

**GRAYMONT**

# About Graymont

## Report Scope

Graymont's 2015 Sustainability Report summarizes the sustainability performance of Graymont and its subsidiaries. The Company's Lime operations constitute the largest portion of its economic, environmental, and social impacts. In this report, data and information contained in the Environmental Care section relate primarily to the Lime operations. Data and information in the Workforce Culture and Community Relations sections relate to all operations.

Discussion, data and information contained herein relates, with noted exceptions, to the 2015 calendar year. Information regarding the New Zealand operations relate to the July through December 2015 period. Historical data is provided, again with noted exceptions, for the years 2011 through 2014 and includes references to the year 2004 which has been established as the baseline. The 2016 report is scheduled for publication in April, 2017.

An emerging global leader in the supply of lime and limestone products, Graymont serves major markets throughout the United States and Canada, and has extended its reach into the Asia-Pacific region. Graymont also has a significant investment in Grupo Calidra, the largest lime producer in Mexico. Professionally managed and family owned, the Company has roots stretching back more than 65 years.

Graymont's Lime operations are focused on the production of high calcium and dolomitic lime and value-added lime-based products such as hydrated lime and precipitated calcium carbonate as well as pulverized limestone and construction stone. The Company also includes construction-materials operations, the Materials Group, which supplies construction materials markets in upstate New York and northern Alberta. The operating segments will be referred to throughout this document as "Lime" and "Materials".

## A Multitude of Environmental Applications for Lime

Graymont's main product, lime, is a versatile industrial chemical that has long been indispensable for vital industrial processes and applications, including the production of steel, alumina, pulp, paper, uranium, gold, copper and other materials. More recently, lime has also come to the fore as an essential element for addressing a myriad of complex environmental issues and challenges, both naturally occurring and man-made. Acid rain reduction, environmental rehabilitation, water and sewage treatment, agriculture, oil and gas production, and power generation are among the long and growing list of crucial sustainability-related applications for Graymont's products.

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# Graymont's Mission

Improving our world by responsibly meeting society's needs for quality lime and stone products.

# Our Vision

Graymont's vision is to be World-class in everything we do! That vision will be realized when:

- ▶ You know that we are operating safe, clean and orderly facilities where everyone shares a strong commitment to an injury-free workplace;
- ▶ You recognize our commitment to exceeding our customers' needs by reliably delivering quality products and services;
- ▶ You feel that we are proactively developing and maintaining relationships of mutual support with our neighbors and others for the long-term success of Graymont and our communities;
- ▶ You know that we are dedicated to improving our environmental performance;
- ▶ You see that we are continuously optimizing our processes and activities to deliver increased value to all stakeholders; and
- ▶ You know that we are a talented team of engaged and empowered individuals collaborating to deliver World-class performance.

# Our Values

Graymont's ultimate success requires encouraging individual effort while embracing the value of teamwork and cross-functional collaboration in accordance with our shared values. Those values are:

- ▶ Integrity
- ▶ Respect
- ▶ Teamwork
- ▶ Innovation
- ▶ Excellence
- ▶ Long-term Perspective
- ▶ Accountability

# A Message From the CEO

Welcome to Graymont's 2015 Sustainability Report. As I like to remind people, our commitment to achieving industry leadership in all aspects of sustainability – health, safety and environment, economic and social – is what underpins Graymont's mission to improve our world by responsibly meeting society's needs for quality lime and stone products. So I am pleased to note that we made further progress on those fronts in 2015.

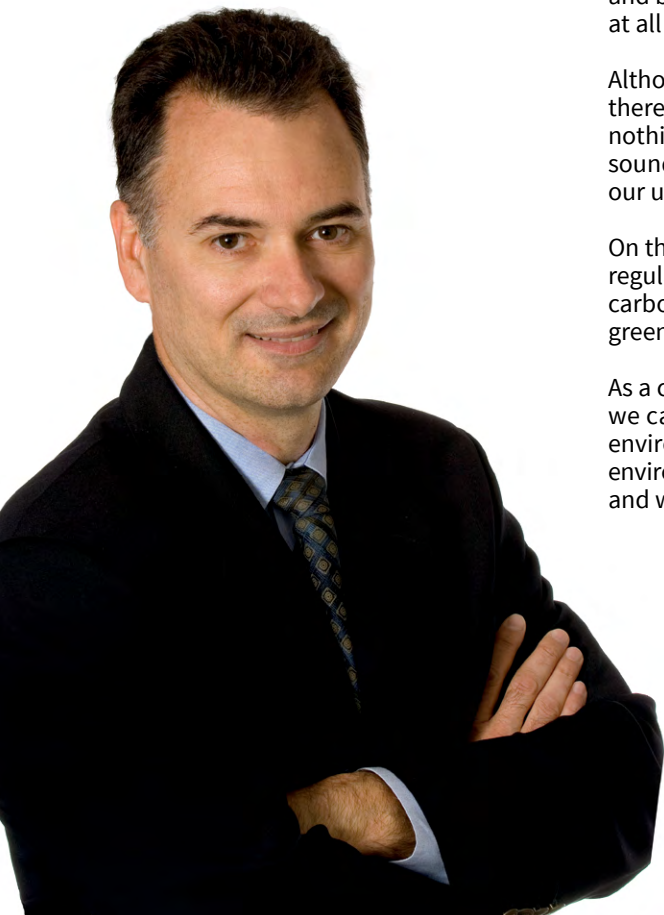
With respect to safety, on-going efforts to further enhance our performance were reflected in improvements to key indicators, including the frequency of incident occurrences and, especially, in the severity of the incidents. As detailed elsewhere in this report, after a few years of challenging results, both related metrics had a downward trend in 2015, which clearly showed that the time injured employees spent off work as a result of workplace mishaps has declined some 60% from the previous year's level.

Achievements to enable continuous improvement in Graymont's safety performance have included the work of the comprehensive Zero Injury Task Force, which completed a two-year mandate that saw the roll-out and implementation of 19 new health-and-safety standards. Also helping to drive employee engagement and buy-in are the popular 'Safety Challenge' competitions, now staged annually at all Graymont locations.

Although we have reason to be proud of our steadily improving performance, there is ample opportunity to make additional gains. At the end of the day, nothing is more important than ensuring that everyone goes home safe and sound to their family and loved ones. Accordingly, we continue striving to achieve our ultimate goal of zero workplace injuries.

On the environment front, a growing number of governments are passing regulations, developing standards, setting reduction targets and introducing carbon-pricing mechanisms designed to reduce air pollutants in general and greenhouse gases in particular.

