



Fairmount Minerals **2010**Corporate Social Responsibility Report

WELCOME

Welcome to our fifth annual Corporate Social Responsibility Report. Five years into our sustainability journey, we have learned and changed a great deal. The world around us is not the same world we knew when we identified sustainability as a key priority for our business. We now see more businesses adopting strategies for sustainability within our industry and across the markets we serve. We see issues such as natural resource scarcity and emerging economies creating new challenges and opportunities. Although the world today is one nearly unimaginable to us even five years ago, our strong sustainability foundation has enabled Fairmount Minerals to chart a path for a strong future.



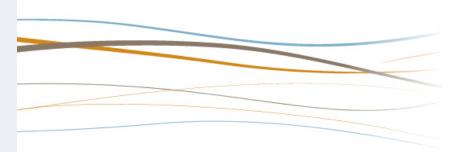
The strength of Fairmount Minerals today and tomorrow is fundamentally rooted in our people and the relationships we create. To build an engaging, thriving workplace, Fairmount Minerals makes safety, health and wellness, and community engagement management priorities.

Learn More >>

Fairmount Minerals makes environmental stewardship a fundamental element of the way we operate not only because it is critical to our prosperity, but because we haven't inherited this earth — we're borrowing it from our children. Learn More >>

Fairmount Minerals' financial success is rooted in our ability to identify and respond to key social and environmental issues. Our approach to sustainable development affords us with a social license to operate and helps to drive innovation and growth. As a business, Fairmount Minerals' profitability creates prosperity for our shareholders and employees while contributing to economic development in our communities. Learn More >>





Fairmount Minerals 2010 Corporate Social Responsibility Report

ABOUT REPORT



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REPORT PARAMETERS

Since 2007, Fairmount Minerals has published an annual report detailing the organization's goals and performance in sustainable development. 2010 marked a year of growth and development at Fairmount Minerals, and we are delighted to acknowledge and celebrate key milestones in our fifth Corporate Social Responsibility Report. In addition to our full online report, we also produce a printed annual highlights brochure, providing a short overview about progress and accomplishments for the year.

The scope of this Corporate Social Responsibility report includes facts and figures relevant to the 2010 fiscal year and cover Fairmount Minerals' global operations, including subsidiaries. To better enable accurate reporting on our energy footprint and associated greenhouse gas emissions, we made the decision to adjust our reporting period back one quarter from January 1-December 31 to October 1-September 30 for each year. We have recalculated greenhouse gas emissions and energy data from previous reports to follow the new reporting cycle in this report.

Transparency around our company's performance through external reporting is an important element to Fairmount Minerals. We follow the Global Reporting Initiative (GRI) G3 Guidelines in our reporting practices. In order to help our stakeholders easily recognize the detail of our disclosures under the G3 Guidelines, Fairmount Minerals participates in a GRI Application Level check. Our 2010 report, which has been verified by GRI for completeness, aligns with GRI application Level A.

sustainable development progress at Fairmount Minerals, please contact Kristin Lewis at sustainability@fmsand.com.

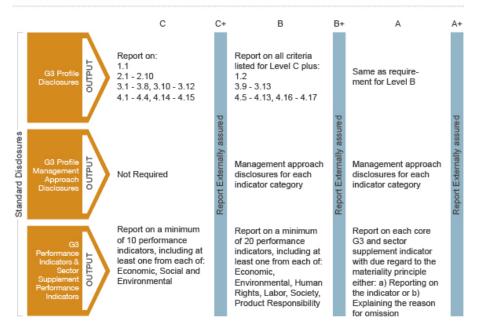
GRI APPLICATION LEVEL

Fairmount Minerals Receives

Application Level A

Check/Approval from GRI.

REPORT APPLICATION LEVELS



We apply the following G3 principles to ensure a strong representation of information and sustainability performance in our report.

Materiality & Stakeholder Inclusiveness

MATERIALITY AND STAKEHOLDER INCLUSIVENESS



Our reporting process is strengthened by the participation of our valued stakeholders. We define report content by integrating stakeholder feedback into our own sustainability assessment process to ensure our primary sustainability objectives reflect an inclusive approach. Our Sustainable Development Initiative Teams set environmental, social and economic goals on an annual basis to ensure we are addressing our significant impacts and stakeholder concerns, while building on our strengths. These goals are reviewed by our Sustainable Development Advisory Committee.

Sustainability Context & Completeness: A strong report addresses material stakeholder issues, relevant sustainability objectives and goals pertinent to our impacts across our value chain. The facts and figures found within this report are related to our environmental, social and economic objectives and performance.

Balance: We demonstrate transparency in reporting by sharing progress updates and opportunities for improvement on all sustainable development goal areas. We present favorable and unfavorable results equally and communicate our real performance.

Comparability: We aim to provide metrics over a minimum of four years (less only when the information is not available) and include a thorough GRI Content Index to assist in readability.

Timeliness: Fairmount publishes our Corporate Social Responsibility report on an annual basis each April, following the evaluation of the previous year's data, performance metrics and feature stories.

Accuracy and Reliability: This report was reviewed by the Fairmount Minerals' senior management team and is published with their support and approval.





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ABOUT REPORT

ABOUT REPORT MENU

Report Parameters

Stakeholder Engagement

GRI Content Index

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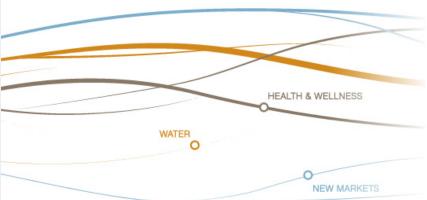
STAKEHOLDER ENGAGEMENT

If it is true that there is strength in numbers, then it only stands to reason that Fairmount Minerals' many stakeholder communities help to make our company strong. We proactively engage our employees, customers, suppliers, neighbors, and others to better understand their varied perspectives on Fairmount Minerals environmental, social and economic impacts. Through the process of strategic stakeholder engagement, we are able to share information about Fairmount's operations, as well as learn from others' best practices. This helps us to appreciate the issues that affect the communities in which we operate and co-create solutions that meet our stakeholders' needs while strengthening Fairmount's performance. Our stakeholders have influence over the way we carefully manage our social, environmental and economic impacts and help us to identify new, innovative ideas for future growth.

We consistently engage a variety of stakeholders through community health fairs, open houses, communications initiatives, and innovation assemblies. We also uphold our commitment to open Fairmount facilities to the local community, where we educate on our operational impacts and invite feedback from our neighbors and local partners.

In 2011, we will hold our third Appreciative Inquiry summit on sustainable development. Fairmount family members and key external stakeholders will be invited to come together in one powerful event where we can, collectively, discuss possibilities for the future.





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GRI CONTENT INDEX

■ 1. Strategy and Analysis

PROFILE	DESCRIPTION	2010 REPORT	UNGC 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 & Analysis	Statement of Continuing Support

2. Organizational Profile

		_	
PROFILE DISCLOSURE	DESCRIPTION	2010 REPORT	UNGC 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	Organization Profile	No specific COP element

served,	and	types	of
custome	ers/h	enefic	iaries

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2.8	Scale of the reporting organization.	Organization Profile We do not report net sales, total capitalization, total assets, beneficial ownership, sales broken down by country/region, and costs by countries/regions because, as a private company, we choose to not disclose any financial information.	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.	Awards & Recognition	No specific COP element

■ 3. Report Parameters

PROFILE DISCLOSURE	DESCRIPTION	2010 REPORT	UNGC 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).	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 restatements of information provided	Report Parameters	No specific COP element

in earlier reports, and the reasons

	for such re-statement (e.g.,mergers/acquisitions, change of base years/periods, nature of business, measurement methods).		
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 choose to review our report content internally as opposed to engaging an external auditor.	No specific COP element

■ 4. Governance, Commitments, and Engagement

PROFILE DISCLOSURE	DESCRIPTION	2010 REPORT	UNGC 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.	<u>Governance</u>	Actions taken to implement Principles 1-10
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Matt LeBaron, managing director at American Securities, serves as Fairmount Minerals' new Board Chairman while Bill Conway now serves as Chair Emeritus.	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.	Stakeholder 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).	All Fairmount Minerals non- union employees, including senior managers and executives, may be eligible for bonus compensation based on business metrics and the completion of our annual Bold Goals for sustainable development.	Actions taken to implement Principles 1-10
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.	Governance	Actions taken to implement Principles 1-10
4.8	Internally developed statements of mission or values, codes of	Mission & Principles, Collaborations	Actions taken to implement

	conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.		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, Strategy & Analysis	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.	2010 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.	Strategy & Analysis	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.	Stakeholder Engagement	Sharing the COP with the Company's stakeholders
4.15	Basis for identification and selection of stakeholders with whom to engage.	Stakeholder 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.	Stakeholder 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.	Stakeholder Engagement, Strategy & Analysis	Sharing the COP with the Company's stakeholders



PERFORMANCE INDICATOR	DESCRIPTION	2010 REPORT	UNGC ELEMENT
DMA EC	Disclosure on Management Approach EC	Prosperity, 2010 Bold Goals	Actions taken to implement Principles 1, 4, 6, and 7
	Economic performance	Economic Impacts	No specific COP element
	Market presence	Economic Impacts	No specific COP element
	Indirect economic impacts	Economic Impacts	No specific COP element
Economic perform	ance		
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Prosperity As a private company, we do not provide specific financial data but do include descriptions of economic impacts and activities.	No specific COP element
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Strategy & Analysis	Actions taken to implement Principle 7
EC3	Coverage of the organization's defined benefit plan obligations.	Exceptional Workplace We offer an employee stock bonus plan and two defined benefit plans. We also offer a 401K option to our employees.	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
Market presence			
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	Our standard entry level wage meets or exceeds local minimum wage requirements at all significant locations of operation.	Outcomes from implementing Principle 1
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Supplier Relationships Local procurement is an element of our sustainable supply chain activities, but is not a part of the spending data that is tracked specifically.	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 6
Indirct economic in	mpacts		
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or probono engagement.	Community Investment	No specific COP element
EC9	Understanding and describing significant indirect economic	Economic Impacts	No specific COP element

