

Materials That *Move* the World

Our Approach to Sustainability



About this update

This update is an interim report on Koppers key sustainability issues and Strategic Priorities. It outlines the process we have undertaken to align our strategic planning with economic, environmental, social, and governance considerations and sets out the initial performance indicators we will use to track and report on progress towards becoming a more sustainable company. For more complete information about specific programs and initiatives, please refer to the *Koppers 2011 Corporate Responsibility Report*.

We plan to issue a more comprehensive report based on the GRI Sustainability Reporting Guidelines in 2013.



Message from the CEO



Achieving success in today's fast paced and globally connected marketplace requires a sharp strategic focus and the ability to continually evolve and innovate. At Koppers, we have worked hard to prepare for our future success by building on our core values of respect, leadership, integrity, and excellence. These values are embodied in our culture and in our commitment to all of our stakeholders.

More and more, businesses are held accountable for economic, environmental, social, and governance performance: how we treat our employees, whether we operate safely and responsibly, and the role that we play in our local communities. Our ability to successfully address these "sustainability" efforts is essential to our continued growth.

We have invested significant time and resources in evolving our sustainability approach. We have issued corporate responsibility reports since 2003, with our two most recent reports specifically reflecting the guidance offered by the Global Reporting Initiative (GRI). In these reports, we have examined the connections between our operations, societal needs and concerns, and the health of our planet.

Over the past two years, we have taken another important step in our continuing evolution—that of truly integrating sustainability principles and performance into our strategic planning process. We evaluated our strategic plan, especially in our expanding role as a global infrastructure company, and we weighed the full range of expectations to which our stakeholders, including investors, customers, employees, and communities hold us accountable.

From this process, we identified a set of strategic priorities that align with standard financial measures of growth and performance and also with the sustainability initiatives that are of highest concern to our stakeholders. We will use these priorities in setting specific targets and performance metrics to guide our planning and future success.

I am confident in our ability to create sustainable value for our stakeholders and our company with this integrated approach to strategic planning. We look forward to reporting on our progress and invite you to let us know how we are doing.

A handwritten signature in dark blue ink that reads "Walt Turner". The signature is written in a cursive, flowing style.

Walt Turner

*President and Chief Executive Officer
Koppers Inc.*

Our Approach to Managing for Sustainability

Identifying key environmental, social, and governance issues

Over the past several years, Koppers has been developing a more formal and systematic approach to understanding and addressing its key economic, environmental, social, and governance issues. Our corporate responsibility reports are the outward reflection of our progress. Through these reports, we have presented information related to Koppers performance, among others, on safety, product lifecycle impacts, employee development, and community outreach.

