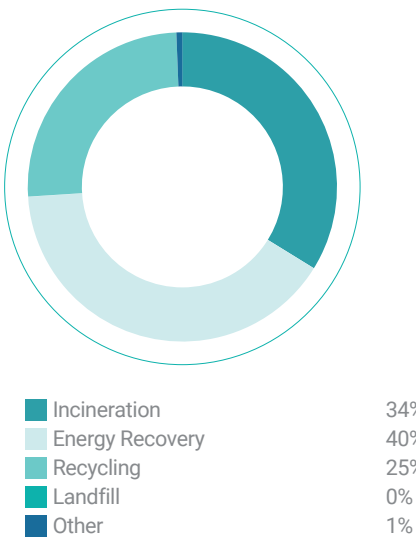
Solid and Hazardous Waste Disposal (tons)

- Solid waste – Non-Hazardous
- Hazardous Waste Disposal
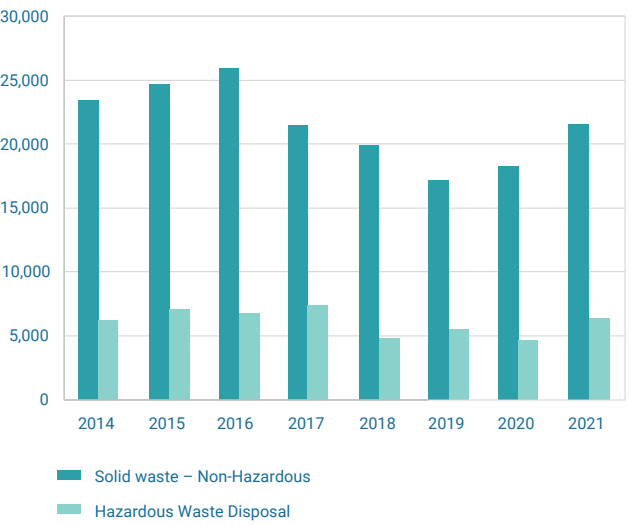
In terms of waste intensity figures reported for 2021:

Type of Waste	Kg / Ton of Product Produced
Solid Waste Intensity	17.9 Kg
Hazardous Waste Intensity	5.28 Kg

Waste Disposal Intensity

- Solid Waste Disposal Intensity (kgs/ton production)
- Hazardous Waste Disposal Intensity (kgs/ton production)

Product Regulatory and Customer Health & Safety

Kraton's Product Stewardship & Regulatory Affairs (PSRA) team manages our raw materials and products' health, safety, and environmental aspects of our raw materials and products throughout their lifecycle and across the value chain to mitigate risks to customers, stakeholders, and the environment. 2021 was a challenging year that combined the ongoing threat of COVID-19 with numerous product regulatory changes in the US, Europe, the Asia-Pacific, and proposed changes in Lati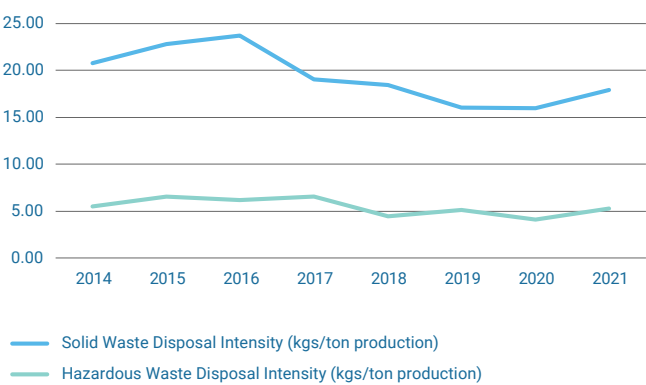n America. PSRA conducts raw material reviews, product reviews, product testing, SDS/labeling, product hazard and risk assessments; product prioritization; and regulatory tracking (new regulations and changes to existing regulations) for pine chemicals and polymer portfolios.

Staying Ahead of Ever-Changing Regulations in 2021

The PSRA team collaborates with R&D, Operations, Commercial, and Legal on research projects intended to monitor or improve our products' overall impact on the environment and human health.