Environmental

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PERFORMANCE INDICATOR	DESCRIPTION	2010 REPORT	UNGC ELEMENT
DMA EN	Disclosure on Management Approach EN	Planet, 2010 Bold Goals	No specific COP element
	Materials	Land Restoration	No specific COP element
	Energy	Energy & Climate Change	No specific COP element
	Water	Clean Water	No specific COP element
	Biodiversity	Land Restoration	No specific COP element
	Emissions, effluents and waste	Waste & Recycling	No specific COP element
	Products and services	Superior Products	No specific COP element
	Compliance	Planet	No specific COP element
	Transport	Energy & Climate Change	No specific COP element
	Overall	Planet	No specific COP element
Materials			
EN1	Materials used by weight or volume.	Land Restoration The majority of the materials used at Fairmount Minerals are those that we mine. We consider total tonnage of materials extracted to be proprietary information, so we choose to report total acreage mined.	Outcomes from implementing Principle 8
EN2	Percentage of materials used that are recycled input materials.	Supplier Relationships Because the majority of our input materials come directly from the materials we mine, we choose to focus our efforts on our own recycling and reuse activities. We have converted many of our inbound and outbound packaging materials to reusable super sacks that, at the end of their useful life, are recycled into alternative packaging material.	Outcomes from implementing Principles 8 and 9
Energy			
EN3	Direct energy consumption by primary energy source.	Energy & Climate Change	Outcomes from implementing Principle 8
EN4	Indirect energy consumption by primary source.	Energy & Climate Change	Outcomes from implementing Principle 8
EN5	Energy saved due to conservation and efficiency improvements.	Energy & 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.	New Products and Markets	Actions taken to implement Principles 8 and 9
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Energy & Climate Change	Actions taken to implement Principles 8 and 9
Water			
EN8	Total water withdrawal by source.	Because we employ a closed-loop process in the majority of our facilities, we have not yet developed a system to track total water withdrawal or usage. We are in the process of developing a water footprint process and working to reduce overall water consumption. We intend to report on this indicator in our 2011 report.	Outcomes from implementing Principle 8
EN9	Water sources significantly affected by withdrawal of water.	Because we employ a closed-loop process in the majority of our facilities, we have not yet developed a system to track total water withdrawal or usage. We are in the process of developing a water footprint process and working to reduce overall water consumption. We intend to report on this indicator in our 2011 report.	Outcomes from implementing Principle 8
EN10	Percentage and total volume of water recycled and reused.	Because we employ a closed-loop process in the majority of our facilities, we have not yet developed a system to track total water withdrawal or usage. We are in the process of developing a water footprint process and working to reduce overall water consumption. We intend to report on this indicator in our 2011 report.	Outcomes from implementing Principles 8 and 9
Biodiversity			
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	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.	Planet, Land Restoration	Outcomes from implementing Principle 8
MM1	Amount of land (owned or leased, and managed for production activities or extractive use) disturbed or rehabilitated.	Land Restoration	No specific COP element
EN13	Habitats protected or restored.	Land Restoration	Outcomes from implementing Principle 8
EN14	Strategies, current actions, and future plans for managing	Land Restoration	Actions taken to implement

	impacts on biodiversity.		Principle 8
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
Emissions, e	ffluents and waste		
EN16	Total direct and indirect greenhouse gas emissions by weight.	Energy & Climate Change	Outcomes from implementing Principle 8
EN17	Other relevant indirect greenhouse gas emissions by weight.	Energy & Climate Change	Outcomes from implementing Principle 8
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Energy & Climate Change	Actions taken and outcomes from implementing Principles 7, 8 and 9
EN19	Emissions of ozone-depleting substances by weight.	In 2010, our ODS emissions resulting from leaked HCFC-22 (R-22) totaled 43 lbs.	Outcomes from implementing Principle 8
EN20	NOx, SOx, and other significant air emissions by type and weight.	Air Quality We report on HAPs and particulate matter as those are our significant air quality impacts.	Outcomes from implementing Principle 8
EN21	Total water discharge by quality and destination.	Because we employ a closed-loop process in the majority of our facilities, we have not yet developed a system to track total water withdrawal or usage. We are in the process of developing a water footprint process and working to reduce overall water consumption. We intend to report on this indicator in our 2011 report.	Outcomes from implementing Principle 8
EN22	Total weight of waste by type and disposal method.	Waste & Recycling We have not yet established a consistent waste tracking system and, therefore, cannot provide accurate waste totals at this time. We intend to report on this data in our 2011 report.	Outcomes from implementing Principle 8
ММЗ	Total amounts of overburden, rock, tailings, and sludges and their associated risks.	Safety Although we do not track this data specifically, our comprehensive safety management system addresses risks associated with our mining operations.	No specific COP element
EN23	Total number and volume of significant spills.	We do not have any spills to report.	Outcomes from implementing Principle 8
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.	We do not produce any hazardous waste.	Outcomes from implementing Principle 8
EN25	Identity, size, protected status,	Because we employ a closed-	Outcomes from

and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.

loop process in the majority of our facilities, we have not yet developed a system to track total water withdrawal, usage or discharge. We are in the process of developing a water footprint process and working to reduce overall water consumption. We intend to report on this indicator in our 2011 report.

implementing Principle 8

Products and serv	vices		
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Superior Products	Actions taken to implement Principles 7, 8 and 9
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Waste & Recycling The majority of our products are sold in bulk and do not require packaging material; therefore, this is not a material indicator for our operations. For the Fairmount Minerals products that do require packaging material, we are transitioning from traditional packaging to reusable and recyclable bulk bags.	Outcomes from implementing Principles 8 and 9
Compliance			
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
Transport			
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 & Climate Change	Outcomes from implementing Principle 8
Overall			
EN30	Total environmental protection expenditures and investments by type.	We invested approximately \$800,000 in sustainability related programs and projects in 2010.	Actions taken and outcomes from implementing Principles 7, 8 and 9

Social: Labor Practices and Decent Work

PERFORMANCE INDICATOR	DESCRIPTION	2010 REPORT	UNGC ELEMENT
DMA LA	Disclosure on Management Approach LA	People, 2010 Bold Goals	Actions taken to implement Principles 1, 3 and 6
	Employment	Exceptional Workplace	No specific COP element
	Labor/management relations	Ethics & Diversity	No specific COP element
	Occupational health and safety	<u>Safety</u>	No specific COP

Training and education Diversity and equal opportunity Ehics & Diversity Diversity and equal opportunity Enployment LA1 Total workforce by employment type, employment contract, and region. LA2 Total workforce by employment contract, and region. LA2 Total workforce by employment contract, and region. LA2 Total wurder and rate of employees by location and employee the latter of employees by location and region of the total number of employees by location and report on the total number of employees by location and the apparent satisfaction of our stakeholders with the current reporting level. LA3 Benefits provided to full-time employees, by major operations. LA4 Percentage of employees covered by collective bargaining agreements. CA4 Percentage of employees covered by collective bargaining agreements. CA4 Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements. CA5 White and safety CA7 Percentage of total workforce exceeding one week's duration, by country. LA6 Percentage of total workforce regressented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety committees that help monitor and advise on cocupational health and safety programs. LA7 Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region. Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases. LA8 Health and safety topics covered in formal agreements. CAC1 Actions taken to implement in implementing principle 1 implement in implement in families, or community members regarding serious diseases. LA9 Health and safety topics covered in formal agreements. CAC1 Actions taken to implement in implement				element
Employment LA1 Total workforce by employment type, employment contract, and region. LA2 Total number and rate of employee turnover by age group, gender, and region. propt on the total number of employees by location and ecompany retention rate. We do not break this data down by age group, gender and region due to the complexity of data complation and the apparent sastisfaction of our stakeholders with the current reporting level. LA3 Benefits provided to full-time employees, by major operations. LA4 Percentage of employees covered by collective bargaining agreements. LA5 Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements. Cocupational health and safety MM4 Number of strikes and lock-outs exceeding one week's duration, by country. LA6 Percentage of total workforce or exceeding one week's duration, by country. LA6 Percentage of total workforce or exceeding one week's duration, by country. LA6 Percentage of total workforce sheeting and safety committees that help monitor and advise on occupational health and safety worker health and safety committees that help monitor and advise on occupational health and safety sometimes and safety committees that help monitor and advise on occupational programs in jale to a saist workforce members, their families, or community members regarding serious diseases. LA8 Education, training, counseling, prevention, and risk-contriby groups and in jale to assist workforce members, their families, or community members regarding serious diseases. LA9 Health and safety topics covered in formal agreements. LA9 Health and safety topics covered in formal agreements.		Training and education	Training & Education	
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LA4 Percentage of employees covered by collective bargaining agreements. LA5 Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements. Coccupational health and safety MM4 Number of strikes and lock-outs exceeding one week's duration, by country. 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. LA7 Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region. LA8 Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases. LA9 Health and safety topics covered in formal agreements Outcomes from implementing Principle 1 We do not have any strikes or lockouts to report. We do not have any strikes or lockouts to report. We do not have any strikes or lockouts to report. We do not have any strikes or lockouts to report. Safety Outcomes from implementing Principle 1 We report on several safety—implement implementing Principle 1 We report on several safety—implement implementing Principle 1 Actions taken to implement Principle 1 Actions taken to implement	LA3	employees that are not provided to temporary or part-time employees, by major	Exceptional Workplace	•
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prevention, and risk-control implement programs in place to assist workforce members, their families, or community members regarding serious diseases. LA9 Health and safety topics Safety Actions taken to covered in formal agreements	LA7	diseases, lost days, and absenteeism, and number of	We report on several safety- related metrics with the exception of absenteeism rate, which we have deemed	implementing
covered in formal agreements implement	LA8	prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious	Health and Wellness	implement
	LA9	covered in formal agreements	<u>Safety</u>	implement

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 2010. 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 & Education	No specific COP element
LA12	Percentage of employees receiving regular performance and career development reviews.	Training & Education	No specific COP element
Diversity and equ	al opportunity		
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Governance We do not report on the specific composition of our governance body as we consider that to be proprietary information.	Outcomes from implementing Principles 1 and 6
LA14	Ratio of basic salary of men to women by employee category.	As a private company, Fairmount Minerals does not disclose any specific financial information, including sales, revenue, salary and bonus compensation.	Outcomes from implementing Principles 1 and 6

Social: Human Rights

PERFORMANCE INDICATOR	DESCRIPTION	2010 REPORT	UNGC ELEMENT
DMA HR	Disclosure on Management Approach HR	People, 2010 Bold Goals	Actions taken to implement Principles 1, 2, 3, 4, 5, and 6
	Investment and procurement practices	Supplier Relationships	No specific COP element
	Non-discrimination	Ethics & Diversity	No specific COP element
	Freedom of association and collective bargaining	Ethics & Diversity	No specific COP element
	Child labor	Ethics & Diversity	No specific COP element
	Forced and compulsory labor	Ethics & Diversity	No specific COP element
	Security practices	Not material	No specific COP element
	Indigenous rights	Not material	No specific COP element
Diversity and equa	al opportunity		
HR1	Percentage and total number of	Supplier Relationships	Outcomes from

significant investment We review our suppliers based implementing

	agreements that include human rights clauses or that have undergone human rights screening.	on a voluntary sustainable supplier checklist, which includes criteria pertaining to human rights issues. We do not track the specific number of investments or purchases that undergo specific human rights screening.	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.	Supplier Relationships 100% of our suppliers are invited to complete a voluntary sustainable supplier checklist, which includes criteria pertaining to human rights issues.	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.	We do not provide specific training on policies and procedures concerning aspects of human rights.	Outcomes from implementing Principles 1, 2, 3, 4, 5, and 6
Non-discrimina	tion		
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
Freedom of as	sociation and collective bargaining		
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.	We do not have any operations in which the right to exercise freedom of association and collective bargaining are at significant risk.	Actions taken to implement Principles 1, 2 and 3
Child labor			
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	We do not have any operations in which child labor presents a significant risk.	Actions taken to implement Principles 1, 2 and 5
Forced and cor	mpulsory labor		
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.	We do not have any operations in which forced or compulsory labor presents a significant risk.	Actions taken to implement Principles 1, 2 and 4
Security practic	ces		
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
Indigenous righ	nts		
MM5	Total number of operations taking place in or adjacent to indigenous peoples' territories, and number and percentage of operations or sites where there are formal agreements with Indigenous Peoples'	We do not operate on or adjacent to indigenous peoples' territories.	No specific COP element

communities.

