

Do good. Do well.

ALWAYS.



2017 CORPORATE RESPONSIBILITY REPORT



ABOUT THIS REPORT

CEO Letter

2017 CORPORATE RESPONSIBILITY REPORT

102-14

In our 12th annual Corporate Responsibility report, we proudly share how our philosophy and action orientation to *Do Good. Do Well. Always.* is an important part of our business strategies and daily decisions—and we carried that momentum throughout 2017. As we reflect on the many successes we achieved over this year, *Do Good. Do Well. Always.* played an integral role.



Executive Leadership Team

From left to right: Michael F. Biehl, Chief Financial Officer; Daniel N. Gerber, Operations; Robert B. Larson, Engineering & Supply Chain Operations; George W. Magaud, Chief Strategy & Innovation Officer; Jenniffer D. Deckard, President and Chief Executive Officer; Gerald L. Clancey, Chief Commercial Officer; Brian J. Richardson, Chief People Officer; David J. Crandall, General Counsel and Secretary

At Fairmount Santrol, we create value through long-term planning, financial discipline, strategic investments, and responsible business practices focused on positively impacting all three pillars of Sustainable Development: **People**, **Planet**, and **Prosperity**. We further enhance this value creation by empowering and investing in our Family Members, building trust with our customers, and collaborating with our valued stakeholders. Throughout the course of our history, our commitment to Sustainable Development has created a legacy for our organization, and it is a value we plan to carry into the future.

2017 was a year of significant accomplishments for Fairmount Santrol. Our ability to successfully execute on multiple initiatives positioned us to take advantage of improvements in the oil and gas industry that began in late 2016 and continued in 2017. Additionally, we delivered steady growth and improved profitability in our Industrial and Recreational (I&R) segment as we focused on selling more value-added products. During 2017, we also made targeted strategic investments that allowed us to introduce new products in both of our segments, reopen idled facilities to meet growing demand, enhance our distribution network to better meet customer needs, and begin the construction of a new facility in the Permian Basin. In addition, we announced a definitive agreement to combine our company with Unimin Corporation, which will create a new organization that will be a leader in proppant and industrial materials solutions, and will deliver substantial value to all our stakeholders.

These investments aligned with **what matters most** to our stakeholders and, combined with increased demand and improved pricing, contributed to our significantly enhanced financial performance as well as many other positive achievements during the year. While our stories are told throughout this report, a few of our most notable 2017 accomplishments include:

PEOPLE

- Temporarily shifting job responsibilities to quickly reopen four idled mines. Reopening these mines allowed us to capture market opportunities and provide jobs within our local communities.
- Hiring a Director of Talent Development, launching a Diversity and Inclusion Council, and offering our Family Members numerous learning programs and wellness challenges helped us remain an employer of choice and advance our culture of learning.
- Investing \$1.5 million in financial donations and more than 12,000 paid volunteer hours strengthened the communities where we live and work.

PLANET

- Increasing the amount of sand shipped via unit trains – single-product trains given priority handling – significantly reduced delivery time, fuel consumption, greenhouse gas (GHG) emissions, and shipping costs.
- Advancing our proprietary Propel SSP[®] Transport Technology enabled customers to utilize this technology in produced water, rather than relying on freshwater sources.
- Funding the planting of more than 99,400 trees to offset our 2016 greenhouse gas emissions.

PROSPERITY

- Successfully testing and launching several new value-added products including Accel™ dust-preventing polymeric sand, which improves worker health and safety in the building products industry by reducing on-site dust and haze up to 90% compared with traditional polymeric sand.
- Completing equipment upgrades at our Wedron, Illinois, facility increased railcar utilization and yielded shipment savings.
- Constructing a new in-basin facility in West Texas will enable us to capture market opportunities, while our SD commitments and unique culture attracted local new hires.

Looking ahead, we believe we can continue to build on the positive momentum established in 2017. We expect to see continued growth in proppant demand due to a combination of higher rig counts, completions and proppant intensity per well, and solid, steady growth in our I&R segment. In both segments, we will continue to innovate, test, and commercialize value-added products. The announced merger with Unimin Corporation will provide a unique opportunity to create a combined company with an unparalleled ability to serve customers across both the industrial and proppants segments. Additionally, we will have the opportunity to realize significant synergies all while reducing leverage. With high-quality assets, complementary products, an industry-leading distribution network, and great people, we are committed to delivering high value to all of our stakeholders.

We encourage you to learn more about our [integrated business model](#)—which further explains how sustainable development drives value for Fairmount Santrol and our stakeholders—and view the accompanying report pages that tell our story.

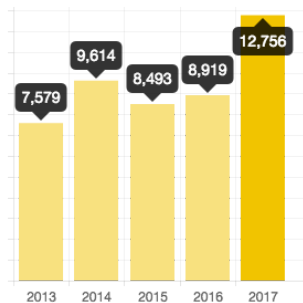
On behalf of the entire management team, we thank our Family Members for their outstanding contributions and our customers and business partners for their continued collaboration and loyalty. Building on our legacy commitment to Sustainable Development, 2017 reinforced that *Do Good. Do Well. Always.* is the right path for Fairmount Santrol.

Best Regards,

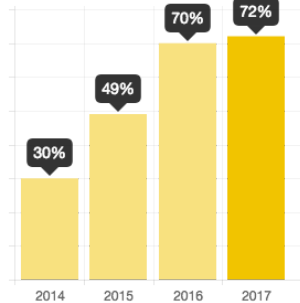


Jennifer Deckard, President and Chief Executive Officer

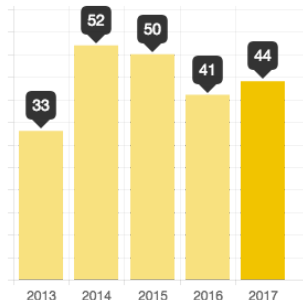
FMSA Volume Sold (Thousands of tons)



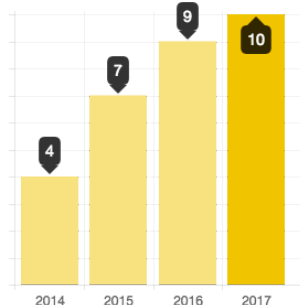
Percent of Shipments Via Unit Trains



Terminals in FMSA Footprint*

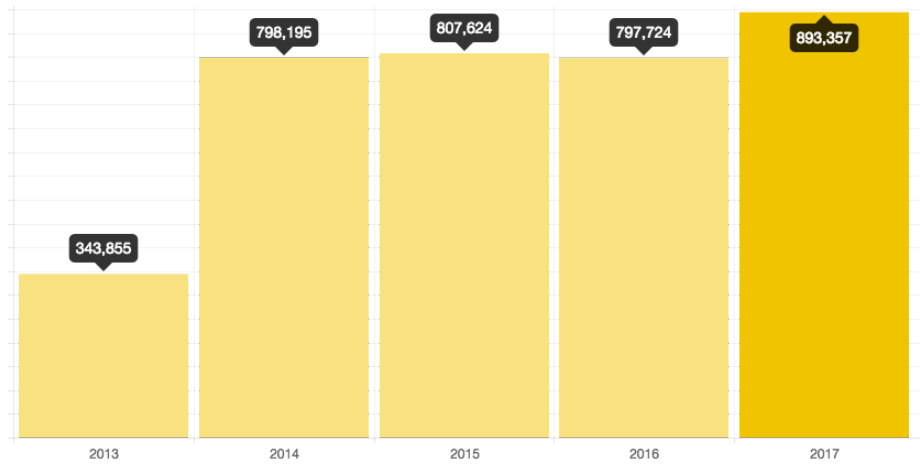


Terminals in FMSA Footprint with Unit Train Capabilities



*Includes owned, leased, and contracted terminals for our Proppant Solutions business.

FMSA Future Sand Reserves* (Thousands of Tons)



*Values reflect prior year end.



ABOUT THIS REPORT

2017 CORPORATE RESPONSIBILITY REPORT

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We at Fairmount Santrol are proud to present our 12th annual Corporate Responsibility (CR) report, which is written in accordance with the Global Reporting Initiative's (GRI) Standards guidelines for a Core level report and fulfills our [UN Global Compact Communication on Progress \(COP\) submission](#). 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 late 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. In 2016, we worked with topic owners and SD Teams to develop Vision 2020 goals, long-term goals for their key topics. In 2017, after three years of fluctuating and evolving market conditions, we updated our materiality assessment to reflect current [material topics](#) and stakeholder priorities. Our Director of Sustainable Development, SD Advisory Committee, SD topic owners, SD coordinators, and SD Teams advance the management and measurement of these topics annually. 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](#).

The Fairmount Santrol Family is committed to being more than a leading provider of high-performance sand and sand-based products. We believe that our company is an agent of world benefit.



ABOUT THIS REPORT

Stakeholder Engagement and Materiality

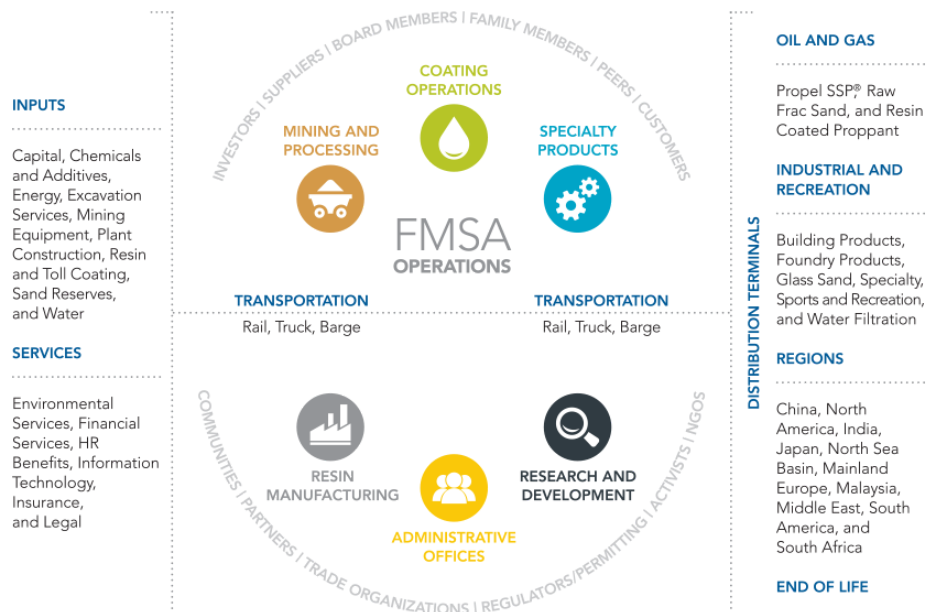
2017 CORPORATE RESPONSIBILITY REPORT

102-9, 102-40, 102-42, 102-43, 102-44, 102-46, 102-47, 102-49, 103-1

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 and 2017, we conducted [robust materiality assessments](#) 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 approximately 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 discover, dream, 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. We aim to host our next AI Summit in 2019.

In preparation for our next AI Summit, we refreshed our materiality assessment in late 2017. This process was conducted by a third party that looked across our [value chain](#) for impacts, risks, and opportunities, and engaged

key [internal and external stakeholders](#) in one-on-one conversations. This assessment aimed to ensure that we are managing our most significant SD material topics.

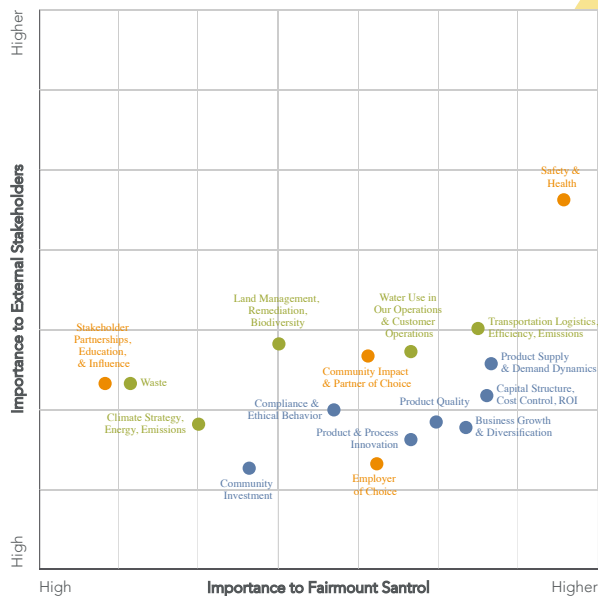
STEPS IN THE MATERIALITY ASSESSMENT PROCESS

Benchmarking	We benchmarked industry and aspirational peers to compare and contrast focus areas. We also benchmarked sustainability topics discussed by nine of our top customers in our two complementary business segments—Proppant Solutions and Industrial and Recreational (I&R).
Research	<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">• Global Reporting Initiative (GRI) G4 Mining Sector Supplement• Industrial Minerals Association – North America (IMA-NA)• American Foundry Society (AFS)• National Industrial Sand Association (NISA)• National Safety Council• Sustainability Accounting Standards Board (SASB)• Wisconsin Industrial Sand Association (WISA)• Wisconsin Manufacturers & Commerce (WMC)• Dow Jones Sustainability Index (DJSI)• MSCI• Institutional Shareholder Services (ISS)• Bloomberg Intelligence Reports <p>Oil and Gas (Customer) Industry:</p> <ul style="list-style-type: none">• Permian Basin Petroleum Association (PBPA)• GRI Oil and Gas Sector Supplement• SASB Oil and Gas Industry Standards• Texas Oil & Gas Association (TXOGA)• Bloomberg Intelligence Reports <p>We also invested in third-party research to learn about media topics relevant to our business.</p>
Impact Mapping	A cross-functional group of senior leaders came together to discuss benchmarking and research results. The group identified significant economic, environmental, and social impacts, risks, and opportunities across our value chain. We then administered an internal survey where nearly 35 Fairmount Santrol leaders rated the importance of various impacts, risks, and opportunities based on common criteria.
External Stakeholder Interviews	We interviewed more than 25 external stakeholders for their perspectives on which SD topics are most important to proactively manage. These included Proppant Solutions customers, Industrial and Recreational customers, transportation suppliers, community members, industry associations, regulatory authorities, and an expert on sustainable business practices.
Board of Directors Interviews	Four of the 10 members of our board of directors (at the time) participated in interviews to describe the highest-priority SD topics that both add value and mitigate risk.
Validation Workshop	In October 2017, a cross-functional group of senior leaders 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:



Materiality Matrix

In 2017, we conducted our second robust materiality assessment to identify our most relevant environmental, social, and economic impacts, risks, and opportunities across our value chain. 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. This matrix serves as a roadmap for our sustainable development initiatives, ensuring we are investing our resources where we can have the most positive impact.



PEOPLE

Safety & Health

Definition / Boundary

Providing Family Members with proper safety training and reminders, equipment, and safe working conditions; having emergency preparedness and response plans; having proper equipment and testing in place to mitigate potential health risks from dust; providing customers with communication/training on the proper use of Fairmount Santrol's products and dust management techniques.

Boundary: all internal operations; external operations — on-site suppliers and contractors in our areas of operation and customer operations globally, communities in our areas of operation

Primary Stakeholders Impacted

Customers, Family Members, Suppliers

Community Impact & Partner of Choice

Definition / Boundary

Managing our potential impact on communities in which we operate, including 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 sustainable development (SD) practices and addressing concerns.

Boundary: external operations — communities in our areas of operation

Primary Stakeholders Impacted

Communities, Family Members

Employer of Choice

Definition / Boundary

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; cultivating an engaged workforce by attracting, developing, and retaining talented and qualified employees; managing high rates of experienced or anticipated organization changes with clear and consistent communication from senior and local leadership, two-way channels of communication, and addressing Family Member concerns.

Boundary: all internal operations

Primary Stakeholders Impacted

Stakeholder Partnerships, Education, & Influence

Definition / Boundary

Partnering with, educating and innovating with suppliers, customers, peers, transportation partners, universities, and local businesses, schools, and non-profits in the adoption of sustainable practices; educating investors about our commitment to SD and its value.

Boundary: external operations — suppliers, customers, peers, partners, investors, and businesses in our areas of operation and globally

Primary Stakeholders Impacted

Communities, Customers, Suppliers

PLANET

Transportation Logistics, Efficiency, Emissions

Definition / Boundary

Fulfilling customer demand/orders accurately and on time; planning for, securing, and effectively utilizing an efficient and reliable network of regional, national, and international transporters; Managing utilization of railcars, trucks, and barges—filling to maximum capacity and reducing excess transportation; reducing transportation-related carbon emissions and costs.

Boundary: internal transportation and logistics operations; external operations — supplier and transportation carrier operations

Primary Stakeholders Impacted

Family Members, Customers, Suppliers

Water Use in Our Operations & Customer Operations

Definition / Boundary

Assessing and mitigating Fairmount Santrol's water-related impacts and risks, especially in water-stressed regions; increasing the efficiency of freshwater withdrawals; increasing the use of recycled water; managing potential impacts on groundwater and surface water supply; protecting local aquifers from damage or contamination; frequent internal and third-party testing to ensure compliance with relevant regulations.

Providing products and expertise to customers to reduce water use in their operations, especially in water-stressed communities; for example, developing solutions that reduce the consumption of freshwater, increase the use of non-potable water, reduce the use of chemicals added to water, or increase the reuse/recycling of water.

Boundary: internal manufacturing and mining operations; external operations — communities in our areas of operation and customers' operations using our products

Primary Stakeholders Impacted

Customers, Family Members, Investors

Land Management, Remediation, Biodiversity

Definition / Boundary

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.

Boundary: internal mining operations; external operations — communities in our areas of operation

Primary Stakeholders Impacted

Communities, Family Members, Investors

Climate Strategy, Energy, Emissions

Definition / Boundary

Reducing energy and emissions across Fairmount Santrol's operations; crafting a climate strategy that addresses reduction of energy and emissions, potential carbon taxes and regulations, rising costs due to energy prices and offsetting, impacts/natural disasters, and renewable energy use.

Ensuring safe air quality in and around Fairmount Santrol's facilities through compliance with all regulations, voluntary measures to go above and beyond compliance to mitigate potential harmful emissions (e.g., dust), and internal and external third-party testing.

Boundary: internal manufacturing and mining operations; external operations — communities in our areas of operation

Primary Stakeholders Impacted

Waste

Definition / Boundary

Properly characterizing and disposing solid waste, including overburden; reducing waste sent to landfill. Identifying waste streams suitable for beneficial reuse and finding customers.

Boundary: internal manufacturing and mining operations; external operations — communities in our areas of operation

Primary Stakeholders Impacted

Communities, Family Members

PROSPERITY

Product Supply & Demand Dynamics

Definition / Boundary

Foreseeing, planning for, and managing the fluctuating supply, demand, and pricing for oil, natural gas, and Fairmount Santrol's sand-based products; promptly positioning Fairmount Santrol to capture shifts in regional demand (e.g., Permian Basin, finer sands) while balancing long-term economic, social, and environmental risks and impacts.

Boundary: all internal operations; external operations — customer operations globally

Primary Stakeholders Impacted

Oil & Gas Customers, Family Members, Investors

Capital Structure, Cost Control, ROI

Definition / Boundary

Maintaining a strong balance sheet and access to capital to respond to commitments and market fluctuations (e.g., debt repayments, shareholder returns, restarting idled mines, strategic acquisitions); controlling costs to safeguard competitive pricing, especially in our commodity markets; making investment decisions based on agreed-upon ROI.

Boundary: all internal operations

Primary Stakeholders Impacted

Oil & Gas Customers, Family Members, Investors

Business Growth & Diversification

Definition / Boundary

Establishing business resilience and a bridge to lower carbon economies through a diversified portfolio of products serving sustainable industries through organic growth, geographic expansion, innovation, and/or acquisition.

Boundary: all internal operations

Primary Stakeholders Impacted

Communities, Family Members, Investors, Suppliers

Product Quality

Definition / Boundary

Providing consistent, high-quality products with proper handling and storage to meet or exceed customer expectations.

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

Primary Stakeholders Impacted

Customers, Family Members

Product & Process Innovation

Definition / Boundary

Investing in innovation and technologies that solve societal and customer challenges and advance sustainable products and practices (e.g., reduce dust, freshwater consumption, methane emissions, contaminants); protecting Fairmount Santrol's proprietary products and processes; exploring the use of environmental life cycle analyses to drive sustainable product innovations.

Boundary: internal research and development operations; external operations — customer operations globally

Primary Stakeholders Impacted

Customers, Family Members

Compliance & Ethical Behavior

Definition / Boundary

Making ethical and responsible decisions in daily practices, adhering to governance policies, and complying with applicable environment and social laws and regulations.

Boundary: all internal operations

Primary Stakeholders Impacted

Communities, Customers, Family Members, Governments and Regulatory Agencies, Suppliers

Community Investment

Definition / Boundary

Donating time, talent, and financial resources to local organizations that enhance our Family Members' communities—focusing on Environment, Health & Wellness, and Education; deeding acreage; prioritizing local hiring and procurement.

Boundary: external operations — communities in our areas of operation

Primary Stakeholders Impacted

Communities, Family Members

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 materiality assessment and other engagement mechanisms.

STAKEHOLDERS' TOPICS OF IMPORTANCE

STAKEHOLDER GROUP	TYPES OF ENGAGEMENT	FREQUENCY OF ENGAGEMENT	TOPICS OF IMPORTANCE
Board of Directors	AI Summits, in-person meetings, calls	Regularly, customized as needed	Business Growth and Diversification; Capital Structure, Cost Control, ROI; Community Impacts and Partner of Choice; Compliance and Ethical Behavior; Employer of Choice; Climate Strategy, Energy, Emissions; Product Supply and Demand Dynamics; Safety and Health; Transportation Logistics, Efficiency, Emissions.
Leadership Team	AI Summits, in-person meetings, calls	Regularly, customized as needed	Business Growth and Diversification; Capital Structure, Cost Control, ROI; Compliance and Ethical Behavior; Product and Process Innovation; Product Quality; Product Supply and Demand Dynamics; Safety and Health; Water Use in Our Operations and Customer Operations.
Family Members	AI Summits, Employee Engagement Survey, in-person meetings, calls	Regularly, customized as needed	Business Growth and Diversification; Capital Structure, Cost Control, ROI; Community Impacts and Partner of Choice; Employer of Choice; Product Quality; Safety and Health; Water Use in Our Operations and Customer Operations.
Proppant Solutions Customers	AI Summits, surveys, interviews, in-person meetings, calls	Regularly, customized as needed	Capital Structure, Cost Control, ROI; Product and Process Innovation; Product Quality; Product Supply and Demand Dynamics; Safety and Health; Transportation Logistics, Efficiency, Emissions.
Industrial & Recreational Customers	AI Summits, surveys, interviews, in-person meetings, calls	Regularly, customized as needed	Climate Strategy, Energy, Emissions; Stakeholder Partnerships, Education and Influence; Transportation Logistics, Efficiency, Emissions; Water Use in Our Operations and Customer Operations.
Communities	Public hearings, open houses, newsletters, calls, in-person meetings, local media sources	Ongoing, customized as needed	Community Impacts and Partner of Choice; Community Investment; Stakeholder Partnerships, Education and Influence.
Government and Regulatory Agencies	Public hearings, open houses, newsletters, calls, in-person meetings, local media sources	Ongoing, customized as needed	Compliance and Ethical Behavior; Climate Strategy, Energy, Emissions; Safety and Health; Stakeholder Partnerships, Education and Influence; Waste.