As a company focused on the production of lime and limestone products, we can be proud that we are part of the solution with respect to addressing environmental issues: lime is being increasingly used to mitigate or overcome environmental challenges ranging from air pollution abatement, site remediation and waste-water treatment.



Graymont is also working proactively to reduce its own carbon footprint. For instance, in 2015 we added a state-of-the-art, low-emissions third kiln to our mining and production complex in Pleasant Gap PA, and also restarted a vertical kiln at our Havelock NB site, utilizing newly available natural gas supply technology.

Although Graymont's overall performance with respect to emissions has improved in recent years, we are determined to raise the bar. Based on the findings of a two-year review completed in 2015, we are in the process of establishing crucial environmental standards and performance requirements for all Graymont facilities, while striving for continuous improvement.

When it comes to the social pillar of sustainability, I can assure you that Graymont takes its engagements very seriously. Once again in 2015, we worked hard to build on our track record by engaging in a meaningful way with key stakeholders such as governments, non-governmental organizations (NGOs) and local communities – including First Nations and indigenous peoples – demonstrating that the Company is committed to operating in a responsible manner that creates real value and lasting benefits for all parties.

I would urge you to peruse the Community Relations section of this report, which includes updates on a number of innovative projects currently in the works, including the Marbleton Harmony and Bedford Heritage Projects – both designed to ensure the sustainability of long-established operations while contributing to maintain the quality of life in their communities. Also chronicled are Graymont's concerted efforts to engage meaningfully with indigenous peoples in regions where the Company intends to establish a presence, including the interior of British Columbia and Michigan's Upper Peninsula.

Of course, economic viability and value creation are the underpinnings that ultimately determine whether or not any business will prove to be sustainable over the long run. Accordingly, Graymont is striving to become a global leader in its sector, delivering attractive returns for the Company's owners while generating sustainable economic and social development for our communities, through job creation, local procurement and support for community programs.

In keeping with the strategic thrust devised by Graymont's senior leadership team and approved by the Board of Directors, steps were taken in 2015 to further sharpen the Company's focus on the lime and limestone sector while expanding its geographic reach. The mid-year acquisition of two New Zealand-based lime producers represented a milestone in terms of extending Graymont's reach beyond North America to serve new customers in select global markets. In late 2015, following a strategic review, we announced that the Quebec Materials Group was being dissolved and certain businesses were being sold, with remaining assets consolidated into the Lime Group.

In conclusion, I wish to thank our teams throughout Graymont – along with our community partners and other key stakeholders – for their support, and to reiterate Graymont's unrelenting commitment to sustainable development.



Stéphane Godin  
President and CEO  
Graymont  
March 21, 2016

# Corporate Governance and Accountability

Central to Graymont’s corporate philosophy is a long-term approach to business, built on a solid commitment to sustainable growth and strict adherence to responsible environmental, workplace and operating practices.

This philosophy is evident in actions taken at every level of the company, from the Board of Directors and the Strategic Leadership Team (SLT) to managers, supervisors and front-line employees throughout the organization.

## Board Oversight

The fundamental objective of Graymont’s Board of Directors is to create shareholder value. To achieve this objective, the Board recognizes that the Company must maintain a high level of health and safety, economic, environmental, and social performance. Accordingly, in keeping with its oversight and governance responsibilities, the Board holds management accountable for the responsible conduct of the business.

The Board’s Environmental, Health and Safety (EHS) Committee, which meets bi-annually, closely monitors performance in those three vital areas. The EHS Committee ensures due diligence by reviewing company performance in these areas and reporting on its activities to the Board. As well, management reports on environmental, health and safety matters at each regularly scheduled Board meeting. Additional reports are provided throughout the year as appropriate.

The other four Board committees oversee additional aspects of the business that are crucial to Graymont’s long-term sustainability and viability: the Pension & Benefits and Compensation Committees, with respect to employee attraction and retention; the Reserves Committee, with respect to business continuity; and the Audit Committee, with respect to accountability and viability.

## Strategic Leadership Team

The SLT, in turn, has developed and implemented a broad strategy that reflects Graymont’s World-class vision. The strategy aims to drive continuous improvement in six key areas as depicted below.



### **A Responsibility Shared by All**

In summary, from an organizational perspective, accountability for sustainable development rests to varying degrees with management and leadership at the local, regional and corporate levels.

Graymont utilizes an annual performance-review process that is integrated at all levels of management to ensure goals are set in accordance with corporate strategy, and that we move forward and drive continuous improvement.

However, the Company's strong commitment to corporate social responsibility transcends divisional, departmental and hierarchical boundaries. There is a fundamental expectation within Graymont that all employees share in the responsibility for developing and maintaining a sustainable organization.

## **Code of Business Conduct and Ethics**

Graymont's commitment to operating with integrity and according to the highest ethical standards is an integral part of the foundation on which we are building a World-class organization. Our Code of Business Conduct and Ethics sets out the standards that all Graymont employees, officers and directors must adhere to.



Workforce  
Culture





# Workforce Culture

Graymont derives its competitive edge in large part from more than 1,500 remarkable men and women who bring their skills and energy to work every day at offices and plant sites across North America and – as of mid-2015 – in New Zealand. The Company strives to provide competitive wages and benefits, a safe, healthy work environment, and ample opportunities to grow and develop in order to realize their full potential.



## SAFETY SCORECARD

**2.85**

Reportable incident rate  
(The benchmark 2015 US metal/  
non-metal mining industry average  
was 2.11)

**1.09**

Lost-time incident rate  
(The benchmark 2015 US metal/  
non-metal mining industry average  
was 0.88)

**0**

fatality for the 6<sup>th</sup> consecutive year

## Safety

Health and safety are core to everything we do at Graymont – and essential to realizing our vision of being World-class in all respects. Nothing is more important than ensuring that our colleagues return home safely to their families and loved ones at the end of the day. Hence our commitment to the ultimate goal of zero workplace injuries.

Our multi-disciplinary approach stresses the value of teamwork and cross-functional collaboration to achieve continuous improvement in safety performance throughout the Company, in keeping with our ‘One Graymont’ culture.

## Dual Focus on Systems and People

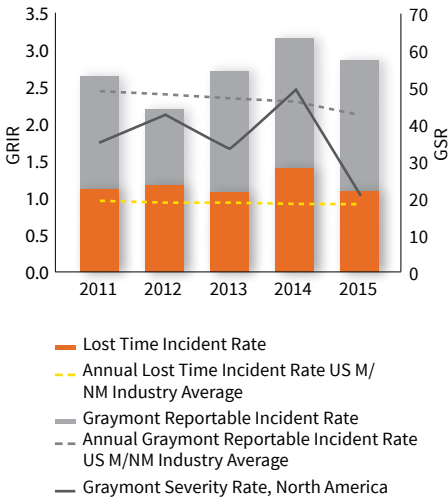
As knowledge about workplace accidents has evolved, increased emphasis is being placed on improving the work system itself, to complement employee awareness and training initiatives. Accordingly, Graymont has adopted a balanced approach that focuses on both systems and people.