HR9	Total number of incidents of violations involving rights of	We do not have any incidents to report.	Actions taken and outcomes from
	indigenous people and actions taken.		implementing Principles 1 and 2

PERFORMANCE INDICATOR	DESCRIPTION	2010 REPORT	UNGC ELEMENT
DMA SO	Disclosure on Management Approach SO	People, 2010 Bold Goals	Actions taken to implement Principle 10
	Community	Community Investment	No specific COP element
	Artisanal and small-scale mining	Not material	No specific COP element
	Resettlement	In our past mergers/acquisitions, we have not experienced resettlement action. There is no chance of resettlement at this time.	No specific COP element
	Closure planning	Strategy & Analysis Every Fairmount location has or is in the process of developing a site restoration plan, which take into account ongoing restoration activities leading up to the closure of any facilities. We also invest in long-life mines so that we do not enter and exit communities over a relatively short time frame.	No specific COP element
	Grievance mechanisms and procedures	Stakeholder Engagement	No specific COP element
	Emergency Preparedness	Community Investment	No specific COP element
	Corruption	Ethics & Diversity	No specific COP element
	Public policy	Not material	No specific COP element
	Anti-competitive behavior	Ethics & Diversity	No specific COP element
	Compliance	Ethics & Diversity Fairmount Minerals has formal code of conduct guidelines. Our code of ethics is within these guidelines. Every employee is asked to review the guidelines and sign the code of ethics.	No specific COP element
Community			
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	Stakeholder Engagement Our stakeholder engagement practices help Fairmount Minerals to develop site- specific programs or projects that address operational impacts. We intend to increasingly provide more	No specific COP element

information about our impact assessments over the next five

		years.	
ММ6	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.	No specific COP element
MM7	The extent to which grievance mechanisms were used to resolve disputes relating to land use, customary rights of local communities and Indigenous Peoples, and the outcomes.	We do not have any disputes related to land use to report.	No specific COP element
Artisanal and smal	I-scale mining		
MM8	Number (and percentage) or company operating sites where artisanal and small-scale mining (ASM) takes place on, or adjacent to, the site; the associated risks and the actions taken to manage and mitigate these risks.	We do not operate any artisanal or small-scale mines.	No specific COP element
Resettlement			
ММЭ	Sites where resettlements took place, the number of households resettled in each, and how their livelihoods were affected in the process.	We do not have any resettlements to report.	No specific COP element
Closure planning			
MM10	Number and percentage of operations with closure plans.	Strategy & Analysis Every Fairmount location has or is in the process of developing a site restoration plan, which take into account ongoing restoration activities leading up to the closure of any facilities. We also invest in long-life mines so that we do not enter and exit communities over a relatively short time frame.	No specific COP element
Corruption			
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Zero business units have been anaylzed for corruption risks. We provide all Fairmount Minerals family members with a copy of our Code of Ethics, which outlines our expectations relative to ethical behavior. We do not conduct specific analysis related to risks for corruption.	Outcomes from implementing Principle 10
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	We provide all Fairmount Minerals family members with a copy of our Code of Ethics, which outlines our expectations relative to ethical behavior.	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
Non-discrimination			
SO5	Public policy positions and participation in public policy development and lobbying.	Our participation in public policy development occurs through our involvement with trade associations, including	Actions taken to implement Principles 1-10

trade associations, including

		the Industrial Minerals Association of North America (IMA-NA).	
SO6	Total value of financial and inkind contributions to political parties, politicians, and related institutions by country.	We do not have any political contributions to report.	Outcomes from implementing Principle 10
Anti-competitive b	ehavior		
SO7	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
Compliance			
SO8	Monetary value of significant fines and total number of non- monetary sanctions for non- compliance with laws and	We comply with all relevant laws and regulations.	No specific COP element

Social: Product Responsibility

regulations.

	,		
PERFORMANCE INDICATOR	DESCRIPTION	2010 REPORT	UNGC ELEMENT
DMA PR	Disclosure on Management Approach PR	Properity, Planet, 2010 Bold Goals	Actions taken to implement Principles 1 and 8
	Materials stewardship	Innovation, Superior Products	No specific COP element
	Customer health and safety	Superior Products	No specific COP element
	Product and service labelling	Superior Products	No specific COP element
	Marketing communications	Superior Products	No specific COP element
	Customer privacy	Not material	No specific COP element
	Compliance	Superior Products	No specific COP element
Materials stewards	ship		
MM11	Programs and progress relating to materials stewardship.	Innovation, Superior Products Our innovation process includes a sustainable development product charter, which defines criteria assessing environmental and social impacts of our products and processes.	No specific COP element
Customer health a	and safety		
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.	Innovation, Superior Products	Actions taken and outcomes from implementing Principle 1
PR2	Total number of incidents of non-compliance with regulations and voluntary codes	We comply with all product regulations and voluntary codes.	Outcomes from implementing Principle 1

concerning health and safety

impacts of products and services during their life cycle, by type of outcomes.

Product and service	ce labelling		
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	We require and provide Material Safety Data Sheets (MSDS) to ensure employees, customers and emergency personnel have the information and procedures necessary for handling or working with substances in a safe manner.	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.	Stakeholder Engagement While we frequently engage with stakeholders through various methods, we do not have customer survey data available at this time. We intend to provide customer satisfaction survey data in our 2011 report.	No specific COP element
Marketing commun	nications		
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	While we do not have a specific program, we ensure that our marketing communications meet all laws, standards and voluntary codes, especially as it pertains to sustainability claims.	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
Customer privacy			
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
Compliance			
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 FAIRMOUNT FAMILY MEMBERS AND FRIENDS.

Welcome to our fifth annual Corporate Social Responsibility Report.

Five years into our journey, we have learned, changed and grown a great deal. While Sustainability remains a key priority for our business, we encourage businesses to adopt sustainable strategies for within our industry and across the markets we serve. Our strong sustainability foundation has enabled Fairmount Minerals to chart a path for a strong future.

Our core values guide who we are and what we do, and in 2010 Fairmount Minerals was delighted to focus on our celebration principle. The past year gave us many reasons to celebrate, chief amongst them our successes related to People, Planet and Prosperity (3P's). We grew our Fairmount family by approximately 20 percent to over 600, and their good work resulted in a 97.4 percent completion of our 2010 sustainability goals. In particular, we met a longstanding goal of our organization, with more than 500 family members participating in volunteer activity. Based on our January 2010 headcount, every Fairmount family member donated time and energy to a charitable cause. This represents one of the most significant and proud moments in our organizational history.

We also celebrated the ways in which sustainable development adds value through enhanced prosperity. Since 2009, we have tracked data related to cost savings and revenue associated with sustainability efforts. From waste elimination to energy efficiency to wellness initiatives and more, we find that sustainable development pays. As a result of Fairmount Minerals' unequivocal commitment to sustainable projects, we generated more than \$9.3 million in value in 2010, which — while impressive — is but a supplement to the immeasurable intangible value our sustainability commitments create.

Our strength as a business is inherently linked to our sustainability strategy. This proved evident in 2010 when we sold a majority stake in our company to American Securities, a private equity firm that values long-term relationships with its investment companies. When we recognized a need to create liquidity for our retirement fund and longstanding shareholders, we sought out a partner that shared our commitment to sustainable development. Fairmount Minerals' ability to proactively manage social and environmental risks and extract value from sustainability opportunities helped to position our organization as an attractive investment. For Fairmount Minerals, our new partnership with American Securities not only offers liquidity and diversification for shareholders, but it also presents access to an experienced management resource group and financial capital.

As we prepare for growth in 2011, Fairmount Minerals will continue to explore the ways in which we can support sustainable solutions to global challenges. We are proud of the products we are bringing to market — products that support global water resources and products that support an industry bringing natural gas, a cleaner and abundant fuel source, to the domestic market. Over the next year, we will continue to build up capacity and expand R&D to ensure we meet our customers' needs while, at the same time, increasing our participation in activities spanning all 3 P's. This growth will be ushered in

by a new generation of leadership who are sincerely committed to advancing Fairmount Minerals' sustainable practices.

We look forward to further engaging our stakeholders and introducing our newest Fairmount family members to Appreciative Inquiry at our summit in late 2011. Fundamentally, Appreciative Inquiry is about acknowledging the best in people and organizations and building upon strengths. We are rooted in a commitment to our people, our planet and our prosperity — and it is with deep gratitude that we look forward to a future made brighter, bolder, and *stronger* because of it.

Sincerely,

Chuck Fowler

Church Fowler

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STRATEGY & ANALYSIS

Fairmount Minerals' strategy for the future is rooted in the strength of our past. We are committed to delivering value in a way that addresses key sustainability issues while improving our social, environmental and economic footprint. This strategy has proven effective as, in 2010, we were prepared to quickly and effectively respond when key markets rapidly rebounded beyond pre-recession levels.

KEY IMPACTS

Fairmount Minerals recognizes the inherent social and environmental impacts we create as a mining and mineral processing company. We address the unique hazards of the mining industry through comprehensive policies and management systems in the areas of environment, health and safety, and stakeholder engagement. Our sustainable development team structure enables Fairmount Minerals to manage and leverage specific sustainability challenges as opportunities, including energy conservation, sustainable water use, waste reduction, and safety.

Our industrial sand products contribute to broad societal needs addressed by the markets we serve. Over the past five years, Fairmount Minerals' focus on sustainable development has elevated our perspective on opportunities related to global social and environmental needs. We have taken incremental steps to strategically position ourselves in the natural gas and water management industries, where our products and services enable efficient and sustainable production and use of these important resources.

Fairmount Minerals represents a significant employer in many of the communities where we operate. Our strategic investments in long-life mines enable Fairmount Minerals to develop extensive site plans, taking into account social responsibility, environmental stewardship and economic development within our local communities. At the same time, our operations create prosperity that drives economic growth and affords Fairmount Minerals with the opportunity to respond to social causes through our community investment activities.

KEY OPPORTUNITIES AND RISKS

Fairmount Minerals' progressive strategy for sustainability allows us to integrate environmental, social and economic analysis into our fundamental approach to business. This holistic perspective fosters a broader view of our key sustainability impacts, enabling Fairmount Minerals to proactively assess risks and opportunities in a way that creates sustainable value. In the future, we anticipate that growing global energy and water demand will strengthen the need for the sustainable products and services we offer.

We are subject to compliance specifically related to risks within the mining industry, including environmental protection and safety. Changes in the regulatory environment have the potential to increase our costs or create operational delays. Fairmount Minerals proactively addresses these risks by monitoring the regulatory landscape and taking steps to go beyond compliance with today's environmental and safety standards.

Regulatory changes also present challenges and opportunities in the key markets we serve. Should proposed legislation calling for federal regulation of hydraulic fracturing and mandated disclosures pass, our downstream customers could see increased operational costs associated with natural gas production. Natural gas represents an increasingly important and abundant domestic fuel source that is cleaner than oil and coal. Should growing prosperity in developing countries increase global energy demand consistent with most forecasts, Fairmount Minerals will be well positioned within the natural gas market to maximize opportunities associated with this critical fuel source.

On the water side, more stringent water quality standards proposed by the U.S. Environmental Protection Agency may drive growth in the water treatment and filtration market, which presents opportunities for our products. As demand for water emerges as an increasingly significant and complex global issue, we see opportunities to deliver solutions that support sustainable use of this precious resource.

Like others within the mining industry, we understand our vulnerability to potential risks associated with climate change. Should extreme weather events become a more significant outcome of a shifting climate, our physical assets and human resources may be affected in a way that interrupts production. We have an opportunity to ensure our people and properties are prepared to deal with such challenges by continuing our emergency response training activities and expanding our disaster relief preparedness efforts. Furthermore, the effects of climate change regulation may create energy price volatility and security of supply challenges. To the extent that we can improve the efficiency of our operations and diversify our primary sources of energy, we have an opportunity to mitigate these potential challenges.

Understanding and addressing the macro social and environmental issues affecting our business enables Fairmount Minerals to remain strong and competitive. Our strategy for sustainability helps frame the key issues where we can make a difference from a social, environmental and economic perspective — and this gives us a decisive advantage.

