



KOPPERS CARBON MATERIALS & CHEMICALS PTY LTD

MODERN SLAVERY STATEMENT

This Modern Slavery Statement (Statement) is made by Koppers Carbon Materials & Chemicals Pty Ltd (KCMC) for the reporting period 1 January 2020 to 31 December 2020. KCMC understands the need to address the issue of modern slavery and has prepared this Statement pursuant to section 13 of the *Modern Slavery Act 2018 (Cth)* (the Act).

This is the first Statement submitted by KCMC. KCMC recognises that modern slavery includes situations where coercion, threats or deception are used to exploit people and undermine or deprive them of their freedom and this can occur in many forms which includes: trafficking in persons, slavery, servitude, forced marriage, forced labour, debt bondage, deceptive recruiting for labour or services and the worst forms of child labour. The company further acknowledges that it has an obligation to protect human rights, starting from the way it conducts its business and is committed to ensuring there is transparency in its operations and approach to tackling modern slavery.

In the preparation of this Statement, KCMC has had regard to various pieces of literature including the "Guidance for Reporting Entities" provided by the Commonwealth Government. This Statement seeks to address each of the seven mandatory reporting criteria in the Act.

1. Reporting Entity

KCMC is an Australian company (ACN 003 947 699).

2. Structure, Operations and Supply Chains

2.1 Structure

KCMC is a proprietary company, incorporated in Australia with a registered office in Sydney and does not own or control any other entities. The company is a wholly owned subsidiary of Koppers Australia Pty Ltd (ABN 60 000 566 629), which is not a reporting entity under the Act, and is ultimately owned by Koppers Holdings Inc, a publicly listed company on the New York Stock Exchange whose head office is in Pennsylvania, United States.

KCMC is a leading diversified manufacturer of coal tar pitch, carbon black feedstock, naphthalene and creosote oil for Australian and international customers. KCMC proudly supports Australian manufacturing jobs and operates from its facility in Mayfield, New South Wales, consisting of a workforce of approximately 60 employees who are engaged under contract, award, or enterprise agreements. We do not have any staff engaged under a visa that ties them to our business, nor do we employ any seasonal workers.

2.2 Operations

The key operating activities conducted by KCMC are its:

- tar distillation refining process which beneficially reuses coal tar to manufacture and distribute quality carbon materials and chemicals vital to a range of industries in Australia and overseas;

- logistics distribution via a charter vessel. The ship is operated by a third party that directly employs the crew and ensures that Australian cabotage obligations are met with regards to employment of the crew;
- storage of pitch at a terminal facility in Australia, operated by a third party to deliver pitch to customers.

Product is delivered to customers either by sea or road freight. Most delivery functions are outsourced to third party carriers or are collected from KCMC's Mayfield facility by the customer's nominated freight carrier. KCMC works closely with third party freight carriers to ensure safety of all equipment and processes.

2.3 Supply Chains

KCMC seeks to do business with suppliers that have similar values and ethical and sustainable business practices as KCMC, including in relation to human rights.

KCMC engages approximately 300-400 suppliers directly. We acknowledge that our supply chain extends beyond these direct contractual relationships. The company engages a diverse range of suppliers directly, including but not limited to suppliers of: raw materials; telecommunications; insurance; IT hardware, software and services; road, rail and sea freight and shipping; professional services such as legal, accounting and payroll; electrical products and services; construction, engineering and maintenance services; waste management and drainage; pipes, valves and other construction and engineering products; laboratory products and services; and machinery and equipment hire.

Of KCMC's direct suppliers, approximately 96% are located in Australia. The remaining 4% are located in the United States, Denmark, Switzerland, Japan, Singapore, Taiwan, China and India. However, we know that a number of products purchased from Australian suppliers are in fact distributors who source the products from overseas, including from the United States, Europe, China and Taiwan.

3. Risks of Modern Slavery Practices in KCMC's Operations and Supply Chain

3.1. Risk Identification

This Statement sets out KCMC's actions towards ensuring that slavery and human trafficking are not taking place in our own operations or in our supply chains. We understand that in order to take a more effective approach to doing so, we must first identify where the potential risks of modern slavery are in our business. KCMC understands that because of the prevalence and widespread nature of modern slavery, every entity has risks of modern slavery in its operations and supply chains.

3.2. Operations

KCMC's operations involve manufacturing which is identified in available literature as a higher risk industry for modern slavery. Generally speaking, we understand that often manufacturing can involve a high degree of out-sourcing and sub-contracting – both reduce control and visibility an entity has over its operations. These strategies are often taken by organisations for cost-saving reasons, but this kind of expense-management can place vulnerable workers at risk as budgetary pressures are forced down an entity's supply chain.

We acknowledge that we manufacture with raw materials such as tar and soft pitch – derivatives of coal. Coal is often mined in particularly remote areas involving reliance on contracted and low-skilled

labour. Whilst our coal suppliers are indirect suppliers, KCMC understands that these factors all raise the risk that vulnerable workers may be capable of being exploited.

