



all in

2015 CORPORATE SOCIAL  
RESPONSIBILITY REPORT



# ABOUT THIS REPORT



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RESPONSIBILITY REPORT

We at Fairmount Santrol are proud to present our 10th annual Corporate Social Responsibility (CSR) report, which is written in accordance with the Global Reporting Initiative's (GRI) G4 guidelines for a Core level report and fulfills our UN Global Compact Communication on Progress (COP) submission. By taking our report online, we are providing our stakeholders greater ease in accessing the information they desire. This also supports a thriving planet by reducing paper use and saving fuel in processing and mailing. The report is available for download as a [PDF](#).

Our company's motto and action orientation "Do Good. Do Well." encompasses three pillars of sustainability—[People](#), [Planet](#), and [Prosperity](#). In 2014, we engaged internal and external stakeholders in an in-depth materiality assessment to determine our [most significant environmental, social, and economic impacts and sustainable development \(SD\) priorities](#). In 2015, for each priority area—or material topic—we assigned topic owners to ensure accountability for managing and monitoring each topic. This is in addition to the role our Director of Sustainable Development plays in advancing the management and measurement of each topic. We also worked to closely align our SD Team goals to material topics. Throughout the [People](#), [Planet](#), and [Prosperity](#) sections, you will find our management approach, performance, and key highlights for each material topic.

Many of our SD goals and initiatives emerge from our Appreciative Inquiry (AI) Summits, historically held every three years. During our AI Summits, Family Members and external stakeholders come together to envision and co-create the future for sustainable development. Our [13 SD Teams](#) take these aspirations and conduct research, determine alignment with our material topics, and develop goals and action plans to positively impact [People](#), [Planet](#), and [Prosperity](#). Throughout this report, you will find the many contributions made by our SD Teams to advance the management of our material topics. The Fairmount Santrol Family is truly *All In*, dedicated to being more than the leading provider of high-performance sand and sand-based products. We believe that our company is an agent of world benefit.

# ABOUT THIS REPORT



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## CEO Letter

G4-1

Ten years ago, in our first Corporate Social Responsibility (CSR) Report, we articulated our commitment to sustainable development (SD). We believed then, as we do now, that this commitment raises our business performance and positively contributes to the lives of our Family Members, communities, and valued stakeholders. During challenging times, that commitment remained strong. Our Family Members brought their best selves to work each and every day. In 2015, the Fairmount Santrol Family was *All In*, coming together to drive the business forward. Working within a constrained budget and with a leaner workforce, we became ever more resourceful in meeting our customers' needs while positively impacting **People, Planet, and Prosperity**. Thanks to the *All In* commitment of our Fairmount Santrol Family, we celebrated many achievements in 2015.



### EXECUTIVE LEADERSHIP TEAM

From left to right: David J. Crandall, Senior Vice President, General Counsel and Secretary; Gerald L. Clancey, Executive Vice President; Mark E. Barrus, Interim Chief Financial Officer; Brian J. Richardson, Executive Vice President, Chief People Officer; Jenniffer D. Deckard, President and Chief Executive Officer; George W. Magaud, Executive Vice President; Joseph D. Fodo, Executive Vice President and Chief Operating Officer

## People

- ➔ Our organization achieved over 91 percent of our 2015 SD Team goals and individual facilities achieved nearly 100 percent of their SD goals.
- ➔ We exceeded 1 million consecutive safe working hours for the third time in our history. Through December, we accumulated a record of more than 1.5 million consecutive safe working hours, with our people returning safely home and back to work each day for 268 consecutive days.
- ➔ Beyond meeting our business needs, our Family Members dedicated more than 15,000 volunteer hours to the communities in which we live and work.

## Planet

- ➔ Our revolutionary Propel SSP™ technology is increasing oil and gas production while requiring less water, energy, and chemicals than with traditional fluid systems.
- ➔ Company-wide, 30 of our facilities have now achieved zero waste to landfill, an increase of 12 facilities in 2015.
- ➔ We invested in the planting of more than 132,000 trees, sequestering more than 100 percent of our Q4 2013 through Q3 2014 Scope 1 and 2 GHG emissions.

## Prosperity

- ➔ With our diverse product portfolio, strategically located facilities, increased unit train capabilities, and the signature hard work of

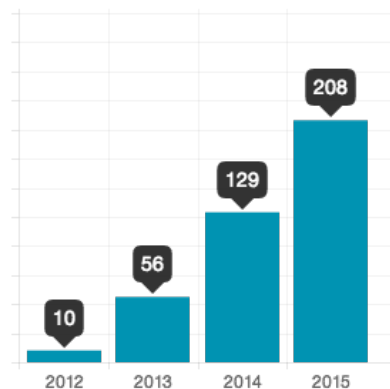
our Family Members, we enhanced efficiencies and reduced costs—meeting our customers’ needs and fortifying our business.

- ➔ In 2015, our frac sand volumes were down 5 percent over 2014 levels, compared to an estimated market decline of 23 percent—reinforcing that our Family Members were *All In*.
- ➔ In the Industrial and Recreation business, our foundry sales outperformed the market over the same period helping us to balance cyclicity and promote efficiencies within our organization.
- ➔ Our newly-expanded, state-of-the-art, 8.5M-ton-capacity sand facility in Wedron, Illinois, constructed on time and within budget, ensures our competitive position and ability to drive value for our customers, now and into the future. The facility sends zero waste to landfill.

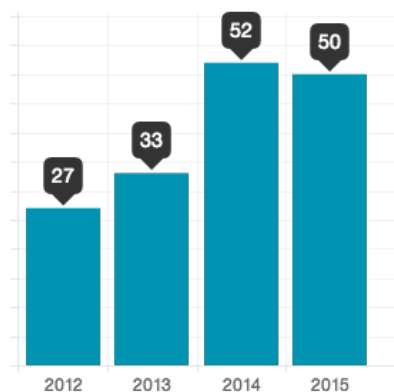
#### FMSA VOLUME SOLD (THOUSANDS OF TONS)



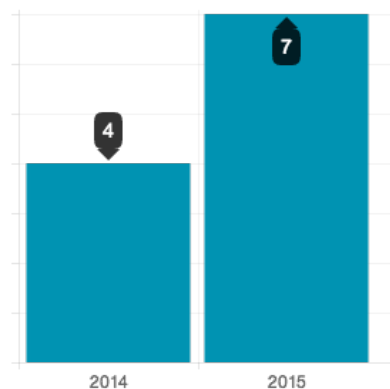
#### NUMBER OF UNIT TRAINS SHIPPED



#### TERMINALS IN FMSA FOOTPRINT\*



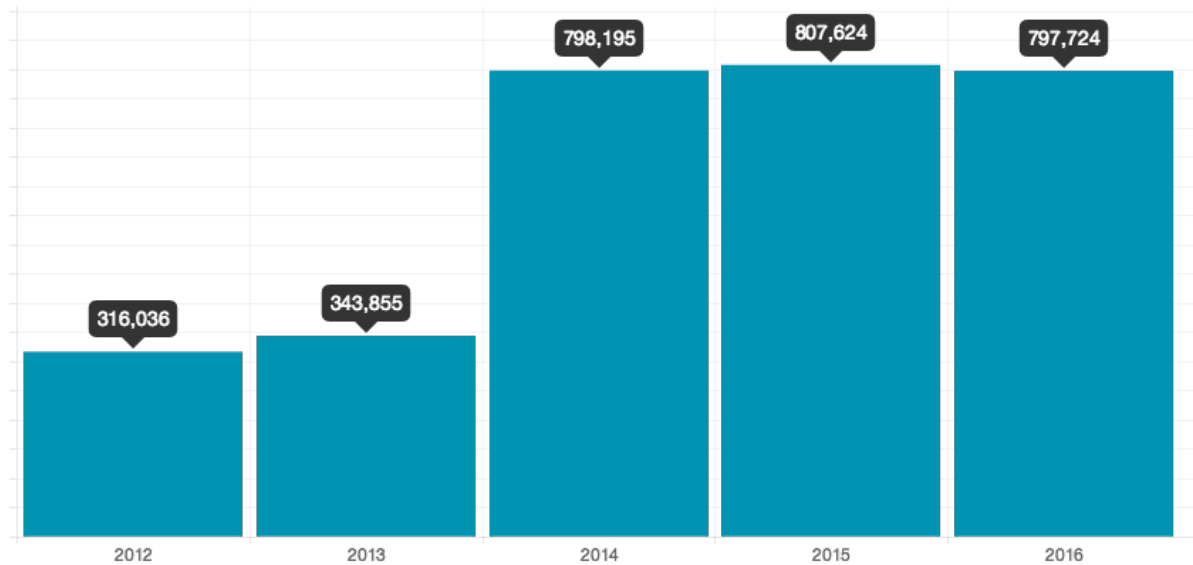
#### TERMINALS IN FMSA FOOTPRINT WITH UNIT TRAIN CAPABILITIES



\*Includes owned, leased, and contracted terminals for our oil and gas business.

#### FMSA FUTURE SAND RESERVES\* (THOUSANDS OF TONS)





\*Values reflect prior year end.

Our *All In* commitment to [People](#), [Planet](#), and [Prosperity](#) brings us together, drives bold decisions, and sustains our business. The resolve and efficiencies gained this year increased our strength and competitiveness. With positive momentum, we carry forward our long-standing commitment to SD and plan to celebrate many new milestones in 2016.

With best regards and gratitude on behalf of the entire Fairmount Santrol Family,

Jennifer Deckard, President and Chief Executive Officer

## 2015 CORPORATE SOCIAL RESPONSIBILITY REPORT

# CSR Performance Snapshot

In 2015, the Fairmount Santrol Family was *All In*, coming together to [drive the business forward](#). Working within a constrained budget and with a leaner workforce, we became ever more resourceful in meeting our customers' needs while positively impacting People, Planet, and Prosperity. Thanks to the *All In* commitment of our Fairmount Santrol Family, we celebrated many achievements in 2015.

ACHIEVED A RECORD OF

>1.5  
MILLION  
CONSECUTIVE SAFE  
WORKING HOURS

OUR FOUNDATION  
CONTRIBUTED

\$2.26  
MILLION  
TO THE VITALITY  
OF OUR COMMUNITIES

AVERAGE EMPLOYEE TENURE OF

6.5  
YEARS  
SURPASSES U.S. AVERAGE

PEOPLE

PLANET

DECREASED  
ENERGY  
CONSUMPTION BY  
8.25%  
IN 2015

APPROXIMATELY  
90%  
OF WATER  
USED IN OUR OPERATIONS IS  
RECYCLED

REDUCED  
WASTE TO LANDFILL BY  
94%  
FROM 2009  
THROUGH 2015

IN 2015  
FAIRMOUNT SANTROL  
FRAC SAND VOLUMES  
DOWN 5%  
COMPARED  
TO ESTIMATED MARKET  
DECLINE OF 23%

INCREASED  
RAILCAR  
UTILIZATION RATE TO  
95.7%  
SAVING \$3.5M  
IN FREIGHT COST

OUR 2015  
SUSTAINABLE DEVELOPMENT  
INVESTMENT  
RETURNED A NET  
"SD PAYS" OF  
\$9.5M

PROSPERITY

In 2016, we will continue to actively manage our [most material topics](#) and set five year goals. To learn more about our commitment to sustainable development, explore our [2015 CSR Report](#).

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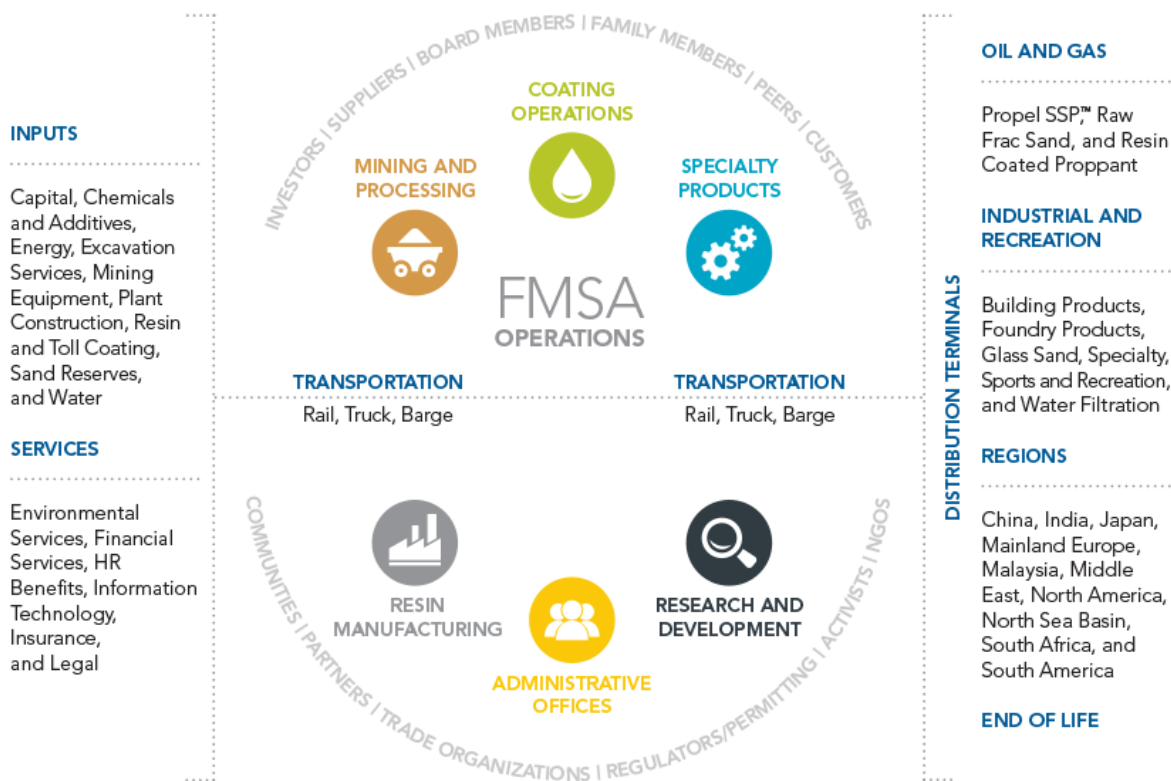
## Stakeholder Engagement and Materiality

G4-12, G4-18–21, G4-24–27

Our relationship with our Family Members and external stakeholders strengthens our business. By soliciting perspectives and feedback from our board of directors, Family Members, customers, suppliers, partners, investors, community members, and regulators, we gain insights which enable us to make strategic decisions based on what matters most.

In 2014, we conducted a [robust materiality assessment](#) to identify our most relevant environmental, social, and economic impacts, risks, and opportunities across our [value chain](#). We worked with stakeholders to understand their perspective, incorporating their input with our knowledge of global and industry trends to prioritize our SD topics. The [results](#) of this work serve as a roadmap for our sustainable development initiatives, ensuring we are investing our resources where we can have the most positive impact. Each year the SD Advisory Committee and the board of directors challenge our SD Teams to reach higher, setting SD goals that stretch us to new accomplishments. We plan to refresh our materiality assessment every three years as priorities for our business, our markets, and the world evolve.

### VALUE CHAIN



## The Materiality Assessment Process

Since 2005, we have held an Appreciative Inquiry (AI) Summit every three years, bringing together Family Members and a strong representation of our external stakeholders to co-create a pathway towards a flourishing future. Our first AI Summit led to the formation of our [SD Teams](#), open to all Family Members interested in driving our sustainability progress. We held our fourth AI Summit in 2014, where nearly 500 Family Members and 60 external stakeholders united to define Fairmount Santrol's values and strengths, and discuss, design, and deploy our vision for the future. These AI Summits powerfully accelerate our organizational leadership and engagement and strengthen our overall commitment to SD.

Building upon the outcomes of the 2014 AI Summit, we took steps to scan the marketplace for leading sustainability practices, looked across our [value chain](#) for impacts, risks, and opportunities, and engaged key [internal and external stakeholders](#) in one-on-one conversations. This assessment was aimed at identifying and ensuring we are managing our most significant SD material topics.

### STEPS IN THE MATERIALITY ASSESSMENT PROCESS

<b>Appreciative Inquiry (AI) Summit</b>	In August 2014, more than 500 Family Members and nearly 60 external stakeholders attended our three-day AI Summit. During the AI Summit, our Family Members discussed strengths and values that we should continue to use and build upon, as well as ideas for taking our SD commitment to the next level. We used these strengths, values, and 17 forward-looking high-priority topics as critical input to the materiality assessment.
<b>Benchmarking</b>	We benchmarked industry and aspirational peers to compare and contrast focus areas. We also benchmarked sustainability topics discussed by our top 10 customers in our two complementary business segments —proppant solutions and industrial and recreational (I&R).
<b>Research</b>	<p>We conducted expansive research to determine material topics in the mining and manufacturing industries, as well as the oil and gas industry. Sources included:</p> <p>Mining and Manufacturing Industries:</p> <ul style="list-style-type: none"><li>➔ Global Reporting Initiative (GRI) G4 Mining Sector Supplement</li><li>➔ Governance &amp; Accountability (G&amp;A) Institute</li><li>➔ International Council on Mining and Metals (ICMM) Sustainable Development Principles</li><li>➔ Industrial Minerals Association – North America (IMA-NA)</li><li>➔ National Association of Manufacturers (NAM)</li><li>➔ National Mining Association (NMA)</li><li>➔ Sustainability Accounting Standards Board (SASB)</li></ul> <p>Oil and Gas (Customer) Industry:</p> <ul style="list-style-type: none"><li>➔ G&amp;A Institute</li><li>➔ GRI Oil and Gas Sector Supplement</li><li>➔ SASB Oil and Gas Industry Standards</li></ul> <p>We also invested in third-party research to learn about media topics relevant to our business, and about the significant impacts in our value chain, based on publicly available life cycle assessments (LCAs), respectively.</p>
<b>Impact Mapping</b>	A cross-functional group of 24 senior leaders came together to discuss benchmarking and research results. The group then identified significant economic, environmental, and social impacts, risks, and opportunities across our value chain. We then outlined and individually rated the 35 topics of importance in terms of distinguishing Fairmount Santrol as a leader in both the industry and sustainable development.
<b>External Stakeholder Interviews</b>	We interviewed more than 40 external stakeholders for their perspectives on which SD topics are most important to proactively manage. These included oil and gas customers, industrial and recreational customers, chemical suppliers, transportation suppliers, community members, industry associations, regulatory authorities, and experts in the fields of mining and transportation.



<b>Board of Directors Interviews</b>	Six of the nine members of our board of directors (at the time) participated in interviews in 2014 to describe the highest-priority SD topics that both add value and mitigate risk.
<b>Validation Workshop</b>	In December 2014, the SD Advisory Committee, composed of 14 senior leaders from across the business, discussed the results of the materiality assessment and validated the prioritization of the material topics.

Fairmount Santrol identified stakeholders to engage in the materiality assessment based on one or more of these criteria:

- ➔ Have a deep knowledge of Fairmount Santrol
- ➔ Influence Fairmount Santrol's operations and prosperity
- ➔ Are significantly impacted by Fairmount Santrol's operations and prosperity
- ➔ Possess expertise related to industry and/or sustainability topics relevant to Fairmount Santrol
- ➔ Have the ability to collaborate with Fairmount Santrol to address key impacts, risks, and opportunities

Through the robust research, benchmarking, and stakeholder engagement, the following topics surfaced as most critical:

## MATERIAL TOPICS: PEOPLE

<b>Best-in-Class Safety</b>	<p>Providing Family Members with proper safety training and reminders, equipment, and safe working conditions; having emergency preparedness and response plans.</p> <p>Boundary: all internal operations; external operations – on-site suppliers and contractors in our areas of operation</p>
<b>Employer of Choice</b>	<p>Providing Family Members with best-in-class training and education, personal and career development, and health and wellness assistance; empowering Family Members to make a difference at work, in their own lives, and in the world through SD and volunteerism.</p> <p>Boundary: all internal operations</p>
<b>Compliance and Ethical Behavior</b>	<p>Complying with applicable environment and social laws and regulations; making ethical and responsible decisions in daily practices, adhering to governance policies.</p> <p>Boundary: all internal operations</p>
<b>Product Health and Safety</b>	<p>Having proper equipment in place to manage silica dust; providing Family Members and customers with communication/training on proper use of products and dust management techniques to prevent silicosis; chemical exposure and disclosure; green chemistry initiatives and/or certification—reducing or eliminating chemicals of concern.</p> <p>Boundary: internal operations in which products are created and handled; external operations – customer operations globally, communities in our areas of operation</p>
<b>Community Impact and Partner of Choice</b>	<p>Managing our impact on communities in which we operate, including resettlement, truck traffic, noise, and blasting impacts; engaging in dialogue with local communities to enable permitting and develop an ongoing positive relationship; being present, accessible, transparent, and proactive in explaining SD practices and addressing concerns.</p> <p>Boundary: external operations – communities in our areas of operation</p>
<b>Stakeholder Education and Influence</b>	<p>Educating and supporting suppliers, customers, peers, partners, and local businesses in the adoption of sustainable practices; educating investors about our commitment to SD and its value.</p> <p>Boundary: external operations – suppliers, customers, peers, partners, investors, and businesses in our areas of operation and globally</p>

## MATERIAL TOPICS: PLANET

<b>Air Quality</b>	<p>Reducing GHG emissions, nitrogen oxides, sulfur dioxide, volatile organic compounds, and particulate matter (e.g., dust) emitted from our operations; frequency of internal and third-party testing.</p> <p>Boundary: internal manufacturing and mining operations; external operations – communities in our areas of operation</p>
<b>Transportation Logistics, Efficiency, and Emissions</b>	<p>Fulfilling customer demand/orders accurately and on time; planning for, securing, and effectively executing efficient and reliable transportation; Managing utilization of railcars, trucks, and barges—filling to maximum capacity and reducing excess transportation; reducing GHG emissions, nitrogen oxides, sulfur dioxide, volatile organic compounds, and particulate matter released from transporting products.</p> <p>Boundary: internal transportation and logistics operations; external operations – supplier and transportation carrier operations</p>
<b>Water Use and Quality</b>	<p>Increasing the efficiency of freshwater withdrawals for use in operations; increasing the use of recycled water; managing impacts on groundwater and surface water supply; managing the quality of water output from mines and facilities that drain toward local surface water and groundwater resources; protecting local aquifers from damage or contamination; frequent internal and third-party testing.</p> <p>Boundary: internal manufacturing and mining operations; external operations – communities in our areas of operation</p>
<b>Solid Waste</b>	<p>Properly characterizing solid and liquid waste and identifying non-landfill beneficial reuse alternatives; reducing waste sent to landfill; managing proper disposal of waste sand; reducing packaging waste.</p> <p>Boundary: internal manufacturing and mining operations; external operations – communities in our areas of operation</p>
<b>Land Management, Remediation, and Biodiversity</b>	<p>Evaluating, managing, and remediating damage to natural habitats resulting from mining activities; positively impacting species diversity and their ability to thrive during mining operations and post-closure.</p> <p>Boundary: internal mining operations; external operations – communities in our areas of operation</p>
<b>Energy Use</b>	<p>Reducing energy consumption; adopting renewable and non-renewable sources of energy.</p> <p>Boundary: internal operations; external operations – communities in areas of operation</p>

## MATERIAL TOPICS: PROSPERITY

<b>Community Investment</b>	<p>Hiring from local communities; using local suppliers; investing in local infrastructure; giving financial donations to local organizations; volunteering time to enhance local communities; deeding acreage; contributing to sustainable communities beyond closure.</p> <p>Boundary: external operations – communities in our areas of operation</p>
<b>Product Innovation</b>	<p>Solving customer challenges and investing in innovation and technologies that advance sustainable products and practices.</p> <p>Boundary: internal research and development operations; external operations – customer operations globally</p>
<b>Prosperity of Family Members</b>	<p>Providing economic prosperity for Family Members through competitive wages, benefits, and profit sharing; providing the opportunity for meaningful work and long tenure.</p> <p>Boundary: all internal operations</p>
<b>Commodity Pricing and Demand</b>	<p>Foreseeing, planning for, and managing the impacts from fluctuating prices and demand for oil and gas, and sand.</p> <p>Boundary: all internal operations; external operations – customer operations globally</p>

## Product Quality

Providing consistent, high-quality products with proper handling/storage to minimize any degradation of product quality.

