2013 Sustainability Report
Welcome to Graymont’s seventh Sustainability Report. Discussion, data and information contained herein relates, with noted exceptions, to the 2013 calendar year. Historical data is provided, again with noted exceptions, for the years 2009 through 2012 and includes references to the year 2004 which has been established as the baseline. The 2014 report is scheduled for publication in April, 2015.

This 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 in Canada and the United States. Data and information in the Workforce Culture, Waste Reduction and Community Relations sections relate to all operations in Canada and the United States.
About Graymont

A family-owned and controlled private corporation headquartered in Richmond, British Columbia, Graymont is North America’s second-largest supplier of lime and lime-based products. It supplies customers across the continent from a network of Lime facilities spanning the United States and Canada. In addition, the Company operates a construction materials unit as well as a business that landfills construction and yard dry waste, Ecowaaste Industries Ltd., which operates from a single site in Richmond. The operating segments will be referred to throughout this document as “Lime”, “Materials”, and “Ecowaaste”.

Graymont also has a significant investment in Mexico with a minority equity interest in Grupo Calidra S.A. de C.V. (“Calidra”), the largest lime producer in that country.

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, wind farm construction, agriculture, oil and gas production, and power generation are among the long and growing list of crucial sustainability-related applications for Graymont products.

Corporate Responsibility Statement

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.

Graymont recently affirmed this commitment by adopting a comprehensive Health, Safety and Environment (HSE) action plan, designed to drive continuous improvement in these crucial areas and position the Company as an industry shaper with respect to sustainability.
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

Thank you for taking time to peruse Graymont’s 2013 Sustainability Report, which documents the progress made — and challenges met — in our on-going journey to position the Company as an industry shaper in sustainability and all-round world-class organization.

We worked hard again in 2013 to help Graymont earn the public’s trust and retain our crucial ‘social license’ to operate, by further improving our health, safety and environmental performance, and engaging with communities and other key stakeholders. At the heart of our approach is a comprehensive strategy, spearheaded by the Strategic Leadership Team, and which is supported by a strengthened “One Graymont” culture. The strategy involves the company-wide implementation of a uniform set of health, safety and environmental standards that reflect Graymont’s unique culture and values.

Ensuring the safety and well-being of Graymont employees remains paramount. Our performance in this critical area during 2013 saw an unwelcome upward blip in a key metric that tracks reportable accidents and incidents. We have responded by further intensifying our health and safety focus with a view to achieving continuous improvement and getting back on track toward our ultimate goal of zero injuries. Still on the safety front, I am pleased to note that Graymont has assumed a leadership role in advocating for the establishment of a co-ordinated global lime industry safety program, and also has championed a collaborative safety campaign being initiated in the North American lime industry.

Yet another crucial element of Graymont’s sustainability agenda is our determined approach to building and sustaining strong relationships with communities — including First Nations — where the Company operates or intends to establish a presence. In that respect, I am particularly proud of the exemplary manner in which Graymont managers and employees in Alberta responded to the floods that devastated the province in June 2013, shutting down two lime plants. While working to ensure the safety of employees and get our plants up and running again, the people of Graymont reached out to neighbours in the surrounding communities, pitching in with manpower and equipment to help clean up the mess.

Ultimately, sustainable development is underpinned by viable companies that create value for shareholders, employees, customers, communities and other key stakeholders. On that note, I am pleased to conclude by observing that 2013 was another very successful year for Graymont, which achieved record levels of quicklime shipments and secured long-term access to crucial land and ore reserves.

Going forward, we will continue to pursue Graymont’s mission of “improving our world by responsibly meeting society’s needs for quality lime and stone products”.

Stéphane Godin
President and CEO
Graymont
March 26, 2014
Workforce Culture
Workforce Culture

Graymont derives its competitive edge in large part from more than 1300 remarkable men and women who bring their skills and energy to work every day at offices and plant sites across North America. In return for their hard work and commitment, the Company aspires to provide competitive wages and benefits, a safe, healthy work environment where employees can function day in and day out without injury, as well as ample opportunities to grow and develop their skills in order to realize their full potential.

Safety

Simply put, safety is paramount at Graymont.

In striving to ensure that all employees, contractors and visitors are kept out of harm’s way, 2013 saw further progress in the development and implementation of stringent new health and safety standards that will be applied throughout Graymont’s operations.

