



TRINSEO™

Materials. Powering Ideas.



Corporate Strategy:  
**Summary for  
Employees**

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# Introduction

Dear Colleagues,

I am pleased to introduce this document summarizing Trinseo's strategic and high-level corporate plans into one concise reference for employees. Originally introduced in January 2014, we have updated it effective March 2015.



It's important that all of us understand the company's strategic direction and where we're headed. We know that employees are interested in hearing more about the company's strategic direction because it was one of the top suggestions in the Employee Communications Survey conducted in 2013 and 2014. This document is a direct response to that request from employees saying that they want to learn more about the company strategy. This document is Trinseo Confidential and should not be shared externally.

Although specific business and functional/department strategies are not included in the document, we show how these align with and fit under the overall corporate strategy. I encourage all employees to refer to this booklet as you have conversations on strategy with your business, functional, and local leaders to understand linkage and alignment with our corporate strategy.

I appreciate your interest in Trinseo's strategy and your work toward achieving our goals and growth aspirations. Your accomplishments in establishing Trinseo as a strong, independent company are truly remarkable. Thank you for all that you do for Trinseo.

A handwritten signature in black ink that reads "Chris Pappas". The signature is fluid and cursive.

Chris Pappas

President and Chief Executive Officer

# Who We Are

Trinseo is a leading global materials company with a unique portfolio of products that share feedstocks, operations, customers, and end users. Operating independently since June 2010, Trinseo is built on more than seven decades of manufacturing, commercial, and technological expertise. Our materials are intrinsically vital to helping customers stay at the forefront of their industries, and we're passionately focused on putting a whole world of materials and technologies to work for our customers every day.

## Materials Focus

We make materials that are used by our customers in a wide range of markets and applications. Our products find their way into many everyday products that consumers touch and use, such as electronics, lighting, cars, tires, paper, carpet, appliances, medical devices, and packaging.

**The fact that we are a materials company is the foundation of our strategy.** Strategically, any actions we take will be within the confines of being a materials company.

Our businesses are organized into two divisions. The Performance Materials division comprises the Latex, Rubber, and Performance Plastics businesses. The Basic Plastics and Feedstocks division includes the Feedstocks, Styrenic Polymers, and Polycarbonate businesses. Further breakdown of products in each business is shown below.

**Table 1:** Trinseo Business Portfolio

	Performance Materials Division				Basic Plastics and Feedstocks Division	
Business and Key Products	<b>Latex:</b> <ul style="list-style-type: none"> <li>Styrene Butadiene (SB) Latex</li> <li>Styrene Acrylate (SA) Latex</li> </ul> <b>Rubber:</b> <ul style="list-style-type: none"> <li>Solution Styrene Butadiene Rubber (SSBR)</li> <li>Lithium Polybutadiene Rubber (Li-PBR)</li> <li>Emulsion Styrene Butadiene Rubber (ESBR)</li> <li>Nickel Polybutadiene Rubber (Ni-PBR)</li> </ul> <b>Performance Plastics:</b> <ul style="list-style-type: none"> <li>Consumer Essential Markets</li> <li>Automotive Plastics</li> </ul>				<ul style="list-style-type: none"> <li>Polystyrene (PS)</li> <li>Acrylonitrile Butadiene Styrene (ABS)</li> <li>Styrene Acrylonitrile (SAN)</li> <li>Polycarbonate (PC)</li> <li>Feedstocks</li> </ul>	
Brands	LOMAX™	MaxCoat™	EVEREST™	VELVEX™	CALIBRE™	MAGNUM™
	FOUNDATIONS™	MaxFoS™	SPRINTAN™	CELEX™	STYRON™	STYRON A-TECH™
	HPL™	MaxForte™	EMERGE™	PULSE™	TYRIL™	STYRON™ C-TECH
	ENVERSA™	ProForte™		ENLITE™		
End Uses						

## Mission, Vision, & Values

Our strategy is built upon our Mission, Vision, and Values which were introduced in 2011.