Notable projects:

- Conducted food migration studies on all polymer product families to confirm compliance with the revised EU metals migration limits
- Initiated phase out in the use of talc as a dusting agent in 6 polymer products
- Obtained ISCC biobased certification for Kraton Cirkular+™ ReNew R1651 EU product made in Berre, France
- At the end of 2021, 119 of our products are certified as biobased in the USDA BioPreferred® Program putting Kraton in the top 5 companies with the most products certified by USDA BiopPreferred® in 2021

2021 Product and Service Improvements

Product Regulatory Bulletins were formally launched in March 2021 as a new option for customer inquiries. These product bulletins were developed to tackle commonly asked questions with the primary goal of reducing response time to the customer from 13 calendar days to minutes, improving the consistency and depth of our response, and making it self-service, allowing the sales managers to answer customer inquiries directly.

2021 FACTS

95% of self-serve inquiries in 2021 averaged a turn-around time of under one day

PSRA collaborated with a cross-functional project team and third-party software provider to develop a new repository and workflows for raw materials data collection. Set to launch in Q1 2022, the new raw materials database and portal are designed to securely collect sensitive regulatory and quality data from our suppliers to maintain a more accurate and up-to-date hazard profile for the manufacturing and development of our products.

In response to the COVID-19 epidemic, the U.S. Environmental Protection Agency (EPA) approved emergency exemption requests from Georgia, Utah, and Minnesota, authorizing Kraton's BiaXam polymer to be used as a supplemental residual surface coating at kiosks operated by a major airline. BiaXam meets the definition for Polymer Exemption e(2) under the U. S. Toxic Substance Control Act (TSCA), making the polymer unlikely to present an unreasonable risk to human health or the environment.

Did you know?

Unlike most competitors, Kraton's Safety Data Sheets (SDS) are available on Kraton's webpage for our active products. Safety should be transparent.

PSRA conducted hazard assessments of 100% of our pine chemicals and polymers as part of the Product Safety Codes of ACC Responsible Care. Through this process, we have identified the top ten highest priority chemical families based on human health and environmental risk and we reviewed these for potential areas of risk mitigation. We reassess Kraton products whenever changes to product, process, or regulations occur and communicate the impact and necessary actions with stakeholders.

2021 FACTS

100% of our significant product categories were assessed for Health and Safety impact improvement (GRI 416-1)

ZERO There were no incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of our products. Kraton received no fines, penalties, or warnings from jurisdictional authorities. (GRI 416-2)

APPENDIX

IN THIS SECTION:

Value Creation Model

Kraton ESG Scorecard

About This Report

UN Global Compact Commitment

GRI Content Index

SASB Chemical Industry Disclosures

TCFD Recommendations

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

$ 848 Million
Equity

$ 290 Million
Operating Expenses (excl. R&D)