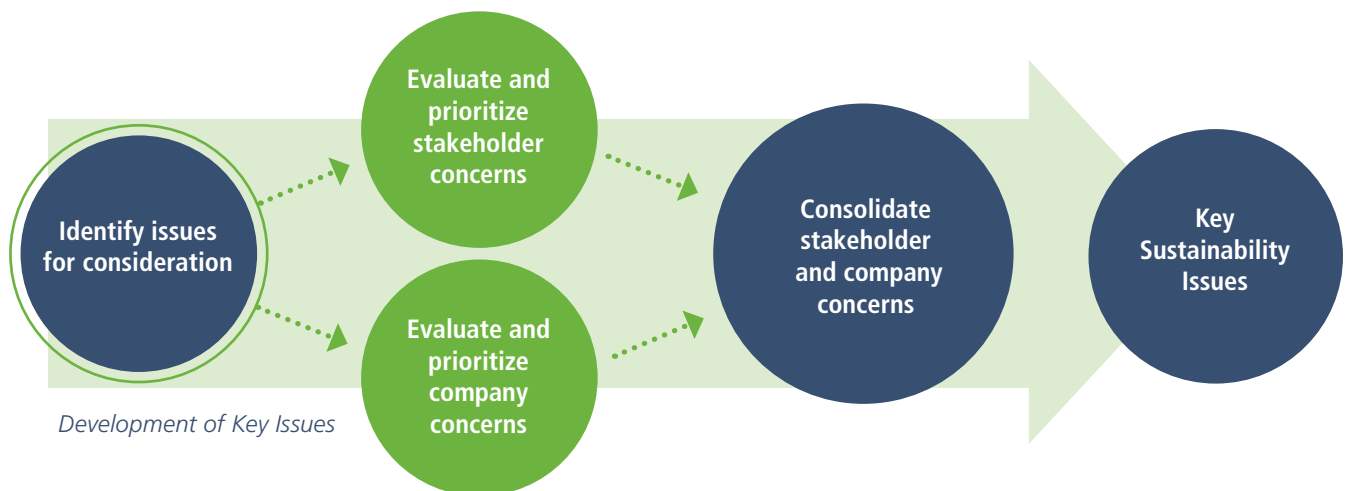
We realized, however, that we needed to intensify our efforts to better understand the few key issues that truly make a difference to our stakeholders and help ensure the continuing success of our company. We also wanted to enhance our external disclosure by more closely adhering to the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines—the globally accepted standard for sustainability transparency and accountability. The GRI specifically asks companies to describe the process through which they identify priority sustainability issues and to structure their reports around these issues.

Assessing key issues

Both of these objectives led us to undertake a formal process of identifying and prioritizing our key sustainability issues. The assessment entailed evaluating economic, environmental, social, and governance issues from two perspectives:

Stakeholder perspective: issues that are of highest concern to stakeholders.

Company perspective: issues that could significantly affect Koppers ability to execute its business strategy.



Assessment process

We began the assessment of key sustainability issues by first developing a comprehensive list of issues to consider in the analysis. We then evaluated various sources of stakeholder feedback to identify those issues most frequently cited as areas of concern. The materials we analyzed included:

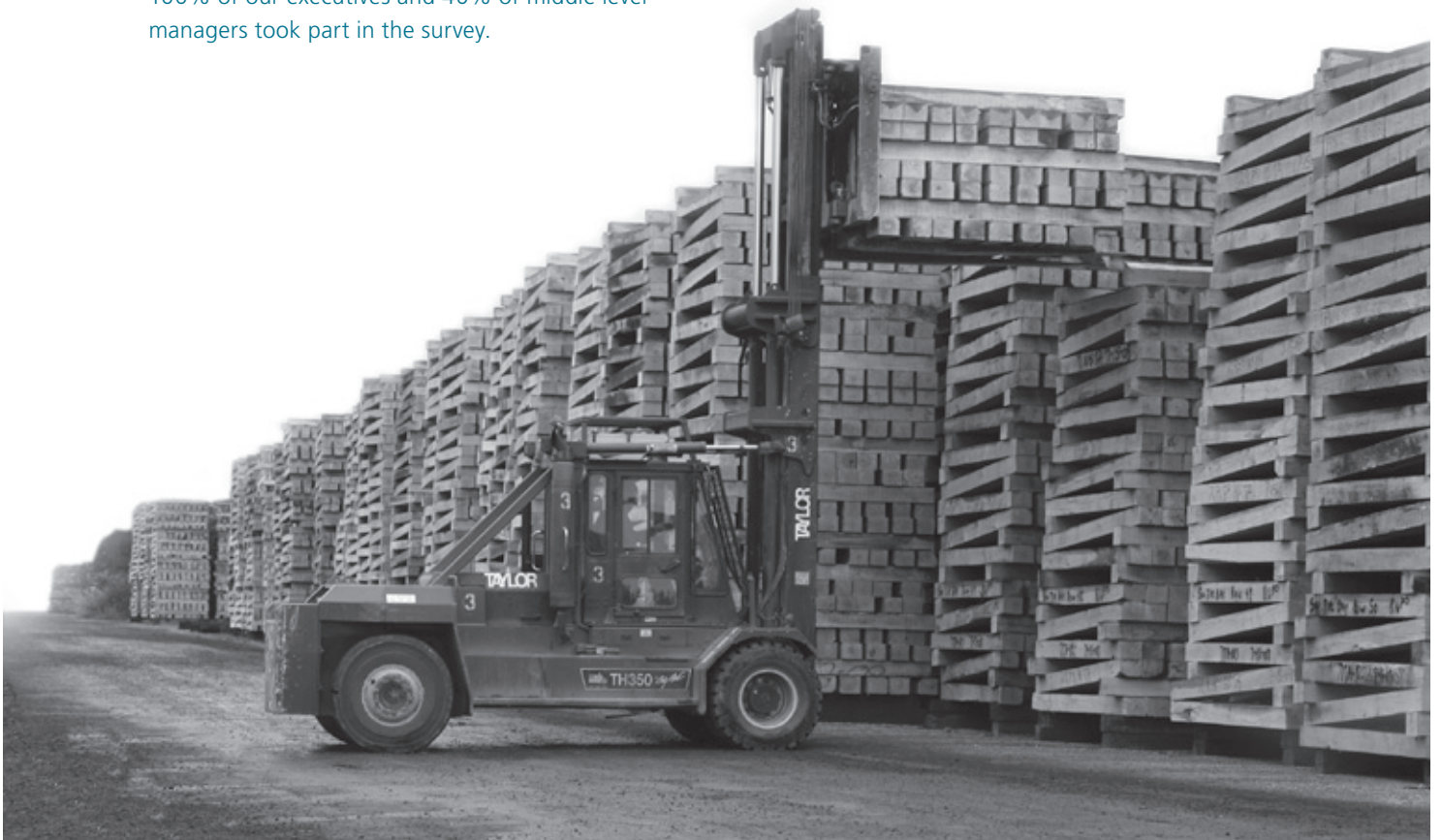
- customer inquiries
- supplier requirements
- competitor and peer disclosures
- trade association position statements
- community feedback
- investment parameters
- sustainability reporting standards
- criteria used in sustainability ratings and rankings

Using the same comprehensive list of issues as a guide, we also conducted an internal survey of company executives and managers. The survey asked respondents to rank issues according to several criteria, including the potential impact on costs and revenues, brand and reputation, employee engagement, regulatory exposure, and customer service. In total, 100% of our executives and 40% of middle level managers took part in the survey.

Assessment results

Following the consolidation of survey results, Koppers management reviewed the combined stakeholder and company perspectives and established the following list of key sustainability issues:

- **Safety, Health, and Environmental Management**
- **Global competitiveness (including innovation, R&D, capital investments)**
- **Product stewardship (including lifecycle impacts, REACH)**
- **Employee satisfaction**
- **Supply chain (sourcing and availability)**
- **Customer relations**
- **Community engagement**
- **Ethics and compliance**