### Mission

*We are a global materials company. We create value for our stakeholders by innovating and collaborating with our customers to deliver technology and solutions that are intrinsic to their success.*

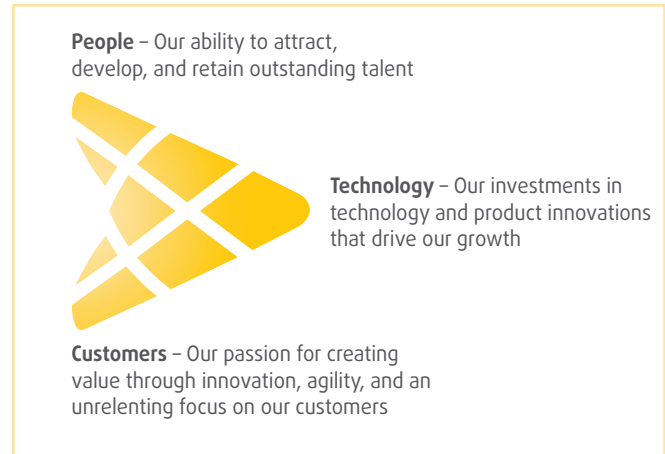
Our Mission defines our purpose and why we exist.

### Vision

*We will be a world leader in materials that our customers need today and tomorrow. We will deliver extraordinary value for our stakeholders. We will become a remarkable company to work for, buy from, and invest in.*

Our Vision describes where we are going. It's not something that we expect to achieve in just a few years. Our Vision expresses our aspirations for the future and drives our long-term journey. We believe that it remains the right Vision for us—and that it's achievable.

The second part of our Vision describes how we will accomplish our mission and goals. We will achieve our Vision through People, Technology, and Customers. These three elements are the drivers of progress in our company and the engines that will propel us toward our Vision.



### Core Values

- Responsible Care
- Respect & Integrity
- Accountability & Value Creation
- Innovation
- Commitment to Customers

As we pursue our Mission and Vision, our Core Values guide the way we operate and conduct business and reflect our economic, social, and environmental responsibilities.

# Our Strategy

## Obligations to Our Shareholders

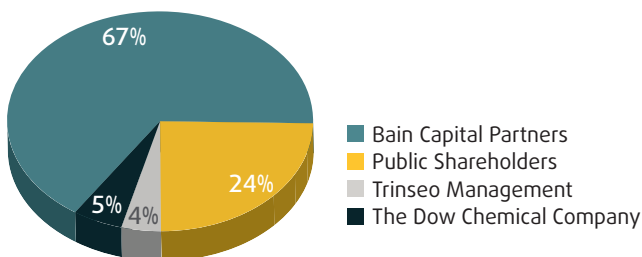
We exist to provide financial returns to our owners. This applies to all companies, whether they are privately held or publicly traded. That is why companies exist; without owners/investors, no company would have the capital to operate.

### Share Ownership

Trinseo is owned by its investors (shareholders). At the time of Trinseo's formation in 2010, more than 90 percent of the company's shares were owned by private equity firm Bain Capital Partners, along with a small percentage owned by Trinseo management and by The Dow Chemical Company.

When Trinseo completed its Initial Public Offering (IPO) on the New York Stock Exchange in June 2014, the public was able to buy the company's stock for the first time. As of February 2015, approximately one fourth of the company's shares are publicly traded (Figure 1). In the future, Bain Capital Partners may choose to make additional shares available to the public through a secondary offering.

Figure 1: Trinseo Share Ownership



Percents are approximate as of February 2015

## Drivers of Share Price

The stock price for Trinseo S.A. shares is driven primarily by the company's profitability (EBITDA) and overall financial position (net debt and cash flow). Overall market factors such as economic conditions and chemical industry dynamics also can affect Trinseo's share price. For this reason, Trinseo is focused on driving shareholder value through improving EBITDA, while optimizing our balance sheet, reducing net debt, and improving cash flow.

## Business Portfolio Management

We manage our businesses based on Business Portfolio Management. This is a concept that most large companies use. We look at the profitability, returns, and growth potential in each business, and return them differently based on the returns that business will provide. Each business has an approved Business Strategy that aligns with the corporate strategy.

