



Koppers Inc.
436 Seventh Avenue
Pittsburgh, Pennsylvania
15219-1800
USA
Telephone: 412 227 2001
www.koppers.com



2012 Sustainability Report

Sustainability Report | Executive Summary



Building for the Future



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2012 Performance Highlights

- Accepted as a member of the American Chemistry Council with a commitment to implementing Responsible Care®—the chemical industry’s world-class performance initiative.
- Achieved the best safety performance in Koppers history.
- Awarded a major contract to supply railroad crossties to a large Brazilian mining company based on a successful audit of Koppers environmental performance, safety standards, and accounting and financial practices.
- Received overall customer satisfaction ratings of “excellent” or “good” across both business units.
- Provided an average of 45-50 hours of on-the-job, SHE, and leadership training to each Koppers employee over the course of the year.
- Delivered product innovations including borate treatment to extend the life of railroad ties.
- Implemented projects to conserve energy use, reduce emissions, minimize waste, and recycle water.
- Held KoppersCares! Day of Service events at 88 percent of facilities worldwide.
- Fully applied the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines at the C Application Level in the development of Koppers 2012 Sustainability Report.

We encourage you to view the full Koppers 2012 Sustainability Report on our website at: www.koppers.com



In 2012, Koppers sold more than 155,000 utility poles—enough to run 6,200 miles of electrical distribution lines.

Message from the CEO

Today, more than ever, our products play a critical role in the maintenance and expansion of global infrastructure, including railway transportation systems and the production of aluminum, steel, concrete, and other building materials.

In the past year, our business has taken root in new markets, with exciting opportunities for continued growth and change. In 2013, our Carbon Materials and Chemicals business will break ground on its third joint venture tar distillation facility in China. Our Railroad and Utility Products and Services business is continuing its expansion into South America by delivering on a major treated crosstie contract with a Brazilian mining company.



As we grow our global capacity and workforce, we are standardizing and expanding our internal measurement and tracking systems and maximizing the value of employee training and development. We are also working to bridge cultural differences and enhance communication across our business units and locations, keeping our core values of excellence, respect, integrity, and leadership squarely in mind.

I am proud to note that in 2012, Koppers was accepted as a member of the American Chemistry Council (ACC). We will be implementing the ACC Responsible Care® management system at all of our global locations over the next two years. This will be a significant effort to further embed health, safety, environmental, and accountability best practices throughout our organization.



We are also proud of our efforts to ensure an active and beneficial presence in our communities. In 2012, many of our facilities sponsored a community event aligned with Koppers philanthropic priorities. These *KoppersCares! Day of Service* events drew on the volunteerism of our employees and strengthened the partnerships that we have established with local agencies and organizations.

Building for the future requires a strong foundation. We believe that our Strategic Priorities, our focus on doing things the right way, and our attention to stakeholder needs and concerns will serve us well as we take our next steps forward. As always, we invite your feedback on our efforts.

Walt Turner

Walt Turner
President and Chief Executive Officer
Koppers Inc.

About KOPPERS

Company Profile

Koppers Inc. is a leading global supplier of industrial carbon compounds and treated wood products for the aluminum, steel, chemical, rubber, railroad, and utility industries. Our products provide reliable, sustainable solutions to many of the challenges of infrastructure development and the production of basic building materials.

Koppers has two major business units: Carbon Materials and Chemicals (CMC) and Railroad and Utility Products and Services (RUPS). Through our CMC business, we process coal tar into a variety of chemical compounds used in the production of aluminum, steel, concrete, rubber and plastics, and for the pressure treatment of wood. Through our RUPS business, we provide treated wood products to the railroad, telecommunications, and utility industries around the world.

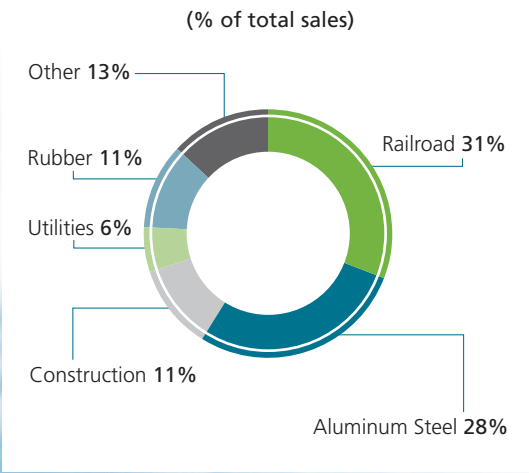
Koppers Company Profile

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.