$ 767 Million
Consolidated Debt

MANUFACTURED

$ 935 Million
Property, Plant and Equipment

INTELLECTUAL

$ 40.4 Million
R&D

850
Granted Patents

270
Pending Applications

HUMAN

1,751
Employees

Training & Development
Safety Policies

SOCIAL

Stakeholder Relationships
Strong Market Position

NATURAL

$ 994 Million
Raw Material Costs

10,843 TJ
Energy Use

43 Million m³
Water Use
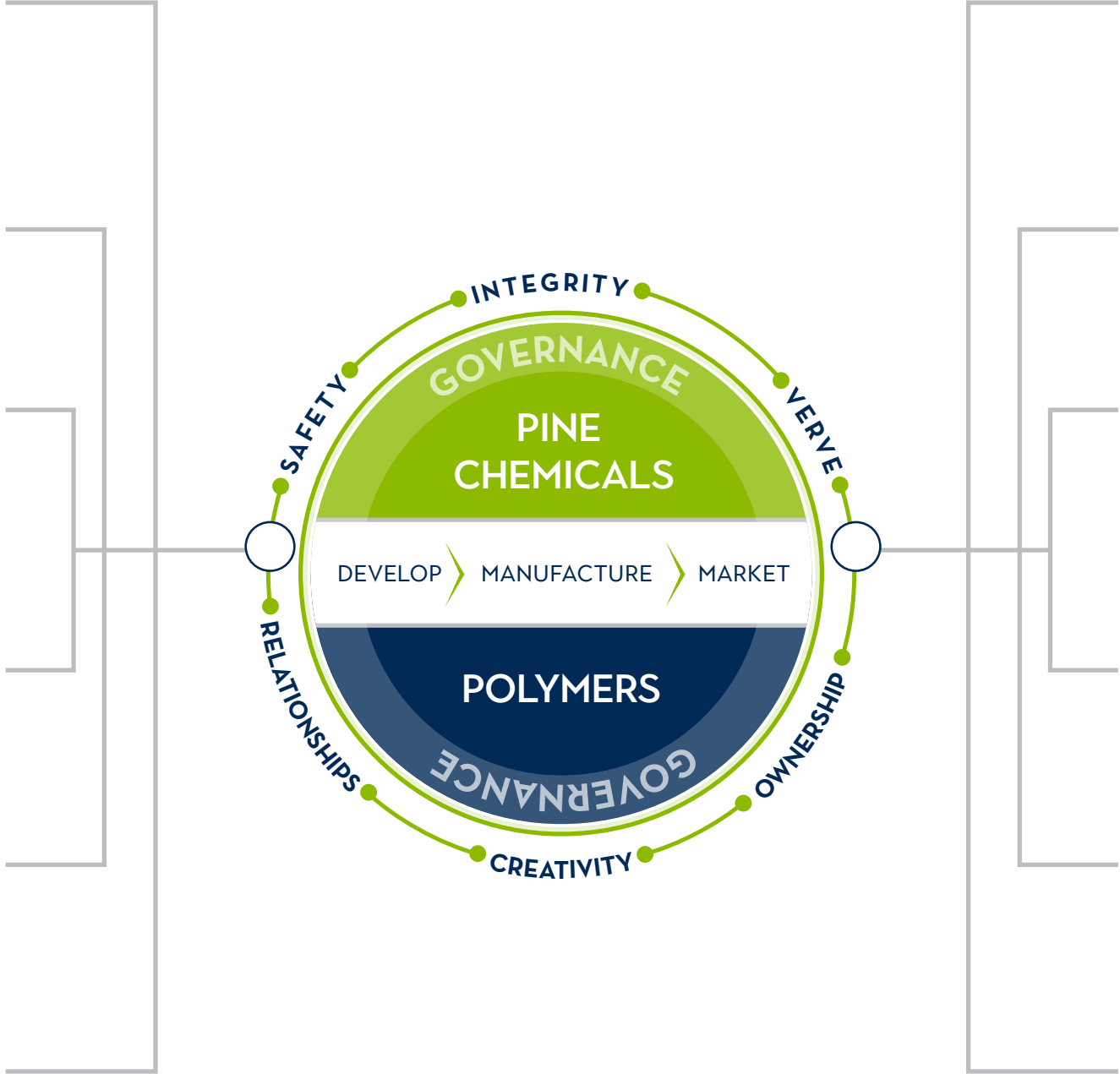
OUTPUTS

FINANCE

$295 Million
Adjusted EBITDA

$1.493 Billion
Shareholder Value

MANUFACTURED

$1.97 Billion
Revenue

Pine Chemicals and Engineered
Polymers Product Sales

INTELLECTUAL

77
New Patent Applications

119
Biobased-Certified Products
Innovative Products & Technologies

HUMAN

0.23
Incident Rate

157
New Hires

SOCIAL

700 +
Customers

Supply Chain Transparency

Global Community Initiatives

NATURAL

21,553 Tons
Non-Hazardous Waste Disposal

6,335 Tons
Hazardous Waste Disposal

0.50 MTCO$_2$E/Ton

26% GHG intensity
reduction (comp. 2014)

INTEGRITY · VERVE · OWNERSHIP · CREATIVITY · RELATIONSHIPS · SAFETY

GOVERNANCE

PINE CHEMICALS

DEVELOP › MANUFACTURE › MARKET

POLYMERS

GOVERNANCE

KRATON ESG SCORECARD

PERFORMANCE	2019	2020	2021
Revenue (US $ Million)	1804	1563	1970
Adjusted EBITDA (US $ Million)	321	262	295
Market Cap (US $ Million)	804	886	1493
EcoVadis Rating	Silver	Gold	Platinum