STAKEHOLDER GROUP	TYPES OF ENGAGEMENT	FREQUENCY OF ENGAGEMENT	TOPICS OF IMPORTANCE
NGOs and Subject Matter Experts	AI Summits, in-person meetings, calls	Annually, as needed	Business Growth and Diversification; Climate Strategy, Energy, Emissions; Community Impacts and Partner of Choice; Community Investment; Land Management, Remediation, Biodiversity; Safety and Health; Stakeholder Partnerships, Education and Influence; Waste.
Suppliers (Transportation, Chemical, etc.)	AI Summits, surveys, in-person meetings, calls	Ongoing	Business Growth and Diversification; Safety and Health; Transportation Logistics, Efficiency, Emissions; Stakeholder Partnerships, Education and Influence.
Investors	AI Summits, quarterly calls, press releases, in-person meetings	Quarterly, as needed	Capital Structure, Cost Control, ROI; Climate Strategy, Energy, Emissions; Community Impacts and Partner of Choice; Employer of Choice; Land Management, Remediation, Biodiversity; Climate Strategy, Energy, Emissions; Product Supply and Demand Dynamics; Waste; Water Use in Our Operations and Customer Operations.
Peers and Industry Associations	AI Summits, membership/attending in-person meetings, calls	Regularly, customized as needed	Community Investment; Product and Process Innovation; Safety and Health; Stakeholder Partnerships, Education and Influence.

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. Their support helps Fairmount Santrol stay true to our ongoing commitment to sustainable development.

OUR MATERIALITY RESULTS: SIGNIFICANT IMPACTS, RISKS, AND OPPORTUNITIES

The materiality assessment validated many topics we have historically known to be important to our organization. We identified topic owners for each of the 17 material topics and worked to better understand how each topic is being managed. We continue to align our management and SD Team efforts with our material topics and strengthen our measurement of key performance indicators. And in late 2016 and early 2017 we developed [Vision 2020 Goals](#) for each topic to propel us toward a flourishing future. Throughout [People](#), [Planet](#), and [Prosperity](#), you will learn about our management approach and progress.



ABOUT THIS REPORT

Goals and Progress

2017 CORPORATE RESPONSIBILITY REPORT

2017/2018 GOALS

VISION 2020 GOALS

Each year, our SD Teams set goals, approved by the SD Advisory Committee, that positively impact our business and communities. We then closely monitor and measure progress on our goals. To reward our Family Members for achieving 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 2017, here are some of our notable accomplishments:

- We outperformed the industry average Lost Time Incident Rate (LTIR).
- Our Family Members dedicated more than 12,000 volunteer hours to the communities in which we live and work.
- We achieved zero waste at 29 of our 34 facilities in operation, including our largest facility in Wedron, Illinois.
- To sequester 100 percent of our 2016 GHG emissions, we funded the planting of over 99,000 trees, with 10 percent of the trees planted by our Family Members in our communities.
- We donated approximately \$1.5 million to our communities through the Fairmount Santrol Foundation, with a significant portion of that funding the health and wellness and education of the next generation.

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.”

Our SD Pays Standardization Committee manages 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.

2017 SD PAYS

Total SD Pays	\$10,100,000
SD Expenses	\$1,300,000
Net SD Pays	\$8,800,000

OUR SD TEAM'S BOLD GOALS FOR 2017 AND 2018

SD TEAM	2017 HIGH-LEVEL BOLD GOAL	2017 YEAR-END STATUS	2018 HIGH-LEVEL BOLD GOAL
Best Practice	Implement 12 best practice productivity projects and achieve \$1,500,000 in SD Pays.	Achieved	Implement 12 best practice productivity projects and achieve \$1,500,000 in SD Pays—including at least one project advancing Local Air Quality.
Business Innovation	Establish an Open Innovation Management (OIM) platform to generate new ideas from Family Members.	Achieved	Introduce 100 new ideas on IdeaScale® and generate eight million dollars in incremental annualized revenue and/or cost savings.
Clean Water	Evaluate and improve quality and sources of drinking water at facilities.	Achieved	Partner with Safety Department on water testing and remediation and participate in four regional community outreach events with at least 10 volunteers.
Communications and Appreciative Inquiry (AI)	Strengthen appreciative culture by developing and delivering AI workshop to Family Members.	Achieved	Merged into Empower U team.

SD TEAM	2017 HIGH-LEVEL BOLD GOAL	2017 YEAR-END STATUS	2018 HIGH-LEVEL BOLD GOAL
Environmentally Responsible Products and Processes	<p>Advance product and process innovation through three initiatives: publishing a white paper, proposing a mill coating product, and improving resin processes.</p> <p>Engage oil & gas and foundry customers on innovation and sustainable development.</p>	Achieved	Develop a new environmentally responsible product and process.
Empower U	Offer one course offering and one Learning Challenge, achieving participation of at least one hour of Empower U-sponsored course offering per Family Member.	Achieved	Offer one course offering and one Learning Challenge, achieving participation of at least one hour of Empower U-sponsored course offering per Family Member.
Health and Wellness	Present an employee wellness award and achieve 30% participation in at least one wellness challenge.	Achieved	Present an employee wellness award each quarter and achieve 15% participation in a yearlong wellness challenge.
Quest for Eco-Efficiency	<p>Sequester 100% of GHG emissions from Q4 2015 – Q3 2016.</p> <p>Implement one conservation project per active region and one energy efficiency project.</p>	Achieved	<p>Sequester 100% of GHG emissions from 2017.</p> <p>Implement one conservation project per active region and one energy efficiency project.</p> <p>Implement at least two energy savings projects that achieve 0.5% reduction in GHG/kWh/MCF per ton produced at a facility.</p>
Recover, Recycle, Reuse	Reach zero waste to landfill for all Fairmount Santrol facilities globally, and audit all operating facilities for zero waste.	Achieved 95%	Organize a Recover, Recycle, Reuse competition with at least 75 percent of facility participation and complete site audits and improvement plans for all facilities.
Safety	Achieve 20% better than industry, and 20% better than our best year, Lost Time Incident Rate (LTIR) and Total Case Incident Rate (TCIR).	Achieved 25% of goal	Create and deliver Firearms Situation and Awareness training to at least 50% of Family Members.
Social Responsibility	Increase the average total volunteer hours (paid and personal) per employee throughout Fairmount Santrol.	Achieved 94% of goal	Achieve an average of 20 hours total volunteer hours (paid and personal) per Family Member.
Sustainable Mobility	Sustain high railcar utilization rates and increase unit train utilization rate.	Achieved	Sustain high railcar utilization rates, develop last mile logistics strategy, and develop a truck loadout optimization program.
Sustainable Value Chain	Find and implement a solution to one pressing business challenge. Meet with Family Members from five operational facilities to evaluate opportunities to innovate with suppliers and customers.	Achieved	Find and implement a solution to one pressing business challenge. Create a Sustainable Value Chain campaign that generates at least 25 ideas on IdeaScale®.

Additional details regarding our 2017 accomplishments are integrated throughout the [People](#), [Planet](#), and [Prosperity](#) sections.



ABOUT THIS REPORT

Goals and Progress

2017 CORPORATE RESPONSIBILITY REPORT

2017/2018 GOALS

VISION 2020 GOALS

In 2016, we announced our Vision 2020 Goals and then updated them following our 2017 materiality assessment. These goals represent the culmination of our SD Teams' work to date, our Family Members' aspirations, and Fairmount Santrol's strong vision for the future.

VISION 2020 GOALS: PEOPLE

Safety and Health

Safety for life: 100% safety at work and at home—every one, every day, every time

Employer of Choice

Develop a robust learning and development platform to advance and retain Family Members

Achieve Family Member retention rate at or above 85%; create the opportunity for Family Members to achieve 100% participation in annual Survey and >80% positive score

Community Impact and Partner of Choice

Create a documented community engagement plan for every single Fairmount Santrol facility (plant, office, or terminal)

Stakeholder Partnerships, Education, and Influence

Influence suppliers: 75% percent of our spend will be with suppliers who advance in SD, as measured by survey responses and/or GRI/UNGC reporting

VISION 2020 GOALS: PLANET

Transportation Logistics, Efficiency, Emissions

100% of all oil & gas product shipped via rail will be shipped as unit trains where possible

Maintain the largest distribution network for industrial sand in North America

Maintain effective utilization of active plants above 85%

Water Use in Our Operations and Customer Operations

Establish baselines and improve water efficiency (fresh water use) in water stressed regions per ton produced by 10%

Land Management, Remediation, Biodiversity

All current and former sand production facilities will be Wildlife Habitat Certified

Climate Strategy, Energy, Emissions

Reduce GHGs / ton of product produced by 10% (2016 baseline)

Install or contract a renewable or cleaner alternative source of electrical power, and/or secure a power purchase agreement (PPA) to supply at least 5% of all electrical power used company-wide

Waste

All Fairmount Santrol facilities will be zero waste to landfill

VISION 2020 GOALS: PROSPERITY

Product Supply and Demand

Diversify portfolio to allow optimization of plant assets: grow as an proppant supplier, and double I&R sales from 2016 baseline of 2.5 million tons to 5 million tons while maintaining or reducing the current cost per ton

Capital Structure, Cost Control, ROI

Reduce balance sheet leverage, while at the same time weighing capital allocation options carefully in a manner to best maximize shareholder value

Business Growth and Diversification

Diversify portfolio to allow optimization of plant assets: grow as an proppant supplier, and double I&R sales from 2016 baseline of 2.5 million tons to 5 million tons while maintaining or reducing the current cost per ton

Develop a robust learning and development platform to advance and retain Family Members

Achieve Family Member retention rate at or above 85%; create the opportunity for Family Members to achieve 100% participation in annual Survey and >80% positive score

Product Quality

Improve our customer satisfaction rate for raw sand and for value-added products to approach 100%

Product and Process Innovation	Generate at least 10 new patents by 2020
	Generate between \$10-20M in incremental revenues from new products commercialized between 2017-2020
	Commercialize at least two new products from a new and environmentally friendly chemistry
	Produce products with lower potential dust, reducing potential dust for customers by 80% (2016 baseline)
Compliance and Ethical Behavior	Evaluate our risk management profile and then create a pathway that will enable us to provide corresponding, robust, and comprehensive compliance and ethical behavior training program for 100% of Family Members annually
Community Investment	Get to 100% volunteering participation: achieving 20,000 hours of paid volunteer time in one year and accomplish above 25 hours of paid volunteer time per Fairmount Santrol Family Member per year by the end of 2020

Fairmount Santrol sees alignment between our Vision 2020 goals and the following United Nations' Sustainable Development Goals (SDGs), improving the lives of people across the world:





OUR COMPANY

2017 CORPORATE RESPONSIBILITY REPORT

102-1, 102-2, 102-3, 102-4, 102-5, 102-6

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 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 expansive 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

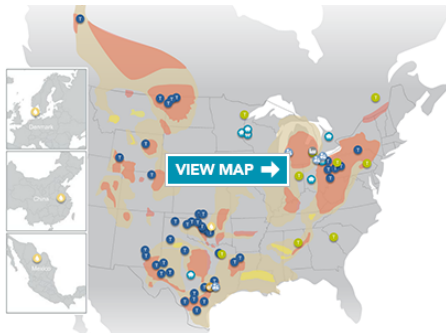
Organizational Profile

2017 CORPORATE RESPONSIBILITY REPORT

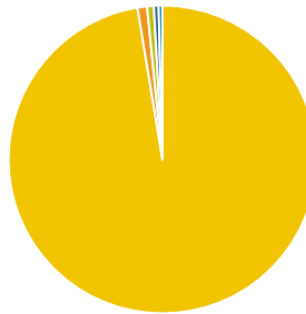
102-7, 102-8, 102-41

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](#).

View Our Locations

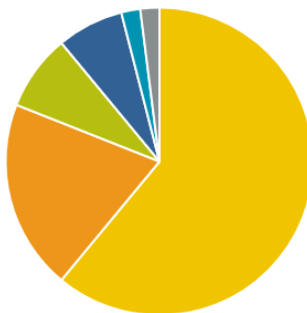


Employees by Country



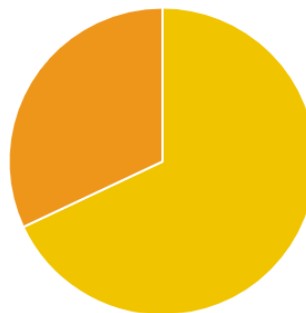
United States	963	Canada	5
China	10	Mexico	4
Denmark	7	Total	989

Employees by Role



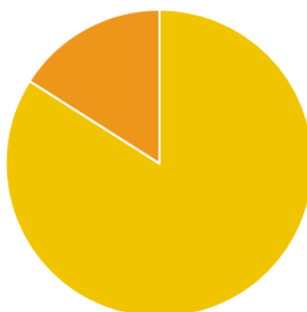
Operations	61%	Professional	7%
Management	20%	Sales	2%
Administrative	8%	Technical	2%

Employees by Category



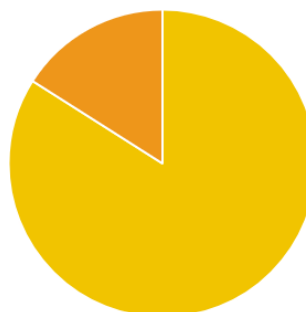
Hourly	68%	Salary	32%
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Union Employees



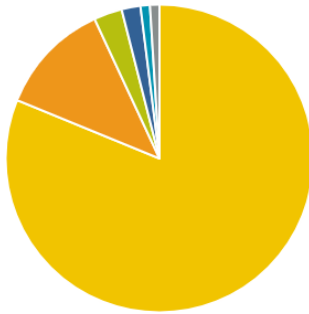
Non Union	84%	Union	16%
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Employees by Gender



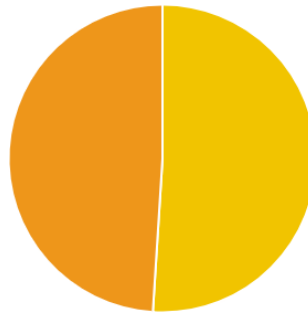
Male	84%	Female	16%
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Employees by Ethnicity



White	82%
Hispanic/Latino	12%
Asian	3%
Black/African American	2%
American Indian/Alaskan Native	<1%
Two or More	<1%

Employees by Age



Under 40	51%	40 & Over	49%
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OUR COMPANY

Corporate Governance

2017 CORPORATE RESPONSIBILITY REPORT

102-18

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 regularly updated on our SD progress, and 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 15 executives and directors from key functions across the business—in developing and executing our sustainable development strategy. Our five 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. Approximately 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

Partners and Collaboration

2017 CORPORATE RESPONSIBILITY REPORT

102-13

We elevate our commitment to sustainable development by forming partnerships and engaging with industry associations, non-profits, and academic organizations that share our values. 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 Red Cross
- American Society for Quality
- American Society of Safety Engineers
- American Systems Registrar (ASR)
- American Water Works Association
- Casting Industry Supplier Association
- Corporate Sustainability Network at Cleveland State University
- Ductile Iron Society
- Dunn County Economic Development Corporation
- Flourishing Leadership Institute
- Foundry Association of Michigan
- Foundry Educational Foundation
- Fowler Center for Business as an Agent of World Benefit at Case Western Reserve University
- Geauga Growth Partnership
- Golf Course Builders Association of America
- Golf Course Superintendents Association of America
- Greater Cleveland Partnership
- Illinois Association of Aggregate Producers (IAAP)
- Indiana Cast Metals Association
- 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
- Leadership Geauga
- Marcellus Shale Coalition
- Mine Safety and Health Administration (MSHA)/li>
- 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
- Ohio Parks and Recreation Association
- Occupational Safety and Health Administration (OSHA)
- Pennsylvania Parks and Recreation Association
- Permian Basin Petroleum Association
- Pierce County Economic Development Corporation
- 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
- Texas Oil & Gas Association
- Trees for the Future
- 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
- Wisconsin Partners for Clean Air
- Wisconsin Sustainable Business Council



OUR COMPANY

Awards and Recognition

2017 CORPORATE RESPONSIBILITY REPORT

We are proud that during 2017 the following organizations recognized our SD commitments:

- Recognized as Green Tier, a Wisconsin Department of Natural Resources program – Hager City*, Maiden Rock, and Menomonie, WI
- Green Masters Award from the Wisconsin Sustainable Business Council – Hager City*, Maiden Rock, and Menomonie, WI
- Illinois Association of Aggregate Producers (IAAP) Rock Solid Safety Silver Award – Wedron, IL mine
- Recognized as Business of the Year by the Chamber of Commerce in Kermit, Texas
- Illinois Association of Aggregate Producers (IAAP) Community Relations Award – Wedron, IL mine
- Illinois Association of Aggregate Producers (IAAP) Certificate in Achievement In Environmental Excellence Gold Award – Wedron, IL mine
- Wildlife Habitat Council's Species of Concern Project Award and the Caves and Subterranean Habitats Project Award – Maiden Rock, WI

*Idled/closed in 2016; currently functioning as a terminal



PEOPLE

2017 CORPORATE RESPONSIBILITY REPORT

Throughout fluctuating market conditions, Fairmount Santrol continues to invest in what we believe is key to a thriving business and community—People.

We are committed to doing everything it takes to ensure our Family Members work and arrive home safe and healthy, every day. Our leading compensation and benefits program, our appreciative culture, and the opportunities we provide our Family Members to develop new skills and participate in our sustainable development (SD) initiatives 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 our industry and the industries we serve. Our mission to *Do Good. Do Well.* extends to those who handle, use, or are impacted by our products. We work with and educate suppliers, customers, and various community groups to elevate safe and sustainable practices.

The pages throughout the People section of this report describe our management approach, goals, and performance for each of these topics.

- [Safety and Health](#)
- [Employer of Choice](#)
- [Community Impact and Partner of Choice](#)
- [Stakeholder Partnerships, Education, and Influence](#)



Safety

We continually outperform the industry average on important safety measures



PEOPLE

Safety and Health

2017 CORPORATE RESPONSIBILITY REPORT

OUR APPROACH

ANNUAL PERFORMANCE

103-2, 416-1

Every day, Fairmount Santrol works to ensure our Family Members are healthy and safe at home, at work, and at play. We aim to protect our Family Members and stakeholders by continuously improving our safety management practices and performance indicators. Safety and health is a core value at Fairmount Santrol for “Every One, Every Day, Every Time.”

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

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 to the best of our ability, eliminate risks to Family Members and stakeholders at facilities within our control or influence.

Through our sustainable development process, Fairmount Santrol is a responsible corporate citizen in protecting our Family Members and stakeholders from any unique industry hazards to the best of our ability. We are dedicated to Plan, Do, Check, and Act on safety and health:

PLAN

We live and work by the principles of Safe Production and a collective participation in Solution-Based Safety. We cooperatively build our health and safety system and initiatives.

DO

Our procedures, programs, and training coupled with a consistent agenda allows for continuous safety checks, interactions, and shared learning experiences. We involve all of Fairmount Santrol through our safety team and site committees.

CHECK

We regularly monitor and measure our health and safety procedures, programs, conditions, and behaviors.

ACT

We provide for Solution-Based Corrective Actions and implement these solutions throughout Fairmount Santrol.

Fairmount Santrol pledges to implement, operate, and continuously improve the SHMS to further enhance performance and ensure a healthy and safe work environment including, but not limited to, the prevention of injury and ill health by promoting safe practices.

Each of our facilities aims 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 an industry-leading software application that we continually update and improve. We conduct regular internal audits of our 31 health and safety programs, as well as specific auditing for the Occupational Safety and Health Administration (OSHA) 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 Family Members who work in operations attend EAP training upon hiring and annually thereafter, and we hold a minimum of two emergency action drills at each facility annually. The EAP addresses:

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

SAFETY TRAINING

Our training program guides all Family Members to consider safety for “Every One, Every Day, 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 a maximum of 40 hours. We provide additional safety orientation in the field, including task-based training, and require annual safety training for all operations Family Members.

Supervisors attend annual safety training sessions and receive one-on-one training to incorporate safety measures into their facilities. In addition, at each facility, our regional safety coordinators 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 also require all Family Members who spend time in the field to complete annual safety refresher training, including our office staff. Our safety team customizes safety modules to each location, ensuring the information provided is engaging and applicable. To further reinforce the importance of safety, we begin all meetings, regardless of their nature, with a safety message. For example, each meeting of our board of directors, senior executive management team, finance, human resources, SD, and production employees begins with a safety message to remind all Family Members of the value and importance of safety.

Additionally, we provide American Red Cross first aid, CPR, and AED certification training to provide practical benefits to all Family Members and help them become more aware of safety. This training helps decrease the number of accidents, and first aid and CPR saves lives, particularly when there are critical injuries and immediate action needs to be taken. Currently, more than 80 percent of Fairmount Santrol Family Members hold up-to-date certifications.

SAFETY INCENTIVES

To further encourage the adoption of our safety training material into practice, we administer a proactive incentive system that rewards our Family Members for their individual, facility, and company-wide safe work practices. When our teams attend safety meetings, we pay bonuses to continue encouraging Family Members to demonstrate safe work behaviors, and to reinforce that safety is our number one priority. Some examples of completed safety targets include:

- Participating in the Crisis Management & Emergency Action Training and Drills
- Attending all scheduled Annual Agenda Safety Training and Task Training utilizing current Job Safety Analysis (JSAs)
- An entire facility attending the Silica Effects and Preventative Action Training
- Holding a current certification in First Aid, CPR & AED
- Conducting a Tool Box Talk
- A facility participating in the National Rail Safety Month Initiative as outlined by the SD Safety Team
- Serving as a member and/or attending a site-specific Safety Committee Meeting
- A facility completing the 50% of 50% Silica Initiative to include: 1) completing the Clean Rooms and Cabs Initiative, 2) engaging best management practices, 3) maintaining average silica exposures below 50 percent of the industry-established Permissible Exposure Limit (PEL) and, 4) providing proper maintenance of dust collection systems and housekeeping.
- Administrative offices completed an HVAC and indoor air quality audit

BRINGING SAFETY HOME

According to the National Safety Council, most injuries occur outside of working hours. Our “Bringing Safety Home” program encourages Family Members to keep their homes safe and positively influence 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 that promotes safe practices at home, such as the use of fire extinguishers and safe practices during outdoor activities such as swimming or gardening. In the future, we plan to transition from a calendar to a coloring book to further engage with our children and youth about health and safety.

CONTRACTORS

Our Independent Contractor Safety Program includes contractor training on hazard warning recognition and decreasing occupational risks. This includes site-specific training for all visitors to Fairmount Santrol sites, and additional education for contractors working on-site for extended periods of time.

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.

EMPLOYEE HEALTH TESTING

Fairmount Santrol is vigilant in protecting our Family Members from potential crystalline silica dust exposure. Our Silicosis Prevention and Occupational Health Programs include the following practices that help keep our team safe:

- We continually look for ways to minimize potential respirable silica dust across our products' lifecycle.
- We provide training to every Family Member who may be exposed to respirable silica dust.
- We 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 to manage the potential for respirable silica dust exposure.
- We provide a medical surveillance program that prescribes baseline and periodic health evaluations for our Operations Family Members exposed to crystalline silica.

Fairmount Santrol requires all new employees to complete a screening process to establish a baseline for respirable silica dust exposure. 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, we ask a representative sample of workers to wear sampling systems that collect respirable dust. These illustrate what the individual could be breathing.

While regulation only requires a sample from one percent of our population, we submit samples from 10 percent. 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 work to raise the industry's safety and health standards through our leadership position with NISA.

