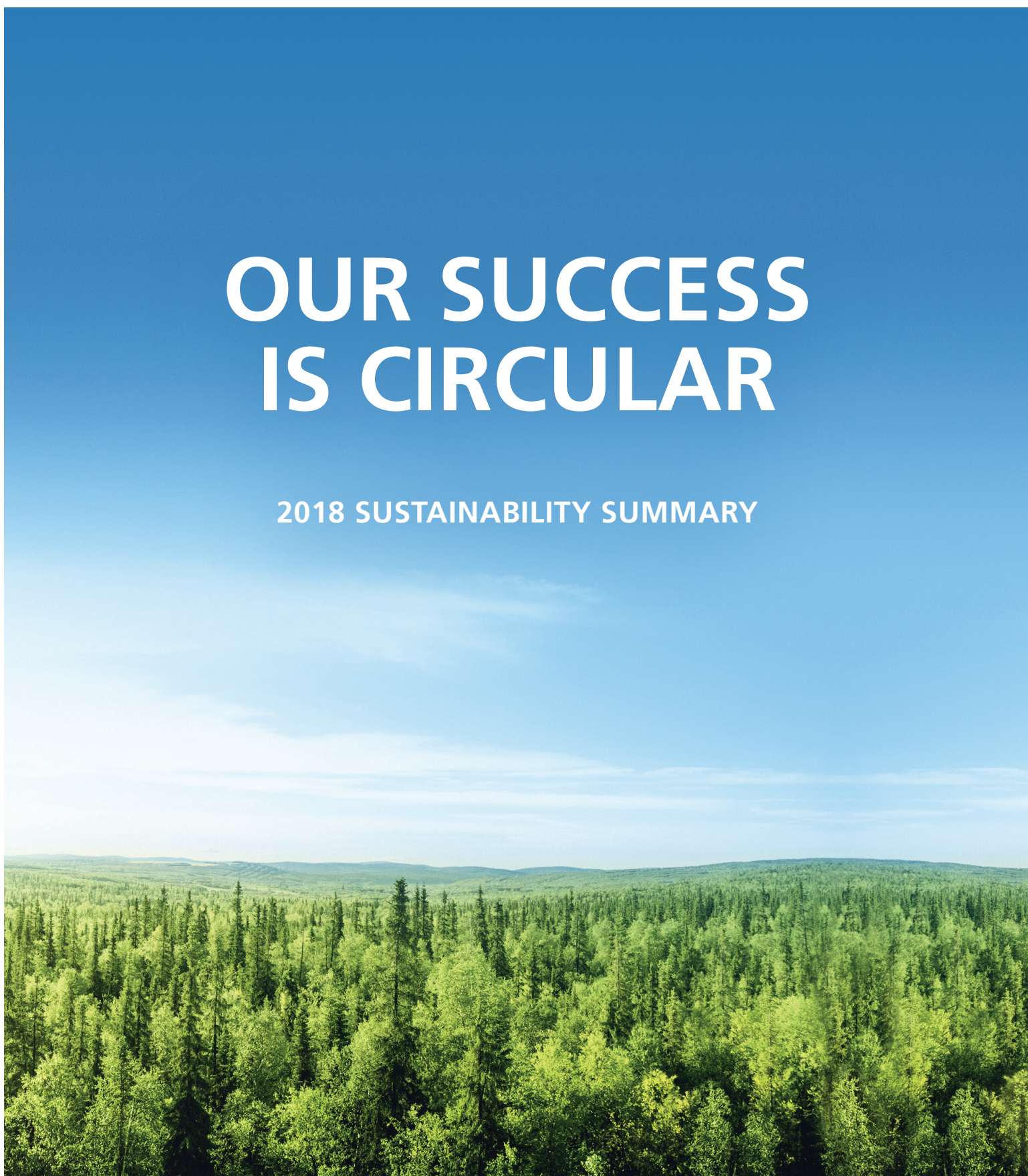


# OUR SUCCESS IS CIRCULAR

2018 SUSTAINABILITY SUMMARY





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## CEO Letter

The connection between the safety of our people—the unwavering foundation of our company—and the success of our business is undeniable. But our Zero Harm culture goes beyond the safety of our people. We also have a responsibility to drive our impact on the environment to Zero. We owe it to ourselves, our families, our communities and our world to behave in an environmentally responsible manner of the highest standard.

The spirit of collaboration and innovation that brings our Zero Harm / Zero Waste culture to life fosters efficiency and process excellence, decreases our impact on the environment and allows us to create value for our stakeholders today and tomorrow. This was clearly reflected in 2018, which saw our company achieve our highest safety rating ever, our highest sales ever and our highest adjusted profitability ever. In addition, we continued our trend of greenhouse gas and energy usage reductions. Greenhouse gas emissions decreased 48 percent, and energy usage declined 41 percent, respectively, from our 2012 baseline.

The theme of this report is **“Our Success Is Circular.”** *Why?*

As a world-leading supplier of wood treatment solutions, the circular nature of our business starts with our raw materials, the majority volume of which are waste streams generated by other industries (including scrap copper and coal tar) and renewable resources (trees). In fact, we purchase 35 million pounds of scrap copper or other compounds containing copper, all of which is postconsumer or post-industrial in nature. This places Koppers in the center of what is known as the “circular economy” that emphasizes the “reduce, reuse, recycle” mentality that continues to frame global conservation efforts.

Our wood-treatment solutions, while playing an incredibly important role in our global infrastructure across multiple industries, also play an important role in the carbon cycle. Treating wood significantly increases its useful lifespan, allowing the carbon stored within the wood to be immobilized for up to 50 years, keeping it out of the atmosphere and limiting carbon’s adverse effects on the environment.



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*“We are flipping the assumption that in business, profit drives behavior. At Koppers, we put people first. People drive behavior, and profit follows.”*  
*– President and CEO Leroy Ball*

In 2018, we advanced our circular business model even further through our acquisitions—M.A. Energy Resources (renamed Koppers Recovery Resources) and Cox Industries (renamed Koppers Utility and Industrial Products). Both businesses add product life cycle management capabilities to help solve our customers’ challenge of responsibly disposing of end-of-life crossties and utility poles by repurposing used wood products—including as a fuel source. This reduces the end-of-life impact of our ties and poles, contributing to greater product sustainability.

In this report, you can learn more about how our 2,200-plus employees bring the benefits of our circular business model to life as they turn unusable byproducts into wood-treatment solutions, utilize renewable resources, convert end-of-use products into sources of fuel and reduce carbon in the atmosphere—all while keeping safety at the forefront and ensuring that our culture of Zero Harm / Zero Waste continues to grow in the years to come.

Sincerely,

Leroy M. Ball





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## About Koppers

Koppers Holdings Inc. (NYSE: KOP), headquartered in Pittsburgh, Pennsylvania, is an integrated global provider of treated wood products, wood treatment chemicals and carbon compounds. We use our products and services 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. With more than 2,200 employees, we serve our customers through a comprehensive global manufacturing and distribution network, with facilities located in North America, South America, Australasia, China and Europe.

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

**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.

**Values:** Accountability, Customer Focus, Excellence, Innovation, Integrity, Respect, Simplicity, Sustainability, Teamwork and Transparency drive our overarching Zero Harm / Zero Waste culture.



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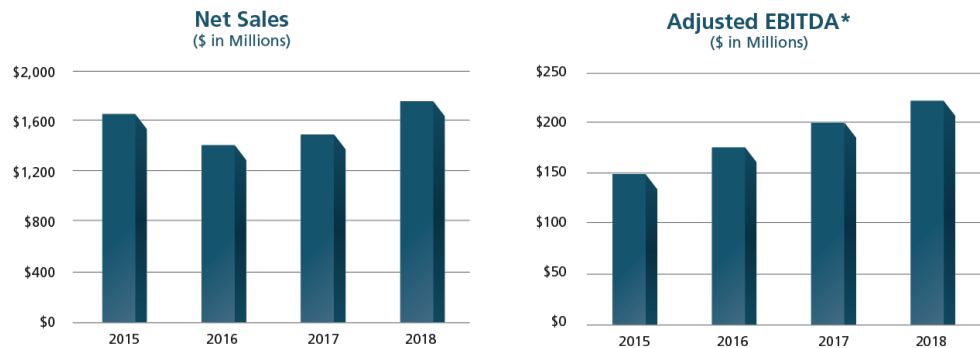
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## 2018 Financial Performance and Highlights

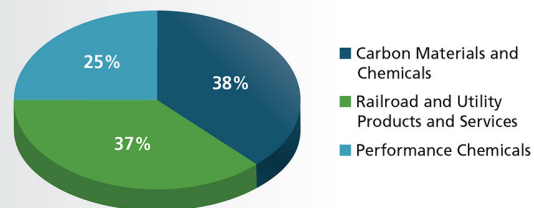
Consolidated sales of \$1.710 billion represented the highest level of revenues in the history of the company, an increase of \$234.7 million, or 15.9 percent, as compared to \$1.476 billion in the prior year. Excluding sales related to acquired businesses, consolidated sales increased by \$72.3 million or 4.9 percent.



