

**KRATON CORPORATION**  
**CORPORATE GOVERNANCE GUIDELINES**  
**(As Amended and Restated February 11, 2016)**

**I. Responsibilities of the Board of Directors**

The Board of Directors (the “Board”) is the ultimate decision-making body of Kraton Corporation (the “Company”), except with respect to matters reserved to the shareholders. The Board selects the Chief Executive Officer and certain other members of the executive management of the Company, which members of executive management serve at the pleasure of the Board and attend to the implementation of policies adopted or approved by the Board. The primary function of the Board is therefore oversight – defining and enforcing standards of accountability that enable members of executive management to execute their responsibilities fully and in the interests of shareholders. Consistent with that function, the following are the primary responsibilities of the Board:

- ❖ Evaluating the performance of the Company and its executive management, which includes (i) overseeing the conduct of the Company’s business to evaluate whether it is being effectively managed, including through regular meetings of the outside Directors (i.e., directors who are not employees of the Company) without the presence of management; and (ii) selecting, regularly evaluating and planning for the succession of the Chief Executive Officer and such other members of executive management as the Board deems appropriate;
- ❖ Reviewing the Company’s strategic plans and objectives, including the principal risk exposures of the Company;
- ❖ Providing oversight to the Chief Executive Officer and other executive management of the Company;
- ❖ Assisting management in the oversight of compliance by the Company with applicable laws and regulations, including in connection with the public reporting obligations of the Company;
- ❖ Overseeing management with a goal of ensuring that the assets of the Company are safeguarded through the maintenance of appropriate accounting, financial and other controls;
- ❖ Appointing the members of and overseeing any required or appropriate Committees of the Board established for purposes of the execution of any delegated responsibilities of the Board;
- ❖ Establishing the form and amount of compensation for Directors, taking into account the Directors’ responsibilities as such and as members of any Committee of the Board; and

- ❖ Evaluating the overall effectiveness of the Board and its Committees, as well as selecting and recommending to shareholders for election an appropriate slate of candidates for the Board.

In discharging their responsibilities, Directors are to exercise their business judgment in a manner that they believe in good faith is in the best interests of the Company and its stockholders. Directors are expected to attend all or substantially all Board meetings and meetings of the Committees of the Board on which they serve. Directors are also expected to spend the necessary time to discharge their responsibilities appropriately and to ensure that other existing or future commitments do not materially interfere with their responsibilities as members of the Board.

Directors shall be entitled to require that the Company purchase reasonable liability insurance on their behalf and to accord them the benefits of indemnification and exculpation to the fullest extent permitted by applicable law, the Company's Certificate of Incorporation and Bylaws and any Indemnification Agreements.

These Corporate Governance Guidelines are intended as general guidelines. They do not operate as rigid rules, nor do they modify or constitute an interpretation of the Company's Certificate of Incorporation or Bylaws, the General Corporation Law of the State of Delaware or any other law or regulation

## **II. Structure and Operation of the Board of Directors**

### *A. Size and Composition*

The Company's Certificate of Incorporation provides that the number of directors of the Company shall be such as is from time to time fixed by, or in the manner provided in, the Company's Bylaws. The Nominating and Corporate Governance Committee shall consider the size and composition of the Board from time to time and report to the Board the results of its review and any recommendations for change.

There shall always be at least a majority of Directors that meet the independence requirements of applicable stock exchange listing standards. The Company values the experience directors bring from other boards on which they serve, but recognizes that those boards may also present demands on a director's time and availability. A Director shall provide advance notice to the Chairperson of the Board of his or her acceptance of an invitation to serve on the board of directors of any other company.

The Board is responsible for selecting candidates for Board membership and for extending invitations to join the Board through the Nominating and Corporate Governance Committee. Candidates are selected based on criteria established by the Nominating and Corporate Governance Committee, which shall include at a minimum the requirements of applicable law and stock exchange listing standards, as well as a candidate's integrity, strength of character, high ethical standards, judgment, business experience, leadership, specific areas of expertise, ability to devote sufficient time for attendance at and preparation for Board meetings, factors relating to the composition of the Board (including its size and structure) and principles of diversity, including, without limitation, a consideration of race, age, sex, nationality, business

experience, skills, international experience, education, other public company board experience and other factors deemed appropriate by the Committee. The Board recognizes the importance of soliciting new candidates for membership on the Board and that the needs of the Board, in terms of the relative experience and other qualifications of candidates, may change over time. Any Director is free to recommend a candidate for nomination to the Board. Consistent with its charter, the Nominating and Corporate Governance Committee is responsible for screening candidates, for establishing criteria for nominees and for recommending to the Board a slate of nominees for election to the Board at the Annual Meeting of Shareholders. Final approval of any candidate shall be determined by the Board.