Due to these efforts, the average potential exposure to respirable crystalline silica dust for our Family Members is below the threshold deemed protective by the National Institute for Occupational Safety and Health (NIOSH).

CUSTOMER SAFETY

Our customers share our high standards for safety. To ensure compliance with the Occupational Safety and Mine Safety Health Administrations (OSHA and MSHA), we continually update and provide Safety Data Sheets (SDSs) for all of our products. We also work with an external consultant to review and strengthen the information we provide. These SDS sheets help our customers develop safety guidelines and proper handling procedures.

We train our sales and marketing teams on the latest safety information, which they share with our customers as needed. Further, we make [safety-related resources](#) about our products available to the 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 enable safer product handling and use. We craft products that follow EPA, MSHA, and OSHA regulations and take pride in being compliant with ISO 9001 and 18001.

Our Research and Development (R&D) department completes a due diligence process and impact assessment before we use any chemical in our products or processes. Product managers work closely with our Safety and R&D teams to develop Safety Data Sheets (SDSs) for handling, usage, and disposal. We route all product information through our environmental, production, quality, and sales teams as needed to provide responses for all customer inquiries.

Fairmount Santrol's commitment to product health and safety strengthens relationships with our customers. Both our Proppant Solutions and Industrial and Recreational (I&R) customers rely on us to develop environmentally-preferable chemistries and products to improve industry performance. While the proprietary nature of our products prevents us from fully disclosing our product formulations, we work closely with customers to educate them about our products and their safe use.

Fairmount Santrol goes beyond compliance for practices that impact our Family Members' and stakeholders' safety. In 2016 we set an ambitious goal to achieve levels of less than 50 percent of the Occupational Health and Safety Administration's (OHSA) new limits for potential silica dust exposure. In 2017, we increased this goal to maintain exposure levels below 50 percent of the new OSHA Permissible Exposure Limit (PEL) at all facilities – a goal we remain committed to going forward.

VISION 2020 GOAL

Safety for life: 100% safety at work and at home—every one, every day, every time



PEOPLE

Safety and Health

2017 CORPORATE RESPONSIBILITY REPORT

EXCEEDING NEW REGULATIONS FOR SILICA DUST

OSHA regulates the Permissible Exposure Limit (PEL) of respirable silica dust exposure in workplaces. These rules apply to all stakeholders across our value chain and vary by industry. Beginning in 2018, OSHA will reduce the silica dust exposure limit by 50 percent for sand used in foundry applications. In June 2021, a 50 percent reduction will also apply to respirable silica PEL for all our proppant products. Fairmount Santrol developed a new, silica dust suppressant product (currently a developmental proppant) that during its first oil field trial passed the new OSHA regulations. We plan to continue with additional field trials at various oil basins this year and will further advance this initiative in the future. Due to our Family Members' and customers' focus on safety, Fairmount Santrol is proud that we are on our way to meeting these new compliance standards ahead of the deadlines.

To go further, we chose to increase our aim to maintain facility exposure levels below 50 percent of the new limits. Our safety department and Best Practices SD Team developed a comprehensive strategy starting in 2016 that includes conducting benchmarks and incorporating best practices across facilities.

Once again, Fairmount Santrol reported zero cases of silicosis in 2017, a goal we have upheld for more than 20 years. Our excellent safety record demonstrates our commitment to *Do Good. Do Well. Always.*

PRODUCT IMPROVEMENTS FOR SAFETY

Fairmount Santrol works to continually improve product safety while remaining cost competitive. We made progress in 2017 to improve the dust mitigation performance of our products. Our ongoing goal is to actively identify partners that can help generate dust mitigation solutions for both our raw and resin-coated sand.

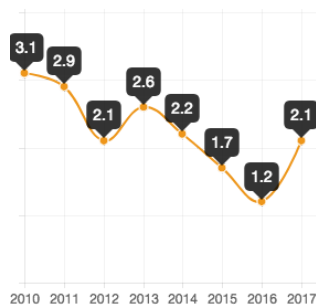
This year, we completed a comprehensive study verifying there are no hazardous leachable chemical components (leachates) of concern in our phenolic Novolac resin-coated products. We published a white paper in 2017 to educate customers and other stakeholders about our product safety performance.

SAFETY PERFORMANCE

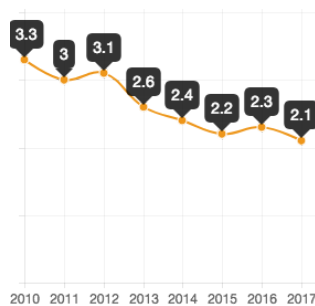
Total Case Incident Rate (TCIR)

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

FMSA



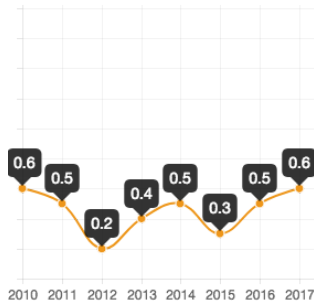
Industry



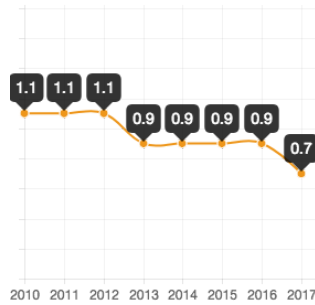
Lost Time Incident Rate (LTIR)

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

FMSA



Industry



HIGHLIGHT STORY

➤ *Safety Slogan Contest*

Our Safety SD Team hosted a slogan contest to educate and engage Family Members. These slogans were made into hardhat stickers that can be found throughout this section of the report.

Winning slogans included:

- Respect the Unexpected
- Safety Comes in a Can: I Can, You Can, We Can Be Safe
- Keep Calm and Safety On
- Before You Start, Be Safety Smart

SAFETY INITIATIVES

In 2017, we improved our safety program and performance in various ways:

- Provided Office Safety training, completing all 11 Office Safety modules
- Provided Travel Safety training
- Completed an HVAC and indoor air quality audit at all of our offices
- Provided Silica Effects and Preventative Action training to all locations and facilities
- Launched a pilot program for pre-work stretching exercises
- Site Safety Clubs coordinated Site Safety meetings, and designated a chairperson to interact with the Safety Team
- Utilized the Job Safety Analysis (JSAs) to provide and document task training
- Supported the Clean Rooms and Cabs Initiative by engaging the standard operating procedures
- Supported the National Safety Council's Safety Month (June) with strategic initiatives that promote safety at work and home
- Hosted an education campaign during Rail Safety Month (September)
- Progressed towards our goal of having all Family Members complete American Red Cross first aid and CPR training. More than 80 percent of our population is currently certified in first aid and CPR/AED

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 0.68875 since 2010, which is lower than 1.0, the industry average. Due to our robust safety efforts, over the last seven years, we estimate that Fairmount Santrol has saved approximately \$3.1 million in workers' compensation premiums.

OHSAS 18001 (OCCUPATIONAL HEALTH AND SAFETY ASSESSMENT SPECIFICATION) 2017 SITE COMPLIANCE

- Chardon, OH
- Detroit, MI
- Hager City/Bay City, WI**
- Harrietta, MI*
- Maiden Rock, WI
- Menomonie, WI
- Roff, OK
- Shakopee, MN
- Sugar Land, TX
- Troy Grove, IL
- Voca, TX
- Wedron, IL
- Yixing, China

*Facilities closed or idled since 2016

**Idled/closed in 2017; currently functioning as a terminal

VISION 2020 GOAL

Safety for life: 100% safety at work and at home—every one, every day, every time

PROGRESS

Fairmount Santrol remains committed to our ongoing annual safety goal to achieve a better-than-industry and better-than-our-best-year Total Case Incident Rate (TCIR) and Lost Time Incident Rate (LTIR). Due to the volume and pace of re-opening idled facilities and opening new facilities, including increasing our Fairmount Family by 30 percent, our TCIR and LTIR rates increased in 2017. While our overall rates were not our best, we did celebrate 10 years with no lost time accidents at our Menomonie, Wisconsin facility. And our Beaver, Ohio, mine accomplished 20 years accident-free.



PEOPLE

Employer of Choice

2017 CORPORATE RESPONSIBILITY REPORT

OUR APPROACH

ANNUAL PERFORMANCE

103-2

Fairmount Santrol aspires to attract and retain top talent and believes in sharing the prosperity we generate with our Family Members. We strive to be an employer of choice by fostering an appreciative culture, encouraging engagement in sustainable development (SD), and providing Family Members with training and education, personal and career development, health and wellness programs, and strong employee benefits.

COMPENSATION AND BENEFITS

Fairmount Santrol offers a competitive salary, bonus potential, and 401(k) match. Our commitment to SD generates opportunities for our Family Members to develop skills outside of their primary job functions. Through our SD Teams, they can contribute to the health and vitality of our people, company, and communities. We encourage all Family Members to get involved in SD and [invest in our communities](#) by using their 40 annual hours of paid volunteer time.

AN APPRECIATIVE CULTURE

We aim to empower Family Members through our appreciative culture. Appreciative Inquiry (AI) is a strength-based methodology to inspire positive, whole-system change, building on our best. It is centered around the principal of systematic discovery to envision a future based on strengths.

At Fairmount Santrol we conduct Appreciative Inquiry Summits, every three to four years, where Family Members and our external stakeholders co-create a vision for a sustainable future focused on using 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. We aim to host our next AI Summit in 2019.

GROWTH THROUGH SD LEADERSHIP

We offer growth opportunities to Family Members by taking on SD responsibilities. We encourage Family Members to join one of our 12 SD Teams (we combined two teams at the end of 2017), lead or co-lead an SD Team, or add an 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 [Mission](#), and many Family Members find it to be personally fulfilling while developing new skills and advancing their careers. Engagement in SD Teams provides diverse learning experiences that add value to Fairmount Santrol. Furthermore, our SD Advisory Committee allows executives and senior leaders to contribute their leadership skills to SD for several years, with membership changing over time.

EMPLOYEE DEVELOPMENT AND TRAINING

In 2017, we hired a Director of Talent Development to create and implement programs and resources that support performance achievement on multiple levels: Enterprise, Functional, Team, and Individual. These programs align to the skill requirements and competencies associated with specific functional and leadership roles and deliver consistent and timely content through classroom, virtual, and experiential learning. In addition, Fairmount Santrol began succession planning for key leadership and management positions in 2016.

We also encourage our Family Members' growth through voluntary education. Our Empower U SD Team and various other SD Teams develop and deliver training on a wide range of desired topics to our Family Members. Family Members can also access hundreds of unique training courses on the online learning platform, Udemy.

DEVELOPMENT DIALOGUES

Through midyear and annual Development Dialogues, Family Members may discuss 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 Family Members feel a part of fulfilling our company vision. Family Members can also 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. Through our voluntary wellness program, smoking cessation tools, and wellness challenges, Fairmount Santrol encourages 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. In addition, our Welli Award recognizes Family Members who have demonstrated commitment and success in personal health and wellness.

DIVERSITY AND INCLUSION

Fairmount Santrol is committed to promoting diversity and inclusion (D&I) within our workforce. In 2016, our Human Resources team developed a comprehensive D&I strategy to attract and retain women, minorities, veterans, LGBTQ individuals, and hiring applicants with criminal convictions. In 2017, we formed a cross-functional Diversity Council to support the implementation of our D&I strategy. In 2018, we look forward to advancing this topic with initial trainings.

SCHOLARSHIPS

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

RETENTION

Retaining Family Members is a high priority at Fairmount Santrol. We regularly gather informal and formal employee feedback to assess levels of Family Member engagement and identify opportunities for improvement. In 2017, we conducted a formal employee survey to assess levels of Family Member engagement. We plan to do so on an ongoing basis approximately every 18 months.

VISION 2020 GOAL

Develop a robust learning and development platform to advance and retain Family Members

Achieve Family Member retention rate at or above 85%; create the opportunity for Family Members to achieve 100% participation in annual Survey and >80% positive score



PEOPLE

Employer of Choice

2017 CORPORATE RESPONSIBILITY REPORT

EMPLOYEE DEVELOPMENT AND TRAINING

In 2017, our new Director of Talent Development crafted a comprehensive program that included a long-term plan for performance appraisals and a performance management system. Our goal is to strengthen our culture of learning. We implemented an employee survey in 2017 to understand strengths and areas of opportunity. In 2017, we completed succession plans for all executive vice presidents, vice presidents, and directors. In 2018, we intend to design succession plans for all managers. This strategic and forward-thinking approach to talent development is another way we are committed to *Do Good. Do Well. Always.*

Following the success of our 2015 Financial Wellness course, our Empower U SD Team partnered with Financial Finesse to create a Financial Wellness series that delivered in-depth financial training to Family Members on three topics: Personal Financial Basics, Savings and Investment Strategies, and Retirement and Estate Planning. Over 360 Family Members participated in at least one part of this series.

Our Empower U SD Team also launched a learning challenge to encourage Family Members to engage in various educational opportunities. The five categories included: online learning, podcast/lecture, literature/audio book, video/documentary, and practical learning. Approximately 175 Family Members participated in this challenge.

In 2017, 68 percent of Family Members participated in a voluntary learning activity, an increase of 12 percent from 2016. Additional courses offered by our Empower U SD Team include: Sand 101, Frac 101 and 201, Survival Training, Mind, Body, Advancement (M.B.A.), and more.

2017 Employee Training Hours

TOTAL	AVERAGE PER EMPLOYEE
17,459 hours	17.7 hours



HIGHLIGHT STORY

> *Matt's Story: Matthew Hennick, Director, Quality Control Manufacturing*

"I began working at Fairmount Santrol as a Quality Manager in Wisconsin in 2008. Within my first month, I joined two SD Teams—Quest for Eco-Efficiency (QEE) and Best Practices. On the QEE Team, I moved from a team member, to co-lead, to eventually lead the team for 2016 and 2017. Through this work, I learned to create and manage project and budget plans that deliver value for our business and the environment. This experience also helped me step out of my comfort zone and gain confidence in challenging situations, as well as develop interpersonal skills and relationships outside my department." Matt appreciates the opportunity that SD provides in helping him advance in his career. In 2017 Matt was promoted from a Regional Quality Manager to the Director of Quality Control Manufacturing.



HIGHLIGHT STORY

> *Steve's Story: Steve Schilling, Director of Process Technology*

"I started working at Fairmount Santrol as a Technical Engineer in 2009. Even though I graduated in the midst of the Great Recession, I fortunately received several job offers. The SD Teams strongly influenced my decision to join Fairmount Santrol. On the Business Innovation SD Team, I moved from a team member to team lead. Through this work, I learned to design holistically, think creatively, and dream big when developing new products or processes. During SD Team meetings and our AI Summit, I established relationships

with a cross-functional group of Family Members, which improved project coordination in my job. This helped me grow into my current role, Director of Process Technology. I currently serve as the SD Liaison on the Clean Water SD Team, which combines my personal and professional interest in managing a critical natural resource.”

HEALTH AND WELLNESS

In 2017, Fairmount Santrol hosted several challenges to encourage our Family Members to embrace a healthy lifestyle. Our Biggest Winner competition included teams of four that supported each other in shedding approximately 2,600 pounds collectively. Nearly 60 percent of our Family Members participated, an increase of over 10 percent from 2016.

Our S.M.A.R.T. (Specific, Measurable, Attainable, Relevant, and Time-Bound) challenge rewarded employees who completed goals outlined on a bingo card. These included actions such as eating more fruits and vegetables and completing a retirement savings assessment. We had over 330 Family Members participate, approximately 35 percent of our population. Lastly, Family Members logged over 157 million steps during the month-long Step Challenge.

In 2017, our Health & Wellness SD Team awarded four “Welli Awards.” The award recognizes a Family Member that demonstrated commitment and success in managing their personal health and wellness.



HIGHLIGHT STORY

> *Announcing Our Welli Award Q1 Winner: Theresa Hoffman, Wedron, IL*

Theresa's commitment to health and wellness was inspiring, and through our nomination process our team learned just how strong Theresa was as she overcame many obstacles. As stated in one of her nominations by a coworker and friend, “She is the most unlazy person I’ve ever met. I wish I had half of her energy, determination, kindness, smarts, and drive.”

As part of the prize, Theresa received a \$1,000 charitable contribution, which she chose to donate to St. Jude Children’s Research Hospital.



HIGHLIGHT STORY

> *Announcing Our Welli Award Q2 Winner: George Hubbard, Chardon, OH, Mine*

George has worked hard over the last several years to improve his personal health and wellness. He admits that he did not always live the healthiest lifestyle, but began to change his habits due to the unfortunate loss of family and friends, as well as the positive influence Fairmount Santrol has had on his well-being.

Fairmount Santrol’s Smoking Policy was step one for George’s health transformation. He decided to stop smoking when it was prohibited on company property. His next step began when the Health and Wellness team implemented the body composition goals for body fat percentage. Those numbers motivated George to search for activities to improve his health.

George began biking, running, and swimming. He enjoyed these so much that he started doing races and triathlons. His greatest accomplishment to date was completing two half Ironman triathlons and four marathons in 147 days at the age of 42.

George says the key is keeping a routine and finding creative ways to keep going. One of his several routines consisted of running three miles through Walter C. Best Park on his lunch break every day.

George requested that his \$1,000 donation go to the Maplewood Athletic Department where they can use the donation for athletic equipment. George’s health story is inspirational, and he says the real prize is his good health.

HIGHLIGHT STORY

> *Announcing Our Welli Award Q3 Winner: Danny Trusner, Wedron, IL, Logistics Center*



Danny leads by example in several different aspects when it comes to achieving and maintaining his healthy lifestyle.

A colleague who nominated Danny said, "Danny is a huge source of support to his co-workers by sharing information and raising awareness. This includes sharing healthy recipes, suggesting healthy work potlucks, and offering educated advice. As a result, many of us have changed some of our lifestyle habits and are now making better choices. He reminds us daily to move from our desks and take our morning and afternoon ergo walks."

Danny makes it a lifelong goal to remain healthy for himself and all family members because of health scares he went through as a child. "When I was 10 or 11 years old, an Illinois State Trooper informed us that my dad was in the hospital awaiting heart surgery after passing out. I use that as my motivation to always be as healthy as I can be, and it's been my way of life since a young age."

Danny always packs his lunches for work because he thinks it is important to know what is in his food. Along with eating healthy he works out about 5-6 days a week with a variety of exercises including CrossFit, Pilates, and yoga. He gets great satisfaction out of being able to make it to the gym every day and his ability to continually choose healthy meals.

His advice to others is to start small and be realistic. "If you're starting a diet or trying to eat healthier in general, allow yourself a cheat meal and a few cheat snacks each week. Feeling good and being healthy is 80 percent diet, so if you can eat healthy 5-6 days a week, that is a big accomplishment and it's easier to stay on track. If you sit at a desk most of the day, take a walk break."

Danny requested that his \$1,000 donation go to the Big Brothers and Big Sisters of Will & Grundy County where he volunteers as a Big Brother.



HIGHLIGHT STORY

➤ *Announcing Our Welli Award Q4 Winner: Brittney Hataway, Sugar Land, TX*

After giving birth to her daughter in early 2016, Brittney faced a weight challenge. She didn't feel well and knew she needed to make a lifestyle change, for herself and also for her family. So she began to focus on becoming more fit, healthier, and stronger.

Brittney says that many small changes over almost two years were very important to her success in losing more than 100 pounds. The first changes she made were to cut out dairy, gluten, and all sugar

from her diet. She then began adding many different greens (salads and vegetables) to her diet.

In addition to changing her diet, Brittney began kickboxing and training to compete in the Warrior Dash in Houston, Texas. On Sundays, Brittney and her daughter do Mom and Daughter Yoga. She looks forward to this time in her week and enjoys being the best, healthiest, and most motivated mom for her daughter.

Brittney requested to donate her \$1,000 contribution to Attack Poverty, where she volunteered when flood waters affected so many in the Houston area after Hurricane Harvey.

COMPENSATION AND BENEFITS

Despite shifting market conditions, Fairmount Santrol has honored what is unique, positive, and special about our company—our unwavering commitment to sustainable development. In 2017, we continued to offer competitive salaries and benefits. We make a conscious choice to invest in employee development, knowing it will help our business to thrive now and in the future.

Fairmount Santrol maintained a consistent employer contribution in 2017 for those participating in a Health Savings Account (HSA). We transitioned to a new medical provider that provides a broader service network and implemented a new online enrollment system for Family Members to view their benefits and coverage levels. In 2017, we increased our Safe Harbor 401(k) match to 100 percent of the first three percent deferred and 50 percent of the next two percent deferred for all non-union employees.

SCHOLARSHIPS

In 2017, we awarded 12 Sustainable Development Scholarships, ranging from \$1,000 to \$5,000, to eligible Family Members' dependents who are pursuing post-secondary education or vocational school training and have demonstrated an elevated commitment to SD. This year, the recipients completed several innovative projects that demonstrated passion for sustainable development and will have a lasting impact on communities.

We also awarded two Aspire Scholarships to offset post-secondary tuition costs (or training for a recognized credential) for eligible Family Members' dependents based on financial need.

EMPLOYEE TENURE

Fairmount Santrol measures employee prosperity by the voluntary tenure of our Family Members. When Family Members choose to stay employed with Fairmount Santrol, they indicate satisfaction with multiple aspects of their jobs—financial, positive relationships with co-workers, sense of higher purpose, and meaningful, interesting work.

In 2017, Fairmount Santrol continued to have higher-than-average voluntary employee tenure. Due to challenging market conditions between 2014 to 2016, we had to unfortunately make significant workforce reductions. Consistent with our values, in 2017 we created a formal severance plan for salaried employees to ensure that we treat all affected Family Members with compassion, support, and respect in their transition.

2017 Employee Tenure



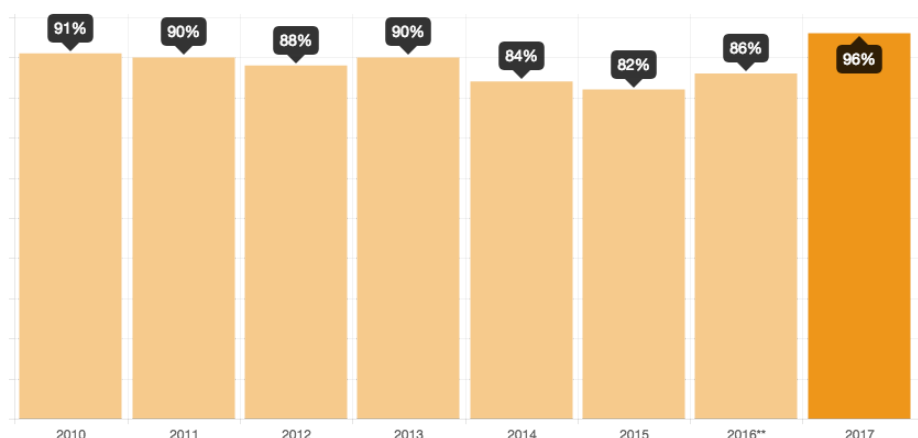
*For domestic, full-time equivalent employees

**According to the Bureau of Labor Statistics, January 2016

EMPLOYEE ATTRACTION AND RETENTION

Given our unique culture, Fairmount Santrol is highly capable of attracting and retaining Family Members. We remain an Employer of Choice, evidenced in West Texas where we are hiring for our new operation and in other communities where we are restarting idled mines. Our rate of voluntary turnover continues to remain low.

Employee Retention Rate*



*Rates exclude seasonal and temporary employees and involuntary turnover.