Striving for Zero Injuries

After several years of marked improvement in safety performance — as measured by the key metric, Graymont Reportable Incident (GRI) rate — results for 2013 fell short of a targeted 33% decrease: the GRI rate, in fact, increased by 24% to 2.71 that included some incidents with notable gravity. On the plus side, however, the number of ‘Near Misses/Good Catches’ — key observations that are a crucial tool in terms of identifying and addressing potentially hazardous situations — quadrupled in number. This is a positive shift in our behavior, showing that we are not only more conscious about potential hazards around us, but also that Graymont people feel more and more empowered to take steps to correct inadequate situations.

The Company is determined to ensure that the slippage with respect to the GRI rate in 2013 was just a temporary setback. Rather than be deterred by those results, Graymont has responded to the challenge by further intensifying its Health and Safety focus through a ‘One Graymont’ approach, which stresses the value of teamwork and cross-functional collaboration to achieve continuous improvement in safety performance and get back on track toward the ultimate goal of zero injuries.

Revised Safety Standards Ready for Rollout

Revised Safety Standards which build on our existing best practices were developed during 2013 by Graymont’s multidisciplinary Zero Injury Taskforce as part of a sweeping HSE action plan. Two of the most critical standards were rolled out and implemented during 2013 and the additional critical standards are set to begin implementation during 2014.

19 detailed standards covering virtually every aspect of workplace safety have been developed by the Task Force. Each standard is carefully scrutinized by a qualified group of HSE specialists, operations managers and front line employees before receiving a green light for implementation. Training on the new standards will be conducted at all Graymont facilities as they are introduced.
Instilling a Safety-conscious Culture

Over the course of 2013, numerous initiatives — some corporate-wide, others conceived and organized by employees and managers at local Graymont sites across Canada and the United States — helped increase safety consciousness.

In September 2013, for instance, the ‘Safety Olympics’ came to Bedford, Quebec. This unique competition, scheduled during a production shutdown, involved nine teams of employees randomly selected with the exception of a millwright assigned to each roster to ensure fairness. Teams were asked to perform specified safety procedures on real equipment — tasks that were aligned with the competition’s themes: Lock Out, Tag Out and Confined Space Entry. As well, competitors were required to answer questions related to emergency planning and problem solving. At the end of the exercise, the qualified trainers who monitored the competition huddled with the teams to review their respective performances. Based on positive feedback from the employees, who said they learned better from this hands-on exercise than from slides or videos, the Bedford HSE team plans to repeat the games in 2014.

Good Housekeeping Pays Dividends

Experience has shown that good housekeeping is an essential part of any health and safety program. It can eliminate clutter, which is a common cause of accidents, and improve productivity by ensuring that the right tools and materials for the job at hand will be easy to find. Accordingly, in mid-2013, Graymont launched a corporate-wide Housekeeping Contest — the coveted prize a visit to the winning sites by President and CEO Stéphane Godin and other members of the Strategic Leadership Team in early 2014, to prepare and serve lunch for employees.

Winners included: the Ecowaste landfill unit in Richmond BC, and the Green Bay WI lime plant (small sites); the Graymont Portneuf aggregates plant in St-Marc-des-Carrières QC and the Genoa OH lime plant (medium-sized sites); and the Superior WI lime plant, in the large-plant category.
“Be Safe — Play it Smart”
It has been Graymont’s experience that accident rates tend to spike during winter months. Inclement weather experienced in many regions obviously plays a role, as do the many distractions of the holiday season. In late 2013, with the holiday season approaching, Graymont’s HSE team developed the “Be Safe — Play it Smart” safety awareness campaign, using colourful, custom-designed posters and related supporting materials to sensitize everyone to the increased hazards.

The campaign urged people to be accountable and look out for themselves and their loved ones — but not only for themselves, noting that safety is also a team sport. The campaign was very well received and is credited with helping get Graymont’s safety performance back on track as 2014 unfolded.

Small Group Outreach Program: “The Power of One”
Launched in October 2013 at the Eden Great Lakes site in Wisconsin, Graymont’s new The Power of One – Small Groups Outreach Program is a tool specifically designed to bring together small groups of employees — typically eight to 10 people — from various functions at a given site to address safety issues and concerns and recommend solutions that will deliver measurable results.

The limited numbers ensure that each individual member of the group has a chance to voice his or her opinion and contribute to group decision-making, thereby fostering workplace unity and positive cultural change in addition to improved safety.

