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Koppers commitment to corporate responsibility is evidenced by our efforts to measure, understand and mitigate the impact of our products and operations on our stakeholders and the environment. Through our certified ISO 14001 Safety, Health and Environmental Management System and the establishment of challenging performance metrics, we demonstrate our accountability to our stakeholders. This report contains a synopsis of projects and results. We trust that, after reviewing the report, you will concur that Koppers is clearly committed to the principles of corporate responsibility.

Live and Healthy Mortgale Social Concerns

Contraining Giving Back to Communities

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# A Message from Our President



At Koppers, corporate responsibility involves applying strict ethical standards to our business operations – including product and environmental stewardship, interaction with our communities, employee health and welfare, and financial management.

In the area of safety, we continue to focus on preventive measures and training for all employees. Such initiatives include improved machine safeguards, workshops, encouraging employee feedback, and enhanced safety measurements at Koppers. As a result, we have seen notable improvements in safety performance.

We continue to make significant capital investments to enhance our environmental performance. In addition to the installation of pollution-control equipment at several facilities, we have enrolled in the EPA's National Partnership for Environmental Priorities, a voluntary program aimed at reducing the environmental impact of our operations. These initiatives are indicative of our commitment to environmental stewardship.

The goal of this report is to communicate our commitment to corporate responsibility to those who have a stake in Koppers, including employees, shareholders, customers, suppliers and the communities in which we operate. At Koppers, we understand that our everyday actions and decisions affect more than our profitability; they affect people. We continue to make great progress in addressing the vital issues that impact our stakeholders, and I am proud of the work the Koppers team has undertaken to address these issues.

