



LIVING A CULTURE OF ZERO HARM

KOPPERS 2015 SUSTAINABILITY REPORT

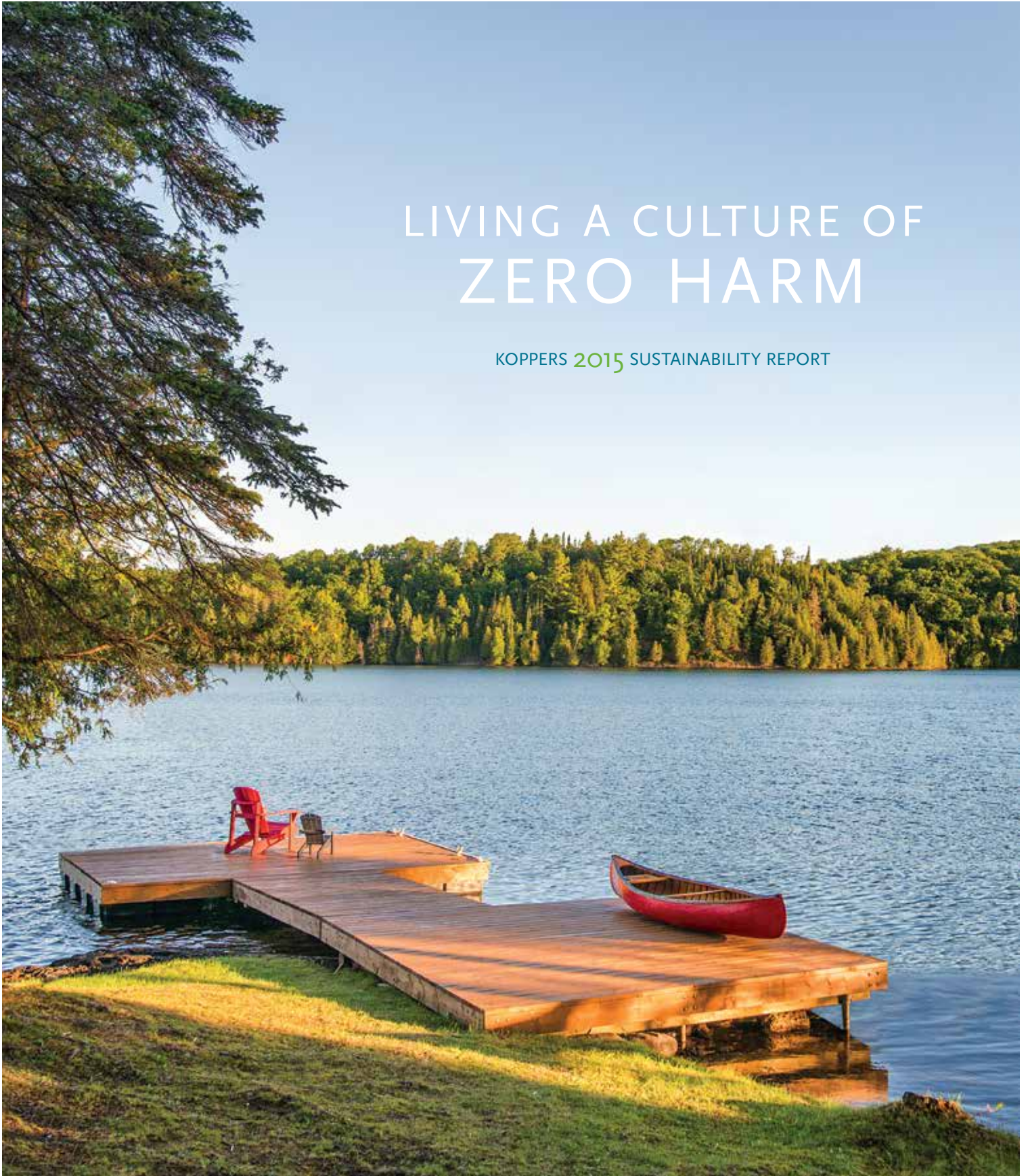


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Message from the CEO

Throughout our history, Koppers has actively evolved our management approach in order to thrive in a changing business environment. This year marks a particularly important milestone along that journey.