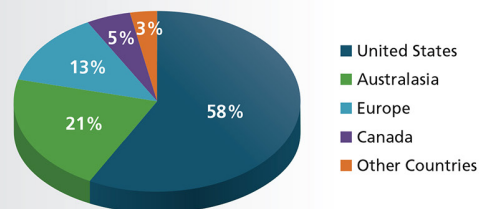
\* Please see [reconciliation to Net Income](#).

2018 Sales:  
\$1.710 Billion

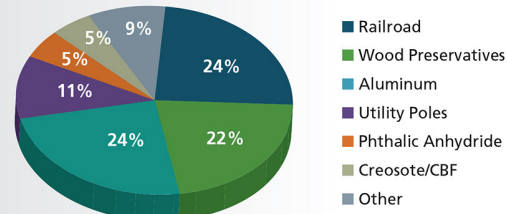
### Sales by Segment



### Revenues by Region



### Sales by End Market





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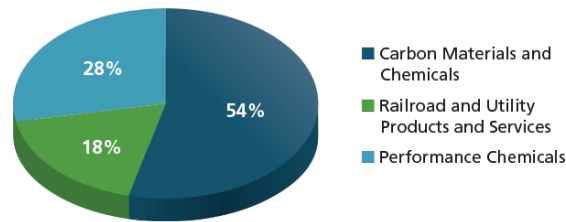
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Adjusted EBITDA by Segment<sup>1</sup>

<sup>1</sup>2018 Adjusted EBITDA: \$222M  
 1) Excludes corporate unallocated amounts

Koppers made two acquisitions in 2018 which helped to position the company for future success. In February 2018, we acquired M.A. Energy Resources, LLC, a business related to the recovery of used crossties, which was renamed Koppers Recovery Resources LLC. In April 2018, the company re-entered the North American utility pole market with the acquisition of [Cox Industries, Inc.](#), now named Koppers Utility and Industrial Products Inc. Both of these businesses are financially reported under the Railroad and Utility Product and Services business segment. Read more about how these acquisitions support our business in the Circular Economy section of this website.

## Governance & Ethics

Koppers corporate governance structure is designed to assure accountability to our stakeholders and to make certain that we conduct business in a responsible, ethical way.

With facilities across the globe, we understand the myriad of impacts our operations can have. Our comprehensive [Code of Conduct](#), available with other policies in the Corporate Governance section of the Investors Relations page on our website, fully details the expectations and requirements we have as an organization for our employees. Reinforced by our company values, the Code of Conduct applies to all areas of our operations, whether we're engaging in peer-to-peer interactions, working to comply with complex regulations, marketing our products, purchasing materials, creating new products, managing our finances or interacting with our communities.

Our Board of Directors is broadly responsible for contributing to the strategic direction and oversight of the company. There are five board committees, including: Audit; Nominating and Corporate Governance; Management Development and Compensation; Strategy and Risk; and Safety, Health and Environmental.

Among their duties and responsibilities, the Board ensures the legal, ethical and socially responsible behavior of the company, such as developing effective performance measurement systems, reviewing the company's long-term strategy and overseeing risk management processes. Detailed information about the Board's [committees](#) and [responsibilities](#) can be found in the Investor Relations sections of the company's website.



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As stewards of Koppers corporate governance and overall performance, Board members communicate with our shareholders and other stakeholders through financial reports, proxy statements, periodic filings and similar reports. The Koppers Senior Management Team is responsible for directing the development and implementation of the company's strategic plan, and business operations around the globe. These executive leaders establish and maintain Koppers commitment to ethics, integrity, fiscal responsibility, growth and sustainability.

## ***Safety, Health and Environmental Committee***

*The Board's Safety, Health and Environmental Committee assesses the company's safety, health, environmental, security and sustainability policies, programs and initiatives in accordance with Responsible Care principles; provides oversight of matters relating to improving or enhancing the company's global corporate stewardship and practices of conscientious corporate social responsibility and product safety.*

## **Stakeholder Engagement**

Engaging our customers, employees, suppliers, investors, regulators and communities provides us with the input we need to inform our business strategy. Our commitment to Zero Harm / Zero Waste involves working with our stakeholders – both internally and externally – to understand their perspectives about our operations and the issues important to them.



We strive to remain proactive in evaluating and addressing community needs in the areas where we operate. Many of our locations have made strong connections with local community members who engage with Koppers representatives on a variety of issues. These relationships offer a forum for our people to share facility information and also address any questions, observations, concerns and ideas voiced by our community members.

On a regular basis, the personnel at our facilities coordinate and participate in emergency planning and response activities with local police and fire departments that simulate





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emergency situations, such as a hazardous materials spill or fire. These drills are practical ways to ensure our facilities remain prepared to respond safely and effectively should a serious event occur.

We stay on top of potential and emerging regulations and compliance standards regarding chemical management. We strive to understand all potential hazards associated with the chemicals we use, so we may share this information with our suppliers, customers, employees, community members and other interested stakeholders.

In addition to our local stakeholder engagement, Koppers is active across several industry associations. Through our involvement, we stay attuned to the perspectives of key audiences such as regulators and product safety groups. We also use these platforms to engage with our industry peers to share and promote best safety and sustainability practices across our industry.

In 2018, Koppers and the company's employees were active among the following organizations:

- American Chemistry Council (Responsible Care®)
- American Coke and Coal Chemicals Institute
- American Railway Engineering and Maintenance-of-Way Association
- American Wood Protection Association
- Association of American Railroads
- Go Rail
- North American Wood Pole Coalition
- Pavement Coatings Technology Council
- Railway Tie Association
- Society of American Foresters
- Treated Wood Council
- Electric Utility Industry Sustainable Supply Chain Alliance

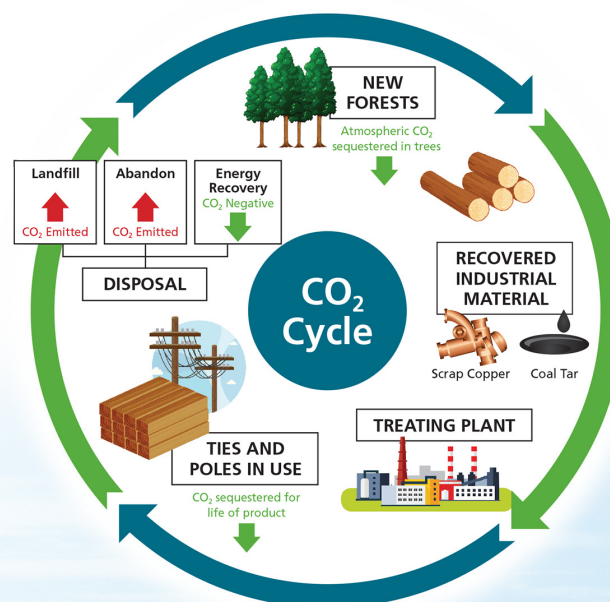
Koppers clearly articulates all policies and expectations regarding stakeholder engagement in our [Code of Conduct](#), available on our website.



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## Our Place In the Circular Economy

Just as our Zero Harm / Zero Waste culture serves as our overarching value, our products serve as foundational elements of our global infrastructure. Koppers has a long history of sustainability in our operations. We reuse waste and scrap materials generated from other industries as our key production inputs, while also utilizing renewable resources for another significant portion of our raw material requirements, placing us in the center of the circular carbon economy. Our products also increase the durability and extend the life of wood products, which significantly aids in atmospheric carbon being sequestered over time.