Plans for 2014 call for the rollout of the program to other sites, including Port Inland, Michigan, and Pilot Peak, Nevada, as well as Exshaw, Pavilion, and Faulkner in Western Canada.
Award-winning Safety Performances

Again in 2013, outstanding safety achievements at a number of Graymont sites were recognized and rewarded. Among the award-winning performances:

▶ The U.S. National Mining Association's prestigious Sentinels of Safety Award was presented to the Plattsburgh Quarry, in Plattsburgh NY, for its outstanding safety record in 2012.

▶ The underground mine at Graymont’s Pleasant Gap PA complex also captured a Sentinels of Safety Award (Non-metal Underground category).

▶ Graymont lime facilities in Bedford and Marbleton QC were jointly awarded the F.J. O’Connell Trophy for best performance and most significant improvements in health and safety in the category of Surface Operations, Transportation and Metallurgical Primary Processing. Both sites were previous F.J. O’Connell award winners.

▶ The Indian Creek site, located near Townsend MT, was a double winner, capturing both the U.S. Mine Safety and Health Administration (MSHA) Certificate of Achievement in Safety Award and a Safe Work Practice Award plaque from the Montana Mining Association.

An HSE Industry Shaper

The Company’s resolve to be an industry shaper with respect to health and safety extends beyond its own operations. Graymont has been advocating for the establishment of a co-ordinated global lime industry safety initiative under the auspices of the International Lime Association, and also has championed an industry-wide safety pledge in the North American lime industry to significantly reduce—and ultimately eliminate—work place injuries.
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 an entrepreneurial, people-oriented 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 increasingly 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 numbered in excess of 1,350 (fulltime employees) at year-end 2013. The voluntary turnover rate, including employees who retired, remained below 5% for a fifth consecutive year.

Enthusiastic Response to Wellness Program
Employees and their families at 12 U.S. plants and the regional office in Salt Lake City, Utah, are benefiting from the recently introduced Graymont WIN (Wellness is Now) Program, designed to foster healthy employees and assist them in making smart lifestyle choices. ‘Wellness Champions’ have been appointed at each site to help promote the program, which is supported by outside expertise and has its own dedicated website: www.graymontwin.com.

Diet and exercise were focal points of the Maintain – Don’t Gain Holiday Challenge staged as part of WIN. Teams of employees challenged one another to either maintain or lose weight during the holiday season, when people tend to over-indulge. Of the more than 300 employees who took up the challenge, 210 succeeded in losing weight — collectively dropping a total of nearly 1,200 pounds — while 35 others managed to avoid gaining weight. The fact that more than 80% of eligible employees participated indicates a very high level of engagement.
Onboarding Process Refined

In 2013 a cross-functional team led by Human Resources conducted a review and overhaul of Graymont’s ‘onboarding’ process, which provides a standard framework and procedures for welcoming new employees and helping them integrate smoothly into their jobs.

Among changes being implemented are the development of formal ‘game plans’ designed to give new recruits a clearer direction as to what they can expect during their first days and weeks on the job, as well as expanded training on systems and procedures. Steps also are being taken to ensure that the onboarding process is firmly embedded across all Graymont sites.

These refinements will enable the Company to build on the initial success of the onboarding initiative, which is credited with stabilizing the number of employees voluntarily leaving Graymont during the crucial first year of employment.

Training and Development

Investing in Our People Program Comes to Successful Conclusion

Graymont’s ambitious “Investing in Our People” program, a three-year undertaking initiated in 2011, was substantially completed during 2013. The program focused on providing Lime employees with the skills, abilities and wherewithal required to make the best decisions about their respective parts of the operations – in effect becoming true ‘owners’ of the business. At its heart, the program was about changing how employees work together by empowering everyone — from front-line workers to the CEO — to support the quest to make Graymont a truly world-class organization in all aspects of its operations.

The program proved to be a resounding success, positively impacting Graymont’s business objectives while enhancing relationships with stakeholders. End results include better interactions both within and between plant operations; a shift of responsibility and decision-making to appropriate levels of the organization; and a sustainability blueprint designed to help ensure that the culture change holds.
Environmental Care
Environmental Care

Graymont is committed to helping combat climate change and minimizing its environmental footprint by producing lime with the lowest carbon dioxide emissions intensity in North America.

The Company's strategy with respect to environmental care focuses primarily on three key areas that form the environmental pillars of the Graymont HSE Management System: air emissions, energy efficiency and waste reduction.

