



2014
Sustainability
Report



About Graymont

Report Scope

Graymont's 2014 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 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.

Discussion, data and information contained herein relates, with noted exceptions, to the 2014 calendar year. Historical data is provided, again with noted exceptions, for the years 2010 through 2013 and includes references to the year 2004 which has been established as the baseline. The 2015 report is scheduled for publication in April, 2016.

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; it also supplies construction materials markets in upstate New York, in Eastern Canada and northern Alberta. The operating segments will be referred to throughout this document as "Lime" and "Materials".

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'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 2014 Sustainability Report, which is designed to provide an overview of how Graymont strives to conduct its business in a responsible and sustainable manner. In line with our multi-faceted sustainability strategy, the report focuses on our efforts in the crucial areas of health and safety, communities, people, the environment and – implicitly – value creation for our stakeholders.

With the backing of Graymont's Board of Directors, it is clear to our Strategic Leadership Team (SLT) that meeting our sustainability targets – particularly in the area of workplace safety – is a prerequisite for achieving our World-class vision. In support of that goal, we continue to invest considerable, time, effort and resources.

In recent years, our multi-disciplinary Zero-Injury Task Force has been tasked with continuously improving Graymont's safety performance, with the ultimate goal of zero workplace injuries. As detailed in this report, the task force's involvement as well as the committed efforts of our various facilities appears to have brought us to a crossroads, insomuch as there has been substantial improvement in crucial areas such as the reduced severity of accidents, while a reduction in the overall Graymont Reportable Incident rate has been slower to materialize. Although I recognize this is a difficult challenge, I am confident that a series of new and revised safety standards being implemented at our facilities will result in an enhanced all-round safety performance. It is why I am providing full support to our facilities for the implementation of these safety standards.

Providing a safe workplace environment for Graymont employees, every day at all our locations, is a top priority. We also strive to bring value to the places where we work and the many communities across the United States and Canada where we live – including First Nations – while respecting local traditions and culture. Noteworthy community-related initiatives in 2014 included a Benefit Agreement with the Lheidli T'enneh community regarding a proposed new lime plant and quarry near Prince George, British Columbia. During the same period, but on a different project, we engaged in a crucial dialogue with Michigan's Upper Peninsula local citizens, elected officials and regulators about our proposed new operations in the area. We also pursued work on two novel initiatives, the Marbleton Harmony Project and Bedford Heritage Project, designed to ensure the sustainability of long-established operations in two small communities in southern Quebec. Both projects encompass very innovative approaches to handling extra quarry material by creating park and green spaces for the benefit of the local communities.



Graymont is committed to generating sustainable economic and social development through job creation, local procurement and support to community programs, which also means minimizing the impact of our operations on the environment. Accordingly, we strive to reduce our environmental footprint by continuously improving our performance with respect to air emissions, energy efficiency and waste reduction. Among noteworthy results of 2014, we achieved a significant decrease in our environmental exceedances. This performance is largely the result of the efforts put together at our Pilot Peak, Indian Creek and Cricket Mountain plants in the western U.S. as well as at our Pleasant Gap PA and Port Inland MI plants. We also plan on further improving our environmental record regarding emissions as we have completed the installation of new continuous emission monitoring systems at our Bedford and Marbleton plants in Quebec.

Results showcased in this report reflect how engaged Graymont employees are towards the realization of our World-class vision. It is a tribute to their hard work and commitment that, in the face of stiff economic headwinds which particularly impacted customers in the mining and oil-and-gas sectors, we succeeded in increasing Graymont's lime volumes for a fifth consecutive year in 2014. As I like to remind colleagues, sustainable development ultimately depends on viable companies that earn their right to grow by creating value for all stakeholders.

Graymont sharpened its focus on lime and lime products during 2014 by transitioning the Ecowaste business unit into a separate, independent company as of December 31. This was a very positive step for both businesses, as it will enable them to focus on their respective core activities and drive their strategies accordingly.

As a final note on 2014, I should mention that the end of the year represented a major milestone for the Company as we seized an opportunity to begin taking our World-class vision global. In December, Graymont signed agreements to acquire two producers of lime and limestone products in New Zealand, McDonald's Lime and Taylor's Lime, subject to regulatory approvals. It was evident early on that both companies share Graymont's commitment to sustainability, and I wish to ensure customers and employees of McDonald's and Taylor's that, together, we will continue to deliver quality products while striving to realize Graymont's World-class vision with respect to our safety, environmental performance and engagement with communities. This acquisition will strengthen our position as an industry leader and demonstrate that Graymont is firmly on track with its growth strategy.

