



SUSTAINABLE SOLUTIONS. ENDLESS INNOVATION.™

2017 Corporate
Sustainability Report

KRATON™

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CEO MESSAGE

Kraton had a great year in 2017 in which we made important headway as a company. We showed strong operational reliability and performance. Our financial results also showed excellent progress as we grew our sales volumes in both our Polymer and Chemical segments by three and four percent, respectively, and we achieved an adjusted EBITDA of \$374 million, up \$20 million over 2016. We also set the stage for future growth by optimizing our capital structure and reducing our debt.

In 2017, Kraton made progress in its innovation strategy, bringing key innovations to market that enable the development of safer, environmentally-friendly, higher-performing products. We achieved a significant strategic milestone that was years in planning and execution by starting up our new state-of-the-art joint venture plant in Mailiao, Taiwan. Most importantly, we worked to protect our most important asset – our employees – by continuing to improve our safety performance in both personal and process safety. I am particularly proud of our achievements in support of our core value of Safety because I believe that our most important job is ensuring everyone goes home safe every day.

As we look forward we must remain aware that we live in a complex, rapidly-changing world characterized by significant global and societal challenges. Therefore, I strongly believe that our ability to create long-term value in a resource-constrained world requires us to operate in a sustainable

manner – environmentally, socially and in our governance. This challenge demands that we look upstream, downstream and at our own operations, and that we incorporate the needs of all stakeholders and the environment into our decision-making process and long-term strategy. Our brand promise of *Sustainable Solutions. Endless Innovation.™* drives us to continue heading in the right direction to address these global and societal challenges and to build our business toward a sustainable future.

Therefore, I am pleased to deliver this Sustainability Report to our stakeholders. It captures our drive toward sustainable operations, highlighting the capabilities we have and that we will develop in order to achieve our vision of becoming an admired Fortune 500 specialty chemical company, delivering exceptional value to our shareholders, customers and employees. We believe that long-term value creation, innovation and a relentless focus on the quality and sustainability of our products and solutions will lead us there.

Sincerely,

Kevin Fogarty

President and CEO

ABOUT KRATON

KRATON AT A GLANCE

WHO WE ARE

Kraton Corporation (NYSE: KRA) develops, manufactures and markets biobased chemicals and specialty polymers that deliver exceptional value and enhance the lives of people 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 enable our customers to push the boundaries of performance to power the future of innovation.

GLOBAL REACH

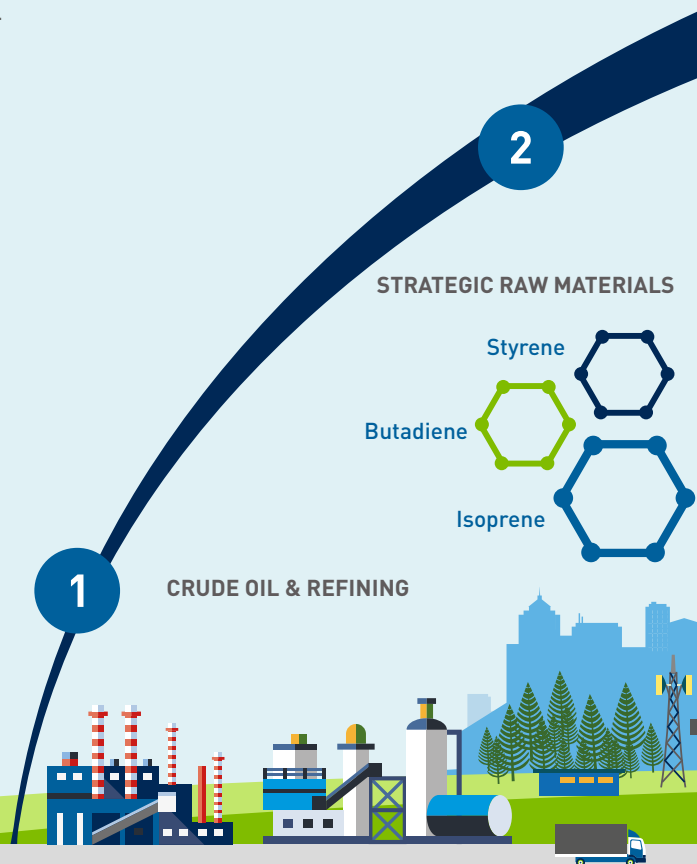
Kraton has more than 700 customers across a diverse range of end markets in over 70 countries. We manufacture SBC and pine chemical products on four continents: North America, South America, Europe and Asia. Our locations worldwide include 14 manufacturing plants, five innovation centers, and multiple regional offices that enable us to support our broad customer base globally.

BUSINESS SEGMENTS

Our Polymer segment's strategic raw materials are butadiene, styrene and isoprene, which are derived from hydrocarbons. Our SBC polymers are a class of thermoplastic elastomers, which is a plastic material that behaves like rubber, delivering both strength and elasticity. This versatility makes SBC compatible with a wide range of polyolefins, styrenics and resins, offering excellent flexibility, high impact resistance, safety and recyclability. Our isoprene rubber (IR) and IR latex are ideal alternatives to natural rubber in demanding applications requiring high tensile strength and tear resistance without the impurities that cause discoloration, odor and allergic reactions.

Our Chemical segment's strategic raw materials are crude tall oil (CTO) and crude sulfate turpentine (CST), both byproducts of the kraft pulp industry. Most of our chemical manufacturing facilities are located close to paper mills, but we procure raw materials from multiple sources globally. We refine and upgrade CTO in our bio-refineries into innovative renewable specialty chemicals, producing tall oil fatty acids (TOFA), tall oil rosins (TOR), distilled tall oil (DTO) and pitch. Our

biobased chemistry enables numerous industries to replace non-renewable resources with high-performance, sustainable alternatives. Our Sandarne, Sweden manufacturing facility pioneered the process for refining crude tall oil into biobased chemicals in the 1930s.



POLYMER & CHEMICAL PROCESSES



WE ARE PART OF YOUR DAILY LIFE

Kraton innovations deliver unique properties to everyday end-use products that make a positive difference to peoples' lives. Our products are embedded in different products everywhere – from roads and pavements to the kitchen table – contributing to the comfort and convenience of modern life. Half of our total product portfolio is biobased, and you may find these products in the roof over your head, the wall paint in your living room and the road you drive on. Wherever you are, our innovations can be found in nearly every aspect of your daily life.

1

SURGICAL GLOVES

Natural rubber was traditionally used to develop surgical gloves but that material presented inherent risks of users developing life-threatening Type 1 allergic reactions. If patients or medical staff are allergic to natural rubber, it can lead to severe health concerns and require staffing changes or operation room sanitization that results in costly delays. Our Cariflex™ polyisoprene products were developed to enable the medical industry to reduce the risks of these allergies. Our technology is intended to deliver extreme purity, comfort, exceptional protection and consistent high quality. These properties enable the development of soft and comfortable surgical gloves that healthcare professionals can depend on.

2

ROAD MARKINGS

The yellow and white stripes that line the streets are known as road markings and are there to help drivers navigate safely to their destination. They must be highly visible, especially during night time, rain or foggy weather. Kraton's biobased innovations enable road markings to achieve high retroreflectivity for excellent visibility, dry quickly so lanes are opened to traffic sooner, and extend service life to reduce maintenance costs and road closures.

3

STEERING WHEEL AIRBAG COVERS

Airbag safety is critical, especially when deployed after impact. If the part is too brittle – which can occur during cold temperatures – the airbag cover pieces can turn into shrapnel during deployment, causing serious bodily harm. Kraton polymers are designed to enhance flexibility and enable safe airbag deployment in the event of a car accident.

4

CEREAL BOXES

Consumers like their food packaging to look good, enhancing their appetite. The packaging industry has high regulatory demands for food applications. Kraton solutions are designed to enable the development of high-quality adhesives with strong adhesion, stable performance and light color – enabling formulators to meet consumer expectations and stringent food contact regulations.



SUSTAINABILITY

MESSAGE FROM THE SUSTAINABILITY POLICY DIRECTOR



We believe sustainability is both a necessity and an enabler to move toward our vision, allowing us to deliver exceptional value to our shareholders, customers and employees. We continuously strive to improve our products and processes with the goal of reducing our own environmental footprint while helping customers reduce theirs. I am proud that during 2017, we certified many new products in the biobased content certification scheme, and our advances in this area will continue in 2018. The biobased certification allows us to differentiate our products, and the third-party verification creates transparency and credibility.