HEALTH & SAFETY	2019	2020	2021
Fatalities	0	0	0
Total Incident Rate (TIR)	0.88	0.31	0.23
Incident Rate, Direct Employees	1.02	0.26	0.22
Incident rate, contractors	0.57	0.43	0.26
Process Safety Incident Rate (PSIR)	0.25	0.11	0.04
Total Recordables (# number)	25	8	6
Employees and Contractors Trained on Health & Safety Issues (percentage)	100%	100%	100%

CUSTOMERS & MARKETS	2019	2020	2021
Number of Customers (# Number)	700	700	700
R&D Spend (US $ Million)	41	41	40.4
Granted Patents & Patent Applications (# Number)	1136	1120	1039
Biobased-certified Products (# Number)	119	118	115

ENERGY & GHG EMISSIONS	2019	2020	2021
Energy Consumption (TJ)	10934	10721	10843
Energy Intensity (MMBTU/Ton product)	8.83	8.1	7.8
Renewable energy use (%)	10.50%	10.60%	11.20%
GHG Emissions (MTCO2E)	683281	643810	664706
Scope 1 GHG Emissions (MTCO2E)	370603	356642	355120
Scope 2 GHG Emissions (MTCO2E)	312814	287168	309586
GHG Intensity (MTCO2E/Ton) – (excluding Paulinia site)	0.57	0.52	0.50

ENVIRONMENT	2019	2020	2021
Responsible Care / ISO 14001 Certified (percentage out of 14 plants)	86%	86%	100%
Water Withdrawn (1000 m3)	48912	42898	43046
Water Intensity (m3/Ton product)	41.6	34.1	32.4
Volatile Organic Compounds (VOCs) (Tons)	341	389	440
Sulphur Oxide (SOx) (Tons)	80	74.6	63.7
Nitrogen Oxide (NOx) (Tons)	371	338	387
Solid waste – Non-Hazardous (Tons)	17118	18228	21553
Solid waste Intensity (KGs/Ton product)	16.1	16.0	17.9
Hazardous Waste Disposal (Tons)	5481	4670	6355
Hazardous Waste Intensity (KGs/Ton product)	5.17	4.09	5.28

PEOPLE	2019	2020	2021
Number of Employees (# number)	1944	1808	1751
Male (# number)	1475	1368	1324
Male (percentage)	76%	76%	75.6%
Female (# number)	469	440	427
Female (percentage)	24%	24%	24.4%
Number of New Hires (# number)	192	112	157
Number of Human Rights Incidents Reported During Reporting Period	-	0	0
Percentage of Female Executive Leadership Positions	30%	22%	22%
Percentage of Female External Board of Directors (Excluding Kraton's CEO)	50%	50%	25%

COMPLIANCE & BUSINESS ETHICS	2019	2020	2021
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	2019	2020	2021
Number of volunteer hours (estimated)	2700	1189	1068

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 6 out of 17

SDGs, specifically:

SDG 3: Ensure healthy lives and promote well-being for all at all ages

SDG 6: Ensure availability and sustainable management of water and sanitation for all

SDG 8: Promote inclusive and sustainable economic growth, full and productive employment, and decent work for all

SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation

SDG 12: Ensure sustainable consumption and production patterns

SDG 13: Take urgent action to combat climate change and its impacts

Task Force on Climate-related Financial Disclosures (TCFD)

TCFD are a set of recommendations on information that companies should disclose to support investors, lenders, and insurance underwriters in appropriately assessing and pricing risks related to climate change.