Focusing on Strategic Priorities

Establishing a strategic plan for sustainable success

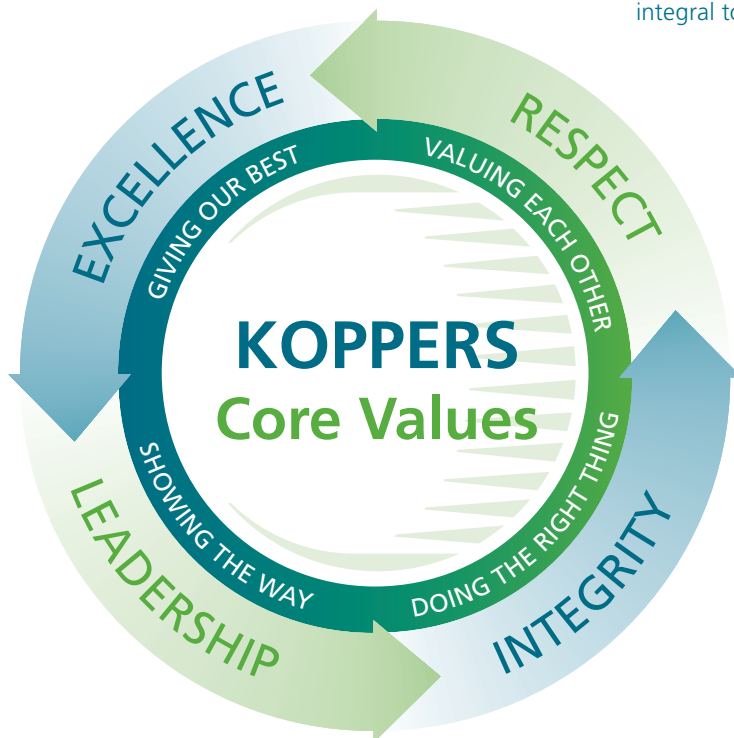
The identification and prioritization of key sustainability issues was part of a broader effort to establish a comprehensive strategic framework for the company. Concurrently with our assessment of priority issues, we developed a more robust and focused Strategic Plan using “balanced scorecard” principles and techniques.

As part of this process, we conducted an extensive evaluation of our business operations, value drivers, risks, and opportunities. We also held an intensive series of workshops across all business units to determine areas in which our sustained focus and investment would yield competitive advantage and additional opportunities for business growth.

Each aspect of our work was grounded in our common understanding of and commitment to Koppers Values:

- Excellence
- Respect
- Integrity
- Leadership

Core to the strength of our organization, these values are the foundation on which we have developed our new Strategic Priorities. The Strategic Priorities will be integral to our annual strategic planning process.





Koppers Strategic Priorities

Exemplify Corporate Citizenship

We will operate ethically and responsibly while valuing the social, economic, and environmental standards of our communities.

Develop, Deploy and Engage our People

We will attract, retain, and 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 engagement, cooperation, and information-sharing among all parties in order to proactively identify and address risks and create and maintain a safe workplace.

Maximize Shareholder Value

We will act appropriately in order to increase long-term total shareholder return.

Grow Target Markets

We will profitably grow target markets identified in Koppers corporate business strategy.