Last year, we made great progress in building the sustainability foundation at Kraton. We have focused on developing our sustainability ambitions as well as the supporting policies and processes to ensure successful implementation in

the coming years. We have worked on building the sustainability organization and resources, and we inaugurated the Kraton Sustainability Council to provide leadership, direction and oversight of our sustainability strategy and implementation. Finally, we established new global sustainability targets that include plans to conduct life cycle assessments (LCA) for enumerated key products by 2020, and reduce greenhouse gas (GHG) emissions by targeted amounts by 2030.

As we move forward, we continue to focus on key areas such as raw material use, operational efficiency, mitigating environmental impact, health and safety, human rights and transparency, including upstream in our supply chain. We hope you will read on to learn more about Kraton, our sustainability direction and our 2017 performance.

Nella Baerents

Sustainability Policy Director

GLOBAL TRENDS

Kraton's operating environment is complex. We compete on many factors including breadth of product availability, product quality, price and speed of service from order to delivery. Customers value a supplier's ability to design and produce customized products and the availability of technical support. We also compete against a broad range of alternative materials throughout our product groups including petrochemical and vegetable-based substitutes. Major competitors include large domestic and international companies.

New megatrends present not only opportunities on which to capitalize, but also risks to manage, mitigate and avoid. By 2050, the United Nations expects the global population to reach approximately 9.5 billion people. The expectations are that millions of people will be lifted out of poverty, increasing living standards and driving demand for our products. How can we meet the growing population's need for food, housing, infrastructure and mobility when we have a fixed resource base? Kraton believes our role is to become more efficient in our resource use; to develop, manufacture and market sustainable products with less environmental impact that are safe to use; and to offer a wide variety of biobased alternatives to our customers.

The use of resources to support a growing population drives environmental impacts like climate change. While these impacts form a physical risk to human well-being, they also present an economic concern that regulators and governments tackle through new policies, commitments and regulations. In 2017, we invested \$21.8 million to remain in compliance with applicable laws and regulations relating to health, safety, environmental and security matters.

Complex and globalized supply chains present risks relating to human rights, labor, environmental and anti-corruption issues. That is why responsible supply chain management is a strategic priority area in our new sustainability strategy. In 2017, Kraton established policies and processes to address these issues, and we will undertake further practical engagement with our suppliers in 2018.

From investors to customers, and to governments worldwide, there is an increased stakeholder demand for transparency and the need to manage governance, environmental and social risks to drive more sustainable economies. Kraton is well-positioned to contribute to a more sustainable economy through our innovative products and services, and we aim to keep our stakeholders updated through our annual sustainability report.



GOVERNANCE STRUCTURE

As a publicly traded company, Kraton has a Board of Directors (Board) that is currently comprised of nine members. With the exception of Kevin M. Fogarty, our President and Chief Executive Officer, all of our directors are independent under the listing standards of the New York Stock Exchange and the applicable rules of the U.S. Securities and Exchange Commission. We have four standing committees of the Board: Nominating and Corporate Governance, Audit, Compensation, and Executive.

Our Nominating and Corporate Governance Committee, on behalf of the Board,

reviews, develops and recommends governance principles applicable to Kraton and oversees our board refreshment. Our Board is dedicated to upholding the principles of diversity. Today, our Board is more than 30 percent female, more than 10 percent international, and all with significant international and/or chemical company experience.

In our commitment to board refreshment, our Board focuses on how each member's background, experience and skillset complements those of the fellow directors to create a balanced board, one that

embodies our diversity principle and will lead our business into the future.

Our Audit Committee, in addition to numerous other functions, assists the Board in fulfilling its risk oversight, particularly regarding market-based risk, internal controls and financial reporting and effectiveness of Kraton's compliance programs.

Our Compensation Committee discharges the responsibility of the Board relating to the compensation and employment of our executive officers and such other employees as the Committee may determine.

We also have an executive management-led Compliance Committee, chaired by our Chief Compliance Officer. This committee focuses on compliance measures to manage the company's risk profile. Areas covered include health and safety, anti-bribery and anti-corruption, supply chain risk including anti-slavery and labor rights, international trade and data privacy, among many others.

For further information, Kraton's Committee Charters are available at <https://kraton.gcs-web.com/corporate-governance/highlights>

SNAPSHOT OF OUR BOARD

ALL DIRECTORS POSSESS



OTHER RELEVANT SKILLS



Average Age
61 Years

Gender Diversity
33%

Average Tenure
6 Years

SUSTAINABILITY COUNCIL

We established Kraton's Sustainability Council in 2017. The council meets on a quarterly basis and provides strategic direction and leadership on sustainability directives across our global business operations. The council consists of five key senior leaders from Legal, Operations, Procurement, Commercial and Innovation. Ultimately, the Sustainability Council is voluntarily overseen by our President and Chief Executive Officer.

	KEVIN FOGARTY President and CEO, Kraton	
Global Kraton sustainability governance and oversight of sustainability strategy and implementation	KRATON SUSTAINABILITY COUNCIL General Counsel (Chair) SVP, Operations VP, Procurement SVP & Chemical Segment President SVP, Chief Technology Officer	
Coordination of implementation of strategy, target- and objective setting, report performance	KRATON SUSTAINABILITY TEAM Led by global Sustainability Policy Director	
Drive implementation and targets, global objectives, report performance	WORKSTREAM LEADS	
	Supply Chain	Operations
	Legal	Innovation
	Procurement	HSES
Local implementation , drive progress and report performance	LOCAL PLANTS	
	Supply Chain	Operations
	Legal	Innovation
	Procurement	HSES
	Local implementation teams	

SUSTAINABILITY STRATEGY

Kraton is committed to safe, compliant and socially-responsible operations. We continuously work to improve our products and processes with the goal of reducing our own environmental footprint while helping customers reduce theirs. Last year was a key milestone for our sustainability strategy development, setting the basis for the coming years.

In 2017, we embarked on laying the foundation for our sustainability strategy including setting goals, creating policy documentation, and building the sustainability organization to support the strategy and implementation over the coming years. The initial work involved understanding our operating environment, sustainability context and the sustainability frameworks available to us.

We conducted market dynamics research, benchmarked against peers and conducted interviews to assess the needs of our business, customers, suppliers and other stakeholders. This learning culminated into a sustainability risk assessment – the basis for our sustainability priority areas heat map, which includes

- Supply Chain,
- Governance,
- Operational Efficiency,
- Health, Safety and Community and
- Product Lifecycle Impacts.

Each priority area has a workstream and assigned responsibilities within the business, with targets and key performance indicators for progress tracking. Every

workstream has a senior leadership sponsor and a workstream lead, and may cover multiple material topics. For example, the Supply Chain workstream focuses on managing compliance, labor relations, human rights and environmental risks. The Sustainability Council provides oversight for the workstream implementation process.

Based on where Kraton is today, we established two long-term sustainability ambitions:

- Conduct 12 life cycle assessments (LCA) by 2020 and
- Achieve 25 percent reduction in greenhouse gas (GHG) emissions by 2030.

LCA allow us to gain an in-depth understanding of the environmental impacts of our products and their production process. This knowledge may inform our future innovation processes and allows us to work closely with customers, helping them improve their sustainability performance through products with less environmental impact. Our ambition to reduce our GHG emissions represents our engagement in the global concern about climate change. As an industry leader, we strive to reduce our own impact on climate change through continuous improvement in operational efficiencies and energy saving initiatives.

MATERIAL TOPICS

Through the strategy development process, we further defined material sustainability topics within each priority area. Material topics are those that are relevant to our business and our stakeholders.

We incorporated internal and external inputs through interviews with customers, employees and other stakeholders. The material topics listed are either impacts that Kraton can have on stakeholders and the environment; or risks and opportunities that can impact Kraton and our long-term value creation.

	UPSTREAM	KRATON OPERATION			DOWNSTREAM
PRIORITY AREAS	Supply Chain Management	Governance	Operational Efficiency	Health, Safety and Community	Product Lifecycle Impacts
MATERIAL TOPICS	Raw Materials Sustainable Procurement	Sustainability Governance	Carbon Emissions Energy Intensity Waste Management Spills Management Water Consumption	Health & Safety Community Engagement	Product Sustainability & Sustainable Solutions



HOW WE CREATE VALUE

Kraton creates value for stakeholders and society as a whole. In 2017, we visualized our process of sustainable value creation through a value creation model. With this model, we aim to offer stakeholders an integrated insight into the broader context that we operate in and how our business activities interact with the six capitals (described in the infographic as inputs and outputs). The model provides an overview of the capitals we depend on as inputs and how value is created for stakeholders and society as a whole on an output and outcome level.