We are transforming from being the global leader in carbon pitch production to a company that aspires to *be recognized as the standard bearer for safely delivering customer focused solutions primarily through the development and application of technologies to enhance wood*. When I visit our facilities around the world, I am inspired by the ways in which our employees are already embedding this vision in their day-to-day work.

As reflected in our updated mission statement, we are also moving our company's culture from one of compliance to commitment. Our **Zero Harm** commitment, which we embarked upon early last year, is a bold approach to health, safety and environmental responsibility. **Zero Harm** represents our belief that we can run our business without accidents or injuries impacting any of our employees, environment or communities. I am personally championing this initiative to change the way our employees think about safety.

We are also raising the bar for how we interact with the environment and our communities. Through our employees' diligent and committed efforts, in 2015 we achieved Responsible Care® certification at 18 of our facilities and our corporate headquarters, a testament to our commitment to **Zero Harm**.

Accomplishing major change requires belief, commitment and focused effort. As illustrated in this Sustainability Report, the people of Koppers have begun—and pledge to continue—this journey toward business success, balanced with a clearly demonstrated dedication to the safety and quality of life of our employees and neighbors.

Sincerely,

Leroy M. Ball
President and Chief Executive Officer
Koppers Inc.

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Our Approach to Sustainable Value Creation

Wood treatment stands at the heart of the value creation model in each of our three business segments. The Mission, Vision, Values and Culture statements, seen here, drive every aspect of our business at Koppers.

Our Mission

Creating safe and environmentally responsible solutions that solve our customers' most important challenges and result in superior performance for shareholders.

Our Vision

To be recognized as the standard bearer for safely delivering customer focused solutions primarily through the development and application of technologies to enhance wood.

Our Values

Our values help guide us in managing risk, ensuring accountability to key stakeholders and securing competitive advantage.

- Accountability
- Customer Focus
- Excellence
- Innovation
- Integrity
- Respect
- Simplicity
- Sustainability
- Teamwork
- Transparency

Our Culture

Our culture springs from the foundational belief that we can achieve **Zero Harm** to our employees, environment and communities—as driven by our Values and carried out in meaningful, tangible ways by our management systems.

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Zero Harm

Zero Harm defines how Koppers conducts business every day by creating a culture of safety so that the company always places the safety and health of its employees, environment and communities first in all thoughts, plans, and actions—an aspirational, yet attainable, goal.

Zero Harm to Employees

Zero Harm means providing employees with the tools, training, incentives and authority to identify and promote proper safety practices, while also correcting unsafe practices. A widespread review of tasks at Koppers global facilities to identify areas of improvement remains ongoing. Enhanced communications processes enabling managers to share information about safety issues with their counterparts around the globe also has been implemented.

Commitment to Responsible Care®

A core part of Koppers commitment to safety and environmental protection can be seen through membership in the American Chemistry Council's Responsible Care® initiative, a voluntary industry program that requires members to implement best practices to manage environmental impacts, health, safety and security. In 2015, Koppers received certification at 18 of its facilities and corporate headquarters. The company's Responsible Care® efforts will expand in 2016 to incorporate the Process Safety Code and the Product Safety Code.

Zero Harm to the Environment

In addition to efforts to eliminate employee injuries, Koppers works to ensure that **Zero Harm** comes to the environment. The company's approach to environmental stewardship begins with training, collaboration and preventive measures. Koppers holds itself to full compliance with all applicable legal requirements as a minimum level of performance. RC14001 policies, processes and procedures—stemming from participation in the chemical industry's Responsible Care® program—ensure that environmental best practices become standard throughout the organization. Together with this commitment to Responsible Care®, Koppers continues to work toward a future where **Zero Harm** to the environment remains the norm.