**We restated this number due to the cyclical nature of our business.



HIGHLIGHT STORY

➤ *Congratulations to the 2017 SD Employee of the Year and Bill Conway Founder's Award Winner: Taso Melisaris, Sugar Land, Texas*

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

For 2017, we are pleased to recognize Taso Melisaris. Taso embraces the ideals and principles of Sustainable Development through his personal contribution of time, talent, and treasure. Taso is the product line director for resin coated proppants at our Sugar Land, TX facility. He is the Lead of the

Business Innovation (BI) SD Team, where his enthusiasm, project management, and creativity are a valued combination.

Creating a platform to share, cultivate, and cull ideas has always been a goal for the Business Innovation Team. We are proud to share that due to Taso's considerable efforts (and he would be the first to say, the tremendous help of the BI Team Co-Lead, Yana Gur) we now have the IdeaScale platform with over 174 ideas contributed in just a few months. Thanks to the Fairmount Santrol Family, these ideas are helping to reduce costs, create new revenue, engage our supply chain, and advance best practices. Taso led the BI Team to evaluate 10 different innovation platforms, ultimately selecting and implementing IdeaScale.

When he wasn't recruiting new members for the Business Innovation Team or training people on how to use IdeaScale, Taso's community involvement spans many different genres including Habitat for Humanity, highway clean up, tree planting, and mentoring students in STEM. Taso is also personally passionate about supporting international orphanages and nursing homes.

As a testament to the big impact Taso has made to advance SD in 2017, a record six people nominated him for this prestigious award. Many indicated that "Taso is the best colleague you could hope for: hard-working, collaborative, caring and very enthusiastic."

To thank him for his commitment to SD, Taso will receive a \$500 donation to a charity of his choice and will join the SD Advisory Committee in 2018.

Please join us in congratulating Taso for the many ways he advances People, Planet, and Prosperity. He is an inspiration for all and exemplifies our motto and action orientation "Do Good. Do Well."

We also select winners at each of our facilities. [Click here](#) to view the full list of our 2017 SD Employees of the Year.

VISION 2020 GOAL

Develop a robust learning and development platform to advance and retain Family Members

Achieve Family Member retention rate at or above 85%; create the opportunity for Family Members to achieve 100% participation in annual Survey and >80% positive score

PROGRESS

In 2017, we hired a Director of Talent Development to create and implement programs and resources that support performance achievement on multiple levels: Enterprise, Functional, Team, and Individual.

Our Family Member retention rate for full time employees was 96% for 2017, exceeding our goal of 85%.

2017 SD EMPLOYEES OF THE YEAR

LOCATION	2017 SD EMPLOYEE OF THE YEAR
Beaver, OH (Best Southern)	Ryan Christopher
Benton Harbor, MI	Mindi Phelps
Brewer	Larry Sparks
Black Lab, Chardon, OH	Kurt Krebs
Black Lab, Serena, IL	Matt Shinnick
Chardon Mine, OH	Tony Madorno
Chesterland/Chardon, OH	Brad McMichael
Cutler, IL	Mindy Reed
Detroit, MI	Erick Wolf
Lakeshore, Ontario, Canada	Mike Perkins
Maiden Rock, WI	Paul Feyeriesen
Ottawa Corp/Wedron Tech Center, IL	Jennifer Does
Ottawa Innovation Center, IL	Angela Elzer
FMSA Technology Center, Sugar Land, TX	Huaxiang Yang
Roff, OK	Travys Mize
Sugar Land, TX	Taso Melisaris (overall winner)
Terminal, Pleasanton, TX	Pablo Carrasco
Voca, TX	TJ Mendez
Wedron Silica, IL	John Andes



PEOPLE

Community Impact and Partner of Choice

2017 CORPORATE RESPONSIBILITY REPORT

OUR APPROACH

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Fairmount Santrol is dedicated to being a responsible corporate citizen and welcomed neighbor. We believe there is a difference between simply adhering to a permit, and operating responsibly with a commitment to go beyond compliance. We actively address public interests early in the permitting process, engage in community dialogue, embrace transparency, and determine ways to meet our communities' needs.

We include information about our management approach and commitment to sustainable development within our permit applications, which address:

- Air quality
- Biodiversity
- Direct and indirect economic impacts
- Fugitive dust from our operations
- 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. We customize our management approach to fit each community's unique needs. Our plant managers have responsibility for community engagement, responding to inquiries, opportunities and concerns, and determining solutions. Communication occurs via open houses, public meetings, community reports and newsletters, telephone calls, local media, and community events. For example, when townships or clubs host monthly meetings, we periodically send a representative to serve as a source of information about our values, standards, practices, and our commitment to social responsibility.

When we reopen idled facilities, we engage with the local community organizations and schools to reestablish relationships and commitments. In some cases, we develop a community newsletter to reconnect with residents and local businesses, let them know that we have reopened the facility, and remind them about what we do and our commitment to the community.

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 demonstrate our commitment to social responsibility and conserving biodiversity, while providing information about our sustainable and responsible practices.

MANAGING OUR IMPACTS

Fairmount Santrol monitors and addresses all federal, state, and local regulations that apply to our operations. We distinguish ourselves as a responsible operator by going beyond compliance for many regulations, especially those related to environmental management and the health and safety of our communities.

We uphold required standards for groundwater and air quality monitoring and controls at all of our facilities. During blasting, our Family Members and contractors use seismographs to collect data on air and ground vibrations. They produce blast reports, which show we are consistently below state and local regulation standards.

In addition, we manage noise, to the best of our ability, within our operations and respond to public concerns through modifications that to the extent possible, eliminate, reduce, or refocus noise. At many of our facilities, we select equipment with a lower noise rating. We also install noise barriers to limit how far noise can travel beyond our property boundaries.

Fairmount Santrol has been recognized for successfully managing impacts and going beyond compliance. For example, the Wisconsin Department of Natural Resources has designated our Wisconsin 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.

The oil and gas reserves in the Permian Basin in West Texas have sparked considerable growth in the region, as several sand providers move into the area to capture opportunities there. With the new construction of Fairmount Santrol’s mine and processing plant in Kermit, Texas, we want to ensure we proactively manage our collective impacts. We are working with sand producers to establish an industry association in Texas, with membership coming primarily from West Texas-based companies. The new association will be able to collaborate on industry best practices, similar to what already takes place in Wisconsin with the Wisconsin Industrial Sand Association, and in Illinois with the Illinois Association of Aggregate Producers.

Our Vision 2020 goal is to create a documented community engagement plan for every single Fairmount Santrol facility (plant, office, or terminal), given their differences. While we have not yet achieved that goal, every facility has existing elements of a plan. For example, many Fairmount Santrol facilities already manage restoration plans, community investment budgets, and community service opportunities.

MANAGING IMPACTS OF CONTRACTORS

We seek contractors that value sustainable development, and work with them to mitigate community impacts. Contractors must sign an agreement that ensures they will respect safety, environmental, and community-minded practices, both on and off Fairmount Santrol property. Contractors must review and sign the agreement annually. We also expect all on-site contractors to participate in our [zero waste initiative](#) by leveraging recycling and composting procedures that are established at each facility, and minimizing waste whenever possible.

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

Being in good standing with the communities where we live and work enables us to recruit and retain talent as well as maintain our social license to operate. We are proud of being welcomed at permit hearings for new and renewed permits.

VISION 2020 GOAL

Create a documented community engagement plan for every single Fairmount Santrol facility (plant, office, or terminal)



PEOPLE

Community Impact and Partner of Choice

2017 CORPORATE RESPONSIBILITY REPORT

Fairmount Santrol holds ourselves responsible for protecting the well-being of our communities. Through all our business activities, we seek to continually improve our standards and practices for managing community impacts, another way we *Do Good. Do Well. Always.*

MANAGING IMPACTS OF IDLED FACILITIES

Due to market conditions in 2015 and 2016, Fairmount Santrol idled or closed several facilities. Though inactive, we continued to monitor impacts and maintain permit requirements at these locations. In 2017, we reopened four facilities, rehiring several previous Family Members and reconnecting with the communities. In Brewer, Missouri, we mailed a newsletter to 3,500 community members to let them know we reopened, provide information about our operation there, and inform community members about our commitment to sustainable development.

To learn more about our approach to managing impacts, please refer to the [Climate Strategy, Energy, Emissions](#) and [Land Management, Remediation, Biodiversity](#) sections of this report. For more information on the ways in which we are involved in our local communities, read our [Community Investment](#) section.

AWARDS

For the sixth year in a row, we earned recognition by the Wisconsin Sustainable Business Council as a [Green Master](#). The program highlights companies that have demonstrated strong performance through sustainability initiatives. In 2017, our Wedron facility was presented with the 2016 Illinois Association of Aggregate Producers (IAAP) Community Relations Award. IAAP seeks to raise awareness about sustainable development among their membership. Wedron has received this award from 2009-2016.

VISION 2020 GOAL

Create a documented community engagement plan for every single Fairmount Santrol facility (plant, office, or terminal)

PROGRESS

While we have not yet achieved that goal, every facility has existing elements of a plan.



PEOPLE

Stakeholder Partnerships, Education, and Influence

2017 CORPORATE RESPONSIBILITY REPORT

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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

We invest time in educating suppliers, customers, peers, partners and other businesses on the adoption of sustainable practices. We also educate investors about our commitment to SD and its value. Each year we publish our annual Corporate Responsibility report. We highlight data about our SD initiatives during stakeholder presentations, such as safety metrics, 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 school children, colleges and universities, local clubs and businesses, government agencies, national associations, and conferences.

REGIONAL INDUSTRY ASSOCIATIONS

Fairmount Santrol participates in industry associations to raise standards and increase adoption of responsible practices. The Wisconsin Industrial Sand Association (WISA) is a statewide organization that promotes safe and environmentally sound sand mining standards, fact-based discussions, and positive dialogue among the industry, citizens, and government officials in Wisconsin. 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, historical performance, and willingness to exceed regulatory requirements.

Fairmount Santrol contributes to newsletters that illustrate how WISA member companies are committed to sustainable development. We collaborate with peers to publish 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 also engage with the Illinois Association of Aggregate Producers (IAAP). For example, we routinely sponsor school teachers for the yearly science teacher workshop hosted by the IAAP Public Information and Education Committee, where teachers receive education about the benefits of mining in Illinois.

NATIONAL INDUSTRY ASSOCIATIONS

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 compliance with dust management and testing standards. We share our [Safety and Health Management System](#) with peers to enhance the well-being of all mining workers in the industry.

We also lead sustainability efforts for the American Foundry Society. This includes publishing 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.

In addition, Fairmount Santrol's support of the Foundry Educational Foundation (FEF) provides scholarships and funding for universities that prepare students for careers in the metal casting industry. We contribute to the FEF's general fund, award the annual William E. Conway scholarship, and have several Family Members who provide sustained financial support. We provide leadership for the organization's executive team and committees, and are involved on several university advisory boards. Furthermore, we offer internship experiences for students at Fairmount Santrol facilities.

SUPPLIER AND CUSTOMER ENGAGEMENT

We continuously inform our suppliers about Fairmount Santrol's sustainable development practices. We ask all new suppliers to complete our supplier survey, which includes questions on compliance, environmental stewardship, safety, wellness, community engagement, reporting, and civil rights. Through our [SD blog](#), annual Corporate Responsibility report, and other channels, we educate our suppliers on our sustainable development practices and goals and look for partnership opportunities to help us improve our performance.

In turn, we share best practices with our customers to increase responsible behaviors and raise industry standards. Our intent is to help customers reduce impacts, manage risks, and increase transparency through partnerships, innovation, and increased communication. For example, we publish an [oil and gas industry blog](#) where we share perspectives on how our products can enable strong business and sustainability performance. Additionally, we have authored several articles in publications such as the [Oil and Gas Financial Journal](#) and [E&P Magazine](#) about technology innovation and new proppant solutions. In 2017, we hired several technical sales managers to help customers understand how to use our products. These managers provide on-the-ground support, addressing topics such as dust exposure mitigation and better well productivity.

On an annual basis, we take advantage of a digital email survey campaign through which customers can provide direct feedback to Fairmount Santrol. In 2017, we added several new questions to our customer survey to solicit more specific feedback about our products and opportunities for improvement. We also partner with customers on community, sustainability, and technology-driven projects.

ADDITIONAL STAKEHOLDER ENGAGEMENT

Fairmount Santrol regularly engages with a number of other stakeholder groups, such as technology, logistics, education, and government partners.

With our technology partners, we develop as well as acquire and license intellectual property to improve the sustainability of product solutions. For example, our Propel SSP[®] technology platform continues to evolve through collaborative development of cost effective pathways to increase water reuse in the oilfield. With our logistics partners, such as rail, truck, and barge, we develop new transportation solutions that help advance the circular economy.

Our higher education partners work with us to develop our talent pipeline, as well as conduct industry research and product and process testing. Fairmount Santrol works with the government at all levels to educate them on issues within the mining industry, partner on studies, share best practices, and help develop industry standards. Partnering with our communities is critical to Fairmount Santrol because we recognize that we impact their livelihood and well-being. We make a concerted effort to volunteer in the community and bring residents on site for tours and educational programming. For more information see the [Community Impact and Partner of Choice](#) and [Community Investment](#) sections.

Stakeholder engagement is a collaborative effort. By sharing our best practices, we also gain ideas for enhancing sustainable development. Our stakeholder engagement fosters strong relationships that ensure we can operate in an informed, sustainable, and profitable manner.

VISION 2020 GOAL

Influence suppliers: 75% percent of our spend will be with suppliers who advance in SD, as measured by survey responses and/or GRI/UNGC reporting



PEOPLE

Stakeholder Partnerships, Education, and Influence

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TRANSPARENCY

In 2017, Fairmount Santrol continued its commitment to maintaining transparent stakeholder relationships. Our Sand & Proppant Innovation [blog](#) gained traction and helped us engage with stakeholders by sharing our perspectives on product innovations and efficiencies within the oil and gas markets, and our sustainable development [blog](#) demonstrated our commitment to *Do Good. Do Well. Always.*

Fairmount Santrol also increased the amount of science-based information on our corporate website, such as technical articles, white papers, product application sheets, and videos. We want to better educate customers and general stakeholders about our products and processes.

Furthermore, we provided tours and educational presentations for many of our stakeholders. In 2017, these included:

- Colleges and universities in the Northeast Ohio area
- Community groups such as the United Way, Habitat for Humanity, and the YMCA
- Educational groups at our Wedron, Illinois, facility
- Membership organizations such as the Rotary and Kiwanis Clubs
- The Young African Leaders Institute at the University of Wisconsin-Stout
- University and community groups at our Menomonie, Wisconsin, location

INDUSTRY ASSOCIATIONS

We continued our support in 2017 of regional and national industry associations. For example, we contributed to Wisconsin Industrial Sand Association initiatives such as strategic analyses for the sand mining industry, upholding regulatory standards, making permitting changes, and supporting response materials for regulatory efforts. We continued to sponsor the annual teacher education workshop hosted by the Illinois Association of Aggregate Producers.

In 2017, we contributed \$20,000 to the Foundry Educational Foundation that was allocated to the general fund, a College Industry Conference partnership, and a contribution to the William E. Conway scholarship. We were pleased to award a \$2,000 scholarship to a student attending the University of Alabama-Birmingham.



Gerald L. Clancey, EVP, Chief Commercial Officer, hands out the William Conway scholarship to David Gilmore (University of Alabama-Birmingham)



Kelley Kerns, Senior Director, Resin Coating, presents a Foundry Educational Foundation Scholarship to Genevieve Gural (Virginia Tech)

EDUCATION

Some of our Family Members volunteer through Junior Achievement to teach elementary school students about how mining is applied in everyday use. In Menomonie, Wisconsin, we teach eighth grade earth science classes about geology and basic mining practices such as drilling and blasting. At the college level, we teach oil and gas education for petroleum engineering classes. Fairmount Santrol also hosts job fairs for mining industry careers for middle and high school students. Further, we conduct outreach to many schools in our northern region about bat education and conservation, given the large cave-dwelling bat population in this area and threat of endangerment and extinction.



HIGHLIGHT STORY

> *Supporting United Way of Geauga County*

Fairmount Santrol has been a dedicated partner to United Way of Geauga County, an Ohio-based community in which we operate, for several years. "Fairmount Santrol is our cornerstone partner. They are the most influential and critical investor in the health and human service needs in our community," said Executive Director Kimm Leininger. "Not only do they contribute financially, they are the driver that helps us think differently about the work we do." Over the past two years, Fairmount Santrol funded the purchase of personal care items such as toothpaste, shampoo, and shaving

cream to build personal hygiene kits for low income students. Fairmount Santrol ensures that the schools in Geauga County have hygiene and school supplies stocked so students can come back anytime to replenish what they need. Fairmount Santrol also provides in-kind donations and Family Members volunteer their time when there is a need.

Due to Fairmount Santrol's annual monetary contributions, the United Way of Geauga County developed the Bridges 2 Work program that helps under- and unemployed individuals build a pathway to an ongoing career. This program is being recognized by United Way Worldwide in 2018 as a model program for other United Way branches across the globe to adopt. Leininger added, "Fairmount Santrol has been a consistent partner to United Way, which allows us to be more innovative in our services to the community. They are a good neighbor and with their support, we are able to take risks because we know they always have our back."

VISION 2020 GOAL

Influence suppliers: 75% percent of our spend will be with suppliers who advance in SD, as measured by survey responses and/or GRI/UNGC reporting

PROGRESS

Approximately 50% of our supplier spend is with suppliers who advance in SD—due in large part to our rail partners and their SD practices.



PLANET

2017 CORPORATE RESPONSIBILITY REPORT

Fairmount Santrol's products and services contribute to the United States' energy independence as well as the use of natural gas, a cleaner fuel.

Foundries use our sand to make products such as fiberglass, which increases the energy efficiency of buildings and homes. While these product uses are noble, it is critical that we take full responsibility for producing our sand products with minimal environmental impacts.

Through upcycles and downcycles, we remain good stewards of air, water, and land. We proactively work to maintain clean air, minimize our energy, fresh water, and land use, and reduce our waste. Our transportation strategies and investments incorporate advancements in energy efficiency. These are just some of the ways in which we *Do Good. Do Well. Always.* To learn more about our environmental practices, we encourage you to read through the various Planet sections.

- [Transportation Logistics, Efficiency, Emissions](#)
- [Water Use in Our Operations and Customer Operations](#)
- [Land Management, Remediation, Biodiversity](#)
- [Climate Strategy, Energy, Emissions](#)
- [Waste](#)



99%

We increased our railcar utilization to 99%, saving more than \$2.5 million



PLANET

Transportation Logistics, Efficiency, Emissions

2017 CORPORATE RESPONSIBILITY REPORT

OUR APPROACH

ANNUAL PERFORMANCE

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Fairmount Santrol continually invests in providing best-in-class transportation and distribution. Our goal is to tailor shipments to meet our customers' needs while moving full capacity loads as efficiently as possible. By managing and improving our logistics efficiency, we strengthen customer relationships, minimize costs, and reduce climate-related impacts from fuel consumption and emissions.

INDUSTRY-LEADING DISTRIBUTION NETWORK

We have the industry's most fully integrated logistics network. Our network of more than 40 active proppant distribution terminals enables us to directly deliver sand to all North American major oil and gas producing basins. This competitive position improves our efficiency and ability to meet customer demands.

UNIT TRAINS

Year over year we expand our unit train capabilities. Unit trains ship nonstop from origin to destination, bypassing railroad switch yards and gaining priority on the rails. They save fuel, time, and cost of delivering product to our customers. Whenever possible, Fairmount Santrol prioritizes this transportation method over single railcar and truck shipments. We maximize the use of unit trains better than anyone else in our industry, with more than 70 percent of our shipments via unit trains in recent years.

MAXIMIZING RAILCAR LOADING

Railcars have a weight limit. When we load railcars to the maximum possible capacity, we reduce the number of railcars and shipments needed to transport our product. This reduces both transportation costs and carbon emissions. Our Sustainable Mobility SD Team identifies methods to load railcars to maximum capacity, improving year over year. As we reach the point of maximum loading efficiency, we seek to maintain this level.

TRANSPORTATION PLANNING AND IMPACTS

Our third-generation optimization model simulates planning scenarios and provides a comparison analysis of supply plans. This tool aids in both short-term, tactical planning and long-term, strategic planning, allowing us to build a transportation vision over the next five years.

MONITORING PERFORMANCE

On a weekly basis, we monitor our logistics performance using Key Performance Indicators (KPIs). These 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

VISION 2020 GOAL

100% of all oil & gas product shipped via rail will be shipped as unit trains where possible

Maintain the largest distribution network for industrial sand in North America

Maintain effective utilization of active plants above 85%



PLANET

Transportation Logistics, Efficiency, Emissions

2017 CORPORATE RESPONSIBILITY REPORT

As the oil and gas market continued to recover in 2017, Fairmount Santrol continued to strengthen our transportation capabilities. We positioned ourselves to serve customer demands for increased product volumes while preserving our commitment to reduce our emissions footprint and reinforce our mission to *Do Good. Do Well. Always.*

MAXIMIZING RAILCAR LOADING

Utilizing maximum loading techniques, Fairmount Santrol increased our railcar utilization rate and generated a significant annual savings in freight cost avoidance. In late 2016, Fairmount Santrol made upgrades to our loading equipment at Wedron, Illinois. In 2017 we were able to employ this new equipment to increase railcar utilization to 99 percent, yielding a savings of more than \$2.5 million. We aim to fill railcars to max capacity without overloading, which can incur slowdowns and fines, and we will continue to optimize railcar utilization in 2018.

LOGISTICS OPTIMIZATION

More than half of our sand currently ships from Wedron, Illinois, streamlining our decision-making process for matching supply to origin. However, these decisions will become more complex as markets recover; as we restart idled mines, open new mines; and, as Fairmount Santrol and Unimin Corporation integrate. To manage this, we will scale the use of our supply chain planning optimization tool. This software evaluates factors such as supply location, cost, and final destination to identify the best method for producing and delivering our product.



Teamwork Reduces Truck Loadout Cycle Time at Voca, Texas

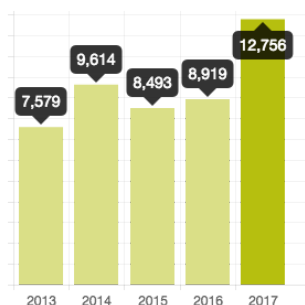
In 2017, the Sustainable Mobility SD Team completed a detailed audit of the truck loading process at Voca, Texas, and identified more than a dozen opportunities to improve truck loadout cycle times. Family Members met bi-weekly to assess and implement the recommendations, which required collaboration between Operations, Information Technology, and Sales. A key breakthrough came after demonstrating exceptional product quality to our customers, which allowed us to eliminate unnecessary sampling during loadout. The combined effort reduced average cycle times

by more than 11 minutes, a 25 percent improvement, which helped Voca ship a record number of tons and created best practices to share with other Fairmount Santrol facilities.

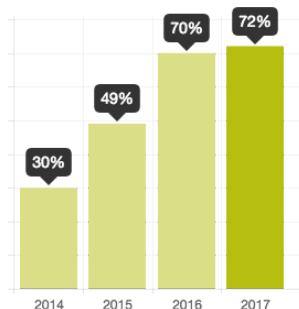
IMPROVING UNIT TRAIN CAPABILITIES

Unit trains continue to provide a competitive advantage, moving product nonstop from origin to destination, reducing our cost and environmental impact. Fairmount Santrol has 10 terminals with unit train capabilities. We shipped more than 70 percent of our Northern White Sand via unit train, saving us more than \$35 million in freight shipping costs in 2017, and reducing fuel consumptions and GHG emissions.