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 labor;	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 labor;	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. In the past year, we set a new target for GHG emission reductions as our previous one was met and introduced targets for water use reduction and resource efficiency. Next to this, we incorporated TCFD recommendations in our overall climate action strategy. 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 for the 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
GRI 201: General Disclosures 2016			
1. Organizational Profile			
102-1	Name of the organization	About Kraton – Pages 6-9	
102-2	Activities, brands, products, and services	About Kraton – Pages 6-9 Kraton Annual Report 2021 – 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 – Page 9	
102-4	Number of countries operating	Kraton at a Glance – Page 9	
102-5	Nature of ownership and legal form	Our Governance Structure – Page 27 Kraton Annual Report 2021 – Form 10K – Pages 4-9	
102-6	Markets served	Kraton at a Glance – Page 9	
102-7	Scale of the reporting organization	Kraton at a Glance – Page 9 Kraton Annual Report 2021 – Form 10K – Pages 4-9, 25, 29 Labor & Human Rights – Page 52	
102-8	Information on employees and other workers	Labor & Human Rights – Page 52 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 – Page 50 Kraton Annual Report 2021 – Form 10K	
102-10	Significant changes to the organization and its supply chain	Our Governance Structure – Page 27 On March 15, 2022, before the release of this report, Kraton was acquired by DL Chemical – information in this report will reflect this new reality.	
102-11	Precautionary Principle or approach	Kraton Annual Report 2021 – Form 10K – Page 10, Risks	SDG: 8 UNGC: 7
102-12	External initiatives	Together for Sustainability (TfS), Responsible Care, USDA BioPreferred© Program, UNGC. Kraton at a Glance – Page 9	
102-13	Membership of associations	Kraton is a member and active participant of the European Chemical Industry Council (Cefic) and the American Chemistry Council (ACC). https://kraton.com/sustainability/management/stakeholder.php About this Report – Page 78 Responsible Procurement – Page 50	
2. Strategy		Disclosure	
102-14	Statement from senior decision-maker	Message from the CEOs and Sustainability Director – Pages 4-5, 10-11 Kraton at a Glance – Page 9	
3. Ethics and Integrity		Disclosure	
102-16	Values, principles, standards, and norms of behavior	Our Vision – Page 14 https://kraton.com/company/values.php	SDG:3,6,8,9 UNGC: 1~6 7, 8

		Disclosure	
4. Governance		Disclosure	
102-18	Governance structure	Our Governance Structure – Page 27 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 – Page 28 https://kraton.com/sustainability/management/stakeholder.php	
102-41	Collective bargaining agreements	Labor & Human Rights – Page 52 Kraton Annual Report 2021 – Form 10K – Pages 6, 13	SDG: 8 UNGC: 3
102-42	Identifying and selecting stakeholders	Stakeholder Engagement – Page 28 https://kraton.com/sustainability/management/stakeholder.php	
102-43	Approach to stakeholder engagement	Stakeholder Engagement – Page 28 https://kraton.com/sustainability/management/stakeholder.php	
102-44	Key topics and concerns raised	Global Trends and Changing Expectations – Page 16 Stakeholder Engagement – Page 28 https://kraton.com/sustainability/management/stakeholder.php	
6. Reporting Practice		Disclosure	
102-45	Entities included in the consolidated financial statements	Kraton Annual Report 2021 – Form 10K – Page 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. New targets have been set for GHG emissions, waste and water.	
102-50	Reporting period	The reporting period covers January 1, 2021 to December 31, 2021.	
102-51	Date of Most Recent Report	Kraton's previous Sustainability Report about 2020 was released in mid-2021.	
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 80	
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 2021 – Form 10K Value Creation Model – Page 74	SDG: 8, 9
GRI 205: ANTI-CORRUPTION 2016			
205-1	Operations Assessed for Risks Related to Corruption	We conduct audits of control procedures designed to prevent corruption and specific approval procedures for sensitive transactions. In addition to having a vigorous compliance & ethics program, we also have an extensive third-party anti-corruption compliance due diligence program in place.	UNGC: 10
205-2	Communication and Training About Anti-Corruption Policies and Procedures	Compliance & Business Ethics – Page 46	UNGC: 10
GRI 302: ENERGY 2016			
302-1	Energy Consumption Within the Organization	Energy, GHG, and Air Emissions – Page 63	SDG: 8, 12, 13 UNGC: 7, 8