The key point is that **each business is expected to provide returns.**

Each business is measured on its:

- Profitable growth characteristics with an expectation of achieving consistent EBITDA margins of >10%
- Capital (capex) demands
- Ability to consistently generate free cash flow

In turn, the company funds each business with capital, R&D budgets, staff, and other resources. In general, businesses that provide greater returns will receive greater resources. This is the concept of "reinvest economics," meaning that a business must achieve returns above a certain level to qualify for reinvestment from the company.

Based on reinvest economics, Trinseo has a Business Strategic Framework used to characterize our businesses in one of three ways. These categories are noted in Table 2 along with the associated Strategic Intent and Actions that can be taken to maintain or strengthen the business.

It’s worth noting that “Optimize and Generate Cash” businesses play an important role in Trinseo because they can generate considerable cash for the company. They also contribute to the company’s size and market presence. It’s important that we keep these businesses viable because they enable the other businesses. For example, the Feedstocks business is an enabler for all our other businesses and requires continued support.

## Growth Strategy

### Earning the Right to Grow

As stated in our Vision, Trinseo has industry leadership aspirations, and we want to grow the company. The foundation of any type of company growth – such as capital investments, geographic

expansion or acquisitions – is advancing our profitability. Improved profitability drives two vital objectives. We need to deliver consistent and increasing earnings to our shareholders. And, improved profitability will also help Trinseo fund its own growth, for example, generating funds that can then be invested in R&D programs or capital investments.

With improved and sustained profitability, Trinseo can then grow in terms of size. In the future, we will be able to pursue growth options more aggressively, such as new product development and line extensions, geographic growth through additional manufacturing assets and acquisitions.

### Growth Based on Innovation and Technology

Trinseo is a technology-based materials company. Our name of Trinseo is derived from the concept that our materials play an “intrinsic” role in our customers’ products by enabling them with unique and valuable properties and benefits. Trinseo employees have deep expertise in chemistry, materials, manufacturing, and market applications, and we apply this knowledge to innovate for our customers.

**Table 2:** Strategic Framework for Business Portfolio Management

Business Classification	Strategic Intent	Actions
Invest to Grow	Both the market segments’ growth and Trinseo’s advantages are high. We will rapidly capture the full value potential.	<ul style="list-style-type: none"> <li>• New capacity</li> <li>• Acquisitions, partnerships</li> <li>• R&amp;D/technology investment, innovation</li> <li>• Explore growth in adjacent technologies</li> </ul>
Defend/ Strengthen Position	Good existing or future potential for above-average profitability with Trinseo having some degree of advantage. We will reinforce our positions and drive focused areas of improvement and growth.	<ul style="list-style-type: none"> <li>• Keep business strong through selective investment in capital, capacity, R&amp;D/technology, innovation, etc.</li> </ul>
Optimize and Generate Cash	Markets that create essential cash flow for the company, though the industry is not in the growth phase of the life-cycle. We will be the world leaders in efficient, low-cost management of our market franchise.	<ul style="list-style-type: none"> <li>• Keep business strong to maximize cash flow</li> <li>• Lower level of R&amp;D/technology investment compared to other businesses</li> </ul>

## Growth Businesses

Our growth businesses include:

- Solution Styrene-Butadiene Rubber (SSBR)
- Performance Plastics
  - Automotive
  - Consumer Essential Markets
- Performance Latex

We have refocused our investments on a few key growth projects that will provide the highest and fastest returns. For example, the company invested in an SSBR plant in Schkopau, Germany, which started up in 2012.

## Cost Management

Trinseo also ensures its competitiveness by keeping our costs under control. Through initiatives such as Fit For Future and Staying Fit, our employees have demonstrated our ability to manage costs and free up resources for investing in growth.

During 2015, we will continue our emphasis on cost leadership, with a drive to deliver cost savings productivity and efficiency improvements. These efforts serve to cover the cost of inflation, in terms of both labor costs and other inflation such as raw materials and energy costs.