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ORGANIZATION PROFILE

Fairmount Minerals is one of the largest industrial sand producers in the United States. We supply <u>industrial sand and related products</u> to a vast array of <u>markets and industries</u>, including foundry, oil and gas, turf and landscape, water filtration, glass, construction, industrial, and retail markets.

Headquartered in Chardon, Ohio, Fairmount Minerals' global operations include 18 mining, mineral processing and manufacturing coating facilities and 6 administrative and R&D offices. In 2010, Fairmount Minerals' ownership structure changed when New York-based private equity firm American Securities acquired a majority stake in the company. The transaction enabled Fairmount Minerals to diversify the holdings of our employee pension plan, provide liquidity for long-term investors and create opportunities for future access to capital.

In partnership wih our new investors, Fairmount Minerals will continue to serve our people — the roots of our success. The Fairmount Minerals family grew in 2010 to include more than 600 talented individuals who support and enable our continued growth.

EMPLOYEES BY LOCATION

Best Sand CHARDON, OH	48
Best Sand Southern BEAVER, OH	2
Bridgman Lake BRIDGMAN, MI	19
TechniSand Bridgman BRIDGMAN, MI	24
Fairmount Water Solutions NEWBURY, OH	5
FML Corporate BENTON HARBOR, MI	20
FML Corporate CHARDON, OH	21
FML Corporate WEDRON, IL	41
Lakeshore Sand HAMILTON, ON	6
Mineral Visions OTTAWA, IL	8
Santrol de Mexico MONTERREY, MEXICO	58
Santrol Yixing Proppant YIXING, CHINA	18
Santrol FRESNO, TX	31

TechniSand Fresno FRESNO, TX	20
TechniSand Roff ROFF, OK	38
TechniSand Troy Grove TROY GROVE, IL	26
TechniSand Wedron WEDRON, IL	20
Wexford Sand HARRIETTA, MI	24
Wisconsin Industrial Sand HAGER CITY/BAY CITY, WI	36
Wisconsin Industrial Sand MAIDEN ROCK, WI	42
Wisconsin Industrial Sand MENOMONIE, WI	24
Ottawa Innovation Center OTTAWA, IL	8
Wedron Silica WEDRON, IL	71

EMPLOYEES BY CATEGORY* 10% ADMINISTRATIVE 3% SALES 17% MANAGEMENT 5% PROFESSIONAL 63% 2% **OPERATIONS** TECHNICAL 19% 81% 44% 56% 610 28% UNDER 40 OVER 40° FEMALE MALE EMPLOYEES UNION*

*Does not include International (Canada, Mexico, and China plant EEs/Unions)

MISSION AND PRINCIPLES

Fairmount Minerals' mission to exceed all expectations while fulfilling our economic, social and environmental responsibilities grounds everything we do as an organization. Our core principles — the guiding values that strengthen Fairmount Minerals — orient our vision for sustainability and provide the foundation upon which we make decisions that affect People, Planet and Prosperity.

ETHICS	TOTAL QUALITY	PERSONAL EXCELLENCE
SAFETY	EMPOWERMENT	CONTINUOUS IMPROVEMENT
HEALTH & WELLNESS	CELEBRATE / FUN	SOCIAL RESPONSIBILITY
LEADERSHIP	ENVIRONMENTAL STEWARDSHIP	TEAMWORK / SHARED OWNERSHIP

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GOVERNANCE

Fairmount Minerals is governed by a seven-person Board of Directors, with one executive, two independent and four shareholder members (three of whom are representatives from American Securities). 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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COLLABORATIONS

Our partnerships and collaborations strengthen our ability to move toward a more sustainable future. As participants in the United Nations Global Compact, our actions are grounded in a set of universal principles — human rights, labor standards, the environment, and ethical behavior. We commit to supporting and following the core values espoused by the Global Compact in our operations as well as through our participation in industry and professional organizations. We are pleased to learn from and participate in the following organizations:

- American Chemistry Council Crystalline Silica Panel
- American Foundry Society
- American Institute of Chemical Engineers
- American Petroleum Institute
- American Red Cross
- American Society for Quality
- American Society of Safety Engineers
- American Water Works Association
- Baldwin Wallace Institute for Sustainable Business Practice
- Business as an Agent of World Benefit Center
- Casting Industry Supplier Association
- Foundry Educational Foundation
- Geauga Growth Partnership
- Golf Course Builders Association of America
- Golf Course Superintendents Association of America
- Industrial Minerals Association of North America
- International Society of Mine Safety Professionals
- Marcellus Shale Coalition
- 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
- Synthetic Turf Council
- United Nations Global Compact
- U.S. Business Council for Sustainable Development
- U.S. Chamber of Commerce
- Water Environment Federation
- Western Wisconsin Land Conservancy
- Wildlife Habitat Council

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AWARDS AND RECOGNITION

Fairmount Minerals' commitment to sustainable development guides everything that we do. We are proud to be recognized for our efforts to fully express our mission and principles and are delighted to have received the following honors in 2010:

- Crain's Leading EDGE Awards
- Fast Track 50
- NEO Success Awards
- Weatherhead 100 (Centurion)
- Project Love: Malden Mills Corporate Kindness Award
- Illinois Association of Aggregate Producers (IAAP) Community Relations Award

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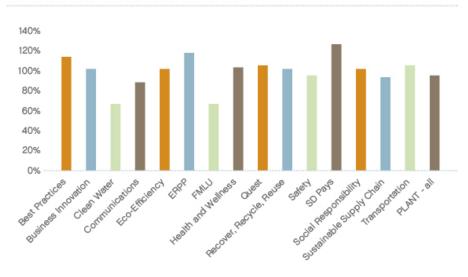




2010 PERFORMANCE

Fairmount Minerals' future strength is rooted in our ability to deliver on our sustainability commitments. In 2010, we met 97.4 percent of our sustainable development goals. From innovation sessions to waste reduction programs, we came together as an organization to successfully complete a wide range of activities that support our environmental, social and economic responsibilities.

2010 SUSTAINABLE DEVELOPMENT PERFORMANCE



■ We will be a leader in education and communication.

DESCRIPTION Curther define apportunities for	SD GROUP	6		COMMENTS
Further define opportunities for innovative collaboration. Develop one long-term partnership.	Business Innovation	©	*	We signed a license agreemen and a four-year development project with two universities in 2010.
Collaborate with academic or business partners to develop a new and unique water filtration or treatment technology.	Clean Water	©	*	We have partnere with two academic institutions to explore water filtration and pretreatment opportunities.
Conduct communications survey to identify ideal communication vehicles.	Communications	©	*	Our "Print Less. Know More." Campaign enable us to identify potential communications vehicles that we can transition to electronic format the near future.
Ensure that 100% of Sustainable Development teams will host at least one video conference.	Communications	0	*	All teams utilized videoconference technology in 2010.
Provide support to Case Western Reserve University as the secretariat for the UN Global Compact.	Communications	0	»	Although we completed a survey for the Global Compact in 2010, we continue to search for opportunities to enhance and strengthen its footprint in the United States.
Create an online forum that tracks on-site solar energy production and offers education on clean energy and future projects.	Eco-Efficiency	©	*	Created intranet site that enables employees to view solar energy production in real time.
Launch a talent development pilot program.	Fairmount Minerals University (FML U)	ç	>>	We developed an employee orientation program in 2010, which will be launched in early 2011.
Partner with the HR department to enhance the talent management program in the following areas: talent acquisition, talent development, and learning and succession planning.	Fairmount Minerals University (FML U)	ç	*	A partnership was forged through participation in the "CorpU-in-a-Box" program, which w be jointly created, enhanced and managed.
Conduct benchmarking research to identify exceptional talent development and learning programs and bring best practices	Fairmount Minerals University (FML U)	0	*	Completed goal and worked with external partner for additional

from those programs back to Fairmount Minerals.				benchmarking survey and results information.
Earn a minimum of one grant project related to the mission of the QUEST Team.	Quest	©	*	Received \$5,000 grant from IMA-NA for Pine Creek restoration project.
Conduct one environmental-related project per region.	Quest	0	*	Projects completed in every region.
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.	Quest	•	*	We applied for and received or recertified more than 20% of our facilities.
Promote waste reduction by hosting community recycling events in each FML region.	Recover, Recycle, Reuse (3R)	•	*	Facilities in each of our regions hosted community recycling events or activities this year.

DESCRIPTION	SD GROUP	PERFORMANCE	TREND	COMMENTS
Identify a partner to help support Aqua Clara's mission.	Clean Water	ç	»	Fairmount Minerals continues to support Aqua Clara by identifying and pursuing mission-enhancing partnerships.
Implement a company-wide Children's Wellness Program.	Health and Wellness	©	*	We launched our new Children's Wellness Program across all Fairmount facilities in 2010.
Conduct a "Fruit and Veggie Bowl" competition to encourage healthy nutrition across organization. Consume a total of 500,000 servings of fruit and vegetables in 2010.	Health and Wellness	•	*	We tracked 600,419 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%.	Health and Wellness	0	*	In 2010, we expanded our wellness program to cover Fairmount family members and their spouses. More than 54% of the spouses chose to participate in the first year.
Our annual healthcare spend will be 10% below industry trend.	Health and Wellness	•	*	Fairmount Minerals has achieved an average trend increase of 7.38% compared to the industry average increase of 12.33%.
Achieve one million consecutive	Safety	0	>>	We achieved our

longest period of

safe work hours as a total

company.				safety performance with 811,338 consecutive safe working hours in 2010.
Achieve a lower safety incident rate than industry peers as a company in 2010.	Safety	•	*	Our safety incident rate is below that of our industry.
Expand our observation-based safety (OBS) program to all our operating facilities in the United States and Canada.	Safety	0	*	Eighty-seven percent of our US and Canadian facilities employ an observation-based safety program.
Register FML to OSHAS18000 by 2015. In 2010, we will have 20% of the program in place.	Safety	ç	*	Twenty percent of our program is in place.

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

	·			
DESCRIPTION	SD GROUP	PERFORMANCE	TREND	COMMENTS
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.	Best Practices	©	*	Developed and delivered presentations on best practices to sustainable development team leadership.
Conduct one innovation assembly in each FML region and track at least two projects through the innovation program structure. Implement innovation center concept.	Business Innovation	•	*	As a result of the innovation assemblies held in each region, we identified and implemented two key projects in 2010. We also launched our new innovation center, bringing R&D and testing into one location.
Work with Aqua Clara to develop a reactor tracking system for new and existing installations.	Clean Water	ç	*	We continue to support Aqua Clara as it expands its presence in developing countries, where potable water resources are limited.
Launch five new sustainable products or processes in 2010.	Environmentally Responsible Products and Processes	Θ	*	We launched or introduced more than five products and processes that improve our sustainable footprint.
Register or achieve compliance with ISO14001 at all FML facilities by 2014. In 2010, we will have 60% of the Fairmount facilities ISO 14000 registered or compliant.	Environmentally Responsible Products and Processes	•	*	We added four facilities to our list of ISO14001 certified or compliant locations in 2010.
Implement a bulk bag reuse	Sustainable	0	^	We successfully

program for 30% of 2009 bulk bag Supply Chain volume shipped.

expanded the bulk bag reuse program to include customers in 2010. Nearly 23% of the bulk bag volume shipped included the reusable bags, and we intend to expand the reusable bulk bag program over the next year.

Provide all FML facilities with a sustainable reference guide to help Supply Chain increase the quantity of purchases from sustainable organizations.

Sustainable

0

We created a reference sheet for facilities to help them identify and purchase from suppliers with high sustainability scores.

- 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.