Sincerely,

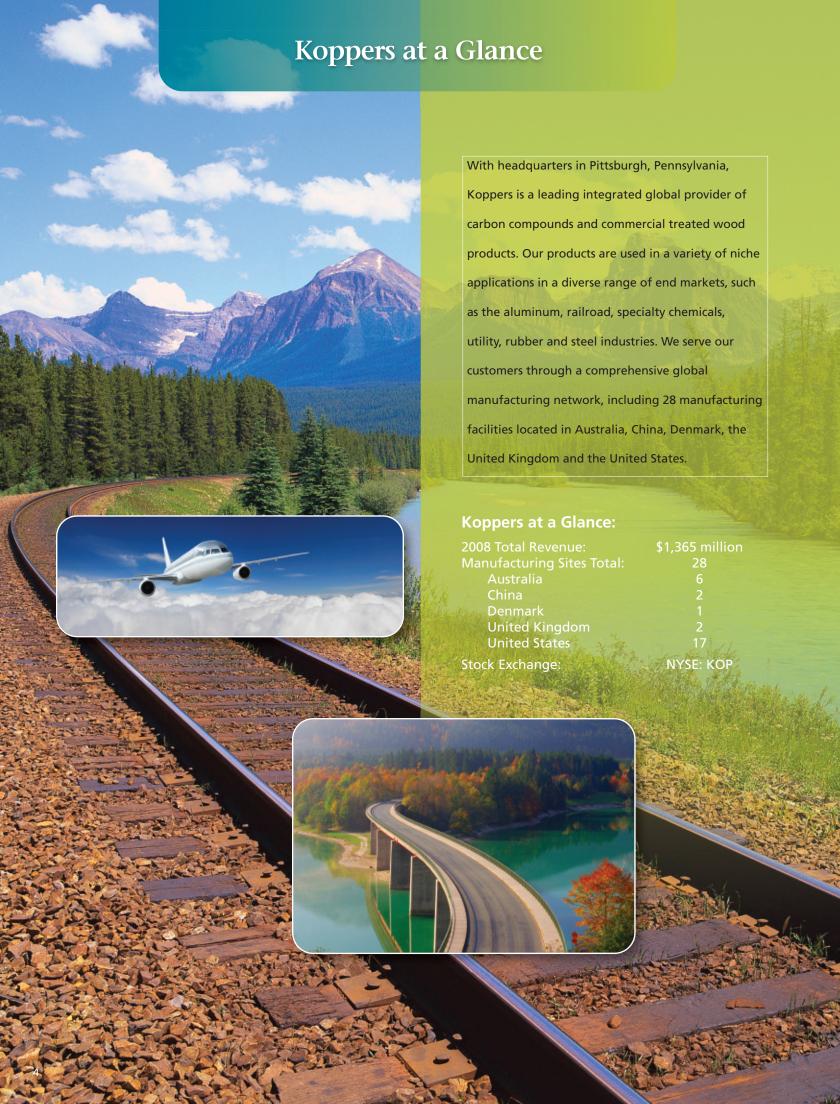
Walter W. Turner

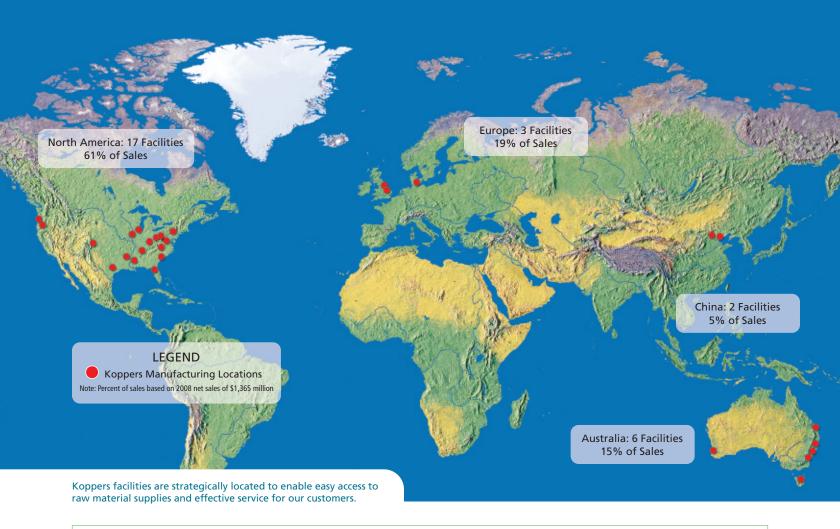
President and Chief Executive Officer

West Durner

Koppers Inc.



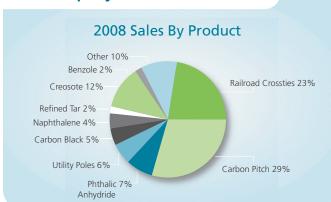




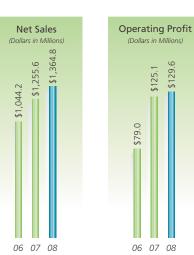
## **About Our Core Markets**

Koppers operates two principal businesses – our Carbon Materials and Chemicals business and our Railroad and Utility Products business. These businesses provide critical materials used in the production of aluminum, rubber, concrete, plasticizers, and specialty chemicals as well as preserved wood products for the railroad and utility industries.

## 2008 Company Sales: \$1,365 million





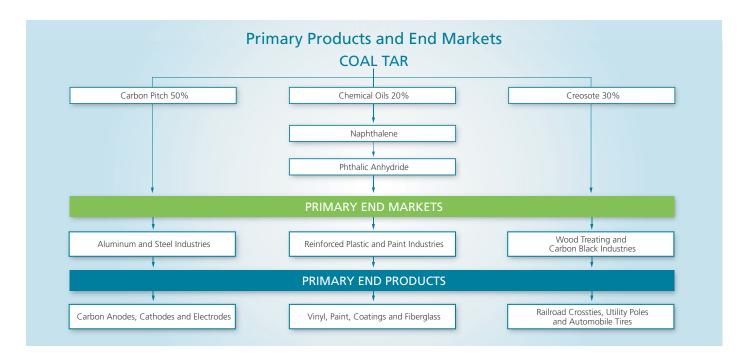




Net Income

\$63.3

## **Carbon Materials and Chemicals**



Koppers Carbon Materials and Chemicals operations use coal tar, a by-product from the coke industry, to produce a variety of products, including coal tar pitch, creosote and chemical oils. Our products are essential for the production of materials such as aluminum, steel, plastics, resins, rubber, concrete, treated wood and lumber products.