Zero Harm to Communities

Koppers recognizes the communities where it operates as key stakeholders. Conversely, employees, manufacturing plants and laboratories represent vital elements of those communities. The two are inseparable and deserve the proper level of attention and respect. Commitment to **Zero Harm** to Koppers neighboring communities includes focusing on continuous improvement in process safety, providing transparent information to all stakeholders and conducting rigorous training around safe product use. **Zero Harm** represents a minimum requirement of keeping relationships with those communities vibrant.

Engagement

Because Koppers commitment to **Zero Harm** involves engaging external stakeholders to understand their concerns about company operations, engagement occurs on a regular basis with communities and local organizations via:

- Community Advisory Panels
- Participation in local emergency planning and response activities
- Postings on the Koppers website
- Support for local volunteer efforts
- Transparent reporting of sustainability data in this report and through independent organizations

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Making Zero Harm Measurable

Koppers Safety, Health and Environmental Policy

Zero Harm is the logical extension of the Koppers Safety, Health and Environmental policy, the standards establishing a foundation of requirements and expectations. **Zero Harm** takes those minimal standards and works to deepen them among all elements of the company's decision-making and actions, elevating our performance from compliance to commitment.

The Koppers SHE Policy calls for:

- 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.
- Protection of people through the management of product, process and other safety risks.
- Continuous improvement of safety, health, environmental and security systems and performance.
- Communication regarding business operations and potential risks, both internally and externally, to promote openness with stakeholders.

Safety Statistics (aggregate, all regions)	2015	2014	2013	2012
Days Away Case Rate	1.21	0.76	0.90	0.72
DART Rate	1.90	2.03	1.69	1.66
Total Recordable Rate	3.45	3.91	3.71	3.99
Fatalities	0	0	0*	0

*There was one contractor fatality (non-Koppers employee) in Europe in 2013.

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Emergency Preparedness

In addition to the global SHE policy, each Koppers facility develops and maintains written emergency response, preparedness and prevention plans. These plans, created with input from local community members and emergency responders, address potential emergency scenarios and describe how the facility will respond. Koppers tests and coordinates its planning with local authorities and community organizations.

In addition to communicating emergency preparedness plans, the company engages on a regular basis with community members and local organizations via Community Advisory Panels, participation in local emergency planning and response activities, open houses, postings on the Koppers website and support for local volunteer efforts.

Training Together to Operate Tank Cars Safely

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 its 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.

These events provide a forum for enhancing community awareness and emergency responders' knowledge of tank car operations, tank car anatomy and emergency response strategies when responding to railroad incidents. As a host, Koppers benefits from first responders becoming more familiar with our operations and plant management teams, enabling them to react more quickly in the event of an incident.

“As Grimes County’s emergency manager, this training is essential towards helping me understand the nature of risks inherent in hazardous materials traveling by rail. Ensuring the safety of my county requires a team effort with all members actively engaged in planning and training for incidents—reducing the likelihood that incidents will occur at all.”

—David Lilly, Emergency Management Coordinator, Grimes County, Texas

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Environmental Performance

Koppers employees are charged with eliminating inefficiencies and waste of time, money or materials, including raw materials. The examples below demonstrate some of the many ways Koppers is delivering on its commitment to be responsible stewards of the environment.

Energy and GHG Emissions

Koppers recognizes the importance of reducing energy use and greenhouse gas emissions to lower costs as well as reduce the company’s environmental impacts.

In 2015, the Stickney, Illinois, plant undertook a reverse osmosis project to reduce the buildup of impurities in the plant’s steam lines, thereby reducing the need for daily energy-intensive cleaning. The installation is projected to reduce energy costs by more than \$75,000 per year.