Boundary: internal manufacturing and mining operations; external operations – customer operations globally

## FAIRMOUNT SANTROL'S MATERIALITY MATRIX



### PEOPLE

- 1 Best-in-Class Safety (T1)
- 2 Employer of Choice (T1)
- 3 Compliance and Ethical Behavior (T1)
- 4 Product Health and Safety (T1)
- 5 Community Impact and Partner of Choice (T2)
- 6 Stakeholder Education and Influence (T2)
- 7 Diversity and Equal Opportunity (T3)
- 8 Labor Management Relations (T3)
- 9 Human Rights and Labor Practices in Supply Chain (T3)
- 10 Indigenous Rights (T3)



### PLANET

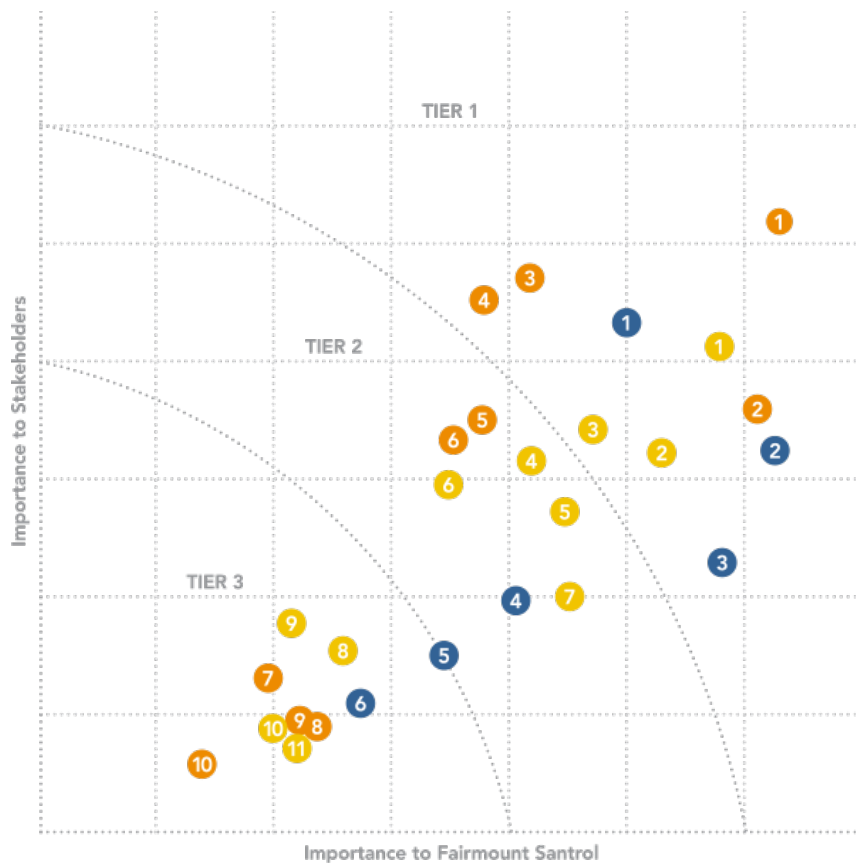
- 1 Air Quality (T1)
- 2 Transportation Logistics (T1)
- 3 Water Use and Quality (T1)
- 4 Solid Waste (T2)
- 5 Transportation, Efficiency, and Emissions (T2)
- 6 Land Management, Remediation, and Biodiversity (T2)
- 7 Energy Use (T2)
- 8 Product Lifecycle Management (T3)
- 9 Environmental Certifications (T3)
- 10 Water Use in Customer Operations (T3)
- 11 Water Quality in Customer Operations (T3)



### PROSPERITY

- 1 Community Investment (T1)
- 2 Product Innovation (T1)
- 3 Prosperity of Family Members (T1)
- 4 Commodity Pricing and Demand (T2)
- 5 Product Quality (T2)
- 6 Intellectual Property (T3)

T1=Tier 1, T2=Tier 2, and T3=Tier 3



By engaging and listening to our internal and external stakeholders, we can better drive innovation, strengthen our capabilities, develop best practices, and be good neighbors.

Below are the stakeholder perspectives we gathered through our Appreciative Inquiry (AI) Summits, materiality assessment, and other engagement mechanisms.

## STAKEHOLDERS' TOPICS OF IMPORTANCE

STAKEHOLDER GROUP	TYPES OF ENGAGEMENT	FREQUENCY OF ENGAGEMENT	TOPICS OF IMPORTANCE
<b>Board of Directors</b>	AI Summits, in-person meetings, calls	Regularly, customized as needed	Commodity Pricing and Demand, Compliance and Ethical Behavior, Employer of Choice, Product Health and Safety, Product Innovation, Product Quality, Prosperity of Family Members
<b>Leadership Team</b>	AI Summits, in-person meetings, calls	Regularly, customized as needed	Best-In-Class Safety, Commodity Pricing and Demand, Community Impacts and Partner of Choice, Community Investment, Compliance and Ethical Behavior, Employer of Choice, Intellectual Property, Product Health and Safety, Product Innovation, Product Quality, Prosperity of Family Members, Transportation Efficiency and Emissions, Transportation Logistics
<b>Family Members</b>	AI Summits, Employee Engagement Survey, in-person meetings, calls	Regularly, customized as needed	Air Quality, Best-In-Class Safety, Community Investment, Employer of Choice, Innovation, Prosperity of Family Members, Stakeholder Influence, Transportation Efficiency and Emissions, Transportation Logistics
<b>Customers</b>	AI Summits, surveys, interviews, in-person meetings, calls	Regularly, customized as needed	Compliance and Ethical Behavior, Product Health and Safety, Product Innovation, Product Quality, Transportation Logistics
<b>Communities and Regulatory Agencies</b>	Public hearings, open houses, newsletters, calls, in-person meetings, local media sources	Ongoing, customized as needed	Air Quality, Community Impact and Partner of Choice, Community Investment, Compliance and Ethical Behavior, Land Management, Remediation, Biodiversity, Water Use and Quality
<b>Subject Matter Experts</b>	AI Summits, in-person meetings, calls	Annually, as needed	Air Quality, Best-In-Class Safety, Community Impact and Partner of Choice, Compliance and Ethical Behavior, Transportation Efficiency and Emissions
<b>Suppliers (Transportation, Chemical, etc.)</b>	AI Summits, surveys, in-person meetings, calls	Ongoing	Best-In-Class Safety, Commodity Pricing and Demand, Product Innovation, Solid Waste, Stakeholder Education and Influence, Transportation Efficiency and Emissions, Transportation Logistics
<b>Investors</b>	AI Summits, quarterly calls, press releases, in-person meetings	Quarterly, as needed	Commodity Pricing and Demand, Community Impact and Partner of Choice, Product Innovation, Transportation Logistics
<b>Peers and Industry Associations</b>	AI Summits, membership/attending in-person meetings, calls	Regularly, customized as needed	Air Quality, Best-In-Class Safety, Compliance and Ethical Behavior, Land Management, Remediation, Biodiversity, Product Health and Safety, Solid Waste

We sincerely appreciate our stakeholders' interest in engaging with us and the valued time they gave to assist us in prioritizing our most important topics. Knowing our stakeholders are *All In* drives and inspires us to be better.

## Our Materiality Results: Significant Impacts, Risks, and Opportunities

The materiality assessment validated many topics we have historically known to be important to our organization, for which we assigned owners and are actively managing. We are working to align our SD Team efforts with our material topics and strengthen the way we measure some of our key performance indicators. Throughout [People](#), [Planet](#), and [Prosperity](#), you will learn about our



management approach and the progress we made in 2015. We intend to set five-year bold goals in 2016 that will inform our annual SD Team goals and push us to continue our leadership in sustainable development.

# ABOUT THIS REPORT



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## Goals and Progress

Each year, our SD Advisory Committee and SD Teams set goals that positively impact our business. We then closely monitor and measure progress on goals. To reward our Family Members for being *All In* on our SD goals, we provide financial incentives for achieving them. We aim for these goals to make a positive impact on **People**, **Planet**, and **Prosperity**, in topic areas that are **material to our business**.

In 2015, here are some of our notable accomplishments:

- Achieved one million consecutive safe working hours in September 2015 and a record high of more than 1.5 million hours by the end of 2015
- Transitioned 8.1 percent of our volume previously shipped by truck to rail, reducing the carbon emissions associated with transporting that load by an estimated 80 percent
- Increased our railcar loading efficiency rate from 94.5 percent in 2014 to 95.7 percent in 2015, generating a cumulative annual savings of \$3.5M in freight cost avoidance
- Funded the planting of 132,000 trees to offset 100 percent of our Q4 2013 to Q3 2014 Scope 1 and 2 GHG emissions
- Reached zero waste to landfill at 30 facilities and diverted more than 36,000 tons of waste sand from landfills
- Donated over 15,000 hours of paid volunteer time, supporting the communities where we operate
- Produced a Net SD Pays of \$9.5M, enabling us to invest back into our business

## SD Pays

Our SD investments positively impact our people, our communities, and the planet, and also drive prosperity for our business through cost savings and revenue generation. We track our investment in SD and the return on our investment, calling this “SD Pays.”

In 2015, our SD Pays Standardization Committee strengthened our measurement methodology, clearly outlining which types of projects create SD Pays, the SD expenses to include, and how to calculate the project value. This helps our business and stakeholders to clearly see how sustainable development at Fairmount Santrol drives value creation.

### 2015 SD PAYS

Total SD Pays	\$11,500,000
SD Expenses	\$2,000,000
Net SD Pays	\$9,500,000

## OUR SD TEAM'S BOLD GOALS FOR 2015 AND 2016

SD TEAM	2015 HIGH-LEVEL BOLD GOAL	2015 YEAR-END STATUS	2016 HIGH-LEVEL BOLD GOAL
<b>Best Practice</b>	Implement eight best practice productivity projects and achieve a minimum of \$2,000,000 in SD Pays.	Achieved	Implement 12 best practice productivity projects and achieve a minimum of \$250,000 in SD Pays.
<b>Business Innovation (BI)</b>	Drive five innovative ideas through to the Development phase of our Stage Gate process.	Achieved	Partner with another SD Team or Business Unit to benchmark industry best practices for a Tier 1 materiality topic.
<b>Clean Water</b>	Improve water efficiency at facilities through sharing best practices, enhancing water management plans, and tracking opportunities for water reduction, as well as educating our Family Members and communities around water reduction.	Achieved 94% of goal	Continue to improve water efficiency at facilities through sharing best practices, enhancing water management plans, and tracking opportunities for water reduction, as well as educating our Family Members and communities around water reduction.
<b>Communications and Appreciative Inquiry (AI)</b>	Continue to foster an Appreciative Inquiry culture by designing and implementing an AI Supervisor Training Program and an AI module for our New Hire Orientation.	Achieved	Develop and implement an AI Connections platform for introducing Family Members across locations.
<b>Environmentally Responsible Products and Processes (ERPP)</b>	Implement or improve environmentally responsible products and processes that achieve a total annualized SD Pays of \$300,000.	Achieved 94% of goal	Implement or improve environmentally responsible products and processes that achieve a total annualized SD Pays of \$250,000.  Engage customers in product innovation and sustainable development.
<b>Empower U</b>	Enhance personal and professional development by achieving a minimum of 70% participation in our training and course offerings.	Achieved	Roll out two new courses and achieve the equivalent participation of at least one Empower U-sponsored course offering per Family Member.
<b>Health and Wellness</b>	Improve or maintain participating Family Members' wellness scores and establish a fit-friendly environment baseline at each Fairmount Santrol location.	Achieved 60% of goal	Design three wellness challenges and achieve 25% participation from Family Members.
<b>Quest for Eco-Efficiency (QEE)</b>	Sequester 100% of GHG emissions from Q4 2013–Q3 2014.  Implement a large-scale energy efficiency project to eliminate 0.5% of Fairmount Santrol's 2014 GHG emissions.  Complete three biodiversity conservation projects.	Achieved	Sequester 100% of GHG emissions from Q4 2014–Q3 2015.  Implement an energy efficiency project to eliminate 0.5% of Fairmount Santrol's 2015 GHG emissions.  Complete three biodiversity conservation projects.
<b>Recover, Recycle, Reuse (3R)</b>	Reach zero waste to landfill at all legacy (previously tracked) facilities.	Achieved	Reach zero waste to landfill for all Fairmount Santrol facilities globally.
<b>Safety</b>	Achieve better than industry, and better than our best year, Lost Time Incident Rate (LTIR) and Total Case Incident Rate (TCIR).	Achieved 80% of goal	Achieve better than industry, and better than our best year, Lost Time Incident Rate (LTIR) and Total Case Incident Rate (TCIR).

SD TEAM	2015 HIGH-LEVEL BOLD GOAL	2015 YEAR-END STATUS	2016 HIGH-LEVEL BOLD GOAL
<b>Social Responsibility</b>	Increase the average volunteer hours (paid) per employee throughout Fairmount Santrol.	Achieved 91% of goal	Increase the average total volunteer hours (paid and personal) per employee throughout Fairmount Santrol.
<b>Sustainable Mobility</b>	Through max-loading, increase total railcar loading efficiency across the company by 1.5%.	Achieved 60% of goal	Through max-loading, increase total railcar loading efficiency across the company by 0.8% to 96.5% utilization.
<b>Sustainable Value Chain (SVC)</b>	<p>Benchmark our raw material suppliers' sustainable development (SD) scores.</p> <p>Work with our suppliers to improve their SD scores, resulting in an average improvement of 15%.</p>	Achieved	Advance one of the key SD materiality topics by partnering with members of our value chain (customers, suppliers, and/or innovators) to identify and implement one value chain initiative.

Additional details regarding our 2015 accomplishments are integrated throughout the [People](#), [Planet](#), and [Prosperity](#) sections.



# ABOUT THIS REPORT



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## GRI Content Index

### GENERAL STANDARD DISCLOSURES

### SPECIFIC STANDARD DISCLOSURES

None of the General Standard Disclosures are externally assured.

GRI INDICATOR	DESCRIPTION	LOCATION
<b>Strategy and Analysis</b>		
G4-1	Statement from the most senior decision-maker of the organization about relevance of sustainability to the organization and the organization's strategy for addressing sustainability	<a href="#">CEO Letter</a>
<b>Organizational Profile</b>		
G4-3	Name of the organization	Fairmount Santrol
G4-4	Primary brands, products, and services	<a href="#">About Our Company, Products</a>
G4-5	Location of organization's headquarters	Chesterland, OH
G4-6	Number of countries where the organization operates, and names of countries with significant operations or that are specifically relevant to the sustainability topics covered in the report	<a href="#">Organizational Profile, Locations</a>
G4-7	Nature of ownership and legal form	<a href="#">10-K Annual Report</a>
G4-8	Markets served	<a href="#">Organizational Profile, Industries, Products, Locations</a>
G4-9	Scale of the reporting organization	<a href="#">10-K Annual Report</a>
G4-10	Total workforce by employment type, employment contract, and region, broken down by gender	<a href="#">Organizational Profile</a>
G4-11	Percentage of total employees covered by collective bargaining agreements	<a href="#">Organizational Profile</a>
G4-12	Description of the organization's supply chain	<a href="#">Stakeholder Engagement and Materiality</a>
G4-13	Significant changes during the reporting period regarding organization's size, structure, ownership, or supply chain	<a href="#">10-K Annual Report</a>
G4-14	Whether and how the precautionary approach or principle is addressed by the organization	We do not formally apply the precautionary principle in our business.

GRI Indicator	Description	Location
G4-15	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	Global Reporting Initiative, United Nations Global Compact
G4-16	Memberships in associations and/or national/international advocacy organizations	<a href="#">Partners and Collaboration</a>
<b>Identified Material Aspects and Boundaries</b>		
G4-17	Entities included in the organization's consolidated financial and nonfinancial reports	2015 Annual Report Exhibit 21.1 (List of Subsidiaries); all entities in 21.1 are covered in this report.
G4-18	Process for defining report content	<a href="#">Stakeholder Engagement and Materiality</a>
G4-19	Material aspects identified in the process for defining report content	<a href="#">Stakeholder Engagement and Materiality</a> , GRI Content Index
G4-20	For each material aspect, the aspect boundary within the organization	<a href="#">Stakeholder Engagement and Materiality</a>
G4-21	For each material aspect, the aspect boundary outside the organization	<a href="#">Stakeholder Engagement and Materiality</a>
G4-22	Explanation of the effect of and reasons for any restatements of information provided in earlier reports	We have restated data in the following sections from previous years due to improved data collection and management systems: <a href="#">Air Quality</a> and <a href="#">Energy Use</a> .
G4-23	Significant changes from previous reporting periods in the scope and aspect boundaries	In 2015, we idled or closed several facilities (noted throughout the indicators), and expanded our Wedron facility.
<b>Stakeholder Engagement</b>		
G4-24	List of stakeholder groups engaged by the organization	<a href="#">Stakeholder Engagement and Materiality</a>
G4-25	The basis for identification and selection of stakeholders with whom to engage	<a href="#">Stakeholder Engagement and Materiality</a>
G4-26	The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process	<a href="#">Stakeholder Engagement and Materiality</a>
G4-27	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. Report the stakeholder groups that raised each of the key topics and concerns	<a href="#">Stakeholder Engagement and Materiality</a> ; Our response to key topics and concerns raised by stakeholders is described in our disclosures on our management approach for each material topic throughout this report.
<b>Report Profile</b>		
G4-28	Reporting period	Calendar year

GRI INDICATOR	DESCRIPTION	LOCATION
G4-29	Date of most recent previous report	Our most recent previous report was published in 2015.
G4-30	Reporting cycle	We report annually.
G4-31	Contact point for questions regarding the report or its contents	For questions regarding our report or its content, please contact Beau Daane, Director of Sustainable Development, at <a href="mailto:Beau.Daane@fairmountsantrol.com">Beau.Daane@fairmountsantrol.com</a> .
G4-32	'In accordance' option and GRI Content Index	GRI G4 Core Level Report
G4-33	Policy and current practice with regard to seeking external assurance for the report	This report is not externally assured.
<b>Governance</b>		
G4-34	Governance structure of organization, including committees of the highest governance body	<a href="#">Corporate Governance</a> ; Our board of directors is composed of ten members, one woman and nine men, including one executive, eight independent directors, and five shareholders, although two additional directors have Restricted Stock Units (RSUs) that have not yet vested.
<b>Ethics and Integrity</b>		
G4-56	The organization's values, principles, standards, and norms of behavior such as codes of conduct and codes of ethics	<a href="#">Compliance and Ethical Behavior</a>

# ABOUT THIS REPORT



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## GRI Content Index

GENERAL STANDARD DISCLOSURES

SPECIFIC STANDARD DISCLOSURES

None of the Specific Standard Disclosures are externally assured.

GRI ASPECT	GRI INDICATOR	DESCRIPTION	LOCATION	OMISSION
<b>Economic</b>				
<b>Prosperity of Family Members</b>				
Economic Performance	G4-DMA	Management approach	Prosperity of Family Members, Commodity Pricing and Demand	
Economic Performance	G4-EC1	Direct economic value generated and distributed	Prosperity of Family Members, Community Investment, 10-K Annual Report	
<b>Community Investment</b>				
Indirect Economic Impacts	G4-DMA	Management approach	Community Investment	
Indirect Economic Impacts	G4-EC7	Development of significant infrastructure investments and services supported	Community Investment	
Indirect Economic Impacts	Indicator	Total volunteer hours and average volunteer hours per employee	Community Investment	
<b>Commodity Pricing and Demand</b>				
Economic Performance	G4-DMA	Management approach	Commodity Pricing and Demand	
Economic Performance	Indicator	N/A	N/A	The Indicator for Commodity Pricing and Demand is currently unavailable. This material topic is external in boundary and we do not have a way to measure performance at this time.
<b>Environmental</b>				



GRI ASPECT	GRI INDICATOR	DESCRIPTION	LOCATION	OMISSION
Energy Use				
Energy	G4-DMA	Management approach	Energy Use	
Energy	G4-EN3	Total fuel (from renewable and non-renewable sources), energy, heating, cooling, and steam consumption, and total electricity, heating, cooling, and steam sold	Energy Use; Our energy consumption metric includes electricity (indirect) and fuel (direct). Fairmount Santrol does not sell any electricity, heating, cooling, or steam. We leveraged multiple sources available on epa.gov for conversion factors and methodologies, including Primary kWh to Btu number from U.S. DOE/EIA, 2004 Annual Energy Outlook, 2004, Appendix H.	We do not track fuel consumption from renewable compared to non-renewable resources at this time. The information is currently unavailable.
Energy	G4-EN5	Energy intensity ratio, types of energy included, and whether the ratio uses energy consumed within the organization, outside of it or both	Energy Use; The ratio comprises fuel used directly by Fairmount Santrol and electricity sourced from suppliers.	
Water Use and Quality				
Water	G4-DMA	Management approach	Water Use and Quality	
Water	G4-EN10	Total volume of water recycled and reused by the organization, and total volume of water recycled and reused as a percentage of the total water withdrawal	Water Use and Quality	We are unable to disclose the total volume of water recycled and reused by the organization at this time.
Land Management, Remediation, and Biodiversity				
Biodiversity	G4-DMA	Management approach	Land Management, Remediation, and Biodiversity	
Biodiversity	G4-EN13	Size and location of all habitat protected areas or restored areas, and whether the success of the restoration measure was or is approved by independent external professionals	Land Management, Remediation, and Biodiversity	
Air Quality				
Emissions	G4-DMA	Management approach	Air Quality	
Emissions	G4-EN15	Gross direct (Scope 1) GHG emissions in metric tons of CO <sub>2</sub> equivalent	Air Quality; Our chosen base year is 2013 so we can compare our emissions year over year. We include CO <sub>2</sub> , N <sub>2</sub> O, and CH <sub>4</sub> from fuel sources in our calculations. We do not have any biogenic	

GRI ASPECT	GRI INDICATOR	DESCRIPTION	LOCATION	OMISSION
			emissions for this reporting period. Our source for emissions factors is the U.S. EPA, Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990–2002, Annex 6. Our chosen consolidation approach is operational control.	
Emissions	G4-EN16	Gross energy indirect (Scope 2) GHG emissions in metric tons of CO2 equivalent	<a href="#">Air Quality</a> ; Emissions included in our calculations are CO <sub>2</sub> from electricity. Our chosen base year is 2013 so we can compare our emissions year over year. Our sources include the U.S. DOE/EIA, 2004 Annual Energy Outlook , 2004, Appendix H and the U.S. EPA, Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990–2002, Annex 6. Our chosen consolidation approach is operational control.	
Emissions	G4-EN18	GHG emissions intensity ratio and types of GHG emissions included	<a href="#">Air Quality</a> ; Our emissions intensity ratio includes Scope 1 and Scope 2 emissions. We include CO <sub>2</sub> , N <sub>2</sub> O, and CH <sub>4</sub> in our calculations.	
Solid Waste				
Effluents and Waste	G4-DMA	Management approach	<a href="#">Solid Waste</a>	
Effluents and Waste	G4-EN23	Total weight and disposal method of hazardous and non-hazardous waste, and how the disposal method has been determined	<a href="#">Solid Waste</a> ; We dispose of our waste through recycling, composting, waste to energy, and landfills. Our waste disposal method has been determined by our direct disposal of waste and information provided by waste contractors.	Waste by disposal method is currently unavailable. We do not measure our waste by disposal method at this time.
Product Innovation				
Products and Services	G4-DMA	Management approach	<a href="#">Product Innovation</a>	
Products and Services	Indicator	Engagement from Full-Time Equivalents (FTE) in innovative research and development technology projects	<a href="#">Product Innovation</a>	
Transportation Logistics, Efficiency, and Emissions				
Transport	G4-DMA	Management approach	<a href="#">Transportation Logistics, Efficiency, and Emissions</a>	

GRI ASPECT	GRI INDICATOR	DESCRIPTION	LOCATION	OMISSION
Transport	G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	Transportation Logistics, Efficiency, and Emissions	Impacts from transporting members of the workforce are not material compared with the transportation footprint of shipping our products.