## Strategy in Motion

In 2012, Trinseo further refined its corporate strategy and rolled it out to the organization under the banner of “Strategy in Motion”. The concept of “in motion” illustrates that we are moving forward with implementation and delivery of our strategy, and that everyone has a role to play in putting it into action.

Strategy in Motion introduced key management processes that are essential to delivering results: Responsible Care/Environmental Health & Safety (EH&S), Great People, Cost Leadership, Technology Innovation, and Results-Driven Leadership. The Strategy in Motion graphic (Table 3) shows how the functions support the businesses and the company overall.

## Adapting to a Changing Environment

The concept of “in motion” also is relevant in our ever-changing marketplace, where our company must adapt to evolving economic conditions and new customer needs. While a corporate strategy is a high level plan of intent that sets our course long-term, events take place that cause us to make adjustments.

Our business strategies and corporate strategy must continually adapt to trends and changes externally. At Trinseo, we pride ourselves on being flexible by rapidly adapting our strategies and plans based on economic conditions.

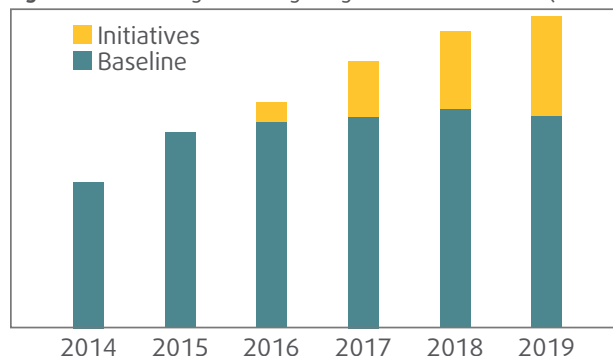
## Long Range Value Creation Plan

Some have asked whether the company has a 10-year plan. In past decades, it was common for large companies to develop 10-year plans in detail. Today, however, such long-term plans are becoming less common, as companies realize that the world is changing too rapidly to predict market dynamics or business conditions more than a few years in the future.

Trinseo develops a detailed annual plan and monthly financial forecasts, and focuses most of its planning activities on this immediate horizon. The company also has a **Long Range Value Creation Plan (LRVCP) that looks at a five-year future horizon**. The LRVCP and annual plan are approved by the Executive Leadership Team and Board of Directors. All employees’ annual performance award (variable pay) is tied to these targets. The LRVCP is used for planning longer term investments such as capital and growth projects.

Elements of the five-year LRVCP include an analysis of the economic outlook for our key markets and geographies; assumptions about currency; the company’s overall investment thesis; EBITDA projections by business; and the capital (capex) plan.

Figure 2: EBITDA Targets in Long Range Value Creation Plan (LRVCP)