In 2014, Koppers partnered with the Industrial Assessment Center at West Virginia University and the Industries of the Future-West Virginia program to assess and implement energy-saving measures. The cost savings for 14 Koppers locations in the U.S. totaled more than \$1.4 million, earning the company the West Virginia’s Governor’s Award for Excellence in Industrial Energy Efficiency.

Energy Consumption in gigajoules (GJ)	2015	2014	2013	2012
Direct (Primary) Energy Consumption	4,242,103	4,505,862	5,505,510	5,566,432
Indirect (Purchased) Energy Consumption	1,110,213	1,550,090	1,508,389	1,497,049

Greenhouse Gas Emissions	2015	2014	2013	2012
GHG Emissions*	769,310	586,761	691,159	781,322
United States	432,535	433,792	538,815	570,732
Europe	38,926	55,620	71,615	61,255
Australia	244,989	35,370	34,667	105,354
China	52,859	61,980	46,062	43,982

*Metric tons of carbon dioxide-equivalents (CO₂e), Scopes 1 and 2.

Reducing Energy Use in Australia

At the Koppers CMC Mayfield plant in Australia, total greenhouse gas emissions have declined by more than 15 percent over the past eight years. 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 and replacing steam leaks and traps, and upgrading lighting.

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Environmental Performance *(continued)*

Recycling Railcar Residue

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

In 2015, tremendous headway was made on Koppers ambitious tank car cleaning and repair plan. Thanks to the hard work of numerous employees, work was completed on nearly 40 tanks during the year.

Reusing Water in Australia

In Australia, Koppers employees are contributing to drought-alleviation efforts by conserving local water supplies.

- At the Takura plant in Queensland, a new pump and filter station and reuse of stormwater has significantly reduced the amount of water purchased from the municipal water supply, from 3,104 kiloliters (kl) in 2013 to 792 kl in 2014 to 577 kl in 2015.
- At the Bunbury facility in Western Australia, Koppers has continued to increase the amount of reused rain and storm water by using a filtration system, a set of storage tanks, sumps and a concrete dam.
- At the Longford treatment plant in Tasmania, a new solar-powered pump, installed in 2013, allows the facility to meet 100 percent of its water needs through water collected on-site. The facility uses municipal supplies only when there has not been a sufficient amount of rain.
- Koppers Grafton facility in New South Wales utilizes a rooftop rainwater collection system to reduce its dependency on the municipal water supply. During 2015, the facility reused approximately 895,000 liters of rainwater collected from shed roofs.

Bunbury Facility	2015	2014	2013	2012	2011
Rain and storm water reuse (kl)	6,377	6,872	6,665	5,203	1,210

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Stakeholder Engagement

Every day, business operations bring Koppers into contact with the many stakeholders sharing an interest in the company and with whom strong, lasting relationships may be sought to:

- Manage change
- Promote the greater integration of Koppers strategic priorities
- Enhance efficiency
- Maintain positive relationships
- Eliminate barriers to achieving Koppers business objectives
- Communicate company challenges and achievements internally and externally

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Employees

Success in international expansion and addressing market challenges relies on being able to work together effectively. Koppers therefore invests significant resources in human resources management, employee engagement and communication, placing high value on activities like global meetings and training sessions to strengthen internal cohesion and promote a collaborative and inclusive work environment across all international locations.

Managing Koppers Talent

A Human Resources Information System, implemented in 2013, provides 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 needed to move forward. In 2015, new self-service modules were added to payroll and benefits systems, giving employees the ability to view and edit their payroll and benefits information online.

2015 also saw the first annual employee engagement survey, with more than 65 percent of employees providing feedback, a notably high rate of participation. Survey findings have been shared with employees, as plans to address areas of high interest to employees continue. The engagement survey will be conducted annually, with findings used to improve employee engagement, development and overall job satisfaction.

Recognizing employees' desire for more flexible work arrangements, Koppers launched KFlex, a program to foster a culture of flexibility and support across the organization. Under KFlex, employees have the option to work with their managers to create individualized flexible work arrangements, including flexible working hours and occasionally working from home.