#### Social: Labor Practices and Decent Work

##### Employer of Choice

Employment, Training, and Education	G4-DMA	Management approach	Employer of Choice	
Employment, Training, and Education	G4-LA10	Type and scope of programs implemented and assistance provided to upgrade employee skills, and transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment	Employer of Choice	We provide assistance to Family Members, but do not have a formal transition assistance program at this time.

##### Best-in-Class Safety

Occupational Health and Safety	G4-DMA	Management approach	Best-in-Class Safety	
Occupational Health and Safety	G4-LA6	Types of injury, injury rate (IR), occupational diseases rate (ODR), lost day rate (LDR), absentee rate (AR) and work-related fatalities for the total workforce	Best-in-Class Safety	Safety rates by region and gender, and contractor safety metrics are currently unavailable. We benchmark our safety metrics against our industry and do not track data by gender and region at this time. We work very closely with contractor populations to manage safety training and daily implementation.

##### Stakeholder Education and Influence

Supplier Assessment for Labor Practices, Supplier Environmental Assessment	G4-DMA	Management approach	Stakeholder Education and Influence	
Supplier Assessment for Labor Practices, Supplier Environmental Assessment	G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	Stakeholder Education and Influence	

GRI ASPECT	GRI INDICATOR	DESCRIPTION	LOCATION	OMISSION
Supplier Assessment for Labor Practices, Supplier Environmental Assessment	G4-EN32	Percentage of new suppliers that were screened using environmental criteria	Stakeholder Education and Influence	
<b>Social: Society</b>				
<b>Community Impact and Partner of Choice</b>				
Local Communities	G4-DMA	Management approach	Community Impact and Partner of Choice	
Local Communities	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	Community Impact and Partner of Choice	
<b>Compliance and Ethical Behavior</b>				
Compliance	G4-DMA	Management approach	Compliance and Ethical Behavior	
Compliance	Indicator	Number of sites that have achieved OHSAS 18001 certification and ISO 14001 certification out of total number of sites	Planet, Best-in-Class Safety	
<b>Social: Product Responsibility</b>				
<b>Product Health and Safety</b>				
Customer Health and Safety	G4-DMA	Management approach	Product Health and Safety	
Customer Health and Safety	Indicator	Percentage of employees: a. fit-tested for respirators and b. who undergo biennial health testing	Product Health and Safety	
<b>Product Quality</b>				
Product and Service Labeling	G4-DMA	Management approach	Product Quality	
Product and Service Labeling	Indicator	Number of sites that have achieved ISO 9001 certification out of total number of sites	Product Quality	

# OUR COMPANY

all in

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G4-4

Headquartered in Chesterland, Ohio, Fairmount Santrol (NYSE: FMSA) is a leading provider of high-performance sand and sand-based products used by oil and gas exploration and production companies to enhance the productivity of their wells. The company also provides high-quality products, strong technical leadership, and applications knowledge to end users in the foundry, building products, water filtration, glass, and sports and recreation markets.

Fairmount Santrol is a global expert in the science and art of transforming sand into value-added products whose performance far exceeds ordinary expectations. We are customer-focused and values-driven with strategically located facilities in North America, Europe, and Asia, supported by a global distribution and customer support network. Our global logistics capabilities include a wide-ranging network of distribution terminals and thousands of railcars, both of which allow our company to effectively serve customers wherever they operate.

Fundamental to our mission, vision, and culture, Fairmount Santrol embraces the principles of sustainable development. We make investments in our people, our communities, and our environmental stewardship programs to help secure our ability to operate today, and also create a bright future for our business and the communities where we live and work.

## Our Mission

We, the Fairmount Santrol Family, are united in our commitment to exceed all expectations while fulfilling our economic, social, and environmental responsibilities. [View Mission & Principles.](#)

# OUR COMPANY



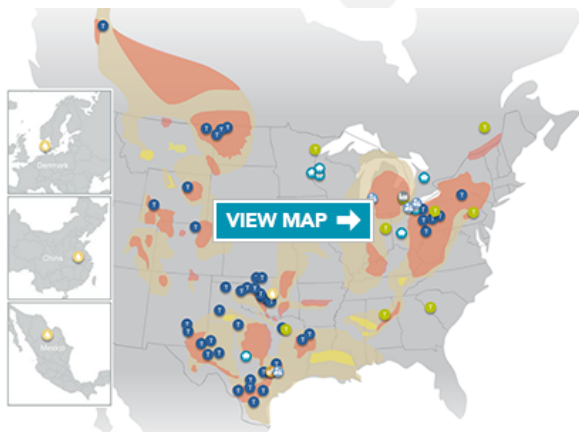
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## Organizational Profile

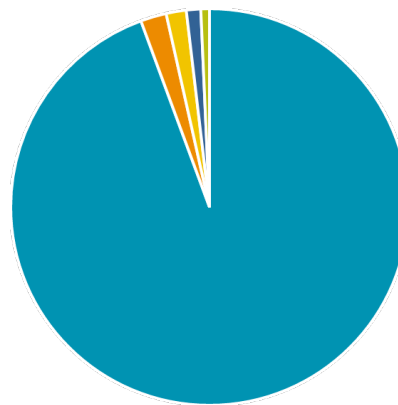
G4-6, G4-8, G4-10-11

Our company is comprised of a dedicated and talented employee population that reaches across North America, Europe, and Asia. We have strategically placed our Family Members in locations that best serve our customers' need for reliable and timely product delivery. We have proven that our team comes together to create powerful and innovative solutions that advance [People](#), [Planet](#), and [Prosperity](#).

### LOCATIONS

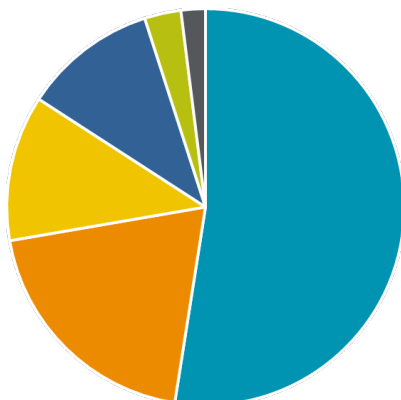


### EMPLOYEES BY COUNTRY

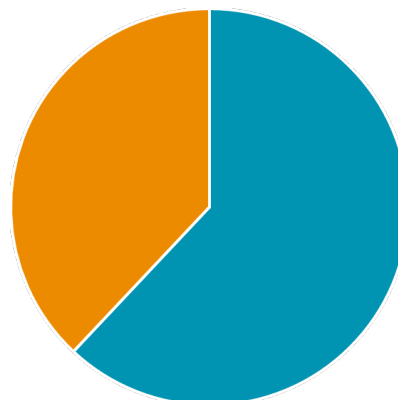


United States	808	Denmark	10
China	18	Canada	6
Mexico	14	<b>Total</b>	<b>856</b>

### EMPLOYEES BY ROLE



### EMPLOYEES BY CATEGORY

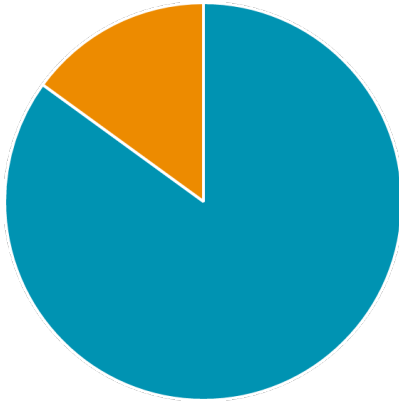


Operations **53%**  
Management **20%**  
Professional **12%**

Administrative **11%**  
Sales **3%**  
Technical **2%**

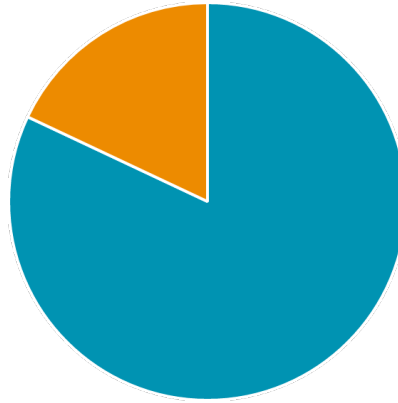
Hourly **62%**      Salary **38%**

## UNION EMPLOYEES



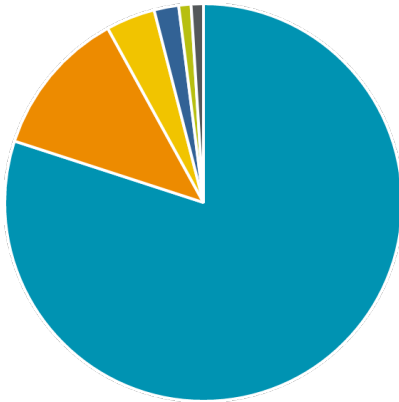
Non Union **85%**      Union **15%**

## EMPLOYEES BY GENDER



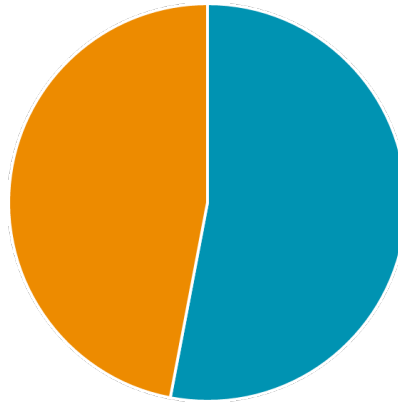
Male **82%**      Female **18%**

## EMPLOYEES BY ETHNICITY



White **80%**  
Hispanic/Latino **12%**  
Asian **4%**  
Black/African American **2%**  
American Indian/Alaskan Native **<1%**  
Two or More **<1%**

## EMPLOYEES BY AGE



40 & Over **53%**      Under 40 **47%**



# OUR COMPANY



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## Corporate Governance

G4-34

We embed our commitment to [People](#), [Planet](#), and [Prosperity](#) within every layer of our company. Our board of directors considers sustainable development (SD) foundational to our culture and continued growth. They are updated on our SD progress, and they provide strategic guidance for future initiatives through participation on the Audit, Nominating and Governance, and Compensation Committees. In addition, they are invited to attend all Fairmount Santrol Appreciative Inquiry Summits.

Our President and Chief Executive Officer, Jenniffer Deckard, and our Director of Sustainable Development, Beau Daane, lead our SD Advisory Committee—composed of 14 executives and directors from key functions across the business—in developing and executing our sustainable development strategy. Our Regional SD Coordinators engage Family Members with SD practices and monitor progress at our facilities, uniting our Family across the world in our SD efforts. More than 40 percent of our Family Members voluntarily participate in our [13 SD Teams](#), which develop and implement annual goals and initiatives. We hold all SD Team Members, Regional SD Coordinators, and SD Advisory Committee Members accountable through reporting relationships that monitor and provide incentive for SD performance.

Fairmount Santrol and our board of directors are committed to sound corporate governance practices and conducting business activities according to the highest ethical standards. In carrying out this responsibility, the board of directors has adopted corporate governance guidelines in accordance with the rules of the New York Stock Exchange, as well as a code of business conduct and ethics applicable to employees, directors, and officers. Our policies are publicly available on our [Investor Relations' Corporate Governance](#) page.

# OUR COMPANY



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## Partners and Collaboration

G4-16

We elevate our commitment to sustainable development by forming partnerships and engaging with industry associations, non-profits, and academic organizations that share our values. In 2015, our Family Members held governance and committee positions with the American Foundry Society, the Industrial Minerals Association of North America, and the Wisconsin Industrial Sand Association. Our leaders help to improve industry standards and share best practices for SD, raising our industry's collective level of responsibility. Together with our partners, we increase education, transparency, and support for responsible sand mining.

### Sample of Our Valued Partners

- Alzheimer's Association
- American Chemistry Council  
Crystalline Silica Panel
- American Foundry Society
- American Institute of Chemical  
Engineers
- American Petroleum Institute
- American Society for Quality
- American Society of Safety  
Engineers
- American Water Works Association
- Casting Industry Supplier  
Association
- Corporate Sustainability Network at  
Cleveland State University
- Ductile Iron Society
- Dunn County Economic  
Development Corporation
- Foundry Association of Michigan
- Foundry Educational Foundation
- Fowler Center for Business as an  
Agent of World Benefit at Case  
Western Reserve University
- Golf Course Builders Association of
- Golf Course Superintendents  
Association of America
- Greater Cleveland Partnership
- Illinois Association of Aggregate  
Producers (IAAP)
- Industrial Energy Consumers  
Association
- Industrial Minerals Association –  
North America (IMA-NA)
- Institute for Sustainable Business at  
Baldwin Wallace University
- International Society of Mine Safety  
Professionals
- Marcellus Shale Coalition
- Momentum West
- National Association of  
Manufacturers
- National Freight Transportation  
Association
- National Industrial Sand Association
- National Safety Council
- North American Rail Shippers  
Association
- Ohio Cast Metals Association
- Saving Birds Thru Habitat
- Society for Human Resource  
Management
- Society for Mining, Metallurgy and  
Exploration
- Society of Chemical Manufacturers  
and Affiliates
- Society of Petroleum Engineers
- Synthetic Turf Council
- Texas Cast Metals Association
- Trout Unlimited
- United Nations Global Compact
- United Way
- University of Wisconsin – Eau Claire
- U.S. Business Council for  
Sustainable Development
- Water Environment Federation
- Western Reserve Land Conservancy
- Wildlife Habitat Council
- Wisconsin Industrial Sand  
Association
- Wisconsin Manufacturers &  
Commerce

America

- ➡ Ohio Parks and Recreation Association
- ➡ Pennsylvania Parks and Recreation Association
- ➡ Pierce County Economic Development Corporation

- ➡ Wisconsin Partners for Clean Air
- ➡ Wisconsin Sustainable Business Council

## Awards and Recognition

We are proud that during 2015 the following organizations recognized our SD commitments:

- ➔ Acceptance into Green Tier, a Wisconsin Department of Natural Resources program – Hager City\*\*, Maiden Rock, and Menomonie, WI
- ➔ American Foundry Society Metalcasting Safe Year Award – Benton Harbor, MI, Chardon, OH, Detroit, MI, Hamilton, Ontario, Troy Grove, IL, Wedron, IL, and Wedron, IL – Resin
- ➔ Best Completion Technology Award at the 14th annual World Oil Awards for our Propel SSP technology
- ➔ ChemStewards® Sustainability Award – Detroit, MI
- ➔ Certificate of Achievement in Safety from the Mine Safety and Health Administration – Harrietta, MI\*, Maiden Rock, WI; Menomonie, WI; Shakopee, MN\*
- ➔ 2015 Deal Maker Award, one of four of Northeast Ohio's top corporate deal makers at the 19th Annual ACG Cleveland Deal Maker Awards
- ➔ Fast Track 50 Award for contributions to the Northeast Ohio economy
- ➔ Green Masters Award from the Wisconsin Sustainable Business Council – Hager City\*\*, Maiden Rock, and Menomonie, WI
- ➔ Illinois Association of Aggregate Producers (IAAP) – three awards to Wedron, IL mine:
  - ➔ Community Relations Award
  - ➔ Environmental Excellence Gold Award
  - ➔ Rock Solid Safety Gold Award
- ➔ Industrial Minerals Association-North America (IMA-NA) Recognition Program for Excellence in Worker Safety – Chardon, OH (mine)
- ➔ Recognition Award from the Wisconsin Partners for Clean Air – Hager City\*\*, Maiden Rock, and Menomonie, WI
- ➔ Volunteer Organization of the Year from the Texana Center, a behavioral health care and developmental disabilities services organization – Sugarland, TX
- ➔ Weatherhead School of Management 100 Centurion Award

\*Facilities closed or idled in 2015

\*\*Idled/closed in 2015; currently functioning as a terminal

# PEOPLE



all in

2015 CORPORATE SOCIAL  
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We are *All In*, wholeheartedly committed to being an employer of choice in the communities in which we operate. We believe in doing everything it takes to ensure our Family Members get to work and home safely, every day. Our leading compensation and benefits program, our appreciative culture, and the opportunities we provide to our Family Members to become involved in sustainable development all make Fairmount Santrol a special place to work. We are committed to ethical business practices, making a positive impact in our communities, and raising standards across the industries we serve.

ACHIEVED A RECORD OF

**>1.5**  
**MILLION**  
**CONSECUTIVE SAFE**  
**WORKING HOURS**

**IN 2015,**  
**FAMILY**  
**MEMBERS**  
RECEIVED, ON AVERAGE, NEARLY  
**18 HOURS**  
**OF TRAINING**

**MORE THAN**  
**80%**  
**OF FAMILY MEMBERS**  
**PARTICIPATED IN OUR**  
**FINANCIAL**  
**WELLNESS COURSE**

## Best-in-Class Safety

### MANAGEMENT APPROACH

### ANNUAL PERFORMANCE

#### G4-DMA

The health and safety of our Family Members, communities, and partners is paramount. Best-in-Class Safety is the most material topic for us to actively manage. Protecting the well-being of our Family and stakeholders ensures they can return to work and home safely each day.

### Safety and Health Management System

In 2009, we established the Fairmount Santrol Safety and Health Management System (SHMS) to promote a culture that encourages safe behaviors and strives for continuous performance improvement. We utilize this system to identify, manage, and eliminate risks to Family Members and stakeholders at facilities within our control or influence.

The Fairmount Santrol SHMS includes programs and guidelines to meet or exceed compliance with all local, state, and federal legislation, standards, regulations, and policies.

Fairmount Santrol's SHMS includes the following Procedural Modules:

- ➔ Safety and Health Policy
- ➔ Hazard Identification, Risk Assessment, and Determining Controls
- ➔ Legal and Other Requirements
- ➔ Objectives and Programs
- ➔ Resources, Roles, Responsibility, Accountability, and Authority
- ➔ Competence, Training, and Awareness
- ➔ Communication, Participation, and Consultation
- ➔ Documentation
- ➔ Control of Documents
- ➔ Operational Control
- ➔ Emergency Preparedness and Response
- ➔ Performance Measurement and Monitoring
- ➔ Evaluation of Compliance
- ➔ Incident Investigation, Non-Conformity, Corrective Action, and Preventative Action
- ➔ Control of Records
- ➔ Internal Audit
- ➔ Management Review
- ➔ Industrial Hygiene
- ➔ Job Safety Analysis (JSA)

The aim of each of our facilities is to achieve compliance with the Occupational Health and Safety Assessment Specification (OHSAS) 18001 System as part of its SHMS within five years of opening or being acquired.

To monitor and report our core safety data requirements, we use the safety management software application, IndustrySafe™. We conduct regular internal audits for our 31 health and safety programs, as well as specific auditing for the Occupational Safety and

Health Administration (OHSA) and the Mine Safety and Health Administration (MSHA), to identify opportunities for improvement. During incident investigations, we utilize the "Five Why, Five How" process of probing questions to drill down to the most effective solution.

## Emergency Response

In addition to the Fairmount Santrol SHMS, we have an Emergency Action Plan (EAP) and a Crisis and Media Relations Management Plan. All production Family Members attend EAP training upon hiring and annually thereafter, and we hold a minimum of two emergency action drills at each facility annually. Additionally, our Detroit, Michigan, Black Lab Serena, Illinois, and Black Lab Chardon, Ohio, locations have site security plans for homeland security. The EAP addresses:

- |   |  |
|---|--|
| ➔ Blood-borne Pathogens   | ➔ Hurricanes                                 |
| ➔ Civil Emergencies   | ➔ Incident Reporting Guidelines              |
| ➔ Crisis Management Team  | ➔ Means of Egress, Emergency Drills          |
| ➔ Earthquakes   | ➔ Medical Emergencies                        |
| ➔ Emergency Notification  | ➔ Pest Controls                              |
| ➔ Emergency Response  | ➔ Security                                   |
| ➔ Evacuation Systems  | ➔ Severe Weather and Floods                  |
| ➔ First Aid and CPR, Automatic External Defibrillator (AED) Program | ➔ Tornadoes                                  |
| ➔ Fire and Explosion  | ➔ Vehicular Accidents                        |
| ➔ Groundwater Management  | ➔ Warnings and Alarm Systems                 |
|   | ➔ Workplace Violence Prevention and Response |

## Safety Training

Our training program guides all Family Members to consider safety for everyone, every day, and every time. It is imperative that safety training starts in our new employee orientation process. For our Family Members working in logistics, manufacturing, and mining, this initial safety training can range from a minimum of eight hours to 40 hours. We provide additional safety orientation in the field, during task-based training.

Supervisors attend annual safety training sessions and receive one-on-one training to incorporate safety measures into their facilities. Our regional safety coordinators work at each facility to provide support for our health and safety initiatives. Production facilities hold monthly training sessions to address core safety requirements outlined in the annual health and safety agenda. We require all Family Members who spend time in the field to complete annual safety refresher training, including our office staff. To further reinforce the importance of safety, we begin all meetings, regardless of their nature, with a safety message.

## Safety Incentives

To ensure safety training material will translate into practice, we administer a performance-based incentive system that rewards our Family Members for their individual, facility, and company-wide safe work practices. When targets are reached, bonuses are paid to continue encouraging Family Members to demonstrate safe work behaviors, and to reinforce that safety is our number one priority.

## Bringing Safety Home

According to the National Safety Council, given the majority of injuries occur outside of working hours, it is just as important to be focused on safety at home. Our *Bringing Safety Home* program encourages Family Members to keep their homes safe and make a positive influence on family and friends by sharing simple reminders about safety for daily living. As part of this program, Family Members receive a quarterly safety magazine, and have access to personal protective equipment for children, smoke detectors, and first aid training sessions for their families. Additionally, we publish a family health and safety calendar to promote safe practices at home, such as the use of fire extinguishers and safe practices during outdoor activities such as swimming or gardening.

## Contractors

We employ an Independent Contractor Safety Program that includes training for our contractors on hazard warning recognition and abating occupational risks. We regularly monitor our facilities to ensure all contractor activities comply with applicable federal and state regulations and the requirements and policies of each facility. Our Environmental, Health, and Safety and Qualification Evaluations enable us to maintain consistency, provide continuous improvement opportunities, and quantify contractor compliance with our guidelines and policies.