**Table 3: Strategy in Motion**

Mission, Vision, and Core Values					
Objectives and Goals					
Business Strategies					
Latex (Binders)	Rubber	Performance Plastics	Polycarbonate	Styrenic Polymers	Feedstocks & RM Purchasing
Drive strong cash generation, while improving EBITDA through growth in key markets and geographies	Continue growth of EBITDA and cash flow through focus on enhanced SSBR and Nd-BR	Drive sustainable growth with regional strategies adapted to customer needs	Turn around the economics of the business to become EBITDA positive	Continuously improve business performance through targeted market participation and cost-efficient assets	Source key raw materials ensuring security of supply and a competitive cost position
Business Priorities					
<ul style="list-style-type: none"> <li>Maintain market share in Paper and Textile binders</li> <li>Grow in board, Adhesives and Construction binders</li> <li>Introduce new chemistries, increase customer focus</li> <li>Accelerate growth in China</li> </ul>	<ul style="list-style-type: none"> <li>Succeed in next generation SSBR</li> <li>Launch and grow with Nd-BR</li> <li>Efficiently manage ESR, Ni-BR, Li-BR</li> </ul>	<ul style="list-style-type: none"> <li>Auto: maintain share in interior parts, while growing exterior &amp; semi-structural parts</li> <li>Consumer Essential Markets: grow in lighting, medical, electrical, consumer electronics</li> <li>Deliver additional growth in Asia</li> </ul>	<ul style="list-style-type: none"> <li>Improve cost position</li> <li>Selectively increase participation in higher value segments/regions</li> <li>Grow PC as a feedstock for Performance Plastics</li> </ul>	<ul style="list-style-type: none"> <li>Deliver sustainable margin improvement</li> <li>Drive to best-in-class cost leadership</li> <li>Position for value growth</li> </ul>	<ul style="list-style-type: none"> <li>Maintain competitive cost position</li> <li>Address critical supply changes</li> <li>Nurture strategic supplier relationships</li> <li>Enable downstream businesses</li> </ul>
Management Process					
Responsible Care®	Great People	Cost Leadership	Technology Innovation	Results-driven Leadership	
Deliver continuous improvement in EH&S performance while maintaining compliance and corporate responsibility	Create a high performance organization supported by our people and culture	Strive for best-in-class efficiency by leveraging our technology, people, and processes	Innovate to drive value creation for our customers and our company	Upgrade Trinseo operating performance and capacity to enhance our ability to run the business	
Function/Business Services					
<ul style="list-style-type: none"> <li>Sales &amp; Marketing</li> <li>Customer Service</li> <li>EH&amp;S</li> </ul>	<ul style="list-style-type: none"> <li>Finance</li> <li>HR/Payroll</li> <li>Information Technology</li> </ul>	<ul style="list-style-type: none"> <li>Legal</li> <li>Manufacturing &amp; Engineering</li> </ul>	<ul style="list-style-type: none"> <li>Public Affairs</li> <li>Business Intelligence</li> <li>Purchasing</li> </ul>	<ul style="list-style-type: none"> <li>Research &amp; Development</li> <li>Supply Chain</li> </ul>	

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# Connecting Corporate Strategy to Business Strategy

While it's important to have a corporate strategy to provide a high level path and framework, it's equally important that the overall strategy comes alive through Trinseo's businesses, functions, and sites to propel our success as a company. The diagram (Figure 3) shows how business strategies and functional and site plans align under the top level corporate strategy and how all these activities connect. It also shows prioritization through the lens of our Corporate Annual Objectives and Goals in any given year.

## Corporate Annual Objectives and Priorities

Trinseo establishes key priorities and specific metrics each year. These Annual Objectives and Priorities are not the corporate strategy; instead they are a set of objectives and targets that focus Trinseo's activities for the year in alignment with our strategy. These are posted as a one-page slide on the Trinseo intranet Strategy in Motion page: <http://trinseo.intranet.trinseo.com/strategy/motion.htm>.

While there are changes from year to year, the Annual Objectives and Priorities typically include a range of categories focused on EH&S, Financial Performance, Improving Profitability, and Organizational Effectiveness. The Executive Leadership Team (ELT) establishes the Annual Objectives and Goals. The ELT also establishes the annual budget and financial plan, which are approved by the Board of Directors.

## Business Strategies

Business strategies are developed based on the overall corporate strategy and encompass business-related specifics, including customer segmentation and asset strategies. While specific strategies vary from business to business, they do generally include the following components.

- Competitive assessment, marketplace dynamics, and trends
- Five Forces or SWOT analysis (strengths, weaknesses, opportunities, threats)
- Customer/market segmentation
- Product strategy
- Market participation strategy
- Geographic participation strategy
- Channel strategy
- Value proposition and marketing plans
- Asset strategy
- R&D/technology plans
- Business/product growth plans
- Long-term 3-5 year plans
- Annual objectives

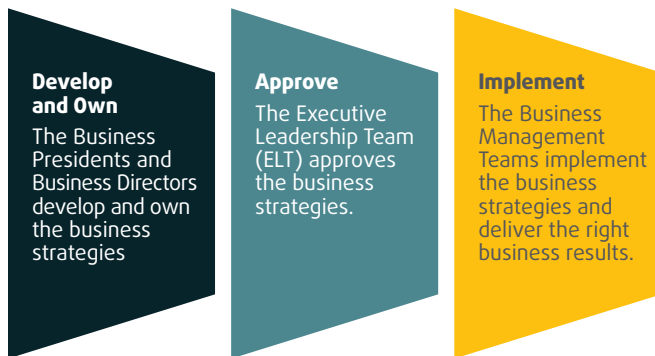
**Table 4:** Trinseo 2015 Objectives and Priorities