Workforce by Region	2015	2014	2013	2012
North America	1,480	1,482	1,084	1,166
Europe	254	262	230	231
Australia	184	197	164	164
South America	16	20	—	—
China	184	187	111	99
Total	2,118	2,148	1,589	1,660

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Customers

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

A Trusted Supplier and Partner

Koppers products are used by a diverse set of industries. The company partners with customers to leverage its deep scientific and expertise in various building material markets. For example, Koppers Performance Chemicals professionals frequently provide wood treatment customers with facility design and construction advisory services. These value-added services help customers implement industry-leading production processes, maximize the efficiency of their operations and ensure the safe handling and use of Koppers products.

Enhancing CMC Product Quality

Koppers is dedicated to the continual improvement of our overall quality performance, as witnessed by the transition to the latest version of the ISO Quality Management System standard, ISO9001:2015, at all global Carbon Materials and Chemicals (CMC) locations.

Several steps to provide enhanced customer service with regard to CMC product specifications and quality have been taken. Koppers continues to apply the CMC Laboratory Information Management System (LIMS) and improve the Koppers Customer Care Extranet sites. LIMS, which has been implemented at all Koppers plants, tracks customer specifications and alerts technicians to any products that do not conform to Koppers customer standards. The Customer Care website provides customers with real-time product information, allowing production decisions to be made prior to receiving products.

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Suppliers

Building, maintaining and optimizing supply chains is a critical element of Koppers global expansion.

Sourcing Around the World

Koppers places great value on the relationships developed with its suppliers. Working together for long periods leads to being better equipped to achieve financial and sustainability objectives. Koppers will continue to work with suppliers to bring them into the Responsible Care® commercial partners program, and will remain vigilant with regard to engaging in ethical and responsible supplier relationships, following the precepts of the company's anti-corruption policy.

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Communities

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

Caring for Our Communities

Every year, Koppers outreach initiatives connect employee time and talent with local organizations. For example, in 2015, Koppers employees volunteered at the 41st Annual Career Conference sponsored by the Chemical Industry Council of Illinois and the Illinois Chemical Education Foundation. Koppers employees led interactive exhibits and demonstrations for middle and high school students interested in pursuing a career in science and chemistry.

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Product Responsibility and Innovation

Responsible Care Implementation

Koppers focuses on providing excellent product quality, safety and reliability. 2015 marked achievement of Responsible Care® certification at Koppers headquarters and 18 facilities across the company's global operations. 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.

Koppers completed initial implementation in 2014 and initial audits in 2015. Special appreciation goes to employee efforts to reach out to commercial partners and communicate Responsible Care® principles. The company has connected with vendors, transportation partners and others to communicate how to mitigate risks and safely manage the chemicals and products Koppers manufactures. Implementation of the Responsible Care® Product Safety Code continued in 2015, as well. Koppers has now moved into the Product Design, Performance Measurement and Communication phase of the Responsible Care® Product Safety Code to deepen an understanding of risks and better manage for product safety.

Koppers signed the Responsible Care® Global Charter in early 2015, further committing ourselves to strengthening the program worldwide.

More information regarding Responsible Care® can be found on the ACC website.

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Approach to Product Responsibility

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

Koppers remains committed to working with regulators, industry groups and suppliers to meet regulatory requirements, and contracts with an external party to provide customers with emergency response support.

Ride-Tight® Program

Launched in Koppers North American facilities in March 2013, the Ride-Tight® proactive safety initiative addresses 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 materials during transport.

Training classes with employees at all Koppers North American facilities have been held, and in 2015 Koppers Performance Chemicals joined the program. Information learned in these classes also has been shared with customers. A new railcar checklist that expands upon Ride-Tight® principles is already producing significant improvements. In 2016, Koppers plans to apply lessons learned from the Ride-Tight® railcar program to its fleet of tank trucks, as well as to improve the storage of chemicals in our facilities.

