FAIRMOUNT 2009 Corporate Social Responsibility Report

One company. One commitment. One by one. It's the little things that add up to make a big difference. About Our Report

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## Welcome

All it takes are a few like-minded people who start behaving differently, finding new and exciting ways of doing business and working to turn a company into a sustainable enterprise.

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One by one, the work of many leads to astounding results. Person by person, hour by hour. We take the steps we need to exceed expectations in people, planet and prosperity. One team. One project. One day at a time.

One by one. It's the little things that add up to make a big difference.

Welcome to the Fairmount Minerals 2009 Corporate Social Responsibility Report.

Planet

# People

One by one, we come to work every day, each one of us bringing unique talents and skills that create value for our customers, our communities and our business. Learn More >>

At Fairmount Minerals, we seek opportunities big and small to promote and practice environmental sustainability. Learn More >>

## Fairmount Minerals has a broad set of direct economic impacts affecting the prosperity and livelihood of stakeholders including employees, suppliers, investors, and non-profit partners. Learn More >>

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One story. One voice. One honest portrait of a company working to do good and do well. About Our Report

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#### Contact

For more information on Fairmount Minerals' 2009 Corporate Social Responsibility report, please contact Kristin Lewis at sustainability@fairmountminerals.com.



## **Report Parameters**

Since 2007, Fairmount Minerals has published an annual report detailing the organization's goals and performance in sustainable development.

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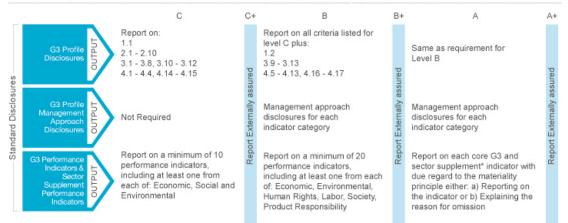
The 2009 Corporate Social Responsibility report is available in a comprehensive web version and an 8-page print version, which readers may request by contacting <u>sustainability@fairmountminerals.com</u>.

The performance data in this report are from calendar year 2009 and cover Fairmount Minerals' global operations, including subsidiaries, unless stated otherwise. Improvements in data collection and conversion methods for energy data in 2009 changed the 2008 reported greenhouse gas emissions and electricity and liquid propane usage data. Comparisons between 2009 and 2008 data in this report include the amended 2008 figures. In addition, we were unable to report on total weight of emissions from ozone-depleting substances in previous reports. We provide updated 2008 and 2009 totals in this report.

Fairmount Minerals follows the Global Reporting Initiative (GRI) G3 Guidelines in our reporting practices. To help our stakeholders easily recognize the extent to which we have applied the G3 Guidelines in the preparation of our report, Fairmount Minerals self-declares an application level. Our 2009 report aligns with GRI application level A, which is GRI verified.

We use the G3 principles for reporting to ensure the quality of our report.

#### REPORT APPLICATION LEVELS



Materiality & Stakeholder Inclusiveness: Fairmount Minerals engages our primary stakeholders through open houses, organization

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summits, community advisory councils, and ongoing communications initiatives to identify our strengths and build upon them in shaping our strategic mission and designing company initiatives. We report on the sustainability activities and performance that we believe reflects the stated needs and interests of our key stakeholder groups.

Sustainability Context & Completeness: The data and information contained within this report pertain to our environmental, social and economic impacts. We continue to improve our reporting process to more fully address a range of sustainability opportunities relevant to Fairmount Minerals and our stakeholders.

**Balance:** Fairmount Minerals practices transparency in reporting by sharing progress updates on all sustainable development goal areas. We present favorable and unfavorable results equally and share objective evaluations of our performance.

Comparability & Timeliness: Our report, which is published annually in April, follows the G3 Guidelines and includes a GRI Content Index.

Accuracy & Reliability: Fairmount Minerals' senior management has reviewed and approved this report.



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## Stakeholder Engagement



One meeting, one conversation — sometimes just listening makes all the difference in the world. Fairmount Minerals seeks opportunities to engage with our stakeholders to better understand their perspectives on important issues relating to our sustainability performance and goals. By listening to our stakeholders, we learn about the things we are doing well and the areas we have opportunities for improvement. Oftentimes, our stakeholder engagement practices uncover unique and effective ideas for enhancing our performance.

In 2009, our stakeholder engagement practices focused primarily on using technology to connect in efficient and environmentally responsible ways. Our online 2008 Corporate Social Responsibility report once again featured a reader survey, which helped us to understand the kinds of information most helpful and interesting to our stakeholders. We also launched an internal web and video conferencing system that enables all Fairmount Minerals locations to communicate with one another. This system allows our various sustainable development team members to meet more frequently without requiring travel.

#### Open Houses and Health Fairs

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We conducted open houses and health fairs at every Fairmount Minerals location in 2009. These events give us an opportunity to invite community members into our facilities and provide them with information about our general operations and sustainability initiatives. At the same time, our neighbors have a chance to ask questions and share their feedback on issues of importance to them. School tours also comprise a major portion of our stakeholder engagement efforts. Students ranging from elementary to post-secondary visit our facilities to learn about safe mining practices and environmental education.

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## **GRI** Content Index

1. Strategy and Analysis

PROFILE DISCLOSURE	DESCRIPTION	2009 REPORT	UN GLOBAL COMPACT COP ELEMENT
1.1	Statement from the most senior decision-maker of the organization	Letter from Chuck	Statement of Continuing Support
1.2	Description of key impacts, risks, and opportunities.	Strategy and Analysis	Statement of Continuing Support

#### 2. Organizational Profile

PROFILE DISCLOSURE	DESCRIPTION	2009 REPORT	UN GLOBAL COMPACT COP ELEMENT
2.1	Name of the organization.	Organization Profile	No specific COP element
2.2	Primary brands, products, and/or services.	Organization Profile	No specific COP element
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Organization Profile	No specific COP element
2.4	Location of organization's headquarters.	Organization Profile	No specific COP element
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Organization Profile	No specific COP element
2.6	Nature of ownership and legal form.	Organization Profile	No specific COP element
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Organization Profile	No specific COP element
2.8	Scale of the reporting organization.	Organization Profile	No specific COP element
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Organization Profile	No specific COP element
2.10	Awards received in the reporting period.	Collaborations	No specific COP element

#### 3. Report Parameters

PROFILE DISCLOSURE	DESCRIPTION	2009 REPORT	UN GLOBAL COMPACT COP ELEMENT
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Report Parameters	No specific COP element
3.2	Date of most recent previous report (if any).	Report Parameters	No specific COP element
3.3	Reporting cycle (annual, biennial, etc.)	Report Parameters	No specific COP element

3.4	Contact point for questions regarding the report or its contents.	Report Parameters	No specific COP element
3.5	Process for defining report content.	Report Parameters	No specific COP element
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Report Parameters	No specific COP element
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Report Parameters	No specific COP element
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Report Parameters	No specific COP element
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Report Parameters	No specific COP element
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re- statement (e.g.,mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Report Parameters	No specific COP element
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Report Parameters	No specific COP element
3.12	Table identifying the location of the Standard Disclosures in the report.	GRI Content Index	No specific COP element
3.13	Policy and current practice with regard to seeking external assurance for the report.	We did not seek external assurance for this report.	No specific COP element

#### E 4. Governance, Commitments, and Engagement

PROFILE DISCLOSURE	DESCRIPTION	2009 REPORT	UN GLOBAL COMPACT COP ELEMENT
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Governance	Actions taken to implement Principles 1-10
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Bill Conway, Chairman of the Fairmount Minerals Board of Directors, is not an executive officer.	Actions taken to implement Principles 1-10
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	Governance	Actions taken to implement Principles 1-10
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	<u>Stakeholder</u> Engagement	Actions taken to implement Principles 1-10
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	As a private company, Fairmount Minerals does not disclose any specific financial information, including sales, revenue, salary and bonus compensation. All	Actions taken to implement Principles 1-10

		Fairmount Minerals non-union employees are eligible for bonus compensation based on business metrics and the completion of our annual Bold Goals for sustainable development.	
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Governance	Actions taken to implement Principles 1-10
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	<u>Governance</u>	Actions taken to implement Principles 1-10
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Mission and Principles	Actions taken to implement Principles 1-10
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Letter from Chuck	Actions taken to implement Principles 1-10
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	2009 Performance	Actions taken to implement Principles 1-10
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	<u>Strategy and</u> <u>Analysis</u>	Actions taken to implement Principle 7
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Collaborations	Actions taken to implement Principles 1-10
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	Collaborations	Actions taken to implement Principles 1-10
4.14	List of stakeholder groups engaged by the organization.	<u>Stakeholder</u> Engagement	Sharing the COP with the Company's stakeholders
4.15	Basis for identification and selection of stakeholders with whom to engage.	<u>Stakeholder</u> Engagement	Sharing the COP with the Company's stakeholders
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	<u>Stakeholder</u> Engagement	Sharing the COP with the Company's stakeholders
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	<u>Stakeholder</u> Engagement	Sharing the COP with the Company's stakeholders

#### Economic

PERFORMANCE INDICATOR	DESCRIPTION	2009 REPORT	UN GLOBAL COMPACT COP ELEMENT
DMA EC	Disclosure on Management Approach	<u>Prosperity</u> , <u>2010</u> <u>Bold Goals</u>	Actions taken to implement Principles 1, 4, 6, and 7
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained	<u>Prosperity</u>	No specific COP element

earnings, and payments to capital providers and governments.

	governments.		
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	<u>Strategy and</u> <u>Analysis</u>	Actions taken to implement Principle 7
EC3	Coverage of the organization's defined benefit plan obligations.	Exceptional Workplace	No specific COP element
EC4	Significant financial assistance received from government.	We do not receive significant financial assistance from local or federal governments.	No specific COP element
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	We do not track this information.	Outcomes from implementing Principle 1
EC6	Policy, practices, and proportion of spending on locally based suppliers at significant locations of operation.	We do not currently track this information, but we plan to make local procurement an element of our sustainable supply chain practices in the long-term.	No specific COP element
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	While we do not have a specific policy relative to local hiring practices, the majority of our production employees and plant management are residents of the local communities in which our facilities are located.	Actions taken and outcomes from implementing Principle (
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Community Investment	No specific COP element
EC9	Understanding and describing significant indirect economic	Prosperity	No specific COP element