The research shows that enhancing a company’s safety performance involves tackling two distinct aspects of risk: 1) Avoiding, eliminating or reducing the probability of a hazard-related incident occurring; and 2) Reducing the severity of harm or damage if an incident or exposure does occur.



## Workforce Culture

Figure 1  
Graymont Safety Performance

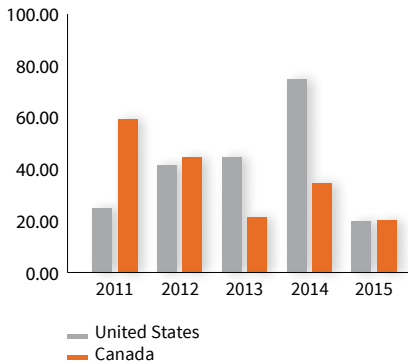


### Improvement in 2015

On-going efforts to further improve Graymont’s performance on both those fronts resulted in progress being made during 2015, as reflected in the relevant key indicators – the Graymont Reportable Incident or ‘GRI’ rate which measures the frequency of occurrences; the Lost Time Incident or ‘LTI’ rate and the Graymont Severity Rate or ‘GSR’ (see Figure 1).

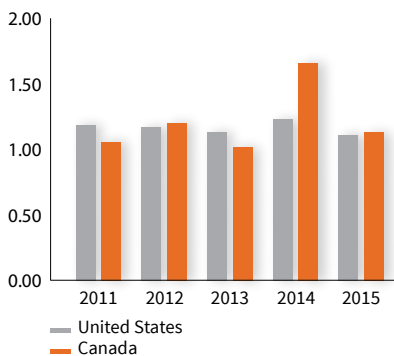
While continuing to strive for zero workplace injuries, Graymont has been putting increased emphasis on reducing the severity of accidents as tracked by the GSR indicator, which essentially measures how much time injured employees spend either off work or performing partial or light duties as a result of injuries. During 2015, we saw further marked improvement in the GSR, with U.S. lime operations performing particularly well (see Figure 2), while Canadian lime operations achieved the greatest reduction in terms of the frequency of occurrences (see Figure 3). Remarkably, the four New Zealand facilities that became part of Graymont midway through the year had a spotless record of zero lost-time accidents for 2015.

Figure 2  
Graymont Severity Rate, North America



Although we can take satisfaction from the fact that those key indicators are trending downwards, the Company’s operations still lag wider industry benchmarks with regard to reportable incidents and lost-time injuries: Graymont’s 2015 GRI rate of 2.85 compared with the 2015 US metal/non-metal mining industry average of 2.11; while the 2015 LTI rate of 1.09 compared with the 2015 US metal/non-metal mining industry average of 0.88. That is why we are committed to further improvement through the reinforcement of the HSE management system and the development and implementation of more stringent safety standards.

Figure 3  
Lost Time Incident Rate, North America



### Standards implementation

Graymont’s multidisciplinary Zero Injury Task Force (ZITF), which was formed in 2013 and tasked with developing and implementing a set of safety standards covering virtually every aspect of workplace safety, largely completed its mandate in 2015. The exception is New Zealand, where the new health and safety standards are slated to be embedded by the end of 2016.

A total of 19 new and revised standards have been developed and implemented. Among the most crucial are those covering Personal Protective Equipment; Lock-out, Tag-out; Safety Inspections; Fall Protection and Working at Heights; Confined Space Entry; and Electrical Safe Work Practices.

At the end of the second quarter, the ZITF identified eyes and hands as the most frequently injured body parts in Graymont, so these were among the top Health and Safety priorities in 2015. Enhanced eye protection



## Workforce Culture

requirements for specific tasks and workplace areas were implemented at all facilities. As well, a recently introduced Basic Safety Rules standard includes a requirement to conduct pre-task risk assessments aimed at minimizing the most frequently identified cause of hand injuries, namely the “failure to identify risk.” The new standard is credited as being key to a sharp decline in the number of eye and hand injuries in the latter stages of the year.

The evident success of this initiative also underscores how scrutinizing the root causes of incidents can lead to an improved process of investigation and reporting, enabling us to better identify the ‘near misses’ and ‘good catches’ that help increase employee awareness of potential hazards and thereby avoid accidents.

With comprehensive standards in place across the organization, the focus of Graymont’s Health and Safety thrust can now shift towards consolidating the considerable gains made to date and maintaining our positive momentum through continuous-improvement initiatives.

To that end, an internal-audit program designed to ensure compliance with the standards and best practices going forward will be introduced in 2016, along with specialized video and software-enabled tools to provide refresher training on crucial standards. As well, a special emphasis will be given to safe behavior at work.



### Safety Challenge

On-going initiatives include the innovative *Safety Challenge*, featuring a game format training day whereby employees are divided into teams and challenged to show which team can demonstrate the best knowledge and understanding of Graymont safety standards and culture. Pioneered by employees at the Company’s Bedford, Quebec plant in 2013, the grassroots *Safety Challenge* was enthusiastically received and has now spread to all Graymont sites, which stage the competitions every spring.

### Be Safe – Play it Smart

The highly successful *Be Safe – Play it Smart* poster campaigns have also become a fixture in Graymont’s safety-awareness arsenal. Mounted twice a year, the campaigns utilize colourful, attention-grabbing posters to alert employees and family members to particular safety hazards encountered during the summer and winter seasons, respectively. With the introduction of *Be Safe – Play it Smart* to New Zealand in the latter stages of 2015, the posters displayed there appropriately featured scenes designed to appeal to the local population, such as the national passion – rugby.



## Workforce Culture

### EMPLOYMENT

**1,528**

Full-time permanent employees

**5.4%**

Voluntary turnover  
(includes employees who retired)

**13 years**

Average length of service

**402**

Employees with service  
greater than 20 years

**0**

Days lost to strikes

### Employee Engagement and Retention

The success of even the most carefully crafted corporate strategy ultimately depends on mobilizing the men and women who must implement it. That is why Graymont strives to create a 'One Graymont' culture that motivates employees to take ownership of the tasks assigned to them.

It's about living up to Graymont's shared values, including integrity, respect and accountability.

On-going training and professional development are crucial to fulfilling Graymont's mission – as is our commitment to open, two-way communication.