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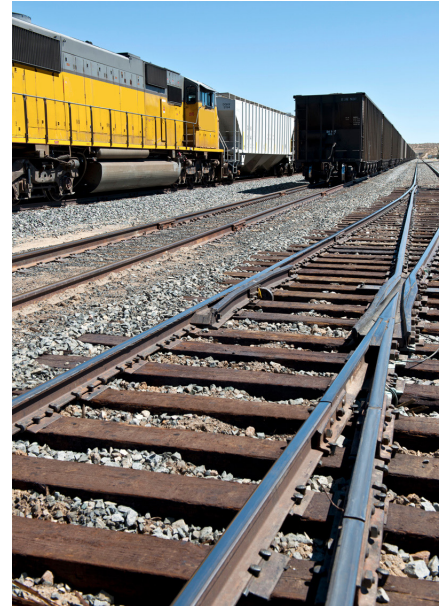
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## Our Business Segments

### Railroad and Utility Products and Services

Koppers is a world leader in the manufacturing of treated wood products, primarily for the railroad and electric utility/communications industries. Treated wood makes structures more durable and resistant to decay, thereby increasing safety, reducing replacement costs, preserving valuable forests and immobilizing carbon that would otherwise be released into the atmosphere.

For many years, Koppers has been supplying the railroad industry with treated wood railroad ties and railroad crossing panel products. In North America, we are the largest provider of railroad crossties for the Class I Railroads and are known for our pre-plated crossties. We currently serve all North American Class I railroads and have relationships with many of the approximately 550 short-line and regional rail lines. This also forms the customer base for our railroad services business, which conducts engineering, design, repair and inspection services for railroad bridges, and a business that recovers used crossties. In addition, utility customers throughout North America and Australasia purchase a variety of wood utility poles.



### Performance Chemicals



Koppers Performance Chemicals is a global leader in the development of progressive wood preservative systems and technologies. With a dedicated staff of global wood science professionals, our premier research capabilities position Koppers as the pioneer in wood preservation, a key strategic driver for the organization that is opening new uses for wood in replacement of other, less-sustainable materials. Koppers provides wood preservatives, engineering services and award-winning marketing to our valued customers in over 70 countries.

We supply nine of the 10 largest lumber treating companies in the United States and the three largest lumber treating companies in Canada. We develop revolutionary ways to pressure treat lumber for decks, fences, landscaping and general building uses. We offer advanced protection against termite damage, rot and fungal decay. We provide wood preservatives that meet the most demanding construction needs. Our brands include MicroPro®, MicroShades®, Naturewood®, Advance Guard® and Hi-bor®. We are also a leading supplier of fire-retardant chemicals, with brands such as FlamePro® and FirePro® for pressure treatment of wood, primarily in commercial construction.



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By treating wood and extending its uses and capabilities, Koppers is driving demand for wood products with significant environmental benefits. Multiple global trends – including accelerating urbanization and technology – are positively impacting demand for treated wood in residential and industrial uses as a safe, high-performing, cost-effective and sustainable alternative to materials like steel or concrete.

### Carbon Materials and Chemicals

Koppers carbon materials and chemicals are essential to the production of aluminum, steel, plastics, resins, treated wood and rubber products. Our products also increase the durability of many products including railroad ties and utility and transmission poles. This leads to longer-lasting products that enhance global infrastructure.

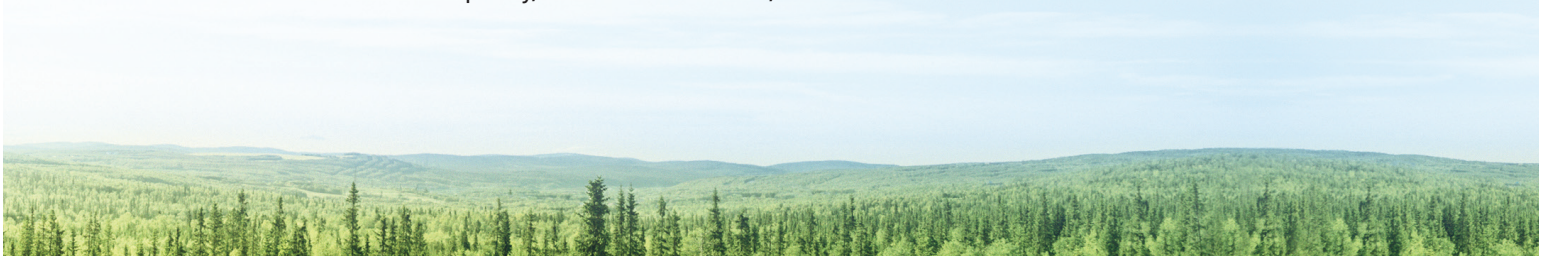
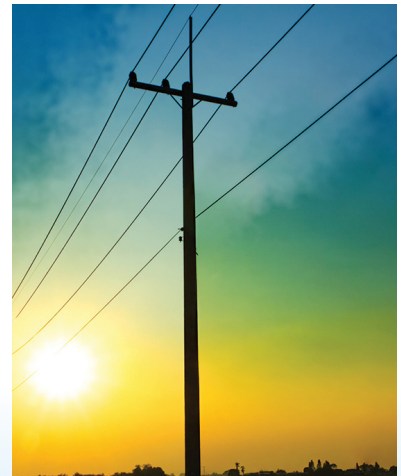
As a leading distiller of coal tar, a byproduct of the transformation of coal into coke, Koppers produces carbon pitch, refined tar, creosote, carbon black feedstock and chemical oils. The chemical oils resulting from distillation are used to produce naphthalene and phthalic anhydride. This distillation process is an example of the company's sustainability business model – taking materials that would otherwise be disposed or burned (considered a mid-point in the circular carbon economy) and converting them to a productive use.

The majority of the creosote our Carbon Materials and Chemicals segment produces in North America and Europe is sold internally to our RUPS business for treating railroad crossties. We also sell directly to a global customer base through our regional sales personnel.

### Product Safety & Responsibility

Our vision is to be recognized as the standard bearer for safely delivering customer focused solutions primarily through the development and application of technologies to enhance wood. We take seriously our obligation to ensure that we provide the safest and most reliable products possible as part of our mission. Building on our Zero Harm / Zero Waste foundation, our Quality Policy is embedded in our culture, processes and management. Together, our employees embrace the responsibility we share to achieve our quality objectives and maintain our standards.

In our facilities across the globe, we train our employees to deliver consistent quality standards across our footprint, all while keeping the safety and health of our people and communities at the forefront. Koppers customers value us for our quality, innovative solutions, timeliness and attention to detail.





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Koppers continues to research and implement new and innovative technologies to extend our sustainability business model across our value chain. Our efforts begin with our supply chain, in particular our raw materials. We have long-term supply agreements for the purchase of coal tar, a byproduct of coke plants. Coal tar is a key raw material we use in the production of creosote, a wood preservative, as well as pitch products and refined chemicals and distillates. The agreements cover a significant portion of the domestic raw material needs for Koppers and represent the inherently sustainable nature of our business.

Otherwise an unusable byproduct, the coal tar is generated in the steel coking process, purchased and processed by Koppers into many valuable products serving multiple critical industry segments. For example, creosote has been used for more than 150 years as a wood preservative, extending the useful life of timber products and conserving natural resources. An additional benefit of extending the life of wood infrastructure is that atmospheric carbon that has been captured through photosynthesis is retained longer in the wood. Railroad crossties that are pressure treated with creosote have a service life of up to 40 years, making it an economical and reliable product for the railroad industry.



One of the most exciting areas of opportunity for Koppers is to drive significant innovation by pursuing “cradle-to-cradle” supply chain solutions. Our 2018 acquisition of M.A. Energy Resources added important capabilities, including handling the recovery and repurposing of railroad crossties and utility poles. Koppers has shifted the conversation regarding ties which have reached the end of their useful service life, converting these ties to a source of energy and potential new products. In 2018, Koppers collected nearly 3.5 million railroad ties, which is equivalent to more than 1,000 miles of railroad track. We converted these ties to biomass and sold them as fuel, offsetting the need for fossil fuels.