Koppers Honored with Transportation Safety Awards

Koppers is recognized annually by several major North American railroads for its outstanding transportation safety record. Koppers received awards from the BNSF Railway, Canadian National Railway, and Union Pacific Railroad for excellence in chemical transportation safety performance in 2015.

Koppers was also awarded the Non-Accident Release Grand Slam Award from the Association of American Railroads (AAR) for exemplary shipping of hazardous materials in 2014. Award winners must be recognized by at least four Class I railroads and have had zero non-accident releases involving their shipments the previous calendar year.ⁱ

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Innovation

Koppers core products are the foundation of a complex and diversified value chain. Koppers people continually challenge themselves to capture new opportunities to provide solutions to the evolving needs of customers. This approach expanded with the August 2014 acquisition of Performance Chemicals, a longtime provider of innovative products, trainings, technical support and developing health and safety best practices for customers.

Environmental Benefits of MicroPro® Technology

Koppers Performance Chemicals MicroPro® represents a revolution in pressure treating wood for decks, fences, landscaping and general construction uses. Using micronized copper preservatives, MicroPro® pressure treated wood protects against termite damage and fungal decay and has significantly improved corrosion performance.ⁱⁱ Wood products treated with the MicroPro® process release 90 to 99 percent less copper than standard treated wood products in ground-contact and aquatic applications.ⁱⁱⁱ

MicroPro® treated wood products have received certification under Scientific Certification Systems' Environmentally Preferable Product program, the first wood preservative process to receive this certification. Certification was based on a Life-Cycle Assessment in compliance with ISO standards 14044 and 14025.^{iv}

Wood treated with MicroPro® technology requires replacement far less often than untreated wood, which means that much less wood is needed from forestlands.^v

[Learn more about MicroPro® »](#)

Researching New Materials at Koppers Global Technology Center

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, 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.

Extending Crosstie Lifespan with Borate Treatment

Railroads have long used creosote-treated crossties 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 how dual-treated borate and creosote products, as approved by the American Wood Protection Association, address these issues.

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2015 Performance Highlights

- Launched the **Zero Harm** initiative to run all aspects of Koppers business free of accidents or injuries impacting employees, the environment or neighboring communities.
- Achieved certification in the American Chemistry Council's Responsible Care® initiative across 18 global facilities and Koppers corporate headquarters.
- Expanded business through the startup of a new plant in China and the acquisition of Performance Chemicals and Railroad Structures without increasing greenhouse gas emissions above 2012 levels. (Greenhouse gas emissions were reduced by 25 percent between 2012 and 2014.)
- Received awards from BNSF Railway, Canadian National Railway and Union Pacific Railroad for excellence in chemical transportation safety performance.
- Installed a reverse osmosis system at our Stickney, Illinois plant, projected to save \$75,000 per year in energy costs.

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Sustainability at Koppers

About Koppers

Our Mission: Creating safe and environmentally responsible solutions that solve our customers' most important challenges and result in superior performance for shareholders.

Koppers, with corporate headquarters in Pittsburgh, Pennsylvania, is an integrated global producer of treated wood products, wood treatment chemicals and carbon compounds. Our products and services are used in a variety of niche applications in a diverse range of end-markets, including the railroad, specialty chemical, utility, residential lumber, agriculture, aluminum, steel, rubber and construction industries.

Koppers operates three major business units:

Railroad Products and Services (RPS) provides treated wood, maintenance-of-way supplies, and other products and services to the North American Class I, commercial and regional railroads. The most recent addition to the business, Railroad Structures, is one of the largest railroad bridge rehabilitation and inspection providers in North America.