**Air Emissions**

Air emissions result largely from the combustion process utilized in Graymont's lime kilns, as well as from uncontained “fugitive dust” that becomes airborne. A primary thrust here is to move to cleaner-burning alternative fuels for new or retrofitted production facilities, while working with best management practices and abatement technologies to prevent dust emissions.

**Energy Efficiency**

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

**Waste Reduction**

Responsible use of resources enables Graymont to extend the life of those resources further and reduce the Company's impact on the environment.

Graymont is working hard to reach the point where all of its facilities will essentially operate with zero waste, thanks to continuous improvement on two fronts:

- Converting all disturbed earth and rock into value-added products or into materials used for site reclamation; and
- Recycling other materials rather than sending them to land-fill.

**EMISSIONS SCORECARD**

From an emissions perspective, Graymont is fortunate that the benefits derived from environmental applications for its main product considerably outweigh the emissions generated by the Company’s production and processing facilities.

Lime has long been indispensable for the production of a number of primary goods. More recently, it has become the solution of choice to address complex environmental challenges such as acid rain and other issues associated with oil and gas production, power generation and waste treatment.

In 2013, SOx emissions from Graymont totaled 3,313 tonnes, while Graymont products helped prevent the release of an estimated 512,000 tonnes of SOx emissions in other industries.
Air Emissions & Energy Efficiency
A unique recently built coal-fired rotary kiln at the Cricket Mountain UT site, ramped up to full capacity in 2013, combines high capacity (up to 1,200 tons per day) with low energy consumption and an excellent stone reclamation system. Along with the modern and equally fuel-efficient facility at Pleasant Gap, Pennsylvania, it reflects Graymont’s commitment to ensure that all new kilns deploy the most sustainable technology available.

Elsewhere, kilns at the Bedford and Marbleton sites in Quebec have been upgraded to provide more flexibility with respect to choice of fuels. Both now burn natural gas and have the potential to utilize other alternative lower-emission fuels. Meanwhile, natural gas also is increasingly being used at a number of other Graymont facilities in the Eastern U.S., Great Lakes and Western Canada regions and development work on the use of biomass continues at the Marbleton, Quebec site and Faulkner, Manitoba site.

Supporting the Company’s continuing drive for increased energy efficiency and reduced emissions are Graymont’s on-going R&D initiatives focused on state-of-the-art kiln technologies and enhanced automation and process control.

Environmental Care

**2013 EMISSIONS IN NUMBERS**

4.3 million tonnes of lime produced; 31% above 2004* levels.

27.6 petajoules of energy consumed; (Total primary energy consumed by all Canadian and U.S. industries was approximately 115,000 petajoules in 2012).

5.6 million tonnes of CO₂ eq in total GHG emissions; 12% under 2004* levels of fuel related emission intensity (equates to 301 thousand tonnes avoided GHG emissions).

3.3 thousand tonnes of SOx emissions; 36% under 2004* levels.

5.7 thousand tonnes of NOx emissions; 36% under 2004* levels.

*2004 is the established baseline year for reporting.
Environmental Care

Quebec-California Cap-and-trade Initiative
Graymont is a participant in the pioneering Quebec-California cap-and-trade system officially launched on January 1, 2013. While participation is mandatory for lime producers in Quebec, the Company welcomes this initiative as being very much in line with its determination to be part of the solution with respect to climate change and stay ahead of the curve by reducing GHG emissions across its operations.

Focus on Dust Reduction Paying Dividends
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 has implemented stringent universal environmental standards and practices, aimed at reducing dust generation, limiting worker exposure and preventing fugitive dust from impacting neighbouring properties and communities.

Initiatives that include paving and managing 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.

Graymont also follows uniform environmental standards designed to minimize particulate matter from exhaust gas scrubbers and baghouse operations.

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.

Graymont plants in Quebec, Pennsylvania and the Great Lakes Region have taken the lead in what is now an organization-wide initiative aimed at reducing or altogether eliminating the stockpiles of unused by-product traditionally associated with lime operations. Their success in finding — and, in fact, creating — markets where such materials can be put to good use facilitated the sale of some 442 thousand tonnes of by-product materials generated in 2013. As a result, many sites are no longer accumulating any lime-related waste and older stockpiles are being eliminated.
In quarry operations, overburden soils are stockpiled for later use in reclamation. Overburden rock is either used directly in reclamation activities, stockpiled for later use in reclamation, or placed in appropriate areas to be reclaimed. Overburden rock is typically an acid neutralizing, low grade limestone that presents no environmental risk.