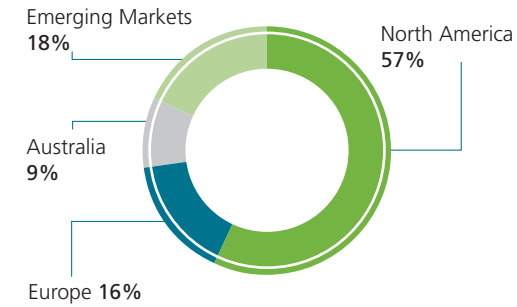
	2012	2011*	2010*
Net Sales (\$ in millions)	1555.0	1466.2	1190.5
Operating Profit (\$ in millions)	126.6	122.7	98.1
Net Income (to Koppers) (\$ in millions)	65.6	36.9	44.1
Point of Sale (\$ in millions)			
North America	884	856	723
Australia	147	94	83
Europe	243	245	191
Emerging Markets	281	271	193

* Restated prior year financials to exclude discontinued operations

2012 Sales by End Market

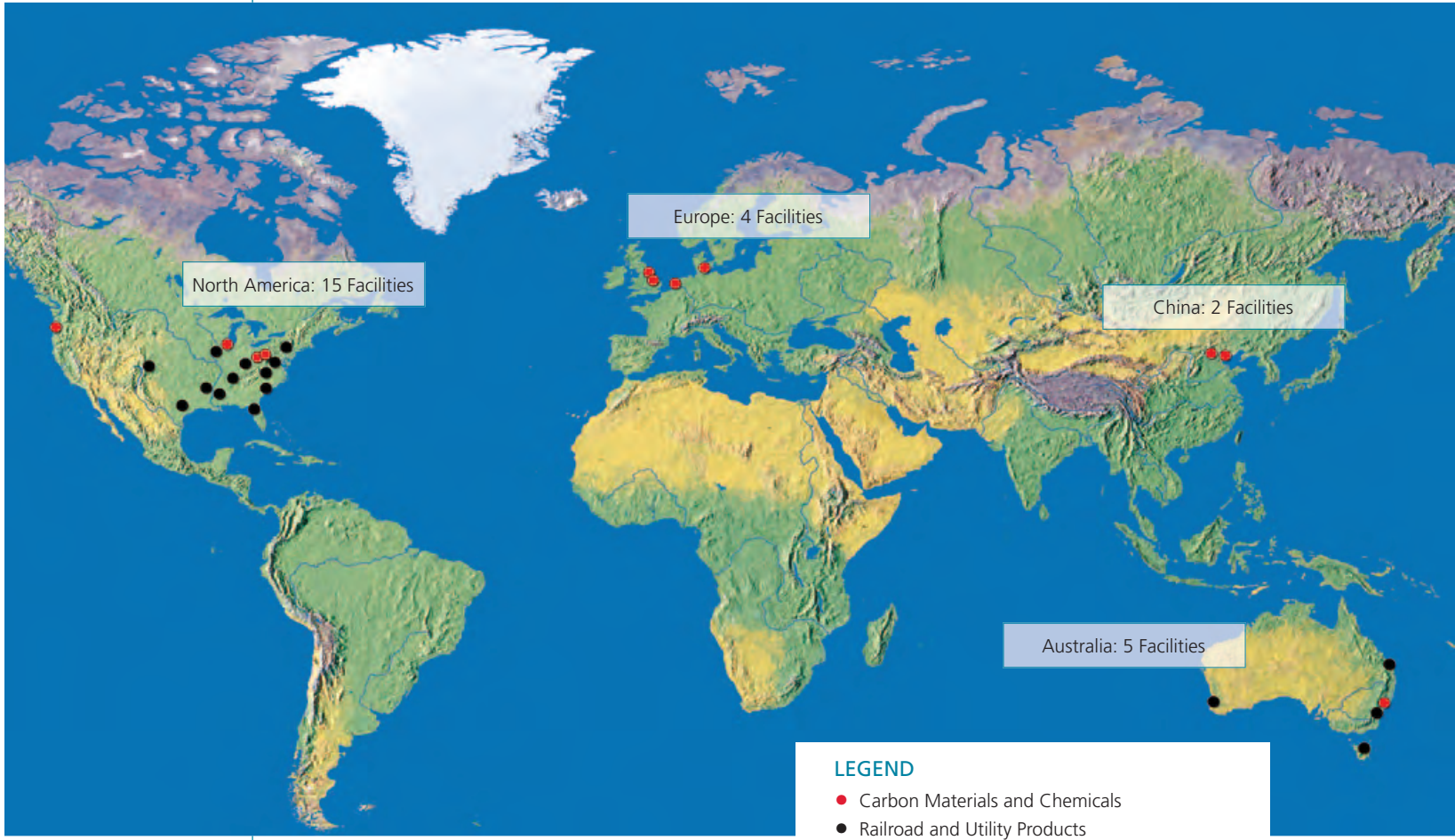


2012 Point of Sale



Our Global Presence

Koppers business is rooted in the mature economies of North America, Western Europe, and Australia. These regions also reflect where the majority of Koppers workforce, facilities and traditional customers are based.



In recent years, Koppers has steadily increased its exposure to business opportunities in South America, Asia, Africa, and the Middle East. The CMC business is closely tied to the aluminum and steel manufacturing industries. The RUPS business is dependent on infrastructure growth. Thus, we are exploring further opportunities for our business in regions poised for industrial expansion. This balanced coverage enables us to lay the groundwork for continued growth.

Our Approach to Sustainable Value Creation

To better manage for sustainability across our operations, Koppers initiated a comprehensive evaluation in 2010 and 2011 to identify and prioritize environmental, social, and governance (sustainability) issues. We then aligned these key issues with the Strategic Priorities that guide our corporate planning and decision-making.

Our Strategic Priorities are an integral component of our approach to managing risk, ensuring accountability to key stakeholders, and identifying opportunities to gain competitive advantage in the marketplace.

Koppers Strategic Priorities	Key Sustainability Issues
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.	Employee Satisfaction
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.	Safety, Health, and Environmental Management
