

The background of the slide is a low-angle photograph of a dense forest of tall, thin trees. Sunlight filters through the green canopy, creating a bright, hazy effect in the center of the image.

# TOWARDS SUSTAINABLE AND INTELLIGENT BIOECONOMY

Nella Baerents,  
Global Sustainability Policy Director



# Company overview - What Do We Make?

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

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



# Innovation

- Our innovation process is driven by **inside-out** and **outside-in** approaches
  - Develop breakthrough technologies
  - Joint development programs
  - Mega trends focus
- Invested **\$40.7 million** in R&D in 2017
- **210** R&D scientists, engineers and staff members worldwide



# Market Leader in Pine Chemicals

## Competitive positions:

- #1 processor of pine chemicals in the world

- #1 global producer of Rosins, TOFA and derivatives

## Broad product portfolio

- #1 global supplier of pine-based tackifiers

- #1 global supplier of pine-based pavement markers

Leading global supplier of high performance tread enhancement resins

Our biobased products provide renewable and sustainable solutions

Biobased product certification provides transparency and credibility

Strong relationships with key raw material suppliers

Providing logistic support, recovery engineering expertise, enhancing pulp mill yield and operating efficiency



**biobased** %

# Sustainability - addressing Global Challenges



# How We Create Value

## INPUT

### FINANCE

**\$ 667 Million**  
Equity

**\$ 299 Million**  
Operating Expenses (excl. R&D)

**\$ 1.62 Billion**  
Consolidated Debt

### MANUFACTURED

**\$ 959 million**  
Property, Plant and Equipment

### INTELLECTUAL

**\$ 41 Million**  
R&D

**1,152**  
Granted Patents

### HUMAN

**1,931**  
Employees  
Training & Development  
Safety Policies

### SOCIAL

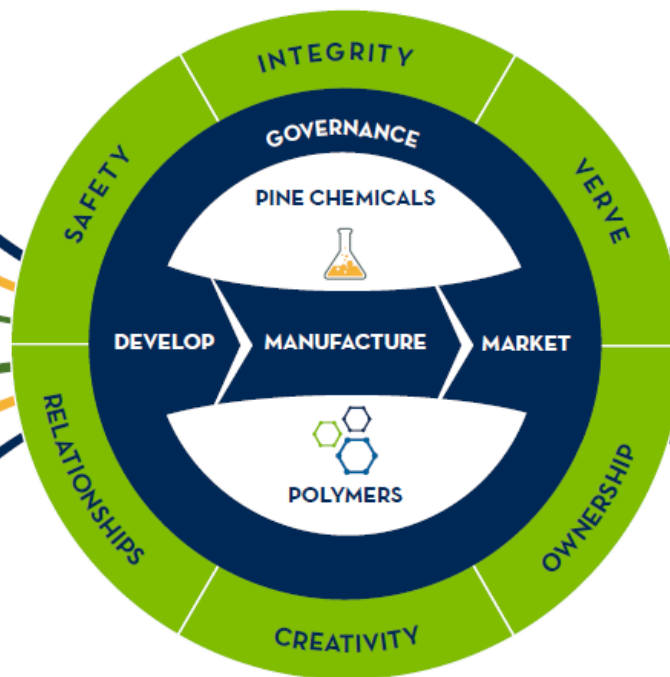
Stakeholder Relationships  
Strong Market Position

### NATURAL

**\$ 786 Million**  
Raw Material Costs

**11,662 TJ**  
Energy Use

**37 Million m<sup>3</sup>**  
Water Use



## 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)

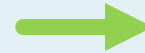
All data as of 12/31/2017

# Our Important Sustainability Topics

UPSTREAM

OUR OPERATIONS

DOWNSTREAM



Increasing Responsible  
Procurement



Sustainable Governance  
Carbon Emissions  
Energy Intensity  
Waste Management  
Spills Management  
Water Consumption  
Health & Safety  
Community Engagement



Product sustainability  
Product safety



# Our Sustainability Ambitions

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

- Conduct 12 Life Cycle Assessments (LCA) by 2020
- Achieve 25 percent reduction in Greenhouse Gas (GHG) emissions by 2030.



