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# 2013 CEO MESSAGE

#### TO OUR STAKEHOLDERS:

On the occasion of Koppers 25th Anniversary, I take special pleasure in presenting our 2013 Sustainability Report. The report reflects our ongoing focus on sustainable, responsible growth and embodies Koppers core values of excellence, respect, integrity and leadership.

Since Koppers was founded in 1988, we have become an increasingly international business. Our Carbon Materials and Chemicals (CMC) business now includes facilities in Europe, Australia and Asia. Our new Chinese distillation plant, a joint venture with the Yizhou Group, will open on schedule in mid-2014. We are expanding our Railroad and Utility Products and Services (RUPS) business by manufacturing more decay-resistant dual-treated ties and pursuing potential acquisitions.

Despite recent economic challenges in the European economy, we are confident that the diversity of our businesses will allow us to continue to grow. As we do so, we reaffirm our commitment to work as one global team and meet our responsibility to the environment, our customers, the health and safety of our employees and our communities.

- As a member of the American Chemistry Council, we are committed to the Responsible Care® Principles. These principles cover a wide range of environmental, safety, health and product stewardship mandates which help guide interactions with customers, suppliers and contractors. Our goal is to achieve Responsible Care® certification status at all of our global facilities by 2015.
- We implemented a comprehensive new Human Resources Information System in 2013. This system will consolidate company-wide employee data while establishing a foundation for managing future global talent and performance.
- To serve our customers even better, we have implemented a global customer-complaint handling system and instituted a Laboratory Information Management System to ensure consistently high product quality. Our researchers remain hard at work to create and test new forms of carbon pitch and other chemical products.
- Koppers reaches out to engage openly and honestly with our communities around the world. These outreach activities give us insight into diverse local interests and provide a valuable interface with community members.

As we continue to progress in our global sustainability endeavors, I invite you to learn more about our efforts and to provide us with feedback on this report.

Walt Turner

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President and Chief Executive Officer

Koppers Inc.





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- Began implementation of the Responsible Care® RC14001 management system.
- Introduced a new global Human Resources Information System.
- Developed an auditable anti-corruption training program for employees who work directly with third-party agents in high-risk regions.
- Started construction on a coal tar distillation facility in Pizhou City, China, through a joint venture with the Yizhou Group.
- Began implementing both a Process Safety Management System and Mechanical Integrity program at our North American CMC facilities.
- Invested \$5 million in an advanced crosstie unloader at our Galesburg, Illinois facility.
- Collaborated with local universities to identify energy efficiency opportunities in our facilities.
- Received awards from several major North American railroads in recognition of our product transportation safety performance.
- Engaged local communities through KoppersCares Day of Service volunteer initiatives and collaborative training exercises with local safety and law enforcement agencies.



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# **COMPANY PROFILE**

Koppers Inc. is a leading global supplier of industrial carbon compounds and treated wood products for the aluminum, steel, chemical, construction, rubber, railroad and utility industries. Our products support global infrastructure development and the production of basic building materials.

Koppers has nearly 1,600 employees working on four continents. We strive to meet our customers' needs through global alignment and a shared commitment to Koppers core company values:

- · Integrity—Doing the right thing
- Respect—Valuing each other
- Excellence—Giving our best
- Leadership—Showing the way

These values constitute the foundation of our company culture and our approach to value creation. They guide the execution of Koppers Strategic Priorities, the most important of which remains our dedication to working as a single global team.

The Koppers mission: "To be the most valued supplier of quality products and services in the industries we serve, by providing unsurpassed personal attention to our customers and attaining total quality in everything we do."

#### **BUSINESS UNITS AND PRODUCTS**

Koppers operates two major business units: Carbon Materials and Chemicals (CMC) and Railroad and Utility Products and Services (RUPS). Our CMC unit processes coal tar into a variety of chemical compounds used in the production of aluminum, steel, concrete, rubber, plastics and for the pressure treatment of wood. Our RUPS unit provides treated wood products to the world's railroad, telecommunications and utility industries.

#### CARBON MATERIALS AND CHEMICALS

Koppers CMC product development begins with coal tar, a by-product of the coal coking process used for steel and iron manufacturing. Coal tar distillation involves the heating and vacuum separation of coal tar into carbon pitch, chemical oils and creosote—the three compounds from which all Koppers chemical products are derived. CMC products and industrial applications include:

- carbon pitch—a critical raw material used to produce aluminum and steel
- naphthalene—used for the production of phthalic anhydride and as a surfactant in the production of concrete
- **phthalic anhydride**—used in the production of plasticizers, polyester resins and alkyd paints
- creosote—used in the treatment of wood
- carbon black feedstock (CBF)—used as a feedstock in the production of carbon black
- **petroleum pitch**—used in graphite electrodes, "clay pigeon" shooting targets, specialty carbons such as carbon fibers and Koppers Type A and Type B carbon pitches
- **carbon foam**—a graphite foam used as a heat sink and heat exchanger in thermal management applications



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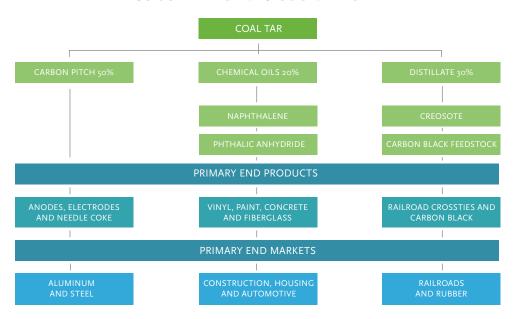
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Products containing coal tar derivatives range from industrial commodities (including resins, wood preservatives and carbon products such as electrodes) to construction materials (including coatings, paint and roofing systems) and consumer products such as tires.



In 2013, Koppers operated nine coal tar distillation facilities in Australia, China, Denmark, the United Kingdom, the Netherlands and the United States. Koppers has auxiliary terminals and distribution facilities in key chemical markets in North America, South America, Europe, Australia and China.

# KOPPERS BUYS COAL TAR FROM OVER 60 SUPPLIERS IN 16 COUNTRIES



#### RAILROAD AND UTILITY PRODUCTS

The Koppers RUPS business unit supports the key infrastructure needs of railroad and public utility markets in the Americas and Australia. Koppers is the single largest supplier of railroad crossties to North America's rail industry. Koppers also produces a variety of railroad hardware and maintenance-of-way (MOW) components such as switch ties, track panels and rail joints as well as supplying a limited quantity of concrete crossties through a joint venture. Our utility products focus primarily on transmission and distribution poles for electric and telephone utilities.

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Koppers RUPS procures hardwood and softwood from sawmills throughout the United States and Australia. Our railroad crosstie products are milled from oak and other hardwood species and then treated at one of our 13 wood treatment facilities before shipment to customers. Utility poles are produced mainly from softwoods such as pine in the United States, and from hardwoods of the eucalyptus species in Australia. Most of these poles are purchased from large timber owners and individual landowners and shipped to one of our pole-peeling facilities. While crossties are treated with creosote and borate, we treat poles with pentachlorophenol and chromated copper arsenate. To accelerate time to market, all of our RUPS facilities are located in proximity to key timber resources and the railroad or utility networks of major customers.

#### **SERVING GLOBAL MARKETS**

Koppers is a distinguished global leader in the markets it serves. We are a major supplier of railroad and utility products and the world's largest distiller of coal tar.

#### ECONOMIC CHALLENGES, GLOBAL OPPORTUNITIES

**2013 Company Goal:** Develop plans in both core businesses to expand growth in emerging markets.

While our business remains rooted in the mature economies of North America, Western Europe and Australia, we will increasingly leverage our diverse product lines in emerging markets around the globe. We are exploring long-term opportunities for expansion into South America, Asia, Africa, the Middle East and elsewhere. A joint venture with the Yizhou Group in Pizhou City, Jiangsu Province, China, is projected to generate \$150–\$200 million in annual sales by the end of 2015. Our RUPS business demonstrated strong results in 2013 in North America and Australia due to a strong North American railroad industry along with the profitable purchase of Australia's Western Poles business in 2012.

Our ongoing challenges include sourcing the supplies of coal tar and wood that our CMC and RUPS units depend on, respectively. The availability of raw materials fluctuates along with the steel, housing and energy markets, and we must carefully plan the sourcing and of these materials. As the dominant brand in each of our business areas, however, Koppers is in a unique position to capitalize on our diversity and synergistic potential to reach new markets and maximize efficiency.

To ensure the company's long-term viability, we must make hard decisions about modernizing equipment or consolidating operations. Productivity and efficiency initiatives include the purchase of improved tie unloader-sorters and last year's closure of our Grenada utility-pole facility, among other prudent and forward-looking measures.

# SPOTLIGHT ON CHINA

In 2013, Koppers began construction on a 300,000 metric ton tar distillation plant in Pizhou City, Jiangsu Province, China. An ambitious joint venture with the Yizhou Group, our third Chinese plant is part of an integrated carbon production complex. By the end of 2014, a pair of downstream plants owned by subsidiaries of Nippon Steel Chemical will begin using our

products to produce needle coke, a high-value raw material used in the production of electrodes for the electric arc steel making industry, and carbon black. The three facilities will collaborate to save energy and reduce costs by generating electricity during the production process.