[VIEW ANNUAL PERFORMANCE](#)



## Best-in-Class Safety

MANAGEMENT APPROACH

**ANNUAL PERFORMANCE**

G4-LA6

### Safety Performance

Proudly, we reached one million consecutive safe working hours in September 2015, for the third time in our company's history. Further, by the end of 2015, we reached a record high of 1,543,498 consecutive safe working hours, with our people returning safely home and back to work each day for 268 consecutive days. Our Family was *All In* in 2015, fully committed to personal safety and the safety of those around us.

ACHIEVED A RECORD OF

# >1.5

## MILLION

### CONSECUTIVE SAFE

### WORKING HOURS

### Family Members Achieve Impressive Safety Milestones

Thanks to the hard work, diligence, and safety of our Family Members, in September of 2015 we proudly reached one million consecutive safe working hours for the third time in our company's history. By the end of the year, our team continued to achieve over 1.5 million hours. In recognition of this milestone, each facility hosted a celebration and every Family Member received a commemorative coin. Bobby Carlson, Director, Health & Safety, explains, "Reaching one million safe working hours takes a lot of good work on the part of a lot of people. While we have exceeded our goal of safe working hours, we know that our work continues with everyone, every day, every time."

As the company celebrated this significant milestone, one facility also reached one million safe working hours. Family Members in Wedron, Illinois worked safely and diligently to achieve this outstanding milestone in 2015. "This is an amazing achievement, and it is all possible thanks to their hard work and vigilance," said Carlson.

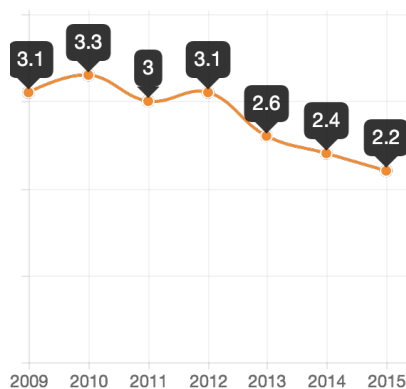
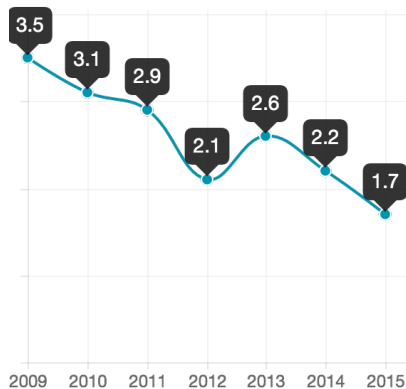


Our ongoing annual safety goal is to achieve a better-than-industry and better-than-our-best-year Total Case Incident Rate (TCIR) and Lost Time Incident Rate (LTIR). In 2015, we outperformed the industry average and our best rate, achieved in 2012. We are *All In*, raising the bar in 2016, with the goal of outperforming the industry average and our best rate.

#### TOTAL CASE INCIDENT RATE (TCIR)

Total Case Incident Rate: The number of recordable incidents per 100 full-time employees in a given time frame.

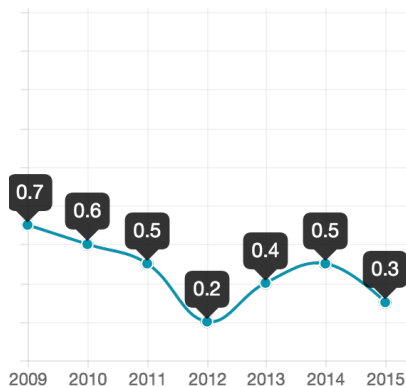
**FMSA**
**Industry**



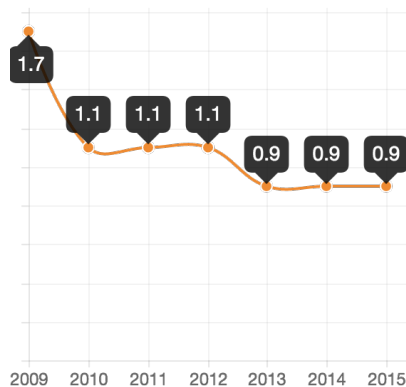
## LOST TIME INCIDENT RATE (LTIR)

Lost Time Incident Rate: The number of lost time cases per 100 full-time employees in a given time frame.

### FMSA



### Industry



## Safety Savings

Our Experience Modification Rate (EMR), calculated based on industry classification and workers' compensation claims activity, is the primary factor in determining workers' compensation insurance premiums. Our strong safety culture has resulted in an average EMR of 0.69 since 2010, which is much lower than 1.0, the industry average. As a result of our robust safety efforts, over the last six years, we estimate that Fairmount Santrol has saved \$3.1 million in workers' compensation premiums.

## OHSAS 18001 (Occupational Health and Safety Assessment Specification) 2015 Site Registrations

- ➔ Bridgman, MI\*
- ➔ Chardon, OH
- ➔ Hager City/Bay City, WI\*\*
- ➔ Harrietta, MI\*

- ➔ Maiden Rock, WI
- ➔ Menomonie, WI
- ➔ Roff, OK
- ➔ Shakopee, MN\*
- ➔ Troy Grove, IL

- ➔ Wedron, IL
- ➔ Yixing, China

\*Facilities closed or idled in 2015

\*\*Idled/closed in 2015; currently functioning as a terminal

## Safety Awards

- ➔ American Foundry Society Metalcasting Safe Year Award – Benton Harbor, MI, Chardon, OH, Detroit, MI, Hamilton, Ontario, Troy Grove, IL, Wedron, IL, and Wedron, IL – Resin
- ➔ Mine Safety and Health Administration Certificate of Achievement in Safety – Harrietta, MI\*, Maiden Rock, WI, Menomonie, WI, and Shakopee, MN\*
- ➔ Illinois Association of Aggregate Producers (IAAP) Rock Solid Safety Gold Award – Wedron, IL mine
- ➔ Industrial Minerals Association-North America (IMA-NA) Recognition Program for Excellence in Worker Safety – Chardon, OH mine

\*Facilities closed or idled in 2015.

## Safety Survey

At the end of 2014 through the beginning of 2015, we asked all Family Members to complete the National Safety Council's employee perception survey. The third-party survey benchmarks performance against more than 760 companies and 1.75 million employees. It is structured upon the Occupational Safety and Health Administration's (OSHA) Voluntary Protection Program concepts. The results allow us to measure the efficacy of our safety program, identify opportunities for improvement, provide valid safety indicators to management, and increase Family Member engagement and morale. We are pleased to report that Fairmount Santrol scored higher than the industry average.

## Safety Initiatives

In 2015, we continued to improve our safety program and training in various ways:

- ➔ We developed a new rail safety guidebook and updated our stakeholder safety guide. Both are available in print as well as through the iBooks app for smart phones.
- ➔ We developed a 15-module rail safety video for our Family Members working in logistics.
- ➔ Two procedural modules were added to our IndustrySafe™ program: Industrial Hygiene, addressing air and noise testing, and Job Safety Analysis (JSA), focusing on health and safety standard operating procedures.
- ➔ Our annual supervisor training included Safety Compass and Incident Investigation sessions as well as MSHA enforcement training.
- ➔ To address the security of our Family Members, we laid the foundation for an Emergency Action Plan (EAP). Though the law requires only two emergency drills per year, we conducted four at most of our facilities.
- ➔ We installed proximity safety alarms and completed an overhead hazard initiative.
- ➔ We made progress towards our goal of having all Fairmount Santrol Family Members complete Red Cross First Aid and CPR training. Forty-six percent of our population is currently certified in First Aid and 27 percent is certified in CPR/AED.

## Charlie Mifsud Saves a Life

At Fairmount Santrol, we believe in bringing safety home. Therefore, we are especially proud to recognize one of our own for taking an active role to help police solve a crime and save the life of a child. Charlie Mifsud, Operations Manager at our Detroit facility, did just that.

One morning in May, Charlie received an Amber Alert on his cell phone concerning a carjacking and a kidnapped child. As he drove his son to the airport that morning, Charlie began to gather vital information related to the Amber Alert. While stopped at an intersection, Charlie spotted a man who matched the description of the suspect. Charlie contacted the proper authorities and reported the man's location. This would be the first of three calls Charlie made to the police that morning.

With each subsequent call, Charlie was able to provide more information on the suspect's location and confirm his description. And thanks to Charlie's information, police were able to locate the suspect, make an arrest, and return the child home safely.

It is due to Charlie's vigilance that the child was returned safely to her family, something the Michigan State Police recognized when





they honored Charlie's efforts with their first-ever Distinguished Citizen Award. At a September 18, 2015, ceremony in Lansing, Michigan, Charlie accepted the award and was recognized for his willingness to get involved and dedicated assistance in ensuring the safety of a child.

Charlie encourages the Fairmount Santrol Family to think of his story as an example of the importance of trusting your instincts and reporting suspicious activity to keep your family, friends, colleagues, and neighbors safe.

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In 2016, we will finalize our Security Emergency Action Plan and continue to enable Family Members to receive Red Cross First Aid and CPR Certification. Our Family Members are *All In*, fully committed to safe practices at work and at home, and proud to be leaders in safety.

[VIEW MANAGEMENT APPROACH](#)

# Employer of Choice

## MANAGEMENT APPROACH

## ANNUAL PERFORMANCE

### G4-DMA, G4-LA10

Fairmount Santrol attracts and retains top talent by fostering an appreciative culture, encouraging engagement in sustainable development (SD), and empowering Family Members to innovate and advance SD. We strive to be the employer of choice by providing Family Members with best-in-class training and education, personal and career development, health and wellness benefits, and the opportunity to make a positive impact in our communities by contributing time, talent, and treasure.

## A Culture of Empowerment, Training, and Development

We empower Family Members through our appreciative culture and commitment to SD. Appreciative Inquiry (AI) is a strength-based methodology to inspire positive change, building on our “best.” In 2014 and 2015, our AI/Communications SD Team collaborated with Dr. David Cooperrider and Dr. Ron Fry of Case Western Reserve University, co-creators of Appreciative Inquiry, to develop AI training sessions for Fairmount Santrol. Historically, every three years we conduct Appreciative Inquiry Summits where Family Members and our external stakeholders come together to co-create a sustainable future with a focus on our strengths, values, and bold ideas. Our fourth AI Summit was held in 2014 and was attended by nearly 600 Family Members and 60 external stakeholders.

To further Family Members’ engagement and learning, we offer opportunities to take on new responsibilities with SD in their daily jobs. We encourage Family Members to join one of our [13 SD Teams](#), lead or co-lead an SD Team, or take on an added SD dimension to their daily job. For example, any Family Member can join an SD Team and help contribute ideas, conduct SD research, innovate new processes, or manage an SD-related project. SD involvement advances our “Do Good. Do Well.” mission and many Family Members find it to be personally fulfilling while developing new skills and advancing their careers. Furthermore, we designed our SD Advisory Committee for executives and senior leaders to contribute their leadership skills to SD for a number of years, with membership changing over time.

We also encourage our Family Members’ growth through education. Family Members have the opportunity to access hundreds of unique training courses on our online learning platforms. Our Empower U SD Team and various other SD Teams develop and deliver training to our Family Members annually.

Through midyear and annual Development Dialogues, Family Members discuss their performance and development opportunities with their managers—focusing on their strengths, accomplishments, and annual objectives. This process aligns individual goals with departmental and organizational goals, ensuring that all Family Members feel a part of fulfilling our company vision. Family Members also have the opportunity to create Individual Development Plans (IDPs) that serve as catalysts for strengthening their leadership and career development opportunities.

## Health and Wellness

Healthy employees are happier, safer, and more productive. Fairmount Santrol supports the health and wellness of our Family Members and their families. Through our voluntary wellness program, personalized care plans, smoking cessation tools, and wellness challenges, we encourage our Family Members to live healthy lifestyles at home and at work. To plan for future medical expenses, Family Members may choose to divert pre-tax income to a Health Savings Account (HSA), a wealth accumulation vehicle

that allows users to save money tax-free to pay for medical costs.

## Retention

Retaining Family Members is a high priority at Fairmount Santrol. We believe Fairmount Santrol is a special place to work. Beyond our unique culture, we offer a best-in-class employee benefits plan and continue to solicit regular feedback from our Family Members to identify additional ways to strengthen our culture. We believe our Family Members choose to work at Fairmount Santrol because they believe in our commitment to ethics, SD, and giving back to our communities, and they understand that SD creates opportunities to develop skills outside their daily job function. This raises levels of engagement, helping all of the Fairmount Santrol Family to prosper.

[VIEW ANNUAL PERFORMANCE](#)

## Employer of Choice

## MANAGEMENT APPROACH

**ANNUAL PERFORMANCE**

G4-LA10

### Development Dialogues

To be an employer of choice, it is critical to provide feedback to Family Members on their performance and offer advice and opportunities to advance their skills. To that end, in 2015 we implemented the Development Dialogues process, with participation by 36 percent of eligible Family Members. In 2016, we plan for all Family Members to take part in Development Dialogues with their managers.

MORE THAN  
**80%**  
OF FAMILY MEMBERS  
PARTICIPATED IN OUR  
**FINANCIAL  
WELLNESS COURSE**

### Employee Training

Our Empower U SD Team developed and facilitated a Financial Wellness course in 2015 based on Family Members' desire for education regarding financial planning. Family Members, spouses, and adult children attended in-person meetings and webcasts. The Financial Wellness course was one of the most highly attended voluntary educational courses we have offered, reaching more than 770 Family Members, greater than 80 percent participation.

Also in 2015, our managers, supervisors, and directors attended an "Appreciative Inquiry (AI) Training for Leaders" session, and all new Family Members were also given an introduction to AI. These courses aim to ensure managers and new Family Members understand the concept and benefit from Appreciative Inquiry as they interact with their co-workers. We will continue to offer the courses via webinar in 2016. Other training in 2015 included two new ethics courses on the Foreign Corrupt Practices Act and non-collusion with competitors on price fixing. The numbers below represent an aggregate of all trainings.

IN 2015,  
**FAMILY  
MEMBERS**  
RECEIVED, ON AVERAGE, NEARLY  
**18 HOURS  
OF TRAINING**

#### 2015 EMPLOYEE TRAINING HOURS

TOTAL	AVERAGE PER EMPLOYEE
14,378.5 hours	17.97 hours

### Health and Wellness

In 2015 we worked to maintain and improve our Family Members' Health Risk Assessment (HRA) scores, with 78 percent of Family Members participating in both biometric and HRA evaluations. We benchmarked against aspirational peers to identify innovative

practices that move health and wellness programs past measurement to focus on behavior change.

In 2016 we will implement three wellness challenges and establish a “Welli” award that spotlights Family Members who take wellness to a new level. We will also evaluate the addition of a weight loss challenge, a mind/body advancement challenge, and a health tracking app.

## Corporate Wellness Challenge Leads to Camaraderie

Fairmount Santrol Northern Region Family Members combined fitness with fun to help achieve their 2015 wellness goals. The Hager City/Bay City and Maiden Rock, Wisconsin facilities each fielded a team and competed in the Red Wing YMCA Corporate Challenge Games, an annual four-day event featuring sporting contests and other games.

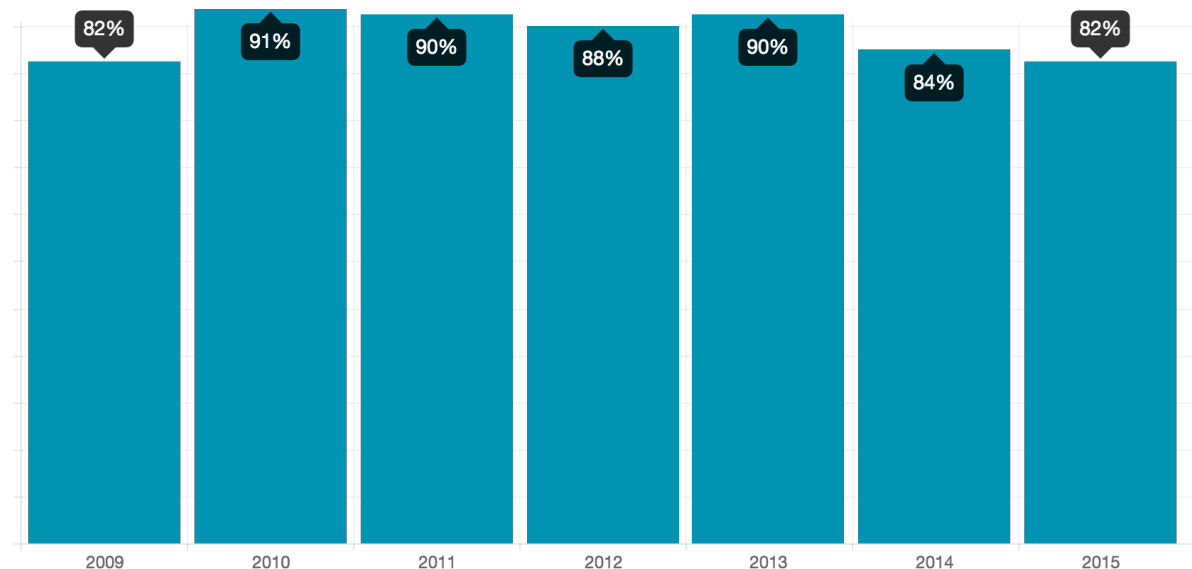
An event that mixes healthy living and friendly competition among area organizations and businesses, the Challenge Games featured 25 events that ranged from golf, bowling, and kickball to log rolling, dodgeball, and archery. Other classic games like trivia, checkers, Texas Hold ‘Em, and speed Jenga put team members’ collective brain power to the test.

“It was a great week of competition and teambuilding,” said Abby Bauer, Office Manager and co-captain of the Maiden Rock team. In all, 40 Family Members competed in the event. All participants agreed that the competition—and the camaraderie it created—was a rewarding way to help achieve the facilities’ 2015 wellness goals.



Despite a challenging market environment in 2015, Family Members remain *All In*, committed to and excited to work for Fairmount Santrol. Our appreciative culture, commitment to SD, training and development opportunities, and benefit programs continue to position our company as an employer of choice.

### EMPLOYEE RETENTION RATE\*



\*Rates exclude seasonal and temporary employees and involuntary turnover.

## Congratulations to the 2015 SD Employee of the Year: Mavis Anderson, Menomonie, Wisconsin

Each year we open the Sustainable Development (SD) Employee of the Year nomination





process to all Family Members to nominate their co-workers from any facility. One winner is selected from each location. From those winners, our co-founder Bill Conway chooses one individual for his or her outstanding commitment to SD and recognizes him or her with the Bill Conway Founder's Award for the SD Employee of the Year.



In 2015, we are pleased to recognize Mavis Anderson as the 2015 SD Employee of the Year. Mavis embraces the ideals and principles of SD through her personal contribution of time, talent, and treasure. Mavis works as an administrative assistant at our Menomonie, Wisconsin facility and is a member of the AI/Communications, Health and Wellness, and 3R SD Teams. Mavis is the site contact for the Health and Wellness SD Team, encouraging and tracking participation in wellness challenges. Mavis also actively participates in the Safety Club and takes notes for monthly meetings. She organized the food drive and helped develop a walking trail at Menomonie. Mavis volunteers her time to Adopt-A-Highway cleanups, harvesting seed at the DNR Seed Farm, serving as an AWANA listener for children who are learning to read, and assisting with organizing, setting up, and cleaning up after the numerous community groups that visit and tour Menomonie. In 2015, Mavis donated over 118 hours of paid and personal volunteer time. Mavis is a well-respected member of her community, and we are proud to have her as a member of our Family.

Congratulations to all the 2015 SD Employees of the Year, by facility:

LOCATION	SD EMPLOYEE OF THE YEAR
Beaver, OH	Jordan Stevenson
Benton Harbor, MI	Ryan Schwark
Black Lab – Chardon, OH	Angel Lyons
Black Lab – Serena, IL	Matt Shinnick
Chardon mine, OH	Carolyn Drain
Chesterland / Chardon, OH	Jessi O'Reilly
Detroit, MI	Jeff Mills
Fairmount Santrol Technology Center, TX	Tatiana Labinsky
Hamilton, ON	Mirsada Cataldo
Maiden Rock, WI	Chris Bryan
Menomonie, WI	Mavis Anderson
Monterrey, Mexico	Juan Cantu
Ottawa Corp / Wedron Tech Center, IL	Kim Corel
Ottawa Innovation Center, IL	Ben Gordon
Ottawa manufacturing, IL	Kurt Jeppson
Roff Hickory, OK	Patsy Payne
SSP Fresno, TX	Jarod Smith
SSP Roff, OK	Jay Burrows
Sugar Land, TX	Keith Huebinger

LOCATION	SD EMPLOYEE OF THE YEAR
Wedron Resin / SSP Wedron, IL	Larry Chase
Terminal – Eighty Four, PA	Steve Mitchell
Terminal – Pleasanton, TX	Pablo Carrasco
Terminal – Somerville, TX	Travys Mize
Troy Grove, IL	Matt Roth
Voca Sand, TX	Jessica Fuentes
Wedron, IL	Dan Buckley

[VIEW MANAGEMENT APPROACH](#)

# Compliance and Ethical Behavior

## MANAGEMENT APPROACH

## ANNUAL PERFORMANCE

### G4-DMA, G4-56

Ethics is a key principle at Fairmount Santrol, uniting us in our vision of sustainability. This includes a commitment to meet or exceed all local, state, and federal regulations. In our daily tasks, we do what is right. Honesty, Trust, and Integrity are the foundation for all that we do.

## Governance for Ethics and Compliance

Our ethics and compliance program involves the establishment and maintenance of policies, procedures and controls, training and communication, observation and analysis, and evaluation and improvement. Our executive management team drives our adherence to ethical behavior and compliance with all applicable rules and regulations. All Family Members are expected to take ownership of compliance and to perform all tasks with honesty and integrity.

We have an extensive list of policies that define what we expect of our people and our business partners. Our governance policies set forth clearly written standards of behavior, including:

- ➔ Anti-Corruption Policy
- ➔ Financial Code of Ethics
- ➔ Related Party Transactions Policy
- ➔ Corporate Code of Business Conduct and Ethics
- ➔ Insider Trading Policy
- ➔ Social Media Policy
- ➔ Public Disclosure Policy
- ➔ Whistleblower Policy
- ➔ Corporate Governance Guidelines

We expect Family Members to know and adhere to a variety of compliance and ethical behavior standards with respect to their job function, performing daily tasks with the utmost respect for their peers and the environment.

Fairmount Santrol provides access to a confidential, anonymous hotline for reporting questionable accounting and compliance matters through [www.mysafeworkplace.com](http://www.mysafeworkplace.com). The whistleblower hotline can be reached 24 hours a day, seven days a week.

## Our Code of Business Conduct and Ethics

The core of the ethics and compliance program at Fairmount Santrol is our Corporate Code of Business Conduct and Ethics. The Code guides our business conduct, requiring honesty, trust, and integrity in all matters and covers issues such as avoiding potential conflicts of interest, ensuring fair relationships with customers and suppliers, protecting data, and the proper use of company assets. All of our Family Members are required to read and understand the Code and follow its precepts in the workplace and larger community. The Code is administered by our legal department. This team oversees our ethics and compliance initiatives and determines Code violations and discipline.