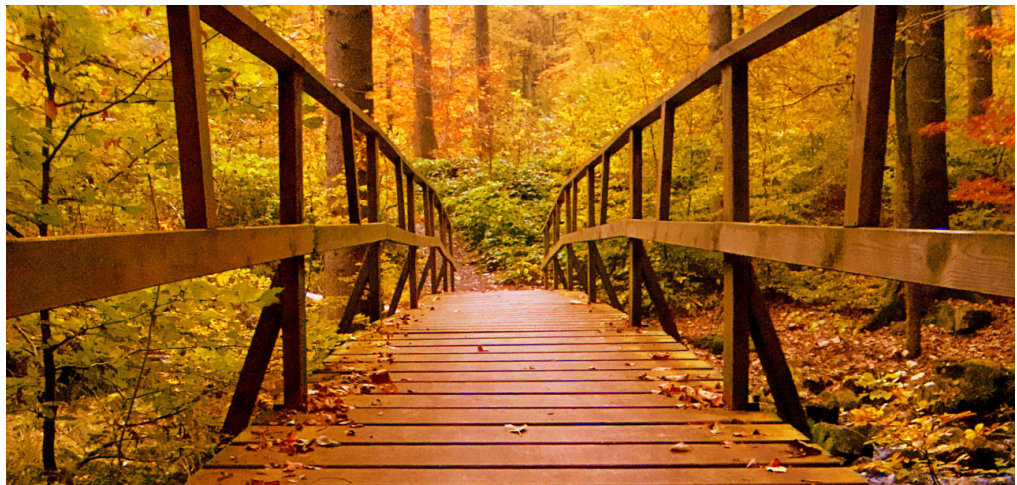


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Copper is the principal component in formulating wood preservatives. Copper protects wood from fungal decay and termite attack, and extends the service life of wood products for decades. Koppers Performance Chemicals segment manufactures and purchases copper compounds, all of which are produced from post-consumer or post-industrial scrap copper. The company purchases more than 35 million pounds of scrap copper or other compounds containing copper. According to the Copper Development Association, reusing scrap copper saves between 85 to 90 percent of the energy resources that it takes to mine the earth for new copper ore.

### Innovation

Innovation, one of our corporate values, is essential to solving our customers' most important challenges. Two key facilities – our Koppers Global Technology Center, an applied research facility located 15 miles north of our global headquarters in Pittsburgh, Pennsylvania, and our research laboratory and pilot plant in Griffin, Georgia – provide our internal experts with the resources needed to ensure product quality and drive new enhancements and offerings. Additionally, Koppers operates a virtual innovation laboratory where employees submit multiple ideas daily through our iShare portal.





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## Responsible Supply Chain Management

Maintaining supply channels around the world to source our wood and other raw materials is vital to our business. We work closely with our suppliers to ensure we source our materials in an ethical and responsible manner, in accordance with our Code of Conduct.

Koppers vendors, contractors and suppliers are vital to our sustainability strategy and performance. We are committed to implementing the Guiding Principles of Responsible Care throughout our supply chain. As we work to design and develop more sustainable products, we engage with our suppliers to ensure our products are manufactured and transported safely. As an example, Koppers has been recognized three of the past four years by the Association of American Railroads with a [Non-Accident Release Grand Slam Award](#), given annually to companies that demonstrate exemplary performance in shipping hazardous materials. To qualify, a company has to be recognized by at least four Class I railroads and have had zero non-accident releases in the previous calendar year.

This spirit of continuous improvement aligns with our efforts to be transparent and consistent with the most current and comprehensive product stewardship information practices. We provide [product stewardship summaries](#) on our website, so our customers and stakeholders may better understand the makeup and overall impacts of our products. Koppers follows all state and federal regulations and provides product information via [Safety Data Sheets](#), which are also available on our website.



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## Safety, Health and Environment

Our Zero Harm / Zero Waste culture provides the foundation of our business. We put the safety and well-being of our employees, the protection of the environment and the strength of our communities ahead of all other priorities. Our employees bring this commitment to life with whole-hearted passion and process-oriented discipline because they understand the importance of embodying Zero Harm every day.

We codify our approach to Zero Harm through our [Safety, Health and Environmental Policy](#), which reflects our commitment to:



- The health and well-being of our employees, the environment and the communities where we operate.
- Compliance with all applicable safety, health, environmental and security laws, regulations and other requirements which apply to Koppers.
- 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 our safety, health, environmental and security systems and performance.
- Communication regarding our business operations and potential risks, both internally and externally to promote openness with our stakeholders.





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## Safety Performance

	2018	2017	2016	2015
Days Away Case Rate	.96	1.03	0.91	1.21
DART Rate	1.67	1.96	1.91	1.90
Total Recordable Rate	2.76	2.99	2.96	3.45

Safety is in everything we do. Training takes place at every facility, every year, and we require reporting of all incidents. Across our global footprint, our employees conducted 13,016 proactive safety observations.

Together, our efforts drove across-the-board improvements for 2018. We are not at Zero, but we are making progress to get there. In fact, our safety results worldwide showed that our team achieved the best safety performance in company history as measured by our lowest total recordable incident rate (TRIR). In 2018, our TRIR was **2.76**, a 7 percent improvement over 2017. Making our Zero Harm culture a reality, 40 percent (19 out of 47) of our operating locations had no recordable injuries in 2018. Highlights of our safety strategy include:

- Prioritizing Hazard Exposure Identification:** Koppers defines Serious Incidents and Serious Incident Precursors as injuries or events that have the potential to alter a person's life. Precursors describe high-risk situations, or exposures, that may result in a serious incident if allowed to continue, and are normally reported as a near-miss or minor event that — under slightly different circumstances — could have resulted in a serious incident. Over the period of 2015 to 2018, our serious incident rate has decreased 68 percent, a reflection of our efforts to prioritize training around identifying and eliminating the hazards exposing our employees to harm.
- Incident Prevention:** In 2017, we convened a team of employees to study the root causes of recordable incidents in our facilities. After reviewing our extensive safety data, the team identified that a small percentage of employees were involved in a disproportionate number of injury incidents. Illuminating this important issue led to a work group that has created a safety intervention process for employees that are “at risk” for a serious workplace injury. The program has been built to provide employee assistance resources for distracting problems such as serious personal or family issues, as well as tailored training to reduce the risk of serious injury. The program will be fully implemented in 2019.
- Fleet Safety and Management:** Our transportation fleet nearly doubled in size following our two major acquisitions in 2018. With this increased size and complexity comes additional risk. In early 2019, we added a Fleet Safety Manager to our team, who will implement new, standardized best-in-class driver and fleet management programs across our entire operations over the next few years. We have begun rolling out world-class fleet safety systems utilizing best-in-class software and training programs to measure, manage and improve the safety of our transportation fleet and the professionals that operate it.



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## Seven Rules to Save a Life

Our Zero Harm culture drives a multitude of benefits, but there is one that clearly rises above the rest: saving lives. We began an effort in 2016 to identify the most critical and important rules aimed at preventing serious injuries. A cross-functional group of employees from across the company's business lines and geographies gathered to study accident data and coordinate on-site observations. The committee landed on seven globally applicable Life Saving Rules that we began introducing to employees in 2017 and made effective as of January 1, 2019.



**PROTECT YOURSELF FROM A FALL**  
when working at heights



**WORK WITH A VALID WORK PERMIT**  
when required



**VERIFY ENERGY ISOLATION**  
before work begins



**VERIFY SAFETY PROTECTIVE DEVICES ARE IN PLACE AND FUNCTIONAL**  
before operating equipment



**FOLLOW SAFE DRIVING PRINCIPLES**  
for motor vehicles and rolling equipment



**POSITION YOURSELF IN A SAFE ZONE**  
in relation to moving equipment



**FOLLOW CONTROLLED LIFT PLANS**  
for suspended loads





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As a starting point in this journey, we trained all Koppers employees on the new Life Saving Rules and empowered each person in our company to stop work whenever they observe or suspect a deviation from our Life Saving Rules. To fully leverage the teachable moments this program brings to light, we launch a full investigation into any Life Saving Rule deviation, whether or not it resulted in a reportable incident. The rules are built on a simple foundational belief: we simply do not accept any employee or person in our facilities being exposed to a life-threatening hazard exposure – when one is suspected, we suspend work until we deem the activity to be safe.