The Company's people-centred approach and its commitment to making Graymont an employer of choice in the communities where we are present is reflected in a loyal and stable workforce that exceeded 1,500 (full-time employees) at year-end 2015. The voluntary turnover rate, including employees who retired, decreased marginally to 5.4% from 5.7% a year earlier.

### Training and Development - Investing in Our People

Graymont understands that, to attract and retain top-quality people, we must strive not only to provide meaningful, challenging jobs and competitive remuneration but also training and development opportunities that enable employees to enhance their skill sets and prepare themselves to take on greater responsibilities.

At the heart of these efforts is the Investing in Our People (IOP) Program, an on-going initiative focused on providing key employees from the various business units and corporate functions with the wherewithal required to make the best decisions about their respective areas of Graymont's operations – to, in effect, become true 'owners' of the business. IOP employs a variety of specialized training tools and programs tailored to ensure that participants possess the level of skills and motivation required to support Graymont's quest to become a truly World-class organization, thereby furthering his or her own career opportunities.

In addition to in-house training and development initiatives, Graymont provides support for personnel who wish to improve their formal education. Full-time employees who pursue approved post-secondary academic or vocational training can have their tuition costs reimbursed. As well, the Company offers financial assistance to the children of employees to help them take advantage of a wide variety of educational opportunities through the Graymont Scholarship Program.



## Workforce Culture



### **WIN program promotes smart lifestyle choices**

Graymont's inclusive, people-centred culture is exemplified by the Wellness is Now or 'WIN' program, designed to engage employees across the Company's Canadian and U.S. operations – and their spouses – and assist them in making smart lifestyle choices.

WIN participants are encouraged to take part in a series of activities organized over the course of the year, focused on four key areas of wellness: Emotional Health, in first quarter of the year; Physical Activity in Q2; Nutrition in Q3; and Financial Wellness, which includes tips on budgeting and how participants can better manage their money, in Q4.

U.S. participants who successfully complete the various program components qualify for reductions in the employee portion of their medical insurance premiums, while their Canadian colleagues earn points that can be converted into "Wellness Dollars". These may be applied against the purchase price of sports gear and other merchandise or gym memberships.

In addition to promoting healthy lifestyles, WIN has fostered an increase in camaraderie and competitive team spirit. An example of this healthy rivalry is the "Maintain Don't Gain Holiday Challenge", which encourages Graymont employees to continue eating healthy and exercising over the holidays, when people are tempted to over-indulge. During the 2015 holiday season, U.S. employees participating in the Challenge shed an average four pounds per person, edging out Canadian participants who lost an average of three pounds. Of course the fact that almost every participant succeeded in losing weight made them all winners. Other 2015 WIN highlights included a Walking Challenge involving employees at 11 U.S. plants and three regional offices, who racked up a combined total of more than 83 million steps. That translates into almost 40,000 miles or 64,000 kilometres, the equivalent of walking from North America to New Zealand and back – twice. The average distance walked per participant was 161 miles or 259 kilometres.

### **Employee Assistance Program**

Graymont's people-centred approach is evident as well in the Employee Assistance Program (EAP). EAP is a confidential short-term counselling service established to assist employees and family members encountering personal problems that impact their work performance. Those seeking assistance can receive support either in person, over the telephone or on-line, through a variety of qualified, issue-based health and wellness resources.

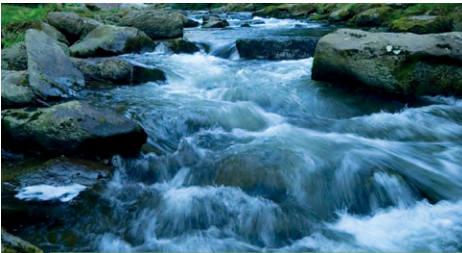


Environmental  
Care



# Environmental Care

We are committed to operating in a sustainable manner, and are proud of the fact that Graymont's products are part of the solution in terms of addressing many of today's environmental challenges.



## 2015 EMISSION SCORECARD

Graymont's SOx emissions:  
**2,704 tonnes**

SOx emissions averted in other industries by the use of Graymont products:  
**875,000 tonnes**

Graymont aims to consistently meet or exceed its regulatory and permit obligations, while working proactively to minimize the environmental impacts of its operations. To fulfill our commitment, we integrate environmental accountability into our strategic planning and take a systems approach to our practices with respect to environmental impacts.

### Revised Standards

Following a comprehensive review of Graymont's approach to environmental management completed in 2015, we decided to buttress the company uniform environmental standards with additional specialized standards and performance requirements designed to accelerate our journey to World-class levels: To that end, we have been developing new environmental standards focused on seven areas of critical importance: Fugitive Dust, Air, Water, Residual Material, Aesthetic Integration of facilities, Planning, Reclamation and Closure, and Energy. The goal is to have all the new standards fully implemented by the end of 2019.

This implementation begins immediately with the 2016 priorities set towards spill prevention and air-pollution control devices. Complementing this corporate-wide undertaking, Graymont's Environmental Plan also facilitates continuous improvement at individual sites, in accordance with annual goals set by the respective facilities and approved by management. This helps ensure that each location has the flexibility to address environmental matters of particular interest to the facility and community in question. We will begin reporting completion of these goals in the next edition of this report.

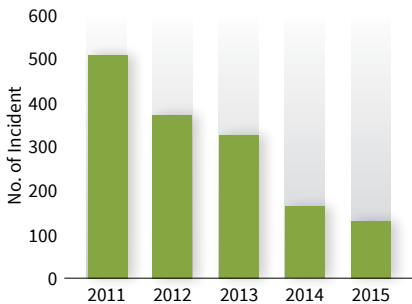
### A System Approach

Along with our Environmental Standards review, we have renewed our commitment to maintain constant compliance at all our facilities. To that end, an upgraded system to track environmental compliance related actions has been rolled out at all North American facilities in 2015. In addition, as another line of control for compliance, we have renewed our audit practices with a formal audit program which includes both internal audits against our own standards and third party audits against relevant regulation. In the course of 2015, five locations were audited by third parties. The program, which is on a three year schedule will continue in 2016 with 6 other facilities to be audited. Internal auditing against our own standards is set to begin after the implementation phase of the renewed environmental standards.



## Environmental Care

Figure 4  
Number of Graymont  
Environmental Exceedances



### Air and Energy – 2015 Progress

Air emissions from Graymont’s lime kilns are tracked either by real-time emission-monitoring devices or periodic testing, to ensure that limits are respected. Historically, the exceedances recorded have mostly involved incidents of short duration detected by the emissions-monitoring equipment. Nevertheless, we have been stringent in terms of ensuring that the causal issues were addressed and corrective actions taken to prevent recurrences. This proactive approach has resulted in a sustained downward trend in the number of occurrences, which declined from 161 in 2014 to 128 in 2015 – a new low (see Figure 4).