In connection with its annual recommendation of a slate of nominees, the Nominating and Corporate Governance Committee shall assess the contributions of those Directors selected for re-election. The Board does not believe that it is advisable to establish term limits for its Directors, because they may deprive the Company and its shareholders of the contribution of Directors who have been able to develop valuable insights into the Company and its operations over time. The Nominating and Corporate Governance Committee shall review the desirability of term limits for Directors and recommend to the Board policies in this regard from time to time.

Any nominee for Director in an uncontested election who receives a greater number of votes “withheld” from his or her election than votes “for” such election (a “Majority Withheld Vote”) shall, promptly following the certification of the voting results for such election, tender his or her offer of resignation for consideration by the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee shall recommend to the Board whether to accept the offered resignation or other action to be taken with respect thereto, and the Board will act on the offered resignation within 90 days following the certification of voting results for such election and promptly thereafter disclose publicly its decision with respect thereto, and, if applicable, the reasons for rejecting the resignation offer. The Nominating and Corporate Governance Committee and the Board may consider any factors and alternatives they deem appropriate in making their recommendation or decision, as the case may be. Any Director who is required to tender his or her offer of resignation pursuant to these provisions shall not participate in the Nominating and Corporate Governance Committee recommendation or Board action regarding such offered resignation. However, if each member of the Nominating and Corporate Governance Committee received a Majority Withheld Vote at the same election, then the independent Directors who did not receive a Majority Withheld Vote shall appoint a committee among themselves to consider and make a recommendation to the Board with respect to the offered resignations. For these purposes, an “uncontested election” means an election of Directors in which the number of nominees does not exceed the number of Directors to be elected at such meeting.

It is the sense of the Board that outside Directors who significantly change other responsibilities or job positions should tender an offer of resignation from the Board for consideration by the Nominating and Governance Committee. It is not the sense of the Board that in every instance a Director who retires or changes a position he or she held when they came on the Board should necessarily leave the Board. However, there should be an opportunity for the Board, through the Nominating and Corporate Governance Committee, to review the continued appropriateness of Board membership under the circumstances. Directors who are

employees of the Company are also expected to tender their resignation from the Board at the same time they cease to be an employee of the Company, unless continued service is approved by the Board.

The Board and each Committee shall, under the oversight of the Nominating and Corporate Governance Committee, annually evaluate their performance to determine whether they are functioning effectively. In developing the evaluation criteria, the Nominating and Corporate Governance Committee may choose to benchmark the practices of other boards of directors; circulate surveys, questionnaires and evaluation forms to Directors; and use such other methods as it may deem appropriate in order to assess the Board's effectiveness. At the conclusion of this process, the Chairperson of the Nominating and Corporate Governance Committee shall report the Committee's conclusions to the Board and may make recommendations regarding changes that the Nominating and Corporate Governance Committee deems appropriate.

## *B. Board Meetings*

### *1. Frequency and Conduct of Meetings*

The Board shall meet at least four times a year, generally at approximately three month intervals. Additional meetings may be scheduled and the timing of quarterly meetings may be revised from time to time, as necessary or appropriate in light of the circumstances. Board meetings may be conducted in person or telephonically. The Chairperson of the Board and Chief Executive Officer shall, in consultation with the General Counsel and the Chairperson of the Nominating and Corporate Governance Committee, prepare an annual schedule of meetings for the Board. Certain matters shall be addressed by the Board at least annually. These matters shall include a review of the Company's (i) strategic plan and the principal current and future risk exposures of the Company; (ii) strategic objectives; (iii) business and financial performance for the prior year, including a review of the achievement of strategic objectives; (iv) a Board self-evaluation; and (v) the Company's compliance with applicable law and listing standards.

The Chairperson of the Board shall chair all meetings of the Board. Subject to the Board's discretion, it is expected that the Chief Executive Officer will attend meetings of the Board. In addition, members of management will be available to attend Board meetings or Committee meetings at the invitation of the Chairperson of the Board or the applicable Committee to provide information and insight to the Board.