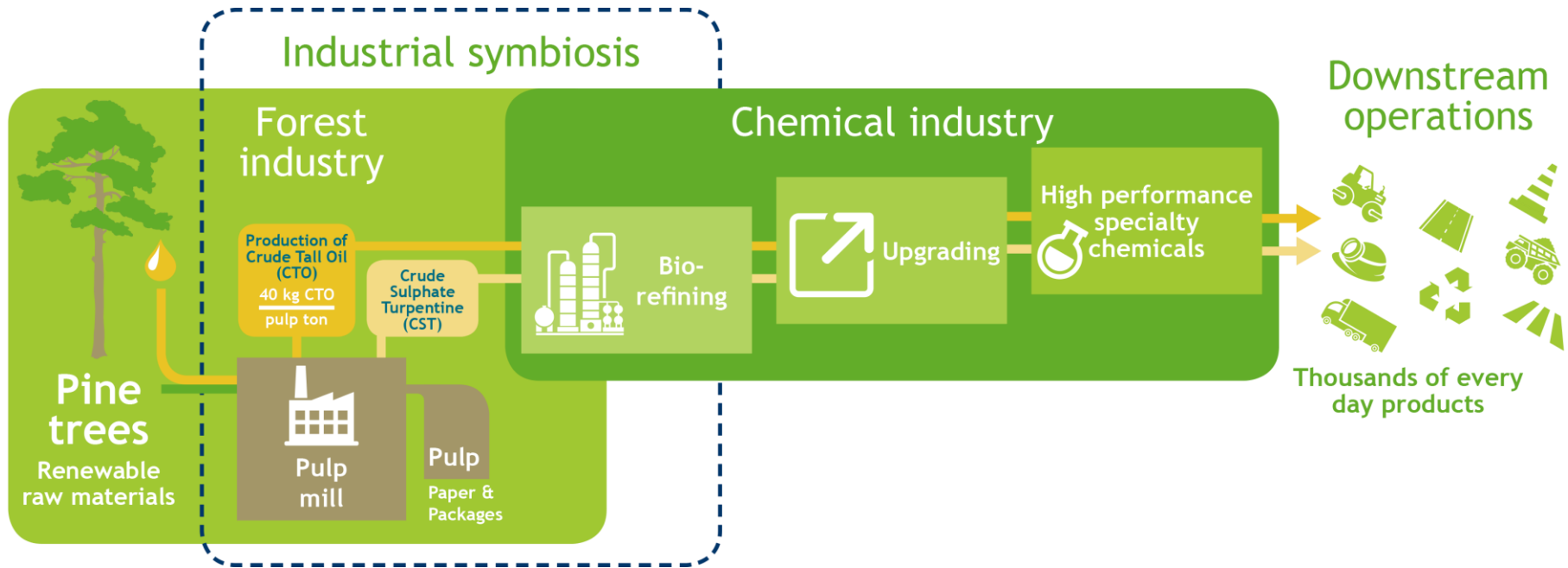




# Intelligent bioeconomy

# Tall oil - useful bioeconomy raw material

Smart, efficient and sustainable use of a scarce resource in biobased chemicals is highlighted throughout the forest industry value chain.



The renewable tall oil is transformed into innovative high value adding products.

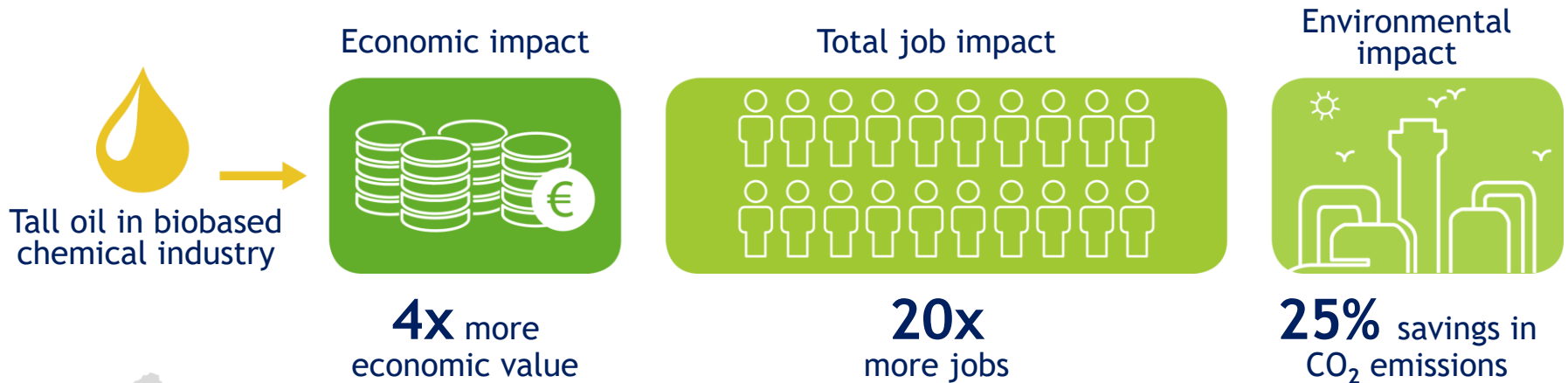
# Refining tall oil is intelligent bioeconomy





# CTO based chemicals - Remarkable value to society

Tall oil used for biobased chemicals generates more economic value, jobs and CO<sub>2</sub> savings\*



**650,000 MT**

Annual availability of  
**CTO** in Europe

Biobased chemicals are the most resource efficient use of the limited raw material

Biobased chemicals use: ~10,000 jobs & 1.8 billion € annually  
**without state support**

Source: Data from Fraunhofer UMSICHT -  
EU CTO Added Value Study (2016)

# What is needed for smart and sustainable bioeconomy?

- A level playing field for all bio-based industries
- Higher added value use of raw materials
- Sustainable production
- Innovation



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