### 2015 EMISSIONS IN NUMBERS

**4.0 million tonnes**  
of lime produced

- a 4% decrease compared to 2014
- 27% above 2004\* levels

**25.554 petajoules**  
of energy consumed

- a 4% decrease compared to 2014
- 17% above 2004\* levels

**5.4 million tonnes of CO<sub>2</sub>eq**  
in total GHG emissions

- North American Operations  
12.6% below 2004\* levels of  
fuel-related emission intensity  
(equates to 310,000 tonnes of  
avoided GHG emissions)

**2.7 thousand tonnes**  
of SO<sub>x</sub> emissions

- 48% under 2004\* levels

**5.6 thousand tonnes**  
of NO<sub>x</sub> emissions

- 13% under 2004\* levels

\*2004 is the established baseline year for reporting.

### Process Control

The calcination of limestone to produce quicklime is an energy-intensive process. Improved energy efficiency translates into reduced levels of air pollutants and GHG emissions as well as lower costs.

The approach we have taken to process control is integrated and multidisciplinary, encompassing Graymont’s Technical Services, Health, Safety and Environmental, Quality and, of course, the Operations departments. Our multi-disciplinary teams look at ways to ensure our processes are as efficient as possible, in order to meet the quality requirements of our customers while respecting relevant environmental and emissions standards. The approach is three-pronged, involving the utilization of monitoring equipment, specialized training and process-control initiatives. We expect these efforts will continue to yield improvements in terms of improved energy efficiency and reduced emissions of GHGs, oxides of sulphur (SO<sub>x</sub>) and oxides of nitrogen (NO<sub>x</sub>), which are by-products of combustion.

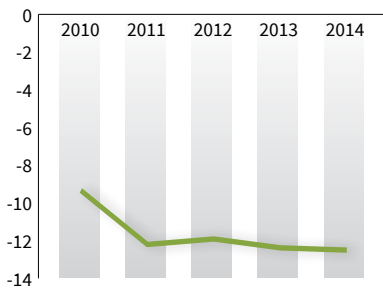
During 2015, process-control initiatives involving the installation of continuous emission-monitoring devices on kilns at the Bedford and Marbleton sites in Quebec yielded very encouraging results, enabling us to further improve control of SO<sub>x</sub> emissions and gain a better overall understanding of emissions associated with our processes. Further testing of the devices, with a view to installing them at other Graymont lime kilns, continues in 2016.





## Environmental Care

Figure 5  
Combustion-related GHG emissions intensity reduction for all Graymont lime operations compared to the 2004 baseline.



### Greenhouse Gases Strategy

Graymont takes an integrated approach to monitoring requirements with respect to GHG emissions, to ensure the Company remains fully cognisant of any real or potential issues and has ample time to make any changes that might be necessary to ensure operational efficiency and full compliance with regulatory requirements and norms. We do our utmost to meet the requirements in the respective jurisdictions where we operate and work proactively to reduce our GHG emissions intensity (see Figure 5).

### New Capacity Showcases New Technology

Graymont's commitment to World-class operations and producing lime with the lowest-possible environmental impact is evident in its investments in state-of-the-art technologies for "greenfield" and "brownfield" expansion projects. For example, a new vertical lime kiln that features the most environmentally friendly technology anywhere in the industry was scheduled to begin production in early 2016 at our Pleasant Gap PA site. As well, a vertical kiln at the Havelock NB site was restarted during 2015 utilizing newly available natural gas supply technology.

### Partnering to Improve Our World

Graymont strives constantly to leverage the unique properties of lime and lime products to help resolve and mitigate the many environmental issues our modern world faces. This goal could not be achieved without strong partnerships with other companies equally committed to addressing environmental concerns in their particular spheres of activity. We continue collaborating with a number of partners to further advance environmental uses of lime, in applications such as the scrubbers used to curb emissions from coal-fired generating plants.



## Environmental Care



### 2015 CALCINED BY-PRODUCT SALES

**409** thousand tonnes  
of calcined by-products sold

### Fugitive Dust

The mining and processing of minerals, including lime, can generate large amounts of dust which, if left uncontrolled, could potentially pose a nuisance.

Consequently, Graymont operates in accordance with stringent universal environmental standards and practices aimed at reducing dust generation, limiting worker exposure and preventing ‘fugitive’ dust from impacting neighbouring properties and communities. Current practices, which include paving roadways, applying dust suppressant to unpaved roads, reclaiming yard areas and better managing raw material and by-product storage areas, have significantly reduced dust emissions at sites throughout the network. Nevertheless the Company raised the bar in 2015, with the development of a revised standard that requires the review or installation at all lime kilns of state-of-art devices that will closely monitor dust emissions and improve our ability to promptly address any malfunctions with air-pollution controls.

### Waste Reduction

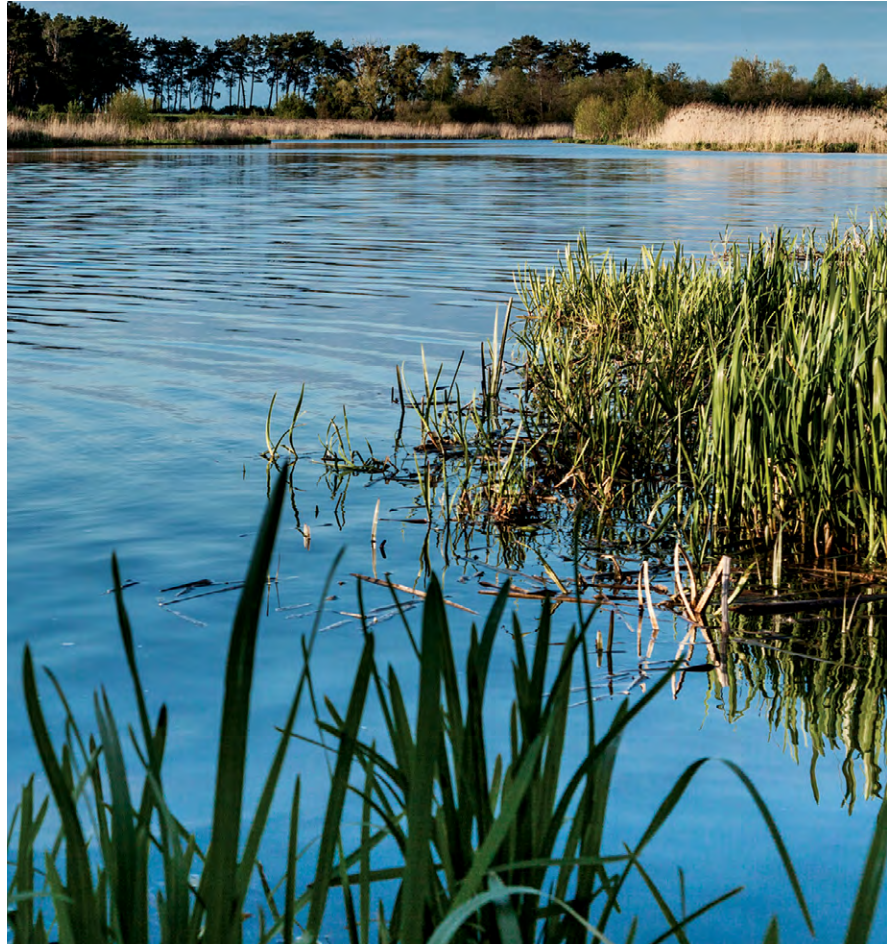
At the heart of Graymont’s approach to waste reduction is the Company’s determination to create added value and reduce its environmental footprint by fully utilizing all of the materials and resources touched by its operations – be it limestone, natural stone, overburden, fuel or other materials.