<b>EH&amp;S/ Responsible Care®</b>	<ul style="list-style-type: none"> <li>• Continuously improve EH&amp;S results, meeting or exceeding our annual metrics:               <ul style="list-style-type: none"> <li>– Injuries: 6</li> <li>– Loss of Primary Containment (LOPCs): 7</li> <li>– Process Safety Incidents (PSIs): 1</li> </ul> </li> </ul>
<b>Financial Performance</b>	<ul style="list-style-type: none"> <li>• Deliver on 2015 Plan with EBITDA of \$283 MM (excluding JV dividends and inventory revaluation)</li> <li>• Deliver on fixed costs of \$631 MM</li> <li>• Deliver capex plan of \$121 MM and complete all capital projects on or under budget as authorized and on time</li> <li>• Generate free cash flow of \$105 MM</li> </ul>
<b>Strategic Initiatives</b>	<ul style="list-style-type: none"> <li>• Rebrand the company from Styron to Trinseo, rename legal entities, and complete I/T system changes effective February 1, 2015</li> <li>• Begin planning and implementation of Trinseo Next Enterprise Architecture (NEA)</li> <li>• Establish full Sarbanes-Oxley compliance as a public company by end of fiscal 2015</li> </ul>
<b>Organizational Effectiveness</b>	<ul style="list-style-type: none"> <li>• Introduce and begin implementing a long-term learning strategy across the company</li> <li>• Design employee and leadership development tools and processes including skill gap and needs assessments across the company to improve leadership capabilities, job skills, and productivity</li> </ul>

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### Who Is Responsible for Business Strategies?

Business strategies are the primary responsibility of the business leadership; however corporate leadership is involved in their approval to assure strategic alignment.



### How Does Strategy Connect to My Job?

The corporate annual objectives and goals, business strategies, and the annual plans and priorities for functions, sites, and departments all work together to fulfill the corporate strategy of providing financial returns to our owners. They drive Trinseo’s delivery of value to all our stakeholders and achievement of our Mission and Vision—and must guide all our actions to propel Trinseo to success consistent with our Core Values.

Every individual should set personal goals that align with their respective business, function, site, and department strategies (Figure 3). In this way, we ensure that our individual contributions are aligned with company direction and priorities.

Figure 3: Alignment of Strategy, Annual Plans, and Goals



### Functional Strategies and Initiatives

The functions and departments of the company – such as Human Resources, Purchasing, and Legal – exist to provide services to the business and corporate governance. Each function sets annual priorities that align with the corporate and business strategies.

In addition, the company has made the strategic decision to outsource much of its backoffice services and information technology to a third party, The Dow Chemical Company. In 2014, our company renewed our Master Outsource Services Agreement with Dow. This agreement encompasses specific services from I/T, Supply Chain, Purchasing, Environment, Health and Safety, and other functions.

Trinseo also selected Dow to implement our SAP Enterprise Resource Planning (ERP) project during 2015-2017, called Project Keystone.

# Our Progress as a Company

Trinseo is a company on the move. Since our formation in 2010, we've adapted to changing industry dynamics, marketplace shifts and challenging economic conditions. We achieved a significant milestone in 2014 with our Initial Public Offering and we are now a respected public company listed on the New York Stock Exchange under the ticker symbol TSE. In 2015, we completed our company renaming to Trinseo and now are operating under a unified brand that we present consistently to all our stakeholders.

The company has an exciting future in store. We have the right people, the right technology and product innovations, the right focus on our customers, and the ability to create value for all our stakeholders.

Most importantly, we are positioned well to achieve our Vision: To be a world leader in materials that our customers need today and tomorrow... to deliver extraordinary value for our stakeholders... to become a remarkable company to work for, buy from, and invest in.