I am grateful to our teams, our customers and our communities for enabling our on-going efforts to position Graymont as an industry leader with respect to sustainability.



Stéphane Godin
President and CEO
Graymont
March 26, 2015

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 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 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.

SLT

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 1,400 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 SCORECARD

3.15

reportable incident rate
(The benchmark 2014 US metal/
non-metal mining industry average
was 2.2)

1.40

lost-time incident rate
(The benchmark 2014 US metal/
non-metal mining industry average
was 1.6)

0

fatality for the 5th consecutive year

Safety

Health and safety are core to everything we do at Graymont. 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 Zero-Injury Task Force 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” operating philosophy.

At a Crossroads

An analysis of key performance indicators for 2014 suggests that Graymont has reached a crossroads with respect to safety. While we have seen substantial improvement in crucial areas such as the reduced severity of accidents and the improved quality and consistency of reporting, a reduction in the overall Graymont Reportable Incident (GRI) rate has been slower to materialize.

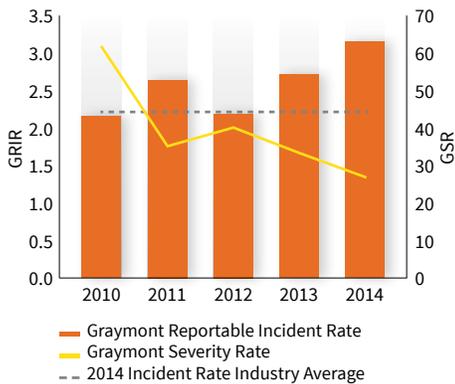
Dual Focus on Systems and People

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



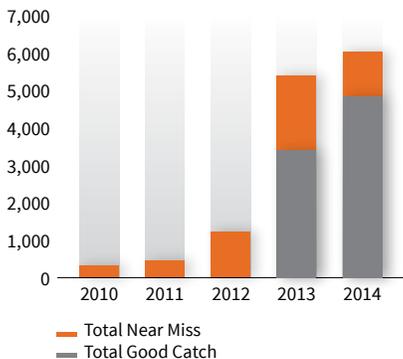
The Graymont Severity Rate calculation is based on the sum of lost workdays times 2, plus the number of restricted workdays over a given period of time. The total is then divided by the number of Graymont Reportable Incident.

Graymont Severity Rate

In line with those findings, we have been putting increased focus on the Graymont Severity Rate (GSR), an indicator that provides a quantitative measure of the gravity associated with Graymont reportable injury/illness cases. In short, the GSR metric shows how much time injured employees spend either off work or performing partial or light duties as a result of injuries that occur on the job. The goal is to have a better understanding of such accidents and incidents, in order to help reduce the gravity of incidents going forward and facilitate the return to work of injured employees.

As reflected in Figure 1, accident severity is clearly trending downward, from a rate approaching 62 in 2010 to close to 27 in 2014.

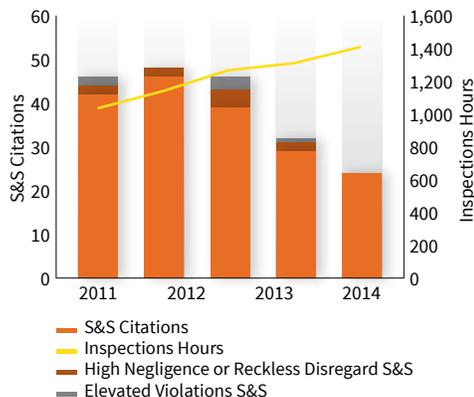
Figure 2
Total Near Misses and Good Catches Reported in Graymont



Introducing New Key Performance Metrics

During 2014, two new safety-related key performance indicators were developed. They included: a 'risk map' that classifies incidents into categories to show where the greatest risks lie and a metric that enables Graymont to identify and categorize 'Near Misses' and 'Good Catches' by degree of severity. A Near Miss is defined as an incident that resulted in no harm to a worker but could have led to an injury. A Good Catch refers to a situation where a potential hazard has been identified and resolved prior to causing an injury to a worker. 2014 saw a continuous increase in reported Near Misses and Good Catches (see Figure 2), which underscores the fact that Graymont employees are not only more conscious about potential hazards, but also feel more empowered to take corrective actions.