The distillation facility is a key element in a long-range growth plan that aims to expand our presence in Asian domestic and export markets alongside large Asia-based partners with whom we have long-term contracts.



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# **OUR APPROACH TO SUSTAINABLE VALUE CREATION**

#### A SUSTAINABLE FOUNDATION

To better manage for sustainability across our operations, we undertook a comprehensive evaluation in 2010 and 2011 to identify and prioritize environmental, social and governance (sustainability) issues. By engaging key internal and external stakeholder groups, we identified Koppers most significant sustainability risks and opportunities. We will periodically revisit the results of this analysis and re-evaluate them as necessary.

We concurrently developed Strategic Priorities to guide our long-term business strategy. The resulting framework of Strategic Priorities and key sustainability issues is an integral part of Koppers processes for managing risk, ensuring accountability to key stakeholders and identifying opportunities to gain competitive advantage. For a complete description of the evaluation and alignment process, please refer to the Koppers 2012 Sustainability Update.

#### KOPPERS STRATEGIC PRIORITIES KEY SUSTAINABILITY ISSUES DEVELOP, DEPLOY AND ENGAGE OUR PEOPLE—We will attract, retain and EMPLOYEE SATISFACTION TALENT MANAGEMENT appropriately utilize an engaged workforce that has the knowledge, skills and desire required to support Koppers business goals. SAFE AND HEALTHY WORKPLACE—We will foster leadership, employee SAFETY, HEALTH AND ENVIRONMENTAL MANAGEMENT engagement, cooperation and information-sharing among all parties in order to proactively identify and address risks and create and maintain a safe workplace. **OPERATIONAL EXCELLENCE**—We will implement business practices that INNOVATION result in modern, efficient and cost-effective facilities and optimize all functional areas and practices. COMMUNITY ENGAGEMENT EXEMPLIFY CORPORATE CITIZENSHIP—We will operate ethically and ETHICS AND COMPLIANCE responsibly while valuing the social, economic and environmental standards of our communities. GROW TARGET MARKETS—We will profitably grow target markets SUPPLY CHAIN identified in Koppers corporate business strategy. SERVE CUSTOMERS EXCEPTIONALLY—We will serve our customers **CUSTOMER RELATIONS** PRODUCT STEWARDSHIP with unsurpassed personal attention by providing quality products and services.

GLOBAL COMPETITIVENESS

ONE GLOBAL TEAM—We will work as one global team to accomplish our Strategic Priorities.

MAXIMIZE SHAREHOLDER VALUE—We will act appropriately in order to

increase long-term total shareholder return.



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#### **GOVERNANCE APPROACH**

#### **BOARD STRUCTURE AND COMPOSITION**

Koppers Board of Directors comprises the Chief Executive Officer and seven independent directors, including the Chairman. There are four Board committees including:

- Audit
- · Nominating and Corporate Governance
- Management Development and Compensation
- · Safety, Health and Environmental

The duties and responsibilities of the Board as described in the Koppers Corporate Governance Guidelines are to:

- Ensure the legal, ethical and socially responsible behavior of the company;
- Develop effective performance measurement systems;
- · Review the company's long-term strategy; and
- · Oversee risk management processes.

Koppers is subject to the New York Stock Exchange (NYSE) corporate governance rules and certain rules of the Securities and Exchange Commission, including the rules relating to independent members on our Board committees.

In 2013, we amended the charter of the Safety, Health and Environmental Board committee to reflect our membership in Responsible Care®. The committee is tasked with (1) assessing the company's safety, health, environmental, security and sustainability policies, programs and initiatives in accordance with Responsible Care® principles, and (2) oversight of matters enhancing our global corporate stewardship and practices of conscientious corporate social responsibility and product safety. Additional updated information regarding Board and committee composition as well as committee chairmanships can be found on our corporate governance website.

As stewards of Koppers financial affairs and performance, our Board members communicate with shareholders and other stakeholders through financial reports, proxy statements and periodic filings. The Chairman of the Board and non-management directors can be contacted by mail at:

Koppers Holdings Inc. Corporate Secretary's Office 436 Seventh Ave., Suite 1550 Pittsburgh, Pennsylvania 15219

# ETHICS AND COMPLIANCE

We expect every employee, manager, executive and director of the company to uphold the highest standards of ethics, compliance and transparency. Our goal is to act with honesty and integrity, across our global operations and in all business dealings. These expectations are set forth in the Koppers Code of Business Conduct and Ethics, which is a vital resource for the company and an integral component of our Ethics and Compliance Program.





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Every year, our employees participate in Code of Conduct training. Relevant personnel also participate in an intensive, special training regimen covering antitrust and competition law compliance, export regulation and anti-corruption. We maintain compliance with the Sarbanes-Oxley Act of 2002 and through our Enterprise Risk Management (ERM) system we assess, rank and prioritize risks and report results to the Audit Committee of the Board of Directors on a quarterly basis.



Download the complete Koppers Code of Business Conduct and Ethics.

#### Ensuring best practices internally and externally

Koppers has in place a comprehensive set of policies and procedures to address anticorruption concerns and continues to assess its risks in this arena on an ongoing basis. Anti-corruption risk assessments addressing the Foreign Corrupt Practices Act, the U.K. Bribery Act and other anti-corruption laws cover areas such as compliance training, facilitating payments, business dealings with third party partners and providing gifts to government officials.



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# **BUILDING KEY RELATIONSHIPS**

#### **ENGAGING WITH OUR STAKEHOLDERS**

Every day, our business operations bring us into contact with the many stakeholders sharing an interest in our company and with whom we seek to build strong, lasting relationships.

Through our stakeholder interactions, we aim to

- · manage change,
- promote the greater integration of Koppers Strategic Priorities,
- enhance efficiency,
- · maintain positive relationships,
- · eliminate barriers to achieving Koppers business objectives, and
- communicate company challenges and achievements internally and externally.

Koppers key stakeholders include employees, carriers, suppliers, contractors, customers, regulatory agencies, community members, shareholders and emergency responders.

Koppers has embedded a comprehensive mapping of stakeholders, outreach methods and ways to measure the effectiveness of our interactions in the Koppers Safety, Health and Environmental Management System manual. Because many stakeholder interactions take place at the facility level, we pay special attention to ensuring that facility managers are aware of their roles and responsibilities regarding stakeholder outreach.

#### **OUR EMPLOYEES**

#### A TEAM EFFORT FOR FUTURE SUCCESS

We know that our success in expanding internationally and addressing market challenges relies on being able to work together effectively. We have therefore chosen to invest significant resources in human resources management, employee engagement and communication. We place high value on activities such as global meetings and training sessions that heighten internal cohesion. We strive to promote a collaborative and inclusive work environment across all of our international locations.

#### MANAGING KOPPERS TALENT

2013 Corporate Goal: Identify and implement a global Human Resources Information System.

In 2013, Koppers met an important corporate goal by implementing a comprehensive new Human Resources Information System (HRIS). An integrated suite of applications, this system will reduce routine administrative demands and manual processes, such as payroll and analytics, while establishing a foundation for managing our future global talent and performance. Employees will be able to access, review and update their own information.

The HRIS system's many benefits include:

- real-time information that will enhance decision-making across all locations,
- quicker managerial access to reports and other business data,



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- managerial access to total global workforce information including headcount; workforce costs, skills and experience; and overall performance of employees and work groups,
- · user-friendly software requiring minimal employee training,
- · built-in mobile access and
- full auditability.

2013 Corporate Goal: Develop and implement a comprehensive succession management plan.

One of our longstanding goals is to ensure that institutional knowledge possessed by our senior employees is effectively conveyed to newer hires. We pass along our company culture and job-critical information during the training of new hires, and we look forward to benefiting from their ideas and enthusiasm.

The new HRIS system will reduce some of our recruitment challenges by providing managers with both past and current employee performance while also tracking retention, turnover and demographics. With this data, management can identify talent earlier and more accurately in order to encourage, train and promote the people we need to move forward.

**2013 Corporate Goal:** Increase the effectiveness of global employee communications, including translation of key information into local languages.

Koppers acknowledges cultural differences among our international workforce and strives to foster cross-cultural communications. Our company newsletter, *Connection*, is translated into the several languages that our employees read. As a large percentage of our business shifts to emerging markets, this is just one example of our efforts to prepare globally integrated employee teams to work smoothly across multiple time zones, languages and cultural traditions.

#### TRAINING AND DEVELOPMENT OPPORTUNITIES

**2013 Corporate Goal:** Identify and conduct various global initiatives to enhance the development of employees and support growth initiatives and encourage employee involvement at all levels of the company.

Koppers employees are trained in management, leadership and job-related skills, and learn about a wide variety of Safety, Health and Environmental (SHE) topics. Every year, at least eight employees are selected to participate in the Koppers Leadership Forum (KLF), an intensive, year-long program focused on skill development and innovation. Each KLF participant proposes a project intended to improve Koppers operational efficiency, customer satisfaction and/or business opportunities, and then works with a KLF mentor to create a comprehensive development plan for the project idea. In 2013, the following KLF participants and projects were selected for presentation to Koppers Board of Directors:

Kevin Costanzo, Quality Control Manager, proposed a reconfiguration of eduction pipes on pitch railcars to reduce equipment failures and safety concerns during product offloading.