Operational Excellence – We will implement business practices that result in modern, efficient, cost-effective facilities, and optimize all functional areas and practices.	Ethics and Compliance
Exemplify Corporate Citizenship – We will operate ethically and responsibly while valuing the social, economic, and environmental standards of our communities.	Community Engagement
Grow Target Markets – We will profitably grow target markets identified in Koppers corporate business strategy.	Supply Chain (sourcing and availability)
Serve Customers Exceptionally – We will serve our customers with unsurpassed personal attention by providing quality products and services.	Customer Relations and Product Stewardship (including lifecycle impacts, REACH)
Maximize Shareholder Value – We will act appropriately in order to increase long-term total shareholder return.	Global Competitiveness (including innovation, R&D, capital investments)
One Global Team – We will work as one global team to accomplish our Strategic Priorities.	



Koppers employees in Clairton, Pennsylvania pitched in to help the Greater Pittsburgh Food Bank distribute food to families in need.

Koppers core values support the execution of Koppers strategic priorities and foster company cohesion.



Building Key Relationships

Every day, our business operations bring us into contact with the many individuals and organizations who have an interest in our company. We seek to build strong, lasting, and productive relationships with each of these stakeholders.



Our Employees

Koppers has more than 1,600 employees working on four continents. Our employees strive to meet company objectives through a shared commitment to Koppers core values:

- Excellence – *Giving our best.*
- Respect – *Valuing each other.*
- Integrity – *Doing the right thing.*
- Leadership – *Showing the way.*

As we build our global operations, we are carefully considering the talent, skills, and staffing requirements of an expanded organizational structure. We are preparing our workforce to meet new customer and market demands through strategic hiring decisions, targeted training, and the deployment of a comprehensive human resources information system.