Figure 3
U.S. Mining Safety and Health Administration Inspections in Graymont's Facilities



U.S. Operations Measure Up

Further evidence of Graymont's progress in terms of overall safety performance is reflected in Figure 3, which graphically illustrates a steady decline in the number of significant and substantial (S&S) violations and citations from the U.S. Mine Health and Safety Administration (MSHA), despite a steady increase in inspection hours at the Company's U.S. facilities.



Workforce Culture

Rolling Out New Safety Standards and Practices

We know that anyone can make a mistake; it is human nature. Accordingly, we have also stepped up our efforts to ensure that individual employees as well as contractors adhere to safe work practices.

Graymont's Zero Injury Taskforce continues to develop and implement new and revised Safety Standards to build on our existing best practices, based on input from all areas and all levels of the organization.

The six new standards rolled out in 2013-2014 are regarded as the most critical, in terms of addressing the highest risks. Among them:

- ▶ Personal Protective Equipment
- ▶ Lock-out, Tag-out
- ▶ Housekeeping Inspection
- ▶ Fall Protection and Working at Heights
- ▶ Confined Space Entry
- ▶ Electrical Safe Work Practices

The Housekeeping standard, which was implemented at all Graymont facilities in 2014, is considered particularly crucial, given that maintaining clean, safe and orderly workplaces is a prerequisite for achieving our ultimate goal of zero injuries.

To enforce the new standards, all functions at a given facility will be involved in performing periodic workplace inspections and documenting their findings. The facility's HSE committee will be responsible for evaluating those findings and implementing measures to address common and/or recurring hazards.

The implementation of this standard followed last year's Housekeeping Competition to ensure good practices implemented during the competition are sustained across all facilities. The Housekeeping Competition was wrapped-up this year when the winning facilities, including the Green Bay WI lime plant; the Graymont Saint-Marc-des-Carières QC plant; the Genoa OH lime plant and the Superior WI lime plant, enjoyed a barbecue meal with members of the SLT.

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Workforce Culture



A team cheering during Exshaw's 2014 Safety Challenge

Safety Challenge

The Safety Challenge, an innovative new training tool initially implemented at Graymont's Bedford, Quebec plant in 2013, was rolled out to four additional Canadian sites – Marbleton, Joliette, Havelock and Exshaw – during 2014.

The Safety Challenge features a game format, with employees divided into teams and challenged to show which team can demonstrate the best knowledge and understanding of safety standards and culture at Graymont. It leverages the proven fact that hands-on training exercises are most effective in terms of knowledge retention and fostering teamwork.

The goal for 2015 is to have all Graymont sites embrace the Safety Challenge. The last week of May will be dedicated to the event, when all facilities will host their own Safety Challenge. This will also be an opportunity for every employee to discuss safety topics, as members of the SLT as well as employees from other regional management functions will attend the events occurring at each site.

Be Safe – Play it Smart

Building on the success of our initial *Be Safe – Play it Smart* campaign in 2013, we launched two new editions of the safety awareness campaign during 2014. The campaigns utilized colorful, attention-grabbing posters to alert people to particular hazards encountered during the summer and winter seasons, respectively, with a focus on certain situations particularly relevant to the work environment at Graymont.

The campaigns urged people to be accountable and look out not only for themselves, noting that safety is also a team sport.

Going forward, we will continue to develop innovative new communications and training tools designed to help drive continuous improvement in safety and move us closer to our ultimate goal of zero injuries.





Workforce Culture

Award-Winning Performances

Again in 2014, outstanding safety achievements at a number of Graymont facilities were recognized and rewarded. Among the award-winning performances:

- ▶ Pilot Peak's Jonathan Haynes was honored as a Safety Champion at the Nevada Mining Association's 2014 Safety Awards last September. Individual awards such as Haynes's are based on the personal safety record of the individual and that person's involvement in advocating safety in the workplace. Haynes has been with Graymont for 13 years as a crusher operator and in that time has become very involved in promoting safety.
- ▶ The Bedford QC and Faulkner MA plants both captured John T. Ryan Safety Awards from the Canadian Institute of Mining, Metallurgy and Petroleum. Named for the founder of Mine Safety Appliances Canada, these awards honor the ferrous metals mine, select mine and coal mine that experienced the lowest accident frequencies in Canada over the past year.
- ▶ Bedford also earned the F.J. O'Connell Award from the Quebec Mining Association for outstanding safety performance – its third such achievement in the past four years.