Centralized mine-planning designed to extend the life of existing quarries and reduce, where possible, displacement of overburden stone also plays a key role with respect to waste reduction.

Ecowaste
Waste reduction is the core business of Graymont’s Ecowaste unit in Richmond, British Columbia. At the Ecowaste landfill yard, grass clippings and tree trimmings are processed via composting to produce soil that is used for reclamation on site.

Continuing a process initiated in 2007, virtually all of the 555,571 cubic meters of nutrient-rich leachate water produced at the landfill during 2013 was collected and treated on site. This water is used to nourish 13 hectares of poplar and willow trees for use as biomass and pulp.

As well, approximately 660 tonnes of methane (CH4) were captured and combusted in 2013, which reduced greenhouse gas emissions by 13,860 tonnes of carbon dioxide equivalents.
Community Relations

Engaging in a meaningful way with key stakeholders such as governments, non-governmental organizations (NGOs) and communities — including First Nations — is a prerequisite for maintaining the Company’s ‘social license’ to operate and building a sustainable long-term future for the organization.

Graymont believes that the foundation of being a good neighbour 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.

The positive outcomes and progress made during 2013 on several key initiatives — involving very different circumstances — reinforced Graymont’s belief that effective stakeholder engagement facilitates sound strategic planning and decision-making that benefits all parties.

Giscome

In Western Canada, the Company has been conducting an environmental impact assessment and consultation process with a view to building a lime plant and quarry near Prince George, British Columbia. To that end, Graymont initiated a consultation process with local authorities and the leadership of Lheidli T’enneh First Nation. By the end of 2013, the Company had successfully conducted a number of meetings and open houses with the Lheidli T’enneh First Nation and local communities. As well, a Technical Working Group meeting was held in October 2013. The Technical Working Group is composed of members representing relevant government agencies, First Nations and local governments and is tasked with advising the B.C. Environmental Assessment Office about issues related to the assessment of the proposed project. The Working Group will also play a key role later in the process by helping assess the adequacy of any proposed mitigation measures.

At year’s end, environmental-assessment studies for the project were nearly completed and the Company expects to be in a position to submit its Environmental Impact Assessment application in 2014.

Marbleton Harmony Project

In Eastern Canada, representatives of the long-established Marbleton, Quebec, plant invited local residents to a presentation on its proposed Projet Harmonie (Harmony Project), which would involve making significant changes to the size and scope of operations with a view to extending the sustainable future of the site — one of the community’s major sources of jobs — for 50 or 60 more years. Plans include acquiring additional land for storing unprocessed stone, while shutting down and restoring a current storage area as well as one of the quarries on the site. The meeting concluded with proposals for a number of cooperative and oversight mechanisms, including a joint committee of company and community representatives. Further consultations are planned.
Bedford Heritage Project
In nearby Bedford, Quebec, a small town about an hour’s drive southeast of Montreal, Graymont is involved in another innovative project aimed at securing the future of a long-established quarry and lime plant that literally overlooks the backyards of neighbours.

The team at the Bedford plant identified a unique opportunity to combine community outreach and support with the future mining needs of the facility, by using overburden material from the quarry to build a public park and green space. Management and front line employees met with more than 300 local citizens over a three-week period. Some 20 meetings were held with neighbours, townspeople and community leaders, who subsequently showed overwhelming support in welcoming this win-win project to the community.

Pleasant Gap Logan Branch Working Group
Following concerns expressed by conservation and regulatory authorities as well as the non-governmental organization Trout Unlimited, Graymont established a working group to assess the impact of discharges from the Pleasant Gap underground quarry into a stream known as Logan Branch. The aim is to develop a common understanding of potential issues resulting from fluctuations in discharge flows, as well as elevated levels of suspended solids and elevated temperatures, and determine how they ought to be addressed. The working group, which includes representatives from the Company and government agencies as well as specialist aquatic fauna consultants, has overseen a comprehensive sampling and analysis initiative. Based on the findings, and after extensive consultation with Trout Unlimited, work is proceeding on development of more practical management methods that will ensure the future health of Logan Branch while taking into account the interests of all stakeholders.

