



# Koppers Holdings Inc. Corporate Governance Guidelines

## Selection and Composition of the Board

### 1. **Board Membership Criteria**

The Nominating and Corporate Governance Committee (the "Committee") is responsible for reviewing with the Board, on an annual basis, the appropriate skills and characteristics required of Board members in the context of the current make-up of the Board. In assessing potential new Directors, the Committee considers individuals from various disciplines. The Board acknowledges the importance of ensuring that it has the mix of perspectives, experience and competencies that are appropriate to the Company's strategies and its business, market, geographic and regulatory environments. The selection of qualified Directors is complex and crucial to the Company's long-term success. Board candidates are considered based upon various criteria, such as their broad-based business skills and experiences, prominence and reputation in their profession, a global business perspective, concern for the long-term interests of the shareholders and personal integrity, values and judgment -- all in the context of an assessment of the perceived needs of the Board at that point in time. In addition, Directors must have significant time available to devote to Board activities and to enhance their knowledge of the Company's business. Directors are expected to attend meetings of the Board, its committees on which they serve and the Annual Meeting of Shareholders. The Committee will annually review the membership criteria and modify them as appropriate.

### 2. **Selection of New Directors**

Candidates may be recommended to the Committee by other Directors, employees and shareholders. In addition, candidates may be recommended by the Committee itself. After a review of Board candidates by the Committee, with the aid of the Chief Executive Officer (the "CEO"), the Chair of the Committee and the CEO will interview potential Board candidates designated by the Committee. The results of these interviews will be reviewed with all Directors before the Committee recommends nominees.

### 3. **Extending the Invitation to a Potential Director to Join the Board**

The Chair of the Committee and/or the CEO shall extend the invitation to join the Board, or to stand for election to the Board.

### 4. **Director Orientation and Continuing Education**

An orientation process will be conducted for new Directors so they are familiar with the Company's vision, strategic direction, core values, financial matters, corporate governance practices and other key policies and practices through a review of background material, meetings with the CEO and other officers elected by the Board who report to the CEO ("Senior Management"), potential visits to the Company's facilities and potential discussions with customers and suppliers. The Board also recognizes the importance of continuing education for Directors. Directors are encouraged to participate in continuing Director education programs to help them stay current on corporate governance, best Board practices, financial and accounting practices, ethical issues for Directors and management, and similar matters.

## **Board Leadership**

### **5. Selection of Chairman of the Board of Directors and CEO**

The Board should be free to make this choice any way that seems best for the Company at a given point in time. The Board's current policy is that the roles of the Chairman of the Board of Directors and CEO should be separate.

### **6. Chairman of the Board of Directors and CEO Roles**

If the roles of the Chairman of the Board of Directors and the CEO are combined (or if such roles are separate but both roles are filled by employees), the Chair of the Committee will be an independent Director and will act as the Presiding Director for the executive sessions of the non-management Directors and in communicating the Board's annual evaluation of the CEO. The Chair of the Committee, together with the members of the Committee, will develop the agendas for those executive sessions and periodically review and propose revisions to the Board's procedures and the Corporate Governance Guidelines. If the roles of the Chairman of the Board of Directors and the CEO are separate and the role of the Chairman of the Board of Directors is filled by a non-employee Director, the Chairman of the Board of Directors shall undertake the responsibilities of the Presiding Director set forth in these Guidelines, provided, however, that if the Chairman of the Board of Directors is not an independent Director, the responsibilities of the Presiding Director set forth in these Guidelines shall be determined by the independent Directors on a meeting-by-meeting basis with respect to all separate meetings of the independent Directors.