KLF finalists joined by CEO Walt Turner and Global Talent manager Eric Laughlin. From left: Walt Turner, Travis Gross, Travis Yeoman, Kevin Costanzo, Beau VanDyke and Eric Laughlin

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- Travis Gross, Sales Manager, outlined a plan for Koppers to capture growing opportunities in the Northeastern United States' bridge timber market by building a new bridge mill.
- Beau VanDyke, Assistant Plant Manager, suggested that Koppers update its crosstie trams with a new design that increases tie loading/transportation capacity and reduces hazardous waste produced in the tie treating process.
- **Travis Yeoman,** Assistant Plant Manager, proposed the use of electric overhead hoists at tie sorting facilities to reduce injuries associated with manual tie lifting by employees.

#### MAKING EMPLOYEE HEALTH AND WELLNESS AN EVERYDAY PRIORITY

Koppers is committed to providing workplace-based wellness programs that improve employee health while reducing absentee rates and insurance expenditures.

2013 Corporate Goal: Develop and implement at least one wellness initiative at all locations.

Koppers wellness initiatives include blood pressure, cholesterol and glucose screening and interpretation at facilities around the world. We have also launched the following wellness activities:

Walking program: During the summer of 2013, employees from around the globe formed 17 teams of seven walkers. Prizes were awarded to the first three teams to walk at least 3,500 miles in 14 weeks, as well as for participation and other wellness goals.

Wellness initiatives in Australia: With the rate of skin cancer four times as high in Australia as in the United States, we trained employees on the risk of ultraviolet radiation and introduced voluntary skin checks at all Australian facilities. Employees were also trained to perform self-checks for different types of skin cancer. Similar to our North America policy regarding cold working conditions, we have now established policies around sun protection and working in heat for Australian employees (in addition to existing cold-weather policies).

#### **OUR CUSTOMERS**

The Koppers team endeavors to serve its global customers through close long-term partner-ships. We listen carefully to customer needs during the sales process, upon product delivery and during daily operational interactions. Our demonstrated commitment to the highest levels of environmental, social and governance performance assures customers that they can depend on us to be a safe, sustainable and reliable supplier.

#### 2013 Corporate Goals:

- Fully understand customer expectations of Koppers as a supplier as well as potential product alternatives for their processes.
- Institute a product quality excellence initiative across all product lines and operations by utilizing statistical process control metrics at all operation locations.

Our customers need to know that we can deliver the product they require in a timely and reliable fashion, provide product customization and efficiently handle customer service issues. They also seek value-added support such as technical information, logistics support and clarity with regard to compliance requirements. We provide these services to enhance product efficiency as well as to ensure that our margins remain sufficient to balance greater materials, product shipping and processing costs with company revenue targets.

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**2013 Corporate Goal:** Implement action plans to improve customer satisfaction by utilizing customer survey data.

Our comprehensive 2012 customer survey, which we expect to repeat every three or four years, assessed customer satisfaction across both our business units. The survey, in which a majority of customers gave Koppers a rating of "excellent" or "good" in terms of overall satisfaction, helped us better understand levels of and drivers for customer loyalty and identified Koppers core strengths and opportunities for improvements.

# CMC CUSTOMER ENGAGEMENT AND PRODUCT ENHANCEMENT

A total of 150 CMC customers on four continents responded to our 2012 survey. After reviewing their feedback, we have committed to adding value to our products through more frequent face-to-face meetings to share ideas, identify common ground and quickly address issues of concern. Specifically, we will:

- Implement a global customer-complaint handling system.
- Identify key performance indicators for customer satisfaction and Koppers responsiveness to customer issues.

We have already taken several steps to provide enhanced customer service with regard to product specifications and quality. We are implementing the CMC Laboratory Information Management System (LIMS) across all our plants to track customer specifications and alert technicians to products that do not conform to Koppers customer standards. In addition, the Koppers Customer Care website provides customers with real-time product information, allowing production decisions to be made prior to receiving products.

Koppers will also use statistical quality-control techniques in distillation control rooms to improve processes and products. Monitoring adherence to customer parameters helps us deliver precisely customized products with minimal variation between shipments.

#### RUPS CUSTOMER ENGAGEMENT AND SERVICE ENHANCEMENT

In response to comments received in our 2012 customer survey, Koppers reached out to a total of 115 RUPS customers in 2013 and addressed both positive and negative feedback. We acted upon a number of issues brought to our attention through this engagement process; specific changes in 2013 included:

- The addition of a new trucking and logistics company to our network of pole and tie carriers, which has reduced our operating costs in some of our utility businesses and has opened up new options for quoting tie shipments in our commercial tie business.
- Improvements in the supply of rail joints and bridge timber to our customers in the northeastern United States.
- Quality improvements to the shipping, order processing and communications between our plants and some key Class I customers.

A formal program is now in place to track our customer follow-up activity and any resulting actions taken. We will continue to analyze survey results to identify areas of improvement, help guide customer engagement practices and improve customer satisfaction.

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#### **OUR SUPPLIERS**

#### SOURCING AROUND THE WORLD

Building, maintaining and optimizing supply chains is a critical element of Koppers global expansion. As we reach to achieve our revenue and expansion goals, we expect to see more cross-regional and intercontinental transportation of raw materials to production facilities. We continue to work with our suppliers and look to benefit from closer working relationships both financially and with regard to sustainability performance. We also remain vigilant with regard to engaging in ethical and responsible supplier relationships following the precepts of our anti-corruption policy.

"As a long term supplier for Koppers, DTE Energy has realized substantial value from the stable, responsible and cooperative relationship the two companies have developed. In addition, the companies have gained a mutual respect and appreciation of one another on a basis of shared values regarding safety and environmental stewardship."—DTE Energy

#### **OUR COMMUNITIES**

Around the world, Koppers facilities are key contributors to local economies, providing jobs and tax revenues to towns and municipalities. Additionally, we strive to be a responsible neighbor by engaging with communities to understand their concerns, communicating clearly about our operations and supporting the causes most important to local needs.

## GLOBAL COMMUNITY INTERACTION POLICY

Koppers enjoys a long history of responsible corporate citizenship and of working cooperatively with the communities in which our facilities and employees reside. This reputation is the result of a global community interaction policy that codifies expectations regarding the interaction of facility managers with local communities and other stakeholders. Open and honest dialogue is key to fostering trust and credibility in our relationships with our neighbors. We also tailor our engagement to the specific concerns of every community in which we operate.

At each facility in the United States, we have established a Community Advisory Panel (CAP) as a first point of contact. CAPs consist of community members representing a diverse cross-section of local interests. These individuals commit to meet with facility managers and company representatives on a regular basis to discuss issues of mutual interest.

#### BUILDING RELATIONSHIPS WITH LOCAL EMERGENCY SERVICES

**Firefighter training:** In February, we invited members of the Humberside Fire and Rescue Service in England's Lincolnshire region to conduct an emergency exercise at our Scunthorpe

site. Sixteen junior firefighters received practical training in decontamination procedures while negotiating the real dangers and obstacles of an industrial accident.

Emergency drill on the water: In 2013, employees from Follansbee, West Virginia, and Pittsburgh, Pennsylvania, joined the United States Coast Guard and other lawenforcement officials to simulate a tugboat hijacking. The drill, which included a simulated hostage situation and improvised explosive device, provided valuable information about potential emergency-preparedness issues and remediation plans.



Law enforcement officials swarm the boat and surround the "hijackers" during an emergency drill at Koppers Follansbee, West Virginia facility.



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#### CARING FOR OUR COMMUNITIES

**2013 Corporate Goal:** Expand community outreach programs and activities through the company's community involvement initiative and encourage employees to volunteer one day of public service for a non-profit organization.



In 2012, we implemented a community involvement initiative to promote positive community engagement. We launched the KoppersCares Day of Service as a day of volunteer work that supports a selected community organization and aligns with Koppers philanthropic priorities. These priorities include family services, health organizations, education, culture and the arts, community improvement and the environment.

At our North American and international locations, teams of employee volunteers contributed their time and talent to help a local community organization complete a specific project. Examples of projects include:

- Malabar Magic Ocean Swim: North Sydney, New South Wales, employees took part in two ocean swim events to raise funds for Rainbow Club Australia, a nationwide charity that provides swimming lessons to children with special needs and disabilities. The North Sydney team raised \$3,620 for Rainbow Club.
- Science Days in Nyborg: Koppers Denmark participated in Science Days, an annual nationwide festival established in 2005 by the Danish Ministry of Science, Innovation and Higher Education. The event raises awareness and stimulates interest in science while demonstrating science's importance to society and everyday life. The festival's theme was Science and Traffic, and the municipality of Nyborg arranged for Koppers and other companies to provide community members with information about their businesses. Visitors learned that we use a by-product from the production of metallurgical coke as a raw material and that we supply nine percent of the town's heating needs.
- Morrison Nature Center Clean-up in Colorado: In response to the devastating floods that struck the Aurora area in September 2013, Denver, Colorado Koppers team members removed trash and debris from trails inside the 200-acre nature preserve and learning facility located along the Sand Creek Greenway.
- Build-a-Playground Day in Pennsylvania: Seventeen Koppers employees from the Clairton plant were among the more than 100 volunteers who built a playground in May. The crew mixed and poured 20,000 pounds of concrete, moved 160 cubic yards of mulch and installed slides, swings and monkey bars for the nonprofit-sponsored KaBOOM! facility.