### Cultivating our Zero Harm / Zero Waste Culture



Leadership's role in promoting our culture is essential. One hallmark of how we live our culture is through our Zero Harm / Zero Waste Leadership Forum. Leaders from across our global footprint, including plant managers, come together for in-person idea-sharing. This event serves as an opportunity to facilitate meaningful interactions among our global workforce as it relates to the continued improvement in our safety, environmental and sustainability management. It also provides a platform to recognize our teams and employees who demonstrated exceptional safety and environmental leadership. CEO Leroy Ball leads and participates in this week-long gathering that is filled with hands-on exercises, presentations and activities that are aimed at developing our top leaders further to engage with employees toward the goal of operating our business within a culture of Zero Harm to our employees, the environment and the communities where we operate.

Recognition is also a key enabler of Zero Harm. Koppers established new criteria for our President's Award in 2018 to encourage teams to be proactive in addressing potential





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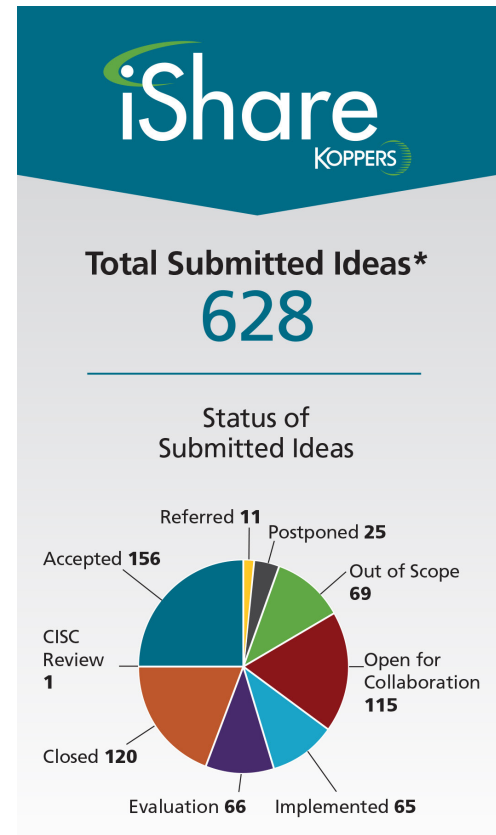
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safety and environmental issues. Employees from Koppers Railroad Structures business unit, who regularly handle complex situations in remote construction environments, embraced the opportunity to enhance their safety procedures and implemented new onboarding, training and peer observation processes, driving the largest year-to-year reduction in reportable incidents for a business unit. Koppers Railroad Structures was also awarded the Safety Award of Excellence by the Wisconsin chapter of Associated Builders and Contractors Incorporated for their 2018 safety achievements.

Finally, Koppers accelerates innovation and fosters collaboration through its iShare portal, which allows all employees to submit new ideas that create value for the company. iShare taps our most important resource – our employees – to identify areas of improvement that align with one of the following areas of our corporate strategy: Zero Harm, Growth Opportunity and Operational Excellence. All submitted ideas are evaluated and scored by site teams made up of three to five representatives. Ideas determined to merit further investigation are approved to receive additional resources for development and implementation.

Reflecting our employees' commitment to Zero Harm, 88 percent of submissions are related to safety, health or the environment. Some of the innovative ideas generated by the program include substituting spray paint used to mark railroad ties with a more environmentally acceptable mixture of water and food coloring, and using drones to inspect bridges and rail cars, which allows employees to complete their work while reducing exposure to safety hazards.

To drive additional participation in the iShare program, employees can earn reward points for using the site – redeemable for prizes, company-branded items or gift cards – and receive recognition through virtual badges, on-site events and more. Company and facility leadership can also use iShare to issue challenges based on special events (such as Earth Day) or other areas of importance. One such challenge resulted in employees designing and building a prototype tool for reducing hazard exposure while off-loading railcars. The tool is being fabricated for wider use inside of Koppers.





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## ***Modeled For Success***

*After years of planning, Koppers opened a new, state-of-the-art naphthalene facility connected to the company's existing coal tar distillation facility in Stickney, Illinois. These interconnected processes previously took place at separate facilities across the country, with materials physically transported via truck, rail and barge from one location to another. The new facility eliminated the need for this transport, eliminating 4,000 trips per year and their related emissions. The new plant also has advanced emission controls and technology.*

*Key to the new facility's success was an innovative design program, which included the creation of three-dimensional models viewed in virtual augmented reality that allowed employees to provide feedback before the facility was built. Later in the process, the models were used to facilitate training and safety programs – before construction was even complete. This allowed on-site employees to start with experience and confidence on their first day.*

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## Environmental Management and Certifications

At Koppers, effective environmental management is a principle that we observe at all of our locations around the world. We have processes, procedures and systems in place to help us manage our environmental performance, and we maintain several internationally recognized certifications dedicated to environmental responsibility and health.

- Responsible Care® / RC14001:** Responsible Care focuses on the protection of people, the environment and communities by driving leadership commitment, employee and community engagement, transparency and continual improvement. Responsible Care compliments Koppers Zero Harm / Zero Waste initiative by providing the framework for and establishing the requirements of a comprehensive management system encompassing safety, health, environment and security to ensure safe, responsible and sustainable operations. As a member of the American Chemistry Council (ACC) Koppers has committed to the ACC Responsible Care Guiding Principles and conforms to the RC14001:2015 Technical Specification. Conformance to RC14001 is certified via regular third-party audits conducted by Lloyd's Register, and includes certification under ISO 14001 as well. For more information about Responsible Care visit the American Chemistry Council's website, [click here](#).
- REACH:** REACH is the European Union's regulations on the safe use of chemicals and is an acronym for the Registration, Evaluation, Authorization and Restriction of Chemical substances. In effect for over five years, REACH completely revised previous legislation and the goals are to ensure the protection of human health and environment, maintain the competitiveness of the European chemical industry and prevent the fragmentation of the internal market. Koppers is committed to the REACH process, and we are working with the industry groups and suppliers to ensure our customers will have continued access to our products.



**RESPONSIBLE CARE®**  
OUR COMMITMENT TO SUSTAINABILITY

## Environmental Performance

We are proud of our employees' efforts to reduce our impact on the environment. In 2018, we continued our trend of greenhouse gas and energy usage reductions. Greenhouse gas emissions decreased 48 percent, and energy usage declined 41 percent, respectively, from our 2012 baseline.





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## Environmental Measurements

## Reportable Releases

We are proud of our efforts to keep reportable releases as low as possible, while acknowledging we must continue working towards our goal of Zero occurrences.

	2018	2017	2016	2015
North America	10	2	9	14
International	2	8	0	7
Total	12	10	9	21

## Water Permit Limit Exceedance

Our employees are driven and focused on the safe and efficient operations of our facilities.

	2018	2017	2016
North America	4	2	4
International	1	4	3
Total	5	6	7

## Greenhouse Gas Emissions

Our greenhouse gas emissions have decreased by 48 percent since 2012. We are proud of our employees' consistent efforts to improve our environmental performance.

(in MT CO <sub>2</sub> e)	2018	2017	2016	2015
North America	323,255	311,865	337,641	432,535
Europe	30,475	30,149	30,140	38,926
Australia/New Zealand	33,461	37,783	42,286	36,852
China	16,157	27,767	33,896	52,859
Total	403,348	407,564	443,963	561,172



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**Energy Consumption**

Our energy consumption has decreased by 41 percent across our global footprint since 2012.

(in gigajoules)	2018	2017	2016	2015
<b>Direct (Primary)</b>	3,573,314	3,641,860	3,795,424	4,242,103
<b>Indirect (Purchased)</b>	588,882	762,278	1,126,198	1,110,213
<b>Total</b>	4,162,196	4,404,138	4,921,622	5,352,316

**Floating Wetlands**

Looking ahead at an important project for 2019, our team is conducting a storm water management pilot project that will introduce a floating wetland as a means to reduce suspended solids, organics and metals in storm water discharges. The floating wetland will include native plantings that will act to slow and filter the storm water flows coming from one of our facility grounds. This design has significant potential to positively increase the effectiveness of our storm water management efforts across many of our facilities. If proven successful, the new design will be implemented in other facilities to lessen our overall impact on local ecosystems.