### **7. Duties and Responsibilities**

To maximize long-term shareholder value, the Board will, among other things:

- Provide oversight designed to assure that the Company operates in a legal, ethical, and socially responsible manner;
- Offer substantive advice and counsel to the CEO and work with the CEO to develop effective measurement systems that will evaluate and determine the Company's degree of success in creating long-term economic value for its shareholders;
- Review, approve and monitor fundamental financial strategies and major corporate actions;
- Review the Company's financial performance on a regular basis;
- Review at least annually the Company's long term strategy and assess the Company's strategic, competitive and financial performance;
- Oversee the Company's capital structure and financial policies and practices;
- Oversee the disclosure controls and procedures and internal control over financial reporting established to provide full, fair, accurate, timely and understandable disclosure by the Company in periodic reports, proxy statements and other filings filed or furnished by the Company under the Securities and Exchange Act of 1934, as amended ("Exchange Act");
- Provide counsel and oversight on the selection, evaluation, development and compensation of Senior Management and provide critical and candid feedback on Senior Management's successes and failures; and
- Oversight of Koppers risk assessment and management process.

## Board Composition and Performance

### 8. Size of the Board

The Board periodically considers the number of members appropriate for effective operation. Presently, the Board believes its appropriate size is no more than nine members, recognizing that retirements, resignations and recruiting delays may result, occasionally, in the Board temporarily consisting of a slightly greater or lesser number of Directors than targeted.

### 9. Mix of Management and Independent Directors

The Board believes that as a matter of policy, there should be a majority of independent Directors on the Company's Board.

### 10. Board Definition of What Constitutes Independence for Directors

No Director qualifies as "independent" unless the Board affirmatively determines that the Director has no material relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a material relationship with the Company).

The Board has established the following guidelines to assist it in determining Director independence:

A Director will not be independent if, within the preceding three years:

- the Director was or is currently employed by the Company;
- an immediate family member of the Director was or is currently employed by the Company as an executive officer;
- the Director was (but is no longer) a partner in or employed by the Company's internal or external auditor and personally worked on the Company's audit within that time;
- an immediate family member of the Director was (but is no longer) a partner in or employed by the Company's internal or external auditor and personally worked on the Company's audit within that time;
- a current executive officer of the Company was or is currently on the compensation committee of a company which employed the Company's Director, or which employed an immediate family member of the Director as an executive officer at the same time; or
- the Director or an immediate family member of the Director received in any twelve-month period during such three-year period direct compensation from the Company and its consolidated subsidiaries in excess of \$120,000 other than Director compensation (including committee fees) and pensions or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service).

A Director will not be independent if:

- the Director or the immediate family member of the Director is a current partner of the Company's internal or external auditor;
- the Director is a current employee of such firm; or

- the Director has an immediate family member who is a current employee of such firm and personally works on the Company's audit.

The following commercial or charitable relationships will not be considered to be material relationships that would impair a Director's independence:

- if a Director is a current employee of, or has an immediate family member who is a current executive officer of another company that has made payments to, or received payments from the Company, in any of the last three fiscal years that are less than the greater of \$1 million or two percent (2%) of the consolidated gross revenues of the company with which he or she is so associated;
- if a Director is an executive officer of another company which is indebted to the Company, or to which the Company is indebted, and the total amount of either company's indebtedness to the other is less than two percent (2%) of the total consolidated assets of the company he or she serves as an executive officer; and
- if a Director serves as an officer, director or trustee of a charitable organization, and the Company's discretionary charitable contributions to the organization are less than the greater of \$1 million or two percent (2%) of that organization's consolidated gross revenues (excluding for this purpose any Company automatic matching of employee and Director charitable contributions).

Each independent Director shall notify the Chair of the Committee, as soon as practicable, of any event, situation or condition that may affect the Board's evaluation of his or her independence.

**11. Former CEO Board Membership**

The Board's current policy is that a former CEO of the Company may continue to serve on its Board, subject to the provisions of Section 15.

**12. Directors Who Change Their Present Job Responsibility**

When a Director's principal occupation or business association changes substantially from the position he or she held when originally invited to join the Board, the Director shall notify the Chairman of the Committee. The Committee will then determine whether such change is inconsistent with the specific rationale for selecting that individual and the guidelines for board membership. The Committee will recommend the action, if any, to be taken regarding the situation based on the specific circumstances.