Our vision and values are reflected in the core of our business model. We conduct our business activities professionally, efficiently and sustainably with the support of many stakeholders. By looking upstream and downstream, we identified indicators within the main input capitals. We depend on these capitals to conduct our business activities; they span financial capital and raw materials as well as our plants and equipment, intellectual property (developed through our innovation capabilities), employees and long-standing relationships with customers and

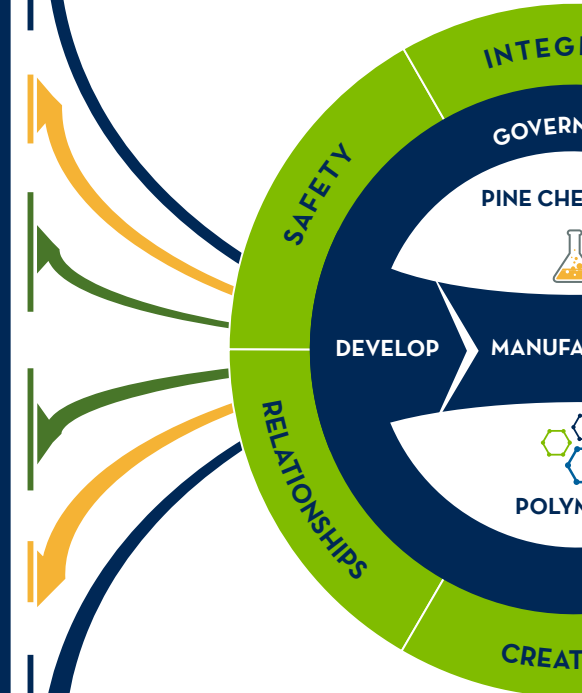
suppliers. Kraton strives to positively affect and grow those same capitals through our business activities and operational processes. For example, through specific operational efficiency initiatives, we achieved operational cost reductions while reducing our GHG emissions and waste, benefiting our financial and natural capital stocks as well as the communities that host our company. By investing in new R&D equipment and knowledge, we are able to bring products to market quicker and innovate with customers on specialty solutions; grow our portfolio of intellectual property and build social capital through closer relationships with customers.

In short, Kraton strives to balance the needs and interests of all stakeholders in bringing innovative solutions to market that are useful, competitive and environmentally and socially sustainable in terms of where they are sourced upstream, how they are produced in our operations and how they are used downstream by our customers and society.

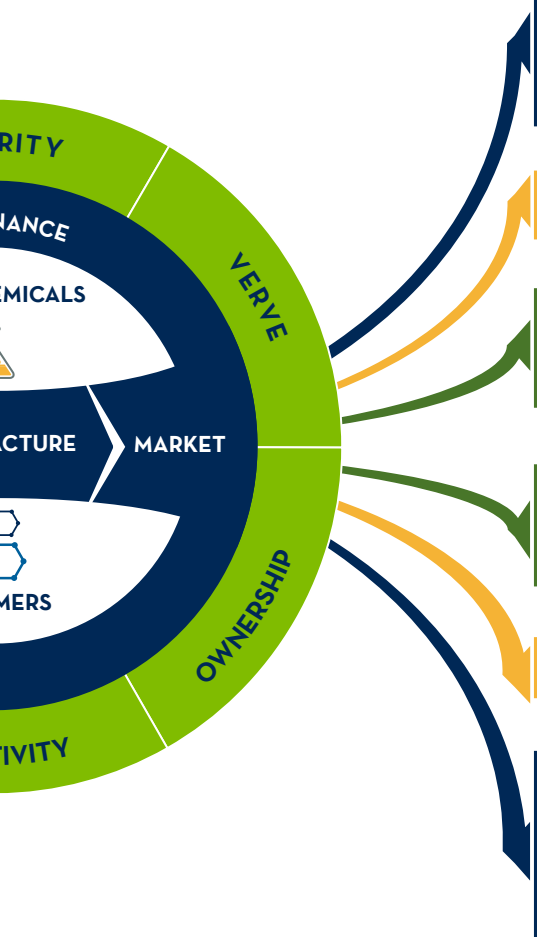
Together we make a Positive Difference for our customers, in our jobs and to the world. We develop, manufacture and market innovative biobased chemicals and specialty polymers that deliver exceptional value to our customers.

VALUE CREATION MODEL

INPUT



All data as of 12/31/2017



OUTPUT

FINANCE

\$374 Million
Adjusted EBITDA

\$1.53 Billion
Shareholder value

MANUFACTURED

\$1.96 Billion
Revenue
Pine Chemicals and Engineered
Polymers Product Sales

INTELLECTUAL

1619
Patents & Patent Applications
Innovative Products
and Technologies

HUMAN

0.48
Incident Rate

SOCIAL

700 +
Customers
Supply Chain Transparency
Global Community Initiatives

NATURAL

28749 Tons
Waste Disposal
0.58 MTCO2E/Ton
-18% GHG intensity
reduction (comp. 2014)



ECONOMIC IMPACT

Creating long-term value for employees, shareholders and customers
Marketing of our sustainability performance and products
Enabling the biobased economy with our products



SOCIAL IMPACT

Improving HSES and process safety performance
Creating solutions towards safer products
Making a positive difference for our employees and communities



ENVIRONMENTAL IMPACT

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

COMPLIANCE

Kraton has a global Ethics and Compliance Program structured and operated to promote integrity and ethical behavior, to prevent and detect criminal conduct and violations of laws and to meet government standards for an effective Compliance and Ethics Program. Our Chief Compliance Officer and Compliance Committee are responsible for the program's implementation and development. We provide employees with comprehensive training on compliance and key risk areas, including anti-trust, anti-bribery, sanctions/export control, data privacy and conflict of interests. Because Kraton operates worldwide, we are very sensitive to the applicable laws and regulations governing our business. Most of Kraton's non-operator employees are required to complete online compliance trainings throughout the year. In 2017, more than 870 employees completed these trainings.

Our operations are subject to extensive environmental, health and safety laws and regulations at the international, national, state and local level in multiple jurisdictions. These laws and regulations govern, among other things, air emissions, wastewater discharges, solid and hazardous waste management and disposal, occupational health and safety including dust and noise control, site remediation programs and chemical use and management. Many of these laws and regulations have become more stringent over time. In addition, our production facilities require operating permits that are subject to renewal and, in some circumstances, revocation.

Kraton and all of our employees are committed to 100 percent compliance, 100 percent of the time. Our Code of Ethics and Business Conduct is available at www.kraton.com/docs/Code of Ethics.pdf.



STAKEHOLDER ENGAGEMENT

Kraton works with many stakeholders globally to deliver *Sustainable Solutions.. Endless Innovation.™*. Our business reaches many people, and we want to ensure that investors, policymakers and the communities in which we operate are informed of our activities and are able to engage with us. Based on the identified material topics, we regularly explore who should be engaged. Involvement, scope, willingness to dialogue and expertise are important considerations in this determination. We strive to share issues, find supporters for initiatives, build trust and create value-added solutions for the short and long term.

SHAREHOLDERS	<ul style="list-style-type: none"> Quarterly earnings conference calls Meetings with institutional investors Shareholders communications with company leadership
EMPLOYEES	<ul style="list-style-type: none"> Annual performance reviews Employee engagement surveys Corporate intranet Quarterly company newsletter Quarterly employee conference calls Regular safety meetings Quarterly compliance training Lean Six Sigma training
COMMUNITIES	<ul style="list-style-type: none"> Volunteer and donations to local charities Local government and associations participation Regular emergency preparedness reviews with first responders
CUSTOMERS	<ul style="list-style-type: none"> Regular meetings with customers and project teams Customer satisfaction surveys Kraton's Sustainability scorecards
SUPPLIERS	<ul style="list-style-type: none"> Supplier Code of Conduct Supplier performance assessments
INDUSTRY	<ul style="list-style-type: none"> Membership in national industry associations American Chemistry Council (ACC), Responsible Care European Chemical Industry Council (CEFIC) Pine Chemicals Association (PCA) Ecovadis – Kraton received Ecovadis' Silver medal in 2017 Membership in national standardization associations
GOVERNMENTS	<ul style="list-style-type: none"> Meetings with government and EU institution officials on legislative and regulatory issues Inform policymakers on circular economy and intelligent bioeconomy

INNOVATION

A CULTURE OF INNOVATION

Kraton approaches innovation through both an inside-out and outside-in method to ensure continuous development. In other words, we look at our innovation capabilities to develop breakthrough technologies that serve new or existing markets. We also work with strategic customers in joint development programs. Finally, we look at megatrends shaping the market and society and identify opportunities to develop sustainable solutions that meet emerging needs.

In 2017, Kraton invested \$40.7 million in research and development. Our global R&D team consists of 210 scientists, engineers and staff members worldwide – making up more than 10 percent of our workforce. R&D has direct alignment to our business units, ensuring our product developments meet customer needs. About 10 percent of our R&D team is focused on breakthrough technologies, or technology platforms that serve multiple product lines.