FMSA Volume Sold (Thousands of tons)

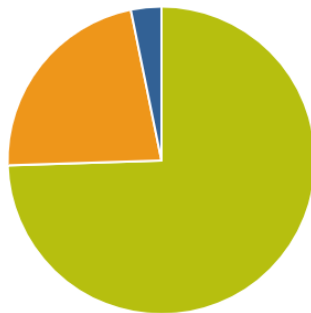


Percent of Shipments Via Unit Trains



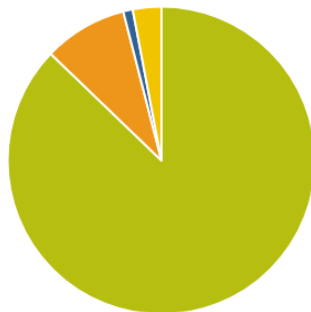
Modes of Transport (NORTHERN WHITE SAND)

2014



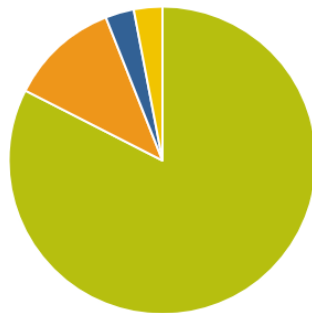
Rail	74.4%
Truck	22.3%
Barge	3.2%
Conveyor	0.0%

2016



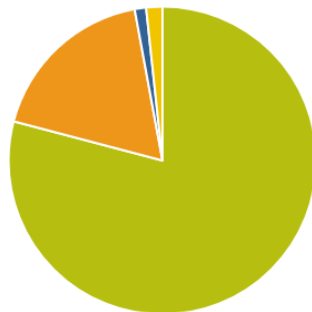
Rail	87.3%
Truck	8.9%
Conveyor	3.0%
Barge	1.0%

2015



Rail	82.5%
Truck	11.5%
Barge	3.0%
Conveyor	3.0%

2017



Rail	79.1%
Truck	18.0%
Conveyor	1.7%
Barge	1.2%

PLANNING FOR 2018 AND BEYOND

Throughout market changes, Fairmount Santrol has evaluated our transportation network and destination terminals needed to best serve our customers. In coming years, we will continue to increase railcar utilization, leverage unit train shipments, and focus on Truck Loadout Optimization (TLO)—increasing loadout and delivery efficiency. When it becomes economically viable, we will also consider incorporating liquefied or compressed natural gas into our truck vendor fleet.

VISION 2020 GOAL

100% of all oil & gas product shipped via rail will be shipped as unit trains where possible

Maintain the largest distribution network for industrial sand in North America

Maintain effective utilization of active plants above 85%

PROGRESS

In 2017, we shipped 79% of oil & gas product via rail.

Our distribution network and utilization goals were set in 2017, and we plan to report progress on these goals in the future.



PLANET

Water Use in Our Operations and Customer Operations

2017 CORPORATE RESPONSIBILITY REPORT

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Fairmount Santrol understands the importance of conserving clean water today and into the future. We are committed to transparency and open dialogue with community members to alleviate water-related concerns. Managing our water use and discharge enables us to maximize efficiency while protecting our communities and building positive stakeholder relationships.

WATER MANAGEMENT AND COMPLIANCE

We are dedicated to meeting water standards established by state and local regulatory agencies and based on the federal Clean Water Act. These include regular water testing and results reporting, storm water pollution prevention plans, and compliance with permit requirements. For example, where applicable, we conduct on-site evaluations and file reports as frequently as monthly to certify that the information we report is correct. We are third-party audited by each state's environmental regulatory program at a frequency dictated by such agency. Additionally, we consider potential water use when designing new facilities to ensure we are using water responsibly, implementing recycling of water, and reusing water when possible.

WATER RECYCLING

Fairmount Santrol uses water in our operations for extracting, washing, processing, and dust control. We track daily well water use at all facilities where it is required and when possible, we implement methods to recycle water. In fact, we estimate that we recycle more than 90 percent of the water used in our operations.

One method we use to recycle water is 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. When possible, we supplement any recycled water lost during operations with natural surface and groundwater resources.

Fairmount Santrol washes silts and clays from our sand to make high-quality, finished products. The resulting water can be cloudy—measured in “turbidity.” We clarify this water for reuse through a settling process that separates out the solids and decreases turbidity.

WATER DISCHARGE

Fairmount Santrol retains water on our properties for recycling needs. At times, we must discharge this water into local surface and groundwater resources. When doing so, we conduct internal and third-party testing to ensure our practices comply with regulatory limits. We also obtain all appropriate permits for water discharge to maintain ecosystem health.

STORM WATER MANAGEMENT

In addition to using Curlex[®] blocks as a best practice for the management of stormwater runoff, we also use silt fences, coconut fiber rolls, and straw bale barriers. We determine which method to use based on availability, effectiveness, and cost.

CUSTOMERS' WATER MANAGEMENT

Customers looking for proppant solutions can turn to our Propel SSP[®] Proppant Transport Technology which takes proppant higher and farther into fractures to produce more oil and gas while using less water, fewer additives, and providing other operational advantages to our customers. An increasing number of operators are designing jobs using produced water. Given this trend, Fairmount Santrol developed and launched Propel SSP[®] 350 which can be used effectively in produced water. Fairmount Santrol will continue to look for ways to help our customers operate responsibly.

VISION 2020 GOAL

Establish baselines and improve water efficiency (fresh water use) in water stressed regions per ton produced by 10%



PLANET

Water Use in Our Operations and Customer Operations

2017 CORPORATE RESPONSIBILITY REPORT

Fairmount Santrol is committed to continually monitoring our water consumption and impacts on local water quality. We estimate that we recycle approximately 90 percent of the water used in our operations, and we regularly share best practices across our facilities to conserve water. As we moved into West Texas in 2017, we carefully considered groundwater access and use. Since the availability of groundwater in this area is limited, responsible water management will be crucial once the plant is operational. We are committed to *Do Good. Do Well. Always.*

CLEAN WATER TESTING

In 2017 our Clean Water SD Team turned their sights toward ensuring that Fairmount Santrol employees had access to clean drinking water at each of our facilities. They conducted water testing at 50 facilities and discovered there were opportunities for improvements through updated infrastructure, relying on bottled water until the solutions are completed. Further water testing and solution implementation will continue throughout 2018, working with the Environmental and Safety departments.



HIGHLIGHT STORY

> *Fairmount Santrol Launches Propel SSP[®] 350, Adding Flexibility in Water Sourcing*

In January 2017, Fairmount Santrol launched an extension to its Propel SSP[®] proppant transport technology (which increases hydraulic fracturing efficiency) for places where operators face high produced water disposal costs and constraints on freshwater availability.

This product line extension leverages the field-proven characteristics of Propel SSP[®] technology into the realm of high salinity water sources. In addition to enabling delivery of any mesh size proppant – regardless of pump rate or proppant concentration – to the most complex of fracture networks, Propel SSP[®] 350 now adds flexibility in water sourcing. Propel SSP[®] 350 can use the most operationally convenient water sources to minimize cost and simplify completions. This industry-leading technology provides operators the benefit and versatility of improving proppant transport while removing the need for excess chemicals and water, energized fluids, and specialized equipment.

VISION 2020 GOAL

Establish baselines and improve water efficiency (fresh water use) in water stressed regions per ton produced by 10%

PROGRESS

We plan to establish baselines in 2018, where possible.



PLANET

Land Management, Remediation, Biodiversity

2017 CORPORATE RESPONSIBILITY REPORT

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

OPERATING RESPONSIBLY

Fairmount Santrol obtains all required permits to operate our mines. During the approval process, we work with state and local regulatory agencies to develop land management and reclamation plans. These include site maps, managing overburden removal and mineral deposits, reclamation procedures, on-site audits, and financial assurance for the completion of site reclamation.

Fairmount Santrol is unique with respect to industrial sand mining and processing companies; approximately 40 percent of our available reserves that are active or in development are underground. As opposed to surface mining, underground mining only requires small areas of surface disturbance to install and maintain access points and ventilation shafts to the mine. In fact, less than 1/100th of one percent of Fairmount Santrol's underground mines have surface disturbance associated with our activities. Furthermore, we plan to operate underground at over 40 percent of acreage designated for future new mine development. This helps preserve wildlife habitat and biodiversity.

To protect agricultural and forested land affected by our surface mining operations, Fairmount Santrol develops and implements reclamation plans. When possible, we collaborate with stakeholders to restore land, wildlife habit, and viable pastures at these locations. In some cases, we have reclaimed areas previously dominated by row crops to mixed shrubbery, trees, and grasslands. At other sites, we have restored land for agricultural purposes such as row crops and pastures.

Some of our reclamation efforts produce graded areas that allow seasonal precipitation to pool, supporting plants and wildlife accustomed to standing water and/or wet soil conditions. At locations where there is insufficient overburden to backfill mined areas, our reclamation plans allow for quarries to partially fill with water, which we stock with fish to support local wildlife.

Fairmount Santrol does 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 an area. Additionally, our [Sustainable Supplier Code of Conduct](#) outlines our expectation that suppliers share our commitment to protecting human rights, using resources responsibly, and restoring land after mining operations.

PROTECTING BIODIVERSITY

Wildlife in our local communities include bats, bees, birds, butterflies, fish, reptiles, other insects and mammals, and native plants. Fairmount Santrol actively works to protect habitat areas through education, partnerships, and funding. We partner with organizations such as the Wildlife Habitat Council (WHC) and the Wisconsin Bat Program to protect species diversity near our facilities. Through the WHC, we educate the community on topics such as the importance of pollinators, particularly bees, to our ecosystem. Our Family Members work with school groups to plant pollinator gardens and construct bee habitats in the communities where we operate.

Our two Wisconsin underground mines have traditionally supported the second and third largest populations of hibernating cave bats in Wisconsin, which includes a federally-listed threatened species, the Northern Long-Eared Bat. We support and work with researchers from the United States Fish and Wildlife Service (USFWS) and the Wisconsin Department of Natural Resources (WDNR) to monitor bat activity, research bat life cycles, and study white nose syndrome (WNS) in and around portions of our underground mines. WNS is a fungal disease, which has decimated large populations of bats in the eastern half of the United States.

We proudly support efforts to protect bat populations and have worked closely with the USFWS and WDNR to slow the spread of WNS in our area. We also encourage others—competitors, contractors, visitors—to employ decontamination procedures before entering caves and underground mines. In 2017, we received the Caves and Subterranean Habitats Award and Species of Concern Project Award from the WHC.

Operations at our newest mine in Kermit, Texas, will impact potential habitat of the Dunes Sagebrush Lizard, which the International Union for Conservation of Nature (IUCN) identifies as a vulnerable species. We conducted a site survey to inform our mine plan with the goal of minimizing our short-term impacts as we begin operations in 2018. We are looking to support qualified scientific research of this species over the next few years. The increased understanding of this species resulting from the research will be used by Fairmount Santrol to make prudent future investments related to the future conservation of this species.

ENVIRONMENTAL CERTIFICATION

Fairmount Santrol goes beyond compliance for land management standards by participating in national and state environmental certification programs. One such program, the WDNR's 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 three of our Wisconsin mining facilities have attained this recognition. The Maiden Rock facility also renewed their Conservation Certification with the WHC in 2017.

VISION 2020 GOAL

All current and former sand production facilities will be Wildlife Habitat Council certified



PLANET

Land Management, Remediation, Biodiversity

2017 CORPORATE RESPONSIBILITY REPORT

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ANNUAL PERFORMANCE

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We have a strong commitment to responsible land management and the protection of biodiversity. This year, we achieved or maintained certification for land management, remediation, and biodiversity practices at the following sites:

Wildlife Habitat Council "Conservation Certification"

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

*Idled/closed in 2016; currently functioning as a terminal

Wisconsin Department of Natural Resources Green Tier Certification

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



HIGHLIGHT STORY

> *Collaborating with the Wildlife Habitat Council in the Central Region*

During Earth Week in April, Fairmount Santrol hosted groups of second- and fourth-graders to learn about the value of pollinators and wetlands. This special project included presentations by the LaSalle County Beekeeping Association, LaSalle County Soil and Water Conservation District, and the University of Illinois. Throughout 2017, our Family Members maintained pollinator gardens, bird houses, and wood duck houses at our office in Wedron, Illinois, and in the local community. Our facility also hosts a beehive serviced by a local beekeeper—producing its first batch of honey in the fall of 2017.



HIGHLIGHT STORY

> *Preserving Paleo-History at Wedron Silica*

In 2009, Family Members discovered portions of six individual Woolly Mammoth tusks while performing stripping activities in one of the pits. Although none of the tusks recovered were complete, the most intact specimen was approximately 80 percent of a whole tusk and in excellent condition. The first discovery was made approximately 50 feet below ground surface in a lake bed deposit. The second discovery was made within 50 feet of the first, however this discovery was uncovered 12 to 15 feet deeper than the first discovery in an alluvial sand deposit. These differentiated sediments represent a time span of approximately 6,000 years, based on previous carbon dating of the known stratigraphic units, with the first Woolly Mammoth tusk at an estimated 20,000 years old and the second and third tusks estimated at 26,000+ years old. Two of the tusk fragments were stabilized, preserved, and utilized to produce composite replicas displayed at both Wedron Silica and our corporate office in Chesterland. The larger second and third tusk discoveries were donated to the Illinois State Natural History Museum in Springfield, Illinois, where they join two additional fragments donated by Wedron Silica in 1953 and incorporated into one of the richest collections of Pleistocene fossils in North America. This is just another way Fairmount Santrol is committed to preservation in the communities where we operate.

LAND RESTORATION

FACILITY	TOTAL ACREAGE	TOTAL UNDISTURBED	TOTAL DISTURBED	PERMANENTLY RESTORED	PERCENT DISTURBED
Bay City, WI*	1,493	1,492	1	0	<1%
Beaver, OH	307	263	44	0	14%
Brewer, MO	353	261	57	35	16%
Chardon, OH	591	291	220	80	37%
Diamond Bluff, WI***	2,684	2,684	0	0	0%
Grand Haven, MI*	143	91	27	25	19%
Harietta, MI*	341	43	171	127	50%
Katemy, TX	848	848	0	0	0%
Maiden Rock, WI	1,940	1,916	8	17	<1%
Menomonie, WI	368	228	131	11	36%
Shakopee, MN	208	120	87	1	42%
Voca, TX	1,962	1,535	427	0	22%
Kermit, TX**	—	—	—	—	—
Wedron, IL	2,230	1,510	555	165	25%
Total	16,718	14,238	2,020	461	12%

*Facilities closed or idled throughout 2017

**Facilities still under development (not fully operational)

***Developmental

We restarted our Brewer, Missouri, and Maiden Rock, Wisconsin, mines in the first quarter and our Shakopee, Minnesota, mine in the second quarter, to serve the increased demand in the proppant market. Also, in early 2017, we re-opened our Cutler, Illinois, coating facility to serve regional coating sand needs and increased demand.

Across regions we plant trees, pollinator and vegetable gardens, build bird, duck, and bat houses, and more. Regardless of our activity level due to market conditions, Fairmount Santrol continues to operate responsibly. We monitor idled facilities, maintain permit compliance, and continue to foster positive relationships within all communities where we have active or idled facilities.

VISION 2020 GOAL

All current and former sand production facilities will be Wildlife Habitat Council certified

PROGRESS

Currently, four of nine sand production facilities in operation (Chardon, Maiden Rock, Menomonie, and Wedron) are Wildlife Habitat Council certified.



PLANET

Climate Strategy, Energy, Emissions

2017 CORPORATE RESPONSIBILITY REPORT

OUR APPROACH

ANNUAL PERFORMANCE

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Mining is an energy-intensive business—electricity and natural gas account for nearly 30 percent of the cost to produce a ton of sand. Reducing energy and emissions and managing air quality around our facilities is important to help combat climate change and ensure the communities where we operate are safe and healthy. Therefore, Fairmount Santrol makes it a priority to manage energy consumption, emissions, and air quality as we seek to *Do Good. Do Well. Always.*

MANAGING OUR ENERGY FOOTPRINT

We consistently look for ways to decrease energy use in our operations. For example, drying sand and heating sand for resin coating are our two most energy-intensive procedures. We optimize energy usage throughout these processes by reusing heat, idling machinery, and reducing temperature set points on dryers through control mechanisms. We upgraded our process for drying sand to decrease the moisture content of the sand before it enters the dryer, which saves energy and reduces greenhouse gas (GHG) emissions. We have converted or are converting several facilities to operate on natural gas. We shifted to hydraulic mining at one of our facilities as a more efficient way of mining that yields better product and higher return on investment, at the same time reducing GHG emissions.

Fairmount Santrol shares responsibilities for managing energy use among our teams. Our Plant Managers track energy use at each of our facilities, and our Quest for Eco-Efficiency SD Team and engineering group conduct periodic audits to identify future improvement projects. Company-wide, our engineers install energy reduction technologies through facility design. These include temperature controls, LED lighting, and motion sensors for lighting.

ENCOURAGING ENERGY-EFFICIENT PRACTICES

Our business benefits when Family Members incorporate sustainable habits into their daily routines. Fairmount Santrol encourages our team to conserve energy at work and at home through education and energy efficiency idea generation contests. We have a company-wide policy that limits unnecessary travel and asks Family Members to choose teleconferencing when possible.

RENEWABLE ENERGY

Fairmount Santrol has a goal to source at least five percent of our energy from renewable sources by 2020. Most of our utility partners have programs in place which provide a percentage of the mix of power we are already using from renewable sources. In most cases, this requirement is five percent or more, which means our goal is already accomplished. We plan to explore opportunities to increase our use of renewable energy sources in early 2018 through power purchase agreements. Fairmount Santrol currently has two solar energy installations, one in Chardon, Ohio, and the other in Menomonie, Wisconsin. Over the years, these investments have contributed to our SD Pays. Our Menomonie array has saved more than 526,780 lbs. of CO₂ and \$32,100 across its lifetime, and our Chardon array has saved more than 158,000 lbs. of CO₂ and \$12,500.

GREENHOUSE GAS (GHG) EMISSIONS

Fairmount Santrol is committed 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 assume an 80 percent survivability rate across 50 years and 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 the remaining trees via third parties.

EMISSION CONTROLS

Fairmount Santrol manages potential fugitive silica sand dust emissions through several control mechanisms. Some facilities with exterior sand stockpiles use water or special additives to address fugitive emissions. We use an automated technology at our Menomonie, Wisconsin, facility that monitors wind speed and activates sprinklers and water cannons when needed. Additionally, a few of our locations use filter belts to eliminate the need for stock piles, transporting sand directly to our dryers.

Further, water scrubbers and dust collectors reduce point source particulate emissions. Water trucks, water sprays and vacuum sweepers manage potential fugitive dust emissions on roadways. Following our engineering standards, at some mines, we periodically empty the dust collectors into our plant return water. This enables us to pump the particles directly to our waste disposal location for processing, reducing the risk of fugitive emissions during transport. At our underground mines, we place the dust collection material into bags that can be used to build air walls.

Our engineering and operations departments collaborate to evaluate control technologies for regulated air pollutants. For example, our sand coating operations generate volatile organic compounds (VOCs), which we control at nearly all locations using high temperature oxidation or other controls.

During the permitting process for new plants or expansion of existing facilities, we assess our potential to emit regulated air pollutants. We design and install appropriate equipment for emissions that require control. Once in operation, we monitor equipment and when necessary, submit data for permit compliance.

VISION 2020 GOAL – ENERGY USE

Install or contract a renewable or cleaner alternative source of electrical power, and/or secure a power purchase agreement (PPA) to supply at least 5% of all electrical power used company-wide

VISION 2020 GOAL – EMISSIONS

Reduce GHGs/ton of product produced by 10% (2016 baseline)



PLANET

Climate Strategy, Energy, Emissions

2017 CORPORATE RESPONSIBILITY REPORT

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103-3, 302-1, 302-3, 305-1, 305-2, 305-4

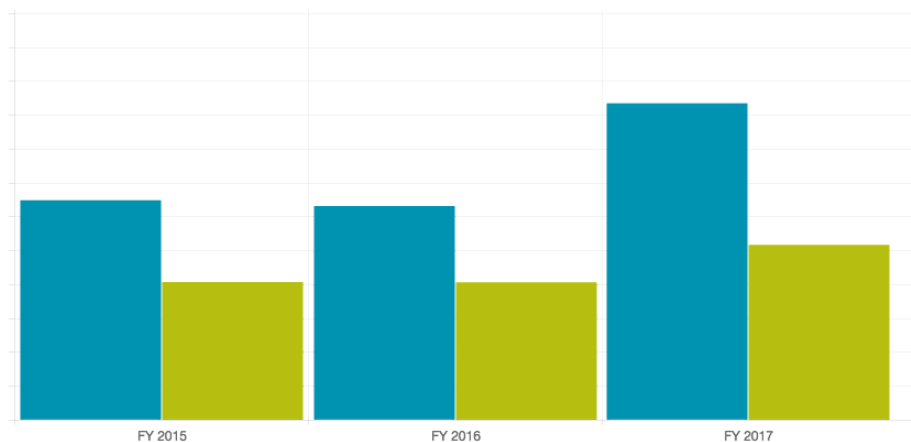
Fairmount Santrol remains committed to our goal to eliminate 0.5 percent of our previous year's GHG emissions as well of sequester 100 percent of our previous year's GHG emissions. As you can see below, in 2017, our energy consumption increased by 43 percent compared to 2016. Our energy intensity—the energy we use per ton produced—stayed the same in 2017.

The data shown below represents our manufacturing facilities, not our terminal or administrative sites. We focus on energy consumption from our manufacturing facilities because it represents the vast majority of our use. In future reporting, with the help of a new data management program, we plan to include all Fairmount Santrol facility energy use.

Scope 1 and 2 Emissions

(Thousands of Metric Tons of CO₂ Equivalents)

Scope 1: Direct GHG emissions from owned or controlled sources. Scope 2: Indirect GHG emissions from the generation of purchased electricity, heating, cooling, or steam.