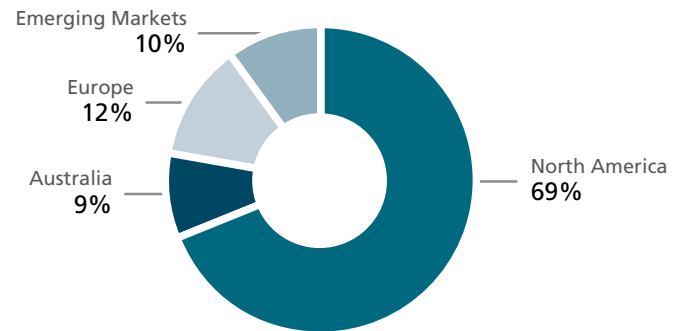
Performance Chemicals (PC) supplies commercial wood preservation products and technology services for residential, commercial, construction and agricultural applications.

Carbon Materials and Chemicals (CMC) processes coal tar into a variety of chemical compounds used in the production of aluminum, steel, concrete, rubber, plastics and materials used to pressure treat wood.

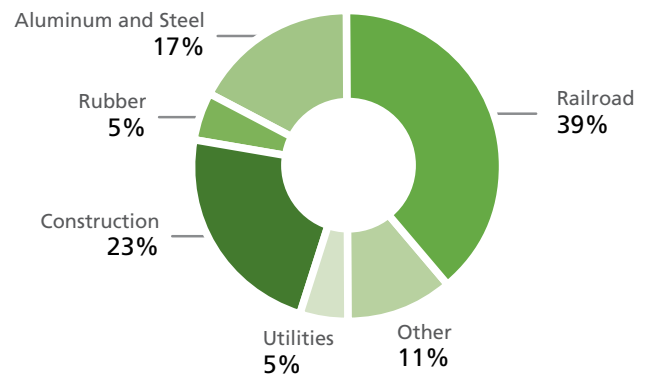
Koppers Performance Chemicals

Koppers August 2014 acquisition of the Wood Preservation and Railroad Services businesses from Osmose Holdings, Inc. has opened a new door to innovation and customer service. In addition to rounding out our wood treatment and carbon materials businesses, Performance Chemicals brings global leadership in the development, manufacturing and marketing of wood preservation chemicals and wood treatment technologies. The new business unit covers operations and sales in North America, Latin America, Europe, Australia, New Zealand and Asia.

Point of Sale
(Percent of total sales)



Sales by End Market
(Percent of total sales)



- MESSAGE FROM THE CEO
- OUR APPROACH TO SUSTAINABLE VALUE CREATION
- ZERO HARM
- EMERGENCY PREPAREDNESS
- ENVIRONMENTAL PERFORMANCE
- STAKEHOLDER ENGAGEMENT
- EMPLOYEES
- CUSTOMERS
- SUPPLIERS
- COMMUNITIES
- PRODUCT RESPONSIBILITY AND INNOVATION
- PERFORMANCE HIGHLIGHTS
- SUSTAINABILITY AT KOPPERS

Sustainability at Koppers *(continued)*

Koppers Performance Chemicals employees are dedicated to providing customers with industry-leading engineering and plant technical support, marketing and environmental services, as well as other customer-related support activities. Koppers Performance Chemicals employees work side by side with customers to carry out our commitment to responsible operations. With a dedicated staff of global wood science professionals, our premier research capabilities position Koppers as the pioneer in wood preservation.

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.

Governance Approach

The duties and responsibilities of the Koppers Board of Directors 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
- Oversee risk management processes

The charter of the Safety, Health and Environmental Board committee reflects 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 information can be found on our corporate governance website.

Endnotes:

- i <https://www.aar.org/newsandevents/Press-Releases/Pages/Freight-Rail-Industry-Shipper-Organizations-Honor-Hazardous-Materials-Handlers.aspx>
- ii <http://www.koppersperformancechemicals.com/micropro/>
- iii <http://www.koppersperformancechemicals.com/pdfgallery/pdfs/mp-lw-construction-product-spec-guide.pdf>
- iv <http://www.koppersperformancechemicals.com/pdfgallery/pdfs/mp-lw-construction-product-spec-guide.pdf>
- v Conversation with Gary Converse 160415