Our innovation focus areas include renewable energy, healthcare and infrastructure. Sustainability plays an important role in our innovation strategy as it is one element used to rank and prioritize our focus areas. We also look at ways to replace solvent-based materials and help reduce emissions, consumption, energy and waste. As of December 31, 2017, Kraton has 1,152 issued patents and 467

pending patent applications. These patents protect our sustainable solutions and help us continue delivering endless innovations.

CARIFLEX™

Our Cariflex technology has been a game-changer in the medical industry for over 15 years, providing improved performance and increased health and safety benefits for the user. In 2017, we advanced further with Cariflex™ IR2GL1 BU latex, a developmental thermoplastic latex combining the strength of our Cariflex polyisoprene latex with the benefits of thermoplastic materials. Developed for surgical glove applications, it was designed to match the strength, protection and comfort of Cariflex isoprene rubber latex (IRL) with the added benefit of reducing Type IV allergies, on top of the Type I allergies addressed by IRL. Type I allergies are caused by natural rubber impurities and can lead to life-threatening anaphylactic shock. Type IV allergies are skin inflammation caused by vulcanization chemicals used to crosslink natural rubber or polyisoprene. Cariflex™ IR2GL1 BU latex minimizes the risk of both allergies while offering enhanced protection and comfort.

Cariflex™ IR307 and Cariflex™ IR310 are used in medical stoppers to improve penetration and resealing when used with

thick plastic needles. Japan is increasingly concerned over the medical industry's high usage of metal needles and its resulting landfill waste, so they rely on plastic needles to reduce that waste. Plastic needles, however, have a bigger diameter that requires more pressure to penetrate the medical stopper. It also has higher fragmentation risk, or higher chance of damaging the rubber. Our new Cariflex formulation enables users to reduce applied force and maintain resealability, allowing the successful use of plastic needles.



SPECIALTY POLYMERS

Kraton Injection Molded Soft Skin (IMSS) technology enables automotive manufacturers to mold a large thin wall soft skin product design, opening the market to the production of larger applications, such as door panels, consoles and instrument panels as thin as 0.8 mm. IMSS technology is capable of injection molding large soft skin product designs without the need of a top coat, eliminating the use of solvents typically found in coatings. The technology produces auto parts approximately five times faster compared to a slush molding process, which can deliver significant cost savings and energy usage associated with part cycle-time improvement. The Kraton IMSS technology enables manufacturers to achieve better vehicle weight reduction, manufacturing efficiency and safety while reducing environmental impacts during production and at the end of the product's life – all from a single solution.

Kraton™ G polymers have been used in hydrogenated styrenic block copolymers (HSBC) sealants for more than 25 years, delivering excellent performance and durability designed to last 10-plus years. HSBC sealants are formulated with organic solvents, but increasing regulatory demands exist to reduce volatile organic compounds (VOC) in sealant and coatings. In North America, formulators can reduce VOC by switching from common organic solvents to exempt solvents, which has a lesser effect on ground level ozone formation. Since viscosity of HSBC sealants in VOC-exempt solvents is substantially higher than common organic sealants, formulators wanted a product that reduces sealant viscosity with minimal

impact on performance. The development of Kraton™ MD1653 addressed this need since the polymer's design offers a much lower solution viscosity while offering comparable strength as a conventional polymer.

Kraton HSBC products, such as our new innovation grade Kraton™ MD1646, are helping to replace flexible PVC in medical IV bags and tubing. When blended with polypropylene (PP), our polymers provide excellent transparency, flexibility and toughness without the addition of phthalate plasticizer, which are considered hormone-mimetics and can cause endocrine disruption. Minimizing plasticizers reduces the risk of leaching or extraction of low-molecular substances into the IV solution – a potential health risk to patients. With higher stability during processing, HSBC/PP blends lower the risk of producing degradation substances that can affect patients. The combination doesn't have chlorine atoms in the polymer backbone, so when disposable medical devices are incinerated, dioxins or other harmful substances are not released into the environment. Using HSBC/PP results in 20 percent less density than PVC, reducing carbon dioxide emissions during transportation of semi-finished goods, such as film bobbins and tubing coils.

PERFORMANCE PRODUCTS

Kraton's Highly Modified Asphalt (HiMA) technologies and SYLVAROAD™ RP1000 Performance Additive are making a mark in the paving industry. When a high loading of Kraton™ SBS polymer such as HiMA is added, asphalt becomes tougher and more resistant to damage like rutting and cracking. This can be used to extend pavement lifetime and design "perpetual pavements," or roads intended to last 50 years without major rehabilitation. It can also be used to reduce pavement thickness, saving raw materials and construction time. SYLVAROAD RP1000 is made from our pine chemistry to optimize the reuse of reclaimed asphalt and minimizes the need for new non-renewable materials. Kraton is delivering technologies to road

applications with SBS polymers, which are hydrocarbon-based materials, and pine chemical additives, which are biobased materials. The unique combination of both solutions will help the paving and roofing industry to improve the carbon footprint of their products in the future.

ADHESIVES

The adhesives market is trending from solvent-based systems to more sustainable water-based or hot-melt systems. Our Adhesives business launched several new tackifier products in 2017, demonstrating our innovation capabilities in the marketplace. Within the first six months, we commercialized three new products

to meet customer needs in various sub-segments.

AQUATAC™ 2600 tackifier dispersion was developed for specialty pressure-sensitive-adhesive (PSA) formulators moving from solvent-based to water-based adhesives. Applications like automotive tapes typically require high cohesion, adhesion and heat resistance. This tackifier dispersion delivers on those key benefits while optimizing water-based polymers' performance. SYLVARES™ 1000 series terpene phenolic tackifiers allow specialty PSA formulators to engineer a balance of peel, tack and shear while achieving excellent adhesion, especially on low-surface-energy substrates. This versatile product line means a tackifier can be used alone or in combination with

other tackifiers and polymer systems for optimal performance. SYLVALITE™ 9000 rosin ester tackifier is a highly stable, light-colored product designed for hot-melt adhesive applications, such as end-of-line packaging.



TIRES

SYLVATRAXX™ tread enhancement additives (TEA) improve wet grip performance, which is a key property in passenger car safety. In a different setup, SYLVATRAXX TEA can enable a reduction in rolling resistance without compromising other tire properties. This translates into lower fuel consumption for more sustainable transportation. By giving consumers more mileage with less gas, we are contributing to the reduction of GHG emissions and climate change. Based on our pine chemistry, our TEA consist of up to 100 percent renewable material, which also helps tire manufacturers meet demanding sustainability targets. Last year, we rolled out new products including SYLVATRAXX™ 6720, SYLVATRAXX™ 5216

and SYLVATRAXX™ 4150 TEA. These products offer optimized wet grip and low rolling resistance, giving consumers the best balance of safety and fuel efficiency.

PERFORMANCE CHEMICALS

Our Performance Chemical business offers a range of oleochemicals based on crude tall oil (CTO), a by-product from pine wood pulping. This biobased alternative enables higher sustainability performance compared to hydrocarbon or other vegetable-based materials. It is also grown and harvested in a sustainable way for minimal impact on the surrounding environment. These properties have helped other markets make the transition to renewable materials, like the adhesive

industry's trend from solvent-based to tackifier dispersion and hot-melt adhesives. Many of our products received the biobased label certification in 2017, including SYLVAROS™ TOR, SYLVATAL™ DTO and UNIDYME™ dimer fatty acid product line.

Our TOFA is used as a biofriendly additive for cold asphalt patching, which are temporary solutions for filling pothole cavities during the winter season. Traditionally, these cold patches contain solvents such as kerosene and diesel to make the mix soft and enhance flow. Our biobased TOFA provides the market with an environmentally-friendly, more durable alternative by reducing VOC associated with oil-based and solvent-based material.

To reduce acid rain, the amount of sulfur put into the environment must be minimized. Some regions in Asia, Europe and North America established regulations requiring low levels of sulfur in diesel fuel. To meet those requirements, hydrotreated diesel fuel was developed. However, less sulfur means the fuel loses its ability to lubricate the piston and cylinders, which can cause pump failure. Our SYLFAT™ 2LT TOFA enables the engine to continue working efficiently, preventing equipment failure for the consumer while reducing sulfur emissions. Kraton is the leading provider of TOFA for lubricity fuel additive – used to make ultra-low-sulfur diesel fuel – and our solutions are key to a more sustainable energy source.



BIOBASED LABEL UPDATE

Kraton's biobased products are derived from biomass. A biobased certification allows us to provide evidence of the biomass amount contained in our product that is independently verified by a certification body. The certification enables us to transparently and credibly communicate about our materials to customers and help them improve their products' sustainability performance.