#### Environmental

PERFORMANCE INDICATOR	DESCRIPTION	2009 REPORT	UN GLOBAL COMPACT COP ELEMENT
DMA EN	Disclosure on Management Approach	<u>Planet, 2010 Bold</u> <u>Goals</u>	Actions taken to implement Principles 7, 8 and 9
EN1	Materials used by weight or volume.	Total acreage utilized by our mining operations are reported in Land Restoration & Biodiversity.	Outcomes from implementing Principle 8
EN2	Percentage of materials used that are recycled input materials.	Because the majority of our input materials come directly from the materials we mine, we have not calculated the percentage of recycled materials we purchase. In the	Outcomes from implementing Principles 8 and 9

		next year, we intend to calculate the percentage of packaging materials that are made from recycled content.	
EN3	Direct energy consumption by primary energy source.	Energy and Climate Change	Outcomes from implementing Principle 8
EN4	Indirect energy consumption by primary source.	Energy and Climate Change	Outcomes from implementing Principle 8
EN5	Energy saved due to conservation and efficiency improvements.	Energy and Climate Change	Outcomes from implementing Principles 8 and 9
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	<u>New Products and</u> <u>Markets</u>	Actions taken to implement Principles 8 and 9
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Energy and Climate Change	Actions taken to implement Principles 8 and 9
EN8	Total water withdrawal by source.	Water Conservation	Outcomes from implementing Principle 8
EN9	Water sources significantly affected by withdrawal of water.	Water Conservation	Outcomes from implementing Principle 8
EN10	Percentage and total volume of water recycled and reused.	Water Conservation	Outcomes from implementing Principles 8 and 9
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Land Restoration and Biodiversity	Outcomes from implementing Principle 8
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Land Restoration and Biodiversity	Outcomes from implementing Principle 8
EN13	Habitats protected or restored.	Land Restoration and Biodiversity	Outcomes from implementing Principle 8
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Land Restoration and Biodiversity	Actions taken to implement Principle 8
MM1	Amount of land (owned or leased, and managed for production activities or extractive use) disturbed or rehabilitated.	Land Restoration and Biodiversity	
MM2	The number and percentage of total sites identified as requiring biodiversity management plans according to stated criteria, and the number (percentage) of those sites with plans in place.	Land Restoration and Biodiversity	
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Our stakeholder engagement process deemed this level of detail immaterial to our report.	Outcomes from implementing Principle 8
EN16	Total direct and indirect greenhouse gas emissions by weight.	Energy and Climate Change	Outcomes from implementing Principle 8
EN17	Other relevant indirect greenhouse gas emissions by weight.	Energy and Climate Change	Outcomes from implementing Principle 8
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Energy and Climate Change	Actions taken and outcomes from implementing Principles 7, 8 and 9
EN19	Emissions of ozone-depleting substances (ODS) by weight.	In 2008, our ODS emissions resulting from leaked HCFC- 22 (R-22) totaled 100 pounds (lbs). We had two	Outcomes from implementing Principle 8

## separate R-22 leaks totaling 240 lbs. in 2009.

		2009.	
EN20	NOx, SOx, and other significant air emissions by type and weight.	<u>Air Quality</u>	Outcomes from implementing Principle 8
EN21	Total water discharge by quality and destination.	Water Conservation	Outcomes from implementing Principle 8
EN22	Total weight of waste by type and disposal method.	<u>Reduce, Reuse,</u> <u>Recycle</u>	Outcomes from implementing Principle 8
EN23	Total number and volume of significant spills.	We do not have any significant spills to report.	Outcomes from implementing Principle 8
ММЗ	Total amounts of overburden, rock, tailings, and sludges presenting potential hazards.	We do not track this information.	
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	While we do not currently track this information, we will begin to review relevant hazardous waste practices once we implement our waste tracking system in the near future.	Outcomes from implementing Principle 8
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	Water Conservation	Outcomes from implementing Principle 8
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	New Products and Markets	Actions taken to implement Principles 7, 8 and 9
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	<u>Reduce, Reuse,</u> <u>Recycle</u>	Outcomes from implementing Principles 8 and 9
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	We comply with all environmental laws and regulations.	Outcomes from implementing Principle 8
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Energy and Climate Change	Outcomes from implementing Principle 8
EN30	Total environmental protection expenditures and investments by type.	We do not track this information.	Actions taken and outcomes from implementing Principles 7, 8 and 9

#### Social: Labor Practices and Decent Work

PERFORMANCE INDICATOR	DESCRIPTION	2009 REPORT	UN GLOBAL COMPACT COP ELEMENT
DMA LA	Disclosure on Management Approach	<u>People, 2010 Bold</u> <u>Goals</u>	Actions taken to implement Principles 1, 3 and 6
LA1	Total workforce by employment type, employment contract, and region.	Organization Profile	No specific COP element
LA2	Total number and rate of employee turnover by age group, gender, and region.	We report a total employee retention rate in the Exceptional Workplace section of the report, but have not chosen to divide it out by age group, gender or region based on the	Outcomes from implementing Principle 6

		complexity of the data generation and the apparent satisfaction of our stakeholders with our current level of reporting.	
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Exceptional Workplace	No specific COP element
LA4	Percentage of employees covered by collective bargaining agreements.	Labor Practices and Human Rights	Outcomes from implementing Principles 1 and 3
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	We follow the minimum notice periods specified by the WARN Act whenever applicable.	Outcomes from implementing Principle 3
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	<u>Safety</u>	Outcomes from implementing Principle 1
MM4	Number of strikes and lockouts exceeding one week's duration, by country.	We do not have any strikes or lockouts to report.	
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	<u>Safety</u>	Outcomes from implementin Principle 1
LA8	Education, training, counseling, prevention, and risk- control programs in place to assist workforce members, their families, or community members regarding serious diseases.	<u>Health and</u> <u>Wellness</u>	Actions taken to implement Principle 1
LA9	Health and safety topics covered in formal agreements with trade unions.	<u>Safety</u>	Actions taken to implement Principle 1
LA10	Average hours of training per year per employee by employee category.	Although we do not currently track all types of training provided to our employees, we can report that, on average, every Fairmount employee received 8 hours of safety training in 2009. As our tracking systems improve in the long-term, we will provide more detailed information on employee training.	No specific COP element
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Training and Development	No specific COP element
LA12	Percentage of employees receiving regular performance and career development reviews.	<u>Training and</u> <u>Development</u>	No specific COP element
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Labor Practices and Human Rights	Outcomes from implementin Principles 1 and 6
LA14	Ratio of basic salary of men to women by employee	As a private	Outcomes from implementin

company,Principles 1 and 6Fairmount Mineralsdoes not discloseany specificfinancialinformation,including sales,revenue, salary andbonuscompensation.

#### Social: Human Rights

category.

PERFORMANCE INDICATOR	DESCRIPTION	2009 REPORT	UN GLOBAL COMPACT COP ELEMENT
DMA HR	Disclosure on Management Approach	People, 2010 Bold Goals	Actions taken to implement Principles 1, 2, 3, 4, 5, and 6
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	Sustainable Supply Chain	Outcomes from implementing Principles 1, 2, 3, 4, 5, and 6
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Sustainable Supply Chain	Actions taken and outcomes from implementing Principles 1, 2, 3, 4, 5, and 6
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Labor Practices and Human Rights	Outcomes from implementing Principles 1, 2, 3, 4, 5, and 6
HR4	Total number of incidents of discrimination and actions taken.	We do not have any incidents of discrimination to report.	Actions taken and outcomes from implementing Principles 1, 2 and 6
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	Labor Practices and Human Rights	Actions taken to implement Principles 1, 2 and 3
MM5	Total number of operations taking place in or adjacent to Indigenous Peoples' territories, and number and percentage of operations or sites	We do not operate on or adjacent to Indigenous Peoples' territories.	
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	<u>Labor Practices and</u> <u>Human Rights</u>	Actions taken to implement Principles 1, 2 and 5
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	Labor Practices and Human Rights	Actions taken to implement Principles 1, 2 and 4
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	We do not employ security personnel.	Outcomes from implementing Principles 1 and 2
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	We do not have any incidents to report.	Actions taken and outcomes from implementing Principles 1 and 2

#### Social: Society

PERFORMANCE	DESCRIPTION	2009 REPORT	UN GLOBAL COMPACT COP ELEMENT
DMA SO	Disclosure on Management Approach	<u>People, 2010 Bold</u> <u>Goals</u>	Actions taken to implement Principle 10
S01	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	<u>2009 Performance,</u> <u>Prosperity</u>	No specific COP element

MM6 A	Number and description of significant disputes relating to land use, customary rights of local communities and indigenous peoples.	We do not have any disputes related to land use to report.	
MM6 B	The extent to which grievance mechanisms were used to resolve disputes relating to land use, customary rights of local communities and indigenous peoples, and their outcomes.	<u>Stakeholder</u> Engagement	
MM7	Number (and percentage) of company operating sites where artisanal and small-scale mining (ASM) takes place on, or adjacent to, the site; describe the associated risks and the actions taken to manage and mitigate these risks.	We do not operate any artisanal or small-scale mines.	
MM8	List sites where resettlements took place, the number of households resettled in each, and how their livelihoods were affected in the process.	We have not participated in community resettlements.	
MM9	Number and percentage of operations with closure plans.	Land Restoration and Biodiversity	
MM10	Significant incidents involving communities in which grievance mechanisms have been invoked to address them together with their outcomes.	<u>Stakeholder</u> Engagement	
MM11	Number and description of incidents affecting employees, communities, or the environment in which emergency preparedness procedures were activated.	We do not have any incidents to report.	
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Labor Practices and Human Rights	Outcomes from implementing Principle 10
SO3	Percentage of employees trained in organization's anti- corruption policies and procedures.	Labor Practices and Human Rights	Outcomes from implementing Principle 10
SO4	Actions taken in response to incidents of corruption.	We do not have any incidents to report.	Actions taken to implement Principle 10
SO5	Public policy positions and participation in public policy development and lobbying.	Collaborations	Actions taken to implement Principles 1-10
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	We do not have any political contributions to report.	Outcomes from implementing Principle 10
S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	We do not have any legal issues to report.	No specific COP element
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	We comply with all relevant laws and regulations.	No specific COP element

#### Social: Product Responsibility

PERFORMANCE INDICATOR	DESCRIPTION	2009 REPORT	UN GLOBAL COMPACT COP ELEMENT
DMA PR	Disclosure on Management Approach	<u>Properity</u> , <u>Planet,</u> 2010 Bold Goals	Actions taken to implement Principles 1 and 8
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	New Products and Markets	Actions taken and outcomes from implementing Principle 1
MM12	Programmes and progress relating to materials stewardship.	Sustainable Supply Chain	
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	We comply with all product regulations and voluntary codes.	Outcomes from implementing Principle 1

PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	<u>New Products and</u> <u>Markets</u>	Actions taken and outcomes from implementing Principle 8
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	We comply with all regulations and voluntary codes concerning product and service information and labeling.	Outcomes from implementing Principle 8
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	<u>Stakeholder</u> Engagement	No specific COP element
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Labor Practices and Human Rights	No specific COP element
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	We comply with all regulations and voluntary codes concerning marketing communications.	No specific COP element
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	We do not have any breaches of customer privacy or data to report.	Outcomes from implementing Principle 1
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	We comply with all laws and regulations concerning the provision and use of products and services.	No specific COP element

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## Dear Friends,

STRATEGY/PROFILE

When we reflect on 2009, how do we choose to remember the year? Some might define it entirely by the most significant financial crisis since the Great Depression. Others might describe it as a year when businesses lost their stakeholders' trust and respect. While we cannot discount the profound impact of the global recession, we can choose to remember 2009 as a year that challenged Fairmount Minerals' commitment to sustainable development, but strengthened our resolve.