**13. Outside Board Memberships**

Non-employee Directors are encouraged to consider the number of other public boards (excluding non-profits) on which they serve, taking into account potential board attendance, participation and effectiveness on these boards. Non-employee Directors must notify the Chair of the Committee, the CEO or the Secretary prior to accepting an invitation to serve on the board of another business corporation or non-profit in order to allow the Company to conduct a review for potential conflicts and other issues. Senior Management must obtain the approval of the Committee prior to accepting an invitation to serve on the board of another public company or on the board of any private company (excluding non-profits). A limit of two shall be placed on the number of such outside directorships by Senior Management. Senior Management may not serve on the board

of a company for which an independent Director serves in any management capacity (excluding non-profits).

**14. Term Limits**

All Directors, other than the Company's CEO, will have a term limit of 15 years, unless the Board approves an exception to this limit, which the Board shall have the authority to do on a case-by-case basis. The foregoing limit shall only apply to Directors who are first elected to the Board after August 2, 2017.

**15. Retirement Age**

A Director will not be eligible to stand for re-election where he or she has reached age 74 before the date of election, unless the Board approves an exception to this guideline, which the Board shall have the authority to do on a case-by-case basis.

**16. Board Compensation**

The Board periodically, but at least once every two years, reviews and sets the compensation for non-employee Directors based, in part, on the recommendation of the Management Development and Compensation Committee. Factors considered by the Management Development and Compensation Committee in recommending the amount and form of Director compensation include (a) the level of compensation necessary to attract and retain qualified Directors; (b) maintaining Director independence; and (c) providing incentives that encourage Directors to act in the interests of shareholders. Directors who are employees of the Company do not receive separate compensation for their service as a Director. Directors are reimbursed for travel expenses incurred in connection with their duties as Directors.

**17. Loans to Directors and Senior Management**

It is the policy of the Company not to make any personal loans to its Directors or to Senior Management after the effective date of these Guidelines.

**18. Stock Ownership By Non-Employee Directors**

The Board has adopted stock ownership guidelines for the Company's non-employee Directors (the "Guidelines"). A copy of the Guidelines is attached hereto as Appendix A.

**19. Access to Outside Advisors**

The Board, as well as each board committee, may retain independent outside financial, legal, compensation or other advisors as appropriate at the expense of the Company.

**20. Assessing the Board's Performance**

The Board must perform a self-evaluation on an annual basis. The Committee is responsible to report annually to the Board an assessment of the Board's performance. The assessment will include a review of the Board's overall effectiveness and the areas in which the Board or the Committee believes the Board can make an impact on the Company. The purpose of the evaluation is to increase the effectiveness of the Board, not to focus on the performance of individual Board members. The Committee will also utilize the results of this evaluation process in determining the characteristics and assessing critical skills required of prospective candidates for election to the Board and making recommendations to the Board with respect to assignments of Board members to various committees.

**21. Ethics and Conflicts of Interest**

The Company has adopted a Code of Business Conduct and Ethics applicable to all Directors, officers and employees of the Company and its subsidiaries. The Code covers such matters as conflicts of interest, insider trading, misuse of confidential information, compliance with laws and protection and proper use of corporate assets. Directors are expected to comply fully with the Code of Business Conduct and Ethics and report any violations thereof, including any potential conflicts of interest, as outlined in the Code. All Directors will recuse themselves from any discussion or decision affecting their business or personal interests.

**22. Board's Interaction with Advisors, Institutional Investors, Press, Customers, Etc.**

The Board believes that as a general matter Senior Management speaks for the Company. Individual Board members may meet or otherwise communicate with various constituencies that are involved with the Company. If comments from the Board are appropriate, they should, in most circumstances, come from the Presiding Director. Any interested parties desiring to communicate with the Presiding Director or with the non-management Directors as a group, may send a letter by regular or express mail addressed to the Secretary, Koppers Holdings Inc., 436 Seventh Avenue, Pittsburgh, Pennsylvania 15219, Attention: Presiding Director or Non-Management Directors.

## **Board Relationship to Senior Management**

**23. Board Access to Senior Management**

Board members should have complete access to Senior Management. It is assumed that Board members will use judgment to be sure that this contact is not distracting to the business operation of the Company and that such contact, if in writing, be copied to the Chairman of the Board of Directors and CEO, as appropriate. Furthermore, the Board encourages Senior Management to, from time to time, bring (with the approval of the Chairman of the Board of Directors or CEO) other managers to Board meetings who: (a) can provide additional insight into the items being discussed because of personal involvement in these areas, and/or (b) are managers with future potential that the Senior Management believes should be given exposure to the Board.