302-3	Energy Intensity	Energy, GHG, and Air Emissions – Page 63	SDG: 8, 12, 13 UNGC: 8
302-4	Reduction of Energy Consumption	Energy, GHG, and Air Emissions – Page 63	SDG: 8, 12, 13 UNGC: 8, 9
Indicator	Renewable Energy Use	Appendix – Kraton ESG Scorecard – Page 76	UNGC: 8, 9
GRI 303: WATER & EFFLUENTS 2018			
303-1	Interactions with water as a shared resource	Water, Local, and Accidental Pollution – Page 66	SDG: 6, 12 UNGC: 7, 8
303-2	Management of water-related discharge	Water, Local, and Accidental Pollution – Page 66	SDG: 6 UNGC: 7, 8
303-3	Water withdrawal by source	Water, Local, and Accidental Pollution – Page 66	SDG: 6 UNGC: 7, 8
303-5	Water consumption	Water, Local, and Accidental Pollution – Page 66 Appendix – Kraton ESG Scorecard – Page 76	SDG: 6 UNGC: 7, 8
Indicator	Water intensity	Water, Local, and Accidental Pollution – Page 66 Appendix – Kraton ESG Scorecard – Page 76	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 – Pages 6-9	UNGC: 7, 8
GRI 305: EMISSIONS 2016			
305-1	Direct greenhouse gas (GHG) emissions (Scope 1)	Energy, GHG, and Air Emissions – Page 63 Appendix – Kraton ESG Scorecard – Page 76	SDG: 3, 12, 13 UNGC: 7, 8
305-2	Emissions of ozone-depleting substances (ODS)	Energy, GHG, and Air Emissions – Page 63 Appendix – Kraton ESG Scorecard – Page 76	SDG: 3, 12
305-4	Greenhouse gas (GHG) emissions intensity	Energy, GHG, and Air Emissions – Page 63 Appendix – Kraton ESG Scorecard – Page 76	SDG: 13, UNCG:8
305-5	Reduction of GHG emissions	Energy, GHG, and Air Emissions – Page 63	SDG: 13, UNCG: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)	Energy, GHG, and Air Emissions – Page 63 Appendix – Kraton ESG Scorecard – Page 76	SDG: 3, 12 UNGC: 7, 8
GRI 306: EFFLUENTS & WASTE 2016			
306-1	Significant spills	Kraton recorded no unrecovered significant environmental spills in 2021	SDG: 3, 6, 12 UNGC: 8

GRI 306: WASTE 2020			
306-2	Management of significant waste-related impacts	Hazardous Materials and Waste Management – Page 68	SDG: 3, 6, 12 UNGC: 8
306-3	Waste generated by type and disposal method	Hazardous Materials and Waste Management – Page 68	SDG: 3, 6, 12 UNGC: 8
306-4	Waste diverted from disposal	Hazardous Materials and Waste Management – Page 68	SDG: 3, 12 UNGC: 8
306-5	Waste directed to disposal	Hazardous Materials and Waste Management – Page 68	SDG: 3, 12 UNGC: 8
GRI 307: ENVIRONMENTAL COMPLIANCE 2016			
307-1	Non-compliance with environmental laws and regulations	Environment – Page 62	
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	As of December 31, 2021 we had 200 valid supplier assessments in our EcoVadis pool. These assessments include Environmental impacts. 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	Diversity and Inclusion – Page 54	SDG: 8 UNGC: 6
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018			
403-1	Occupational Health & Safety Management System	Health and Safety – Page 58	SDG: 3, 8 UNGC: 1
403-2	Hazard Identification, Risk Assessment, and Incident Investigation	Health and Safety – Page 58	SDG: 3, 8
403-4	Worker Participation, Consultation, and Communication on Occupational Health and Safety	Health and Safety – Page 58	SDG: 3, 8
403-5	Worker Training on Occupational Health and Safety	Health and Safety – Page 58	SDG: 3, 8
403-8	Workers Covered by an Occupational Health and Safety Management System	Health and Safety – Page 58	SDG: 3, 8
403-9	Work-Related Injuries	Health and Safety – Page 58	SDG: 3, 8
Indicator	Total Incident Rate (TIR)	Health and Safety – Page 58	SDG: 3, 8
Indicator	Process Safety Incident Rate (PSIR)	Health and Safety – Page 58	
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 – Page 52	SDG:8
404-3	Percentage of employees Receiving Regular Performance and Career Development Reviews	Labor & Human Rights – Page 52	SDG: 8 UNGC: 6
GRI 405: DIVERSITY & EQUAL OPPORTUNITY 2016			
405-1	Diversity of Governance Bodies and Employees	Our Governance Structure – Page 27 Labor & Human Rights – Page 52	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 the scope of the program. Also, see disclosure 414-2 regarding Supplier Social Assessments.	SDG: 8 UNGC: 3