# 2008 Carbon Materials and Chemicals Sales: \$892 million

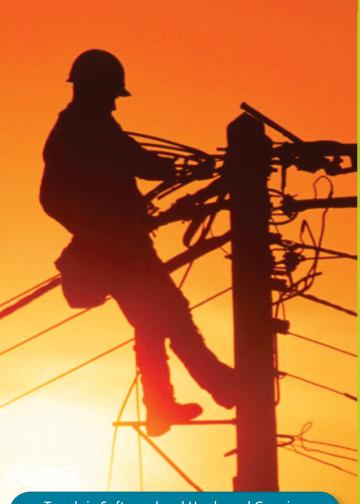






<sup>&</sup>quot;Aluminum's Promise Strong in the Global Auto Market." Autoaluminum.org. The Aluminum Association, Inc. 27 Apr. 2007.

## Railroad and Utility Products



Koppers Railroad and Utility Products operations supply key infrastructure products to support the delivery of food, energy, telecommunications and supplies around the world. This business capitalizes on the use of wood, a renewable resource, as a raw material. Our treated wood products include railroad crossties and utility poles, which are preserved to prolong useful life and reduce timber consumption.

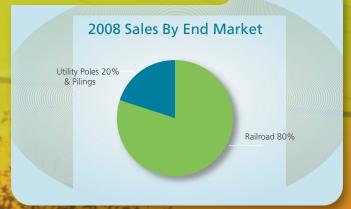
As companies seek more environmental and fuel-friendly alternatives to highway transportation, railroads are a sustainable choice. We support the railroad industry by providing crossties and associated products, as well as support services.

Koppers wood preservation business operates in the United States and Australia. These two countries have strong and well established forest management programs and are among the top five percent of countries in terms of forest acreage and forest land designated for conservation.<sup>2</sup>

In 2008, Koppers treated 10.25 million crossties, representing almost half of the crossties treated in North America. In addition, we treated 270,000 poles at facilities located in the United States and Australia.

#### Trends in Softwood and Hardwood Growing Stock in US Timberland, 1953 - 2006<sup>2</sup> 1,000 900 800 700 600 billion cubic 500 400 300 200 100 0 1953 1987 2006 Softwood Hardwood

# 2008 Railroad and Utility Product Sales: \$473 million





2008 Sales By Region
Australia 7%
North America 93%

The North American railroads operate over 173,000 miles of track containing over 500 million crossties. A railroad tie, if left untreated, would last just four or five years. The same tie, if treated, can last approximately 30 years.

<sup>2</sup> Alvarez, M. The State of America's Forests. Bethesda, MD: Society of American Foresters, 2007

## A Commitment to Ethics and Compliance





## **Corporate Governance**

#### **Board of Directors**

The Board of Directors

currently consists of seven members, five of whom are independent. Independent board members are individuals from various disciplines who contribute a mix of perspectives, experience and competencies.

The Board is organized into four sub-committees:

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

Committee charters are available at www.koppers.com.

These Committees act in an advisory capacity to the Board regarding Company activities that relate to matters of financial management and internal controls, corporate governance, compensation, and safety, health and the environment. By overseeing and reviewing the Company's policies, practices and standards, the Committees provide direction and guidance to the Board and to management concerning implementation of these policies. The Board regularly receives reports from its Committees regarding their activities and takes appropriate action in response to these reports.

## **Code of Business Conduct and Ethics**

The Koppers Code of Business Conduct and Ethics (Code of Conduct) defines what is expected of our employees and guides us in managing our affairs at Koppers facilities worldwide. In combination with other Koppers policies, the Code of Conduct establishes standards and procedures for complying with applicable laws and ethical standards. The Code of Conduct provides guidance for individuals in fulfilling their job responsibilities, while enabling the Company to achieve its objectives.

"It is a rare thing in the business world today for a company to communicate with the level of honesty that Koppers has demonstrated. The Company's openness and integrity make us all want to get behind Koppers and cheerlead its success."

#### **Bob Maus**

Member – Koppers Community Advisory Panel Galesburg, Illinois The Code of Conduct applies to all employees and directors and is organized to address the following areas:

- Workplace Conduct
- Use of Company Assets
- Business Ethics
- Safety, Health and the Environment
- Securities Compliance
- Trade Practices, Competition and Antitrust Compliance
- International Issues

The complete Koppers Code of Conduct is available at www.koppers.com under Investor Relations.