## Compliance Training

Our legal team also has operational responsibility for education, consultation, monitoring, and assessment related to the Code and

compliance issues. Family Members receive a variety of ethics and compliance training courses each year administered by our Director of Securities and Compliance. We offer in-person and online training to all Family Members with company-provided email addresses. Our Family Members are required to review and certify our Code on an annual basis. We back up our Code certification course with detailed training depending on roles. In 2015, for example, approximately 500 employees (management and non-management) certified their compliance with the Code and Fairmount Santrol's anti-bribery requirements. Additionally, all Family Members read and sign our Employee Handbook, which outlines our company values, practices, and policies for ethics.

## Compliance in Our Supply Chain

Our dedication to integrity extends to our supply chain. We [assess our suppliers](#) for compliance and ethical conduct before establishing a formal relationship. Our internal and external stakeholders are united in valuing and upholding compliance and ethical behavior. We believe in generating shared success with our suppliers through fair and balanced agreements.

[VIEW ANNUAL PERFORMANCE](#)

## Compliance and Ethical Behavior

MANAGEMENT APPROACH

ANNUAL PERFORMANCE

G4-56

Ethical behavior ties our Family Members together by building a culture of trust and shared responsibility. We hold ourselves and one another to high ethical standards, which extends to and strengthens our external stakeholder relationships.

As a public organization, we uphold our responsibility to build a robust corporate compliance program. In 2015, we expanded our training offerings to include a Foreign Corrupt Practices Act webinar, ensuring that Fairmount Santrol is conducting our international operations in an ethical manner. We also offered Anti-Trust and Trade Regulation training. Furthermore, our employee handbook underwent a comprehensive update, which employees signed and returned. These steps ensure our Family Members are *All In* to keep ethical practices top of mind as they manage the daily complexities of our business.

[VIEW MANAGEMENT APPROACH](#)

## Product Health and Safety

### MANAGEMENT APPROACH

### ANNUAL PERFORMANCE

#### G4-DMA, INDICATOR, G4-LA6

Our dedication to safety extends to all who create, handle, distribute, and use our products. We take steps to ensure our Family Members are safe and healthy in the workplace, our customers know how to responsibly handle and use our products, and our product formulations are safe.

### Workplace Health

We remain vigilant in protecting our Family Members from potential exposure to dust. As part of our Silicosis Prevention Program and Occupational Health Program, we provide training to every Family Member who may be exposed to silica dust, and monitor sites to ensure use of personal protective equipment and safe product handling practices.

Our facilities utilize state-of-the-art technology and engineering methods throughout our processes to manage the potential for silica dust exposure. Due to these efforts, on average, our associates' potential exposure to respirable crystalline silica for our Family Members is reduced to below the threshold deemed to be protective by the National Institute for Occupational Safety and Health (NIOSH).

As part of our Silicosis Prevention and Occupational Health Programs, every two years we evaluate the well-being of 100 percent of Family Members who could be exposed to silica dust, with health testing, pulmonary evaluations, and X-rays. To gather data, a representative sample of workers wear personal sampling systems designed to collect respirable dusts to provide an illustration of what the individual could be breathing. While regulation only requires a sample from one percent of our population, we submit samples from 10 percent of our population. We publish test results through the National Industrial Sand Association (NISA) and have had no reported cases of silicosis for more than 20 years. Furthermore, we are working to raise the industry's health and safety standards through our leadership position with NISA.

### Customer Safety

Our customers share our high standards for safety. To ensure compliance with the Occupational and the Mine Safety and Health Administrations (OSHA and MSHA), we continually update and provide Safety Data Sheets (SDSs) for all of our products. These supply our customers with the information they need to develop safety guidelines and proper handling procedures. We train our sales and marketing teams on the latest safety information, which they regularly share with our customers. Further, we make [these resources](#) available to the general public. We regularly seek feedback and respond to customer inquiries to ensure the health and well-being of their workforces.

### Chemical Safety

We are dedicated to formulating solutions that make it easier to safely handle and use our products. For example, we continually look for cost-effective ways to minimize dust to ensure safe handling across our products' lifecycle. We craft products that follow EPA and OSHA regulations and take pride in being compliant with ISO 9001, 14001, and 18001. As part of our motto to "Do Good. Do Well." before we use any chemical in our products or processes, our Research and Development (R&D) department completes a

thorough due diligence process, including a review of potential impacts. The product managers work closely with our Safety and R&D teams to develop the Safety Data Sheets (SDSs) for handling, usage, and disposal. From there, we route all product information through our environmental, production, quality, and sales teams to provide responses for all customer inquiries.

Fairmount Santrol's commitment to product health and safety not only ensures our Family's safety, it builds strong relationships with customers by meeting their needs. Both our oil and gas and industrial and recreation customers rely on us to develop environmentally preferable chemistries and products to improve industry performance. Due to the proprietary nature of our products, it is not in our best interest to provide full chemical disclosure; however, we work closely with customers to educate them about our products and their safe use.

[VIEW ANNUAL PERFORMANCE](#)

## Product Health and Safety

MANAGEMENT APPROACH

ANNUAL PERFORMANCE

G4-LA6

To bring value to our customers, we remain conscious of making innovative products safe and environmentally friendly while remaining cost-competitive. We continue to seek and find ways to mitigate dust in our raw sand products. Within our Industrial and Recreational business, we are developing lower VOC resins for foundry applications. Our Environmentally Responsible Products & Processes (ERPP) SD Team created a sand-based product that is used in between paver brick joints, acting like cement, but with less dust.

In addition to updating the content of our product Safety Data Sheets (SDSs) in 2015, a requirement by OSHA, we extended training and education to our customers on the new requirements and information.

We continue to stay far ahead of the requirements set by OSHA. On average, our facilities' potential respirable crystalline silica levels are less than the threshold deemed to be protective by the National Institute for Occupational Safety and Health (NIOSH). Through rigorous safety procedures, protective equipment, leading technologies and processes, and testing, we once again were *All In*, reporting zero cases of silicosis, a goal we have upheld for more than 20 years.

[VIEW MANAGEMENT APPROACH](#)



## Community Impact and Partner of Choice

### MANAGEMENT APPROACH

### ANNUAL PERFORMANCE

#### G4-DMA, G4-SO1

Fairmount Santrol believes there is a marked difference between simply obtaining a permit and adhering to its requirements, versus operating responsibly with a commitment to go beyond compliance. To ensure we remain in good standing as a responsible operator, we embrace being a responsible corporate citizen and a welcomed neighbor. We demonstrate this understanding by actively addressing public interests early in the permitting process, engaging in community dialogue, remaining transparent, and determining solutions to meet the community's needs. We include information regarding our management approach and commitment to sustainable development within our permit applications, which address:

- ➔ Air quality
- ➔ Biodiversity
- ➔ Direct and indirect economic impacts
- ➔ Ground vibration from controlled blasting operations
- ➔ Groundwater and surface water quality and quantity
- ➔ Mine reclamation
- ➔ Noise, lighting, and blasting – mine hours of operations/time of day
- ➔ Plant design/aesthetics – views from the roadside
- ➔ Social interests – property values, tourism, etc.
- ➔ Traffic

## Community Relationships

Our aim is to maintain an open line of communication with our communities. Recognizing each community's needs are unique, we customize our management approach accordingly. We empower our Plant Managers to engage with the public, respond to community inquiries and concerns, and determine solutions. Communication occurs via open houses, public meetings, community reports and newsletters, telephone calls, local media, and community events. For instance, when townships or clubs host monthly meetings, from time to time we send a Fairmount Santrol representative to serve as a source of information about our values, standards, and practices. We proudly welcome community members to open houses and site tours where we share our story and allow others to see how we operate. In addition, our [community investment](#) efforts, such as bat and bee education and river clean-ups, demonstrate our commitment to conserving biodiversity while providing information about our sustainable and responsible practices.

## Managing Our Impacts

Fairmount Santrol thoroughly monitors and addresses all federal, state, and local regulations that apply to our operations. One way we distinguish ourselves as a responsible operator is by going above and beyond compliance for many of these regulations, especially with regards to environmental management and the health and safety of our communities.

We uphold required standards for groundwater monitoring and air quality monitoring and control at all of our facilities. During

blasting, our Family Members and contractors use seismographs to collect data on air and ground vibrations to include in our blast reports, which show we are consistently below state and local regulation standards. We have permanent solar-powered seismographs at our Wedron, Illinois, and Menomonie, Wisconsin, facilities.

We have been recognized for successfully managing impacts and going beyond compliance. One example of this is at our Wisconsin facilities, where the Wisconsin Department of Natural Resources has designated the mining sites as Green Tier certified. Green Tier is a program which recognizes companies “that voluntarily exceed legal requirements related to health, safety, and the environment, resulting in continuous improvement in the state’s environment, economy, and quality of life.” Fairmount Santrol is the first mining company to receive Green Tier status.

## Managing Impacts of Contractors

We also work with all our contractors to mitigate their impacts on our communities. We take many steps to ensure that our contractors are aligned with our commitment to sustainability and to go beyond compliance. Agreements with our contractors identify safety, environmental, and community practices that apply to them whether on or off Fairmount Santrol property. We expect all contractors on site to utilize proper recycling, composting, and waste-to-energy receptacles, supporting our commitment to zero waste.

Additional commitments with our contracted truck drivers include a code of conduct that we require all drivers to sign, and our dispatch company reviews annually. The code of conduct states that drivers must have personal protective gear, use fall protection, obey speed limits, and avoid the use of engine brakes, among other things. We evaluate traffic patterns in local communities and look to reduce traffic associated with our operations during peak hours, such as school or work rush hours. To lessen traffic impacts in some communities, we have built additional turning lanes in and out of facilities, making merging safer and more efficient.

For every community in which we operate a mine or are planning mining activities, we actively engage with the community, going beyond the regulatory requirements to assess our impacts, and develop programs to remain a responsible and welcomed neighbor.

[VIEW ANNUAL PERFORMANCE](#)

## Community Impact and Partner of Choice

## MANAGEMENT APPROACH

## ANNUAL PERFORMANCE

## G4-SO1

We understand community members' desire to look after the welfare of their community and their loved ones. We are continuously looking for ways to be responsible members of the communities in which we operate, and are *All In* when it comes to managing community impacts.

As one example, we are conscientious of noise within our operations, and we respond to public concerns through mine plan modifications and equipment changes to eliminate, reduce, or refocus noise. At many of our operations, we are able to control noise through the selection of equipment engineered with a lower noise rating, such as unique backup alarms on mobile equipment designed to be directionally focused in the area of risk, rather than in all directions away from the equipment. Noise barriers are also installed to shield, reflect, or absorb noise to limit its propagation beyond our property boundaries. Finding the quietest and most effective way of working is a top priority within our company, and more importantly to our neighbors.

Air quality is another potential impact that we actively manage. Our dust control practices include routine use of street sweepers and watering trucks, automatic sprinkler systems installed along roads, and high pressure water cannons used on sand stockpiles. We also use many types of engineering controls on our equipment, such as dust collectors, to capture dust from various sand transfer points. To enhance our program for managing potential fugitive dust at operating and idled facilities, in 2015 several of our facilities began using a new product to top the stock piles of sand, rather than relying only on spraying stock piles of sand with water. This new process employs an inert crusting agent to the outside of the stock piles to reduce the potential for dust movement. This helped to both reduce our water consumption, and to reduce the bulldozer and diesel fuel use from having to turn the stock piles, which were previously required for dust suppression.

Fairmount Santrol also considers land restoration to be vital to corporate responsibility. Wherever our mines are located, we work with state and local agencies to create a restoration plan that is appropriate for the geographical area and future use of the land. A restoration plan typically includes maps, site characteristics, property boundaries, designated phases for mining and reclamation, soil compositions, drainage patterns, seeding requirements, and final site topography. Often, our mine sites are restored to generally match the grade of surrounding land, and will be used for whatever legal and permitted uses are desired by the property owners and community members—including agricultural, industrial or commercial purposes. Our goal is to minimize our impact on the community by leaving the earth a better place than we found it.

For more information on the ways in which we are involved in our local communities, read the [Community Investment](#) section.

[VIEW MANAGEMENT APPROACH](#)

## Stakeholder Education and Influence

### MANAGEMENT APPROACH

### ANNUAL PERFORMANCE

G4-DMA, G4-LA14, G4-EN32

Our motto and action orientation to “Do Good. Do Well.” has proven to be a differentiator for Fairmount Santrol. While we continuously raise our own standards, we also make it a point to share our expertise, successes, and best practices with our stakeholders.

### Transparency

Each year we publish our annual Corporate Social Responsibility report and other publications, such as the Report to the Community in the northern region, that highlight our sustainable development endeavors and achievements. During presentations to stakeholders, we highlight information about our SD initiatives, such as safety data, employee training data, and return on investment statistics through our SD Pays measurement. Our Plant Managers, SD Coordinators, and other Family Members host educational sessions for all types of stakeholders, from school children, to business school students, to local clubs and businesses, government agencies, national associations, and conferences.

### Regional Industry Associations

Our participation and leadership in industry groups and associations gives us the opportunity to partner with peers to raise industry standards and increase adoption of responsible practices. The Wisconsin Industrial Sand Association (WISA) is a statewide organization with the purpose to promote safe and environmentally sound sand mining standards, fact-based discussions and positive dialogue among the industry, citizens, and government officials. WISA requires all members to hold a Green Tier Certification from the Department of Natural Resources (DNR). Fairmount Santrol was the first mining company in Wisconsin to qualify for this designation because of our robust environmental management system, our historical performance, and a willingness to exceed regulatory requirements. Through our involvement in WISA in 2015, we contributed to newsletters that illustrate how WISA member companies are moving beyond compliance for sustainable development. In collaboration with our peers, we publish publicly available white papers on topics like crystalline silica, water soluble polymers, and groundwater. Furthermore, our third-party studies on air quality generate dialogue with regulatory agencies and peers to improve industry standards.

We are also active members of the Illinois Association of Aggregate Producers (IAAP) trade association. Several Fairmount Santrol employees serve on Environmental, Public Information and Education, Sustainability, and Safety Committees that collaborate on items common to this industry and help educate the public about the importance of mining. With respect to educating the public, we routinely sponsor school teachers for the yearly science teacher workshop hosted by the IAAP Public Information and Education Committee where teachers are educated about the benefits of mining in Illinois.

### National Industry Associations

On a national level, Fairmount Santrol submits annual safety data to the Industrial Minerals Association of North America (IMA-NA) and participates in the group's silicosis prevention program. The IMA-NA holds us accountable for dust management and testing standards to ensure we are below compliance levels. To enhance the well-being of all mining workers in the industry, we share our Safety and Health Management System program details. In addition, Fairmount Santrol leads sustainability efforts for the American

Foundry Society through writing white papers, giving conference presentations, and engaging with our customers to serve on panel discussions. By working together to raise standards, responsible practices, and transparency, we strengthen our industry for the long term.

## Suppliers

Our suppliers are aware of and continuously informed about Fairmount Santrol's sustainable development practices. We invite all new suppliers to complete our supplier survey, which includes questions on compliance, environmental stewardship, safety, wellness, community engagement, reporting, and civil rights. Additionally, we educate our suppliers on our sustainable development practices and goals and look for opportunities to partner with our suppliers to help us reach our goals.

In turn, as a supplier to our customers we actively look for opportunities to share best practices, increase responsible behaviors, and raise industry standards with and for them. It is our intention to help customers reduce their impacts, manage their risks, and increase transparency through partnerships, innovation, and increased communication.

Stakeholder engagement is a collaborative effort, a two-way street. By making an investment to share our best practices, we in turn gain ideas for enhancing sustainable development. Our stakeholder engagement fosters strong relationships that ensure we can operate in a sustainable, conscious, and profitable manner.

[VIEW ANNUAL PERFORMANCE](#)

## Stakeholder Education and Influence

### MANAGEMENT APPROACH

### ANNUAL PERFORMANCE

G4-LA14, G4-EN32

### Suppliers

To increase our understanding of our suppliers' sustainability performance, we updated our supplier survey methodology in 2015. We ask all new suppliers to voluntarily complete the survey and in 2015, 16 percent completed it. We also held a focus group with our 20 largest suppliers to share best practices and identify improvement opportunities for the lowest-scorers. In 2016, we plan to go *All In* and resurvey 80 to 90 percent of our suppliers according to spend, using our new weighting criteria. We will use survey results to determine future educational opportunities and identify long-term partnerships.

In 2015, our Sustainable Value Chain (SVC) SD Team worked with our railcar suppliers to develop low-friction bearings. As a result, we reduced the amount of energy consumed during transportation along with \$77 per bearing in fuel savings. The SVC SD Team also held customer brainstorming sessions to decrease waste generated from packaging.

### Industry Associations

At the October 2015 annual meeting for the Wisconsin Industrial Sand Association (WISA), Fairmount Santrol Family Members met with member companies and other stakeholders to discuss environmental stewardship and moving beyond compliance. Our relationship with WISA helped us form a partnership with the University of Wisconsin, and in 2015 we hired an intern from the University's Responsible Mining program to work across the Wisconsin region. In the Central Region, Family Members are active in the Illinois Association of Aggregate Producers (IAAP), specifically serving on the Environmental, SD and Safety Committees. During the 2015 IAAP convention, Becky Andrews, Central Region SD Coordinator, and Mike Melton, Director of Environmental Services, participated in an SD reception to raise awareness about SD topics.

### Transparency

We are part of the communities where we operate, and we are dedicated to being engaged and visible in the communities where we live and work. We operate in a transparent manner and have an open door policy, in which company officials and mine managers are available at all times for anyone who wants to talk with them. We regularly communicate with our neighbors through community meetings, newsletters, public hearings, and tours. Residents and community groups are invited to come see our operations and ask questions. Our Menomonie, Wisconsin facility, which is considered a model mining and processing operation in Wisconsin, hosted more than 40 educational tours for various school-age and university classes, service organizations, and community leaders in 2015.

Family Members from across the organization continued to host educational sessions for many stakeholders groups within the community. For example, Family Members shared information about Fairmount Santrol's water efficiency efforts at the North-Central Geological Society of America's annual meeting in Madison, Wisconsin. In another instance, Family Members in our Illinois region participated on a panel discussion about sustainable development at the Illinois Association Aggregate Producers (IAAP) annual convention, to share our values of SD with other businesses and organizations.

[VIEW MANAGEMENT APPROACH](#)

# PLANET

all in

2015 CORPORATE SOCIAL  
RESPONSIBILITY REPORT

Part of being *All In* means Fairmount Santrol thinks and acts beyond compliance. We stand strong in our commitment to responsible mining practices that protect the health of our people, ecosystems, communities, and business. This dedication guides our daily decisions and actions, leading us to use resources responsibly, monitor and manage our environmental footprint, and demonstrate environmental stewardship as we build a bright future for generations to come.

Producing sand and value-added sand products is a safe and sustainable process when meeting or exceeding regulations, and going above and beyond to ensure responsible practices. To learn more, we encourage you to read about Fairmount Santrol's practices throughout the various sections in this sustainability report.

In the early 2000s, Fairmount Santrol embraced the components of the ISO 14001 Environmental Management System (EMS). As a result, numerous operating facilities worked toward developing a compliant EMS and many became certified via evaluation by a third party registrar. Currently, three facilities are officially ISO 14001 EMS certified with many remaining operational facilities compliant with the ISO 14001 standard.

PLANTED  
>132,000  
TREES IN 2015 WHICH  
SEQUESTERED MORE THAN  
**100%**  
Q4 2013–Q3 2014 SCOPE 1 & 2 EMISSIONS

APPROXIMATELY  
**90%**  
OF WATER  
USED IN OUR OPERATIONS IS  
RECYCLED

REDUCED  
WASTE TO LANDFILL BY  
**94%**  
FROM 2009  
THROUGH 2015

## Air Quality

### MANAGEMENT APPROACH

### ANNUAL PERFORMANCE

#### G4-DMA

Fairmount Santrol knows that one component of a healthy community is clean air. We conduct our operations in a way that protects air quality by establishing control mechanisms.

### Emissions Control

We manage potential facility emissions through a variety of control devices. Our water scrubbers and dust collectors/bag houses help to reduce point source particulate emissions, while we use water trucks, water sprays, and vacuum sweepers to manage any potential fugitive particulate emissions. Some of our sand coating operations generate volatile organic compounds (VOCs). At many of these operations we control VOCs using high temperature oxidation. For those processes which have the potential to emit a regulated air pollutant, our engineering and operations departments work together to regularly evaluate developing control technologies for deployment at our operations.

During the process of obtaining permits for new plants or expansion of existing facilities, we assess our potential to emit regulated air pollutants. This allows us to design our operations with the best equipment for emissions control. Once we begin to operate, we routinely monitor equipment and collect data to submit for compliance with permits and applicable regulations.

### Greenhouse Gas (GHG) Emissions

We demonstrate our commitment to protecting climate health by monitoring and managing our greenhouse gas emissions. Our facility managers and engineering department collect site-specific Scope 1 and Scope 2 GHG emissions data. Along with our Quest for Eco-Efficiency SD Team, they identify and implement energy efficiency projects that reduce our GHG emissions. Additionally, each year we plant enough trees to offset our Scope 1 and Scope 2 GHG emissions from the previous year. We select native species with high levels of carbon filtration and, assuming an 80 percent survivability rate across 50 years, plant more trees than required to ensure full sequestration of our emissions. Our Family Members plant approximately 10 percent of the trees through our volunteer events, while Fairmount Santrol finances the planting of remaining trees via third parties.

#### VIEW ANNUAL PERFORMANCE



## Air Quality

## MANAGEMENT APPROACH

## ANNUAL PERFORMANCE

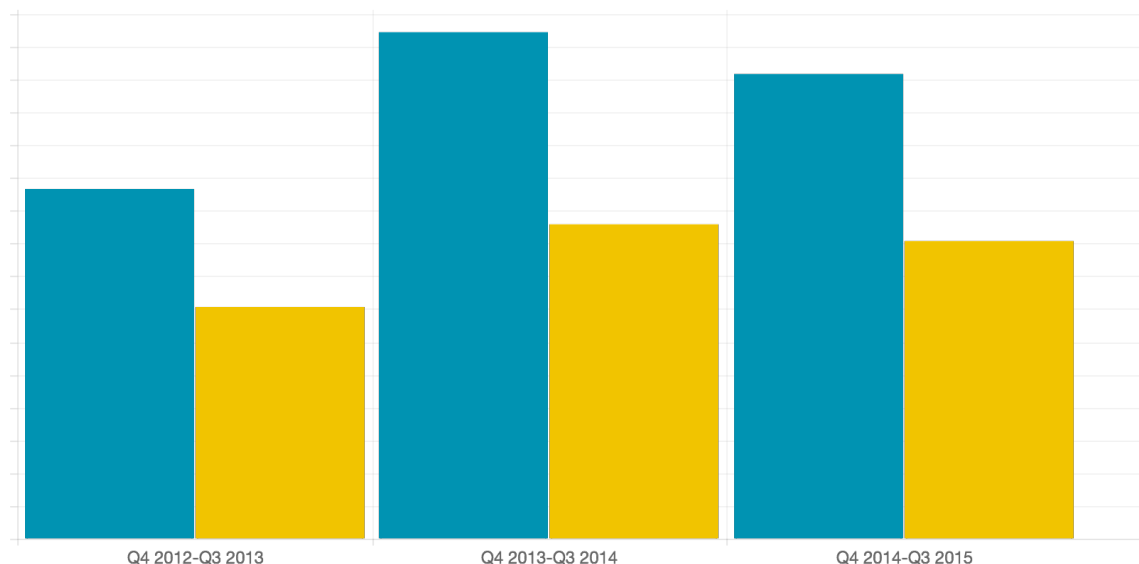
## G4-EN15–16, G4-EN18

We set a goal to reduce our greenhouse gas (GHG) emissions by one-half of one percent\* from 2014 to 2015. From Q4 2014 through Q3 2015, our GHG emissions decreased by seven percent, the result of idled and closed sites due to market conditions and energy-saving projects. Emissions intensity—the measure of greenhouse gas emissions per ton sold—increased due to equipment running and using energy while producing less product. However, closing and idling facilities and shifting production to other facilities helped to reduce our energy use and costs.