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 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 close to 1,360 (fulltime employees) at year-end 2014. The voluntary turnover rate, including employees who retired, rose a little to settle at 5.7% after five consecutive years below 5%.

EMPLOYMENT

1,359

full-time permanent employees

5.7%

voluntary turnover
(includes employees who retired)

13 years

average length of service

380

employees with service
greater than 20 years

0

day lost to strikes



Workforce Culture

Wellness Program Well Established

Wellness in Graymont - Graymont WIN (Wellness is Now) had another year of fun and success. In 2014, an additional 300 employees and spouses were eligible to participate in the program. The Graymont WIN Program is designed to engage employees and assist them in making smart lifestyle choices. Those employees and spouses that participate and complete the required activities receive a reduction in medical premiums. A total of 1,095 employees were eligible for the program in 2014 – 856 of whom completed all the requirements. This translates into a participation rate of 78%.

The Graymont WIN program is a year round wellness program. This year, the first quarter's focus was on Emotional Health, the second quarter was on Physical Activity, the third quarter was on Nutrition and the fourth quarter was on Financial Wellness.

Activities included a Walking Challenge, for which all 12 U.S. plants and two regional U.S. offices participated. The combined total steps of this challenge was 167,557,959, which is equal to 79,791 miles or walking across America 26 times. The average distance walked per participant was 198 miles.

Graymont WIN also hosted a healthy recipe and cookbook challenge that attracted over 100 recipes. For every recipe submitted, employees had their names put into a draw at their location. The recipes were published in a Graymont WIN Healthy Recipe Cookbook and given to all those employees and spouses that submitted a healthy recipe.

Around the Holiday season, the WIN program organized the second edition of its "Maintain Don't Gain Holiday Challenge". It is a known fact that people often gain as much as five to seven pounds over the holidays with all the extra sweets and celebrations. The aim of the program was to raise awareness of this fact, and challenge employees to continue eating healthy and exercising over the holidays. Some 365 full-time employees participated in this challenge; 48 employees maintained their weight and 229 lost weight during this challenge. The latter group lost a collective 991 pounds, or an average of four pounds per person.



Environmental Care



Environmental Care

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

Graymont aims to consistently meet or exceed its regulatory and permit obligations. 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.

Consequently, Graymont has implemented stringent universal environmental standards and practices, aimed at reducing dust generation, limiting worker exposure and preventing fugitive dust from impacting neighboring properties and communities.

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 2014, SOx emissions from Graymont totaled 3,104 tonnes, while Graymont's products helped prevent the release of an estimated 824,000 tonnes of SOx emissions in other industries.

Although we have succeeded in significantly improving Graymont's performance in recent years, we initiated a review of our management approach to environmental matters in 2014, with a view to further enhancing performance to World-class levels. This comprehensive review, which will continue in 2015, aims to identify additional crucial minimal standards and performance requirements for all Graymont facilities, while fostering continuous improvement.

While targeting long-term performance improvement through the comprehensive initiative outlined above, we have continued working hard to proactively manage and reduce our environmental impacts in the present.

Air Quality and Energy Consumption

Air emissions result largely from the combustion process utilized in Graymont's lime kilns. These emissions are mainly influenced by fuel type, kiln technology and process control.

Graymont keeps track of any and all instances of emissions into the air, water or onto land that exceed relevant regulatory or permit limits. Any such incidents noted, even if they last only a matter of minutes, are counted as "exceedances" and duly recorded and addressed.



Environmental Care



2014 EMISSIONS IN NUMBERS

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

27.1 petajoules of energy
consumed, a 2% decrease
compared to 2013
24% above 2004* levels

5.7 million tonnes
of CO₂eq in total GHG emissions
12.4% under 2004* levels of fuel
related emission intensity (equates
to 318 thousand tonnes avoided
GHG emissions)

3.1 thousand tonnes
of SO_x emissions
40% under 2004* levels

6.1 thousand tonnes
of NO_x emissions
5% under 2004* levels

*2004 is the established baseline year for reporting.