The ultimate goal is to reach the point where our processes essentially generate zero waste, by ensuring that no trash is sent to landfills or incinerators and that all products are reused or recycled to make new products.

Graymont is pushing forward an organization-wide initiative aimed at reducing or altogether eliminating the stockpiles of unused by-product traditionally associated with lime operations. The revised residual material environmental standard introduced in 2015 will help us to continue working to develop and expand markets where such materials can be put to good use.



## Environmental Care





Community  
Relations



# Community Relations

Building a sustainable future for Graymont involves engaging in a meaningful way with key stakeholders such as governments, non-governmental organizations (NGOs) and communities –including First Nations and indigenous peoples – demonstrating that the Company is committed to operating in a responsible manner that creates real value and lasting benefits for all parties.

## STAKEHOLDER RELATIONS GUIDING PRINCIPLES

- ▶ Stakeholders will be provided with timely and accurate information about Graymont’s activities and plans for the future that may impact them.
- ▶ Stakeholders will be given ample opportunity to participate in a stakeholder-engagement process, express their views and voice any concerns they might have.
- ▶ Graymont will strive to respect the culture and values of each stakeholder.

### Open, Honest and Principled

Graymont believes that the foundation of being a good neighbor is open and honest communication. Accordingly, we endeavour to be proactive in communicating our plans and seeking community input so that concerns and potential issues can be identified and addressed early on.

To that end, many Graymont locations maintain open lines of communication with citizens, local governments and other local businesses. The Company also has an internal process to track complaints and ensure that community concerns are taken into account.

Everywhere we operate, we try to give back to the communities – large and small – that we call home. In all instances, we strive to operate in accordance with our values and Stakeholder Relations Guiding Principles.

### Building On Our Track Record

Over the past decade Graymont has established a solid track record of community engagement success stories, involving both company-wide programs and innovative local initiatives tailored to the wants and needs of a particular host community.

As the Company has continued to grow, so has the scope and scale of financial support and engagement extended to the communities where we are present. Allocations to community investments increased again in 2015, totalling approximately CAD\$850,000.

As well, virtually every Graymont plant and office location – and their employees – provided additional support in the form of “donations in kind” of goods and services, not to mention that many are engaged by their own will giving generously of their own time evenings and weekends to lend a hand with worthwhile community causes.



## Community Relations

### Championing the sporting life for kids



Graymont's Port Inland, Michigan plant earned an assist by providing financial support to send the Manistique hockey team to a tournament in Muskegon MI, and also helped underwrite the cost of improvements to the local rink.



Employees at Pleasant Gap, Pennsylvania stepped up to the plate and sponsored a day trip for local Little League teams to attend a ball game at State College. As well as being guests at the game, the youngsters got to meet and hang out with members of the College's Spike Baseball Team, were treated to lunch and presented with souvenir T-shirts.

### Community Engagement – Making a Difference

The positive outcomes and progress made during 2015 on a wide variety of initiatives reinforced Graymont's belief that effective stakeholder engagement makes for sound strategic planning and decision-making, which benefits all stakeholders.

Below are some representative examples of the remarkable array of projects conceived and carried out in 2015 by local teams of highly energized, public-spirited Graymont employees, determined to make a difference by giving back to their communities. Their initiatives ranged from providing scholarships to college-bound high-school grads and sponsoring amateur sports teams to pitching in and helping out with environmental and nature-preservation endeavours.

### Major Projects Update

#### Giscome – Proposed Lime Plant and Limestone Quarry

In 2015 Graymont completed additional hydrology and geotechnical study work in support of the provincial Environmental Assessment (EA) application process for a proposed new lime plant and quarry that would be situated on the traditional territory of the Lheidli T'enneh First Nation in Giscome, BC, not far from the city of Prince George. A number of meetings were held with the local community and First Nations prior to the submission of the EA application in mid-October. A decision on the application is anticipated during the latter part of 2016.



## Community Relations

### Digging in to support environmental stewardship



For the fourth consecutive year, a team from the Makareao facility on New Zealand's South Island planted trees for the Yellow Eyed Penguin Trust at the Tavora Reserve nature habitat near Palmerston, Otago. On New Zealand's North Island, employees at Graymont's Oparure Quarry rolled up their sleeves to help out with the maintenance of a nearby 'Marae'. Marae are sacred meeting grounds that serve as religious and social focal points for Māori communities. The Company also contributed heavy machinery and material to help maintain the driveway and grounds. Elsewhere, conservation-minded volunteers from the Otorohanga site made numerous visits to the Ruakuri Reserve to assist the Department of Conservation with pest-control efforts.

### Sprucing up our shorelines



Every April, a team of employees from the Pleasant Gap PA plant volunteer to help the non-profit Clearwater Conservancy clean up local streams. Similar initiatives spear-headed by employees at other Graymont facilities include the 'Shoreline Cleanup' at McDonald Beach Park in Richmond, British Columbia, and the annual Fox River Cleanup in Green Bay, Wisconsin. Donations from employees at Bedford, Quebec enabled the planting by the Brome-Missisquoi MRC of 1,300 shrubs along the shorelines of the region's waterways.

### Marbleton Harmony Project

First proposed to the community in 2013, Projet Harmonie (the Harmony Project) would secure operations at the Graymont's Marbleton site for the next 50 years – a major source of jobs for this small community in Quebec's Eastern Townships region. The project essentially involves re-organizing the management of the plant's overburden, a process that got under way in spring 2015 and is ongoing.