Outside Directors shall meet in executive session with the Chief Executive Officer at least once each year to discuss matters relating to management succession (including the Chief Executive Officer's recommendation as to a successor should he or she be unexpectedly disabled or retire) and management development, to evaluate members of executive management and to review the Company's long-term strategic plans, including the principal issues that the Company will face in the future.

In addition, outside Directors shall meet periodically in executive session without any members of the Company's management, whether or not they are Directors, who may otherwise be present. An outside Director must preside over each executive session, although the

same Director is not required to preside at all executive sessions. The Directors meeting in executive session must have a procedure by which a presiding Director will be selected for all or each executive session. The Director chosen to preside over an executive session shall establish the agenda for such session. Outside Directors who are not independent under applicable stock exchange listing standards may participate in these executive sessions, but Directors who are independent under such standards should meet in executive session at least once per year

At one of such executive sessions, the agenda for the meeting shall include an evaluation of the performance of the Chief Executive Officer (which evaluation shall be communicated to the Chief Executive Officer by the Chairperson of the Compensation Committee). Upon reasonable notice to the other outside Directors, any outside Director may call for an executive session, with or without the presence of the Chairperson, if the Chairperson is also the Chief Executive Officer, or any member of executive management, if he or she deems it appropriate. In such circumstances, the outside Director calling the executive session shall consult the Director who presided at the most recent executive session of outside Directors as to the time, location and agenda for such executive session. When meeting without the Chairperson, any item proposed by any outside Director may be included on the agenda upon reasonable prior notice to the Director who presided at the most recent executive session of outside Directors.

## 2. Agenda

The Chairperson of the Board and the Chief Executive Officer shall cause an agenda to be prepared for each meeting of the Board, which may include matters additional to those contemplated by the annual schedule of meetings of the Board. Directors may suggest the addition of any matter to a meeting agenda. Each Director may also raise at any meeting or executive session any subject that is not on the agenda for that meeting or executive session.

## 3. Information to be Distributed Prior to Meetings

Insofar as practicable, information to inform the Directors about the Company's business, performance and prospects and regarding recommendations for action by the Board shall be made available to the Board a reasonable period of time before meetings. Information should be relevant, concise and timely. Requests for action by the Board should include the recommendation of management and be accompanied by any historical or analytical data that may be necessary or useful to the Directors in making a determination as to the advisability of the matter. Directors should review the materials provided to them in advance of meetings.

## 4. Presentations

Materials regarding presentations on specific subjects shall generally be sent to the Board members in advance so that the Board's meeting time may be conserved and discussion time focused on questions that Directors may have. Where time or circumstances prohibit advance delivery of materials, the Chairperson of the Board or his designee shall provide advance notice of the subject matter and the principal issues involved through an oral communication in advance of the meeting, followed by a complete presentation and discussion of the matter at the meeting.

## 5. Resolutions

Insofar as is practicable, the text of resolutions to be submitted to the Board for approval shall be distributed in advance of the meeting at which they will be considered.

## 6. Minutes

The Secretary or an Assistant Secretary of the Company shall record minutes of all meetings of the Board. In the absence or incapacity of the Secretary or an Assistant Secretary, the Chairperson may designate a Director, the General Counsel or outside counsel for the Company to record the minutes of meetings of the Board.

With respect to any matter, a Director voting against a proposal may ask to have his or her dissent recorded in the minutes of the meeting, and the Secretary, an Assistant Secretary or a designee, as the case may be, shall do so.

### *C. Access to Management, Management Information and Counsel*

Directors shall have free access to management and management information. Management shall be responsive to requests for information from Board members. The Board encourages the Chairperson of the Board to invite members of management to make presentations at Board meetings in order to provide particular insights into aspects of the Company's business or to provide individuals with exposure to the Board for purposes of management development. Directors may suggest possible guests to the Chairperson.

In performing its functions, the Board is entitled to rely in good faith on the advice, reports and opinions of officers and employees of the Company, counsel, accountants, auditors and other expert advisors. The Board, the Committees thereof and the outside Directors as a group shall be entitled, at the expense of the Company, to engage such legal, financial or other advisors as they deem appropriate, without consulting or obtaining the approval of any officer of the Company, with respect to any matters subject to their respective authority.

### *D. Board Interaction with Institutional Investors, the Press and other Constituencies*

The Board believes that management speaks for the Company. Directors may, from time to time, be contacted by institutional investors, other shareholders, sellers of businesses or potential merger partners, governmental or community officials, analysts or the press to comment on or discuss the business of the Company. Directors are expected to refrain from communicating with any of the foregoing without prior consultation with the Chief Executive Officer or the Chief Financial Officer. Any proposed contact by a Director in response to any inquiry by any governmental official shall also be notified in advance to the Chief Executive Officer, the Chief Financial Officer and the General Counsel of the Company.