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#### **OUR APPROACH TO SHE**



Koppers has long focused on ensuring comprehensive management and oversight of SHE issues. The company has a dedicated SHE Board committee that is tasked with serving in an advisory and consulting capacity to the entire Board of Directors with regard to SHE policies, practices and performance. Koppers Vice President of Safety and Environmental Affairs provides updates to the SHE Committee on a quarterly basis. The Committee also meets with executive officers and senior operations managers to obtain timely information on SHE matters.

#### **Koppers Annual SHE Conference**

Koppers holds an annual SHE Conference to gather our global team and discuss best practices, set goals and strategy and provide training on current issues. The 2013 conference covered a wide variety of safety and health topics such as regulatory updates, product safety and security, liability issues and international policy as well as discussions of Responsible Care® principles. The conference also included recognition and distribution of internal safety awards and Best Management Practices presentations.

2013 Corporate Goal: Work responsibly to achieve zero product spills and exceedances.

We have established a comprehensive set of ISO 14001-compliant processes and procedures that clearly outline our SHE policy, expectations, roles and responsibilities—starting from the basic premise that full compliance with all applicable legal requirements is the minimum level of performance. In 2013, we began integrating the RC14001 management system, inclusive of environmental, safety and health, security and product responsibility topics, into our ISO 14001 system. We have been standardizing processes and implementation across our global facilities and expect to certify to RC14001 at our North American operations in 2014 and at our international operations in 2015.

#### **Koppers SHE Policy**

Our SHE policy outlines our commitment to:

- Compliance with all applicable safety, health, environmental and security laws, regulations and other requirements to which Koppers subscribes;
- Pollution prevention in order to preserve the environment for the health, productivity and enjoyment of future generations;
- Continuous improvement of our safety, health, environmental and security systems and performance;
- Communication regarding our business operations and potential risks both internally and externally to promote openness with our stakeholders.

The Koppers SHE policy applies to each of our facilities and is used as the framework for setting and maintaining corporate and facility SHE objectives.



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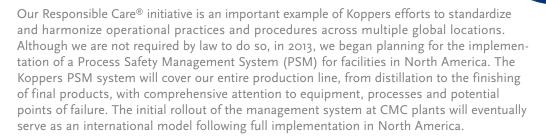
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#### INVESTING IN PROCESS SAFETY AND MECHANICAL INTEGRITY

**2013 Corporate Goal:** Develop and implement a process risk management plan for all global operations.



Integral to the PSM system is a mechanical integrity program. This safety-driven program examines production processes to identify ways to avoid breakdowns, spills and other incidents while improving the reliability of our process equipment.

#### **SAFETY FIRST**

2013 Corporate Goal: Work responsibly to achieve zero work-related injuries.

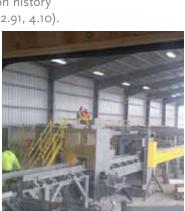
Koppers SHE Management System addresses environmental concerns and process impacts while also setting forth a comprehensive approach to health and safety. We firmly believe that no employee should be injured on the job, and we maintain high levels of vigilance and individual accountability for safe working conditions and practices.

#### KOPPERS SAFETY MILESTONES IN 2013

- Our 2013 Global DART Rate of 1.63 and Total Recordable Rate of 3.88 were the lowest in company history.
- Our 2013 North American DART Rate of 2.08 tied 2012 for lowest in company history.
- Koppers Australia operations experienced zero Days Away and Restricted cases for the entire year.
- Koppers (China) Carbon and Chemicals Company completed its second consecutive year without an OSHA Recordable Injury.
- Our 2013 North American RUP DART Rate of 1.86 was the lowest in Division history and continued a four year trend of improvement on this metric (1.86, 2.36, 2.91, 4.10).

Our main goal is to prevent accidents and incidents before they occur. We understand the importance of proactive adherence to safety and environmental legislation, regulation, permitting and best practices. As a global team, we scale local innovations into company-wide best practices. Examples of our investment in safety and preparedness include:

New tie unloader: In Galesburg, Illinois, we replaced existing tie unloaders with new machinery that will reduce manual labor and the potential for injury. We made the decision to invest \$5 million in the new crosstie unloading operation based on several factors, including the advanced age of the existing equipment, technological improvements to tie unloading equipment,





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specification changes by customers and advancements in the areas of safety and environmental risk mitigation. The new equipment will combine several independent process steps into one stream-lined operation that will be fully enclosed inside of one building. The project began in the spring of 2013 and will be fully operational by mid-2014.



**Track mobile:** In Nyborg, Denmark, we have replaced older equipment used to position railcars with a modern trackmobile that can ride on either tires or tracks. This vehicle makes switching railcars substantially safer.

Tank car training: Koppers provides on-site instruction in all aspects of tank-car functionality and safety during training sessions conducted both in the classroom and hands on with a tank car. As part of our Responsible Care® outreach mandate, Koppers invites the participation of other local companies, emergency planning committees, law enforcement, Homeland Security, the Coast Guard and other responders who contribute information concerning their specific safety and preparedness priorities. In 2013, Tank Trainer Programs were conducted at five Koppers locations and attended by a total of 55 people representing local fire departments, community members, government regulators, plant personnel and railroad personnel.



Tank car training event

"Just a note to thank Koppers for bringing this great training program into Pittsburgh. Having been a volunteer Chief for the last 25 years, I personally appreciate what it takes to put this all together. You are only as good as you are trained."

—Curt Toperzer, Assistant Chief, Team 440, Allegheny County

# **ENVIRONMENTAL PERFORMANCE**

At each of our facilities around the world, we seek to identify and implement those initiatives that will allow us to operate efficiently and optimize our use of natural resources.

This mission, however, is not a simple matter of replicating the same program at each plant. With each location operating under unique parameters and regulatory requirements, one solution does not fit all. The examples below demonstrate some of the many ways we are delivering on our commitment to be responsible stewards of the environment.

#### 2013 Corporate Goals:

- Implement a minimum five percent reduction of energy and waste costs over 2012 at all plant locations.
- Utilize "best practices" (operational and technical) across global operations to support various cost-improvement initiatives.



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#### IDENTIFYING KEY EFFICIENCY OPPORTUNITIES

In 2013, local universities (assisted by US Department of Energy Grants), utilities and other consultants helped Koppers assess the potential for energy-efficiency projects in nearly all of our North American plants. These assessments yielded a list of specific energy conservation measures, the energy savings associated with each project, the cost to implement and the payback period.



We have since embarked on those proposals with the strongest payback and energy conservation potential. We are also considering the feasibility of additional projects.

- Through temporary (and voluntary) brown-outs and black-outs in our Stickney, Illinois, naphthalene processing facility, we reduced our electricity consumption by up to a megawatt for short periods of time as part of an energy saving demand-response program.
- We installed variable frequency drives on two cooling-tower water-pump motors in our Clairton, Pennsylvania facility. These drives automatically reduce power consumption whenever water flow decreases. This measure is estimated to save more than 578,000 kWh annually, more than five percent of the plant's total electricity usage.
- At our plant in Stickney, we are evaluating the replacement of evaporators with reverse osmosis systems, which would result in significant savings of natural gas and water while also enabling increased water recycling.

# Establishing baselines for future energy goals

In 2013, we began tracking energy usage normalized for production on a quarterly basis, in order to more accurately assess different energy footprints across our production portfolio. Once refined, we plan to use this data as a tool to implement best energy efficiency practices globally and eventually to set an overall corporate goal for long-term energy use reduction.

#### REDUCING ENERGY USE IN AUSTRALIA

At the Koppers Mayfield plant in Australia, we reduced energy use by 23 percent (and reduced related greenhouse gas emissions) over five years while maintaining consistent production levels. Important elements contributing to the success of this major energy use reduction included:

- Establishing an Energy Management Plan to review usage and energy projects.
- Identifying the optimal operational rate of running as close to 100 percent capacity as much as possible.
- Implementing specific energy savings projects, including: installing variable speed drives on fans and pumps, replacing inefficient air compressors, improving combustion control and recovering heat from boilers and heaters, upgrading insulation, fixing steam leaks, replacing steam traps and upgrading lighting.

We are implementing these procedures across other plants and anticipate similar results.

# **ELIMINATING NUISANCE ODORS**

Some of Koppers production and shipping processes—such as evacuating air from a ship's hull before it can be filled with product—can result in odor emissions that are unpleasant for workers and residents living near our operations. As part of our ongoing effort to reduce odor emissions at our facilities in Mayfield, Australia, we've made process changes and installed technologies to treat or incinerate odorous fumes; better contain fuel oil, solvent and wastewater odors in storage tanks; and reduce pump and seal failures to minimize fugitive emissions.