The project includes a number of different land-reclamation initiatives designed to improve the quality of life in the area and better integrate activities at the site going forward. Graymont is committed to providing sufficient funding to ensure that targeted re-claimed lands can reach its full potential for use as public green space and recreational areas. All phases of the project are planned taking into account community input gleaned from on-going outreach efforts. The next stages of the project require approval by Quebec Authorities, which is anticipated in 2017.

### Bedford Heritage Project

This undertaking aims at securing the future of another long-established Graymont site in Quebec's Eastern Townships, the Bedford quarry and lime plant. The Bedford Heritage Project reached a very important milestone in 2015, when the *Commission de protection du territoire agricole* (CPTAQ) gave a green light for the project to proceed as proposed on the lands specified. Next steps entail gaining CPTAQ approval for the land purchases required to facilitate the project and submitting a formal request for authorization to the Environment Ministry.

Meanwhile, work did commence during 2015 on a relatively small-scale preliminary phase of the project, referred to as the Maska Sector: the work being carried out includes water-management planning studies to help ensure the viable implementation of a stone pile in this particular landscape and environment. Stone piling operations at Maska site began in 2015 and will continue for approximately two years. Graymont is carefully monitoring these activities and will remain in constant contact with its neighbours to ensure that things are done according to plan. As well, work continues on a study to determine the best approach and techniques to be used in future for the reclamation of stone piles. To that end, a number of tree species will be planted in the spring of 2016.



## Community Relations

### Helping out the local heroes



A portable office structure at Graymont's Bedford QC site, which was no longer in use and scheduled to be demolished, was instead donated to the local fire department, providing an ideal facility for the firefighters to practice their recovery and smoke and fumes-venting techniques.

### Lending a hand to the less fortunate



Graymont employees at Port Inland MI (above) and Salt Lake City, Utah have been lending a hand to Help Habitat for Humanity build affordable homes for less fortunate people in their respective communities. Graymont is the first local business to partner up with Habitat for Humanity in Port Inland.

### Rexton

Graymont welcomed the approval during 2015 by the Michigan Department of Natural Resources' (DNR) of its Land Transaction Application (LTA), which involves the sale and exchange of lands within Mackinac and Luce Counties in Michigan's Upper Peninsula to facilitate a new limestone operation. In keeping with its commitment to support community development in the region, Graymont intends to fund economic development-related initiatives.

Preliminary work has been undertaken at a designated site where active quarrying operations are planned. As well, on-going environmental and cultural evaluations are being conducted as required to support community relations and permitting needs.

Moving forward, Graymont intends to submit a US Forest Services (USFS) land exchange proposal for the Rexton project during 2016. This USFS exchange proposal will require review under the National Environmental Policy Act (NEPA), a process the Company anticipates will involve a time line of at least three years. Community and tribal outreach efforts are ongoing through direct consultation, active participation in community activities and the hosting of events.





## Community Relations



# Sustainability Performance Data



Following are three tables presenting Graymont's Key Performance Indicators (KPIs) related to social, environmental and economic performance. Current and historical data is provided for the years 2011 through 2015 and includes references to the year 2004 which has been established as the baseline.

## SOCIAL PERFORMANCE DATA

KPI		2015	2014	2013	2012	2011	Notes
Number of full time permanent employees	Canada	640	611	640	614	523	As of December 31 of each year.
	New Zealand	84					
	United States	804	748	714	722	586	
Voluntary turnover rate (includes employees who retired)	Total	5.4%	5.7%	5.3%	4.8%	4.5%	Excludes Summer Student temporary employee separations.
Composition of Graymont Limited Board of Directors and Officers	Directors	8M 2F	8M 2F	8M 2F	8M 1F	8M 1F	M – male F – female
	Officers	13M 1F	12M 1F	11M 1F	13M 2F	9M 1F	
Reportable incident rate	Canada	3.06	4.4	3.0	2.2	1.5	Number of incidents that result in medical treatment, lost work days or restricted work days per 200,000 exposure hours.
	New Zealand	2.58					
	United States	2.71	2.2	2.5	2.1	2.8	
Lost time incident rate	Canada	1.13	1.6	1.3	1.2	0.7	Number of incidents that result in lost work days per 200,000 exposure hours.
	New Zealand	0					
	United States	1.11	1.2	1.1	1.2	1.0	
Fatalities		0	0	0	0	0	
Monetary fines for safety non-compliance	Canada	\$12	\$1.8	\$0.3	\$2.1	\$0	Thousand CAD\$ Thousand NZD\$ Thousand US\$
	New Zealand	\$0					
	United States	\$38	\$44.5	\$85.8	\$76.1	\$22.5	
Number of days lost to strikes	Canada	0	0	0	0	0	
	New Zealand	0	0	0	0	0	
	United States	0	0	0	0	0	
Employees covered by retirement and health benefits	Canada	100%	100%	100%	100%	100%	
	New Zealand	100%	100%	100%	100%	100%	
	United States	100%	100%	100%	100%	100%	
Employees covered by Employee Assistance Program	Canada	100%	100%	100%	100%	100%	
	New Zealand	100%	100%	100%	100%	100%	
	United States	100%	100%	100%	100%	100%	
Community investment	Canada	\$423	\$370	\$480	\$221	\$208	Thousand CAD\$ Thousand NZD\$ Thousand US\$
	New Zealand	\$3					
	United States	\$260	\$239	\$248	\$176	\$179	