Rexton
Graymont’s commitment to consult with communities where it operates — or where it intends to establish a presence — also was demonstrated in Michigan’s Upper Peninsula, where the Company recently completed an exploration program that confirmed the presence of limestone deposits of sufficient quantity and quality to proceed with a proposed new quarry operation. Extensive consultations with regional authorities, other stakeholders and the general public are being conducted with the aim of advancing the project. Plans to eventually establish a limestone processing plant at the site also are under consideration.
Community Relations

Graymont Pitch in to Help Out Flood-stricken Alberta

On June 20, 2013, torrential rains fell on central and southern Alberta, causing floods of catastrophic proportions. Insurers say it was the costliest storm in Canadian history, with damages estimated at some $6 billion. Graymont’s Exshaw lime plant, located approximately 90 km west of downtown Calgary in the Bow River valley, and the Summit lime plant, situated further west in the Crowsnest Pass area, where both impacted and forced to temporarily cease operations.

While working to ensure the safety of employees and get its plants up and running again, Graymont reached out to neighbours in the surrounding communities, pitching in with manpower and equipment to help clean up the mess and get people back in their homes. Customers were kept informed about developments throughout the crisis and, where necessary, arrangements were made to supply them with product from other sites.

With the generous support of Graymont shareholders and employees, the Company established a $100,000 Graymont People Fund, in collaboration with the Canadian Red Cross, to support the communities and individuals impacted by the devastating floods.

“We are very appreciative for the provision of equipment, manpower and material that was so beneficial, at a time when all three were desperately needed. When our community was struggling, after catching the full brunt of nature’s wrath, Graymont was quick to step forward and take a leading role in helping Exshaw overcome the issues that plagued the hamlet: the high water, the resulting silt left behind, the damaged streets and landscape, Our relationship with Graymont has been, throughout the years, a strong and special one.”

Dene Cooper, Reeve Village of Exshaw
Good Citizens and Good Neighbours
Wherever Graymont operates, the Company and its employees strive to give back to their communities by devoting time, energy and financial resources to support worthwhile endeavours and assist the less fortunate. Many sites also throw open their doors once a year and welcome the public to open-house events.

A brief sampling of the many community initiatives undertaken during 2013 includes:

▶ A class of 14 mining students enrolled in the Trades Program at Thompson Rivers University toured the Pavilion BC plant last spring as part of their curriculum.

▶ At last August’s Bedford Agricultural Fair Parade in Quebec, Graymont employees, along with municipal firefighters, raised $7,000 to help the citizens of Lac-Mégantic, the community devastated by a serious railway accident earlier in the summer.

▶ The Graymont team that participated in the Plattsburgh, New York Heart Walk raised almost $5,000 dollars, the second highest total of all the event’s corporate supporters.

▶ The Eden Plant participated in “Quarry Quest” for the first time this year, an event intended to educate people about mining and construction while raising money for children’s charities, as well as a community environmental education fund.
Students at Pavilion plant, BC
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 2009 through 2013 and includes references to the year 2004 which has been established as the baseline.

### ENVIRONMENTAL PERFORMANCE DATA

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<td>Energy use</td>
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<td>Petajoules. Total energy use at facilities including combusted energy and electricity.</td>
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<td>21.5</td>
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- **Direct greenhouse gas emissions**
  - Million tonnes CO₂e. Lime production facilities only.
  - Million tonnes CO₂e. Lime production facilities only.
  - *Data restated to fit final GHG reports.

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<td>Production carbon intensity</td>
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<td>1.3</td>
<td>1.2</td>
<td>Tonnes CO₂e per tonne lime. Lime production only.</td>
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<td>1.4</td>
<td>4.5</td>
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<td>2.9</td>
<td>*Data restated to include only direct sources.</td>
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- **NOx emissions**
  - Thousand tonnes. Lime production only. NPRI data.
  - Thousand tonnes. Lime production only. TRI data.
  - (2004 emissions = 2.2 in Canada and 4.3 in the U.S.)

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<td>1.6</td>
<td>1.6</td>
<td>1.5</td>
<td>1.5</td>
<td>1.5</td>
<td>Thousand tonnes. Lime production only. TRI data.</td>
</tr>
<tr>
<td></td>
<td>Canada</td>
<td>United States</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Monetary fines for environmental non-compliance**
  - Thousand CAD$ |
  - Thousand US$ |

<table>
<thead>
<tr>
<th>KPI</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emission exceedance events</td>
<td>67</td>
<td>21</td>
<td>62</td>
<td>32</td>
<td>4</td>
<td>Number of exceedance events. An exceedance event can be an emission exceedance for as short as 6 minutes.</td>
</tr>
<tr>
<td></td>
<td>330</td>
<td>347</td>
<td>445</td>
<td>898</td>
<td>898</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Canada</td>
<td>United States</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Total cumulative land area disturbed**
  - Hectares. Includes limestone and stone quarries but excludes plant sites.