In November 2016, we received our first European certification for biobased products. By the end of 2017, Kraton certified 19 product families that cover 65 products. This represents 76 percent of the

products we aim to certify by the end of 2018.

The certification is based on the European standard EN 16785-1, which provides a method to determine the biobased content of solid, liquid and gaseous products using radiocarbon analysis and elemental analyses. The Netherlands Standardization Institute (NEN) pioneered and manages the certification scheme. Certification audits are undertaken by NEN approved certification bodies while product samples are analyzed by recognized testing laboratories.

Kraton certified 19 product families that cover 65 products.

.....

biobased %

Kraton's portfolio of biobased materials, expert R&D teams and global presence with locations in the Netherlands and US made us the right company for this project.

CASE STUDY

Interface®

In 2015, Interface, Inc., the world's largest manufacturer of modular carpet, was looking to develop a more sustainable carpet tile backing. Interface's first sustainability mission – Mission Zero – challenged the company to eliminate any negative impact it has on the environment by 2020. It will accomplish this through initiatives such as renewable energy use, waste and water reduction, using biobased or recycled materials and recycling products at end of life. Building on that, Interface's new innovation project had two goals: eliminate the product's

use of virgin petrochemical materials and reduce the product's carbon footprint. To achieve this, Interface needed a supplier that could provide the right renewable material and formulate it to meet their needs. Kraton's portfolio of biobased materials, expert R&D teams and global presence with locations in the Netherlands and the U.S. made us the right partner for this project. Our collaboration on the Life Cycle Assessment (LCA) was also key to a successful partnership. LCA is an important tool Interface uses to measure their environmental impact; so it was

important that we could provide consolidated environmental data for the company's Environmental Product Declarations (EPD).

This collaboration led to the creation of CircuitBac Green, a carpet tile backing innovation with high environmental performance. Circuitbac Green uses a mix of bioplastics and mineral filler, providing a carbon-negative alternative to existing backing materials. This means the product stores more carbon than is emitted during its production, significantly reducing the overall

carbon footprint of the finished carpet tile. The total recycled and biobased content for a product using CircuitBac Green can reach as high as 87 percent. CircuitBac Green launched in Europe in late 2017 to positive reception and is generating increased interest.

HEALTH, SAFETY, ENVIRONMENT & SECURITY (HSES)

HEALTH & SAFETY

Safety is our number one core value. Our goal is zero incidents, zero loss of containment and negative impact on our neighbors and communities. Last year, we continued to improve our Health, Safety, Environment and Security (HSES) performance compared to previous years. Several new safety initiatives were started, while other existing initiatives continued, such as working towards implementing the Responsible Care management system. We achieved a significant reduction in the number of Process Safety Incidents (PSI), from 11 to 5, and our Total Incident Rate (TIR) reduced from 0.52 to 0.48. In 2017, we had no major incidents.

ZERO TOLERANCE POLICY

In 2017, we launched the Zero Tolerance policy regarding Kraton's Eight Life Critical Procedures. These procedures highlight effective hazard identification and control measures associated with activities such as working at height and confined space entry. To further globalize and standardize the policies, we required all employees to read the Zero Tolerance policy, sign off on them and receive training. This additional step ensures employees are aware of specific policies relevant to their workplace. The

same standards apply to our laboratories and office locations, and these are managed through the onsite leadership and HSES teams. Kraton ensures that all employees focus on identifying potential risks in their work areas and correct them before they become an issue. We do this through regular management meetings, team audits and an ongoing commitment to prevention in all of our locations.

SAFETY LEADERSHIP

Kraton worked with external experts to implement a customized Safety Leadership development process. The initiative focuses efforts on safety, coaching and feedback methods that help our managers, supervisors and employees execute our core value of safety on a daily basis. The program includes a pre-assessment phase where a survey is conducted at site level to discover what works and what does not; we also conduct employee interviews to gather feedback. A workshop then takes place, bringing in key people to learn techniques for advancing safe workplace behaviors. Then coaches work with site leaders to identify at-risk behaviors and address them.





HSES TRAINING

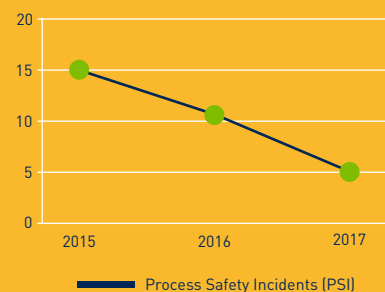
HSES training is a key focus area, and we work to ensure everyone is adequately trained. As a global company, we provide employees with locally-mandated trainings to meet our global HSES management system requirements. Common training topics include emergency response drills, site security, behavioral-based safety, safety culture, chemical management and control, environmental permitting and emissions, and the Kraton Life Critical Policies. Trainings are delivered through online and classroom formats. Approximately 280 HSES training sessions were conducted globally in 2017. More specifically:

- Operations employees received nearly 20 hours of training per employee
- R&D employees received nearly eight hours of training per employee
- Even office employees received training to ensure they are aware of potential hazards and emergency procedure

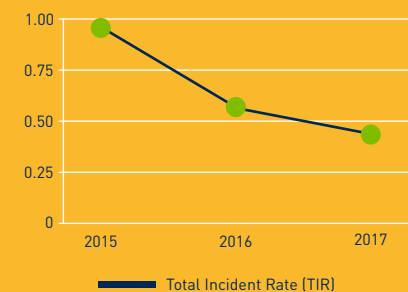
INCIDENT INVESTIGATION AND REVIEW

Incident investigation and Root Cause Analysis (RCA) are important to Kraton. In 2017, we began using Lean Six Sigma tools to support our already-established RCA methods and further enhance the process. We perform an effective analysis and verify that corrective actions will prevent incidents from recurring. In addition to training our RCA facilitators in these methodologies, we share RCA outcomes with our leadership team and conduct an in-depth incident review. This ensures the appropriate level of exposure and ownership is given to the incident, and where necessary, provide resources to support the implementation of a corrective action plan.

PROCESS SAFETY INCIDENTS



TOTAL INCIDENT RATE



BELPRE & OULU

CEO Positive Difference Site Safety Leadership Award

While all our sites perform excellent work on safety, our Belpre and Oulu sites earned the 2017 CEO Positive Difference Safety Award – a prestigious internal recognition – for their efforts in advancing HSES initiatives.

Belpre was the first Kraton site certified for the American Chemistry Council's Responsible Care Certification. The plant also won the Eagle Award for Excellence in Environmental, Health, Safety & Security Performance – the highest recognition – by the Ohio Chemistry Technology Council (OCTC); the award is based on strategic investments to reduce overall emissions and operational excellence that the plant experienced throughout 2016 (the award was presented in May 2017).

Furthermore, Belpre achieved more than one year without an employee recordable (work-related incident or injury requiring treatment beyond first aid). This is our largest site, which underwent significant changes over the past year – quite an accomplishment. Although there were contractor safety

incidents, we held contractors accountable and saw significant contractor injury improvement. Some of these changes are the result of improved lock-out and tag-out processes from near-miss learnings that led to better health safety plans.

Our Oulu site was recognized by the Finland Chemical Industry with their Responsible Care safety award, recognizing our excellent safety performance (zero recordable injuries in 2017) and strong safety culture. The association acknowledged the defined improvement actions and recognized Oulu as the best summer job employer in the Responsible Summer Job competition.

Oulu embraced the “I see it, I own it” philosophy so that everyone is responsible for addressing unsafe practices and developing improvements. The site also showed significant improvements with best in class 5-S projects that ensure Kraton employees and contractors were focused on safety.

ACC RESPONSIBLE CARE

Kraton is proud to participate in the American Chemistry Council Responsible Care® initiative. We plan to certify all our US sites to Responsible Care 14001 (RC14001) and corporate to the Responsible Care Management System (RCMS) by the end of 2019. Our Belpre site completed their RC14001 in April 2017, and

all other US sites are following their lead and using their experience to gain best practices. Our corporate HSES management system is undergoing changes and development to meet the RCMS requirements.





SECURITY

In 2017, we made progress conducting security vulnerability assessments in alignment with our global security management procedure at our manufacturing sites, R&D facilities and offices. We will work on closing the gaps and addressing risks to ensure we have a secure work environment for employees. Our Information Technology (IT) department continues to develop processes and procedures to identify cybersecurity risks that could jeopardize our operations, data and other sensitive information. We regularly conduct drills and identify weak areas to assess our security levels and improve our protection and processes.