FY 2015

Direct Sources

162.0

Indirect Sources

101.5

Total

263.6

FY 2016

Direct Sources

157.7

Indirect Sources

101.3

Total

259.0

FY 2017

Direct Sources

233.5

Indirect Sources

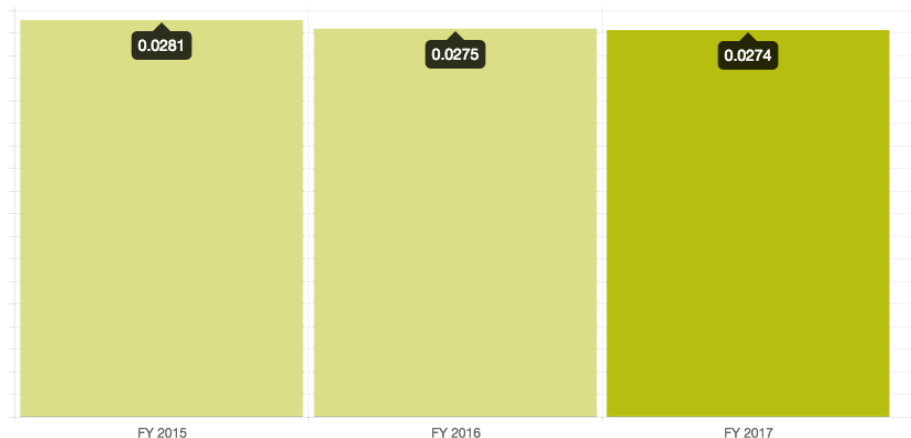
128.9

Total

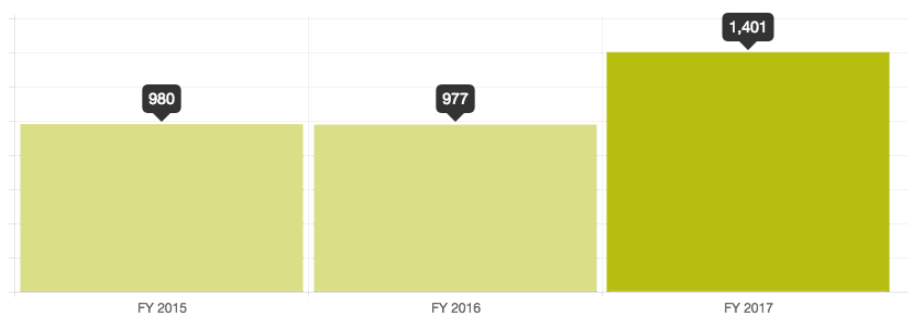
362.4

Scope 1 and 2 GHG Emissions Intensity

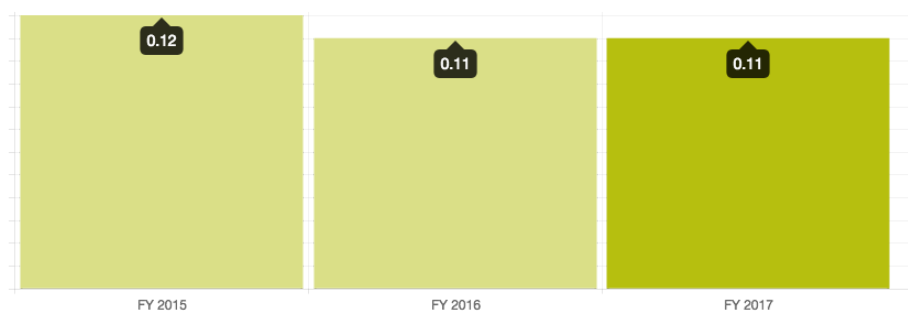
(Metric Tons/Tons Produced)



Energy Consumption (GWh)



Energy Intensity (Energy Use in MWh/Tons Produced)



Fuel Use by Type

FUEL TYPE	FY 2015	FY 2016	FY 2017
Electricity (GWh)	157	166	208
Coal/Lignite	0	0	0
Natural Gas (10 ³ cu.m.)	61,827	65,110	93,062
Oil/Diesel (10 ³ cu.m.)	5.7	3.9	7.4

ENERGY EFFICIENCY IMPROVEMENTS AND EMISSIONS REDUCTIONS

We continued to focus on energy efficiency in 2017, while re-opening facilities. At our Voca facility, we shifted from propane to natural gas which resulted in a 14 percent reduction in greenhouse gas emissions generated from the dryers at that location. Our procurement department worked with plant management to select an option for fuel costs that gives us the flexibility to choose how much fuel we consume at Voca over the next five years. Overall, we have saved approximately \$1.5 million as a result of these changes.

In 2017, we implemented a process to recover sellable fine sand that was previously discarded as waste sand. This is enabling our mining processes to be more efficient, use less energy, and produce less waste, at the same time better meeting our customers' needs.

OFFSETTING GREENHOUSE GAS (GHG) EMISSIONS

To sequester 100 percent of our 2016 Scope 1 and 2 GHG emissions, Fairmount Santrol funded the planting of 99,406 trees. Each year we plant enough trees to account for survivability rates. Our Family Members planted approximately 10 percent of the 99,406 trees planted in 2017.

FUGITIVE EMISSIONS CONTROL IMPROVEMENTS

When we purchased our Voca, Texas, facility, we saw opportunities to improve dust control mechanisms. We continued to make these improvements in 2017. We replaced an old rotary dryer with a new unit which include an updated dust collector to upgrade the equipment. We continue to make upgrades to our dust collectors, scrubbers, and ducting systems. We purchased more sweepers for our Chardon mine location and did a significant amount of paving at our Lakeshore Sand location in Hamilton, Ontario, to further control fugitive dust. Fairmount Santrol continually evaluates opportunities to improve air quality. As a result of assessing dust control technologies at our Black Lab location in Serena, Illinois, in 2016, we purchased a new dust collector and hi-vac to help mitigate fugitive dust in 2017.



HIGHLIGHT STORY

> *Bright Ideas for Eco-Efficiency*

Our Quest for Eco-Efficiency Team held an energy efficiency contest that saw 23 new ideas submitted, several of which were implemented at facilities across our footprint. Many buildings are unoccupied during non-work hours, and even during work hours, which sparked the idea for a programmable thermostat program. We installed four units at three facilities in 2017. Another idea that was implemented was a compressed air audit program. So far, six plants were audited to identify leaks, tag them, and provide a list to maintenance departments and plant management to fix. Each

facility has saved approximately \$2,000 on energy costs as well as reduced greenhouse gas emissions. We have developed a compressor inventory request form to engage all facilities in this process in 2018.

Our Wedron Silica plant has many heated process buildings. Despite the high number of BTU's used in the winter, one of the buildings was still cold. Family Member John Andes discovered holes in the side of the building where pipes ran through, but they were much larger holes than necessary, allowing heat to escape. He also determined the building needed better insulation and some doors needed to be replaced. So far, the plant has replaced two doors, and ordered insulation and siding for the building. Improvements will continue into 2018.

VISION 2020 GOAL – ENERGY USE

Install or contract a renewable or cleaner alternative source of electrical power, and/or secure a power purchase agreement (PPA) to supply at least 5% of all electrical power used company-wide

PROGRESS

Most of our utility partners have programs in place which provide a percentage of the mix of power we are already using from renewable sources. In most cases, this requirement is five percent or more, which means our goal is already accomplished.

VISION 2020 GOAL – EMISSIONS

Reduce GHGs/ton of product produced by 10% (2016 baseline)

PROGRESS

Our GHG emissions per ton of product produced matched our 2016 baseline. This aligned with our short-term priority to increase total production by more than 40 percent without increasing our emissions intensity.



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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 the efforts of our Recover, Recycle, Reuse (3R) SD Team, facility managers, and SD Coordinators.

MANAGING OUR WASTE IMPACT

Fairmount Santrol is committed to decreasing waste throughout our production processes. Our primary by-product streams include off-spec sand, metal, wood, cardboard, and paper. To minimize packaging waste, we order bulk supplies and reuse and recycle packaging materials. We send off-spec sand from most of our manufacturing plants to either cement production facilities or to landfills to be used for daily cover. Wood waste is sent to local businesses for recycling into mulch.

Our first goal is to reduce, recycle, compost, and reuse our industrial by-products. We perform annual waste audits and equip many of our facilities and office spaces with recycling and composting bins to capture and convert as much waste as possible. In addition, we partner with waste-to-energy companies to manage non-compostable and non-recyclable waste. These services convert waste destined for landfill into fuel for steam-generated electricity.

Fairmount Santrol ships over 90 percent of our products via trucks, trains, or barges that require no packaging. We transport the remaining product using bulk packaging, some of which is recycled or reused. For example, we have a robust reusable closed loop packaging process for phenolic resin Flexible Intermediate Bulk Containers (bulk bags). After inspection, bags can be reused up to eight times.

WASTE EDUCATION IN COMMUNITIES

Fairmount Santrol's commitment to waste reduction extends to our Family Members and communities. We ask all locations to hold zero waste activities that promote waste reduction, recycling, and composting—both in our facilities and local communities. Our Family Members hold webinars, engage with our customers, and work with local businesses to share best practices for waste management.

Responsible resource 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.

VISION 2020 GOAL

All Fairmount Santrol facilities will be zero waste to landfill



PLANET

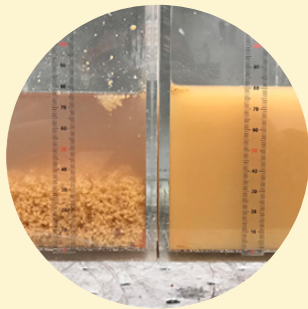
Waste

2017 CORPORATE RESPONSIBILITY REPORT

In 2015, Fairmount Santrol set a goal to bring 100 percent of our legacy facilities—those active in 2009 when we began tracking waste—to zero waste to landfill. As of December 2017, 29 of our 34 operating facilities met this target. Most notably, our largest facility in Wedron, Illinois, operated with zero waste for all of 2016 and 2017. This was achieved through the hard work of our Recover, Recycle, Reuse (3R) SD Team, SD Coordinators, and Family Members, yet another way in which we strive to *Do Good. Do Well. Always.*

WASTE REDUCTION PROGRESS

In 2017, Fairmount Santrol has calculated more than a 99 percent reduction in waste to landfill disposal when compared to 2009 baseline data. This reduction is attributed to efforts to reduce waste, reuse discarded materials, and recycle when we can. Significant reductions of discarded materials are also attributed to significant off-spec sand volumes sent for beneficial use as daily cover at landfills, as well as sand sent to cement plants for use as an input material. Additional reductions were realized by way of discarded materials being shipped off site for waste to energy purposes.



HIGHLIGHT STORY

> *Partnership Reduces Semi-Solid Waste from Resin Coating*

As part of our resin coating operations, we scrub sand to remove excess resin. This process can create a tar-like byproduct that is difficult and costly to dispose. Our Family Members partnered with an existing chemical supplier to create a solution that reduces the solid content in the waste stream. This improvement created cleaner water that we can more easily recycle and reduced our semi-solid waste disposal and transportation costs by more than 60 percent.

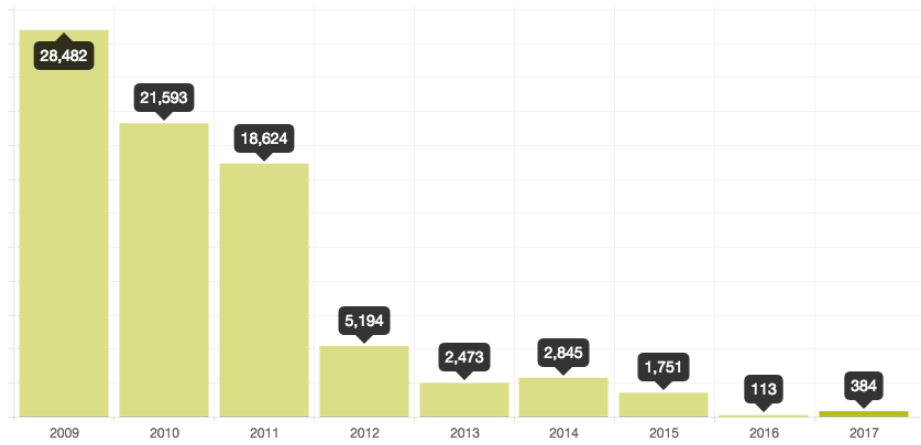


HIGHLIGHT STORY

> *Waste Audits*

In 2017, we conducted 30 waste audits or sorts across facilities, including our headquarters location in Chesterland, Ohio. In lieu of a meeting, our CEO, Jenniffer Deckard, invited a new Family Member to join her in digging through our trash. This specific waste sort revealed that more than 80% of items were properly placed in either recycling, composting or waste-to-energy bins. Our biggest opportunities now are in reducing the material sent to waste-to-energy.

Total Waste to Landfill (Cubic Yards)



VISION 2020 GOAL

All Fairmount Santrol facilities will be zero waste to landfill

PROGRESS

As of December 2017, 29 of our 34 operating facilities met this target.



PROSPERITY

2017 CORPORATE RESPONSIBILITY REPORT



Our innovative spirit, unwavering commitment to sustainable development, and cost consciousness leads us to continuously craft the industry's broadest product suite of cutting-edge, high-quality, safe, environmentally-friendly, and 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—our shareholders, Family Members, and communities.

We believe that following the triple bottom line, People, Planet, and Prosperity, is a key factor in driving our long-term success, making Fairmount Santrol the employer and partner of choice. You will see that theme weaved throughout the Prosperity section.

- [Product Supply and Demand Dynamics](#)
- [Capital Structure, Cost Control, ROI](#)
- [Business Growth and Diversification](#)
- [Product Quality](#)
- [Product and Process Innovation](#)
- [Compliance and Ethical Behavior](#)
- [Community Investment](#)



\$1.5m

In 2017, our foundation contributed \$1.5 million to the vitality of our communities



PROSPERITY

Product Supply and Demand Dynamics

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MANAGING THE CYCLES OF OUR CUSTOMERS' INDUSTRIES

The oil and gas market has historically experienced cycles in demand and supply. Over the last 30 years we have seen and managed through roughly five downturns. Prior to 2014, the most recent down cycle was in 2008 and 2009, when oil prices dropped by approximately 70 percent, peak to trough.

Oil prices recovered, then dropped again by nearly 70 percent in 2014 and 2015. Oil prices recovered during 2016 and 2017 but remain nearly 50 percent of the peak price in 2014. The Industrial and Recreational (I&R) business has historically shown more resilient and predictable growth due to a more diverse customer and product base.

Monitoring commodity pricing and demand enables us to adjust our strategy when markets fluctuate. We manage through market cycles with strategies that include:

- Implementing cost reduction initiatives
- Driving efficiencies throughout the business
- Aligning production to the most cost-effective footprint to meet demand
- Refining and optimizing our terminal network
- Increasing unit train capabilities
- Optimizing shared logistics across all business segments to deliver the best service and lowest cost for our oil and gas and I&R customers
- Leveraging our sales and operations planning process to preemptively match our capacity to customer demand
- Holding true to commitments with I&R customers, regardless of the oil and gas market conditions, with a focus on growing our I&R business
- Retaining appropriate expertise and management to manage market cycles
- Selectively investing to position our business for the future
- Investing in new products to continuously meet our customers' evolving needs regardless of market conditions

Combined with the strength of our Family Members, stakeholder relationships, and commitment to sustainable development, this approach differentiates us as a partner of choice in the oil and gas and I&R industries.

VISION 2020 GOAL

Diversify portfolio to allow optimization of plant assets: grow as a proppant supplier, and double I&R sales from a 2016 baseline of 2.5 million tons to 5 million tons while maintaining or reducing the current cost per ton



PROSPERITY

Product Supply and Demand Dynamics

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In 2017, Fairmount Santrol sold the highest frac sand volumes in our company's history. We expect to see continued growth in proppant demand due to a combination of rig count completions and greater proppant intensity per well in 2018. We expect the I&R markets to continue to grow at or near the pace of the GDP.

Proppant Solutions Volumes (millions of tons)

FY 2014	FY 2015	FY 2016	FY 2017
7.2	6.2	6.4	10.3

POSITIONING OURSELVES FOR GROWTH

There is always uncertainty in the oil and gas industry, but markets recovered steadily through 2016 and 2017—with increases in oil prices and rig counts. Fairmount Santrol reopened four of our idled facilities in 2017 to meet the increase for proppant demand. We will continue to invest in new technologies, such as reducing dust, and broaden the use of our Propel SSP® proppant transport technology, which increases production and reduces operating costs per well. In 2017, we continued to focus on growing not only our Proppant Solutions business, but also our Industrial and Recreational (I&R) business, which has stable demand and balances our business.

We will increase production of fine mesh sand, which continues to increase as a percentage of the oil and gas market demand. Fairmount Santrol has maintained our traditional sales method of selling to larger oil field services customers, who engage with E&P companies in more locations, complementing our large distribution network.

Within the I&R business, building materials are a product category with strong margins and we see opportunities for growth. We plan to further leverage our partnerships and licensing opportunities, such as growing additional retail channels for our Crayola® sand products. Additionally, we look to grow our value-added businesses such as foundry and custom blending.

In 2017, Fairmount Santrol signed a merger agreement with the Unimin Corporation, a wholly owned subsidiary of SCR-Sibelco NV, to create value through scale, diversity, and complementary assets. We expect this merger to close in mid-2018 following shareholder and regulatory approval. Given synergies in our culture, our unwavering commitment to *Do Good. Do Well. Always.* will continue.

VISION 2020 GOAL

Diversify portfolio to allow optimization of plant assets: grow as a proppant supplier, and double I&R sales from a 2016 baseline of 2.5 million tons to 5 million tons while maintaining or reducing the current cost per ton

PROGRESS

In 2017, our I&R sales volumes remained approximately flat at 2.5 million tons due to a strategic shift to value-added products and away from certain higher-volume, low-margin sales. The announced merger with Unimin Corporation would increase our combined I&R volume to over 14 million tons. Our Proppant Solutions volumes increased by approximately 3.9 million tons in 2017 vs. 2016, a 60% growth.



PROSPERITY

Capital Structure, Cost Control, ROI

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Through the downcycle of 2014, 2015, and 2016, we took several steps to survive the downcycle and be ready to take advantage of the upcycle. We employed a multi-faceted and multi-year strategic approach to improve our capital structure. Some of these steps included raising equity in 2016, refinancing our long-term debt in 2017, and continuing to prepay debt to improve our overall balance sheet.

During the downcycle, Fairmount Santrol took a disciplined and fiscally-prudent approach to managing costs, and we were able to quickly reopen idled facilities when the market took an upswing. By building on the strength of our logistics and terminal network during the downcycle, we provided greater returns in 2017. Investing in the Kermit, Texas facility is positioning us for growth in the Permian Basin.

Continuing to utilize unit trains is driving efficiencies—in time, resources, and cost. Key drivers of our growth and long-term stability include having a diverse mix of Proppant Solutions and Industrial and Recreational customers; a broad range of value-added products; an industry-leading distribution and logistics network; and, a positive reputation. Our merger with Unimin, announced in late 2017, will help to further solidify that position. Continuing to improve our capital structure and reduce our debt level provides greater financial strength and provides flexibility to invest throughout a cycle.

VISION 2020 GOAL

Reduce balance sheet leverage, while at the same time weighing capital allocation options carefully in a manner to best maximize shareholder value



PROSPERITY

Capital Structure, Cost Control, ROI

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Having a healthy balance sheet and access to capital enables us to make investments to restart idled mines, open new mines, and strategic acquisitions.

Net Debt to Adjusted EBITDA ratio

FY 2014	FY 2015	FY 2016	FY 2017
3.0	7.6	—	3.0

Our financial discipline and careful planning in 2015 and 2016 helped us *Do Good. Do Well. Always.* In 2017, we are proud to have:

- Reopened four facilities
- Hired 380 Family Members—several of which previously worked for Fairmount Santrol
- Started construction on a new facility in Kermit, Texas, which will allow us to better meet the diverse needs of our customers
- Operated 11 unit-train-capable terminals
- Increased our value-added proppant sales
- Continued investments in the next generation of Propel SSP®, which promises to attract more opportunities in the oil and gas market

These results demonstrate how investing in people, R&D, and product technologies create value and contribute to our strong 2017 performance.

The merger with Unimin in 2018 will help us significantly improve our capital structure and further positions us for growth by diversifying our product portfolio, expanding our footprint, and adding to our industry-leading distribution network. The merger will also help reduce the volatility of our earnings through the business cycle by improving the balance between our Proppant Solutions and Industrial and Recreational (I&R) business.

VISION 2020 GOAL

Reduce balance sheet leverage, while at the same time weighing capital allocation options carefully in a manner to best maximize shareholder value

PROGRESS

In 2017, we reported a Net Debt to EBITDA ratio of 3.0—a significant improvement compared to the prior two years. Compared to 2014, we paid down our Long-term Debt by 40%.



PROSPERITY

Business Growth and Diversification

2017 CORPORATE RESPONSIBILITY REPORT

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STRATEGIC INFRASTRUCTURE INVESTMENTS

Fairmount Santrol is constantly evaluating strategic investments in an effort to plan for the future. Even through the recent downcycle, our [ongoing investments in expanding our distribution structure and unit train capabilities](#) positions us closer to our customers, increases efficiencies, and reduces the cost of transportation—making us more attractive to our customers. Our newest location under construction in Kermit, Texas, will enable us to take advantage of growth in the Permian Basin.

GROWING OUR I&R BUSINESS

Due to a more diverse customer and product base and less exposure to the volatile energy sector, we expect resilient and predictable growth in our Industrial and Recreational (I&R) business compared to Proppant Solutions.

To offset the oil and gas market volatility, Fairmount Santrol set a goal to double our I&R business from 2.5 million tons in 2016 to 5 million tons by 2020—growing through diverse markets, geographies, and product offerings.

PRODUCT INNOVATION

Fairmount Santrol has one of the most diverse product portfolios in the industry. This is attractive to customers with diverse needs. For example, there is growing demand for resin-coated sand products, which Fairmount Santrol can fulfill with a product portfolio ranging from various-sized raw sand products, to resin-coated sand—Bioballs[®] for effective well stimulation—and our unique Propel SSP[®] proppant technology.

Innovation is also key to business growth—rather than just focusing on commodity products, we are continually working towards creating value-added products. There is an increasing demand for [high quality sand-based products with lower dust potential and environmentally friendly chemistries](#). We continue to advance technologies and commercialize new product offerings to meet customers' needs.

TALENT DEVELOPMENT

To grow and sustain our business, we need to hire top talent, continuously invest in our Family Members, advancing their knowledge, skills, and leadership capabilities, and build succession plans. Although this has always been a part of the Fairmount Santrol culture, great strides were made in 2017—in [hiring and promoting from within to strengthen leadership in key focus areas, building succession plans, and developing plans to strengthen our culture of learning](#).

VISION 2020 GOAL

Diversify portfolio to allow optimization of plant assets: grow as a proppant supplier, and double I&R sales from a 2016 baseline of 2.5 million tons to 5 million tons while maintaining or reducing the current cost per ton

Develop a robust learning and development platform to advance and retain Family Members

Achieve Family Member retention rate at or above 85%; create the opportunity for Family Members to achieve 100% participation in annual Survey and >80% positive score



PROSPERITY

Business Growth and Diversification

2017 CORPORATE RESPONSIBILITY REPORT

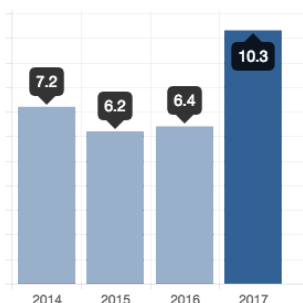
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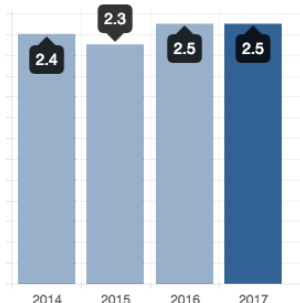
103.3

In 2017, Fairmount Santrol experienced significant growth in our Proppant Solutions business. Our Industrial and Recreational (I&R) volume dropped slightly due to a strategic shift to value-added products and away from certain higher-volume, low-margin sales. This shift helped increase our I&R revenue and gross profit by 5% and 15% respectively from 2016. We are pleased with this I&R growth, which diversifies and strengthens our business. Fairmount Santrol realized this growth through an upswing in the oil and gas market, a focus on diversification, our broad product portfolio of value-added products, and our leading logistics network and transportation strategies. In addition, we continued to invest for long-term growth.

Proppant Solutions Segment Volumes
(Millions of Tons)



Industrial & Recreational Products
Segment Volumes (Millions of Tons)



INVESTING IN THE PERMIAN BASIN

There is a trend in the industry towards in-basin sand production. This increases efficiencies and reduces costs. In 2017, Fairmount Santrol began building capacity in the Permian Basin, a market with high growth expectations, adding to our industry-leading distribution network.

