



## TCFD Recommendations

DISCLOSURE FOCUS AREA	DISCLOSURE	SUMMARY OF PROGRESS
<b>GOVERNANCE</b>		
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 through the Strategy, Sustainability and Investments (SSI) and Audit and Compliance Committees.
	b.) Describe management's role in assessing and managing climate-related risks and opportunities.	Kraton's Sustainability Council provides executive direction for the company's global approach to climate change, serving as decision-making body, defining resource requirements, and overseeing implementation and progress of our climate change initiatives. Kraton's Polymers and Pine Chemicals Sustainability Task Forces execute the Sustainability Council decisions on the operation level and cascade the needed actions through their organizations.
<b>STRATEGY</b>		
Disclose the actual and potential impacts of climate-related risks and opportunities on Kraton's businesses, strategy and financial planning.	<p>a.) Describe the climate-related risks and opportunities Kraton has identified over the short, medium, and long term</p> <p>b.) Describe the impact of climate-related risks and opportunities on Kraton's businesses, strategy, and financial planning</p> <p>c.) Describe the resilience of Kraton's strategy, taking into consideration different climate-related scenarios, including a 2° C or lower scenario</p>	<p>We continue to incorporate key climate risks and opportunities in our financial planning process. Our initial physical risk assessment has identified a small number of our sites that are exposed to potential 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)</p> <p>Kraton has assessed its exposure to physical climate risks out to mid-century under three IPCC emissions pathways, including a 2°C scenario.</p> <p>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.</p> <p>In 2023, we 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.</p> <p>Kraton regularly reviews and updates its Enterprise Risk Management (ERM) system to include, evaluate and mitigate risks to Kraton's potential continuous operations.</p> <p>Kraton has put measures in place to help mitigate the impact of future extreme weather events, drawing from insights from past experience. Events such as the 2021 freeze in Texas, 2018's Hurricane Michael and low water levels in the Rhine River, which have guided the development of these measures. All these events have caused significant operational challenges, ranging from outages of power, supply chain disruption and impacts on employees' well-being.</p> <p>In 2023, Kraton decided to implement internal (shadow) carbon price. We continue working on operationalizing the carbon price into our decisions making.</p> <p>Across our facilities, Kraton has built-in emergency response procedures to limit downtime and therefore maintain production rates. Mitigation actions include:</p> <ul style="list-style-type: none"> <li>▶ Building inventory</li> <li>▶ Diversifying suppliers</li> <li>▶ Flood, hurricane assessments</li> <li>▶ Crisis management plans</li> </ul>

## TCFD Recommendations (continued)

DISCLOSURE FOCUS AREA	DISCLOSURE	SUMMARY OF PROGRESS
<b>RISK MANAGEMENT</b>		
<p>Disclose how Kraton identifies, assesses, and manages climate-related risks.</p>	<p>a.) Describe Kraton's processes for identifying and assessing climate-related risks</p>	<p>We continue to embed climate risk into our activities and Enterprise Risk Management Framework, with more detailed and systematic assessment of climate risks facing the business undertaken in 2021.</p>
	<p>b.) Describe Kraton's processes for managing climate-related risks</p>	<p>Refer to Preserving Planet chapter, p52</p>
	<p>c.) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into Kraton's overall risk management</p>	<p>Refer to Preserving Planet chapter, p52</p>
<b>METRICS AND TARGETS</b>		
<p>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities</p>	<p>a.) Disclose the metrics used by Kraton to assess climate-related risks and opportunities in line with its strategy and risk management process</p>	<p>Kraton uses several climate-related metrics to track progress and performance. These can be found in the Preserving Planet chapter page 58.</p> <p>Metrics include renewable energy use, energy intensity, and Scope 1 and Scope 2 GHG emissions as well as GHG intensity emissions.</p> <p>The data is reported in line with the GHG protocol on an annual basis to stakeholders through our sustainability report. Data is collected monthly at 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.</p>
	<p>b.) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks</p>	<p>Percentage Renewable Energy: 12 Percent</p> <p>Energy Intensity: 9.2 MMBTU/Ton product</p> <p>GHG Emissions Scope 1: 350599 MTCO<sub>2</sub>E</p> <p>GHG Emissions Scope 2: 176658 MTCO<sub>2</sub>E</p> <p>GHG Emissions Intensity (Scope 1 and 2): 0.52] MTCO<sub>2</sub>E/Ton</p>
	<p>c.) Describe the targets used by Kraton to manage climate-related risks and opportunities and performance against targets</p>	<p><b>Targets</b></p> <p>Kraton is committed to reducing (Scope 1 and 2) greenhouse gas emissions intensity by 20% by 20230, compared to 2020 baseline year.</p> <p><b>Performance</b></p> <p>In 2023 Kraton achieved:</p> <ul style="list-style-type: none"> <li>▶ A decrease of approximately 14% in total absolute emissions compared to 2022. This reduction can be attributed to low-carbon energy procurement at Kraton's Scandinavian facilities and the implementation of the Belpre Strategic Energy Project (BSEP), resulting in onsite generated electricity. However, this reduction was accompanied by a production volume decrease of approximately 18%.</li> <li>▶ GHG intensity remained at 5.2% compared to 2020. This stability is primarily due to lower production volumes in 2022. GHG intensity is calculated as Scope 1 and 2 emissions per ton of product.</li> </ul>