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## Our Employees

**At Koppers, our ability to positively impact our communities and our planet starts with investing in our people. We put the health, safety, and well-being of our employees at the forefront of everything we do as part of our Zero Harm / Zero Waste culture. Our people-focused strategy considers all aspects of the employee experience, from hiring practices and onboarding to health and wellness and talent management.**

We seek to create and foster an inclusive and welcoming culture where all employees feel empowered and can directly impact and share in the organization's success. Key to this effort is delivering a consistent onboarding experience, as well as communications and safety training in all facilities across the globe.

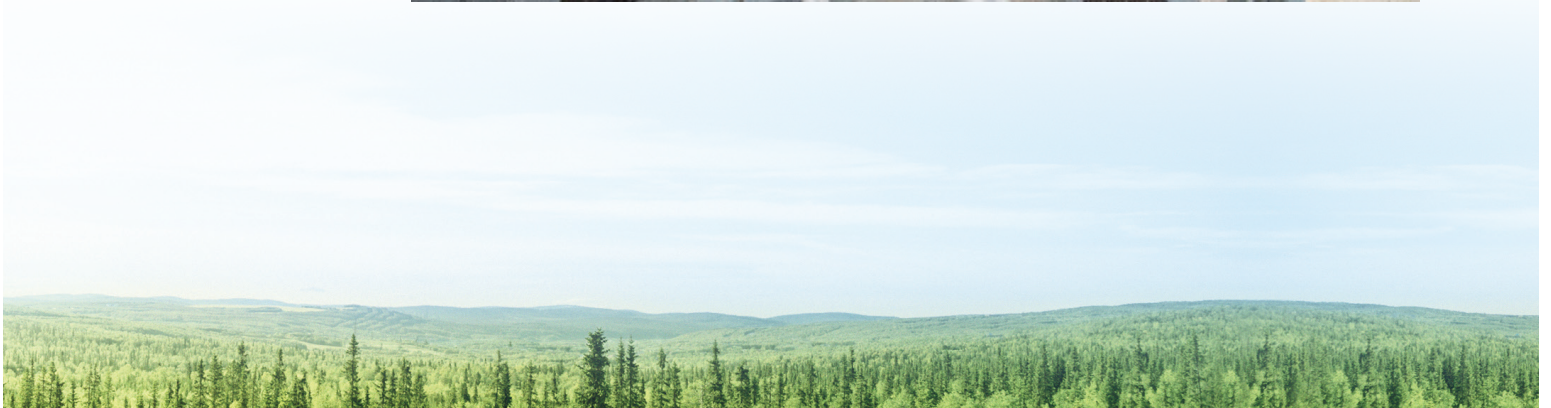
At the end of 2018, our workforce included 1,028 salaried employees and 1,201 non-salaried employees. Approximately 550 of our employees are represented by a number of different labor unions and are covered under numerous labor agreements.



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## Workforce Breakdown

Business	Salaried	Non-Salaried	Total
Railroad and Utility Products and Services	378	810	1,188
Performance Chemicals	244	136	380
Carbon Materials and Chemicals	291	244	535
Administration	115	11	126
<b>Total Employees</b>	<b>1,028</b>	<b>1,021</b>	<b>2,229</b>





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## Health and Wellness

Koppers believes a robust wellness program that encourages employee participation is key to promoting healthy lifestyles and decision-making.

Our U.S.-based employees have the opportunity to learn more about their own health by participating in our wellness screening program. As part of this program, employees can earn monetary incentives for completing a variety of wellness initiatives. To encourage participation, CEO Leroy Ball also issues a personal wellness challenge to all Koppers employees. All locations that achieve at least a 50 percent participation rate in our wellness screenings are eligible to elect a representative to send to our corporate headquarters in Pittsburgh, Pennsylvania. Chosen participants meet with leaders, take part in unique development opportunities and are recognized for their efforts in supporting our wellness initiatives.



Understanding the importance of supporting employees in all aspects of their lives, we provide an Employee Assistance Program with a full range of resources including financial wellness, mental health and family services. Koppers also introduced a parental bonding leave program in the U.S., offering four weeks of paid time-off for mothers and fathers who have a birth or adoption.

Koppers encourages employee participation in the company's success through a strong 401(k) program and a stock purchase program. The U.S. 401(k) program includes both traditional matching and an additional non-elective company contribution based on organizational goals and targets. When employees help the company achieve these targets, this triggers an additional contribution to their accounts.





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We are also proud to offer our employees Koppers stock through an employee purchase program. Now in its second full year, the program gives our employees the opportunity to buy shares at a discount through payroll deduction during defined offering periods.





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## Talent Management

Through ongoing dialog with employees, we identified the need to provide a more consistent and comprehensive on-boarding and safety training experience for new hires across all facilities. In 2018, we began building an interactive, web-based training program backed by a communications strategy. This program ensures every employee receives the same messaging from their first day onward. Beginning in 2019, the new on-boarding process will include regular follow-up communications to all new hires during their first six months of employment. This touchpoint will allow us to solicit feedback about the onboarding and training experience and identify opportunities for improvement.

In addition to our onboarding improvements, we are studying ways to better screen for at-risk behaviors prior to hiring. By better understanding the behavior traits of our candidates and employees, we can better match prospective associates with roles where they can avoid workplace injuries and be successful. We can also use behavioral data to identify opportunities to provide effective and individualized training and onboarding.

As part of our regular performance development process, we ask employees and managers to meet on a periodic basis throughout the year to discuss what is needed for them to be successful in their roles. A few years ago we replaced traditional annual reviews that look back on the past 12 months with a new process that involves two-way discussions throughout the year focused on fostering new ideas and ways to meet personal and professional goals.

The company fosters innovation and our next wave of talent within the Koppers Leadership Forum, an intensive 9-month program developed in partnership with Robert Morris University. Approximately 10-12 people are chosen for each cohort from across the globe. Participants travel to the corporate headquarters to take part in workshops facilitated by university professors and business leaders.

Koppers employees provide direct feedback to leadership as part of the company's annual engagement survey. The heavily promoted survey program features a 70 percent participation rate – notable considering the varied locations and geographies of employees – and includes follow-up communications on action plans to address areas of focus.



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## Fostering Diversity and Inclusion

We are committed to supporting diversity and inclusion in our company and in our communities through a range of strategic programs. It is a targeted area for our internal processes and programs as well as external philanthropic activities.

The company's focus on developing diverse talent starts before a prospective employee even joins the company. Taking inspiration from best practices and well-known programs, the company's employment pipeline must provide each hiring manager with a diverse slate of candidates to ensure representative access and opportunity.

Koppers recently introduced its first employee resource group, LINKwomen, which focuses on increasing visibility and development of women within the organization. The group provides programming to create leadership and exposure opportunities for participants, and serves as a model for future employee initiatives.

Our [Board of Directors](#) provides oversight of our continued efforts to build strength through diversity of talent and experience. When the opportunity arose to identify candidates for election in 2018, the Board engaged an executive search firm specializing in presenting a diverse slate of individuals. In September, we announced the election of Traci L. Jensen, David L. Motley and Sonja M. Wilkerson to the Board. Each new director brings a unique background and skillset to the organization. In early 2019, Pittsburgh





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Business Times ranked Koppers No. 1 for women on boards of local publicly traded companies and No. 4 on the publication's list for racial diversity of boards.

The company's efforts to invest in its people continues to drive meaningful results. For 2018, Koppers headquarters operations ranked No. 4 for midsize companies on the Pittsburgh Post-Gazette's Top Workplaces list, up from No. 7 in 2017. Additionally, Koppers was recognized as the top company for accepting new ideas from employees.