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#### RECYCLING RAILCAR RESIDUE

When our chemical products are shipped in railcars, a heavy residue can build up in the cars over time. Accordingly, we clean all railcars on a ten-year cycle to remove residue and requalify the railcars for use. Cars may also be cleaned prior to maintenance or repair. To minimize the environmental impacts of railcar cleaning, Koppers uses contractors to recycle 100 percent of residues recovered from the cars rather than sending the material for hazardous waste disposal.

In 2013, Koppers completed the set-up of in-plant railcar cleaning operations at Follansbee, West Virginia, in addition to the current in-plant operation at Stickney, Illinois and off-site cleaning facility in Granite City, Illinois. The materials removed during the railcar cleaning process are recycled into production tanks at these facilities, resulting in zero disposal costs. The amount of residue removed from railcars at these three facilities over the past year is as follows:

#### Residue removed by location

In-plant operations: 1,169,100 lbs. Off-site operation: 618,188 lbs. Total residue removed: 1,787,288 lbs.

#### Residue removed by product

Creosote: 296,638 lbs. Coal tar pitch: 309,200 lbs.

Crude coke oven tar and petroleum tar: 1,181,450 lbs.



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# INNOVATION AND PRODUCT RESPONSIBILITY

#### APPROACH TO PRODUCT RESPONSIBILITY

At Koppers, we focus on providing excellent product quality, safety and reliability. Our product innovation and global responsibility efforts are coordinated through our ISO 14001-compliant Koppers Safety, Health and Environmental Management System (SHEMS).

In 2013, we began a focused implementation of safe, responsible and sustainable management of our products by incorporating Responsible Care® into our existing ISO 14001 management system. Developed by the chemical industry in the mid-1980s, Responsible Care® is a large-scale performance initiative that seeks to improve chemical companies' product stewardship, safety and disclosure activities through an integrated management and performance platform.

**2013 Corporate Goal:** Engage all employees in the Responsible Care<sup>®</sup> 14001 processes and utilize the benefits of being an American Chemistry Council (ACC) member.

Responsible Care® will impact all facets of the company and inform our interactions with value-chain partners. As a model of where our company wants to go in terms of safety, health and sustainability goals, Responsible Care® represents a significant commitment by senior management to drive product and process improvements, raise industry standards and foster growth.

#### WHAT IS RESPONSIBLE CARE®?

Responsible Care® is a high-level management initiative composed of compliance, performance and disclosure elements. Companies seeking to achieve Responsible Care® certification must:

- Establish a CEO-level commitment to health, safety and security in their product design and operating practices.
- Commit to implementation of a Responsible Care® Management System that uses the Plan, Do, Check, Act implementation flow.
- Supplement existing management practices with provisions for community awareness and emergency response, security, efficient distribution, employee health and safety, pollution prevention and process and product safety.
- Abide by the Responsible Care® Guiding Principles, which cover a comprehensive range of environmental, safety, health and efficiency mandates.
- Continuously monitor and annually disclose performance on environmental, energy, safety and accountability metrics.

More information regarding Responsible Care® can be found on the ACC website at www.americanchemistry.com.

# REACHING OUT TO COMMERCIAL PARTNERS

Koppers is committed to having Responsible Care® certification status at all of our global facilities by 2015. We are well underway with rolling out three Responsible Care® codes: process safety, product safety and security. By applying Responsible Care® principles and codes to our interactions with our customers, suppliers, carriers and contractors, Koppers will set the example, raise awareness and encourage the active participation of our partners in handing products safely.



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#### COMMITMENT TO PRODUCT SAFETY

Koppers provides its customers with products that can be used safely and in compliance with all applicable regulations. We adhere to applicable quality standards and to the ISO 14001 standards in the production and disposal of our products. Our Safety Data Sheets (SDS) provide information on our products' composition, properties, safety precautions, environmental impact and other data.



As a global company, Koppers must be proactive in anticipating changing compliance rules in all regions where we operate. We are committed to working with regulators, industry groups and suppliers to meet all regulatory requirements.

To prepare for the implementation of the Globally Harmonized System (GHS) for classification and labeling of chemicals everywhere we do business, Koppers conducted a risk assessment of all our products and raw materials. Employees at all North American operating sites received training on the provisions of the OSHA revised Hazard Communication Standard during 2013. Work will continue in 2014 to have all SDSs compliant with GHS as well as Registration Evaluation Authorization of Chemicals (REACH) legislation in Europe.

Beginning in 2007, the distribution of SDSs for all North American sales transactions was automated. The process for issuing SDSs, referred to as our SDS Direct Distribution System, involves electronically capturing sales transactions on a daily basis and mapping product codes to the applicable SDS and customer information. Similar SDS direct distribution systems are slated for rollout in Australia and Europe during early 2014.

Koppers contracts with an external party to provide customers with emergency response support. In the event a customer experiences an incident or accident involving one of our products, they can call the service 24 hours a day, seven days a week to receive information on proper response, handling, cleanup and remediation or to be connected to a Koppers employee who can answer their questions.

# RIDE-TIGHT® PROGRAM

Launched in Koppers North American facilities in March 2013, the Ride-Tight® program is a proactive safety initiative addressing the proper closure and sealing of chemical-transporting railcars. The goal of the program is to reduce and preferably eliminate the unintentional release of hazardous material during transport.

To that end, we have conducted training classes with employees at all Koppers North American facilities. We are bringing customers onboard as well. A new railcar checklist that expands upon Ride-Tight® principles is already producing significant improvements.

Koppers honored with transportation safety awards
Koppers is recognized annually by several major North
American railroads for its outstanding transportation
safety record. In 2013, Koppers received awards from
both the BNSF Railway Company and the Union Pacific
Railroad for its record of chemical-transportation safety
in the previous year. Since 1997, BNSF's Product
Stewardship Award has been presented to shippers who

Koppers employees training with Ride-Tight® at our Denver, Colorado plant

transported a minimum of 500 loaded tank cars of hazardous materials during the previous year with zero non-accidental releases and who have implemented Responsible Care® product-stewardship ethics. Union Pacific's annual Pinnacle Award criteria include a history of safe-loading techniques, secure shipments and zero non-accidental releases.



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Koppers was also awarded the 2013 Norfolk Southern Railway Thoroughbred Safety Award and the 2013 Canadian National Railway Safe Handling Award for excellence in 2012 performance.

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# TAKING A LIFE-CYCLE PERSPECTIVE

At Koppers, we bring value to our customers by minimizing the life-cycle costs and environmental impacts of our products while maximizing their durability.

In April 2013, the Journal of Transportation Technologies published a study by the Treated Wood Council comparing treated-wood and non-wood railroad crossties. The Council used life-cycle assessment methodologies and followed ISO 14044 standards to show how creosote-treated wooden railroad crossties require less total energy and fossil fuel than concrete and plastic composite ties, have a lower environmental impact than concrete ties, emit less greenhouse gases into the atmosphere and offset fossil-fuel use through recycling.

### **EXPANDING OUR CMC PRODUCT PORTFOLIO**

Koppers core products are the foundation of a complex and diversified value chain. We continually challenge ourselves to capture new opportunities for product customization to fulfill the evolving needs of our customers for products with specialty applications. We see significant economic and market potential in creating niche products targeted to and developed in collaboration with specific users.

Researchers at the Koppers Global Technology Center (KGTC) create and test new forms of carbon pitch and other chemical products, both to extend our product line into new uses and markets, and at the request of customers. Located at the University of Pittsburgh Applied Research Center, the KGTC—often in collaboration with outside entities—provides Koppers with key laboratory research capabilities and access to a local talent pool with the chemical engineering skills essential to our growth.

We also seek to maximize the value of existing products; for example, one of our capital projects in 2013 focused on recovering saleable naphthalene from pitch tar production processes at our Clairton, Follansbee, Nyborg and Stickney facilities.

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#### **EXPANDING OUR RUPS PRODUCT PORTFOLIO**

#### **B**ORATE TREATMENT

Railroads have long used creosote-treated crossties as a way to enhance the durability of their infrastructure. While creosote protects wood from external environmental elements, internal degradation from rot and insect damage has limited the lifespan of creosote-treated ties in high-decay zones. Koppers customers—particularly those located in humid high-decay zones—have responded positively to the way our dual-treated borate and creosote products, as approved by the American Wood Protection Association, address these issues. In response to increased customer demand, we are using more of our borate-treatment capacity at four existing plants, and plan to introduce additional capacity in 2014.

# Customers plan for the long term

In 2013, Koppers signed a contract to supply 57,000 crossties—treated with both creosote and borate—to the Chicago Transit Authority (CTA). The project involved a complete renovation of ten miles of double-tracked line in the South Chicago area. Due to the major disruptions to transit and highways systems caused by the renovation, the CTA based its purchasing decision on the use of best available treatment process in order to maximize the effective life of the new crossties.