Left Page

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 – Page 42	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	As of December 31, 2021 we had 200 valid supplier assessments in our EcoVadis pool. These assessments include social impacts. 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 scope of the program.	SDG: 8 UNGC: 2

GRI 415: PUBLIC POLICY 2016			
415-1	Political Contributions	Through 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 can 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.	

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 – Page 70 Life-Cycle Assessments – Pages 35	
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 – Page 70	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	119 of our products are Certified as Biobased in the BioPreferred® Program.	SDG: 9, 12
Indicator	Number of Cradle-to-Gate Life-Cycle Assessments (LCA) Conducted for Key Products	Target: Complete 12 cradle-to-gate LCAs Performance: Completed 11 LCAs by end 2020, and one in the 1st quarter of 2021.	SDG: 9, 12

RAW MATERIALS			
Indicator	$719 Million in Direct Raw Material Costs (2021)	Value Creation Model – Page 74	

Right Page

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 2021 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	Energy, GHG & Air Emissions – Page 63 Kraton ESG Scorecard – Page 76
	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	Energy, GHG & Air Emissions – Page 63 Kraton ESG Scorecard – Page 76
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	Energy, GHG & Air Emissions – Page 63 Kraton ESG Scorecard – Page 76
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	Energy, GHG & Air Emissions – Page 63 Kraton ESG Scorecard – Page 76
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	Water, Local & Accidental Pollution – Page 66 Kraton ESG Scorecard – Page 76
	Number of Incidents of Non-Compliance associated with Water Quality Permits, Standards, and Regulations	Quantitative	Number	RT-CH-140a.2	Water, Local & Accidental Pollution – Page 66
	Description of Water Management Risks and Discussion of Strategies and Practices to Mitigate those Risks	Discussion and Analysis	N/A	RT-CH-140a.3	Water, Local & Accidental Pollution – Page 66
Hazardous Waste Management	Amount of hazardous waste generated; percentage recycled	Quantitative	Metric tons (t), Percentage (%)	RT-CH-150a.1	Hazardous Materials and Waste Management – Page 68 Kraton ESG Scorecard – Page 76
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 – Page 29 Community Engagement – Page 42 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 and Safety – Page 58
	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 and Safety – Page 58
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.
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 – Page 70
	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 – Page 70

Topic	Accounting Metric	Category	Unit of Measure	Unit of Measure	Disclosure / Location
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 – Pages 6-9
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) – Page 58 Kraton ESG Scorecard – Page 76
	Number of Transport Incidents	Quantitative	Number	RT-CH-540a.2	Health and Safety – Page 58
Activity Metric	Production by Reportable Segment	Quantitative	Cubic meters (m³) and/ or metric tons (t)	RT-CH-000.A	Not Disclosed