These improvements also align with our implementation of Responsible Care Security Code, as part of our commitment and membership with the American Chemistry Council (ACC). Kraton also participates in the US Customs-Trade Partnership Against Terrorism (C-TPAT) program since 2003 and the global Authorized Economic Operator (AEO) since 2012. Both C-TPAT and AEO are voluntary government programs designed to increase global supply chain security. Both programs require risk-based audits of Kraton and unannounced audits of our suppliers. Kraton also participates in the Chemical Facility Anti-Terrorism Standards (CFATS) programs and ensure we meet and exceed these US requirements with security assessment and action plans.

ENVIRONMENTAL STEWARDSHIP

Our environmental management program ensures our facilities' compliance with applicable environmental requirements. We are vigilant in preventing, inspecting and detecting leaks or spills of regulated hazardous substances to ensure a safe working environment for our employees and protect the communities in which we work. Going beyond compliance, we continued investing in projects that improve our environmental performance. This includes initiatives aimed at switching our energy source to renewable fuels – like the

use of our byproducts such as pitch at our Oulu and Sandarne plants – resulting in an increase in our renewable energy use by 30 percent from last year. We also continued investing in secondary containment projects for existing and new structures, improving spill and leak prevention and enhancing wastewater treatment. We did not record any significant environmental incidents, such as spills.



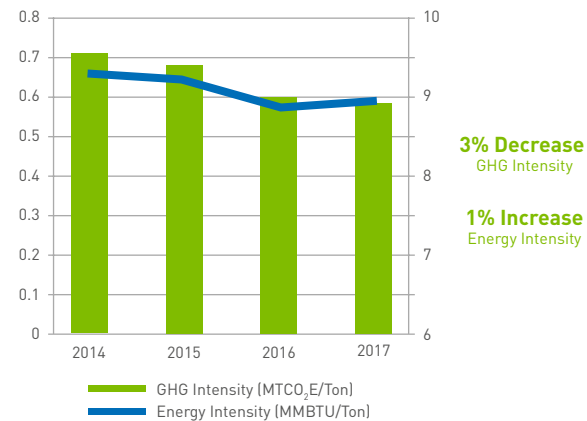
GHG EMISSIONS & ENERGY

In 2017, we saw an increase in our energy consumption, mainly driven by higher production. This also increased our energy intensity figures compared to 2016. We will continue to focus on improving our operations' energy efficiency and reducing our consumption as we invest in more energy-efficient technologies and implement energy management systems throughout our sites.

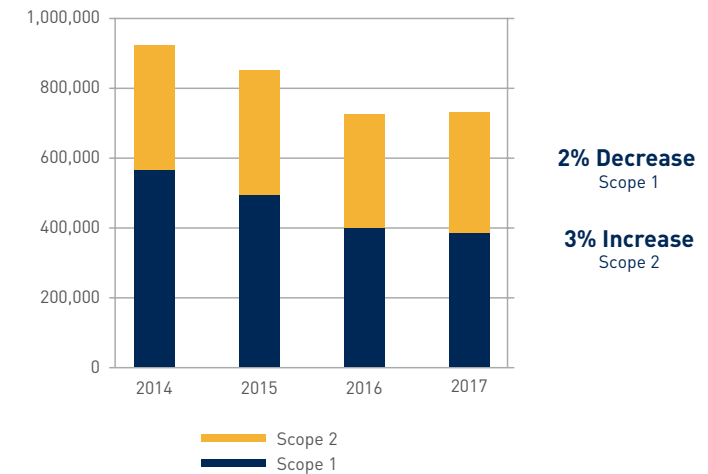
The increase in energy consumption did not prevent us from further reducing our GHG emission intensity by three percent compared to 2016. This reduction was primarily driven by increased use of renewable energy to over 10 percent of total energy use; this resulted from the fact that more renewable byproduct fuels (pitch) were used versus fossil fuel oils, particularly in Oulu and Sandarne. This is in line with the reduction in our Scope 1 GHG emissions compared to our Scope 2 emissions. Scope 1 emissions are emissions attributed to our sites' direct fuel use while Scope 2 emissions are attributed to our sites' purchased (indirect) energy in the form of electricity and steam.

In addition to reducing GHG emissions, we took steps to reduce our air emissions, such as reducing leaks and losses from mechanical equipment. In 2017, we emitted 564 tons of VOC, which is 13 percent less than 2016; 87 tons of sulphur oxide (SOx), 17 percent less than 2016; and 541 tons of nitrogen oxide (NOx), a slight increase of three percent compared to 2016.

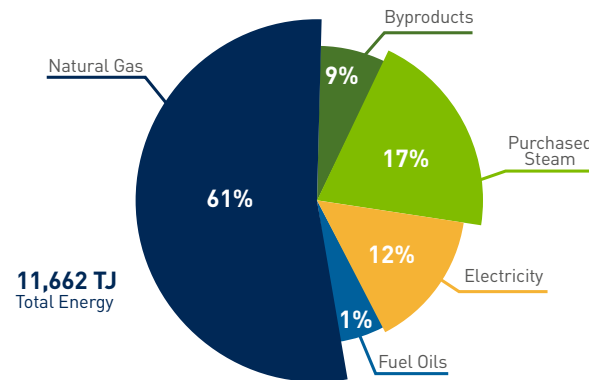
GHG EMISSIONS AND ENERGY INTENSITY



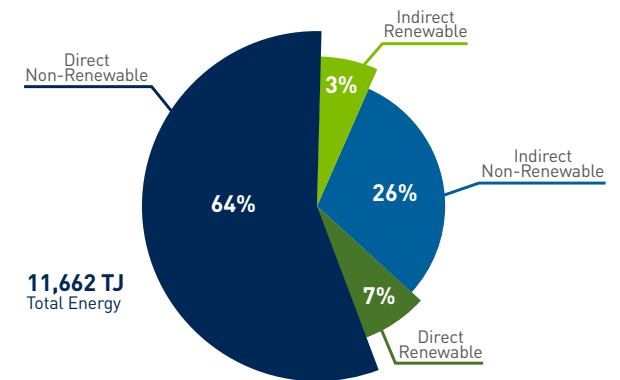
GHG EMISSIONS (MTCO₂E)



ENERGY SOURCE BREAKDOWN 2017



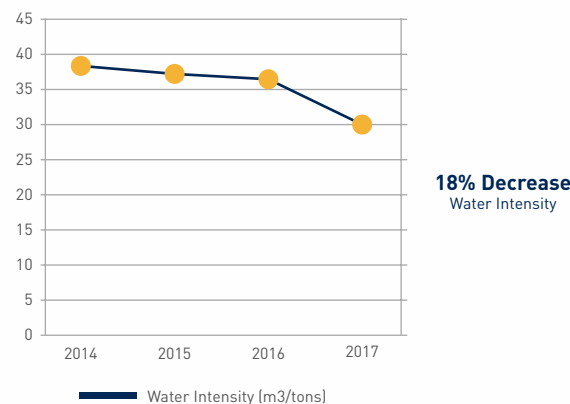
ENERGY SOURCE TYPE 2017



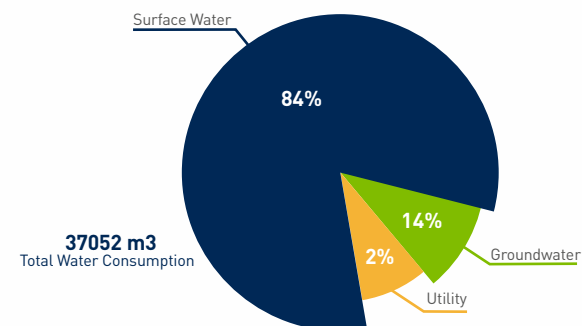
PROTECTING OUR WATER RESOURCES

Kraton's water intensity dropped by 18 percent compared to 2016. This was largely driven by reductions at the Belpre plant, which installed a new cooling tower to replace once-through cooling water heat exchangers, and closure of coal ash slag ponds. Since 2014, we achieved a decrease of 23 percent on intensity basis.

WATER USE



WATER USE BY SOURCE



DIRECT CONNECT

Kraton implemented a Direct Connect (DC) process in our Paulinia plant, a proprietary process that simplifies our supply chain and enhances operational efficiency. The process enables our isoprene rubber polymer to be produced locally in Paulinia's polymerization unit and pumped directly as a solution into the latex emulsification unit – resulting in the creation of our Direct Connect Cariflex technology. This streamlines the process compared to the previous one, which required the polymer

to be produced in Belpre, Ohio, USA then dried, packed and transported to Brazil where it was then re-dissolved and used in the emulsification unit.