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# **PERFORMANCE TABLES**

The information in the below tables reflects the results of our business operations during 2011, 2012 and 2013 and has been collected from all of our global facilities

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# **ECONOMIC PERFORMANCE**

Year	2013	2012	2011
Net Sales (\$ in millions)	1,478.3	1,555.0	1,466.2
Operating Profit (\$ in millions)	100.3	126.6	36.9
Net Income (to Koppers) (\$ in millions)	40.4	65.5	36.9
Point of Sale (\$ in millions)			
North America	844	884	856
Australia	159	147	94
Europe	223	243	245
Emerging Markets	252	281	271
Number of Facilities	28	25	27



# **SOCIAL PERFORMANCE**

Employees	2013	2012	2011
United States	1,084	1,166	1,197
Europe	230	231	236
Australia	164	164	186
Asia	111	99	92
Total employees	1,589	1,660	1,711

Koppers Employees 2013	By Region	Salaried	Hourly	Part-time	Management	Employee
United States	1,084	354	730	9	193	891
Europe	230	100	97	33	47	183
Australia	164	74	84	6	45	119
China	111	62	49	0	32	79
Totals	1,589	590	960	48	317	1,272



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Koppers Employees 2013—Gender	Male	Female
United States	977	107
Europe	189	41
Australia	133	31
China	90	21
Totals	1,389	200

Safety Data (aggregate, all regions)	2013	2012	2011
Days Away Case Rate	0.79	0.72*	1.22
DART Rate	1.63	1.66	2.06
Total Recordable Rate	3.88	3.99*	4.17
Fatalities	0	0	0

<sup>\*</sup>Figures have been restated (from 0.67 and 3.83, respectively) to account for changes after year close.

Safety Statistics (by region)	•	Away Rate	DAR	T Rate	Reco	otal rdable ate		pers lities
Year	2013	2012	2013	2012	2013	2012	2013	2012
Total (company-wide)	.79	.67	1.63	1.61	3.88	3.83	0	0
North America	.96	.77	2.08	2.08	5.12	4.94	0	0
Australia	0	1.2	0	1.2	1.14	3.0	0	0
Europe	.81	0	1.21	0	1.21	0	0*	0
China	0	0	0	0	0	0	0	0

<sup>\*</sup>There was one contractor fatality in Europe in 2013.

# **ENVIRONMENTAL PERFORMANCE**

Greenhouse Gas Emissions	2012	2011	2010
Total GHG Emissions (tons of CO <sub>2</sub> e)*	781,322**	867,455	865,598
United States	570,732	553,863	534,453
Australia	105,354	194,087	182,197
Europe	61,255	80,504	75,432
Asia	43,982	39,001	73,516
GHG Emissions by Source Type			
Stationary Source Combustion	420,613	433,935	445,677
Mobile Sources	11,823	11,232	13,601
Process/Fugitive	122,421	170,559	165,771
Refrigerant	505	685	626
Electricity	124,092	138,206	140,210
Purchased Steam	101,868	112,838	99,713

<sup>\*</sup>Koppers began to inventory its GHG emissions in 2007 and has applied the same process and boundaries to calculate its carbon footprint ever since. We focus on measuring Scope 1 emissions (direct emissions from stationary sources, Koppers-owned mobile sources, refrigerant leakage and manufacturing processes) and Scope 2 emissions (indirect emissions from electricity and steam use). At this time, we do not measure or track Scope 3 emissions from the transport of our products or as related to employee commuting. GHG emissions are measured and reported on an equity share basis.



<sup>\*\*</sup>The reduction in 2012 GHG emissions is largely due to the closure of the Kurnell facility in New South Wales, Australia.



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2013	2012	2011
422,380	476,191	529,415
672,671	914,770	1,204,357
15,575	14,795	15,947
329,153	266,181	261,674
377,347	433,821	378,306
370,693	475,782	437,564
N/A	N/A	N/A
576,169	583,571	528,277
2,738,004	2,499,427	2,738,683
2,013	758	960
1,505	1,136	1,150
5,505,510	5,566,432	6,096,332
229,648	219,117	250,585
2013	2012	2011
677,012	677,554	689,884
831,377	819,495	808,973
1,508,389	1,497,049	1,498,858
	422,380 672,671 15,575 329,153 377,347 370,693 N/A 576,169 2,738,004 2,013 1,505 5,505,510 229,648 2013 677,012 831,377	422,380 476,191 672,671 914,770  15,575 14,795 329,153 266,181 377,347 433,821 370,693 475,782 N/A N/A 576,169 583,571 2,738,004 2,499,427 2,013 758 1,505 1,136 5,505,510 5,566,432 229,648 219,117





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TOTAL—US based on 2011 primary use breakdown by state

	GJ		G	GJ		GJ	
	2013		2012		2011		
Electricity Usage (GJ)	453,893		463,134		474,826		
Coal	55%	251,492	5%	253,915	54%	257,940	
Petroleum	0%	796	0%	807	0%	815	
Natural Gas	8%	37,516	9%	40,916	9%	44,857	
Other Gases	0%	648	0%	664	0%	668	
Nuclear	32%	144,357	32%	147,217	32%	149,664	
Hydroelectric Conventional	1%	5,797	1%	5,962	1%	6,662	
Wind	2%	10,488	2%	10,684	2%	10,883	
Solar Thermal and Photovoltaic	0%	45	0%	38	0%	41	
Wood and Wood Derived Fuels	0%	1,469	0%	1,609	0%	1,765	
Other Biomass	0%	1,317	0%	1,342	0%	1,368	
Pumped Storage	0%	(697)	0%	(707)	0%	(707)	
Other	0%	661	0%	674	0%	687	
Total		453,890		463,122		474,644	
	2013	GJ	2012	GJ	2011	GJ	
Steam Usage (GJ)	316,141		327,688		322,987		
Natural Gas	100%	316,141	100%	327,688	100%	322,987	

The above breakdown of primary energy consumption used to produce the indirect energy consumed by Koppers in the United States assumes 100 percent efficiency in generation and transmission.



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Materials Use (RUPS)	2013	2012
Wood (cubic feet)	46,471,131	45,438,565
Steel strapping (lbs.); used in shipments	682,226	686,023
Materials used that are recycled inputs	None	None

Water Withdrawal (in m³) (RUPS)	RL	JPS
Year	2013	2012
Municipal water supply	170,715	146,268
Well water	226,800	241,510
River water	18,775.6	24,946
Rainwater	N/A	N/A
Groundwater	N/A	N/A

Water	Disc	harge
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(in m³)* (combined for all facilities)	RUPS (2013)	RUPS (2012)
Discharge to POTW (Publicly Owned Trea	atment Works)	
Biological aeration	221,978	219,422
Activated sludge	22,560	22,404
Non-biological treatment	5,270	4,528
Non-treated	82,396	76,170
Discharge to overground water sources		
NPDES permitted	622,765*	230,013 (inclusive of Green Spring Evaporated discharge of 5,471)
Form R (estimated discharge)	(Included in the above)	309,588

 $<sup>* (</sup>Inclusive of Form \ R \ estimated \ discharges \ and \ Green \ Spring \ evaporated \ discharge \ of \ 8,944).$ 

Each NPDES-permitted facility and each POTW maintains specific water quality parameters and limits, which are available upon request.





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# Water Discharge (CMC)

Discharge 2012	Facility Discharge 2013		
77,584 m³ via 3rd party WWTP to river	70,636 m³ to US Steel	Clairton	
226,476 m³ biological treated water to river	213,880 m³ biological treated water to river	Follansbee	
1,164,460 m³ to POTW including 656,901 surface water and 507,559 m³ biological treated water	Data not available	Stickney	
25,520 m³ surface water to fjord 130,764 m³ cooling water to fjord 12,211 m³ waste water to POTW	20,422 m³ surface water to fjord 140,846 m³ cooling water to fjord 8,472 m³ waste water to POTW	Nyborg	
110,577 m³ biological treated water to river	Data not available	Pt. Clarence	
6,220 m³ via 3rd party WWTP to river	Data not available	Scunthorpe	
207,342 m³ biological treatment to river 159,082 m³ filtration treated to river	218.683 m³ biological treatment to river 83.435 m³ filtration treated to river	Uithoorn	
12,000 m³ to 3rd party WWTP Water is reclaimed	9,915 tons; All TKK waste water discharged to Zhongrun coking plant for integrated treatment	KCCC	
14,504 m³ biological pre-treated process and 2,073 m³ sanitary water discharged to POTW Stormwater not measured	13,503kL biologically treated discharged to municipal sewer 5,431kL untreated discharged to municipal sewer Stormwater not measured	Mayfield	
160 m³ stormwater discharge to surface water	160,000 Litres: Oil/solids removal and biological treatment followed by stormwater discharge to surface water	Grafton	
603 m³ process water to POTW	834,800 Litres; process water is temperature and pH adjusted prior to being discharged to local trade waste facility	Longford	
Data not available	None	Takura	
Data not available	None	Bunbury	



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#### Hazardous Waste, by disposal method (RUPS and CMC)