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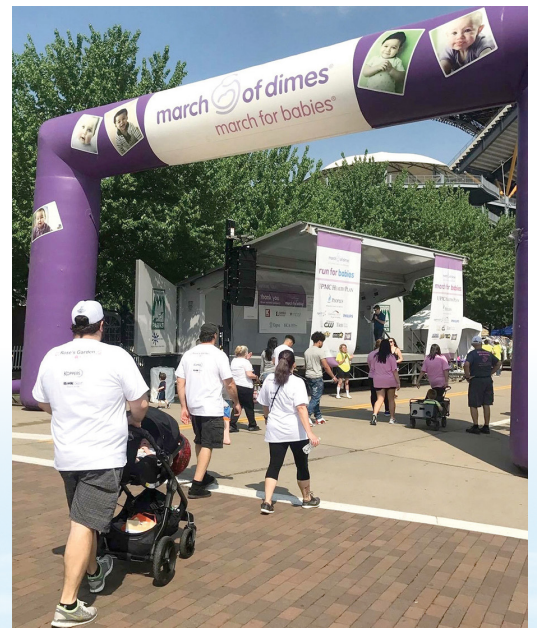


## Community Engagement

Our employees care deeply about making a positive impact in the communities where they work and live. Koppers is a key contributor to local economies and in many instances, a major employer to the areas in which we operate. Our teams are committed to being responsible neighbors and we engage with our community members to ensure we remain transparent with them about ongoing operations. In addition, we seek to understand and support the causes that are most important to our communities, so we may raise the standard of living and well-being wherever we operate.

### Philanthropic Giving

Koppers community impact comes “full circle” through the proactive efforts of employees and a corporate philanthropy program. Employees worldwide are committed to their communities, volunteering to assemble charitable walk teams, mentor students, enhance local STEM education initiatives, care for the elderly, assist at homeless shelters and provide hands-on help to those affected by natural disasters. The company maintains strong, long-standing relationships with organization like United Way, and many employees give their time to serve on boards of local organizations and nonprofits. In addition to employee-driven causes, our philanthropy program supports important issues that align with the company’s values, including STEM education and diversity and inclusion initiatives.





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## Employees Show Heart and Strength Amid Flooding Disaster

Koppers employees at our facility in Hubbell, Michigan, went above and beyond to help their community when it was hit by devastating storms and flooding in June 2018. Major roads were shut down due to washouts and massive sink holes, and a number of residents faced emergency evacuation as their homes and surrounding land were severely damaged.

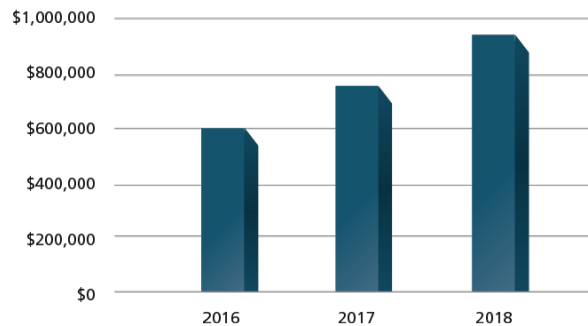


Our people provided selfless leadership and exemplified the true spirit of community through their efforts, including:

- Clearing mud, rocks and water off the main highway using the plant's heavy equipment
- Staffing the command station at the volunteer fire department throughout the recovery
- Helping evacuate residents who were faced with the danger of a nearby hill collapsing
- Providing pizza and beverages for volunteers
- Picking up and delivering bottled water, as local supplies were contaminated, even going so far as to use personal ATVs to reach areas that could not be accessed by regular vehicles
- Repairing yards and digging mud from basements in an effort to help neighbors return to their homes
- Providing personal protective equipment, landfill boxes for destroyed items and heavy equipment to clear debris
- Offering available warehouse space as a staging area for donated supplies
- Opening the plant's gas pump to community members who were using their personal tractors and small equipment to help with the disaster relief
- Receiving training from FEMA and Homeland Security to assist in door-to-door damage assessment information and documentation

**Overall, Koppers employees volunteered more than 700 hours of their time during this devastating flood.**



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**Koppers Philanthropic Giving (Global)**


### Standing Firm Against Domestic Violence

In October 2018, Koppers received the Employer of the Year Award from **STANDING FIRM**, an initiative of the Women's Center and Shelter of Greater Pittsburgh focused on working with companies to foster partner violence awareness. Koppers has partnered with the group for two years and has taken significant steps to help raise awareness of partner violence, with plans for more to come. We enhanced our Workplace Violence Policy to include information related to domestic violence, including what it is, how to report it and where to access trusted tools and resources. Training was provided to the Human Resources team on how to manage employee concerns about safety. Additionally, Koppers provided partner violence prevention training for all Pittsburgh-area employees, and is committed to offering additional training to employees across the U.S.





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## National Giving and Local Connections

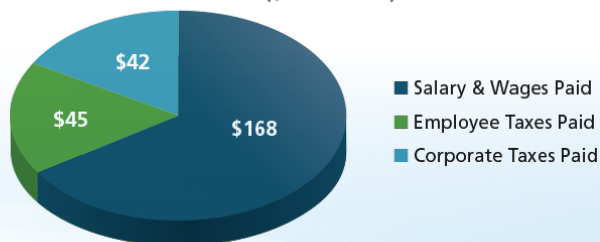
In August 2018, CEO Leroy Ball issued a fundraising challenge for the second year in a row to all Koppers U.S. locations in support of the Leukemia and Lymphoma Society (LLS) Over the Edge Event held at the Koppers Building in Pittsburgh. All locations which raised funds for LLS received a match of corporate donation dollars to be used for community involvement activities of their choice. The top 12 fundraising locations (based on dollars per employee) that raised more than \$1,500 were able to select at least one courageous employee from their location to visit Pittsburgh and rappel 22 stories down the historic Koppers Building. During their travels, employees also enjoyed meeting fellow colleagues from across the U.S., a group dinner in The ATTIC (Koppers new innovation space) with Ball and employees from the company's headquarters, as well as a sightseeing tour of Pittsburgh.



## Global Economic Impact

We are proud of the circular benefits our business creates across the globe. Supporting our employees and their families and significantly contributing to tax bases strengthens the financial foundation of the communities where our operations are located and our employees live.

**Global Economic Impact**  
(\$ in Millions)



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## Thank You

In closing, we would like to thank everyone who contributed to our company's achievements in 2018, which would not have been possible without the participation of all of our stakeholder groups.

- To our employees, for bringing our Zero Harm / Zero Waste culture to life.
- To our customers, for valuing the safety, quality and performance of our products and services.
- To our investors, for understanding how we seek to create sustainable value.
- To our communities, for continuing to welcome us as your neighbors.
- To our vendors, suppliers and partners, for helping us to achieve our sustainability goals.

Thank you to all for playing an important role in our "circular" success.





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## GRI STANDARDS INDEX REPORT GENERAL DISCLOSURES

### About This Report

Koppers is dedicated to continuous improvement and sustainable value creation. This report covers significant accomplishments and programs in place for the 2018 fiscal year, and references Global Reporting Initiative (GRI) guidelines. Looking ahead, we expect to publish a 2019 sustainability report fully aligned with the GRI Standards: Core Option.

### Core Disclosures

GRI STANDARD	DISCLOSURES	DESCRIPTION	LOCATION
<b>GENERAL DISCLOSURES</b>			
GRI 102: General Standard Disclosures	102-1	Name of the organization	Koppers Holdings Inc.
	102-2	Activities, brands, products, and services	<a href="#">About Koppers; Our Place in the Circular Economy; 2018 Form 10-K, p. 6-9</a>
	102-3	Location of headquarters	436 Seventh Avenue Pittsburgh, PA 15219-1800
	102-4	Locations of operations	<a href="#">2018 Form 10-K p. 24-25</a>
	102-5	Ownership and legal form	Publicly traded company
	102-6	Markets served	<a href="#">About Koppers; Our Place in the Circular Economy</a>
	102-7	Scale of the organization	<a href="#">About Koppers; Our Employees; 2018 Form 10-K, p. 6-9</a>
	102-8	Information on employees and other workers	<a href="#">Our Employees</a>