Removing these process steps has led to a reduced environmental impact. The new DC process has resulted in a reduction of approximately 7566 mT of CO₂ equivalents annually. By running both processes locally in Paulinia, we avoid an estimated 131 mT of CO₂ equivalents from transportation and

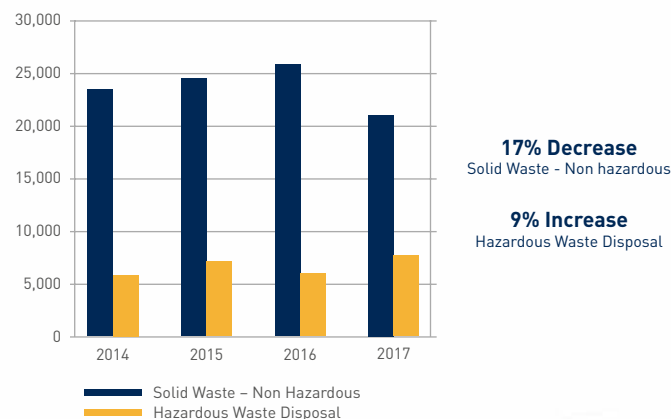
217 tonnes of packaging waste annually. As demand for Cariflex™ IR0401 increases, the benefit for the environment of the DC process relative to the previous one will continue growing.

REDUCING WASTE GENERATION

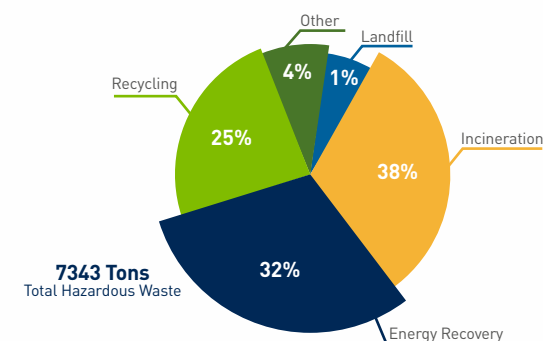
We continue to improve our processes and reduce generation of process residuals. Our non-hazardous solid waste disposal decreased 17 percent compared to 2016. This can be mainly attributed to decreased atypical waste generation from site project work. Our hazardous waste increased by nine percent companywide compared to 2016 due to higher production at our plants, resulting in more byproducts that required disposal.

We continue to practice effective waste management and waste minimization. This includes recycling or reuse of process residuals such as catalysts, proper oversight of non-conforming products, and using our byproducts for fuels or other commercial applications when possible.

WASTE GENERATION



HAZARDOUS WASTE DISPOSAL BREAKDOWN BY METHOD - 2017

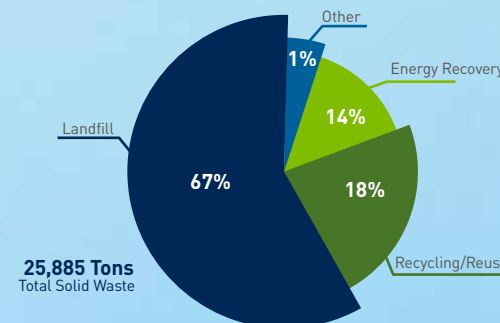


RECOVERING OUR MATERIALS

Kraton seeks to make the most of our waste streams by considering options to reuse the materials waste or recycling it at qualified 3rd parties. For example we send our heads byproducts to a cement kiln for energy recovery. This practice allows us to avoid sending this hazardous waste for incineration, and instead makes use of our byproduct's valuable energy content. Another example is recovering and reusing solvent onsite. Solvents are used in our polymer production, but they are not

consumed in the reaction – making solvent recovery a viable option. Several projects completed at our Belpre site condensed and recycled additional solvent from lines venting to the site flares, resulting in savings of approximately \$2.8 million through avoided disposal costs and avoided solvent procurement costs.

SOLID WASTE DISPOSAL BREAKDOWN BY METHOD - 2017





WORKING WITH SUPPLIERS

Kraton has more than 6,000 suppliers throughout the world. Our most important sourcing regions are North America and Europe, as this is where most of our company plants and facilities are based. Asia is an increasingly important sourcing region for Kraton.

In 2017, there were no major changes in our suppliers' locations or in the structure of our supply chain. However, we have continued integrating legacy Arizona Chemical supply chains with Kraton since the acquisition. These integration projects are geared toward consolidation and simplification of the supply chain systems and processes.

As a specialty chemical company, we value high-quality supplier relationships. Our products must be produced within specification, where the margin for error is small. Therefore, we work with reliable suppliers delivering consistent product and service quality. We expect our suppliers to fully comply with the law at all times, and we strive to work with suppliers that manage environmental and social risks. As a result, we implemented a Conflict Minerals Policy and Supplier Code of

Conduct, which guide supplier expectations in working with us. Those expectations include high integrity and ethical behavior regarding human rights, material supply sourcing and fair competition.

In 2017, Kraton conducted 19 physical audits in two supplier categories; four with raw materials suppliers and 15 with logistics suppliers. These audits took place in North America and Europe and covered security of supply, safety and other topics.

Looking ahead, we will further engage our suppliers and customers about sustainability. Therefore, we set in motion in 2017 to become a member of Together for Sustainability (TfS), a joint initiative of chemical companies for sustainable supply chains. Using the Ecovadis platform, TfS develops and implements a global program to assess, audit and improve sustainability practices within the chemical industry's supply chain. The TfS initiative provides a forum to engage and learn about sustainability with suppliers and customers. Kraton's membership is expected to commence in 2018. More information: <https://tfs-initiative.com/>

COMMUNITY & EMPLOYEES

VALUING OUR PEOPLE

Kraton's vision to be an admired Fortune 500 specialty chemical company includes our focus on sustainability and our need to attract, develop and retain our talented employees. To achieve that vision, we must be Smart (operational and analytical work) and Healthy (organizational clarity, cohesive leadership and behavioral alignment).

Last year, our 1,931 global employees (as of December 31, 2017) began the journey to become both Smart and Healthy. They use their technical expertise (Smart) in making a Positive Difference for our customers and to the world. We also initiated more of our Healthy agenda around the world.

We delivered Cohesive Leadership Training and used our Smart and Healthy model as we hired 155 new employees. Our Healthy model incorporates our core values in many aspects, and it is incorporated in our integrated performance management process, which includes all non-operator positions (more than 1,200 employees).

With a 78 percent companywide participation in our 2017 Employee Engagement survey, more than 80 percent of employees responded positively about Kraton's sustainability efforts. Through the survey, we identified key focus areas for 2018 and beyond, including the development of an employee value proposition to gain further clarity on our offerings; an even

greater focus on employee development; and an increased emphasis on two-way communication across our organization. Our multiple survey champions continuously solicit additional employee feedback to ensure we continue to advance our developing culture.

TRAINING & DEVELOPMENT

Kraton actively builds our employees' capabilities and skills through training. More than 130 leaders were trained to implement the Kraton Smart and Healthy model into the organization. Our Creating Clarity training is designed to further align our organization by working through six questions:

- Why do we exist?
- What are we doing?
- How do we behave?
- How do we succeed?
- What is important right now?
- And, most importantly, how do I fit in?

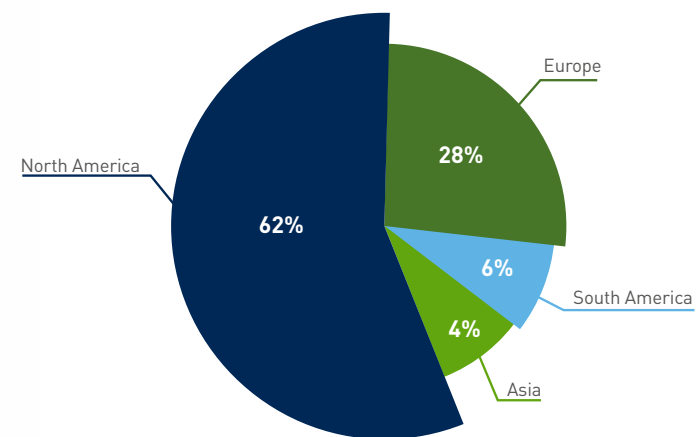
The Creating Clarity trainings were rolled out in two-hour briefing sessions and four-hour workshops. We estimate more than 600 employees participated during 2017. Kraton's Cohesive Leadership Trainings were rolled out to approximately 120 senior-level employees.

HOW MANY NON-KRATON EMPLOYEES DO WE DEPEND ON?

LOCATION	Nr OF NON-KRATON FTE	DESCRIPTION
Wesseling, Germany and Berre, France	160 FTE	Plants owned by Kraton, operated by LyondellBasell
Mailiao, Taiwan	95 FTE	KFPC Joint Venture (50% - 50%)
Kashima, Japan	53 FTE	KJE Joint Venture (50% - 50%)

Note: in each of these locations, a small number of Kraton employees are seconded or work full-time for Kraton in support of these facilities.