PEOPLE

The financial crisis in 2009 demonstrated the dire consequences of short-term thinking. Fairmount Minerals understands that operating in a way that respects the needs of our employees and society while protecting the environment enables our long-term viability. While other organizations viewed their economic challenges as a time to scale back their social and environmental efforts, we made a decision to maintain our commitments and empower our employee family to find new ways of generating sustainable value. With an emphasis on strong communications and hard work on the part of our Fairmount employee family, we achieved 98 percent of our Bold Goals for sustainable development.

When key markets began to falter in 2009, our people reacted quickly, drawing on the relationships and expertise we have developed in recent years as a result of our sustainable practices. Dramatic contractions in some of our key markets led to decreased production and, unfortunately, a workforce reduction at Fairmount Minerals. Through it all, our employee family members came together and demonstrated the ways in which our sustainable practices do, in fact, pay off. We focused on the small steps we could take today that would add up to something much greater tomorrow. One hour spent volunteering at a foodbank could mean much more than providing a single meal — it could give hope to a family in need. One site tour with local students could inspire the world's next great ecologist. And, one preventative health screening for an employee could be the wake-up call needed to save one life.

Our sustainability practices created prosperity in the form of cost savings and new revenue generation. Our wellness program once again helped us to achieve individual employee health cost savings, which we project to be 23 percent below industry trends. We implemented new processes and technologies to support environmental objectives



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such as waste reduction, which will generate more than \$600,000 in annual savings. And, we launched a new subsidiary, Fairmount Water Solutions, that provides water filtration technology to combat the social and environmental issues related to global water scarcity. One by one, these efforts helped us to finish the year strong.

As we look ahead to 2010 and beyond, we see great opportunities to enhance prosperity through technological innovation and key talent development initiatives. We recognize that rapid shifts in external environmental, social and economic forces will require flexibility and adaptability. As customer and market demands will evolve in response to these forces, we will need to adeptly transition to a more technology-driven approach. The work of our Fairmount Minerals University team will become increasingly important as new skills and competencies will need to be developed within the strong core of people and expertise that already exists at Fairmount Minerals.

It is my distinct honor and pleasure to be a part of an organization that so fully embodies the values of a sustainable culture. One by one, we come to work each day, dedicated to exceeding expectations in all that we do. One by one, we perform in ways that respect people, planet and prosperity. One by one, we are making a difference. One by one, we are the change we wish to see in the world.

Sincerely,

Chuck Fouler

Chuck Fowler



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## Organization Profile



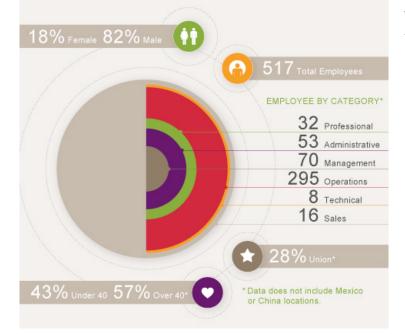
Fairmount Minerals is one of the largest industrial sand producers in the United States. We supply industrial sand and related products to the foundry, oil and gas, turf and landscape, water filtration, glass, construction, industrial, and retail markets.

Headquartered in Chardon, Ohio, Fairmount Minerals' global operations include 19 mining, mineral processing and manufacturing coating facilities. Fairmount Minerals is a privately held company with significant employee ownership. In 2009, our Fairmount family included more than 500 talented individuals whose unique skills and expertise helped us to achieve uncommon results.

#### LOCATIONS

Best Sand | Chardon, OH Best Sand Southern | Beaver, OH Bridgman Resin | Bridgman, MI Bridgman Lake | Bridgman, MI CACM | Ferrysburg, MI Lakeshore Sand | Hamilton, Ontario Mineral Visions | Ottawa, IL Santrol de Mexico | Monterrey, Mexico Santrol Yixing Proppant | Yixing, China Santrol/Technisand | Fresno, TX Technisand | Roff, OK Technisand | Troy Grove, IL Technisand | Wedron, IL Water Solutions | Newbury, OH Wedron Silica | Wedron, IL Wexford Sand | Harrietta, MI WISC | Menomonie, WI WISC | Maiden Rock, WI WISC | Hager City/Bay City, WI

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19 Total

#### **Mission and Principles**

Fairmount Minerals is united in our mission to "...exceed all expectations while fulfilling our economic, social and environmental responsibilities." The following principles serve as the foundation for our vision of sustainability and reinforce our organizational commitment to operating in a way that respects and appreciates People, Planet and Prosperity.

- Ethics
- Safety
- Health & Wellness
- Leadership
- Total Quality
- Environmental Stewardship
- Empowerment
- Celebrate / Fun
- Personal Excellence
- Continuous Improvement
- Teamwork / Shared Ownership
- Social Responsibility

#### Governance

Fairmount Minerals is governed by a seven-person Board of Directors, with one executive, three independent and three shareholder members. Board members are selected based on an internal review process as well as feedback from independent business partners. The Board has three standing committees — Compensation, Audit and Executive — that provide strategic counsel and oversight to the company. Our Board members act in accordance with our conflict of interest policy, which has been in existence since the formation of our Board.



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## Strategy and Analysis



Can one single company really make a difference in the world? We think so.

Whether it's creating an engaging and supportive work environment for our employee family, collaborating with our business partners, practicing environmental stewardship in our operations or delivering profits for our shareholders, Fairmount Minerals is committed to improving social, environmental and economic outcomes for our stakeholders. If we make People, Planet and Prosperity balanced priorities in all that we do, Fairmount Minerals can and will make the world a better place.

#### Key Impacts

As a mining and mineral processing company, Fairmount Minerals has an inherent social and environmental impact that we address through policies and management systems in the areas of environment, health and safety, and community engagement. Our strategy of investing in long-life mines allows Fairmount Minerals to plan and deliver sustainable outcomes in social responsibility, environmental stewardship and economic development in the communities where we operate.

Our approach to environmental management enables Fairmount Minerals to improve our performance related to biodiversity and energy consumption. Extensive site planning and land restoration practices support the protection of natural habitats and biodiversity. In fact, all Fairmount Minerals restoration efforts return disturbed land to an environmentally responsible condition.

Natural resource conservation is a key objective of Fairmount Minerals' energy efficiency and alternative fuel initiatives. Through strategic energy conservation and creative renewable fuel applications, we work to reduce the greenhouse gas emissions associated with burning fossil fuels.

Fairmount Minerals' health and safety practices continue to be and will always remain a top priority for the Fairmount family. We address the unique hazards of mining industry through a comprehensive health and safety management program.

The industrial sand products manufactured at our global operations contribute to broad societal needs addressed by the industries we serve. Our operations create prosperity that supports employment and economic development, and our community investment activities provide support to social causes prioritized by our employee family.

#### Key Opportunities and Risks

In a world where rapidly changing social, environmental and economic forces directly affect the context in which Fairmount Minerals does business, we are responding by creating comprehensive sustainability goals and strategies. While the shifting

Our approach to sustainable development integrates environmental, social and economic analysis into our business decision-making. Through strategic management of our key sustainability impacts and a progressive view of our opportunities and risks, Fairmount Minerals strives to create sustainable value. environmental and social landscape might be viewed as a challenge to our business, we see opportunities to create competitive advantage through progressive and comprehensive sustainability practices.

As a mining company, Fairmount Minerals is subject to compliance with regulations in many areas, including those relating to environmental protection and health and safety. Changes in the regulatory environment have the potential to increase costs associated with achieving compliance or to create delays in our operations. However, Fairmount Minerals' efforts to improve energy efficiency and integrate alternative energy into our operations position the organization to proactively address these challenges.

Water quality and availability is proving to be an increasingly significant and complex global issue. While access to water has a profound impact on our ability to operate, Fairmount Minerals sees the benefits of serving municipal and industrial markets in need of clean water supplies as an opportunity for our organization.



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## Collaborations



As participants in the United Nations Global Compact, we embrace, support and enact a set of core values in the areas of human rights, labor standards, the environment, and ethics.



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Fairmount Minerals is proud to be recognized for our efforts in sustainable development. A few of our most recent honors include:

- 2009 NEO Success Award
- 2009 Manny Award for Supply-Chain Management
- 2009 Weatherhead 100 Award
- 2009 Crain's Leading EDGE Award
- 2009 Illinois Association of Aggregate Producers (IAAP) Community Relations Award
- 2009 Environmental Achievement Award from the Ohio Environmental Council

Beyond our commitment to upholding the universal principles of the Global Compact, we also participate in several industry and professional organizations. We have membership in or an association with the following organizations:

- American Chemistry Council Crystalline Silica Panel
- American Foundry Society
- American Institute of Chemical Engineers
- American Red Cross
- American Society for Quality
- American Society of Safety Engineers
- American Water Works Association
- Business as an Agent of World Benefit Center
- Casting Industry Supplier Association
- Foundry Education Foundation
- Golf Course Builders Association of America
- Golf Course Superintendents Association of America
- Industrial Minerals Association of North America
- International Society of Mine Safety Professionals
- National Association of Manufacturers
- National Freight Transportation Association
- National Industrial Sand Association
- National Plasterers Council
- National Safety Council
- North American Rail Shippers
- Northwest and Southwest Michigan Sustainable Business Forums
- Saving Birds Thru Habitat
- Society for Human Resources Management
- Society for Mining, Metallurgy and Exploration
- Society for Petroleum Engineers
- U.S. Business Council for Sustainable Development
- U.S. Chamber of Commerce Business Civic Leadership Center
- Water Environment Federation
- Western Wisconsin Land Conservancy
- Wildlife Habitat Council



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## 2009 Performance

Sixty-three Bold Goals support one key objective — to demonstrate and create value following a sustainable approach. Fairmount Minerals met 98 percent of our sustainable development goals in 2009, providing our People and Planet with enduring Prosperity. The following information describes our performance in sustainable development for 2009, detailing our key successes and areas for continued improvement.