Air emissions from our kilns are tracked either by continuous emission-monitoring devices or by periodic testing, to ensure that limits are respected. Historically, the exceedances recorded have mostly involved incidents of short duration that were detected by those emission-monitoring devices. Nevertheless, we have always been stringent to ensure that the causal issues were addressed and corrective actions taken to prevent reoccurrences in the future. During 2014 the number of exceedances recorded decreased significantly, to 161 compared with 321 in 2013.

Process Control

The calcination of limestone to produce quick lime 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_x) and oxides of nitrogen (NO_x), which are by-products of combustion.

During 2014, we completed the initial phase of a program designed to establish the efficacy and cost-benefit analysis of deploying continuous emission-monitoring devices at all of the Company's lime kilns. To that end, such devices were installed on all kilns at the Bedford and Marbleton sites in Quebec. Complementary training and process-control initiatives will continue in 2015 to ensure optimal use of the new equipment.



Environmental Care

New Capacity Showcases New Technology

Graymont's commitment to World-class operations and producing lime with the lowest-possible environmental impact is clearly evident in its investments in state-of-the-art technologies for "greenfield" and "brownfield" expansion projects. For instance, a new vertical lime kiln being constructed at our Pleasant Gap PA site features the most environmentally friendly technology anywhere in the global lime industry.

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. Again in 2014, we worked with a number of partners to further advance environmental applications of lime in applications such as the scrubbers used to curb emissions from coal-fired generating plants.

Dust Emissions

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 neighboring properties and communities.

Graymont's current practices, which 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.

Given that dust control was one of those seven key areas of focus identified in 2014, the Company is looking to the on-going review process to come up with ways that will enable us to further improve performance.



Environmental Care



2014 CALCINED BY-PRODUCT SALES

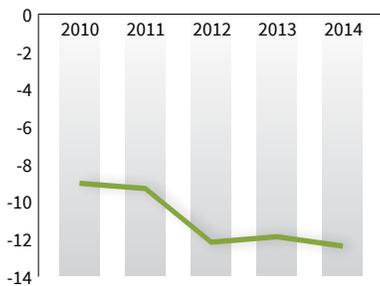
626 thousand tonnes of Calcined By-Products sold

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. Our efforts have succeeded in finding – and, in fact, creating – markets where such materials can be put to good use. Graymont's plants in Pennsylvania, the Great Lakes Region and Quebec contributed to the sale of some 626 thousand tonnes of by-product materials generated in 2014, a 41% increase compared to 2013. As a result, many sites are no longer accumulating any lime-related waste and older stockpiles are being eliminated.