GROWTH & DIVERSIFICATION THROUGH THE MERGER WITH UNIMIN CORPORATION

At the end of 2017 Fairmount Santrol announced our merger with Unimin Corporation, which we anticipate closing in mid-2018. This merger represents a uniquely diversified business across markets and geographies, supported by high-quality assets, complementary products, and industry-leading distribution networks. Together, Fairmount Santrol and Unimin will have significant cross-selling opportunities, complementary technological capabilities, and the opportunity for new product and application development based on a combined innovation and R&D platform. Overall, this merger will enable the Company to have a more diversified and balanced product portfolio.

VALUE-ADDED PRODUCT INNOVATION

An increasing number of oil and gas production companies are required to use produced water, rather than draw on fresh water sources. In early 2017, we advanced our proppant technology with the release of Propel SSP[®] 350, which delivers the same field-proven, high-yield performance in brackish, recycled, and produced water.

In 2017 Fairmount Santrol also launched Accel[™], with Prevent[®] technology, which reduces on-site dust and haze up to 90 percent compared with traditional polymeric sand. This latest Fairmount Santrol innovation enhances air quality with an engineered, environmentally-cleaner formula for worker safety in the building products industry. By 2020, Fairmount Santrol plans to commercialize at least two new products with environmentally-friendly chemistries—a key step on our path to *Do Good. Do Well. Always.*

VISION 2020 GOAL

Diversify portfolio to allow optimization of plant assets: grow as a proppant supplier, and double I&R sales from a 2016 baseline of 2.5 million tons to 5 million tons while maintaining or reducing the current cost per ton

Develop a robust learning and development platform to advance and retain Family Members

Achieve Family Member retention rate at or above 85%; create the opportunity for Family Members to achieve 100% participation in annual Survey and >80% positive score

PROGRESS

In 2017, our I&R sales volumes remained approximately flat at 2.5 million tons due to a strategic shift to value-added products and away from certain higher-volume, low-margin sales. The announced merger with Unimin Corporation would increase our combined I&R volume to over 14 million tons. Our Proppant Solutions volumes increased by approximately 3.9 million tons in 2017 vs. 2016, a 60% growth.

In 2017, we hired a Director of Talent Development to create and implement programs and resources that support performance achievement on multiple levels: Enterprise, Functional, Team, and Individual.

Our Family Member retention rate for full time employees was 88% for 2017, exceeding our goal of 85%.



PROSPERITY

Product Quality

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Fairmount Santrol strives to create high-quality, safe, and effective products. We continually deliver industry-leading solutions that excel in meeting our customers' expectations for performance and efficiency.

GOVERNANCE FOR QUALITY

Fairmount Santrol's Vice President of Product Excellence leads our efforts to maintain exceptional product quality and performance with the support of our Director of Quality Assurance, Director of Quality Control—Sand Division, and Director of Quality Control—Manufacturing Division. Plant managers, regional quality managers, and terminal supervisors report on and have responsibility for quality at each of our facilities. Each site has key performance indicators specific to their products and processes. Quality managers and lab technicians assist plant managers in implementing quality practices throughout all levels of our business.

All plant managers sign and acknowledge our quality policy, displayed beside our environmental and safety policies at every facility. Furthermore, our quality and operations teams have separate reporting relationships to prevent conflicts of interest.

QUALITY STANDARDS AND TESTING

Fairmount Santrol conducts quality testing for all our products several times throughout the production process—taking initial samples from blasting, during processing, and before loading material for transportation. We follow the standards and methods of the International Organization for Standardization (ISO) and American Society for Testing Materials (ASTM) certifications, as well as the American Petroleum Institute, American Foundry Society, American Water Works Association, and the U.S. Department of Agriculture. We comply with National Foundry Society best practices at all locations. Furthermore, we are active in efforts by the American Petroleum Institute industry committee to define industry-wide test standards for proppant quality.

Testing occurs either on-site at each plant, at our Innovation Center in Ottawa, IL, 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.

Additionally, 100 percent of our production facilities undergo regular quality audits. Our certified internal auditors conduct assessments twice a year at each facility. In addition, each ISO 9001 certified facility completes an external third-party accredited audit once a year. We maintain quality standards that meet requirements set by the American Systems Registrar, the certifying body for ISO 9001 standards.

MANAGING QUALITY THROUGHOUT THE TRANSPORTATION PROCESS

Fairmount Santrol understands that product quality issues can occur from transportation, weather, and handling methods during shipment. Our goal is to ensure products arrive to customers clean and safe. To achieve this, we have completed the following:

- Invested in terminals to enable us to directly supervise product handling
- Transitioned many deliveries from system railcars to private railcars, reducing the risk of contamination from previous shipments
- Increased shipments in sealed railcars that prevent weather and other environmental factors from impacting product quality
- Partnered with our suppliers to improve packaging durability
- Implemented rail car inspection and clean truck certification on all shipments

CUSTOMER FEEDBACK

Our customer promise 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 annual online survey. The survey evaluates our performance on order placement, delivery, quality, service, and packaging. Our ongoing goal is to have an annual Customer Satisfaction Index approaching 100%.

VISION 2020 GOAL

Improve our customer satisfaction rate for raw sand and for value-added products to approach 100%



PROSPERITY

Product Quality

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CONTINUOUS IMPROVEMENT OF QUALITY STANDARDS

Fairmount Santrol is committed to *Do Good. Do Well. Always.* by providing our customers with excellent product quality. In 2017, we redefined the scope and responsibilities of Quality Assurance and Quality Control and created three new leadership positions focused on product quality. These positions manage a quality delivery system that spans our value chain and emphasizes a proactive and preventive mindset.

In addition, our corporate quality standards combine industry standards and best practices to provide uniform products across our organization. Over the past years, we evaluated and updated close to 50 documents related to product quality. These include calibration methods and sieve analysis. We make our up-to-date policies available through SharePoint, our centralized documentation system. This ensures all facilities have access to our corporate quality standards.

RESPONDING TO CUSTOMER FEEDBACK

Fairmount Santrol values our customers' feedback on product quality. In 2017, nearly 10 percent of our customers responded to our Customer Satisfaction Index survey. Our overall score of 99 percent shows that responding customers are satisfied with Fairmount Santrol as their partner of choice.

Customers provide insights and suggestions that we incorporate into our processes. For example, in 2017, a customer site audit highlighted an opportunity to engage more with our suppliers. As a result, our Wedron Silica operation audits key suppliers with a quality scorecard—a best practice we will implement at other locations in 2018.

In 2017, Fairmount Santrol updated the technical data sheets for all proppants in response to customer requests for a better method to compare our proppants against other suppliers.



HIGHLIGHT STORY

> *Quality Scores on Buffalo Bills Practice Field*

In 2017, Fairmount Santrol provided over 9,000 tons of sand for use in the Buffalo Bills practice field—a project that demanded exceptional quality from start to finish. The sand combined special organic compounds and specific sand grades to meet tight quality standards. The aggressive project timeline required seamless collaboration between sourcing, manufacturing, and delivery—teamwork to match a professional football team.

ISO 9001

Fairmount Santrol aligned our management plans with the latest ISO 9001 publication released in 2015 and continued compliance with ISO 9001 standards in 2017. Our ISO 9001 certified sites include:

- Chardon, OH*
- Fredricia, Denmark*
- Hager City/Bay City, WI**
- Menomonie, WI**
- Maiden Rock, WI**
- Roff – Hickory, OK*
- Shakopee, WI**
- Troy Grove, IL*
- Wedron, IL*
- Yixing, China**

*Registered to ISO9001-2015

**Scheduled to receive ISO9001-2015 in 2018

VISION 2020 GOAL

Improve our customer satisfaction rate for raw sand and for value-added products to approach 100%

PROGRESS

In 2017, we scored 99% in overall satisfaction on our Customer Satisfaction Index survey for those customers who responded.



PROSPERITY

Product and Process Innovation

2017 CORPORATE RESPONSIBILITY REPORT

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A CULTURE OF SUSTAINABLE INNOVATION

Product and process technology play a key role in making Fairmount Santrol a partner of choice for our customers. Our R&D Teams, SD Teams, and Family Members create innovative, industry-leading customer solutions. We focus our innovation efforts on developing differentiated products and technologies that offer a strong value proposition. Aligned with our commitment to SD, we differentiate ourselves by reducing water, energy, and potential pollutants to conserve resources and enable safer product handling.

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 takes proppant higher and farther into fractures to produce more oil and gas while using less water, fewer additives, and providing other operational advantages to our customers. The technology has gained momentum with our customers as they continue to see success from its use. In early 2017, we advanced this proppant technology with the release of Propel SSP® 350, which delivers the same field-proven performance in brackish, recycled, and produced water as fresh water.



RESIN-COATED AND RAW SAND PRODUCTS

We offer advanced, environmentally safe resin-coated proppants that provide value for both short- and long-term investment horizons. By preventing proppant flowback, a common occurrence when fracturing certain formation types, operators can reduce well maintenance costs, increase hydrocarbon production, and protect their capital investment.

Over the long term, operators will enhance hydrocarbon recovery and cut down on well operating expenses because resin-coated proppants provide proppant flowback resistance, improved crush resistance, and superior conductivity. These benefits all contribute to maximizing the value of wells. We continue to pursue greener chemistries and dust control solutions for our resin-coated proppants. For raw sand products, we focus on maintaining safe air quality levels and enabling ease of handling during the production and end-user phases.



INDUSTRIAL AND RECREATION PRODUCTS

Our industrial and recreation customers include foundry, glass, water filtration, building products, and sports and recreation companies. For this segment, we innovate to reduce emissions and waste streams and to improve dust mitigation both at Fairmount Santrol and customer facilities. We do this by enhancing our product lines with process efficiencies and improved raw material sourcing.

Consistent with this mission, we have developed a more robust resin-coated foundry sand with an improved environmental footprint and reduced odor, as compared to traditional resin coated sands. We also continue to innovate sand-based products for landscapers, contractors, and homeowners to make patio and paver construction projects easier, safer, and more maintenance free.



OUR IDEA SCALE®, 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 managing product and process enhancement projects. In 2017, that team also rolled out Idea Scale®—an Open Innovation Management (OIM) platform open to all Family Members to submit and collaborate on new ideas. The Business Innovation SD Team meets regularly to evaluate the benefits for customers, stakeholders, and our business. If selected, ideas move through a seven step Stage Gate process, which tests and validates the desired impact and leads to commercialization of value-added products.

Fairmount Santrol provides human and financial capital that bring innovative products and processes through to a successful launch. Further, in 2017 our Proppant Solutions business implemented an improved Stage Gate process for effectively leading innovation in the fields of advanced proppants, transport technologies, and downhole diverting agents.

Our 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. Our SD Teams empower Family Members to identify ideas that will meet our customers' needs, drive cost reduction and efficiencies, reduce our carbon footprint, and differentiate ourselves in the marketplace.

VISION 2020 GOAL

Generate at least 10 new patents by 2020

Generate between \$10-20M in incremental revenues from new products commercialized between 2017-2020

Commercialize at least two new products from a new and environmentally friendly chemistry

Produce products with lower potential dust, reducing potential dust for customers by 80% (2016 baseline)



PROSPERITY

Product and Process Innovation

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INCREASING OUR VALUE PROPOSITION

In 2017, Fairmount Santrol once again demonstrated our SD mindset—*Do Good. Do Well. Always.*—by innovating in ways that improve the value and environmental impacts of our products and processes to better serve our customers. Our research aims to improve dust control, chemical and water use, fuel consumption, up-time and productivity, loadouts, and mine-to-blender solutions.

Our 2017 product and process innovations include:

- Researched low-cost alternatives to premium resin-coated proppants that maintain robust performance for proppant flowback resistance
- Conducted field tests of respirable silica and dust mitigation advancements that comply with incoming stricter OSHA regulations
- Released Propel SSP[®] 350 Proppant Transport Technology that allows the use of brackish, recycled, and produced water for hydraulic fracturing
- Continued reduction of free phenols in our resole and other phenolic resins
- Implemented an efficient recycling process for a phenolic raw material waste stream, leading to positive impacts on the environment
- Published a [peer-reviewed article](#) in the Journal of Applied Polymer Science on resin-coated proppants' performance, stability, product safety, and environmental health considerations
- Improved a mill cleaning process that led to increased up-time and improved health and safety

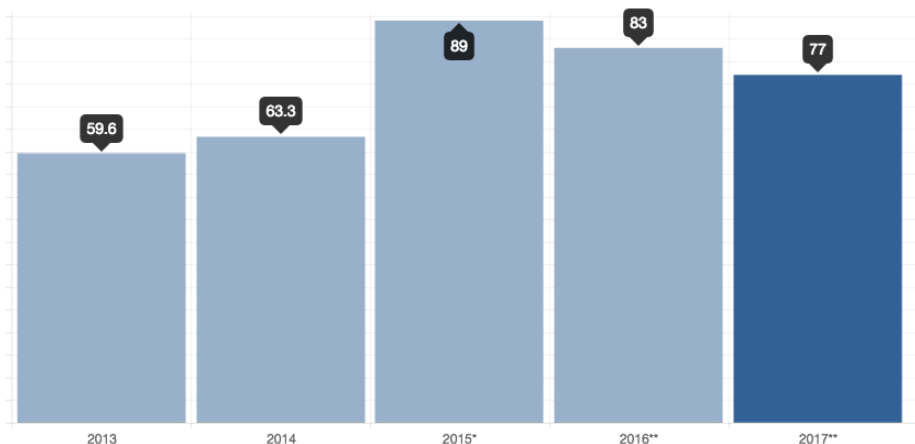
PROGRESS BY OUR SUSTAINABLE DEVELOPMENT TEAMS

In 2017, our Business Innovation SD Team collected over 230 ideas through our newly launched Idea Scale[®] Open Innovation Management (OIM) platform. Of these ideas, 10 progressed from the ideation to the feasibility testing phase, and three made it to the development stage. The Team also implemented regular Idea Routing Meetings, which increased efficiency and effective communication for our idea submission process. This ensures we review every new idea for potential advancement in the Process.

Additionally, our Environmentally Responsible Products and Processes (ERPP) SD Team surveyed a sample of our customers for interest in collaborating on sustainable product innovations. We received many valuable responses that informed our approach in 2017, particularly for our industrial and recreation customers. Looking toward 2018, we aim to increase engagement with our foundry as well as oil and gas customers.

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.

**In 2016, we expanded calculation to include members of our Business Innovation Team and Stage Gate Sub-Team



HIGHLIGHT STORY

> *Assessing the Safety of Resin-Coated Products*

Fairmount Santrol develops products that provide sustainable value to our customers.

In 2016, we completed a comprehensive study of our phenolic novolac resin-coated products to ensure there were no measurable levels of free formaldehyde, which the study confirmed. This reinforces the safety of our resin-coated products.

In 2017, we shared these results with our customers and peers through a [peer-reviewed technical paper](#) in the Journal of Applied Polymer Science.



HIGHLIGHT STORY

> *Accel™ Cuts Dust and Haze for Industrial & Recreational Customers*

Accel polymeric sand, with Prevent® technology, reduces on-site dust and haze up to 90 percent compared with traditional polymeric sand. This latest Fairmount Santrol innovation enhances air quality with an engineered, environmentally cleaner formula for worker safety in the building products industry. "Our R&D team's goal was to develop a product that would improve working conditions for the building industry and increase project value," said Mike Lenahan,

Vice President of Sales for Fairmount Santrol's Industrial and

Recreation business segment. During product trials, contractors and subcontractors confirmed Accel's characteristics nearly eliminate dust and haze while advancing their finished projects.

VISION 2020 GOAL

Generate at least 10 new patents by 2020

Generate between \$10-20M in incremental revenues from new products commercialized between 2017-2020

Commercialize at least two new products from a new and environmentally friendly chemistry

Produce products with lower potential dust, reducing potential dust for customers by 80% (2016 baseline)

PROGRESS

In 2017, Fairmount Santrol had five new patents allowed and five new patent applications filed.

This is an internal measurement for which we will not report specific results externally.

Our product R&D team continues to evaluate product options that maintain quality and effectiveness while improving environmental performance. Currently we are in the pilot stage of an environmentally friendly product chemistry, but it is too early to report progress on this publicly.

We are in the active field testing phase of our raw sand dust mitigation technology.



PROSPERITY

Compliance and Ethical Behavior

2017 CORPORATE RESPONSIBILITY REPORT

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Ethics unite Fairmount Santrol in our vision for sustainability. Our three pillars of Honesty, Trust, and Integrity form the foundation of this commitment. We empower our Family Members to make ethical decisions throughout their work. This also includes internal auditing and meeting or exceeding all local, state, and federal regulations.

GOVERNANCE FOR ETHICS AND COMPLIANCE

Fairmount Santrol's commitment to ethics begins with our executive management team. Our executives demonstrate ethical behavior and drive our adherence to all applicable rules and regulations. They drive our ethics and compliance program, which includes comprehensive policies, procedures and controls, training and communication, observation and analysis, and evaluation and improvement. Our legal department (i) administers the program, continually making improvements and determining disciplinary actions, and (ii) assists management with compliance, risk management, and internal control evaluations.

We expect all Family Members to take ownership of compliance and perform all tasks with honesty and integrity. Our governance policies define what we expect of our people and our business partners. They set forth clearly written standards for behavior, including:

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

We expect Family Members to know and adhere to all the compliance and ethical behavior standards with respect to their job function. When performing daily tasks, we want all Family Members to show the utmost respect for the Company, their peers, and the communities in which we operate. Fairmount Santrol strictly prohibits and adopts a zero-tolerance policy for all forms of harassment based upon a person's race, color, national origin, sex, age, religion, pregnancy, disability, sexual orientation, or all other protected classes.

Fairmount Santrol provides access to a confidential, anonymous hotline for reporting questionable accounting and compliance matters through www.mysafeworkplace.com. The whistleblower hotline can be reached 24 hours a day, seven days a week via [phone](#), [e-mail](#), or [online form](#).

OUR ETHICS CODE

Our Corporate Code of Business Conduct and Ethics forms the core of our program. The Code guides our business conduct so that we lead with honesty, trust, and integrity in all decisions. We require all Family Members to read, understand, and follow the Code both in the workplace and our communities. It covers issues such as:

- Avoiding potential conflicts of interest
- Ensuring fair relationships with customers and suppliers
- Protecting data
- Properly using company assets

COMPLIANCE TRAININGS

Our legal team leads education, consultation, monitoring, and assessment for our Code and compliance practices. Family Members receive a variety of ethics and compliance training courses and messages each year administered by our legal department and Director of Talent Development. We offer in-person and online training to all Family Members with company-provided email addresses.

In the fourth quarter of each year, Family Members must take an online course certifying their understanding and compliance to our Code. We supplement this with additional courses throughout the year. 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 as outlined in our [Sustainable Supplier Code of Conduct](#). In addition, we [assess our suppliers](#) for compliance and ethical conduct before establishing a formal relationship. Our internal and external stakeholders unite to uphold compliance and ethical behavior across our supply chain. We believe in generating shared success with our suppliers through fair and balanced agreements.

VISION 2020 GOAL

Evaluate our risk management profile and then create a pathway that will enable us to provide corresponding, robust, and comprehensive compliance and ethical behavior training program for 100% of Family Members annually



PROSPERITY

Compliance and Ethical Behavior

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As Fairmount Santrol strengthens our foundation for future growth, we hold ourselves accountable for maintaining high ethical standards. We continuously make enhancements to our corporate compliance program. For example, we recently approved and implemented a refined Corporate Authorization Policy—this Policy establishes the appropriate internal control procedures and acceptable best practices for review and obtaining the necessary approval of transactions, agreements, and commitments that bind the Company and decisions that expose the Company to risk. The primary objectives of this Policy are to provide the appropriate level of responsibility and accountability and establish review levels and dollar amount thresholds that make sense given the Company's current organizational structure and business processes.

We also continued the ethics and compliance communications campaign that we developed and launched in 2016. With the support of our board of directors and executive management team, this initiative aligns with industry best practices for corporate ethics and compliance programs.

In 2017, Fairmount Santrol received no concerns or complaints from our whistleblower hotline. We will take steps to ensure the hotline information is displayed for all.

In 2018, we will continue to look for ways to expand compliance and ethics training for Family Members without email access. This reflects Fairmount Santrol's continued commitment to *Do Good. Do Well. Always.*

VISION 2020 GOAL

Evaluate our risk management profile and then create a pathway that will enable us to provide corresponding, robust, and comprehensive compliance and ethical behavior training program for 100% of Family Members annually

PROGRESS

Approximately 65% of Family Members (management and non-management) successfully completed our Code of Business Conduct and Ethics training in 2017.



PROSPERITY

Community Investment

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Fairmount Santrol believes that when our communities 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.

TYPES OF COMMUNITY INVESTMENT

Our Community Investment Policy divides our support into four areas of focus: the environment, health and wellness, education, and discretionary funding. We use discretionary monies to address specific needs identified and supported by our Fairmount Santrol Family Members. For example, we have a gift matching program that enables Family Members to request donations for non-profits of their choice. 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 annual pre-tax/pre-equity earnings to organizations under the United States Internal Revenue Services' 501(c) regulations. Each Fairmount Santrol facility contributes to serving community needs by choosing 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 providing supplies and new 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, playgrounds, and other public spaces
- Supporting emergency services such as local fire departments through financial donations and volunteer time
- Supporting organizations that help people in need within our communities

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. Our Community Investment Policy provides guidelines for contribution requests, matching gifts, allocation of investments, focus areas, product donations, eligibility, and volunteerism.

EMPLOYEE VOLUNTEER HOURS

Fairmount Santrol provides our Family Members 40 hours of annual paid volunteer time to give back to their communities. On top of that, a portion of our Family Members' personal volunteer time is applied towards our corporate goal, reflecting our emphasis on bringing sustainable development home. Family Members who complete personal volunteer time can earn a donation from the Fairmount Santrol Foundation to the charity of their choice through our Dollars for Doers program. We encourage Family Members to volunteer outside of work with an organization or cause they are passionate about to further promote our culture of sustainable development and good corporate citizenship.

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 local communities to identify and organize volunteer opportunities.

VISION 2020 GOAL

Get to 100% volunteering participation; achieving 20,000 hours of paid volunteer time in one year, and accomplish above 25 hours of paid volunteer time on average per Fairmount Santrol Family Member per year by the end of 2020



OUR APPROACH

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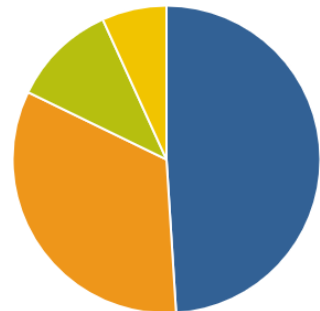
103-3

DEDICATING OUR TIME, TALENT, AND TREASURE

We are proud to report that in 2017 we contributed approximately \$1.5 million through the Fairmount Santrol Foundation. Established in 2010, the Foundation's monetary contributions help support communities by promoting the health, wellness, and education of the next generation—part of our *Do Good. Do Well. Always.* action orientation.

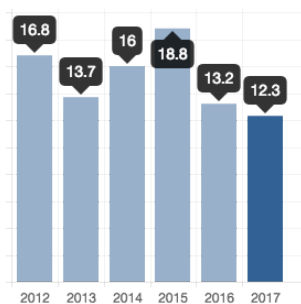
In 2017, our Social Responsibility SD Team continued to focus on engaging all Family Members to ensure they have opportunities to volunteer. We updated our policy in 2016 to allow Family Members to log up to 10 hours of personal volunteer time towards our corporate goal. This change reinforces our belief that People, Planet, and Prosperity extend beyond the boundaries of our business.