Sustainable Supply Chain

1) We contacted inventory suppliers to share their score and request updated information. 2) We increased purchases with suppliers that meet our criteria for "sustainable vendors." 3) We did not deliver a sustainability training session to our suppliers.

spaghetti dinners and clean-up projects.

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

DESCRIPTION	SD GROUP	PERFORMANCE	TREND	COMMENTS
Conduct a company-wide skills assessment survey to help launch a skill-based volunteerism campaign. Target an employee response rate of at least 50%.	Corporate Social Responsibility	0	*	We conducted our employee skills survey and received a 45% response rate.
Expand our Disaster Relief program by creating one new Disaster Relief Team in Southern Region.	Corporate Social Responsibility	©	*	We have created Disaster Relief Teams in our major regions and focused 2010 charitable giving on emergency response organizations.
Every facility will conduct a volunteer Day of Caring on or near September 11, 2010.	Corporate Social Responsibility	©	»	Every facility hosted a volunteer Day of Caring with activities including, blood drives, fundraising

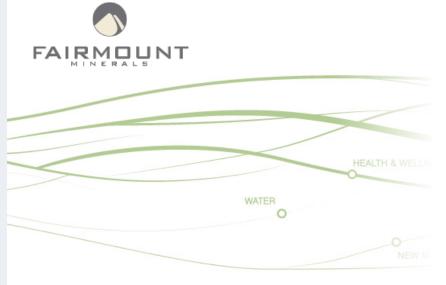
Our investments of time, talent and treasure will touch one million lives by 2020. In 2010, we will touch 100,000 lives.	Corporate Social Responsibility	•	*	By our count, Fairmount Minerals' philanthropic activities touched more than 700,000 lives in 2010.
We will achieve 100% participation in employee paid volunteerism.	Corporate Social Responsibility	©	*	Every Fairmount family member (based on January 2010 headcount) participated in some sort of volunteer activity in 2010.
We will reach 10,000 paid volunteer hours.	Corporate Social Responsibility	ç	*	We logged more than 8,600 hours of volunteer time.

DESCRIPTION	SD GROUP	PERFORMANCE	TREND	COMMENTS
Corporate Best Practice Team will implement three projects in the areas of safety, quality and production.	Best Practices	•	*	Our best practice teams completed projects including improved downtime statistics, benchmarking tours with industry peers, and a loading enhancement initiative.
Reduce paper-based mailings by 20% versus the 2009 baseline.	Communications	•	*	We decreased the number of printed mailings by 45% in 2010 over 2009 totals.
Track all new motor purchases to ensure high-efficiency standards as defined by the FML motor replacement initiative.	Eco-Efficiency	©	*	A motor replacement and repair policy was developed and distributed to all facility maintenance and engineering personnel.
Implement an alternative energy project in 2011. In 2010, research and identify an alternative energy project.	Eco-Efficiency	©	*	We identified a second solar energy project for Fairmount Minerals at one of our Wisconsin facilities and will strive to complete it in 2011.
Support regional energy reduction initiatives through best practice sharing by team members.	Eco-Efficiency	©	*	We have shared our lighting retrofit experience at Chardon with other facilities that will implement energy efficient lighting projects in 2011.

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%.	Eco-Efficiency	•	*	We reduced greenhouse gas emissions by 7.5% in 2010 compared to 2009 levels.
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%.	Environmentally Responsible Products and Processes	©	*	We continue to phase in computers that are more energy efficient, recyclable and free of heavy metals than traditional equipment.
Sequester all FML Scope 1 and 2 greenhouse gas emissions in 2010.	Quest	©	*	Sequestered all Scope 1 & 2 GHG emissions by planting more thar 44,935 trees and 13 acres of grass.
Reduce FML's disturbed land by 2.5%.	Quest	0	>>	We restored 17 acres in 2010.
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.	Quest	0	*	Plans complete for Chardon, Wedron, WISC-Maiden Rock, WISC-Hage City, Menomonie, Roff, and Wexford
Sequester all greenhouse gas emissions (Scopes 1-3) by 2020. In 2010, establish Scope 3 greenhouse gas emissions levels at 20% of FML facilities.	Quest	•	*	In 2010, we determined methodology for calculating Scope 3 greenhouse gas emissions from employee travel. More than 20% of the Fairmount family submitted mileage information relative to work commutes
Fairmount Minerals will be zero waste by 2015 through 20% increments per year.	Recover, Recycle, Reuse	0	*	In 2010, we increased our total recycled waste and reduced scrap sand. In the next year, we intend to establish a consistent method for tracking total waste and share best practices on waste elimination.
Reduce demurrage at FML plants and terminals through improvements to inbound and outbound logistics.	Transportation	©	*	We implemented improvements to improve logistics, resulting in reduced demurrage.
Update loading and unloading procedures to improve efficiency and reduce costs.	Transportation	©	*	We reviewed and updated our loading and unloading procedures in

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0 Identify, implement, and improve Transportation We implemented the economics of car cleaning car cleaning procedures for each loading procedures at facility. each loading facility and loading terminal. For those locations that still require outside assistance, we identified local cleaning sites to reduce mileage traveled for cleaning. 0 Increase gross weights on rail for Transportation We found ways to at least 10% of all freight-collect increase the customers. amount of product on railcars to reduce the total number of railcars traveling and the associated emissions and fuel use. 0 Collaborate with the Best Practice Transportation We put procedures Loading Team to improve loading in place at each practices at all facilities and reduce facility in fugitive dust and track-out sand. collaboration with Best Practice Loading Team.



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2011 BOLD GOALS

Throughout 2011, Fairmount Minerals' Sustainable Development teams will continue to advance our positive sustainability impacts. Together with Fairmount Minerals' Sustainable Development Advisory Council, our team leaders identified 44 goals for 2011 that build upon our strong history of sustainable performance and move us in the direction of a strong, positive future.



BOLD GOALS

Achieve zero waste to a landfill by 2015 through annual waste reductions of 20%.

Hold one recycling event in each Fairmount Minerals region.

Best Practice

BOLD GOALS

Improve downtime by 5% through identification and implementation of best practices.

Improve "appearance" at facilities by 10% according to best practice criteria

Business Innovation

BOLD GOALS

Expand innovation program to external stakeholders through at least one outreach activity quarterly.

Explore and incorporate at least one innovation opportunity within our businesses and facilities that demonstrates "SD Pays."

Explore and develop at least four partnerships that support sustainable innovation.

Clean Water

BOLD GOALS

Educate Fairmount family members on sustainable water use.

Define water footprint process and implement at two manufacturing facilities in 2011.

Identify potential partners to help address water solutions for natural gas production.

Verify Aqua Clara's performance on annual goals.

Communications

BOLD GOALS

Reduce paper mailings by 45% over 2009 baseline.

Design and launch the Fairmount Minerals Individual Sustainability Plan program.

Eco-Efficiency

BOLD GOALS

Reduce greenhouse gas emissions on a per ton basis by 2% annually.

Implement at least one alternative energy project at a Fairmount Minerals facility.

Provide energy conservation education to Fairmount family members.

■ ERPP

BOLD GOALS

Introduce five new sustainable products and/or processes.

Achieve ISO14001 registration or compliance at two Fairmount Minerals facilities in 2011.

Increase the number of computers that meet internal standards for environmental sustainability by 12% in 2011 (over 2010 numbers).

Fairmount Minerals University (FML U)

BOLD GOALS

Test and then launch Fairmount family member onboarding program.

Select a framework for FML U structure.

Design and conduct 2011 AI Summit.

Health and Wellness

BOLD GOALS

Implement new wellness program focused on health driven goals.

Sixty percent of all wellness program participants will improve or maintain a healthy body composition.

Host one kids activity day in each Fairmount Minerals region.

Our annual healthcare spend will be 10% below industry trend.

QUEST

BOLD GOALS

Seventy-five percent of all Fairmount Minerals locations will complete a plant inventory list and develop a removal/management plan by 2012.

Offset 2010 Scope1 & 2 greenhouse gas emissions.

Hold one environmental event in every Fairmount Minerals region.

Partner with transportation team to track and calculate Scope 3 greenhouse gas emissions.

Fifty percent of all Fairmount Minerals locations will be Wildlife Habitat Council or Saving Birds Thru Habitat certified in 2011.

Safety

BOLD GOALS

Achieve one million consecutive safe work hours.

Achieve a 10% lower safety incident rate than industry peers in 2011.

Hold 10 Safety & Health Committee Meetings per facility incorporating:

- Near miss reporting
- Observational-based safety successes
- Silicosis prevention

Complete 40% of OHSAS registration project plan in 2011.

Social Responsibility

BOLD GOALS

Achieve 100% completion of the total paid volunteer time pledge.

Launch skilled volunteerism pilot program.

Sustainable Supply Chain

BOLD GOALS

Increase participation in bulk bag recycling program by 10% in 2011.

Explore and recommend inbound material transportation changes to improve our environmental footprint.

Transportation

BOLD GOALS

Improve private car reloads by 25%.

Improve accuracy of car number reporting by 25%.

Establish a system to track carriers in compliance with CSA 2010.

Plant Goals

BOLD GOAL

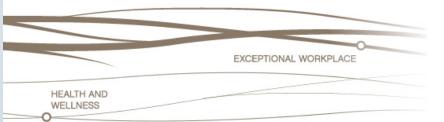
Established a total of 433 individual plant goals.

SD Pays

BOLD GOAL

Each team and facility will calculate savings and ensure full value is captured.





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PEOPLE

The strength of Fairmount Minerals today and tomorrow is fundamentally rooted in our people and the relationships we create. We celebrate the 610 unique individuals who comprise the Fairmount family and enable our organization's growth. To create an engaging, thriving workplace, Fairmount Minerals makes safety, health and wellness, and community engagement management priorities.





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EXCEPTIONAL WORKPLACE

Attracting and retaining the best people makes Fairmount Minerals strong. We strive to build a gratifying workplace where Fairmount family members are respected and feel valued for their contributions. Fairmount Minerals provides compensation for our family members that is competitive with relevant markets. We offer benefits to full-time family members, including a medical and dental benefits package, 401(k), a wellness incentive program, safety bonus programs, and, often include, incentive bonuses.

We believe our commitment to creating an appreciative culture contributes to our 86 percent retention rate, which is higher than the 73 percent average for the manufacturing industry and 67 percent average for the mining industry. In 2010 we continued to build a "best practice" organization by developing a list of criteria and techniques for the identification of best practices in the areas of safety, quality and production. By creating an environment where excellence is valued, we help to foster an exceptional workplace.





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TRAINING & EDUCATION

The strength of our business even in times of economic volatility demonstrates the resilience and expertise of our global workforce. Fairmount Minerals is committed to providing our people with opportunities to expand their skills, engage in unique learning opportunities and excel in their work. Our management approach to talent development includes training sessions for key functional areas, professional certifications and tuition reimbursement for full-time Fairmount family members enrolled in undergraduate or graduate programs.

The Fairmount Minerals University team partnered with human resources in 2010 to review and enhance our talent development efforts. Employee orientation emerged as an area where Fairmount Minerals could leverage education to strengthen our culture and performance. We created a new orientation program to provide recent hires with an introduction to the Fairmount Minerals culture and developed a re-orientation presentation for current family members who want to refresh and update their Fairmount knowledge. An employee engagement survey will enable us to monitor the effectiveness of the programs and allow our family members to provide feedback.

We also focused on researching exceptional talent development and learning programs within other organizations. To further enhance our talent development practices, Fairmount Minerals will implement a corporate university program. Over the next year, we will work with a partner to develop a learning framework based on 12 dimensions of learning excellence.