3.3. Supply Chains

KCMC understands that the risks relating to suppliers will vary depending on their industry, geographic location, company size and various other factors.

Of KCMC's direct suppliers, approximately 96% are located in Australia and 2.4% are located in the low-risk locations of United States, Denmark, Switzerland and Japan. Only 0.9% of our direct suppliers are located in geographic locations considered to be higher risk including Singapore, China and India. The final 0.7% of our direct suppliers are located in Taiwan, which is currently categorised as a low-risk location. However, experts note that there are substantial gaps in data for Taiwan; therefore, this categorisation may not be reliable.

KCMC procures goods and services that are in the following higher risk categories: various raw materials, security services, information and technology hardware and software, maintenance and cleaning services, postage, printing and stationery, food and groceries, furniture and fit outs, and uniforms for its employees.

Of the higher risk suppliers that we have identified, two provide products or services that are considered to be in higher risk categories.

Our Supplier relationships can range from long term arrangements, typically, for raw materials and utility products to shorter term arrangements for maintenance, consumable products and one-off services and products. We understand that shorter term arrangements can pose a greater risk of modern slavery as we will often have reduced visibility, knowledge, and control over those suppliers compared with our longer term arrangements.

4. Actions Taken to Assess and Address Modern Slavery Risks and Due Diligence

In response to the potential risks identified above, KCMC has been working to input different policies and processes to reduce those risks in an effective way.

4.1. Our Corporate Values

KCMC is committed to conducting business in accordance with our [Corporate Values](#). We expect every employee, manager, executive, and director of the company to uphold the highest standards of ethics, compliance, and transparency. Our goal is to act with honesty and integrity in all business and community dealings. These expectations are set forth in KCMC's Code of Conduct and reflected in our [sustainability efforts](#).

4.2. Our Code of Conduct

Our [Code of Conduct](#) requires employees, managers, executives, and directors of the company to obey the law and to assist the company in doing business in full compliance with the law, including laws related to labour and worker health and safety and the elimination of modern slavery. We provide all employees with the opportunity and means to raise concerns about potential violations of our Code of Conduct or the law by reporting such violations to the Compliance Officer or management or through an anonymous phone and email compliance line. Violations of the Code of Conduct or the law are not tolerated or condoned and can be grounds for suspension or termination of employment.

KCMC expects the same ethical conduct from its suppliers and remains committed to safety in our supply chain as we strive to be the most valued supplier of quality products and services in the industries we serve. KCMC is committed to conducting business in an ethical and responsible manner that supports and respects the protection of human rights and we desire to do business with partners who aspire to conduct their business in a similar manner. Koppers upholds high ethical standards and values, which include prohibiting illegal or unethical employment or business practices, including child labour, forced labour, or other forms of slavery or human trafficking.

4.3. Responsible Care Standards

The American Chemistry Council has created a Responsible Care Standard for chemical companies and their suppliers referred to as RC 14001. KCMC has established RC 14001 compliant policies, processes, and procedures that start from the premise that full compliance with all applicable legal requirements is the minimum level of performance. KCMC utilises a third party to perform its verification processes to ensure it satisfies the requirements of RC 14001.

This standard requires that KCMC, commensurate with risk, has systems to qualify and periodically review carriers, suppliers, distributors, customers, contractors, and third-party providers based on, among other things, health and safety. Qualification of our “high-risk” carriers, suppliers, distributors, customers, contractors, and third-party partners provides KCMC with a method to review our business partners’ commitment to health and safety. This process involves reviewing a third party partner’s management system, workers compensation loss history, incident rates, job related fatalities, recent regulatory citations, insurance policies and other items by region such as whether the third party has a written safety policy, proof of competency (including employee training records), method statements relevant to the work to be carried out, risk assessments on the proposed project, and a review of other regulatory requirements applicable to the third-party.

This management system also requires these business partners certify to regulatory compliance and provide KCMC with a right to audit compliance with our requirements. While RC 14001 directs a certain level of regulatory compliance, which includes compliance with applicable labour laws, it does not contain requirements relating to human trafficking or slave labour specifically. However, it does enable KCMC to obtain a large degree of visibility over the operations of our suppliers and into various factors that may still indicate the presence or absence of modern slavery risks.

4.4. Our Modern Slavery Policy

We have prepared a Modern Slavery Policy which applies to all of our staff and which will specifically address modern slavery risks in our operations and supply chains. Our Modern Slavery Policy is in its final form and will be published in reporting year 2021.

The Policy educates staff in relation to modern slavery but also advises them of our expectations of our staff in this regard. The Policy references a number of local and international laws and instruments related to modern slavery and highlights to staff the areas in which KCMC may be exposed to risks of modern slavery. The Policy also provides for reporting mechanisms and the ramifications of a breach of the Policy.