#### We will be a leader in education and communication.

DESCRIPTION	PERFORMANCE	COMMENTS	TREND
Establish video conferencing capability and host at least one video conference session in each Fairmount region.	٥	Every region hosted at least one video conference session.	*
Create an intranet site where Fairmount Family members can share information.	٥	We developed a section on our intranet where FML family members can post information and communicate with one another.	*
Create a repository for paper-based mailing data.	٥	We assessed our mailings and identified opportunities to reduce the quantity of paper-based pieces we send to our stakeholders.	*
Perpetuate environmental education by partnering with one educational organization in each of our five regions.	۲	Every region conducted at least one environmental education session.	*
Host at least one Community Investment Fair per region with family members, local businesses and non-profits.	۲	Every FML region hosted a Community Investment Fair to support local charitable organizations.	*
Create a signature sponsorship program.	٥	We researched signature sponsorship options and decided to maintain our current giving program.	*
Each of our five regions will partner with at least one local business for a Fairmount-sponsored corporate social responsibility activity.	۲	Facilities in every FML region partnered with local businesses to engage in a volunteer or charitable fundraising activity.	*
Complete the Fairmount Minerals Disaster Relief Policy and establish at least one pilot team.	۲	We created our first Disaster Relief Policy and pilot team last year to respond to major natural disasters.	*

Develop talent following a four-phase approach: 1) Identify core leadership competencies; 2) Perform a technical and leadership analysis; 3) Establish an annual budget; 4) Establish a pilot program.	0	We defined the key attributes of the FML University concept in 2009 and began to identify the areas of organizational learning we want to target.	>>
Establish a mission and vision for FML University.	۲	We created a mission and vision statement for FML University and began training members of our employee family on topics related to leadership, empowerment and innovation.	*

Plant support of education and communication initiatives.

#### B We will be a leader in health and safety.

PERFORMANCE	COMMENTS	TREND
۲	Our first year piloting a new Children's Wellness Program included hosting a community children's wellness fair in one of our local communities.	*
0	Our longest run of safe working hours exceeded 438,000.	>>
0	We improved our corporate incident rate to 3.58 in 2009, but missed our target of performing below the 3.3 industry average.	>>>
۲	We implemented a safety observation program at more than half of all FML facilities. We plan to expand the program over the next year.	*
	© 0	<ul> <li>Program included hosting a community children's wellness fair in one of our local communities.</li> <li>Our longest run of safe working hours exceeded 438,000.</li> <li>We improved our corporate incident rate to 3.58 in 2009, but missed our target of performing below the 3.3 industry average.</li> <li>We implemented a safety observation program at more than half of all FML facilities. We plan to</li> </ul>

#### B We will invest our time, talents and treasure to enhance our communities, locally and globally.

PERFORMANCE	COMMENTS	TREND
0	We exceeded our goal of donating 1.5% of our pre-tax/pre-equity earnings to non-profit organizations.	*
0	All FML facilities met their goal of donating .25% of their pre-tax/pre-equity income to non-profit organizations.	*
0	95% of the FML employee family participated in the paid volunteer time program.	*
0	The FML family donated more than 7,600 hours of volunteer time to charitable organizations.	>>
۲	We encouraged our friends and family to participate in volunteer efforts, resulting in more than 500 hours of volunteer service.	*
	© 0 0	<ul> <li>All FML facilities met their goal of donating .25% of their pre-tax/pre-equity earnings to non-profit organizations.</li> <li>All FML facilities met their goal of donating .25% of their pre-tax/pre-equity income to non-profit organizations.</li> <li>95% of the FML employee family participated in the paid volunteer time program.</li> <li>The FML family donated more than 7,600 hours of volunteer time to charitable organizations.</li> <li>We encouraged our friends and family to participate in volunteer efforts, resulting in more</li> </ul>

#### E We will promote and support a healthy balance between community involvement, work and family.

DESCRIPTION	PERFORMANCE	COMMENTS	TREND
We will implement a "Know Your Numbers" Awareness Campaign with 80% of all employees knowing their biometric values.	۲	We helped more than 80% of our employee family to learn important biometric values that serve as key health indicators.	*
We will implement the "Pound for Pound" Challenge.	٥	We donated more than \$13,000 to America's Second Harvest as a result of employee participation in the weight loss/charitable program.	*

#### B We will optimize assets and conserve resources.

DESCRIPTION	PERFORMANCE		TREND
Identify a maintenance management system and implement at one site in each of the five regions.	Ş	We created a maintenance management program and began rolling it out at several FML locations.	>>
Identify three to five production, quality and safety best practices and implement at each manufacturing facility.	O	We implemented several best practice projects based on team learning and collaboration across FML facilities.	*
The loading best practice team will develop and implement a blending program at targeted sites to improve loading times by 10%.	٥	Through our new blending program, we improved loading times by 10%.	*
The mining best practice team will make three improvement recommendations at targeted sites based on their best practice observations.	٥	We shared more than three best practice ideas based on team observations and tours with Badger Mining.	*
We will complete the Wind Turbine Project feasibility and planning.	0	We completed our wind turbine feasibility assessment and determined that we must find another location to generate the optimum wind energy needed for the project.	*
Each site will develop a high-efficiency motor replacement plan.	Ş	We created a policy and are in the process of implementing a replacement plan across all facilities.	*
We will introduce three new sustainable manufacturing products and/or processes.	Θ	We launched several new products and processes this year that improve energy efficiency and waste outputs.	*
Implement three new corporate-wide technologies to increase energy conservation.	۲	Our energy conservation projects helped FML save nearly \$40,000.	*
Reduce Hazardous Air Pollutants (HAP) in the resin coating facilities by 15% based on 2008 data.	0	We reduced HAP emissions by 9.5% compared to 2008 levels.	>>
Reduce greenhouse gas emissions by 2.5% in 2009 on a per unit basis by facility based on 2006 baseline.	0	We reduced our greenhouse gas emissions by approximately 1.6% compared to 2006 levels.	>>
Meet Fairmount's carbon mitigation plan annual requirements.	۲	We sequestered more than 90% of our Scope 1 & 2 greenhouse gas emissions.	*
Every 3R (Recover, Recycle, Reuse) plant team will establish six specific plant goals. Cost savings or economic value generated from waste stream reductions will be tracked monthly.	Ş	Our 3R plant teams created specialized projects to reduce waste and measure the associated cost-savings.	*
Pursue partnership arrangement with composters to recover spent foundry sand from customers for beneficial reuse.	۲	We continued efforts to expand our spent foundry sand recovery program.	*
Identify a minimum of three projects to utilize heat recovery methods at Fairmount plants to recycle heat and reduce utility costs.	٥	We conducted three heat recovery projects that saved energy and reduced utility costs.	*
Establish partnerships with key customers and suppliers to increase 3R focus by making at least 15 presentations.	Ş	We began the process of educating key suppliers and customers about waste reduction and recycling.	*
Create a 3R/Sustainable Supply Chain Team sub- team to investigate packaging options to reduce waste streams.	۲	The 3R Team collaborated with the Sustainable Supply Chain Team to successfully reduce our waste from packaging.	*
Promote recycling projects, programs and use collection containers in communities where we operate. Each plant location will establish two or more activities to support this goal.	0	All FML facilities participated in recycling projects and programs resulting in more than 8 million pounds of recycled waste.	*
Identify and select an ERP software and/or third party for railcar equipment management.	O	We identified an appropriate software solution and are in the process of assessing the investment.	*
We will participate in proposed government	۲	We successfully improved net weights on	<b>≈</b>

legislation to increase allowable maximum weights on over-the-road carriers. Improve net weights of truckloads between Menomonie and our Wheeler transload by 3%.		truckloads to reduce the total number of shipments needed to transport our products and raw materials.	
Identify routes and procedures needed to optimize 10% of the transportation between our industrial and manufacturing plants and terminals.	٥	We improved the efficiency of our logistics by triangulating shipments.	*
Three Fairmount sites will formalize land restoration plans.	0	Three FML sites worked to enhance the biodiversity of the area by creating site restoration plans.	*
Develop a plan for controlling invasive species at each Fairmount facility.	0	We improved our environmental footprint by creating a plan for invasive species removal and mitigation.	*
Plant support of resource conservation and efficiency initiatives.			

#### • We will be a leader in the development of sustainable products and processes.

DESCRIPTION	PERFORMANCE	COMMENTS	TREND
Review revolutionary innovation programs as applied to business.	۲	We applied our learning from innovation experts to create an innovation process at FML.	*
Design a sustainable innovation program for Fairmount including an innovation center/facility concept and a process for innovation input from all facilities.	0	Our Business Innovation team developed a physical innovation center and designed a process to enable innovation across the organization.	*
Complete a water market survey to identify segments in which we might "Do Good and Do Well."	۲	We utilized information from water market surveys to better understand the segments where FML might successfully provide water filtration solutions.	*
Coordinate minimum of three joint meetings with Water Filtration Partners.	۲	In late 2009, FML launched a new subsidiary, Fairmount Water Solutions, to manufacture and market water filtration technology.	*
Place 2,009 AquaClara water filtration units in the field.	٥	We nearly doubled our goal by installing 4,000 water filtration units in developing countries.	*
Develop a new Fairmount Minerals/AquaClara system that reduces heavy metal contaminants levels in drinking water.	0	We are in the process of enhancing our water filtration technology to eliminate heavy metal contaminants.	*
Increase the amount (quantity) of recycled, recyclable, or re-useable raw material in finished goods packaging impacting a minimum of 10,000 units.	۲	We exceeded our goal of increasing the amount of recycled material in our packaging.	*
Create a Customer Bulk Bag Reuse Program and implement with two customers.	۲	FML worked with key customers to implement a new bulk bag reuse program that resulted in more than 190,000 pounds of waste diverted from landfill.	*

initiatives.

E We will demonstrate that Sustainable Development pays.

DESCRIPTION	PERFORMANCE	COMMENTS	TREND
We will demonstrate that Sustainable Development pays through value creation and cost saving measures.	٥	We calculated the value generated from FML's sustainability practices to exceed \$1 million.	*
Our annual 2009 healthcare spend will be 10% below industry trend.	۲	Our healthcare costs are estimated to be 23% below industry averages.	*
Plant support of sustainable value generation initiatives.			