WHERE DO KRATON EMPLOYEES WORK?



GIVING BACK TO COMMUNITIES

We believe in giving back to the communities in which we operate in. Our brand promise to deliver *Sustainable Solutions. Endless Innovation.™* includes our commitment to developing sustainable community relations. Whether by partnering with local organizations, contributing to charitable causes or providing volunteers, it is critical that each site determines the most impactful way to give back to their respective communities that have provided us the privilege to operate in. All our sites get involved. Here are some examples from 2017.

BELPRE, OHIO

As a major employer in Belpre, Kraton is an active participant in the community. We provide the Kraton Scholarship of \$5,000 to high achieving students at Washington State Community College. We also hosted Young Engineers and Scientists (YES) Days, allowing employees to spend the day with junior high school students and educate them on science and engineering opportunities. We partner with Belpre High School to encourage STEM career interest through various activities like supporting science fairs and mentorship programs.



HOUSTON, TEXAS

Our Houston offices made significant contributions to the Houston Food Bank in 2017. More than 62 employees and family members donated 248 volunteer hours, providing 83,000 meals to Houston-area residents. We also raised 767 pounds of food and donated \$3,700 as part of our “Share Your Holiday’s Food Drive.” When Hurricane Harvey hit Houston last summer, Kraton donated \$28,000 to the Red Cross through corporate donations and employee matching. Additionally, we raised an additional \$3,500 to assist employees impacted by the storm.



OULU, FINLAND

Kraton’s Oulu site was recognized by the Finland Chemical Industry as the best summer job employer in the Responsible Summer Job competition. Oulu also partnered with a local soccer team to visit with over 60 local elementary schools to increase awareness of bullying and promote respect and peaceful environments. We are collaborating with Me & MyCity, a learning concept that educates the youth on how society works; Kraton is the first chemical company to participate in this program where six grade students visit our facility to experience our work environment.



PAULINIA, BRAZIL

Our Paulinia employees are active members of their community, giving more than 70 hours of volunteer time last year. In 2017, we sponsored the Corrida eKilibrio (CEK), an annual race in Cosmopolis, Brazil that provides healthy foods and lifestyle awareness for at-risk communities. Our fundraising efforts helped donate 400 liters of cooking oil to inner city charities to prepare healthy food for people in need.



APPENDIX

GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE TITLE	KRATON DISCLOSURE
1. ORGANIZATIONAL PROFILE		
102-1	Name of the organization	Kraton at a glance
102-2	Activities, brands, products, and services	Kraton at a glance Kraton's products are not banned in any market.
102-3	Location of the organization's headquarters	Kraton at a glance
102-4	Number of countries operating	Kraton at a glance
102-5	Nature of ownership and legal form	Governance Structure
102-6	Markets served	Kraton at a glance
102-7	Scale of the reporting organization	Kraton Annual Report 2017 – Form 10K – Pages 4 – 9, 24 & 31 Valuing our people
102-8	Information on employees and other workers	Valuing our people Currently we report on the number of employees by region. The majority of our employees have a full-time contract. More specific information on employees will be gathered in the next reporting cycle.
102-9	Supply chain	Working with suppliers Kraton Annual Report 2017 - Form 10K - Pages 8, 12
102-10	Significant changes to the organization and its supply chain	Working with suppliers
102-11	Precautionary Principle or approach	Sustainability Strategy and Value Creation Kraton Annual Report 2017 – Form 10K – Page 10, Risks
102-12	External initiatives	Stakeholder engagement
102-13	Memberships of associations	Stakeholder engagement Working with suppliers
2. STRATEGY		
102-14	Statement from senior decision-maker	Message from the President and CEO

GRI STANDARD	DISCLOSURE TITLE	KRATON DISCLOSURE
3. ETHICS AND INTEGRITY		
102-16	Values, principles, standards, and norms of behavior	Compliance
4. GOVERNANCE		
102-18	Governance structure	Governance Structure
5. STAKEHOLDER ENGAGEMENT		
102-40	List of stakeholder groups	Stakeholder engagement
102-41	Collective bargaining agreements	Kraton Annual Report 2017 – Form 10K – Page 21
102-42	Identifying and selecting stakeholders	Stakeholder engagement
102-43	Approach to stakeholder engagement	Stakeholder engagement
102-44	Key topics and concerns raised	Stakeholder engagement
6. REPORTING PRACTICE		
102-45	Entities included in the consolidated financial statements	Kraton Annual Report 2017 – Form 10K – Pages 24
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. Environmental data covers all sites, owned and operated by Kraton Corporation.
102-47	List of material topics	Materiality assessment
102-48	Restatements of information	There are no significant restatements of information compared to the previous report.
102-49	Changes in reporting	Compared to previous reporting period a revised list of material topics is presented in the report based on interviews conducted with stakeholders.
102-50	Reporting period	The reporting period covers 1st January 2017 to 31st December 2017.
102-51	Date of most recent report	Kraton's previous Sustainability Report was released in July 2017.
102-52	Reporting cycle	Annually
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 the GRI Standards: core option
102-55	GRI content index	Page 36-39
102-56	External assurance	Currently we do not pursue external assurance/verification for our Sustainability Report. In the next reporting period this will be reconsidered.

GRI STANDARD	DISCLOSURE TITLE	KRATON DISCLOSURE
GRI 201: ECONOMIC		
201-1	Direct economic value generated or distributed	Kraton Annual Report 2017 – Form 10K – Page 30-37, F-32, F-37, F-45
GRI 302: ENERGY		
Indicator	Energy consumption within the organization	Environmental stewardship GHG emissions and energy
Indicator	Energy intensity	Environmental stewardship GHG emissions and energy
Indicator	Renewable energy use	Environmental stewardship GHG emissions and energy
GRI 303: WATER		
Indicator	Water withdrawal by source	Environmental stewardship
Indicator	Water intensity	Environmental stewardship
GRI 305: EMISSIONS		
Indicator	Direct greenhouse gas (GHG) emissions (Scope 1)	Sustainability strategy and value creation Compliance GHG emissions and energy
Indicator	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Sustainability strategy and value creation Compliance GHG emissions and energy
Indicator	Greenhouse gas (GHG) emissions intensity	GHG emissions and energy
Indicator	Reduction of GHG emissions	GHG emissions and energy
GRI 306: EFFLUENTS AND WASTE		
Indicator	Waste by type and disposal method	Compliance Reducing waste generation
GRI 403: OCCUPATIONAL HEALTH AND SAFETY		
Indicator	Total Incident Rate (TIR)	Health, safety, environment and security
Indicator	Process Safety Incident Rate (PSIR)	Health, safety, environment and security
GRI 413: LOCAL COMMUNITIES		
Indicator	Operations with local community engagement	Giving back to communities

GRI STANDARD	DISCLOSURE TITLE	KRATON DISCLOSURE
SUSTAINABLE PRODUCTS AND SOLUTIONS		
Indicator	Number of biobased products certified	Biobased label update
RAW MATERIALS		
Indicator	Direct raw material costs	How we create value

ENVIRONMENTAL DATA

	2014	2015	2016	2017	CHANGE FROM 2016
ENERGY					
Energy Consumption (TJ)	12235	11696	11224	11662	4%
Energy Intensity (MMBTU/Ton)	9.16	9.13	8.85	8.93	1%
Renewable energy use (%)	7.30%	7.20%	7.80%	10.20%	31%
EMISSIONS					
GHG Emissions (MTCO2E)	900695	817305	716424	719326	0%
GHG Intensity (MTCO2E/Ton)	0.71	0.67	0.6	0.58	-3%
Scope 1 (MTCO2E)	548443	471963	395347	387451	-2%
Scope 2 (MTCO2E)	348656	342117	321078	331875	3%
Volatile organic compounds (VOCs)	815	694	649	564	-13%
Sulphur Oxide (SOx)	2343	1568	105	87	-17%
Nitrogen Oxide (NOx)	932	673	523	541	3%
WASTE					
Solid waste - Non Hazardous (tons)	23390	24665	25884	21406	-17%
Hazardous waste disposal (tons)	6204	7083	6745	7343	9%
WATER					
Water Use (1000 m3)	49010	45909	43887	37052	-16%
Water intensity (m3/tons)	38.7	37.8	36.5	30	-18%

KRATON CORPORATION (NYSE:KRA)

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

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KRATON CORPORATION

15710 JOHN F. KENNEDY BLVD.
SUITE 300
HOUSTON, TEXAS 77032
UNITED STATES
+1-800-4-KRATON (572866)