Figure 4
% Change Compared to 2004
GHG Combustion Emission Intensity

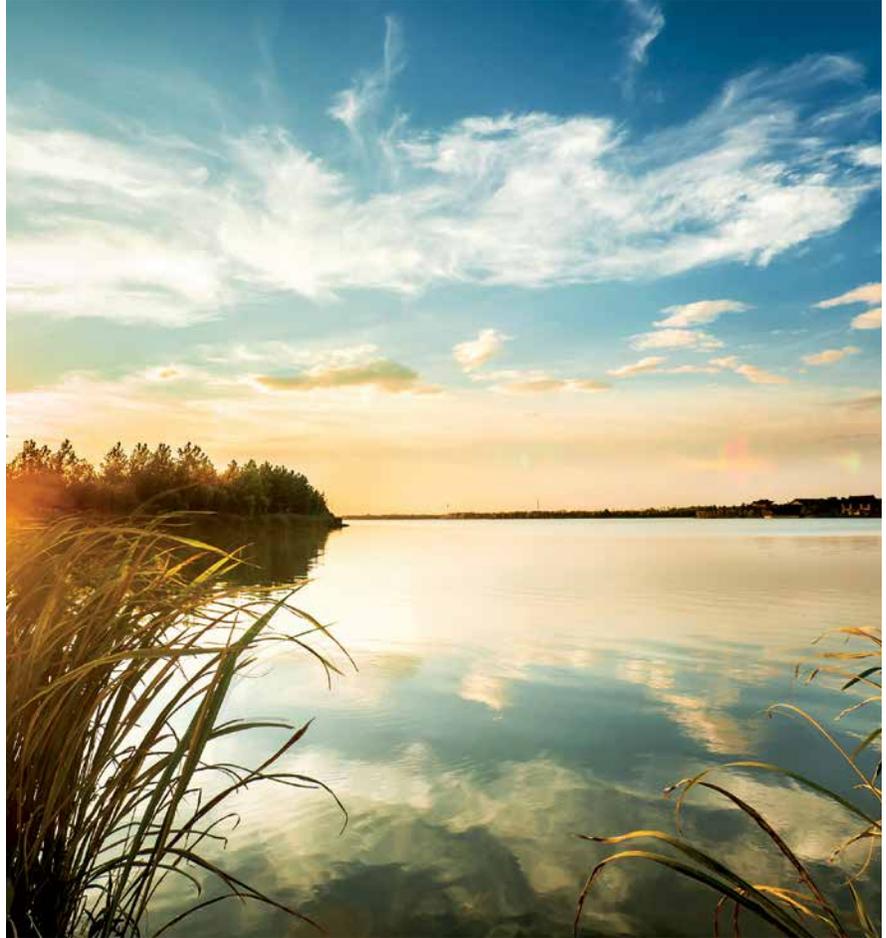


Greenhouse Gases Strategy

Graymont takes a centralized 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 make changes that might be required to ensure operational efficiency and full compliance with regulatory 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. Figure 4 shows the annual comparison over 2004 combustion related GHG emission intensity for all Graymont lime operations.



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 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 have 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 a transparent manner and in accordance with our 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.

During 2014, we continued to build on that record by engaging with and investing in our communities on a significant scale. Community investments for 2014 totalled approximately CDN\$370,000 in Canada and US\$240,000 in the United States.

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

The positive outcomes and progress made during 2014 on several key initiatives – involving very different circumstances – reinforced Graymont’s belief that effective stakeholder engagement facilitates sound strategic planning and decision-making to the benefit of all parties.



Community Relations



Mural recognizing Graymont's commitment towards Havelock School

Community Engagement – Our Stories

Havelock

The Havelock plant, located in rural Kings County in southern New Brunswick, is an excellent example of a facility well engaged with its community. For the past two years, the Employee Community Relations Committee has focused on providing 'smart boards' (interactive white boards) to the local elementary school. To express its gratitude, the school recently invited Graymont representatives to come by and see a new addition to its main entrance – a large mural acknowledging the gift, which will serve as a reminder of Graymont's commitment to the community for years to come. The plant is also renowned in the community for serving Christmas Eve breakfast at its maintenance shop.

Saint-Marc-des-Carières

Situated in the Portneuf region just west of Québec City, Saint-Marc-des-Carières is the Canadian hub of Graymont's Materials Group, with roots in the community that date back more than 75 years. In 2014, Graymont and employees at the site donated \$15,000 towards the construction of Pavillon André-Darveau, which provides 26 affordable housing units for seniors aged 75 and up, who are autonomous or have only a slight loss of autonomy. The building was officially inaugurated in July. "We are committed to fostering the economic and social development of Saint-Marc-des-Carières, and felt it was important to support this project to address the problems of an aging population and a shortage of local senior citizen's homes," said Donald Michaud, General Manager, Eastern Canada Materials Group.

Also in Portneuf region, in July 2014, about 100 people participated in the Graymont Materials Group employees' golf tournament, with proceeds earmarked to support special education programs at local elementary and secondary schools.

Pleasant Gap

The Pleasant Gap plant, located in Centre County, Pennsylvania, not only invests in its community but also is an active participant in local events. In August 2014, it sponsored Kiddies' Day at the 140th Grange Fair in the nearby village of Centre Hall, which is billed as the largest encampment fair in America and attracts over 200,000 visitors each year. Maintenance superintendent Darrell Sharp reports that last year Graymont distributed 500 hard hats to children, while the plant's exhibit booth demonstrated how workplace safety translates into safety at home.



Community Relations



Green Bay WI employees cleaning up the Fox River

“Without your staff’s commitment of time, talent and financial resources, River Quest would be unable to continue providing this valuable outreach education program.”