## **Meeting Procedures**

**24. Selection of Agenda Items for Board Meetings**

The CEO will establish the agenda for each Board meeting and a draft of such agenda will be reviewed with the Presiding Director at least 24 hours prior to the commencement of the applicable meeting, except in the case of an emergency.

**25. Board Materials Distributed in Advance**

The Company will make every effort to send or post electronically materials for Board and Committee meetings in advance of such meetings and the Directors are expected to review the materials prior to the meetings. On those occasions in which the subject matter is extremely sensitive, the presentation will be discussed at the meeting.

## **Committee Matters**

### **26. Number, Structure and Independence of Committees**

There are currently five committees. They are: Audit; Nominating and Corporate Governance; Management Development and Compensation; Safety, Health and Environmental; and Strategy and Risk. Committee membership on all the committees (except the Safety, Health and Environmental Committee and the Strategy and Risk Committee) will consist only of independent Directors in accordance with the independence standards set forth herein and applicable laws and regulations, including the listing standards of the New York Stock Exchange. From time to time, the Board may want to form a new committee or disband a current committee depending upon the circumstances, regulations or Bylaws. The Board of Directors will assure that each committee has a charter setting forth its purpose, authority and duties. On an annual basis, each committee will review its charter and will present any modifications to the Board for approval. All committee charters are available on the Company's web site, [www.koppers.com](http://www.koppers.com).

### **27. Committee Performance Evaluation**

Each Board Committee will perform an annual evaluation of its performance, including a review of its compliance with the Committee charter. The purpose of such review is to increase the effectiveness of the Committee, not to focus on the performance of individual Committee members. The Audit, Management Development and Compensation and Nominating and Corporate Governance Committees will conduct periodic executive sessions of the non-management and independent Directors.

### **28. Assignment of Committee Members**

The Committee is responsible, after consultation with the Chairman of the Board of Directors and CEO, and with consideration of the desires of individual Board members, for the recommendation of Directors to various committees to the Board.

### **29. Frequency and Length of Committee Meetings**

The Chair of each committee, in consultation with committee members, will determine the frequency and length of the meetings of each committee.

### **30. Committee Agenda**

The Chair of each committee, in consultation with the appropriate members of the committee and management, will develop the committee's agenda.

### **31. Board Oversight**

The Board is responsible for overseeing the activities of its committees (except where such committees have sole authority to act pursuant to applicable law) and for ensuring that the committees are fulfilling their duties and responsibilities. The Board will regularly receive reports from its committees regarding their activities and will take such actions as it deems necessary and appropriate in response to these reports.

## **Leadership Development**

### **32. Formal Evaluation of the CEO**

The independent Directors should make this evaluation annually, and it should be

communicated to the CEO by the Presiding Director. The evaluation should be based on objective criteria including the performance of the business, accomplishment of long-term strategic objectives, development of management and other factors deemed important by the independent Directors. The evaluation will be used by the Management Development and Compensation Committee in the course of its deliberations when considering the compensation of the CEO.

**33. Succession Planning**

Among the most important functions of the Board of Directors is the selection of the CEO and planning for management succession to execute the strategic plans approved by the Board. The Board will review succession plans for the Company at least annually, including procedures for the selection of a CEO in the case of an emergency. The formal succession review process includes identifying back-up individuals who could assume key positions on an interim basis if an executive were to die or leave unexpectedly. During this process, Directors have ongoing contact with senior executives and other members of management and may take into account their experiences with management, as well as management's opinions, with respect to individuals qualified to succeed the CEO and other executives.

## **Miscellaneous**

**34. Confidentiality**

Directors shall hold all material, non-public information presented to them by the Company in confidence and shall not disclose this information to third parties except as required by law.

**35. Review of Guidelines**

These Corporate Governance Guidelines shall be reviewed at least annually by the Board and the Committee.