US RUP 2013 Hazardous Wast		US	<b>RUP</b>	2013	Hazard	lous	Wast
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	Disposal Method (pounds)									
Facility	H010	Ho39	H040	H050	Ho61	H077	H100	H132	H141	Total
Denver	589	_	42,291	_	_	_	_	2,142	_	45,022
Florence	274	_	387,110	_	314	_	_	22,693	_	410,390
Galesburg	_	47	105,684	_	_	_	_	_	_	105,731
Green Spring	_	_	259,451	_	_	2,075	2,560	_	_	264,086
Guthrie	_	_	169,854	_	_	_	_	_	_	169,854
North Little Rock	_	_	166.674	_	_	_	_	_	_	166,674
Roanoke	_	_	119,280	9,722	_	_	_	_	_	129,002
Somerville	_	_	335,140	_	_	_	_	_	_	335,140
Susquehanna	129	_	94,055	_	_	_	_	_	9	94,193
Total	992	47	1,679,539	9,722	314	2,075	2,560	24,835	9	1,720,093

#### US CMC 2013 Hazardous Waste

	Disposal Method (pounds)									
Facility	Но10	Ho39	H040	Ho61	H132	H141	Total			
Clairton	_	_	_	_	_	_	0			
Stickney	_	_	551,395	10,183	1,080	41,789	604,447			
Follansbee	13,765	350	13,881	_	_	5,629	33,625			
Total	13,765	350	565,276	10,183	1,080	47,418	638,072			

# Reclamation and Recovery

H010	Metals recovery including restoring, smelting, chemical, etc.
Ho39	Other recovery or reclamation for reuse including acid regeneration, organics recovery, etc.
H050	Energy recovery used as a fuel
Ho61	Fuel blending prior to energy recovery at another site

# Destruction or Treatment Prior to Disposal at Another Site

H040	Incineration—thermal destruction other than use as a fuel
H077	Chemical precipitation (prior to disposal at another site)
H100	Physical treatment only (adsorption/absorption/separation/stripping/dewatering)

#### Disposal

H132 Landfill or surface impoundment that will be closed as landfill

# Transfer Off-site

The site receiving this waste stored/bulked and transferred the waste with no treatment or recovery, fuel blending or disposal at that receiving site.



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#### Global Hazardous Waste Disposal (tons)

Disposal Method	CN	CMC		
	2012	2013*	2012	2013
Incineration	1,151.17	393.47	1,395,03	839.77
Energy Recovery	2,902.56	388.94	21.03	4.86
Organics Recovery	0.00	1,274.23	0.00	0.02
Metals Recovery	0.22	6.88	0.30	0.50
Landfill	60.37	244.37	139.46	36.83

<sup>\*</sup>Global CMC is not inclusive of Q4 2013 data for Uithoorn.





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# **ABOUT THIS REPORT**

Koppers 2013 Sustainability Report has been developed at the GRI G3 Sustainability Reporting Guidelines' C Application Level. The reporting period covers Koppers 2013 fiscal year, ending December 31, 2013. We publish sustainability reports on an annual basis.



In determining what topics to include and prioritize, we have applied the GRI's "Guidance on Defining Report Content," the associated GRI Principles and the GRI Technical Protocol "Applying the Report Content Principles." Specifically, we have used these documents in considering and developing our approach to materiality analysis and in aligning sustainability issues of high importance with Koppers Strategic Priorities. Koppers issued its first report in 2003 and has used the GRI Guidelines to inform its subsequent reports. We are working to transition our disclosure processes to meet the requirements of the GRI G4 Guidelines and anticipate that Koppers 2014 Sustainability Report will apply the GRI G4 at the "Core" In Accordance level.

As part of our G4 transition process, we conducted a value chain mapping exercise in 2013 to better understand the stages of our products' life cycle, and to chart the key impacts and relationships that occur at each stage of our value chain. We will use our findings to help focus the disclosures we make in our next sustainability report.

A full online archive of Koppers past reports is available at www.koppers.com.

#### REPORTING BOUNDARIES

Narratives and data reflect the results of our business operation and have been collected from all of our global facilities. We report on joint ventures where we have operational (majority) control. GHG emissions are measured and reported on an equity share basis.

Over the course of the past year, we continued construction on a new plant in China as part of a joint venture. We did not include data from the facility in this report as the plant will not be operational until mid-2014.



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# **CONTACT US**

We encourage you to provide us with feedback on our efforts. Please direct comments and questions to:

Christina Clinton Evans Communications Manager EvansCC@koppers.com (412) 227-2947

Our mailing address:

Koppers Inc. 436 Seventh Ave. Pittsburgh, Pennsylvania 15219-1800 USA www.koppers.com





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# **GRI INDEX**

Koppers 2013 Sustainability Report adheres to the Global Reporting Initiative G3 Sustainability Reporting Guidelines at the C Application Level.



Indicato	or Description	Reported	Cross-reference/direct answer 2013
Strategy	y and Analysis		
1.1	Statement from the most senior decision-maker of the organization.	Fully	CEO Message, pg. 1
Organiz	zational Profile		
2.1	Name of the organization.	Fully	Contact Us, pg. 3
2.2	Primary brands, products, and/or services.	Fully	Business Units and Products, pgs. 3-5
2.3	Operational structure of the organization, including main	Fully	Business Units and Products, pgs. 3–5
	divisions, operating companies, subsidiaries, and joint		FY2013 Form 10-K, pgs. 6-9 and Exhibit 21
	ventures.		Koppers equity investments/joint ventures
		concrete crossties, a complementary wood crosstie business. Koppers own the other 50 percent owned by subsid Cement AG.	KSA Limited Partnership, located in Portsmouth, Ohio, produce concrete crossties, a complementary product to our treated wood crosstie business. Koppers owns 50 percent of KSA with the other 50 percent owned by subsidiaries of Heidelberg Cement AG.
			<ul> <li>Tangshan Koppers Kailuan Carbon Chemical Company ("TKK") is a coal tar distillation facility located in China in the Hebei Province near the Jingtang Port. Koppers holds a 30 percent investment in TKK.</li> </ul>
			<ul> <li>Koppers China Chemical Company ("KCCC") is a coal tar distillation facility located in Hebei Province in China. Koppers holds a 60 percent investment interest in KCCC.</li> </ul>
2.4	Location of organization's headquarters.	Fully	Contact Us, pg. 33
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully	Koppers Locations Worldwide  Business Units and Products, pgs. 3–5
2.6	Nature of ownership and legal form.	Fully	FY2013 Form 10-K, pg. 3
			C corporation
			The stock of Koppers Holdings Inc. is publicly traded on the New York Stock Exchange under the symbol "KOP."
2.7	Markets served (including geographic breakdown, sectors	Fully	Koppers Locations Worldwide
	served, and types of customers/beneficiaries).		Business Units and Products, pgs. 3-5
			Serving Global Markets, pg. 5
			FY2013 Form 10-K, pg. 6
2.8	Scale of the reporting organization.	Fully	About Koppers, pg. 3
			Performance Tables, pg. 24
			FY2013 Form 10-K, pgs. 26, 29, 44
			Total Employees: 1,589
			Total debt: \$303.1 (in millions)
			Koppers equity: \$169.8 (in millions)
			Net sales, by business segment:
			Carbon Materials & Chemicals: \$906.1 (in millions)
			Railroad & Utility Products: \$572.2 (in millions)



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Indicator	Description	Reported	Cross-reference/direct answer 2013
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	No significant changes in ownership, share capital structure, or other capital formation occurred in the reporting period.
2.10	Awards received in the reporting period.	Fully	Performance Highlights, pg. 2
			Innovation and Product Responsibility, pgs. 21–22
Report Pa	rameters		
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Fully	About this Report, pg. 3
3.2	Date of most recent previous report (if any).	Fully	March 2013
3.3	Reporting cycle (annual, biennial, etc.)	Fully	About this Report, pg. 3
3.4	Contact point for questions regarding the report or its contents.	Fully	Contact Us, pg. 33
3.5	Process for defining report content.	Fully	About this Report, pg. 32
			Our Approach to Sustainable Value Creation, pg. 6
			We have identified our stakeholders through our Responsible Care® certification process and use these as a proxy for who may be interested in the report.
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Fully	About this Report, pg. 3
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Fully	About this Report, pg. 3
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Fully	About this Report, pg. 3
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/ acquisitions, change of base years/periods, nature of business, measurement methods).	Fully	Certain safety performance data have been restated to reflect changes booked after year-end close. These restatements are footnoted in the safety performance data table on page 25.
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Fully	There were no significant changes in scope, boundary, or measurement methods from previous years.
3.12	Table identifying the location of the Standard Disclosures in the report.	Fully	GRI Index, pgs. 35–39
Governan	ce, Commitments and Engagement		
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy	Fully	Governance Approach, pgs. 7–8  Koppers Corporate Governance webpage
	or organizational oversight.		
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	The Chairman of the Board is an independent director and is not an executive officer at Koppers. The Board's current policy is that the roles of the Chairman of the Board of Directors and Koppers CEO should be separate such that the Chairman can serve as a check on the CEO and independently assess the overall performance of the company on behalf of its shareholders.