	2012	2011	2010
Number of Employees	1,660	1,711	1,675
United States	1,166	1,197	1,104
Australia	164	186	225
Europe	231	236	254
Asia	99	92	92



Koppers Leadership Forum

The Koppers Leadership Forum (KLF) is a year-long, intensive leadership development program. KLF accepts only a handful of employees who are nominated by their managers as having demonstrated a commitment to Koppers, excelled in their current position, and expressed a strong desire to take on additional responsibilities and learning opportunities.

Each KLF participant selects an individual project that focuses on increasing operational efficiency, customer satisfaction or decreasing waste. At the conclusion of the program, participants share project results with senior management. In 2012, three participants were asked to present their projects to the Board of Directors.

Our Customers

We work hard to serve our customers through long-term, collaborative partnerships. Customers, in turn, know that they can depend on us to be a safe, sustainable, and reliable supplier because of our demonstrated commitment to environmental, social, and governance performance.

In 2012, we completed a comprehensive customer survey across both of our business units. Out of 259 total survey responses, we found that:

- a majority of customers give Koppers ratings of “excellent” or “good” in terms of overall satisfaction,
- a strong majority indicate they are likely or very likely to recommend Koppers and to repurchase from the company, and
- customer feedback reflects most positively on Koppers product quality and customer service.

Capturing new business opportunities in China

Koppers has entered into a joint venture with the Yizhou Group to construct a 300,000 metric ton coal tar distillation facility in Pizhou City, Jiangsu Province, China. The facility will ultimately be part of an integrated carbon production complex comprised of the Koppers tar distillation facility as well as two downstream facilities, owned by another company, which will produce carbon black and needle coke, a high value product used in the production of electrodes for the electric arc steel making industry.



Our Communities

Koppers facilities are key contributors to local economies, providing jobs and tax revenues to towns and municipalities. We engage with our communities to understand their concerns, communicate clearly about our operations, and support the causes most important to local needs.

In 2012, we implemented a new Community Involvement Initiative—the *KoppersCares! Day of Service*. Teams of employee volunteers at our US and international locations contributed their time and talent to help a local community organization implement a specific project aligned with Koppers philanthropic priorities. For example:

- In Stickney, Illinois, employees advised students about careers in science through a joint event with the Illinois Chemical Education Foundation.
- Employees from Pittsburgh and Clairton, Pennsylvania and the Koppers Global Technology Center participated in the United Way of Greater Pittsburgh’s annual campaign by repacking bulk food at the Greater Pittsburgh Community Food Bank.
- Koppers volunteers worked on a restoration project at Pence Park in Colorado, a public recreational facility located in the mountains near the Denver area.
- In Longford, Tasmania, Australia, employees split and delivered 10 tonnes of firewood to be raffled off at a local Rotary Club event.
- In Mayfield, New South Wales, Australia, employees reconstructed a “Healing Labyrinth” for local charity “Heal for Life” which conducts programs to help victims and families of childhood abuse.

Koppers Mayfield, New South Wales, Australia employees lay brick work to construct a “Healing Labyrinth” into a more permanent facility.



Koppers Pittsburgh, Pennsylvania employees gather to support the Race for the Cure.



KoppersCares events center on our philanthropic priorities: family services, health organizations, education, culture and the arts, community involvement, and the environment.

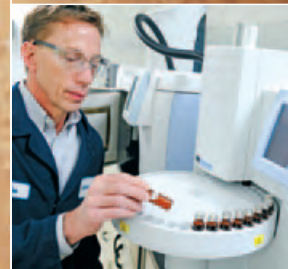


Employees at our Guthrie, Kentucky plant assisted the local volunteer fire department with fundraising activities.

Innovation and Product Responsibility

Koppers provides its customers with products that are safe, reliable and of high quality. As part of our commitment to implement the ACC's Responsible Care® management system over the next two years, we will intensify our focus on safe, responsible and sustainable product management. We will also continue to devote significant attention to research and innovation in order to minimize the life cycle costs and overall environmental impacts of our products.