E We will continue to embrace and share the principles of the UN Global Compact as we expand internationally.

DESCRIPTION	PERFORMANCE	COMMENTS	TREND
Fairmount to sponsor one regional UN Global Compact meeting.	۲	We hosted a regional UN Global Compact meeting in collaboration with our partners at Case Western Reserve University.	*
Obtain sustainability surveys from suppliers who represent at least 50% of our 2008 non-inventory spend.	٥	More than 50% of our non-inventory suppliers participated in our sustainability survey.	*
Plant support of UN Global Compact principles.			



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## 2010 Bold Goals

Year after year, Fairmount Minerals strives to strengthen our commitment to sustainable development. As we enter into a new decade, we see great opportunity to expand our efforts relative to the Three P's (People, Planet and Prosperity). In 2010, we set the bar high with 57 targets for the organization that support eight bold goals.

New to our Bold Goal list in 2010 are long-term stretch goals that challenge the organization to improve our sustainability performance. In responding to feedback from Fairmount Minerals' internal stakeholders, we also refined the organization of our 2010 Bold Goals to better illustrate which sustainable development teams have responsibility for a particular goal.

#### Best Practices Team Goals

BOLD GOAL	DESCRIPTION	
We will optimize assets and conserve resources.	• Corporate Best Practice Team will implement three projects in the areas of safety, quality and production.	
We will be a leader in the development of sustainable products and processes.	<ul> <li>Create a "Best Practice culture" by 2013. In 2010, the Best Practice team will develop a list of criteria and techniques for the identification of Best Practices both internally and externally.</li> </ul>	

#### Business Innovation Team Goals

BOLD GOAL	DESCRIPTION	
We will be a leader in education and communication.	• Further define opportunities for innovative collaboration. Develop one long- term partnership.	
We will be a leader in the development of sustainable products and processes.	<ul> <li>1) Conduct one innovation assembly in each FML region and track at least two projects through the innovation program structure. 2) Implement innovation center concept.</li> </ul>	

#### Clean Water Team Goals

BOLD GOAL	DESCRIPTION	
We will be a leader in education and communication.	<ul> <li>Collaborate with academic or business partners to develop a new and unique water filtration or treatment technology.</li> </ul>	
We will be a leader in health and safety.	Identify a partner to help support Aqua Clara's mission.	
We will be a leader in the development of sustainable products and processes.	<ul> <li>Work with Aqua Clara to develop a reactor tracking system for new and existing installations.</li> </ul>	

#### Communications Team Goals

BOLD GOAL	DESCRIPTION	
We will optimize assets and conserve resources.	• Reduce paper-based mailings by 20% versus the 2009 baseline.	
We will be a leader in education and	Conduct communications survey to identify ideal communication vehicles.	

- Ensure that 100% of Sustainable Development teams will host at least one video conference.
- Provide our support to Case Western Reserve University as the secretariat for the UN Global Compact in their 2010 initiatives.

#### Corporate Social Responsibility Team Goals

BOLD GOAL	DESCRIPTION
We will invest our time, talents and treasure to enhance our communities, locally and globally.	<ul> <li>Conduct a company-wide skills assessment survey to help launch a skill- based volunteerism campaign. Target an employee response rate of at least 50%.</li> </ul>
	<ul> <li>Expand our Disaster Relief program by creating one new Disaster Relief Team in Southern Region.</li> </ul>
	<ul> <li>Every facility will conduct a volunteer Day of Caring on or near September 11, 2010.</li> </ul>
	• Our investments of time, talent and treasure will touch one million lives by 2020. In 2010, we will touch 100,000 lives.
	• We will achieve 100% participation in employee paid volunteerism.
	• We will reach 10,000 paid volunteer hours.

#### Eco-Efficiency Team Goals

BOLD GOAL	DESCRIPTION
We will optimize assets and conserve resources.	<ul> <li>Track all new motor purchases to ensure high-efficiency standards as defined by the FML motor replacement initiative.</li> <li>Implement an alternative energy project in 2011. In 2010, research and identify an alternative energy project.</li> <li>Support regional energy reduction initiatives through best practice sharing by team members.</li> <li>Reduce greenhouse gas emissions per unit of product sold by 10% of 2009 levels by 2015. In 2010, we will reduce greenhouse gas emissions (normalized) per unit of product sold by 2%.</li> </ul>
We will be a leader in education and communication.	<ul> <li>Create an online forum that tracks on-site solar energy production and offers education on clean energy and future projects.</li> </ul>

#### Environmentally Responsible Products and Processes Team Goals

BOLD GOAL	DESCRIPTION
We will optimize assets and conserve resources.	<ul> <li>One hundred percent of FML-owned computers will meet internal standards for environmental responsibility by 2014. In 2010, we will increase environmentally friendly computers to 40%.</li> </ul>
We will be a leader in the development of sustainable products and processes.	<ul> <li>Launch five new sustainable products or processes in 2010.</li> <li>Register or achieve compliance with ISO 14000 at all FML facilities by 2014. In 2010, we will have 60% of the Fairmount facilities ISO 14000 registered or compliant.</li> </ul>

#### FML University Team Goals

BOLD GOAL	DESCRIPTION
We will be a leader in education and communication.	<ul> <li>Launch a talent development pilot program.</li> <li>Partner with the HR department to enhance the talent management program in the following areas: talent acquisition, talent development, and learning and succession planning.</li> <li>Conduct benchmarking research to identify exceptional talent development and learning programs and bring best practices from those programs back to Fairmount Minerals.</li> </ul>

#### E Health and Wellness Team Goals

BOLD GOAL	DESCRIPTION
We will be a leader in health and safety.	<ul><li>Implement a company-wide Children's Wellness Program.</li><li>Conduct a "Fruit and Veggie Bowl" competition to encourage healthy</li></ul>

nutrition across organization. Consume a total of 500,000 servings of fruit and vegetables in 2010.

- Enhance the health and wellness of our extended Fairmount family by increasing spouse participation in the FML Wellness Program to 60%.
- Our annual healthcare spend will be 10% below industry trend.

#### QUEST Team Goals

BOLD GOAL	DESCRIPTION
We will optimize assets and conserve resources.	<ul> <li>Sequester all FML Scope 1 and 2 greenhouse gas emissions in 2010.</li> <li>Reduce FML's disturbed land by 2.5%.</li> <li>Develop an invasive species removal plan by 2015. In 2010, 20% of FML Sites will have a completed plant inventory list and developed a removal plan.</li> <li>Sequester all greenhouse gas emissions (Scopes 1-3) by 2020. In 2010, establish Scope 3 greenhouse gas emissions levels at 20% of FML facilities.</li> </ul>
We will be a leader in education and communication.	<ul> <li>Earn a minimum of one grant project related to the mission of the QUEST Team.</li> <li>Conduct one environmental-related project per region.</li> <li>Achieve Wildlife Habitat and/or Saving Birds Thru Habitat certification at all FML sites by 2015. In 2010, 20% of FML sites will achieve WHC or SBTH certification.</li> </ul>

#### Recover, Recycle, Reuse Team Goals

BOLD GOAL	DESCRIPTION
We will be a leader in education and communication.	• Promote waste reduction by hosting community recycling events in each FML region.
We will optimize assets and conserve resources.	• Fairmount Minerals will be zero waste by 2015 through 20% increments per year.

#### Safety Team Goals

BOLD GOAL	DESCRIPTION
We will be a leader in health and safety.	<ul> <li>Achieve one million consecutive safe work hours as a total company.</li> <li>Achieve a lower safety incident rate than industry peers as a company in 2010.</li> <li>Expand our observation-based safety (OBS) program to all our operating facilities in the United States and Canada.</li> <li>Register FML to OSHAS18000 by 2015. In 2010, we will have 20% of the program in place.</li> </ul>

#### Sustainable Supply Chain Team Goals

BOLD GOAL	DESCRIPTION
We will be a leader in the development of sustainable products and processes.	<ul> <li>Implement a bulk bag reuse program for 30% of 2009 bulk bag volume shipped.</li> <li>Provide all FML facilities with a sustainable reference guide to help increase the quantity of purchases from sustainable organizations.</li> <li>1) Provide all inventory suppliers with their current SD Index Score and offer the opportunity to update their information. 2) Increase the percentage of inventory spend with sustainable suppliers by 10% versus 2009. 3) Deliver at least one sustainability training session for our suppliers.</li> </ul>

#### Transportation Team Goals

BOLD GOAL	DESCRIPTION
We will optimize assets and conserve resources.	<ul> <li>Reduce demurrage at FML plants and terminals through improvements to inbound and outbound logistics.</li> <li>Update loading and unloading procedures to improve efficiency and avoid fees/charges.</li> </ul>

- Identify, implement, and improve the economics of car cleaning procedures for each loading facility.
- Increase gross weights on rail for at least 10% of all freight-collect customers.
- Collaborate with the Best Practice Loading team to improve loading practices at all facilities and reduce fugitive dust and track-out sand.



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## **Our Fairmount Family**

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One by one, we come to work every day, each one of us bringing unique talents and skills that create value for our customers, our communities and our business.

Because the success of our organization depends upon a thoughtful and engaged employee family, we strive to make Fairmount Minerals a meaningful, safe and rewarding workplace.

## Workplace



Because the success of our organization depends upon a thoughtful and engaged employee family, we strive to make Fairmount Minerals a meaningful, safe and rewarding workplace. Learn More >>

#### Safety



Looking out for one another and ensuring the safety and health of our employee family is among Fairmount Minerals' highest priorities. <u>Learn More</u> >>

#### Wellness



Fairmount Minerals' approach to health and wellness focuses on promoting exceptional employee well-being while eliminating physical and mental health risks. <u>Learn More >></u>

#### Human Rights



Ethics and integrity underlie every single decision we make at Fairmount Minerals, whether seemingly large or small. Learn More >>

#### Suppliers



Fairmount Minerals' approach to sustainable supplier relationships is grounded in accountability and transparency. <u>Learn More >></u>

#### Community



Fairmount Minerals understands the power of people united around a cause — one by one our skills and passion can create profound impact. <u>Learn More</u> >>



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**Exceptional Workplace** 

We compensate our employee family with wages and benefits to support their personal prosperity and that of their families.

Benefits offered to full-time employees include medical coverage, education assistance and options in retirement plans. We believe that our efforts to make Fairmount Minerals a satisfying and supportive work environment contributes to our high employee retention rate of 73.4 percent, which includes retirement data.