The proceedings and deliberations of the Board and its Committees are confidential, and each Director shall maintain the confidentiality of non-public information received in his or her capacity as a Director. In no event shall any Director disclose any material non-public information concerning the Company. Among other considerations, such disclosures may violate applicable law. Questions about such information should be directed to the General

Counsel. In the event that a Director inadvertently discloses information that may be material and non-public, he or she should immediately so advise the General Counsel.

#### E. *Committees of the Board*

##### 1. Committee Structure

There are currently four standing Committees of the Board: Audit, Compensation, Nominating and Corporate Governance and Executive. From time to time, the Board may designate *ad hoc* Committees in conformity with the Company's Bylaws. Each standing Committee shall have the authority and responsibilities delineated in the Company's Bylaws, the resolutions creating them and any applicable charter. The Board shall have the authority to disband any *ad hoc* or standing Committee when it deems it appropriate to do so, provided that the Company shall at all times have such Committees as may be required by applicable law or stock exchange listing standards.

Committees and their Chairpersons shall be appointed by the Board annually at the Annual Meeting of the Board of Directors, on recommendation of the Nominating and Corporate Governance Committee in consultation with the Chairperson of the Board. The members of the Audit, Compensation, Nominating and Corporate Governance and Executive Committees shall also at all times meet the independence and other requirements of applicable securities laws and stock exchange listing requirements unless otherwise exempt from such requirements. In appointing Committee members, the Board shall consider rotating membership from time to time in accordance with any policies established or recommended in that regard by the Nominating and Corporate Governance Committee.

Each standing Committee shall have a written charter, which shall be approved by the Board and state the purpose of such Committee. Committee charters shall be reviewed periodically to reflect the activities of each of the respective Committees, changes in applicable law or regulation and other relevant considerations, and proposed revisions to such charters shall be approved by the Board.

##### 2. Committee Meetings

The Chairpersons of the various Committees, in consultation with their Committee members, shall determine the frequency and length of Committee meetings pursuant to the relevant charters. The Chairperson of each Committee, in consultation with other members of the Committee and management of the Company, will establish the agenda for each Committee meeting. Committee members and other Directors may suggest the addition of any matter to the agenda for any Committee meeting upon reasonable notice to the Committee Chairperson.

To the extent practicable, information regarding matters to be considered at Committee meetings shall be distributed to Committee members a reasonable period of time before such meetings. The Chairperson of each Committee shall report on the activities of the Committee to the Board following Committee meetings.

#### *F. Compensation of the Board of Directors*

The Compensation Committee is charged with the responsibility of reviewing the compensation of the non-employee Directors and recommending changes thereto to the Board from time to time. In this regard, the Compensation Committee may request that management report to the Committee periodically on the status of the Board's compensation in relation to other similarly situated companies.

All outside Directors will be reimbursed for their reasonable travel expenses related to attending Board, Committee or Company business meetings. Alternatively, the Company can make the travel arrangements.

The form and amount of non-employee Director compensation and perquisites shall be determined by the Compensation Committee in accordance with the principles contained in its charter or any related policies, and such Committee shall review the form and amount of such compensation periodically as provided in its charter. The Board believes that an alignment of Director interests with those of shareholders is important. The Compensation Committee shall be sensitive to questions of independence that may be raised where non-employee Directors' fees and perquisites exceed customary levels for companies of comparable scope and size if the Company makes substantial charitable contributions to organizations with which a director is affiliated, or if the Company enters into consulting contracts with (or provides other indirect forms of compensation to) a director or an organization with which the director is affiliated.

#### *G. Director Orientation and Education*

The Company has an orientation program for new Directors that includes, among other items, providing core materials relating to the Company's business and operations, its Code of Business Conduct and Ethics, and briefings with senior management at the Company's headquarters and other facilities. Briefing sessions on new industry, financial, legal, regulatory and other developments and other continuing educational opportunities will be made available to the Directors on subjects relevant to the Company, its business plan and risk profile.

### **III. Revisions to these Governance Guidelines**

The Nominating and Corporate Governance Committee shall reevaluate these Governance Guidelines from time to time and recommend to the Board such revisions as it deems appropriate for the Board to discharge its responsibilities more effectively.