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EMPLOYEE AWARDS & RECOGNITION

Recognizing exceptional performance is core to the Fairmount Minerals culture. Our talent can be distinguished by a sincere commitment to excellence and a desire to acknowledge great work. Our award and recognition program enables Fairmount family members to recognize one another for outstanding performance and celebrate their achievements. Open nominations for distinction in sustainable development are accepted on a rolling basis. An external committee proposes finalists for the annual Fairmount Mineral's Sustainable Development Employee of the Year award. Our 2010 winners include:

- Best Sand Company: Mike Anderson
- Bridgman Lake: Lee Stachurski
- Bridgman Resin: Jason Alexander
- Wexford Sand Company: Norma Kangas
- Technisand Wedron: Kevin Cummings
- Lakeshore Sand Company: Mirsada SuljicWedron Silica Company: Andy Mucci
- Technisand Troy Grove: Richard Peradotti
- WISC Menomonie: Michele Maxson
- WISC Maiden Rock: Danielle Dahms
- WISC Hager City: Greg Buckner
- WISC Bay City: Dave Townsend
- Technisand Roff: Joe Gordon
- Technisand Fresno: James Duncan
- Mineral Visions: Chris Harden
- Corporate/Administration Group: Ellen Anderson
- Sales/Customer Service Group: Brenda Wright
- Technology Group: Robert Selzer
- Ottawa Innovation Center: Janice Abell
- · Santrol: Nicole Rafferty
- Santrol Yixing: Rose Sun (孙湘红)



BILL CONWAY FOUNDER'S AWARD

The 2010 Founder's Award winner, Richard Peradotti, is a long-time Fairmount Minerals family member from our Troy Grove, Illinois facility. Richard embodies the qualities of exceptional service and community commitment through his many volunteer activities and positive attitude. He demonstrates a special dedication to children, volunteering to build playgrounds and supports several March of Dimes fundraising projects that promote healthy babies and pregnancies. Richard also

contributes his time when it comes to environmental efforts — whether it is an Adopt-a-Highway program or local river clean-up. We are delighted to recognize Richard Peradotti for his extraordinary community service and contributions to Fairmount Minerals. Congratulations, Richard!



PROSPERITY

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SAFETY

Fairmount Minerals' safety program is rooted in the belief that every single Fairmount family member deserves to work in an environment that promotes and supports safety. We recognize that we are at our best when our family members feel empowered and safe. Fairmount Minerals' approach to safety follows a comprehensive program aligned with the internationally recognized Occupational Health and Safety Assessment Series standard OHSAS 18001. By 2015, Fairmount Minerals will register all facilities to OHSAS 18001.

In 2010, Fairmount Minerals achieved our longest period of consecutive safe working hours. With 811,338 consecutive safe working hours across all Fairmount facilities, we came closer to our goal of 1 million consecutive safe working hours than ever before. We attribute this improvement to Fairmount Minerals' continued focus on a proactive safety culture, with safety coordinators in every region and a strengthened observational-based safety program. Our 3.1 safety incident rate — lower than the 3.3 industry average — also reflects Fairmount Minerals' commitment to continue to create a culture of safety.

On target with our goal, we rolled out a peer-based observational safety program at all Fairmount Minerals facilities in 2010. The "no name, no blame" approach encourages family members to seek out both exceptional and risky behaviors. In Chardon, for example, we recorded an observation of a shut-off process that involved standing on a pipe to reach a valve. Family members devised a simple solution in response to the observation that created a safer way to reach the valve through the installation of an extension arm. With a goal to hold 10 safety and health committee meetings per facility per year in which observational-based safety successes and silicosis prevention programs are shared, we hope that these solutions will become an everyday norm and enhance the safety of our family.

We continue our "Bringing Safety Home" program because we value safety for our family members both on the job and at home. One way we worked to elevate safety awareness is through the creation of a calendar sent home to our families complete with safety tips and reminders. The calendar included an added element of creativity with drawings from our family members' children about what safety means to them. In 2011, we hope to certify 100 percent of our family members in First Aid and CPR, which will extend value and usefulness of the "Bringing Safety Home" program.

CONSECUTIVE SAFE WORKING HOURS



INCIDENCE R	ATE						
	2004	2005	2006	2007	2008	2009	2010
FML INCIDENCE RATE	2.3	4.2	0.8	2.4	3.9	3.5	3.1
INDUSTRY AVERAGE	3.8	3.4	3.3	3.3	3.3	3.1	3.3
LOST TIME RA	ATE.						
	2004	2005	2006	2007	2008	2009	2010
FML INCIDENCE RATE	0.9	11	0.3	1.0	1.2	0.7	0.6



INDUSTRY

AVERAGE

SAVING LIVES THROUGH SAFETY

1.3

1.3

"It was hard to sleep that night worrying about it," Carolyn Rich said as she recounted that fateful day. "If I hadn't installed that carbon monoxide detector when I did I could have found my son and his girlfriend dead in my home. I get goose bumps just thinking about it." Carolyn, a lab technician at our Roff facility, won the combination carbon monoxide and smoke detector in a raffle at a safety meeting a couple of months prior. One day, as her son and his girlfriend were unpacking groceries, the detector began screaming for them to get to fresh air. They quickly shut off the gas and ran outside. Immediately following the incident, they replaced a faulty heater, which was the source of the problem. After that day, the Roff plant manager provided all family members at the facility with a carbon monoxide detector, something Carolyn explains everyone should have. "You might be able to see and smell smoke from a fire, but not carbon monoxide. It's a silent killer," she said.

1.2

1.7



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HEALTH & WELLNESS

Strong companies are comprised of healthy, productive employees. Our strength as an organization is a direct reflection of our family members' personal health and wellness. Because we understand that personal health is affected by the overall health of families and friends, we have expanded our wellness program to more completely address personal health and wellness. This proactive approach to health and wellness not only supports our productivity, but it also contributes to significant cost savings. Fairmount Minerals strives to maintain medical plan costs that are below industry trend, while still providing an exceptional program at affordable employee participation rates. Over the past seven years, Fairmount Minerals has achieved an average trend increase of 7.38 percent compared to the industry average increase of 12.33 percent. The trend adjusted per employee costs resulted in savings of \$7,219 for the 2010 plan year.

We expanded our voluntary wellness program this year to cover children of our valued family members. The program, which provides incentives, personalized care plans, smoking cessation tools, gym membership reimbursements, bi-annual physicals, and other health and wellness tools, recorded a 68 percent employee participation rate. Although this is a small drop from previous participation rates, we are taking steps to educate new Fairmount family members about joining the wellness program and making changes to the program that we expect to drive engagement.

We are excited to embark upon new wellness goals for 2011. We look forward to rolling out a new wellness program with informative road shows and health fairs. The program will provide financial incentives for participation in nutrition, stress, weight and exercise management while offering more education and awareness. A new wellness website will enable Fairmount family members to track their progress every step of the way, making it easy and fun to stay active and healthy.

To achieve our goal of promoting children's wellness, we held children's health fairs at all Fairmount Minerals U.S. and Canadian locations. Recognizing the importance of educating our children on making healthy, informed decisions, we designed the health fairs to include body mass index (BMI) testing, diabetes and asthma information, fun games, and general wellness education. The success of these fairs tells us that we are on the right track and enables Fairmount Minerals to make a difference for our families and communities.

FRUIT AND VEGGIE BOWL

Each year, we work to create a fun wellness challenge that helps to raise awareness of nutrition and exercise. In 2010, we conducted the "Fruit and Veggie Bowl," a competition designed to encourage family members to eat at least five servings of fruits and vegetables per day. From swapping out snacks at meetings with healthy alternatives to bringing farmers market produce to our facilities, Fairmount Minerals' family members recorded consuming an astounding 600,000 servings of fruits and vegetables, which was 120 percent above our goal. To put that in perspective, we consumed the equivalent of 1,000 cubic feet of fruits and veggies — enough to fill 37 average size dump trucks.





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PEOPLE

PEOPLE MENU

People Home

Exceptional Workplace

Training & Education

Employee Awards & Recognition

Safety

Health & Wellness

Ethics & Diversity

Community Investment

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ETHICS & DIVERSITY

As our global footprint continues to grow in the future, Fairmount Minerals remains firmly committed to our core values. We adhere to the laws and regulations of the countries and communities in which we operate and hold ourselves to standards that often go beyond those requirements. Fairmount Minerals supports and respects human rights, labor practices and ethical behavior consistent with the United Nations Global Compact. Regardless of cultural norms, customs or the absence of laws and regulations, we continue to uphold the same high expectations and standards for practice that are outlined in our Code of Ethics, which is translated into the primary languages of all Fairmount Minerals locations.

As we seek to add new members to the Fairmount Minerals family, we make our decisions based on skills and experience to meet the requirements of current and potential future roles. We embrace an employee family that does not discriminate based on age, ethnicity, gender, sexual orientation, religion, or other indicators of diversity. We do not employ forced, bonded or child labor. We are strengthened by the diversity of thought, skill and experience that makes up our Fairmount family, and we encourage collaboration across the organization as a means of enhancing our collective performance.





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PEOPLE

People Menu People Home Exceptional Workplace Training & Education Employee Awards & Recognition Safety Health & Wellness Ethics & Diversity Community Investment

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COMMUNITY INVESTMENT

Fairmount Minerals' success is firmly rooted in the success of our communities. Our neighbors play an important role in our business — they afford us the social license to operate, which contributes to our prosperity and supports future growth. In turn, we take pride in sustaining and enriching our communities.

In 2010, we met a longstanding goal of our organization, with more than 500 family members participating in volunteer activity. Based on our January 2010 headcount, every Fairmount family member donated time and energy to a charitable cause. All Fairmount Minerals locations hosted a volunteer Day of Caring, which helped provide opportunities for our family members to get involved. Throughout the year, Fairmount family members donated in excess of 8,600 hours of volunteer time by participating in activities including blood drives, roadside clean-ups, assisting the elderly, and hosting local fundraising dinners. To help support a skill-based volunteerism campaign and connect family members to specific volunteer opportunities, we also launched a company-wide skills assessment survey. We believe that we can leverage the skills of our family to meet specific needs in our communities.

Every year, we aim to find an area of focus for our volunteer activity and charitable giving. In 2010, we focused on contributions to emergency services in every Fairmount Minerals community, donating more than \$700,000 to local hospitals, fire departments and emergency response teams. We also trained several Fairmount family members on disaster response protocol and local emergency management.

Fairmount Minerals invested 1.55 percent of our pre-tax, pre-equity earnings to community organizations in 2010 and exceeded our goal of touching 100,000 lives. In 2011 we hope to focus on education and give back to our communities through learning opportunities.



19%
EDUCATION

67%
HEALTH & ENVIRONMENTAL DISCRETIONARY
WELLNESS



REMEMBERING 9/11

In the decade following September 11, 2001, we have seen the profound effects of that tragic day. To memorialize the heroes of Flight 93 and those who lost their lives as a result of the terror attacks, Fairmount Minerals has partnered with The National Park Foundation to donate \$10,000 to the Flight 93 National Memorial Fund. This gift will enable the Foundation to plant 150,000 new trees near the memorial in Shanksville, Pennsylvania. Most of the trees planted will be part of a restoration effort on the site of a former coal mine, but a select few will be part of the memorial's design and visible to an estimated 250,000 annual visitors. The Foundation is also exploring strategies to treat acid mine drainage for use as non-potable gray water and transform retention ponds into natural habitats as part of its overall commitment to environmental stewardship. The memorial will be dedicated in September 2011, and Fairmount Minerals will be proud to attend the ceremony.