Disclosure Focus Area	Disclosure	Summary of Progress
GOVERNANCE		
Disclose Kraton's governance around climate-related risks and opportunities	a.) Describe the board's oversight of climate-related risks and opportunities	Our governance structure enables clear oversight and ownership of the sustainability strategy and climate-related issues at the Board level The SSI committee charter was updated to define the Board's remit in overseeing climate change mitigation and adaptation.
	b.) Describe management's role in assessing and managing climate-related risks and opportunities	Kraton's Sustainability Council was established in 2021 to provide executive direction for the company's global approach to climate change, serve as decision-making body, defining resource requirements, and overseeing the implementation and progress of our climate change initiatives.
STRATEGY		
Disclose the actual and potential impacts of climate-related risks and opportunities on Kraton's businesses, strategy, and financial planning.	a.) Describe the climate-related risks and opportunities Kraton has identified over the short, medium and long term	In 2022 we have started to incorporate initial consideration of key climate risks and opportunities in our financial planning process. Our initial physical risk assessment has identified a small number of our sites and suppliers that are exposed to material physical risks, including current extreme weather events (e.g. severe storms) as well as future changes in climate (e.g. shifts in heat stress conditions).
	b.) Describe the impact of climate-related risks and opportunities on Kraton's businesses, strategy, and financial planning	Kraton has assessed its exposure to physical climate risks out to mid-century under three IPCC emissions pathways, including a 2°C scenario. Kraton has assessed the transition risks and opportunities it faces in the short-, medium- and long-term (1-5 years, 5-10 years and 10-30years respectively) under two scenarios: a Net Zero pathway (aligned to a 1.5C world) and IEA's STEPS. During 2022 we will continue our work to further refine our understanding of the impact of climate-related risks and opportunities on Kraton's businesses, strategy and financial planning.
	c.) Describe the resilience of Kraton's strategy, taking into consideration different climate-related scenarios, including a 2° C or lower scenario	Kraton has put measures in place to help mitigate the impact of future extreme weather events, and the measures have, in part, been informed by our experiences in the past, such as the 2021 freeze in Texas, 2018's Hurricane Michael and low water levels in the Rhine River, that all caused significant operational challenges. These challenges ranged from outages of power, supply chain disruption and impacts on employees' well-being. Across our facilities, Kraton has built-in emergency response procedures to limit downtime and therefore maintain production rates. Mitigation actions include: • Building inventory • Diversifying suppliers • Flood, hurricane assessments • Crisis management plans
RISK MANAGEMENT		
Disclose how Kraton identifies, assesses, and manages climate-related risks.	a.) Describe Kraton's processes for identifying and assessing climate-related risks	In 2022 we have started to incorporate initial consideration of key climate risks and opportunities in our financial planning process. Our initial physical risk assessment has identified a small number of our sites and suppliers that are exposed to material physical risks, including
	b.) Describe Kraton's processes for managing climate-related risks	Refer to "Focusing on Climate Change" – Page 30
	c.) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into Kraton's overall risk management	Refer to "Focusing on Climate Change" – Page 58
METRICS AND TARGETS		
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities	a.) Disclose the metrics used by Kraton to assess climate-related risks and opportunities in line with its strategy and risk management process	Kraton uses several climate-related metrics to track progress and performance. These can be found in the Environment chapter page 62. Metrics include Renewable Energy use, Energy Intensity, and Scope 1 and Scope 2 GHG emissions as well as GHG Intensity emissions. The data is reported in line with the GHG protocol on an annual basis to stakeholders through our sustainability report. Data is reported monthly at a plant level and used in operations management. Furthermore, data is reported on a quarterly basis to the sustainability council and reported to the Board as described in our Governance chapter.
	b.) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks	Percentage Renewable Energy: 11.2% Energy Intensity: 7.8 MMBTU/Ton product GHG Emissions Scope 1: 355120 $MTCO_2E$ GHG Emissions Scope 2: 309586 $MTCO_2E$ GHG Emissions Intensity (Scope 1 and 2): 0.50 $MTCO_2E$/Ton
	c.) Describe the targets used by Kraton to manage climate-related risks and opportunities and performance against targets	**Targets** Kraton is committed to reducing (Scope 1 and 2) Greenhouse Gas emissions intensity by 20% by 20230, compared to a 2020 baseline year. **Performance** In 2021 Kraton has achieved: Our Scope 1 and Scope 2 absolute emissions have increased by 3.25% compared to 2020 Our GHG Intensity reduced by 3.8% compared to 2020. GHG intensity is calculated as Scope 1 and 2 emissions per ton of product.

KRATON™

Sustainable Solutions. Endless Innovation.™

PLATINUM Top 1%
2021
ecovadis
Sustainability Rating

KRATON CORPORATION

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
Houston, Texas	Shanghai, China	Almere, Netherlands	Mumbai, India

FSC
100%
From well-managed forests
Cert no. SCS-COC-00213
www.fsc.org
© 1996 Forest Stewardship Council