Adopted: April 20, 2006

Revised: February 4, 2009  
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November 3, 2010  
August 2, 2011  
February 6, 2013  
May 2, 2013  
August 7, 2013  
May 2, 2014  
November 5, 2014  
December 2, 2015  
August 2, 2017



## **Stock Ownership Guidelines for Non-Employee Directors**

### **1. Background**

Koppers Holdings Inc. (the “Company”) compensates non-employee members of its Board of Directors (“Non-Employee Directors”) in part with equity-based awards under the Company’s Long Term Incentive Plan.

### **2. Objectives**

These Guidelines are intended to:

- Demonstrate the commitment of Non-Employee Directors to and confidence in the Company’s long-term prospects, thereby sending a positive signal to the Company’s stakeholders.
- Establish commonality of interest through direct ownership of Company stock, encouraging a partnership-like environment between Non-Employee Directors and shareholders.
- Support a long-term focus through share ownership that:
  - Magnifies the downside risk associated with price declines of the Company’s stock;
  - Encourages Non-Employee Directors to consider the long-term impact of their decisions; and
  - Mitigates the risk of Non-Employee Directors supporting an unusually high degree of risk to obtain a short-term increase in the Company’s stock price.
- Quantify the Company’s expectations with regard to ownership of Company stock by Non-Employee Directors.

### **3. Stock Ownership Guidelines**

Pursuant to these Guidelines, Non-Employee Directors shall strive to accumulate a specified number of Company shares. The suggested stock ownership level for Non-Employee Directors is expressed as a multiple of the annual cash retainer for service as a director of the Company and is converted into a number of shares that is recalculated annually. The suggested multiple of such annual cash retainer is 500%.

### **4. Holdings**

The holdings that are to be included when measuring share ownership under these Guidelines are:

- Shares owned outright by a Non-Employee Director, including shares owned jointly with a spouse;

- Shares held in a personal IRA or rollover IRA; and
- Unvested restricted stock or restricted stock units.

The Company may, from time-to-time, request that a Non-Employee Director provide brokerage reports to verify reported stock ownership.

## **5. Oversight and Review**

These Guidelines are subject to periodic review by the Board of Directors of the Company. The Company's Secretary will maintain a list of Non-Employee Directors and their current holdings of Company stock. Non-Employee Directors may contact the Secretary of the Company with any questions concerning these Guidelines.

All purchases and sales of stock by Non-Employee Directors are subject to the Company's insider trading, pre-clearance and stock sale policies. Non-Employee Directors may contact the Company's General Counsel for more information on such policies.

These Guidelines shall cease to apply to a Non-Employee Director who dies, suffers a long-term disability or terminates service or retires as a member of the Company's Board of Directors.

## **6. Retention Ratio**

For purposes of these Guidelines, "Net Profit Shares" shall mean:

- With respect to time-based restricted stock or restricted stock units that vest in the name of a Non-Employee Director, those shares remaining after payment of taxes calculated based on an assumed tax rate of 45%.

It is suggested that Non-Employee Directors retain 75% of the Net Profit Shares until they meet the Suggested Ownership Level (as defined in paragraph 7 below).

## **7. Adjustments to Suggested Ownership Level**

The suggested ownership level (the "Suggested Ownership Level") shall be determined annually on the first business day of April (the "Annual Measurement Date"). The Suggested Ownership Level shall be calculated according to the following formula:

Suggested Ownership Level = Target Value / Average Stock Price

Target Value = Annual Cash retainer x 500%

Average Stock Price = the average of the quarter-ending closing prices of the Company's stock for the prior four quarters

Once established, the Suggested Ownership Level shall remain in place until the next Annual Measurement Date. Non-Employee Directors may comply with these Guidelines if their current holdings of the Company's stock are equal to or greater than the Suggested Ownership Level or, if their current holdings of the Company's stock are not equal to or greater than the Suggested Ownership Level, by compliance with the Retention Ratio set

forth in paragraph 6 above. Notwithstanding any other provisions of these Guidelines, Non-Employee Directors shall be permitted to sell Company securities pursuant to an Approved 10b5-1 Plan (as defined under the Company's Insider Trading and Securities Compliance Policy).

*Approved November 8, 2017*