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Indicator	Description	Reported	Cross-reference/direct answer 2013
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	Fully	Governance Approach, pgs. 7–8
4.4	Mechanisms for shareholders and employees to provide	Fully	Koppers Corporate Governance webpage
	recommendations or direction to the highest governance body.		The Board of Directors welcomes the input and suggestions of shareholders and other interested parties. Those wishing to contact the Chairman of the Board or the non-management directors as a group may do so by sending a written communication to the attention of the Chairman of the Board, c/o Koppers Holdings Inc., Corporate Secretary's Office, 436 Seventh Avenue, Suite 1550, Pittsburgh, Pennsylvania 15219.
			Issues or complaints regarding questionable accounting, internal accounting controls or auditing matters may be sent in writing to the attention of the audit committee chairman, c/o Koppers Holdings Inc., Corporate Secretary's Office, 436 Seventh Avenue, Suite 1550, Pittsburgh, Pennsylvania 15219. Our corporate secretary will forward all written communications unopened to the director to whom it is addressed. Alternatively, you may place an anonymous, confidential, toll-free call in the United States to our Compliance Line at 800-385-4406.
	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic,	Fully	Our Approach to Sustainable Value Creation, pg. 6
			Governance Approach, pgs. 7–8
	environmental, and social performance and the status of their implementation.		Koppers Corporate Values
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Fully	Koppers adoption of Responsible Care demonstrates the company's consideration of the precautionary principle with regard to product safety. Specifically, Koppers has conducted risk assessments on all products and is qualifying customers and partners in its value chain in alignment with Responsible Care guidelines.
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Fully	Innovation and Product Responsibility, pgs. 20–22
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: *Has positions in governance bodies; *Participates in projects or	Fully	Koppers holds memberships in the following associations:  • American Chemistry Council  • Treated Wood Council  • American Coke and Coal Chemicals Institute
	committees; *Provides substantive funding beyond		American Wood Preservers Association
	routine membership dues; or *Views membership as strategic.		Railway Tie Association
	as so aregre.		CEFIC (European Chemical Industry Association)
			National Association of Manufacturers
			US Chamber of Commerce
4.14	List of stakeholder groups engaged by the organization.	Fully	Building Key Relationships, pg. 9
4.15	Basis for identification and selection of stakeholders with	Fully	Building Key Relationships, pg. 9
	whom to engage.		We identified key stakeholders as part of the Responsible Care® certification process.



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Indicator	Description	Reported	Cross-reference/direct answer 2013
Performa	nce Indicators		
Economi	с		
EC <sub>1</sub>	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Fully	FY2013 Form 10-K, pg. 74 Koppers does not formally track donations and community invest ments (data not available).
EC <sub>3</sub>	Coverage of the organization's defined benefit plan obligations.	Fully	FY2013 Form 10-K, pgs. 65–66  Koppers is committed to fully funding existing employee pension plans.
Environm	nental		
EN <sub>1</sub>	Materials used by weight or volume.	Partially	Performance Tables, pg. 28
EN <sub>3</sub>	Direct energy consumption by primary energy source.	Fully	Performance Tables, pg. 26
EN4	Indirect energy consumption by primary source.	Fully	Performance Tables, pg. 26
EN <sub>5</sub>	Energy saved due to conservation and efficiency improvements.	Partially	Environmental Performance, pg. 18
EN8	Total water withdrawal by source.	Partially	Performance Tables, pg. 28
EN16	Total direct and indirect greenhouse gas emissions by weight.	Fully	Performance Tables, pg. 25  We measure GHG emissions based on equity share and use upto-date emission factors and global warming potentials as cited in the World Resources Institute and World Business Council for Sustainable Development's (WRI/WBCSD) GHG Protocol.
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Partially	Environmental Performance, pg. 18
EN21	Total water discharge by quality and destination	Partially	Performance Tables, pgs. 28–29 Discharged water is not reused by other organizations.
EN22	Total weight of waste by type and disposal method.	Partially	Performance Tables, pgs. 30–31
EN23	Total number and volume of significant spills.	Partially	In 2013, Koppers had 18 spills with a total volume of 12,165 gallons. Six were considered significant under the following Koppers criteria for significance: (1) >=250 gallons outside containment, (2) any amount outside containment that cannot be completely remediated, (3) >= 5,000 gallons inside containment and (4) any amount off site. Spills include:  (1) Port Clarence, UK: 7,950 gallons  (2) Uithoorn, The Netherlands: 132 gallons  (3) Stickney, IL: 12 gallons  (4) Grenada, MS: 3,600 gallons  (5) Follansbee, WV: 10 gallons  (6) Clairton, PA: 15 gallons
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Fully	A total of \$24,009 in fines was paid in relation to NCR and RCRA inspection issues and for late reports of release at three o Koppers facilities.  Koppers received five non-monetary notices of violation (NOV)



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Indicator	Description	Reported	Cross-reference/direct answer 2013
Social			
LA <sub>1</sub>	Total workforce by employment type, employment	Fully	Performance Tables, pg. 24
	contract, and region.		No contract workers were employed during the reporting period, and Koppers does not experience significant variations in employment throughout the year.
LA <sub>2</sub>	Total number and rate of employee turnover by age group, gender, and region.	Partially	Global turnover rate for all regions was 10 percent.
LA <sub>3</sub>	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Fully	Comprehensive benefits are offered to all Koppers employees. Though each plant and region differs slightly in benefit offerings, the majority of our employees receive a healthcare option, as well as dental and eye care coverage. Koppers offers vacation time ranging from two to five weeks per year (based on years of service and/or collective bargaining agreement).
LA4	Percentage of employees covered by collective bargaining agreements.	Fully	Of our employees, approximately 67 percent of our US workforce is represented in 11 union shops, by 12 locals covered by 12 separate labor agreements. We have numerous other locations that are not covered under a labor agreement.
LA <sub>7</sub>	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	Fully	Performance Tables, pg. 25
			Safety First, pgs. 16–17  Koppers does not track absenteeism rates, nor does the company include minor (first-aid) injuries in calculating injury rates.
			"Lost days" are calculated using calendar days, beginning with the first day absent.
LA10	Average hours of training per year per employee by employee category.	Fully	Our Employees, pgs. 9–11
			Company-wide, Koppers provides an annual, estimated average of 50 training hours per salaried employee and 48 hours for each hourly employee. Employees are trained in management, leadership and job-related skills, as well as on a wide variety of SHE topics.
			In 2013, we continued the lunch and learn sessions for employees At two of our CMC plants Blanchard's Situational Leadership II program was provided for management staff. Over time this program will be provided to all Koppers management.
			When the Workday HRIS system was rolled out in November, 2013 training sessions were offered globally to management and office employees.
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Fully	Our Employees, pgs. 9–11
			In the event of a facility closure, Koppers notifies local municipalities and/or state governments—many of whom offer rapid response teams providing job retraining or job board access to affected individuals. Additionally, Koppers may offer a severance benefit to displaced employees based on years of service. All other outplacement benefits are reviewed on a case by case basis.  We offer tuition reimbursement to salaried employees up to \$5,250 per year. We have not allowed for sabbaticals.
LA12	Percentage of employees receiving regular performance and career development reviews.	Fully	100% of salaried employees. We do not conduct performance evaluations with employees under union representation.
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Partially	Governance Approach, pg. 7 Performance Tables, pg. 25



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Indicator	Description	Reported	Cross-reference/direct answer 2013	
G4-SO1	Percentage of operations with implemented local community engagement impact assessments and development programs.	Fully	In 2013, 47% of Koppers US facilities had established Community Advisory Panels as a first point of contact with local community members.	
SO <sub>2</sub>	Percentage and total number of business units analyzed for risks related to corruption.	Fully	Governance Approach, pgs. 7–8  On an ongoing basis, we review corruption risks associated without two business units.	
SO <sub>3</sub>	Percentage of employees trained in organization's anti- corruption policies and procedures.	Fully	Each year, Koppers provides Code of Conduct training for all employees. In 2013, this training was delayed for some international personnel because of technical issues. The 2013 training module includes anti-corruption training. It is expected that virtually all employees will receive this training by the end of the first quarter of 2014.	
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Partially	Risk assessments have been completed for all Koppers products and raw materials on a global basis. Koppers will be implementing the first three elements of the American Chemistry Council Product Safety Code in 2014. As part of this process we will be refining these product risk assessments, prioritizing products for further evaluation and reviewing available data on similar materials.	
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Fully	In 2013, two incidents occurred at Koppers operations in the United States: one in which FRA inspectors found a rail tank car with loose eyebolts and a misaligned manway gasket; another in which FRA inspectors found two rail tank cars with loose fittings. Total fines paid for these incidents amounted to \$8,200.  One incident occurred at Koppers operations in Australia in which a Workplace Health and Safety Improvement Notice was issued to the Koppers Wood Products Takura facility in 2013. This was in relation to an incident in which an employee was exposed to work strength Chromated Copper Arsenate spilling from a treatment cylinder. There was no fine associated with this incident.  There were no instances of non-compliance with regard to Koppers	
PR <sub>3</sub>	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Fully	Operations in China or Europe in 2013.  Commitment to Product Safety, pg. 21  All significant product categories are subject to SDS documentation.	
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Fully	One incident occurred in Koppers European operations in which a road container carrying waste to an incineration company in Nyborg was not correctly marked, resulting in a fine of \$1,469.43 In 2013, there were no instances of non-compliance with regard to Koppers operations in the United States, Australia or China.	
PR <sub>5</sub>	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Fully	Our Customers, pgs. 11–12	