\*This is a correction to our 2014 sustainability report.

### SCOPE 1 AND 2 EMISSIONS (LBS. OF CO<sub>2</sub> EQUIVALENTS)

Scope 1 includes direct GHG emissions, and Scope 2 includes indirect GHG emissions from the consumption of purchased electricity, heat, or steam.


**Q4 2012–Q3 2013**

Direct Sources

**266,567,210**

Indirect Sources

**176,598,139**
**Q4 2013–Q3 2014**

Direct Sources

**386,111,798\***

Indirect Sources

**239,563,142\***
**Q4 2014–Q3 2015**

Direct Sources

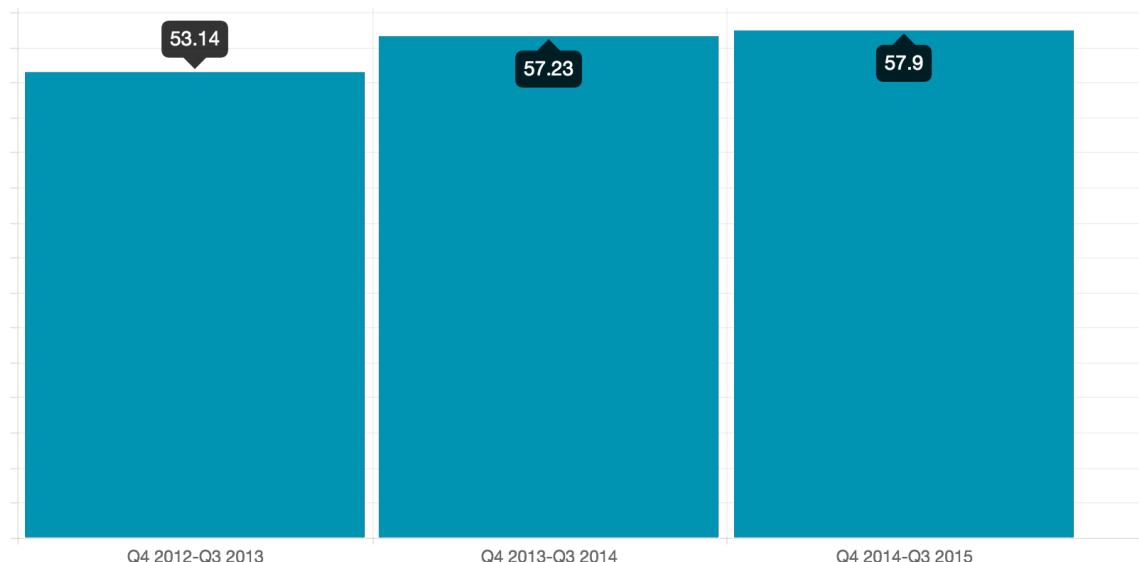
**354,342,896**

Indirect Sources

**226,833,568**

\*Q4 2013–Q3 2014 direct and indirect sources numbers have been restated from the 2014 report.

## NORMALIZED SCOPE 1 AND 2 GHG EMISSIONS INTENSITY\* (LBS. OF CO<sub>2</sub>/TON SOLD)



\*Q4 2013–Q3 2014 number has been restated from the 2014 report.

## Emissions Reduction Technologies

We continually evaluate and upgrade to leading technologies that reduce emissions and manage air quality. In 2015, our new plant addition in Wedron, Illinois, our largest facility, implemented enclosed vibrating conveyor belts to transport sand. This helps to contain dust and improve dust collection.

Drying sand takes a significant amount of energy, and every year we look for ways to make this process more efficient. In 2015, we implemented software on two of the three dryers at Wedron, enabling operators to reduce the temperature and save natural gas. We also implemented a dust suppression hopper and a dustless loading spout, which manufacturer tests have shown to reduce dust emissions from loading spouts by 98 percent. In 2015, we installed the technology at three locations in Illinois, Ohio, and Wisconsin, and will evaluate expansion in 2016.

Our efforts to protect air quality paid off—in 2015 we received the Clean Air Recognition Award from the Wisconsin Partners for Clean Air for our work to voluntarily reduce air emissions.

## Offsetting Greenhouse Gas (GHG) Emissions

To sequester 100 percent of our Q4 2013 through Q3 2014 Scope 1 and 2 GHG emissions, Fairmount Santrol committed to plant 105,000 trees. To account for survivability rates, we invested in more than 132,000 trees in 2015. Our Family Members are *All In* on our sequestration activities, evidenced by their participation in planting more than 10,500 trees, approximately eight percent of the total number planted.

In 2016 we aim to set a longer-term GHG reduction goal. We will continue to invest in efficient technologies and adjust behaviors in our operations to increase energy efficiency and reduce emissions.

**PLANTED**  
**>132,000**  
**TREES IN 2015 WHICH**  
**SEQUESTERED MORE THAN**  
**100%**  
**Q4 2013–Q3 2014 SCOPE 1 & 2 EMISSIONS**

[VIEW MANAGEMENT APPROACH](#)

# Transportation Logistics, Efficiency, and Emissions

## MANAGEMENT APPROACH

## ANNUAL PERFORMANCE

### G4-DMA, G4-EN30

Transportation efficiency and emissions are inherently tied to our logistical operations. Our goal is to move full capacity loads as resourcefully as possible to terminals near our customers. As we implement strategies to improve our logistics efficiency, we naturally minimize our transportation footprint, reducing fuel consumption and emissions.

## Logistics Planning

Our Sustainable Mobility SD Team identifies strategies to streamline product transportation. By maximizing the loading of railcars, we transport more sand using fewer cars and shipments, resulting in cost and resource savings. We continue to improve our third-generation optimization model, which simulates planning scenarios and provides a comparison analysis so the best supply plan can be deployed. The tool aids in both short-term, tactical planning and long-term, strategic planning, allowing us to build a vision for transportation over the next five years.

## Unit Trains

We estimate that switching from trucks to railcars can reduce carbon emissions by 80 percent, according to the BNSF Railway Carbon Estimator tool. In addition to traditional single railcar (manifest) shipments, we strive to maximize unit train shipments. Unit trains enable us to ship our products nonstop between an origin and destination, bypassing railroad switch yards. With these direct routes, we consume less fuel and time, decrease truck mileage, and reduce the cost of delivering product to our customers.

## Monitoring Performance

We monitor our logistics performance weekly using Key Performance Indicators (KPIs) that allow us to make targeted adjustments to delivery plans and available reserves across our operations. Additionally, we actively manage our transportation logistics in the following ways:

- ➔ Build strong relationships and communication with all of our transportation partners
- ➔ Have full-time expeditors available 24 hours, seven days a week
- ➔ Hold daily conference calls with logistics partners
- ➔ Use efficient transportation of materials via conveyors between facilities when applicable
- ➔ Use optimization software to manage shipments on a daily basis

## Supplier Emissions

In addition to managing our own emissions, we support our suppliers in mitigating the impact of their transportation activities. For instance, several of our primary transportation suppliers participate in the U.S. Environmental Protection Agency SmartWay program. SmartWay is a public-private initiative to help companies in the freight transportation sector to monitor and reduce emissions and environmental risks. Our supplier efficiency initiatives naturally align with efforts to reduce our greenhouse gas emissions.

As the market shifts, we continuously evaluate our transportation network and the destination terminals needed to best serve our customers. We plan to increase the use of unit trains, given they move greater quantities of sand, use less fuel, and reduce road congestion. We will explore the possibility of incorporating liquefied natural gas or compressed natural gas into our truck vendor fleet, with hopes of it becoming an economically viable option in the future.

[VIEW ANNUAL PERFORMANCE](#)

# Transportation Logistics, Efficiency, and Emissions

## MANAGEMENT APPROACH

**ANNUAL PERFORMANCE**
**G4-EN30**

As demand shifted in the market, Fairmount Santrol evaluated opportunities for efficiency savings across our distribution network. We went *All In*, developing strategies to cut costs while improving our capabilities for optimal product delivery.

## Logistics Optimization

In 2015, we implemented a new supply chain planning tool that helps us evaluate facility locations, costs, and final destinations to determine the best place to produce. As a result, we have improved our ability to match supply to demand and improve our cost efficiency.

### Maximum Railcar Loading Efficiency

In partnership with customers and transportation partners, we increased railcar loading efficiencies by filling each railcar to maximum capacity. Our commitment to continuous improvement led us to improve our railcar utilization rate from 94.5 percent in 2014 to 95.7 percent in 2015, generating a cumulative annual savings of \$3.5 million in freight cost avoidance.

**INCREASED  
RAILCAR  
UTILIZATION RATE TO  
95.7%  
SAVING \$3.5M  
IN FREIGHT COST**



### Taking Max Railcar Loading to a New Level

Our Sustainable Mobility SD Team is always focused on incorporating sustainable development strategies and practices into transportation, but this year they took it to a new level.

"We started tracking shipments and capacity levels to establish a baseline, with the goal of maximizing the use of fully loaded railcars," said Kevin Mills, Director of Supply Chain and Sustainable Mobility SD Team Co-Lead. "We saw a real opportunity to make an impact on SD Pays by adapting our max-loading idea and filling railcars to the fullest capacity."

"One challenge was that our facilities did not know the specific weight limitations per track," said Ally King, Operations and Logistics Coordinator and Sustainable Mobility SD

Team Lead. "As a result, they kept the railcar weight at a comfortable level. Our Sustainable Mobility SD Team helped by investigating the weight limitations of tracks to begin optimizing each shipment to its fullest capacity."



The SD Team saw great success at our Wedron facility in Illinois. By increasing max-loading capabilities, they tracked a 3.7 percent improvement in load utilization from the beginning to end of 2015. Considering that shipments from Wedron comprise nearly half of all railcar trips across the company, these efforts made a significant impact on our overall performance.

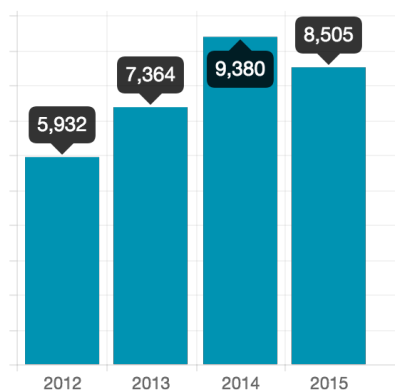
"We set a goal of increasing all facilities' utilization rate by 1.5 percent, which could make a huge impact to the business overall," says King.

## Increasing Unit Train Capabilities

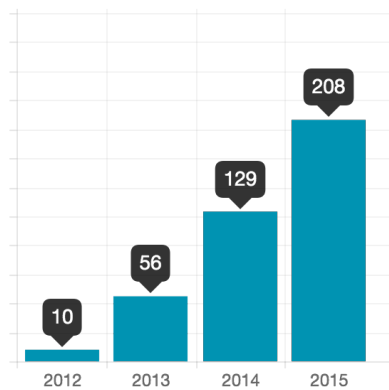
In 2015, the Sustainable Mobility SD Team educated Family Members on the advantages of unit trains, aligning our team around efforts to better serve our customers with improved efficiency and predictions of arrival times. This year we increased the number of terminals with unit train capabilities from four to seven, facilitating broader distribution of our products via unit trains. Today, approximately 44 percent of our sand is shipped via unit trains compared to less than 30 percent in 2014.

**44%**  
OF OUR SAND SHIPPED  
BY UNIT  
TRAINS

FMSA VOLUME SOLD (THOUSANDS OF TONS)

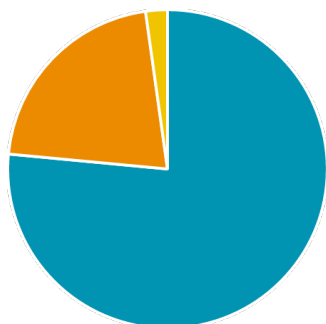


UNIT TRAINS SHIPPED

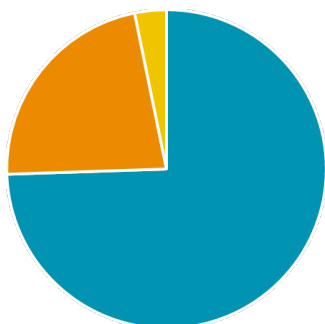


MODES OF TRANSPORT

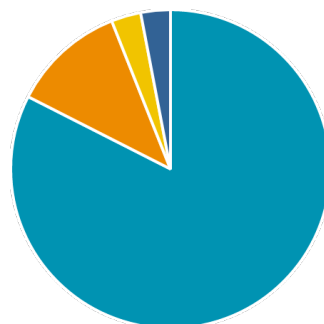
2013



2014



2015



Rail  
Truck  
Barge  
Conveyor

Rail  
Truck  
Barge  
Conveyor

Rail  
Truck  
Barge  
Conveyor

# Water Use and Quality

## MANAGEMENT APPROACH

## ANNUAL PERFORMANCE

G4-DMA, G4-EN10

We understand that clean water is an important resource that should be conserved today and into the future. We are committed to transparency and open dialogue with community members to alleviate concerns related to water. Managing water use and discharge reduces expenses and allows us to continually operate with practices that protect our communities and builds positive relationships with our stakeholders.

## Management and Compliance

We are dedicated to meeting standards established by state and local regulatory agencies, which include regular water testing and results reporting, storm water pollution prevention plans, and compliance with permit requirements. Our water management goals conform to the goals of our environmental policy to reduce the use of natural resources. Currently, the Clean Water SD Team contributes to this effort and supports water management plans for a majority of our facilities.

## Water Recycling

Fairmount Santrol requires water in our operations for extracting, washing, processing, and cooling. Our aim is to use water efficiently, increasing the use of recycled water and decreasing the amount of water used in various steps of our processes. In fact, we estimate that we recycle more than 90 percent of the water used in our operations through on-site activities that reuse water to the maximum extent practical. We accomplish this by developing on-site basins and pumping systems that allow us to reuse sand processing water. At several sites, the basins also capture precipitation that we incorporate back into water recycling efforts. We supplement any recycled water lost during operations with minor withdraws of natural surface and groundwater resources.

All of the deposits we mine contain some percentage of natural silts and clays which need to be removed to make finished products. We use water to wash the silts and clays from the sand. The resulting wash water has some degree of turbidity or cloudiness, which we treat through a settling process that separates the solids, clarifying the water for reuse in our process. We have the ability to use some of the settled out silts and clays for mine reclamation purposes. To date, six of our sites have invested in water-clarifying tanks to expedite the settling process and to improve the efficiency of water recycling.

## Water Discharge

Fairmount Santrol takes measures to address our potential impacts on local surface and groundwater resources. We conduct internal and third-party water testing to ensure that discharged water complies with regulatory limits, and contain water on our properties for recycling needs along with the use of settling basins and flocculants. When water discharge is necessary, we do so with the appropriate permits or authorizations.

## Storm Water Management

We use Curlex® blocks at our largest production facilities as a best practice for the management of storm water runoff. The blocks, composed of a cross-section of filter media wrapped in textile, improve the quality of storm water runoff by controlling turbidity. This

technology is more effective than more traditional methods, such as straw bale barriers or silt fences. Additional sites may install Curlex® blocks in the future as needed.

[VIEW ANNUAL PERFORMANCE](#)



## Water Use and Quality

MANAGEMENT APPROACH

ANNUAL PERFORMANCE

G4-EN10

Fairmount Santrol believes it is important to continually evaluate our water consumption and manage impacts on the quality of our local water sources. In 2015, we added water-clarifying tanks to our new Wedron South facility, which will improve the speed of water reuse at that site. Our Clean Water Team went *All In* and set a goal to review water management plans for all active facilities. Through 29 site-plan review sessions, they helped nine facilities implement initiatives to increase water efficiency. The Team also completed 12 water-conservation educational workshops across our facilities and communities. Moving forward, Fairmount Santrol will continue to refine our water management plans and deepen engagement with NGOs surrounding water use.

[VIEW MANAGEMENT APPROACH](#)

APPROXIMATELY  
**90%**  
OF WATER  
USED IN OUR OPERATIONS IS  
RECYCLED

## Solid Waste

### MANAGEMENT APPROACH

### ANNUAL PERFORMANCE

#### G4-DMA

Fairmount Santrol set a bold goal to inspire and enable all facilities to reach zero waste to landfill. A growing number of our facilities have reached that goal, made possible through continuous data collection and education efforts driven by our Recover, Recycle, Reuse (3R) SD Team, facility managers, and SD Coordinators.

### Managing Waste Throughout the Production Process

As Fairmount Santrol creates quality products for our customers, we generate waste that must be managed responsibly. We use materials such as pallets and banding to support our raw sand products, and bags and pails to produce our resin-coated sand. To reduce packaging waste, we order supplies in bulk and reuse and recycle packaging materials when possible.

To manage non-compostable or non-recyclable waste, we partner with waste-to-energy companies which convert waste destined for landfill into fuel for producing steam-generated electricity. We equip many sites, including office spaces, with disposal bins to ensure that we capture and convert as much waste as possible.

On the delivery side, we ship over 90 percent of our products via a truck, train, or barge that requires no packaging. The remaining product is shipped using bulk packaging, which we recycle and reuse when possible and ask our customers to do the same.

### Waste Education in Communities

We ask all facilities to hold zero waste activities that promote waste reduction, recycling, and composting not only in our facilities but also in our local communities. Our Family Members hold webinars, engage with our customers, and work with local businesses to share our waste management best practices.

Responsible waste management is a reinforcement of our “Do Good. Do Well.” motto. It positively affects our bottom line by reducing landfill expenses—showing once again how sustainable development drives business value.

[VIEW ANNUAL PERFORMANCE](#)

## Solid Waste

### MANAGEMENT APPROACH

### ANNUAL PERFORMANCE

#### G4-EN23

When it comes to efficient resource use, Fairmount Santrol is *All In*, with our sights set on being a zero waste to landfill company. We set a goal in 2015 to bring 100 percent of our legacy facilities—those active in 2009 when we began tracking waste—to zero waste to landfill. Thanks to the combined efforts of our Recover, Recycle, Reuse (3R) SD Team, SD Coordinators, and Family Members, most of our legacy facilities reached zero waste to landfill. We are proud of the facilities that achieved zero waste to landfill in 2015. Due to market conditions, we idled 12 of those facilities, leaving 30 of our 33 facilities and sand transfer terminals where SD is active\* at zero waste to landfill.

\*There are facilities that are leased or operated by third parties where a Fairmount Santrol SD Coordinator is not present to help the facility set, measure, and achieve SD goals.

**REACHED  
ZERO WASTE  
TO LANDFILL IN  
30 OF 33  
FACILITIES  
(WHERE SD IS ACTIVE)**

---

## Recycled Material Masterpieces

Our 3R SD Team promoted waste reduction in 2015 by hosting a competition where teams from each facility constructed useful items using 90 percent waste materials from operations. “We received 37 submissions, which is almost one from every facility,” said Mark Waters, Corporate Process Sand Engineer and 3R SD Team Lead. “We are really impressed with the types of projects we received, from planters to benches, to a smoker pit and even wind chimes. All of the entries reinforce our 3R SD Team goal of waste minimization through recovery, recycling, and reuse.”

Family Members voted on the best submissions and participated in a company-wide silent auction for the items, raising money for each facility to donate to a charity of choice.

We selected our 2015 winners across three categories:

- ➔ **Most Creative:** Our Detroit facility won with its clock design, using a drum lid from an old juice container and recycled clock parts.
- ➔ **Most Resourceful:** Our Mexico facility won with its dining furniture and fire pit.
- ➔ **Overall Favorite:** Our Black Lab–Serena location’s planter bench was the overall winner with the most Family Member votes.

“I have already heard folks at my facility talking about their idea for next year,” said Lauren Evans, Sustainable Development Coordinator for the Northern Region. “We hope that each year we host the competition that the facilities create bigger and better ideas.”



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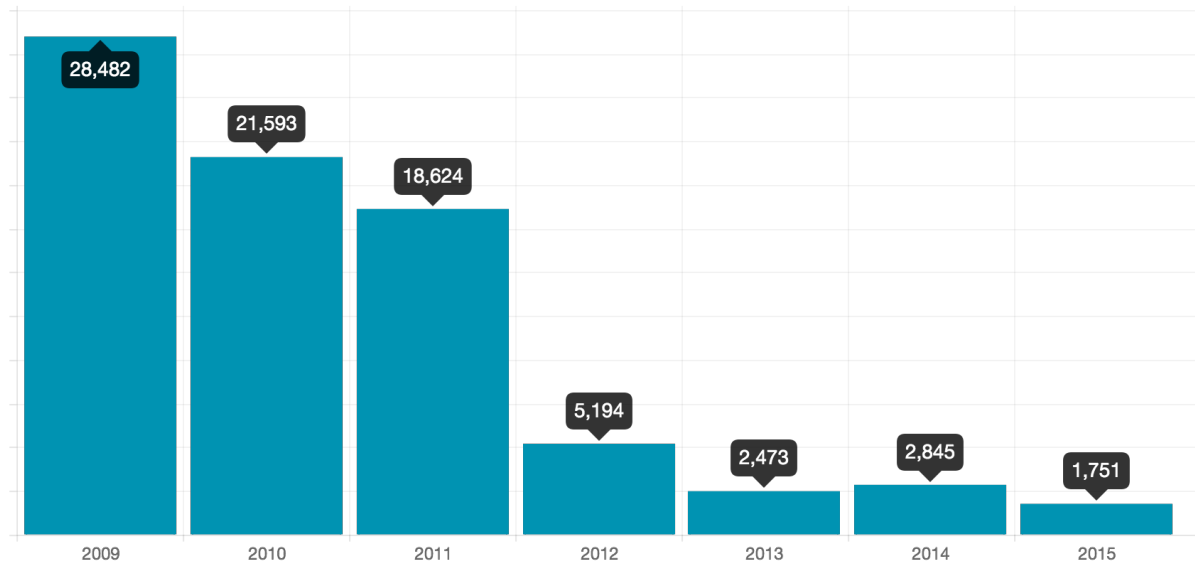
By the end of 2015, we achieved a reduction in waste to landfill of 94 percent from our 2009 baseline. Through arrangements made with a company who provides byproducts as inputs for cement manufacturing, we diverted more than 36,000 tons of waste sand destined for landfill in 2015 alone.

In 2016, our goal is to take our five remaining U.S. facilities as well as several of our terminals to zero waste to landfill. Looking to the future, we aim to achieve zero waste to landfill at all Fairmount Santrol international sites. We will also pursue cost reductions in shipping materials for beneficial reuse by compacting high volume, low weight waste.