## **Compliance Oversight**

Koppers engages in extensive efforts to comply with Sarbanes-Oxley and other applicable securities laws. Likewise, the SH&E Management System is integral to the Code of Conduct and provides a systematic way to assure environmental compliance. Oversight of these systems is provided by our network of compliance officers, internal auditors and SH&E professionals around the world. A commitment to ongoing training provides further support for these efforts.



## A Commitment to the Environment

Worldwide, all Koppers manufacturing facilities are ISO 14001 certified.

At Koppers, we believe that reducing the impact of our operations on the environment is not just a good idea, it is good business. Reducing consumption of natural resources, improving the efficiency of our operations, and returning resources to our operations through recycling are at the heart of our commitment to sound environmental stewardship."

## Leslie S. Hyde

Vice President, Safety and Environmental Affairs Koppers Inc.





## **SH&E Audit Program**

As part of our certified ISO 14001 SH&E Management System, Koppers implements comprehensive auditing programs that evaluate compliance with regulatory requirements, company policies and ISO standards. These audits, conducted by independent third parties, are used to monitor implementation and maintenance of the SH&E Management System, including the compliance assurance components of the System. Audit results are reviewed by the Koppers executive management team and evaluated to identify and address systemic issues.

## **Energy Conservation**

We are conscious of energy use and are committed to identifying and implementing energy-saving initiatives.

Through wide-ranging analyses of our operations, we are finding viable ways to reduce energy consumption and utilize excess energy in new and productive ways.

Nyborg, Denmark tar distillation facility with port access

## Nyborg, Denmark Recovers Energy

In 2008, the Nyborg facility

implemented innovative projects to reduce energy consumption and recover heat energy from process operations. Since 2000, the facility has supplied the local district heating station with hot water, which is produced from excess heat recovered from the operation of the distillation unit at the facility. This hot water is used to heat approximately 1,000 homes.

Additionally, the Nyborg facility reduced energy usage by approximately 3,000 megawatt hours per year, or 10.8 gigajoules (GJ), by installing two convection elements on process heaters, improving heater efficiency and optimizing operating temperatures. This project resulted in a 5 percent reduction in energy required for plant operations.

## Port Clarence, UK Reduces Energy Usage

2008 marked the completion of a process combustion efficiency improvement project at the Port Clarence facility in the United Kingdom. By improving combustion controls in its process furnaces and using heat energy from process operations more efficiently, the facility reduced the amount of natural gas consumed in the tar distillation process. As a result, the Port Clarence facility reduced energy consumption by 3.5 percent per year.



## **Australian Operations Conduct Energy Efficiency Assessments**

Koppers Australia is participating in the New South Wales Government Energy Savings Action Plan (ESAP) and the Australian Energy Efficiency Opportunities (EEO) program. In 2007 and 2008, the Mayfield, New South Wales facility conducted a detailed EEO assessment, resulting in several energy reduction projects. The Kurnell, New South Wales facility will conduct an EEO Assessment in 2009 and 2010. Upon completion, Koppers Australia will have evaluated energy usage on 88 percent of its total businesses since 2006. This will exceed the obligations of the EEO program.

Multi-disciplinary teams conducted comprehensive energy assessments involving the review of existing energy management practices and consideration of new initiatives, including a greater focus on the metering of energy of key processes at the site. The assessments complied with the intent and key requirements of the EEO program and have identified significant opportunities for achieving energy efficiencies, including the potential installation of co-generation equipment.

## **Koppers Australia**

- 3 projects implemented in 2008 energy savings of 9,332 GJ
- 23 projects identified potential energy reduction of 118,201 GJ

# **Continental Carbon Australia Installs Energy-Efficient Blowers**

Our facility in Kurnell, New South Wales is Australia's leading supplier of carbon black to the tire, rubber, inks, plastics and surface coatings industries. Air blowers, which supply combustion air to the facility's three processing units, are an integral part of the carbon black production process. In 2008, energy-efficient air blowers were installed, resulting in a reduction in energy usage of approximately 700 megawatt hours per year (2,520 GJ).