Researchers at the Koppers Global Technology Center test new forms of carbon pitch and other chemical products.



We work with regulators, industry groups and suppliers to meet all regulatory requirements.



Recent CMC innovations include experimentation with new feedstocks for our chemical products.



Taking a life-cycle perspective

The Treated Wood Council (of which Koppers is a member) has performed life cycle assessments of pressure-treated utility poles and railroad crossties to evaluate the water use, greenhouse gas (GHG) emissions, and energy consumption associated with these products. Each study has found that treated wood products have lower environmental life cycle impacts when compared with their steel, concrete, and composite counterparts.

A life cycle assessment of utility poles released in March 2012 by the Treated Wood Council revealed that poles constructed of pentachlorophenol-treated wood require less total energy, less fossil fuel and less water than concrete, galvanized steel, and fiber-reinforced composite utility poles. Use of treated wood poles also results in decreased GHG emissions and lower overall environmental impacts.



Treating wooden crossties with borate

Crosstie degradation—particularly in humid, Formosa termite-prone regions—is of high concern to Koppers RUPS customers. In response, Koppers has started using a proprietary chemical treatment method to introduce borate as an additional preservative to railroad crossties in conjunction with creosote treatment. The TRU-CORE® process, which was developed by Kop-Coat, Inc., and tested in partnership with researchers at Oregon State University, can rapidly increase the penetration of wood preservatives and insecticides such as borate into wood. The dual creosote and borate treatment process significantly extends the useful life of traditional, creosote-treated ties, especially in specified high decay zones, thus reducing costs and timber resource demands.



Koppers KFOAM product can potentially be used in LED lighting and solar panels.

Exploring applications for KFOAM® thermal management technology

KFOAM® is one of Koppers most recent product innovations. This advanced graphite foam has exceptional thermal and electrical conductivity while being remarkably lightweight as compared to copper or aluminum. With these unique qualities, KFOAM® can potentially be used in many of today's most demanding thermal management applications such as heat sinks, thermal interface materials, cookware, electronics, batteries, and LED lighting. Koppers is also evaluating the potential use of KFOAM® in EMI shielding, acoustic dampening, batteries, and blast mitigation materials.



Safety, Health, and Environmental Stewardship

Safety, health, and environmental (SHE) stewardship is a core precept at Koppers. From our executive team to Koppers employees working at operating facilities around the globe, everyone is expected to make SHE performance a priority. We know that by achieving excellence in SHE performance we can build a solid future for our company and meet the rising performance expectations of regulators, customers, communities, and investors.



Koppers comprehensive set of ISO 14001-compliant processes and procedures clearly outline our SHE policy, roles and responsibilities.

Safety Performance

Koppers SHE management system sets 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 safe working practices. In 2012, our careful attention to safe operation resulted in the best results ever achieved at Koppers in terms of Days Away, Restricted and Transfer (DART) and Total Recordable (TRR) Rates.

Safety Statistics (aggregate global data)			
	2012	2011	2010
Days Away Case Rate	0.67	1.22	1.09
DART Rate	1.61	2.06	2.87
Total Recordable Rate	3.83	4.17	4.94
Fatalities	0	0	0