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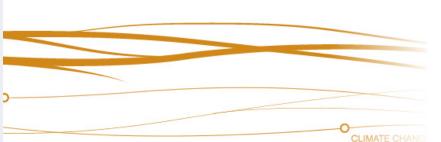
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Our business revolves around our ability to extract and utilize resources as sustainably as possible. Our strength is inherently tied to the environment. Fairmount Minerals makes environmental stewardship a fundamental element of the way we operate not only because it is critical to our prosperity, but because we haven't inherited this earth — we're borrowing it from our children.

Fairmount's Sustainable Development Advisory Committee oversees a variety of volunteer-based teams that lead important projects involving land restoration, recycling, energy conservation, and water filtration, to name a few. Our approach to environmental responsibility is governed by a robust environmental management system aligned with the universal ISO 14001 standard. This system ensures Fairmount Minerals maintains or exceeds compliance with environmental standards and regulations. In 2010, we added three new facilities to our list of ISO 14001 certified locations and one additional location achieved compliance. We will register or achieve ISO 14001 compliance at all Fairmount Minerals facilities by 2014. Our ISO 14001 certified or compliant locations include:

- Best Sand
- Bridgman Resin
- Bridgman Lake
- Fresno
- WISC Bay City
- WISC Maiden Rock
- WISC Menomonie
- Technisand RoffTechnisand Troy Grove
- Technisand Wedron
- Wexford Sand





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ENERGY & CLIMATE CHANGE

Fairmount Minerals is committed to operating in a way that exceeds expectations in our social, environmental and economic responsibilities. We know that energy use has global implications on all aspects of sustainable development, so taking action to improve our carbon footprint supports not just the planet, but people and prosperity, too. As global economic growth drives increased energy demand and associated greenhouse gas emissions, we have an opportunity to act in a way that helps our world follow a more sustainable course.

Through alternative energy, Fairmount Minerals is finding ways to improve our environmental footprint. We are delighted to announce that our first solar panel installation went live at our Chardon facility in 2010, and we have plans to install a solar array at a second location in 2011. This reduces our dependence on electricity from coal-fired power plants and enables us to take advantage of a renewable, clean fuel source. To keep our family members engaged with and informed about the benefits of alternative energy, we created an internal website where they can track solar energy production and see its benefits.

Even more significant in terms of energy impact are Fairmount Minerals' energy efficiency efforts. In the past year, we implemented several projects to reduce our total energy consumption. By sharing best practices across Fairmount facilities, we successfully made improvements in the following areas:

- Purchased 61 high efficiency motors to replace older, less efficient models
- Conducted a high efficiency lighting retrofit in Chardon that resulted in a 75 percent lighting energy reduction (will be implemented at other facilities in 2011)

From a technology perspective, we also have opportunities to improve our impacts. As part of our goal to have 100 percent of our computers meet internal standards for environmental responsibility by 2014, we began to replace old laptops with new models that meet EPEAT Gold certification. This means that our computers are more energy efficient, recyclable and mercury-free. We think that is better for the environment *and* our family members. We also transitioned to thin client technology for our desktop computers, which reduces the need for multiple servers at every location and saves the associated heating and cooling costs — an estimated \$110,000 in savings alone this past year.

Another way that Fairmount Minerals addresses our carbon footprint is by considering our transportation impacts. We have identified and implemented best practices to improve the loading times of our trucks that come in and out of our facilities in order to reduce idling time. We are also working to reduce travel through several methods, including:

 Implementing a local rail car cleaning process to eliminate mileage from transporting cars to cleaning facilities

- Enhancing logistics to increase gross weights on rail by 10 percent to reduce the total number of rail cars used
- Increasing use of teleconferencing and videoconferencing technology to reduce workforce travel

One of Fairmount Minerals' ongoing commitments is to offset our carbon emissions on an annual basis. The QUEST team was successful once again in sequestering all Greenhouse Gas Protocol Scope 1 and 2 greenhouse gas emissions by purchasing and planting trees at all Fairmount Minerals locations and making donations to the Arbor Day Foundation, American Forest Foundation and the National Park Foundation. We planted a total of 44,835 trees and 13 acres of grasslands. Although we have focused on Scope 1 and 2, we continue to look at ways that we can more fully measure and address Scope 3 greenhouse gas emissions levels. In 2010, we successfully reduced our greenhouse gas intensity by 7.5 percent over the previous year.

FUEL USE BY TYPE

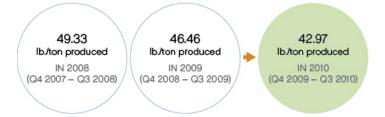
FUEL	2008	2009	2010
1% biodiesel (gallons)	0	52,080	81,010
10% biodiesel (gallons)	0	52,755	96,584
20% biodiesel (gallons)	190,377	157,964	89,823
5% biodiesel (gallons)	157,252	70,678	49,275
Diesel #2 (gallons)	374,003	276,422	438,647
Electricity (kW-hr)	83,040,306	74,801,633	94,066,443
Fuel #400 (gallons)	294,242	337,702	373,122
Gasoline (gallons)	24,622	30,243	29,756
Liquid Propane (gallons)	1,740,253	1,463,558	1,834,299
Natural Gas (MCF)	951,450	821,549	1,029,318

TOTAL FUEL USE BY FACILITY

FACILITY	2008 TOTAL ENERGY (MMBTU)	2009 TOTAL ENERGY (MMBTU)	2010 TOTAL ENERGY (MMBTU)
Best Sand (Chardon, OH)	185,984	141,638	157,933
Best Sand Southern (Beaver, OH)	2,236	2,300	1,728
Bridgman Lake (Bridgman, MI)	62,819	67,847	65,111
Fairmount Water Solutions (Newbury, OH)	N/A	N/A	961
Lakeshore Sand (Hamilton, Ontario)	44,123	26,613	23,636
Mineral Visions (Ottawa, IL)	25,947	8,343	5,252
Santrol de Mexico (Monterrey, Mexico)	6,340	13,533	34,074
Santrol Yixing Proppant (Yixing, China)	N/A	3,708	18,320
TechniSand - Bridgman (Bridgman, MI)	17,988	15,543	30,684
TechniSand - Fresno (Fresno, TX)	9,726	8,035	28,066
TechniSand - Roff (Roff, OK)	46,731	35,257	38,201

23,617	91,743	115,137
134,554	114,344	153,314
46,012	86,600	125,412
68,001	65,347	85,990
738,603	552,637	635,560
33,229	55,377	97,400
55,015	43,831	56,180
	33,229 738,603 68,001 46,012	33,229 55,377 738,603 552,637 68,001 65,347 46,012 86,600

GREENHOUSE GAS EMISSIONS (CO2 EQUIVALENTS)





WISCONSIN FACILITY EARNS LEED GOLD

In 2010, Fairmount Minerals' Wisconsin Industrial Sand facility in Menomonie, Wisconsin, earned Gold Certification through the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) Green Building Rating System. The building is the first structure located on an active aggregate mine site to receive LEED certification, and it is one of only a handful of LEED-certified structures in western Wisconsin.

The main design themes of the project, Earth and reclamation, have a special meaning for Fairmount Minerals, which makes biodiversity and land restoration a major focus of our operations. An automated geothermal system assists in heating and cooling the building and reclaimed materials are found throughout the structure. Interior doors were salvaged from a demolition site in Madison, while the lab features countertops made from construction site scrap wood. One beautiful and unique element of the building interior includes the use of recycled wine barrels, which have been converted into a conference table, reception desk and accompanying furniture. The design elements of the building improve its energy efficiency by 58 percent and reduce water consumption by 49 percent. Seventy-five percent of the construction waste from the project was recycled, while automated lighting, no-irrigation landscaping and a pair of heat exchangers in the maintenance shop help to improve its operational footprint.

The Menomonie facility is a shining example of Fairmount Minerals' ongoing commitment to sustainable development, and it is the new standard when it comes to new construction for the organization.





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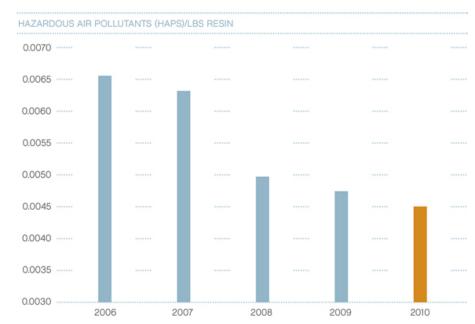
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AIR QUALITY

Our longstanding focus on improving air quality in and around Fairmount Minerals' facilities strengthens our commitment to environmental responsibility.

The resins we use in many of our products result in air emissions. For the last five years, Fairmount Minerals has identified hazardous air pollutant (HAP) reductions as a key element of our sustainability efforts. Through the use of technology developed at Fairmount Minerals, we have made significant progress improving our HAPs impacts. Our investments in thermal oxidizer technology at several facilities have enabled our teams to further drive down air emissions. In 2010, the installation of a thermal oxidizer at our TechniSand Fresno facility helped to reduce our overall HAPs emissions by 5 percent on a per unit basis over 2009 totals.







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CLEAN WATER

As global water demand increasingly outpaces supply, we must, as environmental stewards, do everything in our power to ensure sustainable use of this resource. Water is critical to Fairmount Minerals' operations, and we proactively address our water footprint by working to measure water inputs, outputs and use. In areas where our operations represent a more significant draw on local water supplies, we work to reduce overall consumption and recycle water through a closed-loop process. In the near term, we intend to focus efforts on water footprint data to better assess our operational water impacts.

Fairmount Minerals' newest subsidiary, Fairmount Water Solutions, is focused on improving global water supply through filtration services for surface water, ground water, and municipal and industrial waste. In 2010 we began collaborations with the University of Waterloo and University of Northern Iowa to explore and develop technologies that address current water treatment needs. These efforts will directly improve water by:

- Reducing phosphorus and nitrate in North American lakes, rivers and streams
- Reducing cryptosporidium in municipal and commercial pools
- · Recycling water used in oil and gas drilling

Over the next year, our internal focus will be on water education. We plan to initiate an analysis of our water cycle processes in Wisconsin to better understand the full spectrum of our impacts. In addition, Fairmount Minerals will participate in the American Waterworks Association's sustainability committee. The Association's mission, one that Fairmount Minerals supports, is to unite the water community to protect public health and to provide safe and sufficient water for all. In addition, we will continue to support and assist Aqua Clara International in its effort to provide clean, safe water to homes throughout the developing world.



ENTREPRENEURS SUPPORTING LOCAL WATER NEEDS

When post-election violence in Kenya displaced his family, Benson Nyandusi was left with no land and no livelihood. Desperate to find a way to support his family, Benson attended an Aqua Clara water filtration training session in the hopes of getting work. Aqua Clara, a valued Fairmount Minerals partner, trains people in water stressed regions to build simple water filters and drive economic development based on building and selling the filtration units. The training gave Benson the opportunity to create a sustainable business that not only provides for his family, but enhances the quality of life in the Kisii community.

Aqua Clara supports communities in Kenya, Mexico and Nicaragua by creating and supporting a network of water filtration entrepreneurs. Fairmount Minerals is a proud supporter of the Aqua Clara mission and has provided technical expertise, volunteers and financial resources to expand the benefits of Aqua Clara's work to regions around the world.





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WASTE & RECYCLING

Fairmount Minerals' focus on waste elimination provides us with an opportunity to look at the core of our operations and find ways to strengthen productivity. Our zero waste goal drives efforts to reduce, reuse and recycle. Beyond our own operations, we seek to promote effective waste reduction strategies by holding community recycling events and making recycling opportunities available to our neighbors.