<table>
<thead>
<tr>
<th>KPI</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land area reclaimed</td>
<td>4*</td>
<td>8</td>
<td>2</td>
<td>3</td>
<td>1</td>
<td>Hectares. Includes limestone and stone quarries but excludes plant sites.</td>
</tr>
<tr>
<td></td>
<td>22*</td>
<td>21</td>
<td>10</td>
<td>16</td>
<td>16</td>
<td>*Data restated to show total sold.</td>
</tr>
<tr>
<td></td>
<td>Canada</td>
<td>United States</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Partially calcined by-products sold**
  - Thousand tonnes. |
  - Thousand tonnes. |

<table>
<thead>
<tr>
<th>KPI</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>26</td>
<td>28</td>
<td>18</td>
<td>11</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td></td>
<td>416</td>
<td>313</td>
<td>283</td>
<td>256</td>
<td>272</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Canada</td>
<td>United States</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### SOCIAL PERFORMANCE DATA

<table>
<thead>
<tr>
<th>KPI</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of full time permanent employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>As of December 31 of each year.</td>
</tr>
<tr>
<td>Canada</td>
<td>640</td>
<td>614</td>
<td>523</td>
<td>536</td>
<td>507</td>
<td></td>
</tr>
<tr>
<td>United States</td>
<td>714</td>
<td>722</td>
<td>586</td>
<td>547</td>
<td>529</td>
<td></td>
</tr>
<tr>
<td>Voluntary turnover rate (includes employees who retired)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Excludes Summer Student temporary employee separations.</td>
</tr>
<tr>
<td>Total</td>
<td>4.9%</td>
<td>4.8%</td>
<td>4.5%</td>
<td>4.6%</td>
<td>4.4%</td>
<td></td>
</tr>
<tr>
<td>Reportable incident rate</td>
<td>Canada: 3.0</td>
<td>2.2</td>
<td>1.5</td>
<td>1.5</td>
<td>2.7</td>
<td>Number of incidents that result in medical treatment, lost work days or restricted work days per 200,000 exposure hours.</td>
</tr>
<tr>
<td></td>
<td>United States: 2.5</td>
<td>2.1</td>
<td>2.8</td>
<td>2.2</td>
<td>3.0</td>
<td></td>
</tr>
<tr>
<td>Lost time incident rate</td>
<td>Canada: 1.3</td>
<td>1.2</td>
<td>0.7</td>
<td>0.5</td>
<td>1.4</td>
<td>Number of incidents that result in lost work days per 200,000 exposure hours.</td>
</tr>
<tr>
<td></td>
<td>United States: 1.1</td>
<td>1.2</td>
<td>1.0</td>
<td>1.6</td>
<td>1.6</td>
<td></td>
</tr>
<tr>
<td>Fatalities</td>
<td>Canada</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>United States</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Monetary fines for safety non-compliance</td>
<td>Canada: $0.3</td>
<td>$2.1</td>
<td>$0</td>
<td>$0</td>
<td>$1.5</td>
<td>Thousand CAD$</td>
</tr>
<tr>
<td></td>
<td>United States</td>
<td>$85.8</td>
<td>$76.1</td>
<td>$22.5</td>
<td>$62.0</td>
<td>Thousand US$</td>
</tr>
<tr>
<td></td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td>Number of days lost to strikes</td>
<td>Canada</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td></td>
<td>United States</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Employees covered by retirement and health benefits</td>
<td>Canada: 100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>United States</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>Employees covered by Employee Assistance Program</td>
<td>Canada: 100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>United States</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>Community investment</td>
<td>Canada</td>
<td>$480</td>
<td>$221</td>
<td>$208</td>
<td>$200</td>
<td>$207 Thousand CAD$</td>
</tr>
<tr>
<td></td>
<td>United States</td>
<td>$248</td>
<td>$176</td>
<td>$179</td>
<td>$130</td>
<td>$95 Thousand US$</td>
</tr>
</tbody>
</table>
## ECONOMIC PERFORMANCE DATA