#### Training and Development

Fairmount Minerals supports the diverse interests and skills of our employee family by investing in training and development. All full-time employees have the opportunity to take advantage of tuition reimbursement and continuing education programs that help build technical competence and knowledge. In 2009, Fairmount Minerals invested more than \$180,000 in education and training for our employee family.

As part of our commitment to education and growth, Fairmount Minerals created Fairmount Minerals University, a talent management and development initiative. Over the past year, Fairmount Minerals University formalized its mission, which is "to enhance Fairmount Minerals' organizational sustainability by designing and providing talent management solutions that empower and inspire Fairmount family members." In 2010, Fairmount Minerals University will launch a pilot program focused on leadership development and communication. The objective is to empower our employee family while promoting a culture of dignity and respect.

#### Employee Awards and Recognition

Year after year, the Fairmount Minerals employee family delivers exceptional performance that deserves special recognition. Our Sustainable Development Employee of the Year award program accepts open nominations for excellence in sustainable development throughout the year. Our 2009 winners include:

- Best Sand: Peggy Havlicek
- Bridgman: Wilma Crowder
- CACM: Mike Olechnowicz
- Corporate/Administration Group/Accounting: Ellen Anderson and Linda Staton
- Lakeshore Sand: Mirsada Suljic
- Mineral Visions: Luke Woodin
- Roff: Cynthia Kile
- Sales/Customer Service Group: Karen Weich
- Technology Group: Steve Schilling
- Troy Grove: Richard Peradotti
- Wedron Silica: Ed Moriarity
- Wedron Technisand: Mary Kibilka

#### Bill Conway Founders Award

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The annual Bill Conway Founders Award is granted to the Fairmount family member who best exemplifies the principles and values of community service through a personal contribution of time, talent and treasure. In 2009, this highest honor went to Jim Lanz from our Maiden Rock facility in Wisconsin. In addition to his work and family commitments, Jim is an active member of the local ambulance service and serves as the Maiden Rock Village fire chief. Early last year, he was selected to become an American Red Cross first aid and CPR instructor to further his commitment to educating people and saving lives. One of his most significant volunteer activities is the "Flood Run," a biannual motorcycle race that raises money for the Gillette Children's Hospital in St. Paul, Minnesota. Last year, the "Flood Run" raised more than \$53,000. With this award, we acknowledge Jim Lanz's great dedication to championing sustainable development both personally and professionally.

- Wexford Sand: Randall Myers
- WISC Bay City: Scott Passe
- WISC Hager City: Todd Schilling
- WISC Maiden Rock: Jim Lanz
- WISC Menomonie: Jeff Kistner



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## Safety and Health



Hour by hour, day by day. Looking out for one another and ensuring the safety and health of our employee family is among Fairmount Minerals' highest priorities. Our ultimate goal is to create a truly safe working environment that enables our employee family to experience safety on the job and at home. How to Save a Life

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When long-time Fairmount Minerals family member Joe Dahlhausen participated in CPR training at work, he wanted to learn the proper steps to take in an emergency situation. What he did not realize is that the training would become one critical factor that saved a family member's life.

Joe and his brother-in-law, David, were working to remodel Joe's home when David suddenly fell to the floor. Assessing the situation, Joe found that David had no heartbeat or pulse, and he called 911. The operator instructed Joe to give David CPR, so he started performing the steps he learned in the training. Paramedics arrived and rushed David to the hospital, where he sat in an induced coma for four days. After a triple-bypass surgery, David has Joe to thank for saving his life.

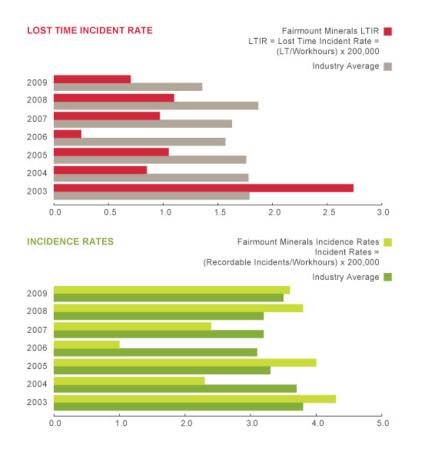
Today, Joe appreciates the high priority Fairmount Minerals places on employee health and safety. The time the organization took to train the employee family in the basics of CPR enabled Joe Dahlhausen to become a hero.

In 2009, our fully implemented Safety and Health Management System (SHMS), which is Occupational Health and Safety Assessment Series (OHSAS) 18001 compliant, allowed Fairmount Minerals to evaluate and prioritize risks while proactively correcting and preventing them.

A major component of our SHMS includes an Observational Based Safety program, which we expanded across a majority of our facilities in 2009. The program encourages peer-to-peer communication as a means of uncovering exceptional safety performance or identifying and correcting risky behavior. The implementation of a new safety software system further supported the information sharing and corrective action planning that is core to this program.

Another element of our employee-driven safety culture involves safety training. On average, all Fairmount family members receive at least eight hours of safety training annually. In 2009, we introduced two new training programs — "Not on My Watch," and a MSHA/OSHA compliance review. We completed "Not on My Watch" sessions at every Fairmount location, and we continue to stress a commitment to safety leadership in all that we do.

One way we measure our overall safety performance is through incidence rates as well as total safe working hours. In 2009, we improved our corporate incidence rate (calculated by dividing the number of recordable incidents by total work hours and multiplying that figure by 200,000) from 3.84 to 3.58 and reduced our total lost time accidents from six to four. Our longest stretch of safe working hours exceeded 438,000. Even a single accident at Fairmount Minerals is one too many, so we continue to make our goal 100 percent safe working hours.



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One successful organization relies upon many healthy and vibrant employee family members. Fairmount Minerals' approach to health and wellness focuses on promoting exceptional employee wellbeing while eliminating physical and mental health risks.

For every member of the Fairmount employee family that participates in our voluntary wellness program, we increase the overall health of our organization. In 2009, more than 78 percent of our employee family took advantage of the Fairmount Minerals wellness program, which includes resources such as smoking cessation tools, gym membership reimbursements, personalized care plans, bi-annual physicals, and annual health fairs at every Fairmount facility. We also implemented a "Know Your Numbers" campaign to help our employee family learn important biometric values, including cholesterol, blood pressure, glucose, and body mass index. Over the next year, we will work on increasing spouse participation in our wellness initiatives to deliver better health outcomes for our extended employee family.

Fairmount Minerals continues to offer a comprehensive health benefits program that supports wellness in many forms. Our disease management program supplies critical information and resources to our Fairmount family members on important health topics including asthma, diabetes and heart health. We also provide a comprehensive employee assistance program that supports physical, mental and financial well-being.

We piloted a new Children's Wellness Program in 2009 focused on improving the health of individual Fairmount family members by enhancing wellness in their families at home. Our goal is to improve rates of asthma and childhood obesity, which are major predictors of health later in life. To launch the program, we hosted a Children's Wellness Fair at a local YMCA and opened it to the community. Kids participated in a yoga demonstration and calculated their body mass index. The local chapter of D.A.R.E. provided fingerprinting for child safety while representatives from the local hospital system and fire department delivered health and emergency preparedness messages. We had more than 300 children participate in our first community fair and look forward to expanding this program to other Fairmount communities in 2010.

The health and wellness investments we make as an organization deliver a profound return. We initially began the Fairmount Minerals wellness program because we believed it was the right thing to do. While that continues to be the impetus behind our many efforts, we now see a significant financial return. Today, we estimate our health care costs to be 23 percent lower than industry averages.



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When Fairmount family member Jacque Soltis first quit smoking, she brushed off her subsequent weight gain and sleeping issues as side effects from withdrawal. During a regular check-up some months later, she discussed Fairmount Minerals' "Pound for Pound" wellness challenge with her doctor, who then noticed that her weight gain and overall health seemed unusual. Testing her blood, Jacque's doctor found that she had an extremely underactive thyroid.

With proper medication and regular visits to her doctor, Jacque's thyroid is now under control. She attributes her improved health to her participation in Fairmount's Wellness Program, which encourages family members to practice healthy living.



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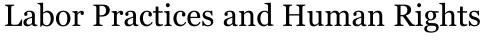
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#### **EMPLOYEE RACE/ETHNICITY**

- 82.6% White/Caucasian
- 11.6% Hispanic/Latino
- 1.4% Black/African American
- 0.4% American Indian/Alaskan Native 4% Asian





One standard, no exceptions. Ethics and integrity underlie every single decision we make at Fairmount Minerals, whether seemingly large or small. While our geographic footprint may evolve and grow, we will maintain a consistent position, as described in our published Code of Ethics, when it comes to labor practices and human rights.

As a participant in the United Nations Global Compact, Fairmount Minerals unconditionally supports human rights. As we continue to grow our global operations, Fairmount Minerals remains committed to demonstrating respect and creating an atmosphere of tolerance amongst our stakeholder groups while supporting the protection of internationally proclaimed human rights within our sphere of influence.

As a fundamental principle, Fairmount Minerals meets or exceeds compliance with all laws regarding child labor, forced labor and freedom of association. We also follow the Worker Adjustment and Retraining Notification Act (WARN Act) relative to employees affected by layoffs or plant closings.

2009 Corporate Responsibility Report | Home | About Report | Strategy/Profile | People | Planet | Prosperity © 2010 Fairmount Minerals The very best companies are those that value and embrace a diverse workforce. Fairmount Minerals strives to attract and retain talent based on ability. Our equal opportunity policy ensures that all Fairmount family members are treated with respect, dignity and are free from discrimination and/or harassment of any kind.



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# Supplier Relationships



Fairmount Minerals' approach to sustainable supplier relationships is grounded in accountability and transparency. In 2008, we introduced an integrated supplier code of conduct that describes our expectations for environmental and social responsibility within the Fairmount Minerals supply chain. Since then, Fairmount Minerals' sustainable supply chain efforts have grown to receive recognition from external sources, including a Manny Award from *Inside Business* magazine in 2009.

During the past year, we expanded the dialogue with a targeted group of suppliers by requesting their participation in an online survey. This built upon the work done with inventory suppliers in 2008. With these surveys, Fairmount Minerals aims to proactively engage our suppliers while also monitoring and helping to foster exceptional social and environmental performance.

To further encourage sustainable practices, Fairmount Minerals created a new supplier award program in 2009. The award recognizes a supply partner that embodies the values of a sustainable business and supports or enhances Fairmount Minerals' own sustainability efforts. In 2009, Plastics Engineering Company received the first-ever Fairmount Minerals Sustainable Supplier Award.