# Mayfield, New South Wales Saves Energy The Mayfield facility installed a programmable logic controller and variable speed drives on all draft fans and water pumps in the cooling tower in order to precisely control water flows and temperatures. This resulted in reduced power consumption of 157 megawatt hours (565 GJ) per year in the cooling tower operation. The facility also installed a tank agitator to eliminate the need to recirculate material through a heated supply line in order to maintain the product at operating temperature. The elimination of the recirculation pump resulted in energy savings of 588 megawatt hours (2,117 GJ) per year. The facility plans to upgrade its naphthalene reboiler burner in 2009. The current atmospheric burner will be replaced with a forced draft burner, along with a variable speed drive combustion fan and oxygen monitor on the stack flue gas. This upgrade will improve energy efficiency, reduce odor emissions, improve operator

safety and increase reliability of the reboiler unit.

Through this project, the facility expects to reduce

energy use by 5,900 GJ per year.

## **US Wood Treating Facilities Turn Wood into Energy**

Our wood treating facilities utilize discarded, untreated wood as fuel to provide steam for their operations. Over

70,000 tons of this untreated wood material is used to fuel steam boilers at seven facilities. The consumption of wood as fuel for boiler operations reduces reliance on fossil fuels.

Koppers also uses treated wood products, which have been removed from service, as fuel for a co-generation plant located

at the Muncy, Pennsylvania facility. Approximately 120,000 tons of used railroad ties and utility poles are used annually to produce steam for the facility's wood treating operations. Electricity generated by the facility is sold to the local electric utility. Approximately 54,000 megawatt hours are produced annually (194,000 GJ).



Our Stickney, Illinois facility received the Governor's Pollution Prevention Award for a project which reduced energy use for the phthalic plant operations by 3 percent.



## **Engineering Surveys Uncover New Ways to Harness Energy**

Our Clairton, Pennsylvania facility recently evaluated production

processes to identify ways to recover and use heat currently released to the atmosphere. Two heat recovery options were identified. One option would use recovered heat to generate steam, which would offset the cost to purchase steam from an off-site source. Alternately, recovered heat energy would be used to preheat air that enters burners, which would reduce the amount of gas needed to reach required process temperatures. A combination of the two options is currently under consideration for implementation at the Clairton facility. If successful, this model could be used at other Koppers facilities.

## **Energy Use and Greenhouse Gases**

Koppers conducted a global inventory of greenhouse gas emissions for the year 2007 and has committed to conducting energy audits in 2009 to identify additional energy reduction opportunities.

## Follansbee, West Virginia Implements Multi-Faceted Improvements

In 2008, a voluntary facility-wide leak detection and repair program was instituted at our Follansbee facility. Also in 2008, Follansbee installed a new thermal oxidizer, which provides emission control for equipment that was previously not controlled. As a result of these two initiatives, the Follansbee facility reduced emissions of Volatile Organic Compounds (VOC) by 50 percent.

In 2008, the Follansbee facility joined the EPA's National Partnership for Environmental Priorities program. The facility plans to reduce the disposed volume of two priority chemicals through enhanced collection equipment. This is projected to result in a 50 percent reduction in the disposal of these chemicals.

## Australian Facilities Participate in New Sustainability Program

Our facilities in Kurnell, Newcastle and Grafton have partnered with the EPA of New South Wales in the Sustainability Advantage Business Partnership Program. Under the guidelines of this new program, which require completion of certain evaluation modules, we committed to study plant processes and implement sustainable production measures. In return, the EPA will fund consultants to provide our employees with the knowledge and capabilities needed to reach each facility's sustainability goals.

To date, all three facilities have completed the climate change module, which provided valuable information about each facility's greenhouse gas emissions.

The Grafton facility is currently completing the resource efficiency module, aimed at minimizing waste and resource consumption. As a result of this process, eight resource efficiency opportunities have been identified and are being evaluated.

## Scrubbers at Wood Treating Facilities Reduce Emissions and Odors

As part of a multi-year program, Koppers voluntarily installed air emission scrubbers at two of its wood treating locations – Muncy, Pennsylvania and Somerville, Texas. Current plans are to install scrubbers at three additional facilities in the coming years. As a result of these new scrubbers, Koppers expects to significantly reduce airborne emissions at these facilities.





Muncy, PA Facility Manager, Paul Beswick, addresses the Community Advisory Panel.

## **Machine Guarding Program Enhanced**

Over the past two years, we completed a machinery safety assessment in the US. As a result, process changes were implemented and machine safeguards were upgraded to reduce the risk of injury to employees from equipment operation.