↑  
**REDUCED**  
WASTE TO LANDFILL BY  
**94%**  
**FROM 2009**  
**THROUGH 2015**

**TOTAL WASTE TO LANDFILL (CUBIC YARDS)**

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**VIEW MANAGEMENT APPROACH**

# Land Management, Remediation, and Biodiversity

## MANAGEMENT APPROACH

## ANNUAL PERFORMANCE

### G4-DMA

For Fairmount Santrol and our stakeholders to thrive, it is important that we preserve the health of our ecosystems. We are committed to protecting the quality of our land and conducting our mining practices with respect and care for local species.

## Operating with Minimal Impact

When seeking approval for permits, Fairmount Santrol works with state and local regulatory agencies to develop land management plans and any necessary reclamation plans before mining activities begin. This process includes developing comprehensive site maps, projections of overburden and mineral deposits, reclamation procedures, on-site audits, and offering financial assurance for the completion of site reclamation.

Many of our mines are located in forested areas or near agricultural land. We carefully operate within the confines of our property and go above and beyond regulations to ensure we are not adversely impacting nearby streams, land, or biodiversity. Our reclamation best practices include planting native species, removing invasive species, and working with stakeholders to provide restored acreage that yields open land, wildlife habitat, and viable pastures. We contain storm water on our property and treat it before the water is discharged. We also do not operate in areas of indigenous peoples—groups protected by national or international legislation as having a set of specific rights based on their historical ties to a particular area.

## Promoting Conservation Through Partnerships

We partner with organizations such as the Wildlife Habitat Council, Saving Birds Thru Habitat, and the Wisconsin Bat Program to protect and support species diversity near our facilities. Through the Wildlife Habitat Council, we use tools to educate the community on conservation topics such as the importance of pollinators, particularly bees, to our ecosystem. Our Family Members work with school-age groups to plant pollinator gardens and construct bee habitats in the communities where we operate.

## Protecting Biodiversity

We actively work to educate, fund, build, and protect habitat for local species of wildlife, including bats, bees, birds, butterflies, fish, and native plants. Four species of bats have seasonally thrived at our Maiden Rock and Bay City, Wisconsin underground mines for decades, making it the second and third largest bat hibernacula in the state of Wisconsin. We proudly support efforts to protect bat populations, and have protocols in place to ensure our operations do not contribute to the spread of White Nose Syndrome. Our ongoing conservation efforts include funding research, providing educational outreach, and implementing operational controls to coexist with the bats.

## Environmental Certification

Fairmount Santrol consistently goes beyond compliance for land management standards by participating in national and state

environmental certification programs. One such program, the Wisconsin Department of Natural Resources' Green Tier program, recognizes Fairmount Santrol's robust environmental management system, our history of a good environmental record, and a willingness to exceed regulatory requirements. We are proud to be the first mining company in Wisconsin to receive the Green Tier certification. All of our Wisconsin mining facilities have attained this recognition.

[VIEW ANNUAL PERFORMANCE](#)

# Land Management, Remediation, and Biodiversity

## MANAGEMENT APPROACH

## ANNUAL PERFORMANCE

### G4-EN13

Fairmount Santrol continues to be *All In* for monitoring and managing our impact on ecosystems and biodiversity. In 2015, one of the four bat species living in our underground Wisconsin mines became listed as a federally threatened species. We responded by working with the Wisconsin Department of Natural Resources and the U.S. Fish and Wildlife Service to draft a revised management plan, which we will finalize and implement in 2016.

In 2015, the following sites were certified for land management, remediation, and biodiversity practices:

**1ST**  
MINING COMPANY IN  
WISCONSIN  
TO RECEIVE THE  
GREEN TIER CERTIFICATION

#### Wildlife Habitat Council "Conservation Certification"

- Chardon, OH
- Hager City/Bay City, WI\*\*
- Maiden Rock, WI
- Menomonie, WI
- Wedron, IL

#### Saving Birds Thru Habitat Certification

- Chardon, OH
- Hager City/Bay City, WI\*\*
- Maiden Rock, WI
- Shakopee, MN\*
- Wedron, IL

#### Wisconsin Department of Natural Resources Green Tier Certification

- Hager City/Bay City, WI\*\*
- Maiden Rock, WI
- Menomonie, WI

\*Facilities closed or idled throughout 2015.

\*\*Idled/closed in 2015; currently functioning as a terminal.

## Creating a Walking Path at Menomonie

In 2010, we created a walking path at our Menomonie, Wisconsin facility to allow easy access to the outdoors. We installed bird houses designed to attract Eastern Blue Birds, which we regularly monitor as part of our engagement with the Wildlife Habitat Council.

In 2015, we designed signs that highlight different species of native flora or fauna along the path, which we installed with the help of Menomonie 8th graders who visited the mine for Earth Day activities in April. The walking path promotes health and wellness, and provides education about wildlife management and land conservation for Family Members and community.







## Land Restoration

FACILITY	TOTAL ACREAGE	TOTAL UNDISTURBED	TOTAL DISTURBED	PERMANENTLY RESTORED	% DISTURBED
Bay City, WI**	10	9	1	0	10%
Beaver, OH	307	263	44	0	14%
Brewer, MO*	352	267	50	35	15%
Chardon, OH	474	186	207	81	44%
Harietta, MI*	346	48	171	127	49.5%
Katemcy, TX	851	851	0	0	0%
Maiden Rock, WI	988.5	964	7.5	17	<1%
Menomonie, WI	365	225	129	11	35%
Shakopee, MN*	266.3	256	10	.3	4%
Voca, TX	1,977	1,582	395	0	20%
Wedron, IL	2,010	1,313	532	165	26.5%
<b>Total</b>	<b>7,946.8</b>	<b>5,964</b>	<b>1,546.5</b>	<b>436.3</b>	<b>19%</b>

\*Facilities closed or idled throughout 2015.

\*\*Idled/closed in 2015; currently functioning as a terminal.

Our commitment to responsible operations and environmental stewardship continues independently of the level of activity at all FMSA facilities. We monitor idled facilities on a regular basis, maintain compliance with our permit requirements, and continue to foster positive relationships within all communities where we have facilities.

[VIEW MANAGEMENT APPROACH](#)

## Energy Use

### MANAGEMENT APPROACH

### ANNUAL PERFORMANCE

#### G4-DMA

Mining is an energy-intensive business—electricity and natural gas account for nearly 30 percent of the cost to produce a ton of sand. Therefore, we make it a priority to manage energy consumption as we seek to “Do Good. Do Well.”

### Managing and Reducing Energy Consumption

Our team shares responsibilities for managing our energy use. Company-wide, our engineers employ strategies to reduce our energy consumption through facility design. These include optimizing temperature controls, installing LED lighting, and using motion sensors for interior lighting to conserve energy when an area is naturally lit or unoccupied. We also require Plant Managers to track energy use and encourage all Family Members to take action on energy-saving opportunities through our environmental policy.

We test and implement energy-saving projects on a regular basis. Our Quest for Eco-Efficiency SD Team and engineering group conduct periodic energy audits across facilities to identify opportunities for savings and future projects. Drying sand and heating sand for resin coating are our two most energy-intensive procedures, and we continuously seek ways to optimize energy usage throughout those processes. Most recently we are focusing our efforts on reusing heat, idling machinery when not in use, reducing temperatures and speeds, and installing energy-efficient technologies.

#### VIEW ANNUAL PERFORMANCE

## Energy Use

## MANAGEMENT APPROACH

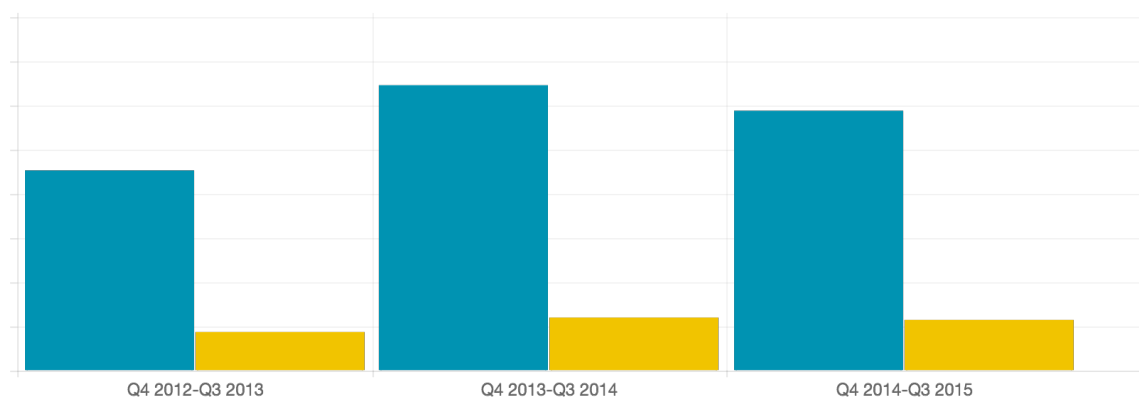
## ANNUAL PERFORMANCE

## G4-EN3, G4-EN5

Fairmount Santrol demonstrates our *All In* commitment to sustainable development by taking action to reduce our energy usage. In 2015, our energy consumption decreased by 8.25 percent compared to 2014. This was due to a combination of efficiency initiatives and the closing and idling of several of our facilities. However, energy intensity—the energy we use per ton sold—increased a bit in 2015. This is due to equipment running at lower production levels. In 2016, we will advance energy reduction by setting five-year goals and exploring a power purchase agreement with a renewable energy developer.

DECREASED  
ENERGY  
CONSUMPTION BY  
8.25%  
IN 2015

## ENERGY CONSUMPTION (GJ)



## Q4 2012–Q3 2013\*

Direct Energy Use

2,264,716

Indirect Energy Use

432,582

Total Energy Use

2,697,299

## Q4 2013–Q3 2014\*

Direct Energy Use

3,228,886

Indirect Energy Use

596,772

Total Energy Use

3,825,658

## Q4 2014–Q3 2015

Direct Energy Use

2,939,708

Indirect Energy Use

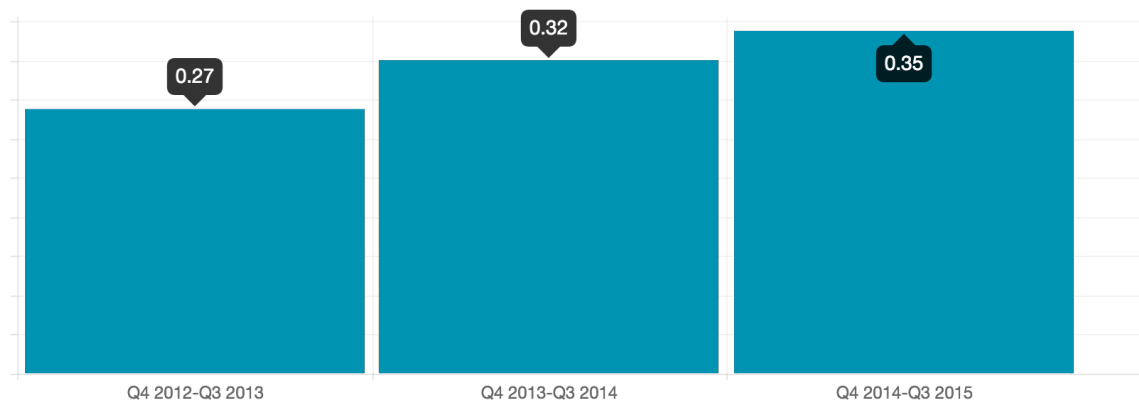
570,263

Total Energy Use

3,509,971

\*Numbers have been restated from the 2014 report.

## ENERGY INTENSITY\* (GJ/TONS SOLD)



\*Numbers have been restated from the 2014 report.

## FUEL USE BY TYPE

FUEL TYPE	Q4 2012-Q3 2013	Q4 2013-Q3 2014	Q4 2014-Q3 2015	% CHANGE 2014-2015
1% Biodiesel (gal)	133,134	65,025	119,428	83.66%
5% Biodiesel (gal)	112,512	105,896	105,714	-0.17%
10% Biodiesel (gal)	45,590	100,167	100,023	-0.014%
Diesel #2 (gal)	621,872	1,066,352*	969,341	-9.10%
Electricity (KW-HR)	120,131,411	165,728,343*	158,366,487	-4.44%
Fuel #400 (Gal)	180,972	173,900	181,223	4.21%
Fuel Oil #1	796	17,580	51,031	19.02%
Gasoline (Gal)	40,235*	47,563	52,672	10.74%
Liquid Propane (Gal)	397,588	3,937,424*	3,842,268	-2.42%
Natural Gas (MCF)	1,958,220	2,491,100*	2,238,198	-10.15%

\*These numbers have been restated from the 2014 report.

## Energy Efficiency Improvements

Drying sand is one of our most energy-intensive processes. In 2015, we installed technology at our new Wedron South facility that reuses dryer heat to warm the facility, reducing the need for space heaters. We also implemented our "Brainwave Project," which allows us to reduce the temperature set point on our dryers. The success of this project is dependent upon operators adjusting controls. To that end, we are training operators on how to manage temperature appropriately to dry sand and reduce energy use.

By installing energy-efficient controls, Fairmount Santrol will receive sizable rebates from our energy company in 2016. An example of energy-efficient controls is our Maxsys System. Strategically placing this magnetic box near the gas feed of dryers improves the energy density, resulting in burning less natural gas. After installing a Maxsys system for one of the dryers at our Wedron North facility in Illinois, we found that in six weeks the technology reduced our natural gas usage by approximately 6.25 percent. Currently, we have two Maxsys Systems in use, one at Wedron and one at Menomonie, Wisconsin.

## Idling Equipment

Many of our processes are interconnected. Because of this, it is hard to power down equipment when not in use. However, in 2016 we will seek opportunities to save energy through idling equipment and/or lowering temperatures and speeds. Our engineers, the QEE SD Team and the Best Practices SD Team will determine the optimal time and situation to idle or shut down our thermal oxidizers.

[VIEW MANAGEMENT APPROACH](#)

# PROSPERITY



all in

2015 CORPORATE SOCIAL  
RESPONSIBILITY REPORT

Count us *All In* on taking action and creating value for our stakeholders—customers, shareholders, suppliers, Family Members, and communities. Our innovative spirit, commitment to sustainable development, and cost consciousness leads us to continuously craft the industry's broadest product suite of cutting-edge, high-quality, efficient products. When combined with our logistics and distribution footprint and growing unit train capabilities, we deliver a strong value proposition to our customers. The prosperity we generate is shared with our stakeholders, building and strengthening our partnerships.

OUR FOUNDATION  
CONTRIBUTED  
**\$2.26**  
MILLION  
TO THE VITALITY  
OF OUR COMMUNITIES

AVERAGE VOLUNTEER  
HOURS PER EMPLOYEE  
REACHED A RECORD  
**18.8**  
HOURS

2015 CUSTOMER  
SATISFACTION  
**INDEX**  
EQUALS  
**99.9%**

# Community Investment

## MANAGEMENT APPROACH

## ANNUAL PERFORMANCE

G4-DMA, G4-EC1, G4-EC7

Communities create the foundation for our work and lives—when they thrive, everyone benefits. Our Family Members make a powerful impact on the communities where we live and work by investing their time, talent, and treasure to make a positive impact.

## Types of Community Investment

Our Community Investment Policy divides our support into four areas of focus: the environment, health and wellness, education, and a discretionary-focused category. We use discretionary funding to address specific needs identified and supported by our Fairmount Santrol Family Members.

We invest in communities through cash grants, in-kind donations, and corporate volunteer efforts. Our goal is to donate 1.5 percent or more of our pre-tax/pre-equity earnings annually to organizations under the United States Internal Revenue Services' 501(c) regulations. Donations support our mission of community investment and sustainable development. Each plant aims to contribute a percentage of its Plant Operating Profit (POP) to serve the needs of their local communities. We empower facilities to choose their own activities or local organizations to support.

Examples of local initiatives our facilities sponsor include:

- ➔ Aiding local schools in a variety of ways, including updating their facilities and/or technology
- ➔ Community clean up days and Adopt-a-Highway
- ➔ Ecosystem improvements such as river cleanups, native plant gardens, local wildlife habitat protection, tree planting, and more
- ➔ Improving parks and playgrounds
- ➔ Supporting emergency services such as local fire departments or EMS

Fairmount Santrol's contributions significantly impact local communities by improving the health, wellness, and quality of life for residents, advancing sustainability education among students and local businesses, and enabling wildlife to flourish.

## Governance of Community Investment

Our Corporate Community Investment Committee and Site Community Investment Committees at each facility oversee the meaningful appropriation of funds for donations. In addition, our community investment policy provides guidelines regarding contribution requests, matching gifts, allocation of investments, focus areas, product donations, eligibility, and volunteerism.

## Paid Employee Volunteer Hours

To give our Family Members the opportunity to give back to their communities, we provide 40 hours of paid volunteer time each

year. On an annual basis, our Social Responsibility SD Team engages Family Members at our facilities with the goal of increasing volunteer hours. Our SD Coordinators and facility managers collaborate with their local communities to help identify volunteer opportunities.

[VIEW ANNUAL PERFORMANCE](#)



# Community Investment

## MANAGEMENT APPROACH

## ANNUAL PERFORMANCE

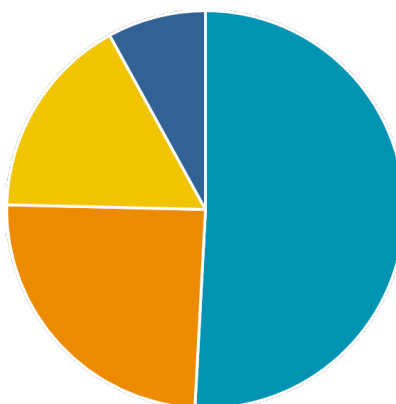
G4-EC1, G4-EC7

## Dedicating Our Time, Talent, and Treasure

We are proud to report that even in a year when we had to significantly reduce business expenses, the Fairmount Santrol Foundation was able to contribute \$2.26 million to our four community focus areas: education, environment, health and wellness, and discretionary.

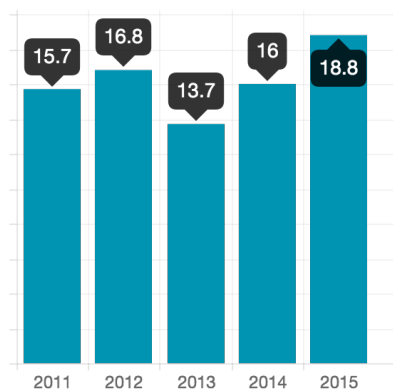
Our Family Members were *All In*, dedicating approximately 15,211 volunteer hours to the communities where we live and work. Family Members were actively involved in collecting items to give to those in need, planting trees, painting schools, cleaning up parks, and participating in programs like the Boys and Girls Club, Adopt-a-Highway, Habitat for Humanity, serving on non-profit boards, and more.

### DONATIONS BY CATEGORY

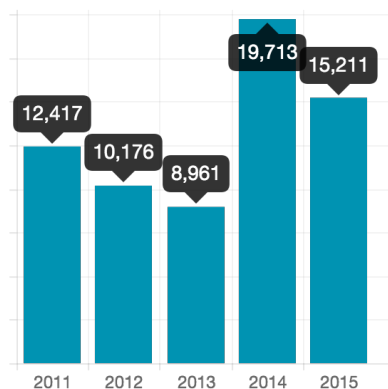


Health and Wellness	\$1,148,000
Education	\$554,000
Environment	\$376,000
Discretionary	\$183,000
<b>Total</b>	<b>\$2.26M</b>

### AVERAGE VOLUNTEER HOURS PER EMPLOYEE\*



### TOTAL VOLUNTEER HOURS\*



\*Numbers include domestic volunteer hours only.



## Donations Drive to Benefit Those in Need

In February 2015, we launched a donation drive that expanded into a yearlong event. Each month, our Social Responsibility SD Team encouraged Family Members to donate items for different themes—such as canned goods, clothing items, toys, school supplies, and supplies for soldiers. We allowed facilities to choose which types of collections would provide the most benefit to their local communities. The items donated went to local food banks, homeless shelters, and other organizations in need. We are proud of the annual impact our Family Members can make in our communities and plan to continue our donation drives in the years to come.

## Week of Caring and Meals with Love

This year, our Social Responsibility SD Team's bold goal was for each facility to host a Week of Caring—a week full of activities in which our Family Members volunteer their time to improve their local communities. In 2015, we saw high levels of engagement and participation from Family Members across our facilities. Here's a snapshot of activities from the Illinois region:

➔ 71 Family Members, nearly 24 percent of Family Members in the Illinois region, participated in the Week of Caring, donating 395 total volunteer hours

➔ Seven organizations were selected to support:

1. American Red Cross Blood Drive
2. Camp Tuckabatchee
3. Conservation Foundation – Dayton Bluffs Preserve
4. Illinois Department of Transportation – Adopt-a-Highway
5. LaSalle County Grade Schools
6. Youth Service Bureau
7. PADS – local homeless shelter

Beyond this Week of Caring, Family Members in Illinois address childhood hunger year-round through the Meals with Love program they launched in 2014. Fairmount Santrol funds the purchase of non-perishable after-school snacks for students in need. Family Members volunteer their time to pack the snack bags. In 2015, this program expanded from one to two Illinois facilities and provides weekly after-school snacks for approximately 800 children.



## Supporting Foster Families in Back-to-School Event

During the summer of 2015, our Houston-area Family Members donated their support to the DePelchin Children's Center Back-to-School event. As children who are part of DePelchin's post-adoption program picked up their school supplies, Fairmount Santrol sponsored fun activities to get them excited about the upcoming school year, including cookie decorating, face painting, a photo booth and—of course—sand art.

"I already knew about the great work the DePelchin Center does for Houston-area children, since my mom went through the program as a foster child," explains Brittney Hataway, Houston Region SD Coordinator. "Knowing about their mission and the comprehensive care they provide for children, I could not wait for the Fairmount Santrol





Family to get involved.” Not only did our Houston-area Family Members sponsor activities, they also collected and donated 75 composition books and 200 pencils.



Fairmount Santrol even partnered with a local elementary school to support a writing program for DePelchin Children’s center.

Brittney goes on to say, “Attended by 175 kids and 50 adults, all part of the DePelchin post-adoption program, the event was a huge success.”

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There are many other volunteer stories that could be told from all of our communities. Throughout the challenging year, our Family Members remained *All In*, donating our time, talent, and treasure to our communities—a bright spot for all involved.

[VIEW MANAGEMENT APPROACH](#)

# Product Innovation

## MANAGEMENT APPROACH

## ANNUAL PERFORMANCE

### G4-DMA

## A Culture of Sustainable Innovation

Product and process technology play a key role in making Fairmount Santrol a partner of choice for our customers. Through our culture of innovation and collaboration, our research and development teams, sustainable development (SD) teams, and Family Members create industry-leading customer solutions. We focus our innovation efforts on developing differentiated products that offer a strong value proposition. Aligned with our commitment to SD, we differentiate ourselves by reducing water, energy, and potential dust to conserve resources and increase the ease of safe product handling. We want to be known as our customers' innovative partner of choice.

## Propel SSP™ Proppant Transport Technology

In the oil and gas industry, our products are referred to as "proppants" because they prop fractures open during hydrocarbon production to allow oil and gas to flow. Proppant transport, or the means to place proppant efficiently inside these fractures, has long been an issue for oil and gas companies—which is why we brought a solution to the market.

Our Propel SSP Proppant Transport Technology not only props fractures open, it takes proppant higher and farther into the fractures to produce more oil and gas while using less water, fewer additives, and providing other operational advantages to our customers. The technology continues to gain momentum with operators, and we are excited about the success our customers continue to see as they use this proppant transport technology.