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Of our many suppliers, one stands out as an exceptional partner in sustainable development. We awarded our long-time supply partner, Plastics Engineering Company (Plenco), with the inaugural Fairmount Minerals Sustainable Supplier Award for its commitment to environmental stewardship. One of the most significant outcomes of the Plenco/Fairmount Minerals relationship involves the creation of a more environmentally friendly series of resincoated products. Plenco's ability to drive technological advancements in its resins has allowed Fairmount Minerals to create products that reduce free phenol and other air emissions in both their manufacturing and use. In addition, Plenco was one of the first supply partners to agree to reduce their waste to landfill by participating in a bulk bag reuse program. We admire Plenco's efforts to become a more sustainable organization and greatly appreciate its support of Fairmount Minerals' sustainability objectives.



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#### DONATIONS BY CATEGORY



## **Community Investment**



Can one hour's time really make a difference? Can a single donation actually change lives? What is possible when one company comes together with a goal of making the world a better place? Fairmount Minerals understands the power of people united around a cause — one by one our skills and passion can create profound impact.

Fairmount Minerals' most significant investment in local communities comes through the time and energy our employee family members generously provide to organizations and causes near to their hearts. In 2009, we increased participation in our employee volunteer efforts with 95 percent of our Fairmount family donating time to non-profit organizations of their choice. We logged more than 7,600 hours of volunteer time as an organization and generated an additional 800 hours of volunteer time by engaging our spouses, children and friends in the process.

Every Fairmount location once again conducted a volunteer Day of Caring with sites participating in activities ranging from park and river clean-up to enhancing a healing garden at a hospital. We also sought to promote local non-profit organizations by hosting Community Investment Fairs in every Fairmount region in the United States. With these fairs, we brought local businesses and non-profit groups together to uncover opportunities for collaboration and support.

Because we understand that Fairmount Minerals' prosperity is linked to the success of our communities, we make an annual commitment to donate a minimum of 1.5 percent of our pre-tax, pre-equity earnings to charitable causes. While we, like most other businesses, felt the effects of a struggling economy last year, we exceeded our 1.5 percent corporate donation target. Fairmount Minerals also continued our support of student education by providing nine \$2,000 scholarships to children of Fairmount family members.



As part of our community investment in 2009, we expanded our geographic reach. As in years past, Fairmount Minerals continued to support Aqua Clara International through the

## One Pound at a Time



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In 2009, Fairmount Minerals brought philanthropy and employee wellness together with our own Pound for Pound Challenge. For every pound lost by Fairmount family members, Fairmount Minerals agreed to donate \$10 to Feeding America, the nation's leading domestic charitable hunger relief organization. Through exercise and a focus on nutrition, participating Fairmount family members recorded 1,394 pounds lost, which translated into a \$13,941 donation. In addition, Fairmount family members collected more than 4.700 canned food items. which were donated to local foodbanks.

installation of 3,000 water purifiers in more than a dozen countries. We reached out to our Mexican partners through a donation to a local organization supporting children with disabilities. We also became the first foreign company to make a charitable donation to the Yixing Charity Organization of Jiangsu Yixing Municipal Civil Affairs Bureau in China to support the needs of the newest community where Fairmount Minerals operates.

Beyond corporate contributions, we helped to raise \$40,000 in 2009 for the Geauga County United Way with the third annual Bill Conway Founders Charity Golf Classic held at Sand Ridge Golf Club. In addition, our employees generously donated \$47,000 to the American Cancer Society by participating in Relay for Life events around the United States.

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# Our Planet

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At Fairmount Minerals, we seek opportunities big and small to promote and practice environmental sustainability.

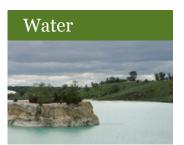
From major capital investments in new and efficient technology to simply turning off a light — our goal is to educate and empower every person at every office and facility to work in a way that respects environmental integrity. When it comes right down to it, we've only got one planet and, as one company, we need to do our part.

Fairmount Minerals follows a comprehensive environmental management system that includes volunteer-based initiative teams focused on issues related to energy conservation, land restoration, recycling, and more. Along with regional Environmental Health and Safety (EHS) coordinators, these teams manage Fairmount Minerals' environmental sustainability activities and report to our Sustainable Development Advisory Committee.

Fairmount Minerals uses the ISO14001 management system as a framework for our environmental practices and has earned certification at seven facilities. In 2009, we created a new process audit manual that helps to assess our efficiency in a variety of areas and allows our facility managers to develop improvement plans.







We recognize that the environmental challenges presented by climate change require an urgent response from businesses, government and individuals around the world. Learn More >>

Improving habitats and human health through responsible air and water quality practices remains a critical factor in Fairmount Minerals' sustainability efforts. Learn More >> Fairmount Minerals recycles nearly all of the water we use in our operations by employing a closed-loop process.



Working with suppliers, customers and our local communities, waste reduction and recycling is a key priority in our environmental sustainability practices. Learn More >>

## Biodiversity



Fairmount Minerals' biodiversity strategy revolves around one core commitment: To restore every one of our sites to an environmentally responsible condition. Learn More >>



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#### DIRECT AND INDIRECT ENERGY

	Direct Energy (MMBtu)	Indirect Energy (MMBtu)
2008	1,316,478	291,223
2009	1,042,066	252,612

## **Energy and Climate Change**



We recognize that the environmental challenges presented by climate change require an urgent response from businesses, government and individuals around the world.

While global energy demands continue to grow, Fairmount Minerals is committed to reducing our own energy consumption, employing alternative energy, and educating the Fairmount Minerals family on the importance of reducing our carbon footprint.

#### **Energy Conservation**

In 2009, we focused on energy efficiency and cost-savings projects to help meet our environmental goals. Technology upgrades, including a laptop and desktop computer replacement plan, resulted in more than \$39,000 in energy savings. We consolidated several servers to operate via a virtual network that is more energy efficient than traditional set-ups and eliminates the need for on-site cooling systems. Our Eco-Efficiency Team also formalized a high efficiency motor replacement plan that ensures any new motor purchase will meet specific criteria for energy efficiency.

At the individual facility level, energy audits and special technology investments helped to uncover new opportunities for energy reductions. At our facility in Bridgman, Michigan, we conducted an energy audit in which we inventoried and began replacing dated lighting systems. In Ottawa, Illinois, employees at our Mineral Visions operation introduced a new technology that uses magnets to clean sand, eliminating the energy and water used for washing and drying.

We also made significant progress in reducing energy consumption through several heat recovery projects. With the thermal oxidizer technology we introduced at three Fairmount facilities in recent years, we identified an opportunity to capture waste heat. The heat is redirected and reintroduced into our processes, allowing facilities to reduce the natural gas energy that we typically use for processing. We plan to expand heat recovery projects throughout 2010.

In keeping with our goals to reduce the environmental impacts associated with transporting goods and materials, we worked to improve energy efficiency in our inbound and outbound logistics. We maximized load weights at targeted facilities to increase the amount of product we hauled in each trip. This reduced our total number of truck and train loads, which translates into reduced total fuel consumption. We estimate the savings from this effort to reach \$600,000. Additionally, our Transportation Team developed a system to triangulate transportation routes to minimize empty hauls and increase the efficiency of our logistics.

"Not only is Fairmount Minerals approaching carbon mitigation in the right way for the planet putting the right trees in the right places — they are also establishing many great partnerships in the process." — Kay Charter, Saving Birds Thru Habitat



	2008	2009
1% Biodiesel (gal)	0	83,896
10% Biodiesel (gal)	0	57,562
20% Biodiesel (gal)	195,676	150,279
5% Biodiesel (gal)	147,919	83,231
Diesel #2 (gal)	439,122	213,240
Electricity (kW-hr.)	85,327,549	74,014,673
Fuel #400 (gal)	264,631	360,619
Gasoline (gal)	26,580	31,869
Liquid Propane (gal propane)	1,787,651	1,419,420
Natural Gas (Mcf)	1,010,498	781,538

### Total Fuel Use By Facility

(MMBTU) TOTAL COMPRISED OF ELECTRICAL, NATURAL GAS AND OTHER HYDROCARBON FUELS

	2008	2009
Best Sand - Beaver	2,390	2,031
Best Sand - Chardon	182,417	137,574
Bridgman	71,810	59,579
CACM	2,733	2,811
Santrol Yixing	N/A	8,354
D.M. Boyd	8,234	N/A
Lakeshore Sand	36,398	25,293
Mineral Visions	30,798	6,733
Santrol de Mexico	9,756	13,998
Standard Sand	19,279	2,930
Technisand Bridgman	18,136	16,337
Technisand Fresno	9,515	9,560
Technisand Roff	46,819	33,782
Technisand Troy Grove	55,841	42,466
Technisand Wedron	50,987	58,156
Wedron Silica	735,723	522,062
Wexford Sand	62,464	72,102
WISC - Bay City	10,054	15,543
WISC - Hager City	66,535	64,897
WISC - Maiden Rock	130,969	118,924
WISC - Menomonie	56,842	81,549
Company-Wide	1,607,701	1,294,679

#### Alternative Energy

Renewable and alternative energy projects continue to be a priority for Fairmount Minerals. In 2009, we identified solar energy as a viable energy alternative and started work on a solar array installation at our facility in Chardon, Ohio. The array will supply up to 30 percent of our office energy needs and will be completed in early 2010. We also finalized a wind energy analysis at our Wedron Sand facility. Unfortunately, our Wedron facility would not produce the amount of wind energy needed to support investment in a wind turbine installation. We plan to continue searching for wind energy opportunities and expand our solar energy efforts to other facilities.

#### **Carbon Footprint**

Reducing our carbon footprint is the primary objective of Fairmount Minerals' conservation and alternative energy projects. We successfully reduced our greenhouse gas emissions by approximately 1.6 percent in 2009 over a 2006 baseline. Our goal of a 2.5 percent reduction in normalized greenhouse gas emissions proved difficult to meet this year due to reduced production levels. We see opportunity to improve our energy efficiency and carbon footprint across all operations in the future, so we plan to reduce current greenhouse gas emission levels by 10 percent by 2015.

Fairmount Minerals commits to offsetting our greenhouse gas emissions through carbon sequestration. We sequestered nearly 90 percent of our greenhouse gas emissions in 2009 by planting more than 48,500 trees and approximately 55 acres of native grasses.