This year Fairmount Minerals launched the "Print Less. Know More." campaign to reduce the amount of printed materials we create. This campaign directed Fairmount family members to a web landing page with an online form that gave them choices for receiving communication materials in electronic format. We will be using the information gathered to assess a transition to electronic-based materials. In addition, moving from a printed report to an online CSR report last year helped us to reduce paper-based mailings by 20 percent.

We see more opportunities across our value chain to improve Fairmount's waste impacts. With both suppliers and customers, we continue to expand our bulk bag reuse program, which eliminates cardboard packaging and promotes reusable and recyclable packaging. In 2010, we diverted 272,000 pounds of waste through this program. Additionally, we partnered with one of our suppliers to enhance both environmental and economic impacts through a by-product synergy effort. By replacing a traditional raw material with one of our supplier's off-grade materials, we helped to reduce a waste stream and overall material costs.

Within our own facilities, optimization projects help to improve Fairmount's waste impact. One significant example in 2010 involves a process optimization effort at our Roff facility in Oklahoma. For years, our Roff facility has switched between two separate product lines each day. In evaluating the process, we found that the product line switch was taking up to four hours, increasing downtime and creating more than a ton of waste every time we swapped lines. We determined that extending lead times on one of the product lines could reduce the switchover from once daily to once a month. This has resulted in an 18 percent boost in production and a significant improvement in total waste.





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LAND RESTORATION

The strength of our business is fundamentally tied to the resources we can sustainably source from the land. A strong approach to restoring, preserving and supporting biodiversity across the 4,400 acres of Fairmount Minerals property is a critical element of our sustainable practices. Fairmount Minerals is committed to restoring our mining sites to an environmentally preferable condition. Although land restoration requirements vary by state, we hold ourselves to a standard that often exceeds those mandated by state law.

The QUEST Team led numerous reclamation and education efforts in 2010. Through our ongoing partnership with Saving Birds Thru Habitat, we connected with the Conservation Resource Alliance to plant 4,700 native trees. In addition to planting trees, shrubs and native grasses, we created an invasive species removal plan to help these habitats

Every Fairmount Minerals QUEST site team participated in an environmental education project to enhance our awareness of biodiversity impacts. Our teams engaged in several different activities, including:

- Building barn swallow bird boxes and a native plant educational exhibit
- Creating a pollinator garden
- Partnering with a local nursery to plant native grasses
- Conducting a town planting project

Beyond our internal education efforts, we aim to help raise awareness of biodiversity and land management through our participation with the Wildlife Habitat Council (WHC). Eight Fairmount Minerals locations renewed or received a new WHC certification in 2010 while four facilities achieved Corporate Lands for Learning status. This means that we create learning opportunities for the local community using our habitat as a tool to explore ecological concepts and the human role in conservation. In addition, Saving Birds Thru Habitat awarded nine Fairmount facilities with land certification in recognition of our efforts to establish or preserve habitats benefitting native wild birds.

TOTAL LAND FOOTPRINT

Total Acerage	Total Undisturbed	Total Disturbed	Permanently Restored	Percent Disturbed	
545	147	320	78	59	Best Sand
307	263	44	0	14	Best Sand Southern
	144	82	97	25	CACM
475	383	68	24	14	Clark Farm
	0	0	49	0	Gulliver-Peters
	0	8.19	0	100	Lakeshore Sand
	0	3.3	0.8	80	Mineral Visions
	50	24	107	13	Nadeau Pit
	108.5	8	32.5	5	Nadeau Site
	81	27	25	20	Standard Sand
	0	17	0	100	Technisand Bridgman
	0	5	0	100	Technisand Fresno
	100	7	0	7	Technisand Roff
	0	3	0	100	Technisand Troy Grove
1,407	855	387	165	28	Wedron Silica
	56	168	122	49	Wexford Sand
	9.2	1	0	10	WISC - Bay City
	2.62	9.67	0	79	WISC - Hager City
	8.4	16.5	9.1	49	WISC - Maiden Rock
365	282.9	72	10.1	20	WISC - Menomonie

Total Disturbed: Does Not include Restored Areas (only presently open areas).
Total Undisturbed: Total Acreage Minus Total Disturbed Minus Permanently Restored.

4480.78	719.50
TOTAL ACREAGE	PERMANENTLY
	RESTORED

1270.66 TOTAL DISTURBED 28.36% PERCENT DISTURBED



INDUSTRY SUPPORT FOR RESTORATION PROJECTS

The Industrial Minerals Association of North America (IMA-NA), in cooperation with the U.S. Fish and Wildlife Service, granted \$5,000 to Fairmount Minerals in 2010 to enhance and restore wildlife and native plant habitats on properties where industrial minerals have been mined or processed. The terms of the grant included technical support from the Service to develop habitat restoration projects on lands identified as having high biodiversity value. Fairmount Minerals will use this grant to advance our work in Wisconsin on the Pine Creek restoration project. Now entering our third year of work, the Pine Creek restoration aims to improve the effects of stream bank erosions to support healthy trout reproduction and habitat quality. Fairmount Minerals is delighted to have the support of our industry association, the IMA-NA, and the Service in our efforts to help restore Pine Creek.

ECONOMIC IMPACT



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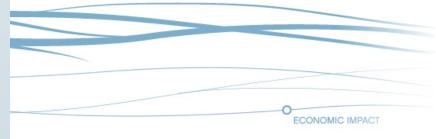
Fairmount Minerals' financial success is rooted in our ability to identify and respond to key social and environmental issues. Our approach to sustainable development affords us with a social license to operate and helps to drive innovation and growth. While, as a private company, we choose not to disclose particular financial data, we do report on the ways in which we balance short-term profitability with our ability to deliver long-term prosperity to our stakeholders.





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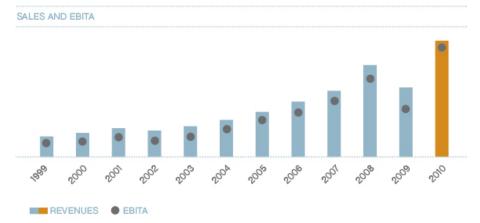
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ECONOMIC IMPACT

As a business, Fairmount Minerals' profitability creates prosperity for our shareholders and employees while contributing to economic development in our communities. As we have seen some of Fairmount Minerals' chief markets, in particular the oil and gas industry, grow rapidly over the past year, we see opportunities to invest in our key geographic areas, including the United States, Mexico and China. The revenue we generate as a business is translated into employee wages, investor earnings, supplier payments and taxes to governments. The stronger our bottom line, the more positive direct economic impact we can make.



ECONOMIC IMPACT





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SUPPLIER RELATIONSHIPS

We value strong, transparent relationships with our suppliers. Fairmount Minerals remains committed to communicating our supplier code of conduct, which describes our social and environmental standards and expectations, to those within our supply chain. We also continue to listen to our suppliers and customers to ensure we live up to their expectations and standards.

To help increase the quantity of purchases we make from sustainable organizations, we provided all Fairmount facilities with a sustainable reference guide. As a result, we increased the percentage of our inventory spend with sustainable suppliers by 10 percent over 2009. We also continue to make contact with the top ten suppliers to each Fairmount facility to inform them of their results on our sustainable supplier survey. Over time, we hope to see our key suppliers practicing sustainability in a way that is consistent with our core values. We recognize that our supplier relationships can significantly impact our sustainability performance; therefore, Fairmount Minerals seeks to engage with our valued suppliers to listen, learn from and share best practices.



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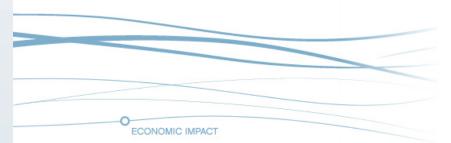
INNOVATION

Sustainable innovation drives the success of our business. In recent years, we have seen Fairmount Minerals' commitment to sustainable development influence the focus of our product offerings, pushing us to innovate and develop products that support the advancement of cleaner fuels and address global water demand. Innovative thinking at Fairmount Minerals prompted the successful development of our new innovation center. This center now houses our R&D group and serves as a design and testing facility. In addition to contributing to innovative top-line growth, the innovation center also enables us to bring testing in-house, which delivered nearly \$90,000 in savings in 2010.

Gathering our family members around innovation is crucial to our future growth. Leveraging the bright minds of our family members, we conducted innovation assemblies in each Fairmount region. We developed a process following the Appreciative Inquiry methodology to help uncover innovative ideas and, ultimately, the creation of 11 promising projects and opportunities. One idea that has already been implemented involves a new mobile bagger unit in Wedron, Illinois. The system takes waste sand from our facility and creates sandbags that can be used in emergency flooding situations or other natural disasters.

In 2011 we hope to inspire more innovative ideas through engagement with our internal and external stakeholders at our Appreciative Inquiry Summit.





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SUPERIOR PRODUCTS

Fairmount Minerals develops products and solutions that strengthen sustainable options for our customers and for society at large.

We seek to enhance the sustainable attributes of our products by utilizing sustainable materials, such as "green" resins or recycled content, and ensure we appropriately label and market these products in a way that is in compliance with relevant regulations and codes. In 2010 we exceeded our goal of launching five new sustainable products or processes, focusing on projects that reduce energy and waste; enhance sustainable water use; and, support growth in the domestic natural gas market.

We launched our new <u>SpectraQuartz Turf</u> product in 2010 to help consumers in high drought residential areas make sustainable lawn choices. The sand product, used with artificial turf lawns, is coated with an environmentally friendly polymer. It eliminates the need for water, while also reducing the environmental impact of fertilizer and fuel associated with caring for grass lawns.

The Fairmount Water Solutions team improves the world's water by developing and providing media technologies associated with particle filtration. In addition to traditional sand, gravel, anthracite and activated carbon, we manufacture Macrolite®, an engineered ceramic filtration media that improves water quality and increases efficiency for municipal drinking water, municipal wastewater and industrial wastewater. Applications include pretreatment for membrane desalinization, surface water filtration, and specific contaminant reduction such as arsenic, phosphorus and nitrate.

Serving the oil and gas industry, Fairmount Minerals' Santrol subsidiary manufactures and markets hydraulic fracturing products that improve well stimulation and reservoir productivity. Our recently released PowerProp is a patented technology that offers an alternative to the ceramic proppants used in the oil and gas industry. As unconventional shale gas plays increasingly become an important domestic fuel source, the need for proppants with the strength of a lightweight ceramic and the diagenesis resistance of resin-coated sand will grow. PowerProp represents a solution that can serve the unconventional natural gas market, helping to improve the viability of a fuel source that emits half as much carbon as coal when burned to generate the same amount of electricity.

By leveraging our intellect and advancing technology, we are able to create better products that represent our commitment to sustainability.



WHAT IS HYDRAULIC FRACTURING?

Hydraulic fracturing is a process for developing natural gas that involves a fluid mixture of 99 percent water and sand, along with a small amount of special-

purpose additives, pumped into underground formations to enable natural gas recovery. Fairmount Minerals' industrial sand products are a common component in hydraulic fracturing fluid.

In 2010, the U.S. Environmental Protection Agency launched a study into hydraulic fracturing to better understand its life cycle impacts. Utilized in natural gas development for over 60 years, hydraulic fracturing uses less water per BTU on average than the processes associated with producing coal, oil and bio-fuels. Natural gas, the product of the hydraulic fracturing process, emits half as many greenhouse gas emissions as coal when burned to generate the same amount of electricity.

As part of Fairmount Minerals' commitment to sustainable development, we actively seek out alternative, renewable and clean energy sources for our own operations. Natural gas represents an economically viable and scalable fuel source that enables the reduction of greenhouse gas emissions and supports a clean energy future.