## ENVIRONMENTAL PERFORMANCE DATA

KPI		2015	2014	2013	2012	2011	Notes
Energy use	Canada	<b>5.6</b>	6.3	6.1	6.3	7.2	Petajoules. Total energy use at facilities including combusted energy and electricity.
	New Zealand	<b>0.8</b>					
	United States	<b>19.1</b>	20.9	21.5	20.3	17.5	
Direct greenhouse gas emissions	Canada	<b>1.1</b>	1.3	1.2	1.2	1.3	Million tonnes CO <sub>2</sub> e. Lime production facilities only.
	New Zealand	<b>0.2</b>					
	United States	<b>4.1</b>	4.5	4.5	4.3	3.4	
Production carbon intensity	Canada	<b>1.21</b>	1.21	1.20	1.24	1.26	Tonnes CO <sub>2</sub> e per tonne lime. Lime production only.
	New Zealand	<b>1.27</b>					
	United States	<b>1.38</b>	1.40	1.40	1.38	1.38	
NOx emissions	Canada	<b>2.0</b>	2.3	2.3	2.2	2.3	Thousand tonnes. Lime production only. NPRI data.
	New Zealand	<b>0.1</b>					
	United States	<b>3.5</b>	3.8	3.7	3.7	4.1	
SOx emissions	Canada	<b>1.3</b>	1.5	1.3	1.5	1.6	Thousand tonnes. Lime production only. NPRI data.
	New Zealand	<b>0.1</b>					
	United States	<b>1.4</b>	1.6	1.6	1.6	1.5	
Monetary fines for environmental non-compliance	Canada	<b>\$0.1</b>	\$5	\$1	\$2	\$0	Thousand CAD\$
	New Zealand	<b>\$0</b>					
	United States	<b>\$15</b>	\$84	\$57	\$137	\$17	
Emission exceedance events	Canada	<b>61</b>	34	55	21	62	Number of exceedance events. An exceedance event can be an emission exceedance for as short as 6 minutes.
	New Zealand	<b>5</b>					
	United States	<b>62</b>	127	266	347	445	
Total cumulative land area disturbed	Canada	<b>1,068</b>	1,003	875	690	716	Hectares. Includes plant sites, quarries and pits.
	New Zealand	<b>85</b>					
	United States	<b>1,072</b>	1,101	904	968	822	
Land area reclaimed	Canada	<b>3</b>	7	4	8	2	Hectares. Includes plant sites, quarries and pits.
	New Zealand	<b>0</b>					
	United States	<b>61</b>	9	22	21	10	
Partially calcined by-products sold	Canada	<b>52</b>	38	26	30	24	Thousand tonnes.
	New Zealand	<b>5</b>					
	United States	<b>352</b>	587	416	389	328	

## ECONOMIC PERFORMANCE DATA

KPI		2015	2014	2013	2012	2011	Notes
Sales	Lime	4.0	4.2	4.2	4.0	3.5	Million tonnes
	Stone	6.0	5.4	5.7	6.3	6.7	Million tonnes
	Asphalt	0.4	0.4	0.3	0.5	0.3	Million tonnes
	Ready Mix	0.1	0.1	0.1	0.1	0.1	Million cubic metres
Employee remuneration (includes wages, salaries, and health and retirement benefits)	Canada	\$80.8	\$72.8	\$71.4	\$63.9	\$58.4	Million CAD\$
	New Zealand	\$4.3					Million NZD\$
	United States	\$84.2	\$79.6	\$75.7	\$73.8	\$62.0	Million US\$
Financial assistance received from government	Canada	\$1.3	\$1.5	\$0.8	\$1.8	\$1.2	Million CAD\$
	United States	\$0.8	\$0.5	\$0.6	\$0.5	\$0.3	Million US\$
Expenditure on research and development	Total	\$6.1	\$6.7	\$6.5	\$6.3	\$4.4	Million CAD\$



# Graymont North American Lime Operations



## LEGEND

-  Lime Operations
-  Lime Terminals

Graymont's North American Lime operations (18 plants) are focused on the production of high calcium and dolomitic lime, pulverized limestone, value-added lime based products such as hydrated lime and precipitated calcium carbonate, and construction stone. In Canada, it operates in the provinces of Alberta, British Columbia, Manitoba, New Brunswick and Quebec. In the United States, Graymont is present in Michigan, Montana, Nevada, Ohio, Oregon, Pennsylvania, Utah, Washington and Wisconsin. The Company also operates rail-to-truck trans-load terminals that extend the geographic market reach of several plants. North American Lime operations are supported by five regional offices located in Boucherville, QC, Calgary, AB, Bellefonte, PA, West Bend, WI, Salt Lake City, UT and the Graymont engineering office located in Joliette, QC.

# Graymont New Zealand Lime Operations



Graymont's New Zealand Lime operations (3 plants) serve and supply quality lime and limestone products to Agricultural, Animal Health and Industrial markets of New Zealand and Asia Pacific regions. Consistency of supply is critical for customers and great importance is placed on ensuring to always be in a position to manage production and logistics to accommodate customer requirements from our locations in both the North and South islands.

# Graymont Materials Operations



The Materials operations are focused on providing construction stone, sand and gravel, asphalt products and ready-mix concrete for the infrastructure and general construction needs in upstate New York. The Materials Group also operates a site in northern Alberta as part of a joint venture (not shown on map). The head office of the Materials operations is located in Plattsburgh, NY.



## **Forward-Looking Statements**

### Prospective Information

This report contains some information that is prospective in nature and which may be affected by known or unknown risks and uncertainties.

There can be no assurance that any of this information, in particular statements regarding financial forecasts and projections, will be accurate.

Actual results and future events could be materially different from those reflected in this report.

# Glossary and Abbreviations

**CAD\$** – Canadian dollar

**CEO** – Chief Executive Officer

**CO<sub>2</sub>e** – carbon dioxide equivalent

**Emission exceedance event** – an event where emissions exceed an environmental permit limit or internal standard for a prescribed duration of time. Prescribed durations of time can be as short as six minutes

**Good Catches** – a situation including a potential hazard which has been identified for solving prior to causing injury to worker

**Greenhouse gas emissions** – in Graymont’s case these include carbon dioxide, methane and nitrous oxide

**Graymont Severity Rate (GSR)** – based on the sum of lost workdays times 2, plus the number of restricted workdays over a given period of time. The total is then divided by the number of Graymont Reportable Incident

**Graymont Reportable Incident (GRI)** – an incident that results in an injured worker requiring medical treatment beyond first aid, an injured worker being unable to report for their next work shift, or an injured worker being restricted in their work duties

**Health, Safety and Environmental (HSE)** – describes activities and processes used to enhance the health, safety and environmental performance of the Company

**KPI** – Key Performance Indicator

**Lost time incident** – an incident that results in an injured worker being unable to report for their next work shift

**MSHA** – the United States Mine Health and Safety Administration

**Near Miss** – an incident which resulted in no harm to worker

**NOx** – oxides of nitrogen which are a by-product of combustion

**NPRI** – national pollutant release inventory – Canada

**NZD\$** – New Zealand dollar

**Petajoules** – 10<sup>15</sup> joules

**SOx** – oxides of sulphur which are a by-product of combustion

**Tonne** – metric ton or 1000 kilograms

**TRI** – toxic release inventory – United States

**US\$** – United States dollar

### **Contact Us**

At Graymont, we regard our commitment to achieving all-around World-class performance as a journey – not a destination. As we strive for continuous improvement in crucial areas such as environmental stewardship, workplace health and safety and stakeholder relations, we welcome your comments and feedback.

Communications should be directed to:

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Or visit us at: [www.graymont.com](http://www.graymont.com)



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