## **Training**

In 2008, Koppers safety training focused on increasing the knowledge base of employees at all levels regarding recognition and management of workplace hazards. To accomplish this initiative, various workshops and interactive safety programs were conducted to train employees on recognizing hazards, setting risk based priorities and maintaining open lines of communication.

## **US Facilities Foster Employee Participation**

In 2007, Koppers sponsored two workshops where representatives of the hourly workforce from US facilities met to identify and discuss their health and safety concerns. In 2008, workshops were held to assess the progress of issues raised during the 2007 workshops, solicit new ideas regarding health and safety matters and foster employee participation.

## **Australia Continues Safety Initiatives**

Over the past several years, Koppers Australian operations implemented behavioral training programs for all levels of the organization. Hourly employees have continued to focus on several important issues, including common causes and effects of accidents, the need for employee intervention and how to accept intervention from fellow employees.

## Koppers Global Safety Performance – 2008 Days Away Case Rate

In 2008, we achieved our lowest "days away" case rate since our formation as a company in 1988. A consistent message, focused training, equipment and process improvements, our behavioral based safety program and utilization of our Safety, Health and Environmental Management System all support our vision of a safe and healthy work environment.

## **National Safety Council Awards**

#### **Australia**

Bunbury, Western Australia Kurnell, New South Wales Longford, Tasmania Newcastle, New South Wales Takura, Queensland

#### China

Tangshan, Hebei Province

**Denmark** Nyborg

Philippines

Manila
United Kingdom

Scunthorpe, North Lincolnshire

#### **United States**

Clairton, Pennsylvania
Denver, Colorado
Florence, South Carolina
Follansbee, West Virginia
Galesburg, Illinois
Grenada, Mississippi
Harmarville, Pennsylvania
Longview, Washington
Muncy, Pennsylvania
North Little Rock, Arkansas
Portland, Oregon
Portsmouth, Ohio
Roanoke, Virginia
Somerville, Texas

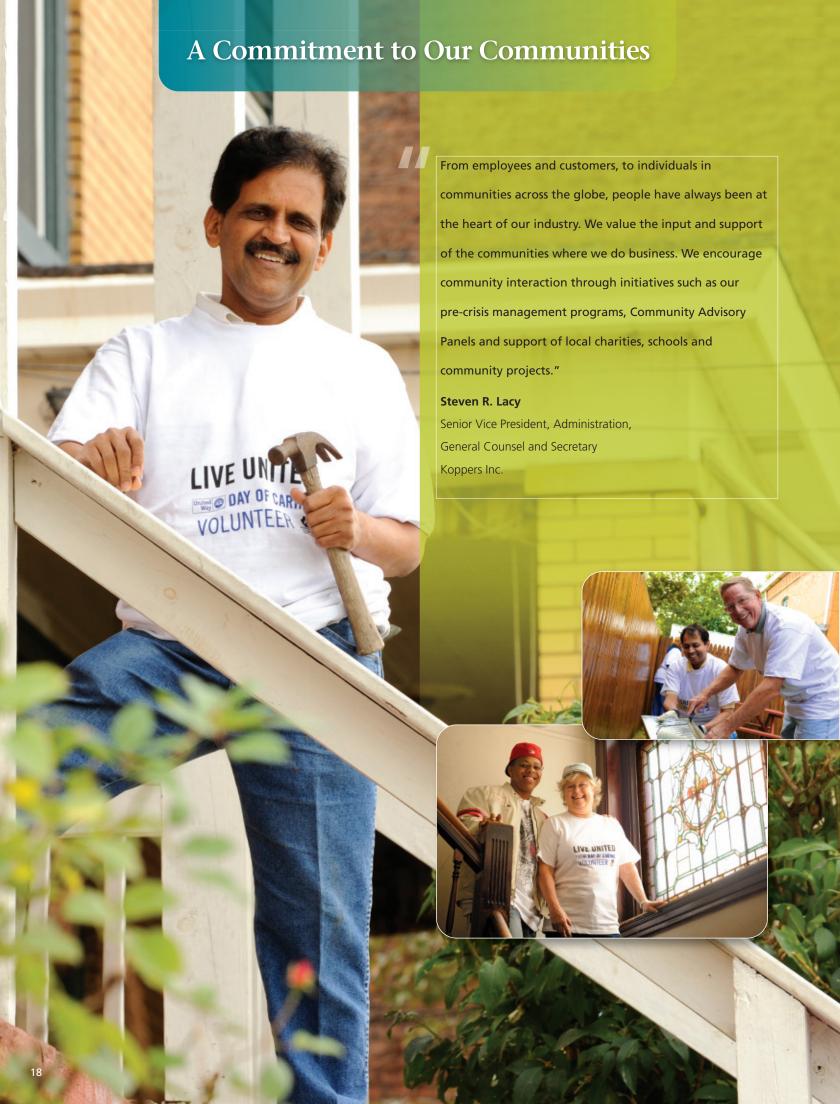
## **Koppers on Schedule for Obtaining REACH Registration**