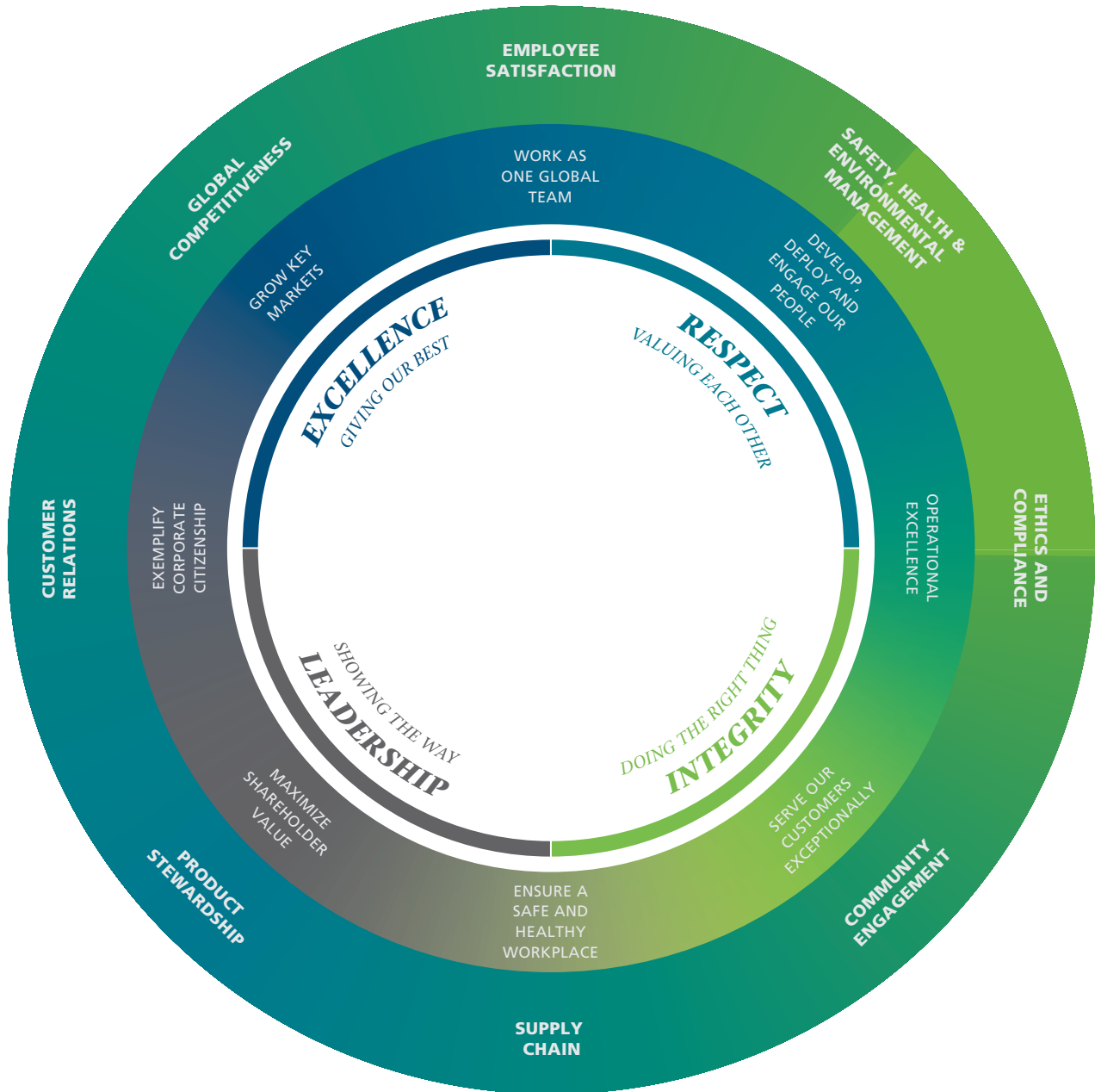
Serve Customers Exceptionally

We will serve our customers with unsurpassed personal attention by providing quality products and services.

Operational Excellence

We will implement business practices that result in modern, efficient, cost-effective facilities and optimize all functional areas and practices.

We will Work as One Global Team to accomplish our Strategic Priorities.



This diagram illustrates the outcomes of our strategic planning process and confirms the direct alignment of key sustainability issues with our Strategic Priorities. By effectively addressing our key issues, we will support and advance our Strategic Priorities and deliver sustainable value for all of our stakeholders.

Creating sustainable value

The alignment of our key sustainability issues with Strategic Priorities means that by following through on our priorities, we are charting a course for sustainable success—addressing the economic, environmental, social, and governance issues of highest concern to our stakeholders and our company.

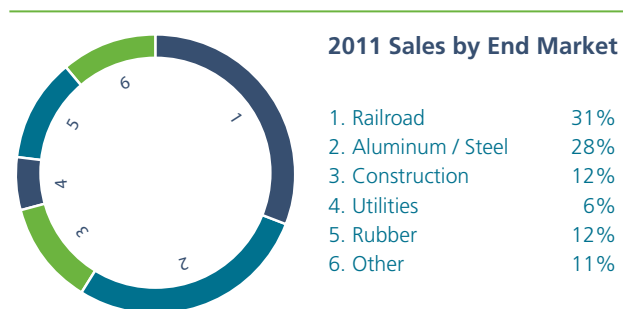
In addition to the Strategic Priorities, one of the main outcomes of this strategic planning process has been the development of metrics to track performance. We have already begun to define specific Key Performance Indicators to measure our progress in each priority area. We believe that using these Key Performance Indicators will enable us to approach our operating challenges and growth opportunities in new and innovative ways. The collection of Key Performance Indicators data will also allow us to respond more fully to GRI disclosure requirements and integrate sustainability considerations in each successive planning cycle.