## Resin-Coated and Raw Sand Products

We offer advanced resin-coated proppants which are environmentally safe and provide value to our customers in both short- and long-term investment horizons. By preventing proppant flowback, a common occurrence when fracturing certain formation types, operators can reduce maintenance, increase production, and protect their capital investment. In the long-term, operators will enhance hydrocarbon recovery and cut down on operating expenses because resin-coated proppants provide flowback resistance, improved crush resistance, and superior conductivity. For raw sand products, we are focused on reducing dust and enabling ease of handling during the production and end-user phases.



## Industrial and Recreation Products

Innovation efforts for our industrial and recreation customers—comprised of customers who support foundries, glass, water filtration, building products, and sports and recreation—include reducing emissions and waste streams, both at Fairmount Santrol and customer facilities. We do this by enhancing our product lines through increased process efficiencies and raw material sourcing. Consistent with this mission, we have developed a more robust and improved resin-coated foundry sand with an improved environmental



footprint as compared to traditional resin coated sands. We also continue to develop innovative sand-based products for landscapers, contractors, and homeowners to make patio and paver construction projects easier and more maintenance free.



## Our Stage Gate Process and Management of Change (MOC)

Product and process innovation is critical to meeting ever-evolving market needs as well as retaining market leadership.

In 2012 our Business Innovation SD Team created our Stage Gate process for generating product and process enhancement projects. Family Members submit ideas to our online platform, which we then evaluate for the potential return on investment for our customers, stakeholders, and Fairmount Santrol. If selected, ideas move through seven steps that test and validate the product or process for potential impact: Concept, Feasibility, Business Case, Development, Testing & Validation, Implementation, and Launch. Then, our operational teams or departments provide human capital and financial resources that bring innovative products and processes through to a successful launch. Further, in 2013 our Oil & Gas Division implemented a full-blown Stage Gate process for effectively leading innovation in the fields of advanced proppants, transport technologies and diverting fluid agents.

Our Management of Change (MOC) guidelines outline our disciplined and controlled approach for process changes in product manufacturing and managing safety, health, and environmental risks throughout the innovation process.

## SD Teams Driving Innovation

In addition to our dedicated R&D teams, we are proud of Family Members' increased participation in innovation through our SD Teams, through which we empower them to identify ideas that will meet our customers' needs, drive cost reduction and efficiencies, reduce our carbon footprint, and differentiate ourselves in the marketplace.

[VIEW ANNUAL PERFORMANCE](#)

## Product Innovation

### MANAGEMENT APPROACH

### ANNUAL PERFORMANCE

### Increasing Our Value Proposition

In 2015, oil and gas customers were looking to bring down their total cost and their production cost per Barrel of Oil Equivalent (BOE). Our Family Members were *All In*, proactively focused on product and process innovation that differentiates us and delivers increased sustainable value while improving efficiency.

A few examples of sustainable product innovation in 2015 include:

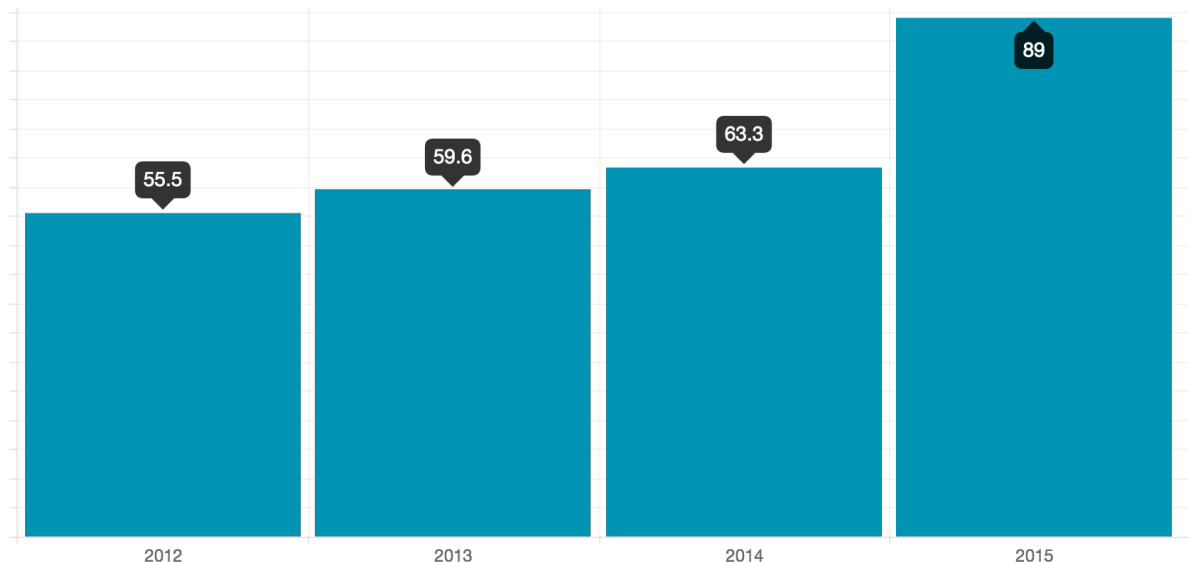
- Our Environmentally Responsible Products & Processes (ERPP) SD Team evaluated a product waste stream and found an opportunity to incorporate that waste stream back into the product, generating savings in disposal and raw materials purchase costs without affecting performance.
- We implemented a proprietary coating process that improved our efficiency in coating premium and resin-coated products.
- Using more environmentally friendly raw materials, we improved our formulation for biodegradable BioBalls ball sealers.

TRUE TO OUR INNOVATIVE SPIRIT,

**FILED  
3 PATENT  
APPLICATIONS  
IN 2015**

### NUMBER OF FAMILY MEMBERS SUPPORTING INNOVATION

Full-Time Equivalents (FTEs): R&D Team Members, Business Innovation (BI) SD Team Members, and Environmentally Responsible Products and Processes (ERPP) SD Team Members.



\*In 2015, we expanded calculation to include ERPP SD Team Members.



## Business Innovation SD Team Driving Innovative Ideas Forward

Family Members at the 2008 Fairmount Santrol Appreciative Inquiry (AI) Summit co-created bold goals. They knew in order to achieve these goals, the company would have to harness everyone's knowledge and build a robust innovation process for incoming ideas.

Fast forward seven years to now—due to the work of the Business Innovation (BI) SD Team, we have a process in place to collect and implement innovative ideas. The Fairmount Santrol Family submits approximately 50 ideas per year and of those, we execute five to seven ideas based on their impact to the business and [People](#), [Planet](#), and [Prosperity](#).

"When our Family Members see something that sparks an idea, we want them to share the idea with our BI SD Team so we can act on it," said Kelley Kerns, Director of Operations – SSP.

Kerns continued, "Everyone has a unique view of the company and is aware of ways for us to make the company better. With the ideas that we have executed so far, we have positively affected Fairmount Santrol's bottom line by millions of dollars, through creating new products, entering new markets, or improving a process."

Recently, the BI SD Team created a process for reviewing each idea. The seven-step Stage Gate process ensures that all incoming ideas are reviewed in a timely and appropriate manner. "Each step of the process helps us evaluate the idea and identify how to proceed," explained Cole Nuyen, Logistics Business Analyst and BI SD Team Lead. He added, "Sometimes it means passing it along to our R&D team to test the idea; sometimes it means passing it off to our Best Practices SD Team to see if the process is already in place and can be applied to other locations; and sometimes it means keeping the idea in a bank to review later."



In 2015 the BI SD Team strengthened our Stage-Gate process by developing tools to help Family Members think creatively. The Team focused on moving selected ideas from concept to the test and development phase by dispersing the ideas to subject matter experts. Their focus on blending collaboration and innovation will continue to drive Fairmount Santrol in creating and implementing better technologies.



We continue to center our product and process innovation around efficiency and reducing dust, energy, water, and waste in the production and use phase. While we must protect our proprietary information, we are pleased with innovation efforts in 2015 that will set us apart in meeting current and future customer needs.

[VIEW MANAGEMENT APPROACH](#)



# Prosperity of Family Members

## MANAGEMENT APPROACH

## ANNUAL PERFORMANCE

G4-DMA, G4-EC1, G4-LA10

The dedication of our Family Members to **People**, **Planet**, and **Prosperity** is the cornerstone of our success. We believe in sharing the prosperity we generate with our Family.

## Compensation and Benefits

We contribute to employee prosperity by offering a competitive salary, bonus potential, 401(k) match, and outstanding health and wellness programs. We have merged our Employee Stock Bonus Plan and 401(k) Plan to grant Family Members greater control of their investments, which includes the ability to invest in Fairmount Santrol stock through payroll deductions. To ensure our benefits are best-in-class, we conduct annual industry benchmarking. Our benefits committee reviews the results to identify areas needing improvement. Furthermore, we offer opportunities for our employees' families to improve their safety, health, and well-being through participation in Fairmount Santrol's wellness challenges, Red Cross First Aid and CPR certification, financial training, and more.

## Sustainable Development Opportunities

Beyond industry-leading compensation and benefits, Fairmount Santrol is a company in which Family Members can find a sense of greater purpose. Our commitment to SD generates opportunities for our employees to develop skills outside of their primary job functions and to contribute to the health and vitality of our people, our company, and our communities. We encourage Family Members to get involved in SD to shape our company, give back to their local communities, and to develop their own skills. We support community efforts by giving each Family Member 40 hours of paid volunteer time annually.

## Scholarships

Our prosperity extends beyond our Family Members to their families. We fund our Aspire and Sustainable Development Scholarships to provide financial assistance to eligible Family Members' dependents.

[VIEW ANNUAL PERFORMANCE](#)

# Prosperity of Family Members

MANAGEMENT APPROACH

**ANNUAL PERFORMANCE**

G4-EC1, G4-LA10

## Compensation and Benefits

We are *All In* when it comes to sharing prosperity with our Family Members. Fairmount Santrol targets market base compensation at the 50th percentile. In addition we provide incentive compensation that allows for overall compensation to be in the 50th to 75th percentile of the market when the company performs above expectations relative to its peers. In 2015 we introduced a Health Savings Account (HSA) option for employees to make pre-tax contributions toward an account dedicated to covering costs associated with their health and well-being, now and into their retirement. For Family Members who select the HSA, Fairmount Santrol makes annual contributions into their account.

Employee prosperity is evident in the percentage of Family Members who choose to own shares of Fairmount Santrol. At the end of 2015, participants within the 401(k) plan collectively owned 6.4 million shares of Fairmount Santrol stock. In total, our Family Members and Directors represented approximately 21 percent ownership of our outstanding shares, including restricted stock units. We revised the Fairmount Santrol Retirement Savings Plan (our 401(k) plan) for the 2015 plan year to include the opportunity for participants to self-direct contributions towards Fairmount Santrol stock. The 401(k) plan now also has the capacity to receive Employer Discretionary Profit Sharing Contributions.

## Employee Tenure

We believe that employee prosperity goes beyond financial compensation and is reflected in the tenure of our Family Members. When Family Members choose to stay employed with Fairmount Santrol, those decisions indicate overall satisfaction with every facet of their jobs—financial, positive relationships with co-workers, sense of higher purpose, and meaningful, interesting work. In 2015, we maintained our ongoing higher-than-average employee tenure. Unfortunately, due to challenging market conditions some facilities had shift reductions or were closed or idled, which resulted in workforce reductions. Consistent with our values, we treated each of our affected Family Members with a high degree of compassion, support, and respect in their transition.

**AVERAGE EMPLOYEE TENURE OF**

**6.5**  
**YEARS**  
**SURPASSES U.S. AVERAGE**

### AVERAGE EMPLOYEE TENURE\*

U.S.	4.6 years
FMSA	6.53 years

\*These numbers do not include involuntary turnover.

## Leadership Development Through SD

Our commitment to SD enables Family Members to thrive and prosper in an appreciative, collaborative, innovative, and empowering culture. By joining SD Teams, Family Members have the opportunity to set goals, craft strategies, innovate, and lead in new ways to make a measurable impact. This not only strengthens the health of our company, but also helps our Family Members find fulfillment, and advance their skills and careers.

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### Nicole's Story: Nicole Rafferty, International Inside Sales Manager

"Taking responsibility for the Social Responsibility SD Team was my first leadership role at Fairmount Santrol. In the past five years I've grown both personally and professionally, learning about the day-to-day responsibilities for leading an SD Team. I've seen the importance of building relationships with Family Members across the business, both in the U.S. and globally. I'm proud of our work, and the skills I've gained helped move me into position for a leadership role in customer service."

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### Cole's Story: Cole Nuyen, Logistics Business Systems Analyst

"I've been with the Business Innovation SD Team for over six years, as co-lead for two years and team lead in 2015. Team members have full-time jobs and volunteer their time to SD. I've had the unique experience of learning how to lead through influence, motivation, and engagement rather than control. This is an important tool to have in the tool bag."



### Supporting Future Sustainability Leaders

In 2015, Fairmount Santrol helped celebrate the grand opening of the new College of Applied Engineering, Sustainability and Technology (CAEST) building at Kent State University (KSU) in Kent, Ohio. One of KSU's fastest-growing colleges, CAEST strives to enhance technological education, literacy, and training vital to workforce development in Ohio.

At the celebration, Sharon Van Zeeland, Vice President of Investor Relations and Business Development, and Beau Daane, Director, Sustainable Development, spoke with students, faculty, and school supporters about our sustainable development work. Fairmount Santrol has supported KSU over the past four years by contributing more than \$30,000 to the school and scholarship endowments. "We would not be able to offer the caliber of training in our casting courses without the support of Fairmount Santrol," said Robert G.

Sines, Jr., Interim Dean, KSU, CAEST. He continued, "It is corporations such as Fairmount Santrol that allow us to prepare our students for a career beyond the classroom."

For more information about KSU's College of Applied Engineering, Sustainability and Technology, visit [kent.edu/caest](http://kent.edu/caest).



## Pay-For-Performance

To respond to our Family Members' requests, in 2015 we took steps toward moving to a pay-for-performance incentive structure. We are working to create a system where Family Members who go above and beyond to significantly impact [People](#), [Planet](#), and [Prosperity](#) in positive ways will receive greater recognition. Our future plan is for company goals, SD goals, and personal goals to all be weighed into the incentive structure.

## Scholarships

In 2015, we awarded seven Sustainable Development Scholarships, ranging from \$100 to \$5,000, to eligible Family Members' dependents who are pursuing post-secondary education and demonstrating an elevated commitment to SD. We also awarded two Aspire Scholarships, in the amount of \$3,000 each, to offset post-secondary tuition costs for eligible Family Members' dependents based on financial need.

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# Commodity Pricing and Demand

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## The Cyclical Oil and Gas Industry

The oil and gas market has historically been subject to cycles in demand and supply. Given current market fluctuations, commodity pricing and demand are significant topics for Fairmount Santrol to manage. We have managed through down cycles before and we are again navigating with a clear strategy and focus—implementing cost reduction initiatives, driving efficiencies throughout the business, consolidating to a more cost-effective footprint, refining and optimizing our terminal network, increasing unit train capabilities, and selectively investing in areas that position us as a leader today and in the future. These factors, along with our dedicated Family Members, strong stakeholder relationships, and commitment to sustainable development, differentiate us as a partner of choice in the oil and gas industry.

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# Commodity Pricing and Demand

## MANAGEMENT APPROACH

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### Historical Down Cycles

Over the last 30 years we have seen and managed through roughly five downturns in the oil and gas industry. Prior to 2014 and 2015, the most recent downturn was in 2008 and 2009 where oil prices dropped by approximately 70 percent, peak to trough, and the down cycle lasted approximately seven months. In 2015, oil prices dropped by nearly 65 percent. Over the last 18 months, we have taken proactive steps to manage through this down cycle to remove cost and increase efficiency in order to continue to bring value to our customers.

### Navigating the Downturn

To manage through the lengthy downturn, we made needed adjustments throughout the business to strengthen our market position. We take pride in the way everyone in the Fairmount Santrol Family has responded to the challenging market conditions. To tightly manage our costs and lower our customers' cost, we reduced work schedules and closed and idled some facilities, shifted production to more cost-effective and optimally located facilities, and expanded our unit train capabilities.

We are selectively investing in key areas that will best position us in both challenging and robust market cycles. We are proactively reducing Selling, General and Administration (SG&A) costs and managing liquidity and our debt structure. Just as important, our ongoing commitment to all three SD pillars—[People](#), [Planet](#), and [Prosperity](#)—garners the daily dedication of our Family Members and positions us as our customers' partner of choice.

As we manage through the turbulence of the oil and gas industry, we are leveraging our unique combination of strengths to position Fairmount Santrol for success in 2016. These strengths include our overall scale and quality as a leading producer of sand and value-added sand-based products, our expansive logistics capabilities, our focus on innovation and new products, our strong and enduring customer relationships, and our foundational commitment to sustainable development. While times are challenging, this core strategy will help our positioning as the recovery unfolds.

### Outpacing the Market

For the full year 2015, our frac sand volumes were down five percent over 2014 levels, compared with an estimated market decline of 23 percent. Our coated product volumes were down approximately 50 percent, which is in line with market declines. The Industrial and Recreational (I&R) side of our business delivered another solid performance in 2015. For example, our foundry sales outperformed the market over the same period helping us to balance cyclicity and promote efficiencies within our organization. This is a testament to the fact that our Family Members are *All In* when it comes to steering us through the down cycle with strong performance.



### Expanding Low-Cost Operations in Wedron, IL

As oil and gas market conditions continue to evolve, our management team looks for cost-effective ways to maintain or increase our market share and put our company in the





best position possible to prepare for a rebound. It is with this strategy in mind that we expanded our Wedron facility.

We have expanded Wedron several times in the last several years. The latest project, which began in late 2014, consists of a new mine on reserves Fairmount Santrol purchased a few years ago, a wet processing plant, and two screen towers. These additions will provide the capacity to produce an additional three million tons of sand by the first half of 2016.

Offering low-cost routes into key oil and gas basins and access to high-quality Northern White sand reserves, the Wedron facility is optimally located. Jim Vaccari, Central Area Manager at the facility, explains, “The mine is located right at the plant—we don’t have to transport mined sand for processing. Additionally, Wedron is closer to the end destination and has unit train capabilities, which are of growing importance to our larger plant gate customers and to our own ability to provide all customers with a cost-effective in-basin proppant solution.”

As we continue to manage through the current challenging oil and gas market, it is important that we take advantage of all opportunities to improve our position and prepare for the anticipated recovery. The Wedron expansion, combined with the hard work of our Family Members will have us well-positioned for the future.

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## Product Quality

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#### G4-DMA

Fairmount Santrol is proud of creating high-quality, safe, and effective products. We continually deliver industry-leading solutions that excel in meeting our customers' needs for efficiency and performance.

### Customer Feedback

Our promise to customers is to deliver quality products, on time, and with exceptional customer service. We track customer feedback and address concerns through our customer service representatives and our annual online survey. The survey evaluates how we are performing on order placement, delivery, quality, service, and packaging. To this end, our goal is to have a greater than 99 percent Customer Satisfaction Index.

### Quality Standards and Testing Methods

We follow the standards and quality testing methods of the American Petroleum Institute, American Foundry Society, American Water Works Association, and the U.S. Department of Agriculture. Furthermore, we are active in the American Petroleum Institute industry committee, working to define industry-wide test standards for proppant quality. We seek to exceed standards set for all product categories.

### Governance for Quality

To ensure best-in-class quality performance, our quality and operations teams have separate reporting relationships. Each Fairmount Santrol facility has individual key performance indicators specific to their products and processes in order to achieve the highest possible quality. Plant Managers are accountable for the quality at each site and are assisted by quality managers and lab technicians who report to the Director of Product Quality. We conduct quality testing for all our products several times throughout the production process: upon taking initial samples from blasting, during processing, and before loading material for transportation. Testing occurs either on-site at each plant, at our Innovation Center in Ottawa, Illinois, or at our Technology Center in Sugar Land, Texas. Each final shipment contains a certificate of analysis (COA) and a safety data sheet (SDS) that verifies quality and informs how to safely handle the product.

All Plant Managers sign and acknowledge our quality policy, which is displayed along with our environmental and safety policies at every facility. Additionally, 100 percent of our production facilities undergo regular product quality testing. Our certified internal auditors conduct audits on a regular basis, and we maintain quality standards that meet requirements set by the American Systems Registrar, the certifying body for ISO 9000 standards.

### Managing Quality Throughout the Transportation Process

We understand that product quality challenges generally occur from transportation, weather, and product handling after they depart our facilities. By strengthening our management of the outbound shipment process, we are addressing these challenges head on. Examples of this include investing in terminals so we can directly supervise product handling and ensuring shipments arrive to



customers clean and dry. In many cases, we have transitioned from system cars to private railcars to eliminate residue left behind from the transport of various other products. We continue to partner with our packaging suppliers to improve packaging durability. Further, we are able to ship in sealed railcars that prevent weather and other environmental factors from impacting the quality of our products, as needed.

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## Product Quality

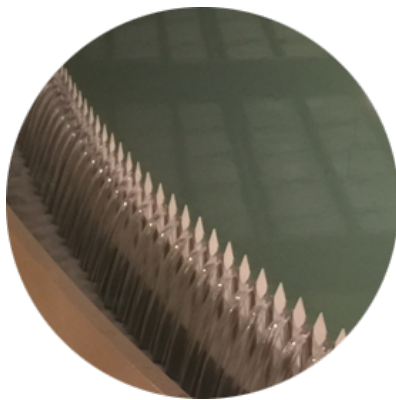
### MANAGEMENT APPROACH

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### Meeting Our Customers' Expectations

We are *All In* on providing our customers with excellent product quality. In 2015 we achieved a Customer Satisfaction Index score of 99.9 percent, showing that customers are satisfied with us as their partner of choice. Throughout the year we remain in close contact with our customers, proactively asking them for feedback and responding to meet their needs.

2015 CUSTOMER  
SATISFACTION  
**INDEX**  
EQUALS  
**99.9%**



### Partnering with a Customer to Reduce Turbidity

In 2015 we partnered with a key oil and gas customer to improve sand cleanliness and turbidity—the cloudiness caused by suspended sand particles. We conducted a six-week study to gauge turbidity levels and have reached less than 100 FTU of turbidity, well below the industry standard of 250. This helped to meet our client's needs and secure a long-term relationship.

## ISO 9001

We continued our compliance with ISO 9001 standards and pursued official certification in 2015. Our ISO 9001 certified sites included:

- ➔ Chardon, OH
- ➔ Hager City/Bay City, WI\*\*
- ➔ Harrietta, MI\*
- ➔ Maiden Rock, WI
- ➔ Menomonie, WI
- ➔ Monterrey, Mexico
- ➔ Roff – Hickory, OK
- ➔ Troy Grove, IL
- ➔ Wedron, IL
- ➔ Yixing, China

\*Facility was closed or idled in 2015.

\*\*Idled/closed in 2015; currently functioning as a terminal.

## Continuous Improvement

Evident of our ongoing commitment to quality, we continued our trials for the computer particle analyzer at our Wedron, Illinois facility. We also purchased a second analyzer at our Voca, Texas facility. This highly accurate device uses light and a camera to identify the size of sand particles. Up to 10 samples can be tested at a time, dramatically accelerating our quality testing process compared to traditional shakers. In 2016, we will purchase a third analyzer to support the expanded production at Wedron.

Looking forward, we will continue building customer relationships and providing trials of our products that demonstrate enhanced performance.

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