GREENHOUSE GAS EMISSIONS (CO2 EQUIVALENTS) Data reported on a pound per ton produced basis

2006	2007	2008	2009
46.96	50.15	47.64	46.19

We report greenhouse gas emissions in the form of carbon dioxide (CO2) equivalents, which are calculated from fuel and electricity consumption using emissions factors from the U.S. Environmental Protection Agency (USEPA) eGRID database, USEPA emission factors from AP-42 (5th edition, Compilation of Air Pollutant Emission Factors, Volume 1: Stationary Point and Area Sources), the FIRE (Factor Information Retrieval System) database, the Revised 1996 IPCC Guidelines and the World Resources Institute/World Business Council for Sustainable Development GHG Protocol.



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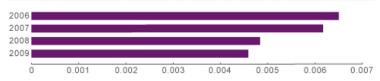




Improving habitats and human health through responsible air and water quality practices remains a critical factor in Fairmount Minerals' sustainability efforts.

Since 2006, Fairmount Minerals has reduced hazardous air pollutants (HAPs) on a per unit basis by 32 percent. With new resin technologies and continued operation of our thermal oxidizer technology, we achieved an approximately 9.5 percent reduction in HAPs over 2008 totals. While this falls short of our 2009 goal, we see opportunities to improve in the future through expanded use of our Signature Series and Signature Series Gold technology. With more than 20 percent of our foundry tonnage currently using the Gold technology, we will remain focused on finding ways to transition more foundry products and frac sand products to this same technology while maintaining quality and performance.

#### HAZARDOUS AIR POLLUTANTS (HAPS)



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## Water Conservation



We know that the global demand for water today exceeds the supply and that responsible conservation efforts must be a part of any sustainable solution.

Fairmount Minerals recycles nearly all of the water we use in our operations by employing a closed-loop process. In the simplest terms, this means we bring in water, use it to wash sand, and then filter it clean before starting the process all over again. While we focused our efforts in 2009 primarily on developing new filtration products for the burgeoning issues related to water scarcity, we plan to make water measurement a key activity in our operations in the near future.

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Fairmount Minerals recycles nearly all of the water we use in our operations by employing a closed-loop process.



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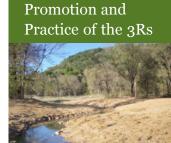
## Reduce, Reuse, Recycle



With a goal of zero waste by 2015, we focused on finding new and improved ways to reduce, reuse and recycle (3Rs) this past year. Working with suppliers, customers and our local communities, waste reduction and recycling are important priorities in our environmental sustainability practices. As we focused on expanding our measurement practices this past year, we found that our facilities and offices recycled 7.5 million pounds of waste.

The most effective approach to improving environmental impacts associated with waste is to simply eliminate waste before it is created. In 2009, we assessed our unloading practices and found opportunities to reduce the amount of sand left in trucks and rail cars. At our Santrol Yixing facility in China, we developed a process to reclaim off-grade product. Rather than dispose of it as waste, we remove the resin from the product and recoat it to meet quality and performance criteria. Finally, with one change in the manufacturing process, we successfully reduced scrap in our FlexSand product line from nearly 30 percent to less than 5 percent.

Beyond reductions, reuse projects keep additional waste from entering landfills. Since beginning our bulk bag reuse program with a raw material supplier in 2005, we sought opportunities to expand the program to Fairmount Minerals customers. In 2009, we created informational literature and worked with two key customers to initiate a packaging reuse project that saved more than 194,000 pounds of waste from going to a landfill. We ship product to customers using the bulk bags and then work with a supplier to return and clean them. Once brought back to a Fairmount Minerals facility, we refill and send them out. At the end of their useful life, the reusable bulk bags can be recycled for a cradle-to-cradle sustainable solution.



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Outside of Fairmount Minerals operations, we look at product end-oflife solutions as well as our local communities to promote and practice the 3Rs. We continue our relationship with Paygro, a supplier of soil and mulch products, to recover spent foundry sand from our customers for reuse in agricultural applications. In addition, our Technisand Wedron and Wedron Silica facilities in Illinois invited community members to participate in a recycling day at a local park. Other Fairmount facilities opened their recycling bins to the community and encouraged them to recycle household waste.



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Fairmount Minerals' biodiversity strategy revolves around one core commitment: To restore every one of our sites to an environmentally responsible condition. Our 4,400 acres of property present significant opportunities to address wildlife habitat conservation, and Fairmount Minerals makes land restoration and biodiversity a key element of our sustainability efforts.

Over the past year, wildlife habitat teams at every Fairmount facility participated in a variety of activities aimed at preserving and protecting natural habitats. Today, seven Fairmount Minerals facilities are certified by the Wildlife Habitat Council (WHC) for commendable wildlife habitat management and environmental education programs. In 2009, our Standard Sand and Wexford Sand facilities in Michigan sought and obtained Wildlife at Work re-certification from the WHC. In addition to planting native species and removing invasive species around the properties, teams at these sites installed nest boxes to create hospitable environments for migrating birds.



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Our Maiden Rock facility in Wisconsin received Corporate Lands for Learning certification in 2009 based on the team's extensive efforts to create the largest bat hibernacula in the Midwest. With this certification, our Maiden Rock site can serve as a learning laboratory for students, college research groups and the local community.

#### Total Total Permanently Percent Total Acerage Undisturbed Disturbed Restored Disturbed 269 55 0 17 Best Sand - Beaver 149 366 12 69 Best Sand - Chardon CACM 144 82 97 25 383 68 24 14 Clark Farm 49 0 49 0 Gulliver-Peters 0 8 0 100 Lakeshore Sand 0 3 1 80 Mineral Visions 50 24 107 13 Nadeau Mine 109 17 11 Nadeau Site 24 81 27 25 20 Standard Sand 0 17 0 100 Technisand Bridgman 0 5 0 100 Technisand Fresno Technisand Roff 100 7 0 7 0 3 0 100 Technisand Troy Grove 865 165 Wedron Silica 387 28 55 176 114 51 Wexford 9 1 0 10 WISC - Bay City 3 10 0 79 WISC - Hager City 9 17 9 WISC - Maiden Rock 50 283 10 WISC - Menomonie 72 20

Total Disturbed: Does not include restored areas (only presently open areas). Total Undisturbed = Total average minus total disturbed minus permanently restored.

TOTAL LAND FOOTPRINT

**FAIRMOUNT** 2009 Corporate Social Responsibility Report



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New Markets and

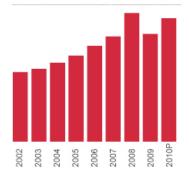
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REVENUES



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Prosperity is measured by more than just a single bottom-line. It is measured by the number of innovative products we develop to support critical social needs. It is measured by our ability to create lasting relationships with key stakeholders. It is measured by the value we generate for our shareholders and employee family. Alone, these measures help create the conditions for a prosperous future, but together they drive our success.

As a private company, Fairmount Minerals does not disclose specific financial information, but instead chooses to report on activities directed at increasing profits, rewarding our employee family and supporting local economies. Fairmount Minerals has a broad set of direct economic impacts affecting the prosperity and livelihood of stakeholders including employees, suppliers, investors, and non-profit partners. We also deliver indirect economic impacts in the form of cost-savings for customers who use our high-quality products as well as local economies that are supported by wages our employees, suppliers and contractors earn from Fairmount Minerals.

Like many organizations, Fairmount Minerals felt the effects of a global recession in 2009. We struggled to meet financial targets as demand in key customer markets dropped. With production slowdowns, we made difficult decisions about workforce reductions and asked our employee family to use furlough time to volunteer in the community. While traditional measures of prosperity reflect the economic challenges we faced last year, the good work of our employee family and our commitment to a sustainable approach enabled the organization to finish the year strong.

To better demonstrate the ways in which a sustainable approach adds value in an organization, we focused on quantifying the returns we achieved as a result of our sustainability practices and projects. With more than \$2.5 million in calculated cost-savings and value creation, we confirmed what we believed to be true — sustainable development pays. For eligible Fairmount family members, sustainable development "paid," when we once again linked 50 percent of bonus compensation to progress on our sustainable development goals.

Innovation

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What's Ahead



As part of our effort to create a stronger culture of innovation, members of the Fairmount Minerals Business Innovation team researched exceptional innovation processes at other companies and academic institutions. Learn More >>



Of the many ideas discussed during Fairmount Minerals' 2008 sustainable development summit, one primary theme emerged: clean water will become a major global issue that Fairmount Minerals has the ability to positively influence. Learn More >>



In a year when companies grappled with complex challenges, Fairmount Minerals continued to deliver on our core principles and commitments. <u>Learn</u> <u>More >></u>



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## Innovation



It only takes one great idea to spark a massive change. In 2009, we tested this concept while encouraging innovation across Fairmount Minerals.

As part of our effort to create a stronger culture of innovation, members of the Fairmount Minerals Business Innovation team researched exceptional innovation processes at other companies and academic institutions. Based on their findings, the team created a structured process for tracking projects to elevate and support innovative ideas from anywhere in the organization. Product-related innovation found a home in the team's new Innovation Center, a space designated for testing and developing new product or process concepts. In the next year, innovation will become a more prevalent aspect of employee engagement. Individuals will have an opportunity to share their thoughts and ideas as Fairmount Minerals hosts local Innovation Assemblies in all regions.

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## New Markets and Products



Of the many ideas discussed during Fairmount Minerals' 2008 sustainable development summit, one primary theme emerged: clean water will become a major global issue that Fairmount Minerals has the ability to positively influence. As we continue to invest in research and development in this area, we anticipate collaborating with valued academic research partners and other important stakeholders. With Fairmount Water Solutions, we will explore possibilities for bringing clean water to the world.

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More than one billion people do not have access to clean water today, and water scarcity presents a major business opportunity for organizations that can address this pressing global issue.

In 2009, we called upon the expertise and imagination of our Fairmount family and partners to launch a new subsidiary, Fairmount Water Solutions. Building upon the work of our Clean Water sustainable development team, our Aqua Clara team and Fairmount Minerals' experience in filtration sand and gravel, we plan to serve the municipal and industrial water filtration markets. To supplement our knowledge and product offerings in this area, we acquired a license to manufacture and distribute Macrolite®, a ceramic filtration media. This product removes harmful materials in water, including oxidized iron, arsenic and other suspended bacteria.



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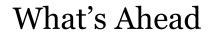
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In a year when companies grappled with complex challenges, Fairmount Minerals continued to deliver on our core principles and commitments.

Sustainable development remains the foundation upon which we operate and keeps us grounded in even the most volatile times. Our focus on People, Planet and Prosperity enables us to reduce costs while driving innovation through creative ideas to improve social and environmental impacts.

As one company, we want to do our part to make the world a better place. With bright minds focused on the considerable opportunities in sustainable development, we believe our efforts can truly make a difference.

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