Our Performance

As we transition to a complete set of Key Performance Indicators that reflect all of our Strategic Priorities, we will continue to report on the performance metrics included in our past corporate responsibility reports. We will also look for opportunities to make our reporting more compatible with the GRI Sustainability Reporting Guidelines.

The tables and charts below reflect data related to Koppers economic, environmental, social, and governance performance for 2009, 2010, and 2011. We expect to be able to introduce new Key Performance Indicators aligned with our Strategic Priorities in Koppers next sustainability report to be released in 2013.

Economic Performance Data (\$ in millions)	2011	2010	2009
Net Sales	1,538.9	1,245.5	1,124.4
Operating Profit	79.0	99.0	94.9
Net Income (to Koppers)	36.9	44.1	18.8
Revenue by Region			
United States	854	721	709
Australia	225	183	176
China	172	114	66
Europe	288	227	173
Number of facilities	27	27	28





Social Performance Data		2011	2010	2009
Employees (total)		1,711	1,675	1,616
	United States	1,197	1,104	1,099
	Australia	186	225	244
	China	92	92	93
	Europe	236	254	180
Safety:	Days Away Case Rate	1.06	1.09	.65
	DART RATE	1.94	2.87	2.01
	Total Recordable Rate	3.94	4.94	4.25
Participation in Global Code of Conduct Training (% of total employees)		*	91%	100%

Environmental Performance Data ** (tons of CO ₂ e)		2010	2009	2008
Greenhouse Gas Emissions				
	United States	534,453	498,501	521,584
	Australia	182,197	178,822	212,952
	Europe	75,432	52,355	48,467
	Asia	73,516	34,778	19,242
GHG Emissions by Source Type				
	Stationary Source Combustion	445,677	438,586	436,334
	Mobile Sources	13,601	12,134	30,418
	Process/Fugitive	165,771	142,094	170,999
	Refrigerant	626	367	1,138
	Electricity	140,210	123,071	119,680
	Purchased Steam	99,713	48,204	43,676

* 2011 Code of Conduct Training continues through the first quarter of 2012

** Greenhouse gas emission data for 2011 will be reported when available.

The information in the above tables reflects the results of our business operations during 2009, 2010, and 2011 and has been collected from all of our global facilities.

About Koppers



Koppers, with corporate headquarters and a research center in Pittsburgh, Pennsylvania, is a global integrated producer of carbon compounds and treated wood products. The company serves the aluminum, steel, chemical, rubber, railroad, and utility industries, and operates facilities in the United States, United Kingdom, Denmark, The Netherlands, Australia, and China.

Koppers is a leading distiller of coal tar, a by-product of the transformation of coal into coke. Koppers distills coal tar to produce carbon pitch, refined tar, creosote, carbon black feedstock, and chemical oils. Koppers carbon materials and chemicals are essential to the production of aluminum, steel, plastics, resins, treated wood, and rubber products.

Koppers is also a leading producer of treated wood products. Treated wood creates more durable structures that resist decay, increase safety, reduce replacement costs, and preserve valuable forests. Koppers has been serving the railroad industry with treated wood railroad ties and railroad-crossing panel products for more than 20 years. In North America, we are the largest provider of railroad crossties and are known for railroad joints, track components, and pre-plated crossties. We are also a leading producer of wood poles for the electric and communications industries.

The stock of Koppers Holdings Inc. is publicly traded on the New York Stock Exchange under the symbol "KOP." For more information, visit the website at: www.koppers.com.



Contact Us

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

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Jingtang Terminal
Hebei Province
Tangshan Facility,
Hebei Province