In 2008, Koppers European operations completed pre-registration of those products identified under the Registration, Evaluation and Authorization of Chemicals (REACH) regulations of the European Union. This is the first step in the process of developing and communicating information regarding chemical products under European law. The REACH registration process is scheduled to conclude in 2011. During this period, Koppers will partner with various consortia to develop the data necessary to comply with REACH.

## **Keeping Our Employees Informed**

In 2008, informational meetings were held at US operating locations to communicate the results and conclusions of comprehensive and on-going occupational health studies and programs. These meetings emphasized our commitment to employee health and product safety, as well as our commitment to continued industry leadership in these areas.





## **Koppers Community Advisory Panels Continue to Thrive and Grow**

Koppers operates Community Advisory
Panels (CAPs) at its manufacturing facilities
in the United States. This program is one of
the ways Koppers continues to develop
relationships with local communities and provides a
forum for discussing Koppers operations.

The meetings provide community members with an opportunity to learn about and comment on Koppers operations. Guest speakers, such as local health department officials, often attend these meetings to discuss issues of mutual interest to both the local community and Koppers.

CAP membership spans local clergy, school and government officials, regulators, emergency response teams and neighbors of the facility. Through an open dialogue with these various participants, we are able to develop relationships built on mutual respect with the surrounding communities.

## A Day of Fun and Caring

For the sixth year in a row, Koppers Pittsburgh employees volunteered at a home for at-risk youth during a designated annual "Day of Caring," which is sponsored and organized by the United Way. The team spent the entire day painting, landscaping and cleaning the Circle C Youth and Family Services home and the surrounding areas.





"The CAP provides the community access to Koppers management for a dialogue about Company operations, as well as an avenue for the community to address their concerns. I am proud to say that Koppers does not try to dodge the tough questions either. Serving as a member of the CAP has been a good experience for me as a safety engineer."

#### John Hudson

Member – Koppers Community Advisory Panel Gainesville, Florida

## Homeowners Receive Warm Welcome at Koppers Nyborg Facility

Our Nyborg, Denmark facility hosted members of local homeowners associations on two occasions in 2008. Following a presentation concerning current facility activities, including safety, environmental and maintenance projects, each group was provided a tour of the facility by Koppers representatives. Afterward, neighbors expressed their appreciation of Koppers willingness to share information and work with the community.

## **Koppers Grants Prisoners Second Chance**

The Koppers Gainesville, Florida facility is giving non-violent prisoners a second chance under the Alachua County Work Release Program. As a participant in the program, Koppers allows minimum-security prisoners to work at the facility as they pay their financial obligations to the court and reimburse the county for the cost of their incarceration.

These individuals work under supervision alongside Koppers employees. Penny Salisbury, Plant Manager, indicates that the Gainesville facility is pleased with the performance of workers employed under this program. In Penny's words, "These are individuals who made bad choices at one point. This program provides a way for each to pay off their debt to the system while becoming productive members of society."

## Australian Operations Fund Meals for Needy Citizens

In 2008, the "In Town Centre," located in Bunbury, Western Australia, produced about 10,000 meals for needy individuals. Koppers Wood Products presented a sizeable donation to this deserving charity on behalf of all Koppers employees at the Koppers Bunbury facility.

## **Giving Back to Our Communities**

Our corporate charitable contribution strategy is designed to support community outreach programs with priority in three specific areas:

- Family services, health organizations and community improvement
- Education, culture and the arts
- The environment

Annually, we participate in fund drives for the United Way, which provides funding for more than a thousand local community charities across the US.