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GRI STANDARD	DISCLOSURES	DESCRIPTION	LOCATION
GENERAL DISCLOSURES			
	102-9	Supply chain	<a href="#">Our Place in the Circular Economy</a>
	102-10	Significant changes to the organization and its supply chain	<a href="#">About Koppers</a>
	102-11	Precautionary Principle or approach	Although Koppers does not formally follow the precautionary principle, we assess risks across our operations
	102-12	External initiatives	<a href="#">About Koppers; Safety, Health &amp; Environment</a>
	102-13	Membership of associations	<a href="#">About Koppers</a>
	102-14	Statement from senior decision-maker	<a href="#">A Message from the CEO</a>
	102-15	Key impacts, risks, and opportunities	<a href="#">About Koppers</a>
	102-16	Values, principles, standards, and norms of behavior	<a href="#">About Koppers</a>
	102-17	Mechanisms for advice and concerns about ethics	<a href="#">About Koppers</a>
	102-18	Governance structure	<a href="#">About Koppers</a>
	102-40	List of stakeholder groups	<a href="#">About Koppers</a>
	102-41	Collective bargaining agreements	<a href="#">Our Employees</a>
	102-42	Identifying and selecting stakeholders	<a href="#">About Koppers</a>
	102-43	Approach to stakeholder engagement	<a href="#">About Koppers</a>
	102-44	Key topics and concerns raised	<a href="#">About Koppers</a>
	102-45	Entities included in the consolidated financial statements	<a href="#">2018 Form 10-K, p. 50</a>





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GRI STANDARD	DISCLOSURES	DESCRIPTION	LOCATION
<b>GENERAL DISCLOSURES</b>			
	102-46	Defining report content and topic Boundaries	<a href="#">2018 Form 10-K, p. 6</a>
	102-47	List of material topics	<b>Our Sustainability and Strategic Priorities</b> Over the past two years, Koppers Board of Directors and senior management team started to identify, evaluate, and prioritize the organization's key sustainability issues. These Key Sustainability Issues are: <ul style="list-style-type: none"> <li>• Employee Satisfaction</li> <li>• Safety, Health and Environmental Management</li> <li>• Ethics and Compliance</li> <li>• Community Engagement</li> <li>• Supply Chain</li> <li>• Customer Relations and Product Stewardship</li> <li>• Global Competitiveness</li> </ul>
	102-48	Restatements of information	None
	102-49	Changes in reporting	This report represents the company's shift to reference the GRI Standards reporting framework. We plan to publish our first GRI Standards Core report in 2020 following the 2019 fiscal year.
	102-50	Reporting period	January 1, 2018 through December 31, 2018
	102-51	Date of most recent report	2017
	102-52	Reporting cycle	Annual
	102-53	Contact point for questions regarding the report	Joseph Dowd, Global Vice President, Safety, Health, Environmental and Process Excellence  <b>Contact:</b> <a href="mailto:sustainability@koppers.com">sustainability@koppers.com</a>



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GRI STANDARD	DISCLOSURES	DESCRIPTION	LOCATION
<b>GENERAL DISCLOSURES</b>			
	102-54	Claims of reporting in accordance with the GRI Standards	This report aligns with GRI Standards but has not been produced in accordance with the Core or Comprehensive option.
	102-55	GRI content index	This document represents the company's content index
	102-56	External assurance	The company is not seeking assurance for this year's sustainability report.
<b>ECONOMIC TOPICS</b>			
GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	<a href="#">2018 Financial Performance and Highlights; 2018 10-K, p. 50</a>
	201-3	Defined benefit plan obligations and other retirement plans	<a href="#">2018 10-K, p. 20</a>
GRI 204: Procurement Practices	204-1	Proportion of spending on local suppliers	
GRI 205: Anti-corruption	103-2	The management approach and its components	<a href="#">Governance &amp; Ethics</a>
	103-3	Evaluation of the management approach	<a href="#">Governance &amp; Ethics</a>
	205-2	Communication and training about anti-corruption policies and procedures	<a href="#">Governance &amp; Ethics</a>
<b>ENVIRONMENTAL TOPICS</b>			
GRI 302: Energy	302-1	Energy consumption within the organization	<a href="#">Environmental Performance</a>
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	<a href="#">Environmental Performance</a>
	305-5	Reduction of GHG emissions	<a href="#">Environmental Performance</a>
GRI 306: Effluents and Waste	306-3	Significant Spills	<a href="#">Environmental Performance</a>
GRI 308: Supplier Environmental Assessment	103-2	The management approach and its components	<a href="#">Responsible Supply Chain Management</a>
	103-3	Evaluation of the management approach	<a href="#">Responsible Supply Chain Management</a>
Other Indicators	ISS	Enterprise level environmental policy	<a href="#">Safety, Health and Environmental Policy</a>
		Presence of Environmental Management System(s)	<a href="#">Environmental Management and Certifications</a>
		Reporting of emissions data to CDP	<a href="#">2018 Climate Change Response</a> (2018 Score: C)





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GRI STANDARD	DISCLOSURES	DESCRIPTION	LOCATION
<b>SOCIAL TOPICS</b>			
GRI 403: Occupational Health and Safety	103-2	The management approach and its components	<a href="#">Safety, Health, and Environment</a>
	103-3	Evaluation of the management approach	<a href="#">Safety, Health, and Environment</a>
	403-9	Work-related injuries	<a href="#">Safety Performance</a>
GRI 404: Training and Education	404-2	Programs for upgrading employee skills and transition assistance programs	<a href="#">Talent Management</a>
GRI 405: Diversity and Equal Opportunity	103-2	The management approach and its components	<a href="#">Fostering Diversity and Inclusion</a>
	103-3	Evaluation of the management approach	<a href="#">Fostering Diversity and Inclusion</a>
GRI 413: Local Communities	103-2	The management approach and its components	<a href="#">Stakeholder Engagement; Community Engagement</a>
	103-3	Evaluation of the management approach	<a href="#">Stakeholder Engagement; Community Engagement</a>
GRI 414: Social Supplier Assessment	103-2	The management approach and its components	<a href="#">Responsible Supply Chain Management</a>
	103-3	Evaluation of the management approach	<a href="#">Responsible Supply Chain Management</a>
GRI 416: Customer Health and Safety	103-2	The management approach and its components	<a href="#">Product Safety &amp; Responsibility</a>
	103-3	Evaluation of the management approach	<a href="#">Product Safety &amp; Responsibility</a>



## 2017-18 UNAUDITED RECONCILIATION OF NET INCOME TO EBITDA AND ADJUSTED EBITDA

	Year Ended December 31,	
	2018	2017
<i>(In millions)</i>		
Net income	\$ 29.2	\$ 30.5
Interest expense	56.3	42.5
Loss on extinguishment of debt	—	13.3
Depreciation and amortization	54.8	62.8
Income taxes	26.0	29.0
(Income) loss from discontinued operations	(0.4)	0.8
EBITDA with noncontrolling interest	165.9	178.9
Unusual items impacting net income:		
Impairment, restructuring and plant closure costs	23.5	15.9
Non-cash LIFO expense (benefit)	12.6	(0.5)
Mark-to-market commodity hedging loss (gain)	6.9	(3.5)
UIP inventory purchase accounting adjustment	6.0	—
Acquisition closing costs	3.1	—
Contract buyout	1.6	—
Sale of land	1.1	—
Sale of specialty chemicals business	0.9	—
Pension settlement charge	—	10.0
Reimbursement of environmental costs	—	(0.4)
Adjusted EBITDA with noncontrolling interests	\$221.6	\$200.4
Adjusted EBITDA margin	13.0%	13.6%

## 2015-16 UNAUDITED RECONCILIATION OF NET INCOME TO EBITDA AND ADJUSTED EBITDA

	Year Ended December 31,	
	2016	2015
<i>(In millions)</i>		
Net income	\$ 27.7	\$ (76.0)
Interest expense	50.8	50.7
Depreciation and amortization	60.5	59.9
Income taxes	11.4	(4.2)
Loss (income) from discontinued operations	(0.6)	0.1
EBITDA with noncontrolling interest	149.8	29.6
Unusual items impacting net income:		
Impairment, restructuring and plant closure costs	33.2	122.0
Net loss (gain) on sale of business	1.7	(2.3)
Reimbursement of environmental costs	(2.7)	0.0
Escrow recovery	(1.0)	0.0
Mark-to-market commodity hedging (non-cash)	(1.7)	0.7
Non-cash LIFO (benefit) expense	(9.5)	0.2
Pension settlement charge	4.4	0.0
Total adjustments	24.4	120.6
Adjusted EBITDA with noncontrolling interests	\$174.2	\$150.2