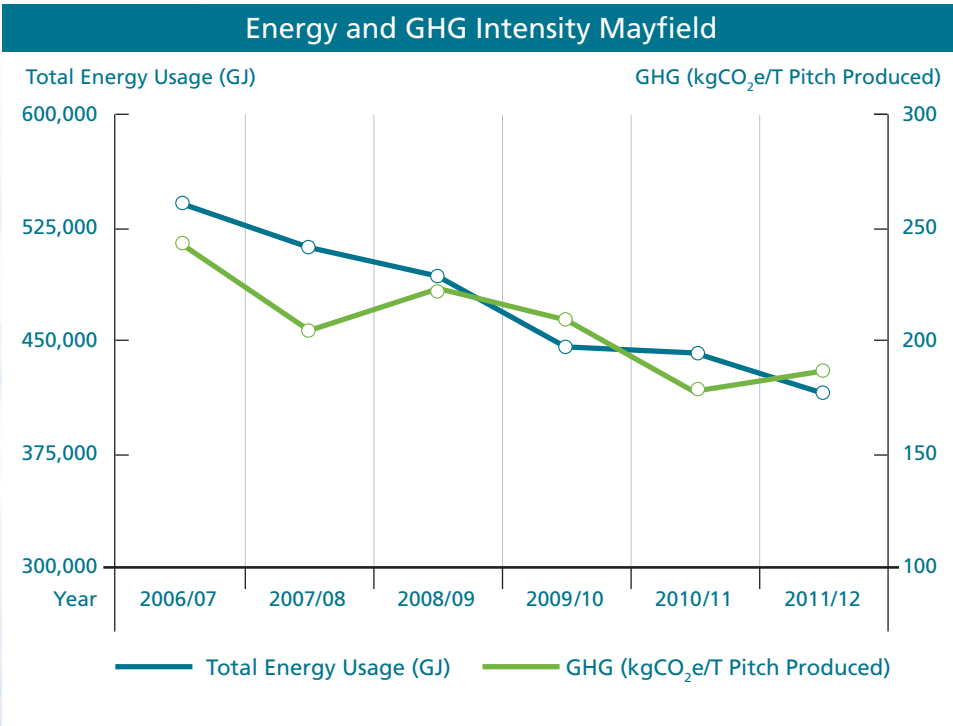
We believe that full compliance with all legal requirements is a minimum level of performance.

Environmental Performance

With regard to environmental performance, we strive to operate efficiently and optimize our use of natural resources. During the past year, we implemented many initiatives to conserve energy, reduce emissions, minimize waste, and recycle water.

Driving energy and emissions reductions in Mayfield

In Australia, Koppers is subject to a national carbon pricing regulation, which applies a levy of \$23 per tonne of direct GHG emissions above a facility threshold of 25,000 TCO₂e per year. In anticipation of this regulation, employees at our Mayfield, New South Wales facility achieved reductions in both energy use and related GHG emissions of approximately 23 percent over the past five years as part of their participation in the Australian Government’s Energy Efficiency Opportunities Program. Due to these efficiency improvements, Mayfield will not be subject to the Australian carbon levy—benefiting both the environment and Koppers.



“Right-sizing” boilers at Scunthorpe Works

We replaced three existing boilers at our Scunthorpe Works facility in North Lincolnshire, UK, due to significantly lower facility steam demand following process changes. The new, smaller, automatically controlled and more efficient boiler uses approximately five percent of the natural gas previously consumed. Additional environmental and financial benefits stem from reduced water consumption and lower water treatment costs, fewer treatment chemicals, and reduced NO_x and GHG emissions.



On May 16, 2012, Koppers employees at the Stickney facility in Illinois receive a hefty energy-savings rebate check from Nicor officials.

Steam traps yield savings in Stickney

At our facility in Stickney, Illinois, we have shown that attention to seemingly routine aspects of operation can yield significant savings. Employees at the facility replaced more than 500 steam traps, saving more than 700,000 therms of energy, as estimated by Nicor, our local natural gas supplier. By reducing the amount of natural gas needed to generate energy for the facility, we were able to collect a \$49,000 rebate check from Nicor as part of Nicor’s energy reduction incentives program.

Recycling water in Bunbury

At our Bunbury facility in Western Australia, we are challenged by an increase in water scarcity. Facility permits limit the amount of water we are able to withdraw from the town water supply, yet our plans for expansion envision a significant increase in production. We thus increased onsite water storage capacity and installed a water filtering and reuse system to capture rainwater from around our wood treatment areas.

As a result, we recovered and filtered nearly six million liters of water for reuse over the course of the year. We are consequently drawing far less water from the aquifer and anticipate being able to increase our production without approaching our withdrawal limit.

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

Koppers has reported on the company’s sustainability efforts since 2003. This brochure is a summary of the more comprehensive information found in our 2012 Sustainability Report, which can be accessed on the Koppers website at: www.koppers.com. The 2012 Sustainability Report was developed using the GRI G3 Sustainability Reporting Guidelines at the C Application Level.



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