Beyond contributing financially to numerous worthy causes, our employees provide community service in many ways. For example, our employees are visible in their communities as coaches of youth athletic teams; volunteers at local food banks, fire departments and on school boards; and as participants in many other causes that require volunteer service.

Many of our employees serve on the boards of non-profit, charitable organizations. In addition, other worthy organizations benefit from employee participation in charitable events, such as blood drives and Christmas gift sponsorship for underprivileged children. This support demonstrates the commitment of our employees to their communities.

## Responding to a Tragedy in China

On behalf of all of its employees, Koppers President and CEO, Walt Turner, hand-delivered a check to officials in Tangshan, Hebei Province, where a Koppers joint venture is located, for the purpose of providing assistance to those affected by the 2008 earthquake in China



## A Commitment to Facility and Community Emergency Preparedness

Annually, Koppers facilities engage with local emergency response personnel, including fire departments, police departments, Local Emergency Planning Committees and others in conducting emergency response exercises. These exercises range from discussions of various potential emergency situations, to full scale drills involving multiple agencies in response to a mock emergency scenario. These exercises allow Koppers and emergency response agencies to test and refine our emergency response capabilities.

In 2008, the Roanoke, Virginia facility hosted part of a "Rescue Challenge" for emergency response teams in Virginia. This exercise occurred over four days and involved 230 people and 26 response agencies. The exercise involved the use of an out-of-service product storage tank at the facility to conduct a confined space rescue. Representatives from Roanoke County Fire and Rescue Services evaluated team responses and provided recommendations to team members for improvement in their approach to confined space rescue operations.



#### Koppers Inc.

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## Koppers Manufacturing Locations

## **Carbon Materials and Chemicals**

## **United States**

Clairton, Pennsylvania Follansbee, West Virginia Longview, Washington Portland, Oregon Stickney, Illinois

## **United Kingdom**

Port Clarence, Middlesbrough Scunthorpe, North Lincolnshire

#### Denmark

Nyborg

#### Australia

Kurnell, New South Wales Newcastle, New South Wales

#### China

Tangshan, Hebei Province Jingtang, Hebei Province

## Railroad and Utility Products

#### **United States**

Denver, Colorado Florence, South Carolina Gainesville, Florida Galesburg, Illinois Green Spring, West Virginia Grenada, Mississippi Guthrie, Kentucky Muncy, Pennsylvania North Little Rock, Arkansas Portsmouth, Ohio Roanoke, Virginia Somerville, Texas

#### Australia

Bunbury, Western Australia Grafton, New South Wales Longford, Tasmania Takura, Queensland statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements that address expectations or projections about the future including, but not limited to, the projected results of our safety, statements. Some of the forward-looking statements may be identified by words like "will," "estimates," "expects," "anticipates," "plans," "intends," "projects," "indicates," and similar expressions. These statements are not guarantees of future performance and involve a number of risks, uncertainties and assumptions. Many factors could cause results to differ materially from those stated. These factors include, but are not limited to, changes in the laws, in which Koppers does business, successful integration of structural changes, competitive pressures, the nature and projected profitability of pending and potential projects and other investments, the ability to obtain necessary governmental approvals and permits, adverse affects of environmental and safety regulations, and other economic, business, competitive, regulatory and/or operational factors affecting the business of Koppers generally. You are cautioned not to put undue reliance on such forward-looking statements because actual results may vary materially from those expressed or implied.

The information in this report contains forward-looking





The savings below are achieved when PC recycled fiber is used in place of virgin fiber. This report was printed on Mohawk Options PC 100 which uses 2900 lbs of paper with a postconsumer recycled percentage of 100%.

## **Environmental Benefits**

27.84 trees preserved for the future

80.39 lbs waterborne waste not created

11,826 gallons of wastewater saved

1,308 lbs solid waste not generated

2,576 lbs net greenhouse gases prevented

19,720,000 BTUs energy not consumed

Savings from the use of emission-free wind-generated electricity:

1,339 lbs air emissions not generated

Displaces this amount of fossil fuel: 3,185 cubic feet natural gas unused

In other words, savings from the use of wind-generated electricity are equivalent to not driving 1,450 miles OR planting 90 trees





## Koppers Inc.

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