Foundation Donations by Category

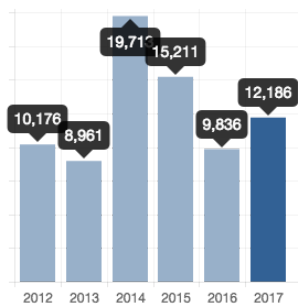


Health and Wellness	\$705,000
Education	\$525,000
Environment	\$110,000
Discretionary	\$160,000
Total	\$1.5MM

Average Volunteer Hours Per Employee*



Total Paid Volunteer Hours*



*Numbers include domestic volunteer hours only.

In addition to paid volunteer hours, our Family Members logged more than 8,700 personal volunteer hours outside of work. Examples of volunteer projects included:

- Participating in and contributing to disaster relief efforts, especially for victims of Hurricane Harvey, including our own Family Members
- Participating in Adopt-a-Family programs and sponsoring foster children by donating needed items throughout the year, and gifts during the holidays
- Volunteering at local chapters of the Special Olympics
- Supporting schools serving children of low income households
- Hosting Week of Caring events across our facilities
- Tree planting at parks and other community locations
- Organizing Earth Week events for local school children
- Sponsoring a muscular dystrophy nonprofit in Denmark
- Supporting nursing homes near our facility in Mexico



HIGHLIGHT STORY

> *Raising Funds for Local Fire Departments*

Cesar Murillo, a Family Member at our Cutler facility and volunteer firefighter for the Percy Fire Department, brought to the attention of plant management that the local fire departments were in need of new equipment. Specifically, the Cutler Fire Department needed new thermal imaging cameras, used during a structural fire to identify hot spots as well as people who may be trapped inside a building or house. The Cutler plant donated \$5,200 to help purchase new cameras. We also donated \$5,200 to the Percy Fire Department, and Cesar used his personal volunteer time to donate

an additional \$500. Hats off to Cesar and the Cutler facility for their commitment to the safety and well-being of the communities where we live and work.



HIGHLIGHT STORY

> *Helping Hurricane Harvey Victims*

This story hits home for our Family Members, as some were personally affected by this natural disaster. Fairmount Santrol mobilized within hours to raise \$70,000 to support Family Members who were victims of the hurricane's destruction. We volunteered 400 hours over two weeks, and the Health and Wellness Team traveled from all over the country to help clean out flooded homes. We are proud of our Family Members who rose to the occasion immediately to give aid to those in need.



HIGHLIGHT STORY

> *Engaging the Kermit Community*

In 2017, Fairmount Santrol announced a plan to build and open a new sand plant in the Permian Basin in Kermit, Texas. This facility's planned capacity will allow Fairmount Santrol to produce three million tons of fine grade product in Basin and deliver high grade product closer to the well site.

In preparation for opening this plant in Q2 of 2018, we engaged the community to tell them about Fairmount Santrol and demonstrate our commitment to the well-being of the community. We made

several donations to the local Chamber of Commerce, Lions Club, volunteer fire department and EMS, Kermit Yellow Jacket Booster Club, and the Kermit Independent School District. We developed relationships with the Chamber of Commerce Director and City Manager and attended Chamber meetings to disseminate information about Fairmount Santrol and address any community concerns. Additionally, we were the title sponsor of the Kermit Celebration Days, where we passed out information about Fairmount Santrol and the new Kermit facility.

Residents appreciated that we took the time to engage with them and inform them of our presence and what it would mean for the community. In recognition of our positive community engagement, Fairmount Santrol was named Business of the Year by the Kermit Chamber of Commerce.

VISION 2020 GOAL

Get to 100% volunteering participation; achieving 20,000 hours of paid volunteer time in one year, and accomplish above 25 hours of paid volunteer time on average per Fairmount Santrol Family Member per year by the end of 2020

PROGRESS

Our Family Members dedicated more than 12,000 paid volunteer hours to the communities where we live and work in 2017 with an average of 12.3 hours/Family Member.

PERFORMANCE SNAPSHOT

GENERAL DISCLOSURES

ORGANIZATIONAL PROFILE

	FY2015	FY2016	FY2017
Number of Full-Time Employees	856	744	989
Domestic	808	716	963
International	48	28	26
Number of Part-Time Employees	9	7	7
Number of Temporary Employees	7	4	9
% of Women in Workforce	18%	18%	16%
% Minorities in Workforce	20%	20%	18%
% Employees Unionized	15%	17%	16%

ECONOMIC DISCLOSURES

INDIRECT ECONOMIC IMPACT

Community Spending	\$2.26 Million	\$1.2 Million	\$1.5 Million
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ENVIRONMENTAL DISCLOSURES

ENERGY

Total Energy Consumption (GWh)	980	977	1,401
Energy per Unit of Production (Energy Use in MWh/Tons Sold)	0.12	0.11	0.11
Electricity Used (GWh)	157	166	208
Fuel Used – Coal/Lignite	0	0	0
Fuel Used – Natural Gas (10 ³ cu.m.)	61,827	65,110	93,062
Fuel Used – Oil/Diesel (10 ³ cu.m.)	5.7	3.9	7.4

BIODIVERSITY

Land Management – Percent of Total Owned Acreage Disturbed	19%	12%	12%
Certifications for Land Management, Remediation, and Biodiversity	Land Management, Remediation, and Biodiversity		

EMISSIONS

Scope 1/Direct GHG/CO ₂ e (Th Tonnes)	162.0	157.7	233.5
Scope 2/Indirect GHG/CO ₂ e (Th Tonnes)	101.5	101.3	128.9
Total GHG Emissions (Th Tonnes)	263.6	259.0	362.4
Emissions Reduction Initiatives	Goals and Progress		

EFFLUENTS AND WASTE

Total Waste to Landfill (Cubic Yards)	1,751	113	384
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TRANSPORT

Percent of Shipments via Rail	83%	87%	79%
Percent of Rail Shipments via Unit Trains	49%	70%	72%

SUPPLIER ENVIRONMENTAL ASSESSMENT

FY2015

FY2016

FY2017

Supplier Survey

Sustainable Supplier Code of Conduct

OTHER – ISO CERTIFICATION

ISO 14001 Certified Sites (% Sites Certified)	3 (12%)	3* (15%)	0**
ISO 9001 Certified Sites (% Sites Certified)	10 (38%)	9 (45%)	5*** (31%)
Number of Sites****	26	20	16

SOCIAL DISCLOSURES

EMPLOYMENT

Total New Hires (Excluding seasonal, temporary, retired, and deceased employees)	116	105	380
Domestic Employee Turnover % (Excluding seasonal, temporary, retired, and deceased employees)	52%	22.9%	12.5%

OCCUPATIONAL HEALTH AND SAFETY

Lost Time Incident Rate	0.3	0.5	0.6
Total Recordable Incident Rate	1.7	1.2	2.1
Fatalities – Employees	0	0	0
Fatalities – Contractors	0	0	0
Fatalities – Total	0	0	0

TRAINING AND EDUCATION

Employee Total Training Hours	14,379	13,294	17,459
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SUPPLIER ASSESSMENT FOR LABOR PRACTICES

Supplier Survey

Sustainable Supplier Code of Conduct

OTHER – SOCIAL POLICIES

Corporate Code of Business Conduct and Ethics

INDIGENOUS RIGHTS

Incidents of Violations Involving Rights of Indigenous Peoples	0%	0%	0%
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LOCAL COMMUNITIES

Community Investment

* These facilities were ISO-certified through mid-year; market conditions led to the idling of these facilities. Regardless of third-party certification, all operating facilities strive for ISO 14001 standards.

** The ISO 14001 standard changed during the reporting year which is why we did not have any sites certified.

*** Registered to ISO 9001-2015

**** All plants, mines, and coating facilities



ABOUT THIS REPORT

GRI Content Index

2017 CORPORATE RESPONSIBILITY REPORT

GENERAL STANDARD DISCLOSURES

SPECIFIC STANDARD DISCLOSURES

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The General Standard Disclosures were not externally assured.

GRI STANDARD	DISCLOSURE	LOCATION / DIRECT ANSWER
GRI 101: Foundation 2016		
GRI 102: General Disclosures 2016	Organizational Profile	
	102-1 Name of the organization	Fairmount Santrol
	102-2 Activities, brands, products, and services	Our Company, Products
	102-3 Location of headquarters	Chesterland, OH
	102-4 Location of operations	Locations
	102-5 Ownership and legal form	10-K Annual Report: pages 7, 30, 52, 66, 101-102
	102-6 Markets served	Our Company
	102-7 Scale of the organization	Organizational Profile
	102-8 Information on employees and other workers	Organizational Profile
	102-9 Supply chain	Stakeholder Engagement and Materiality
	102-10 Significant changes to the organization and its supply chain	10-K Annual Report: pages 6-12, 33-46, 55-58
	102-11 Precautionary Principle or approach	Corporate Code of Business Conduct and Ethics, Sustainable Supplier Code of Conduct
	102-12 External initiatives	Global Reporting Initiative, United Nations Global Compact
	102-13 Membership of associations	Partners and Collaboration
Strategy		
	102-14 Statement from senior decision-maker	CEO Letter
Ethics and Integrity		
	102-16 Values, principles, standards, and norms of behavior	Mission & Principles, Compliance and Ethical Behavior
Governance		
	102-18 Governance structure	Corporate Governance ; Our board of directors is composed of 10 members, one woman and nine men, including one executive, nine independent directors, and eight shareholders.

GRI STANDARD	DISCLOSURE	LOCATION / DIRECT ANSWER
Stakeholder Engagement		
	102-40 List of stakeholder groups	Stakeholder Engagement and Materiality
	102-41 Collective bargaining agreements	Organizational Profile
	102-42 Identifying and selecting stakeholders	Stakeholder Engagement and Materiality
	102-43 Approach to stakeholder engagement	Stakeholder Engagement and Materiality
	102-44 Key topics and concerns raised	Stakeholder Engagement and Materiality
Reporting Practices		
	102-45 Entities included in the consolidated financial statements	10-K Annual Report: Exhibit 21.1 (List of Subsidiaries) ; all entities in Exhibit 21.1 are covered in this report.
	102-46 Defining report content and topic Boundaries	Stakeholder Engagement and Materiality
	102-47 List of material topics	Stakeholder Engagement and Materiality , GRI Content Index
	102-48 Restatements of information	Fairmount Santrol restated its 2015 volume sold in the Transportation Logistics, Efficiency, Emissions section, as well as its 2016 Retention Rate in the Employer of Choice section.
	102-49 Changes in reporting	Stakeholder Engagement and Materiality
	102-50 Reporting period	Calendar year
	102-51 Date of most recent report	Our most recent previous report was published in 2017.
	102-52 Reporting cycle	We report annually.
	102-53 Contact point for questions regarding the report	For questions regarding our report or its content, please contact Beau Daane, Director of Sustainable Development, at Beau.Daane@FairmountSantrol.com .
	102-54 Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option.
	102-55 GRI content index	GRI Content Index
	102-56 External assurance	This report is not externally assured.



ABOUT THIS REPORT

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2017 CORPORATE RESPONSIBILITY REPORT

GENERAL STANDARD DISCLOSURES

SPECIFIC STANDARD DISCLOSURES

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The Specific Standard Disclosures were not externally assured.

GRI STANDARD	DISCLOSURE	LOCATION / DIRECT ANSWER	OMISSION
Economic Material Topics			
Economic Performance			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	Community Investment Description	
	103-2 Management approach and its components	Community Investment – Our Approach	
	103-3 Evaluation of management approach	Community Investment – Annual Performance	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	In 2017, Fairmount Santrol generated \$959.8 million in direct economic value; reported \$57.7 million in net comprehensive income; and donated \$1.5 million in community investments. We disclose GAAP specified operating expenses, which include cost of goods sold, SG&A, total tax payments, in our annual report on pages 77 and 97.	
Product Supply & Demand Dynamics			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	Product Supply & Demand Dynamics Description	
	103-2 Management approach and its components	Product Supply & Demand Dynamics – Our Approach	
	103-3 Evaluation of management approach	Product Supply & Demand Dynamics – Annual Performance	
	Indicator: Proppant Solutions growth	Product Supply & Demand Dynamics – Annual Performance	
Capital Structure, Cost Control, ROI			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	Capital Structure, Cost Control, ROI Description	
	103-2 Management approach and its components	Capital Structure, Cost Control, ROI – Our Approach	
	103-3 Evaluation of management approach	Capital Structure, Cost Control, ROI – Annual Performance	
	Indicator: Net Debt to EBITDA Ratio	Capital Structure, Cost Control, ROI – Annual Performance	

GRI STANDARD	DISCLOSURE	LOCATION / DIRECT ANSWER	OMISSION
Business Growth & Diversification			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	Business Growth & Diversification Description	
	103-2 Management approach and its components	Business Growth & Diversification – Our Approach	
	103-3 Evaluation of management approach	Business Growth & Diversification – Annual Performance	
	Indicator: Industrial and Recreational growth	Business Growth & Diversification – Annual Performance	
Product Quality			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	Product Quality Description	
	103-2 Management approach and its components	Product Quality – Our Approach	
	103-3 Evaluation of management approach	Product Quality – Annual Performance	
	Indicator: Number of sites that have achieved ISO 9001 certification out of total number of sites	Product Quality – Annual Performance	
	Indicator: Customer Satisfaction Index	Product Quality – Annual Performance	
Product & Process Innovation			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	Product & Process Innovation Description	
	103-2 Management approach and its components	Product & Process Innovation – Our Approach	
	103-3 Evaluation of management approach	Product & Process Innovation – Annual Performance	
	Indicator: Number of new patents	Product & Process Innovation – Annual Performance	
Environmental Material Topics			
Energy			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	Climate Strategy, Energy, Emissions Description	
	103-2 Management approach and its components	Climate Strategy, Energy, Emissions – Our Approach	
	103-3 Evaluation of management approach	Climate Strategy, Energy, Emissions – Annual Performance	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Climate Strategy, Energy, Emissions – Annual Performance	
	302-3 Energy intensity	Climate Strategy, Energy, Emissions – Annual Performance	
Water			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	Water Use in Our Operations & Customer Operations Description	
	103-2 Management approach and its components	Water Use in Our Operations & Customer Operations – Our Approach	

GRI STANDARD	DISCLOSURE	LOCATION / DIRECT ANSWER	OMISSION
	103-3 Evaluation of management approach	Water Use in Our Operations & Customer Operations – Annual Performance	
GRI 303: Water 2016	303-3 Water recycled and reused	Water Use in Our Operations & Customer Operations – Annual Performance	Information unavailable. Although water withdraw for some operations is significant, we estimate that approximately 90% of the water used across our operational footprint is recycled. However, we are unable to get an accurate measurement at this time. Following our merger in 2018, we will take steps to evaluate how material this topic is and how to accurately measure results.
Biodiversity			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	Land Management, Remediation, Biodiversity Description	
	103-2 Management approach and its components	Land Management, Remediation, Biodiversity – Our Approach	
	103-3 Evaluation of management approach	Land Management, Remediation, Biodiversity – Annual Performance	
GRI 304: Biodiversity 2016	304-3 Habitats protected or restored	Land Management, Remediation, Biodiversity – Annual Performance	
Emissions			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	Climate Strategy, Energy, Emissions Description	
	103-2 Management approach and its components	Climate Strategy, Energy, Emissions – Our Approach	
	103-3 Evaluation of management approach	Climate Strategy, Energy, Emissions – Annual Performance	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Climate Strategy, Energy, Emissions – Annual Performance ; We do not have any biogenic 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.	Not applicable. We include CO ₂ , N ₂ O, and CH ₄ from fuel sources in our calculations, but do not include in-house blasting, contract blasting, contract earth moving, and contract on-site rail movements because we do not own the equipment used and we contract out the labor used to operate the equipment.
	305-2 Energy indirect (Scope 2) GHG emissions	Climate Strategy, Energy, Emissions – Annual Performance ; 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.	Information unavailable and not applicable. Emissions included in our calculations are CO ₂ from electricity, but do not include offices and terminals. Our offices and terminals use much less energy compared to our mining and coating facilities. For example, some of our terminals comprise only a few employees, and our largest office houses less than 75 employees.
	305-4 GHG emissions intensity	Climate Strategy, Energy, Emissions – Annual Performance ; Our emissions intensity ratio includes Scope 1 and Scope 2 emissions. We include CO ₂ , N ₂ O, and CH ₄ in our calculations.	
Effluents and Waste			

GRI STANDARD	DISCLOSURE	LOCATION / DIRECT ANSWER	OMISSION
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	Waste Description	
	103-2 Management approach and its components	Waste – Our Approach	
	103-3 Evaluation of management approach	Waste – Annual Performance	
GRI 306: Effluents and Waste 2016	306-2 Waste by type and disposal method	Waste – Annual Performance; We dispose of our waste through recycling, composting, waste to energy, and landfills.	Information unavailable. Waste by disposal method is currently unavailable. Our waste is tracked by estimated volume rather than weight. Measuring by weight would be more accurate, however, that would tie up our scales which are needed for shipments. Due to resource restrictions, we are currently unable to measure waste by disposal method. Following our merger in 2018, we will take steps to evaluate how material this topic is and how to accurately measure results.

Supplier Environmental Assessment

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	Stakeholder Partnerships, Education, & Influence Description	
	103-2 Management approach and its components	Stakeholder Partnerships, Education, & Influence – Our Approach	
	103-3 Evaluation of management approach	Stakeholder Partnerships, Education, & Influence – Annual Performance	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Stakeholder Partnerships, Education, Influence – Our Approach; We ask all new suppliers to complete our supplier survey, which includes questions on compliance, environmental stewardship, safety, wellness, community engagement, reporting, and civil rights.	

Transportation Logistics, Efficiency, Emissions

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	Transportation Logistics, Efficiency, Emissions Description	
	103-2 Management approach and its components	Transportation Logistics, Efficiency, Emissions – Our Approach	
	103-3 Evaluation of management approach	Transportation Logistics, Efficiency, Emissions – Annual Performance	
	Indicator: Percentage of oil & gas product shipped via rail	Transportation Logistics, Efficiency, Emissions – Annual Performance; In 2017, we shipped 79% of oil & gas product via rail, of which 72% was shipped via unit trains—one of the most efficient modes of transport.	

Social Material Topics

Employment

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	Employer of Choice Description	
	103-2 Management approach and its components	Employer of Choice – Our Approach	

GRI STANDARD	DISCLOSURE	LOCATION / DIRECT ANSWER	OMISSION
GRI 401: Employment 2016	103-3 Evaluation of management approach	Employer of Choice – Annual Performance	
	401-1 New employee hires and employee turnover	Performance Snapshot	Information unavailable. This information by age, region, and gender is currently unavailable. Following our merger in 2018, we will take steps to measure this information.
Occupational Health and Safety			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	Safety and Health Description	
	103-2 Management approach and its components	Safety and Health – Our Approach	
	103-3 Evaluation of management approach	Safety and Health – Annual Performance	
GRI 403: Occupational Health and Safety 2016	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Safety and Health – Annual Performance ; There were no work-related employee fatalities in 2017.	Information unavailable. 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. Following our merger in 2018, we will take steps to measure this information.
Training and Education			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	Employer of Choice Description	
	103-2 Management approach and its components	Employer of Choice – Our Approach	
	103-3 Evaluation of management approach	Employer of Choice – Annual Performance	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Employer of Choice – Annual Performance ; In 2017, employees received on average 17.7 hours of training.	
Local Communities			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	Community Impact and Partner of Choice Description	
	103-2 Management approach and its components	Community Impact and Partner of Choice – Our Approach	
	103-3 Evaluation of management approach	Community Impact and Partner of Choice – Annual Performance	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Community Impact and Partner of Choice – Annual Performance ; All Fairmount Santrol facilities proactively engage with their local communities and abide by applicable laws. While we are working towards our 2020 goal to create a documented community engagement plan for every single Fairmount Santrol facility (plant, office, or terminal), every facility has existing elements of a plan.	

GRI STANDARD	DISCLOSURE	LOCATION / DIRECT ANSWER	OMISSION
Social Supplier Assessment			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	Stakeholder Partnerships, Education, & Influence Description	
	103-2 Management approach and its components	Stakeholder Partnerships, Education, & Influence – Our Approach	
	103-3 Evaluation of management approach	Stakeholder Partnerships, Education, & Influence – Annual Performance	
GRI 414: Social Supplier Assessment 2016	414-1 New suppliers that were screened using social criteria	Stakeholder Partnerships, Education, & Influence – Our Approach; We ask all new suppliers to complete our supplier survey, which includes questions on compliance, environmental stewardship, safety, wellness, community engagement, reporting, and civil rights.	
Customer Health and Safety			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	Safety and Health Description	
	103-2 Management approach and its components	Safety and Health – Our Approach	
	103-3 Evaluation of management approach	Safety and Health – Annual Performance	
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Safety and Health – Our Approach	



OUR COMPANY

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GENERAL STANDARD DISCLOSURES		SPECIFIC STANDARD DISCLOSURES	UNGC COP
PRINCIPLE	PRINCIPLE DESCRIPTION	LOCATION	
1	Businesses should support and respect the protection of internationally proclaimed human rights	Policies Corporate Code of Business Conduct and Ethics Sustainable Supplier Code of Conduct Implementation Safety and Health Employer of Choice Community Investment Community Impact and Partner of Choice Compliance and Ethical Behavior	
2	Businesses should make sure they are not complicit in human rights abuses	Policies Sustainable Supplier Code of Conduct Whistleblower Policy Implementation Compliance and Ethical Behavior	
3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	Policies Corporate Code of Business Conduct and Ethics Implementation Compliance and Ethical Behavior	
4	Businesses should uphold the elimination of all forms of forced and compulsory labor	Policies Corporate Code of Business Conduct and Ethics Sustainable Supplier Code of Conduct Implementation Compliance and Ethical Behavior	
5	Businesses should uphold the effective abolition of child labor	Policies Sustainable Supplier Code of Conduct Implementation Compliance and Ethical Behavior	
6	Businesses should uphold the elimination of discrimination in respect of employment and occupation	Policies Corporate Code of Business Conduct and Ethics Sustainable Supplier Code of Conduct Implementation Compliance and Ethical Behavior Employer of Choice	
7	Businesses should support a precautionary approach to environmental challenges	Policies Corporate Code of Business Conduct and Ethics Sustainable Supplier Code of Conduct Implementation Corporate Governance Stakeholder Engagement and Materiality Community Impact and Partner of Choice Stakeholder Partnerships, Education, and Influence Planet	

PRINCIPLE	PRINCIPLE DESCRIPTION	LOCATION
8	Businesses should undertake initiatives to promote greater environmental responsibility	Policies Corporate Code of Business Conduct and Ethics Sustainable Supplier Code of Conduct Implementation Goals and Progress Product and Process Innovation Community Impact and Partner of Choice Stakeholder Partnerships, Education, and Influence Planet
9	Businesses should encourage the development and diffusion of environmentally friendly technologies	Implementation Product and Process Innovation Climate Strategy, Energy, Emissions Transportation Logistics, Efficiency, Emissions Water Use in Our Operations & Customer Operations Waste
10	Businesses should work against corruption in all its forms, including extortion and bribery	Policies Anti-Corruption Policy Corporate Code of Business Conduct and Ethics Implementation Compliance and Ethical Behavior