<table>
<thead>
<tr>
<th>KPI</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lime</td>
<td>4.3</td>
<td>4.0</td>
<td>3.5</td>
<td>3.3</td>
<td>3.1</td>
<td>Million tonnes</td>
</tr>
<tr>
<td>Stone</td>
<td>5.7</td>
<td>6.3</td>
<td>6.7</td>
<td>5.9</td>
<td>4.7</td>
<td>Million tonnes</td>
</tr>
<tr>
<td>Asphalt</td>
<td>0.3</td>
<td>0.5</td>
<td>0.3</td>
<td>0.3</td>
<td>0.4</td>
<td>Million tonnes</td>
</tr>
<tr>
<td>Ready Mix</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>Million cubic metres</td>
</tr>
<tr>
<td>Landfill intake</td>
<td>0.6</td>
<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
<td>Million tonnes</td>
</tr>
<tr>
<td>Employee remuneration</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(includes wages, salaries, and health and retirement benefits)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Canada</td>
<td>$71.4</td>
<td>$63.9</td>
<td>$58.4</td>
<td>$55.0</td>
<td>$56.6</td>
<td>Million CAD$</td>
</tr>
<tr>
<td>United States</td>
<td>$75.7</td>
<td>$73.8</td>
<td>$62.0</td>
<td>$59.0</td>
<td>$54.0</td>
<td>Million US$</td>
</tr>
<tr>
<td>Financial assistance received from government</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Canada</td>
<td>0.9</td>
<td>$1.7</td>
<td>$1.3</td>
<td>$0.7</td>
<td>$1.0</td>
<td>Million CAD$</td>
</tr>
<tr>
<td>United States</td>
<td>0.6</td>
<td>$0.5</td>
<td>$0.3</td>
<td>$2.5</td>
<td>$0.4</td>
<td>Million US$</td>
</tr>
<tr>
<td>Expenditure on research and development</td>
<td>6.5</td>
<td>$6.3*</td>
<td>$4.4*</td>
<td>$3.3</td>
<td>$4.3</td>
<td>Million CAD$</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>*Adjusted with final claims received</td>
</tr>
</tbody>
</table>

---

**Note:** The values are presented in millions of CAD and US$. The data includes sales volumes and remuneration amounts. The financial assistance received from government is also listed, and the expenditure on research and development is noted. The data reflects the company's economic performance in the years 2009 to 2013, with specific metrics for sales of Lime, Stone, Asphalt, Ready Mix, and Landfill intake. The employee remuneration includes wages, salaries, and health and retirement benefits. Financial assistance is detailed for both Canada and the United States, and the expenditure on research and development is provided for the total period.
Graymont’s 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. 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.
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 and southern Quebec. The head office of the Materials operations is located in Plattsburgh, NY.
Governance
The Graymont Board of Directors’ principal role is stewardship of the organization. The Board’s fundamental objective is to create shareholder value. The Board recognizes that to achieve this objective the Company must maintain a high level of health and safety, economic, environmental, and social performance.

The Board oversees the conduct of the business and management of the Company. Management is responsible for developing a long-term strategy and conducting the Company’s day-to-day business. In its oversight, the Board holds management accountable for responsible conduct of the business.

The Board has documented its governance policies in a Board Manual which includes a Code of Business Conduct and Ethics. The Chair of the Board, and of each Committee of the Board, is independent of management. All Directors except the President and Chief Executive Officer are independent of management.

The Board has appointed the following Committees to assist in fulfilling its role: Audit, Pension and Benefits, Compensation, Reserves, and Environmental, Health and Safety.

The Board’s Environmental, Health and Safety Committee monitors the environmental, health, and safety performance of the Company. The Committee meets bi-annually. Management also provides environmental, health and safety reports to the Board of Directors at each regularly scheduled Board meeting. Other reports are provided throughout the year as appropriate.

Accountability
There is a fundamental expectation within Graymont that all employees share in the responsibility of developing and maintaining a sustainable organization. Accountability for sustainable development rests to varying degrees with management and leadership at the local, regional, and corporate levels.

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.
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$_2$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.

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.

Petajoules – $10^{15}$ joules.

Reportable incident – 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.

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 like environmental stewardship, workplace health and safety and stakeholder relations, we welcome your comments and feedback.

Communications should be directed to:
E-mail: ehs@graymont.com
Or visit us at: www.graymont.com