KCMC’s corporate governance framework seeks to address the complex risks associated with modern slavery not only by its Modern Slavery Policy but by the number of workplace policies it has in place to ensure performance in accordance with the principle of best practice and continuous improvement. The policies include: Anti-Corruption, Code of Conduct, Conflicts of Interest, Ethics

and Compliance Program, General Rules of Conduct on the Job, Reporting Non-Compliance and Wrongdoing, Investigations of Non-Compliance and Wrongdoing, and Risk Management.

4.5. Our Modern Slavery Supplier Code of Conduct

We have also drafted a specific Modern Slavery Supplier Code of Conduct which we aim to finalise and roll out in reporting year 2021.

This Code applies to all suppliers and articulates the standards of practice we expect of our suppliers and their representatives. The Code references a number of local and international laws and instruments related to modern slavery as well as defining modern slavery for educational purposes. We enshrine within the Code the multiple risk assessment and due diligence processes that we expect our suppliers to have in place.

4.6. Suppliers

We have also taken several steps that will allow us to embark on a productive journey with our suppliers in relation to building our modern slavery approach, with a specific focus on those suppliers identified in 3.3 above, including:

- (a) an initial correspondence letter to suppliers to start a dialogue around awareness of modern slavery and what we can all do to mitigate the risks in this area. This initial correspondence will be sent to selected suppliers in reporting year 2021;
- (b) a supplier questionnaire and covering letter to be sent to selected suppliers in reporting year 2021, that will enable KCMC to better understand the risks of modern slavery within suppliers' operations and supply chains;
- (c) the compilation of a list of all direct suppliers, their location, product and or service supplied and expenditure to enable us to further the supply chain mapping process detailed in 3.3 above;
- (d) a required covenant in contracts with suppliers that suppliers will act in accordance with all applicable laws;
- (e) written standard contract terms and conditions for procurement orders that have strong modern slavery clauses, such clauses to be incorporated in specific written supplier contracts (latter from reporting year 2021).

4.7. Training and Reporting

KCMC included two training modules in our 2020 Code of Conduct training on Modern Slavery and spotting human trafficking victims. KCMC, in partnership with external modern slavery experts, held a specific modern slavery workshop with key staff internally to raise awareness regarding the nature and prevalence of modern slavery and to educate these staff on Koppers approach to modern slavery risks.

Our Reporting Non-Compliance and Wrongdoing and Investigations of Non-Compliance and Wrongdoing Policies encourage employees and others working for KCMC to report incidents or concerns and assist us in tackling non-compliance with law or KCMC's policies including issues relating to modern slavery.

5. Describe how KCMC assesses the effectiveness of actions taken

KCMC wants to ensure the actions it is implementing in this space are productive and effective. We also understand that risks of modern slavery can change over time and require continued reassessment. For this reason, we have engaged the services of an independent expert to provide advice and consultation on our framework to address modern slavery risks and obligations under the Act, to ensure the current effectiveness of same.

The RC 14001 management system provides KCMC with a method to review our business partners' commitment to health and safety and requires our business partners to provide KCMC with a right to audit compliance with our requirements. On a periodic basis, our third-party partners are to provide a summary of their ongoing health and safety performance, including an evaluation of health and safety incident history and a description of corrective actions taken. Our policies also require that, on a periodic basis, we audit a sample of third-party partners to review representations and documentation reported by the third-party partner. While these assessment methodologies include an evaluation of health and safety performance and regulatory compliance, including with applicable labour laws, the above mentioned audits do not include specific human trafficking and slavery assessments but do provide a mechanism through which modern slavery risks can be identified. Because this audit is required on a periodic basis, KCMC will be regularly checking for risks and incidents and therefore obtaining up to date information as to the effectiveness of our approach.

The RC 14001 management system requires, commensurate with risk, the qualification and periodic review of our third-party partners, including requiring our direct business partners to certify to regulatory compliance with a focus on employee safety and health and environmental compliance. The results of same will provide some insight into modern slavery risks and therefore the effectiveness of our approach.

We also have reporting mechanisms as detailed above and within our Modern Slavery Policy. The feedback received through these avenues will be reviewed and will assist us in better understanding the nature and prevalence of any risks within our operations and supply chains, allowing us to adjust our approach accordingly to ensure effectiveness.

6. Describe the process of consultation with any entities that KCMC owns or controls

As described in section 2.1 above, KCMC does not own or control any other entities.

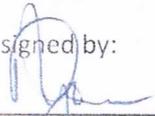
7. Provide any other information that KCMC considers relevant

KCMC does not consider that any additional information needs to be included in this Statement.

Approval

This Statement was approved by the board of directors of KCMC, our Principal Governing Body on ^{29th} June 2021.

Duly signed by:



Richard Lyons Date: ^{29th} JUNE, 2021

Director, Koppers Carbon Materials & Chemicals Pty Ltd

Responsible Member of KCMC's Principal Governing Body