Adele Yorde,
River Quest Program Coordinator,
Duluth Seaway Port Authority



Catholic church transported for storage on Graymont’s property in Exshaw AB

Green Bay

The Green Bay, Wisconsin plant was highly involved in its community again in 2014. In April, employees helped clean up the Fox River, taking charge of clearing garbage and refuse from a stretch of river bank close to the plant. Over the course of the year, employees also supported a number of other community initiatives, including a raffle held to raise funds for a children’s burn camp, and regularly lent a hand to prepare and serve dinner to the homeless at the New Community Shelter.

Superior

Graymont’s Superior, Wisconsin plant, situated at the western most tip of Lake Superior, contributed \$25,000 to support the purchase of equipment and the redevelopment of the Superior High School sports complex, which includes new football and baseball fields featuring artificial turf and a new track.

Other initiatives supported by community-minded Superior employees include: Senior Connections, which provides assistance and shelf-ready meals to local seniors; and River Quest, a program which this year enabled some 1,400 sixth-grade students to learn about the inter-related commercial, industrial and recreational activities in the St-Louis River estuary. Superior employees help monitor the students.

Exshaw

The Exshaw plant is nestled in the Bow River Valley, approximately 90 kilometers (55 miles) west of Calgary, Alberta, not far from Banff National Park. The plant and its employees are actively engaged in the life of the region through a number of avenues. For instance, Graymont is an industry member of the Bow Corridor Environmental Committee. In 2014 Graymont agreed to help a local community group save an historic building, a Catholic church dating from 1907, which had been slated for demolition after the land on which it sat was repurposed for industrial activities. Graymont agreed to temporarily store the building on Company property until the Exshaw Heritage Society can find a new home and a new purpose for the former house of worship.



Community Relations



Faulkner's 100th anniversary plant tour

Faulkner

Graymont's Faulkner lime plant is located approximately 220 kilometers (140 miles) northwest of Winnipeg, not far from the shores of Lake Manitoba. During the summer of 2014, the plant took on a major sponsorship role in the town of Faulkner's 100th anniversary celebrations. Plant Manager Sirahuen Maldonado reports that more than 100 people from the surrounding community took advantage of a special "open house" event, which featured guided tours of the site conducted by Production Supervisor Jim MacPherson.

Indian Creek

The Indian Creek plant is situated in Townsend, Montana, approximately 56 kilometers (35 miles) from Helena, the state capital. The hard-working Indian Creek Community Involvement Group had extra incentive in 2014, taking on a special project in memory of 27-year plant veteran Rusty Raisland, who tragically lost his life in a traffic accident. To honor their late co-worker, plant staff undertook a major cleanup of litter on Canton Lane, having learned that this was a task Rusty and his wife, Teresa, took on themselves several times a year. "We thought it would be appropriate to keep up the effort in his memory," explained plant manager Blake Bills.

The Indian Creek committee also provided backpacks filled with back-to-school supplies for needy elementary school students and contributing to 'Wyse Acres', a garden project that helps school children learn how to grow vegetables.

Tacoma

A major focus of the Community Investment Committee at Graymont's Tacoma, Washington plant is their annual World-class Day/Safety Fair, which attracts not only employees and family members but also neighbors, suppliers, customers, emergency-response workers and Chamber of Commerce representatives, as well as some safety-conscious members of the general public. The event has grown every year since its inception in 2011 and this past year featured more than 20 vendors involved in health and safety and environmental-related fields of activity.



Community Relations



Lamont County Facility, AB

“We were very aware of being the new kid on the block, and of bringing an industrial presence into a sparsely populated rural environment.”

Shane Seitz,
Project Manager at Graymont

Major Projects Update

Lamont County – Hydrated Lime Plant

Graymont’s new state-of-the-art hydrated lime plant and trans-load facility in Lamont County, Alberta (near Edmonton), was officially commissioned in December 2014.

“One of the benefits of working on a ‘greenfield’ project like Lamont is the opportunity to really get it right – to make it state-of-the-art from the ground up,” observed Project Manager Shane Seitz, an 11-year Graymont employee based in Calgary. Graymont is committed to operating in a responsible manner that will create value for all stakeholders, he explained.

A Textbook Example

Terminal Manager Dave Czank, a veteran of 34 years with Graymont, says the Lamont facility provides a textbook example for the realization of Graymont’s vision. “It’s a World-class operation on all levels – from proper landscaping and noise containment to its advanced hydrator with state-of-the-art dust-abatement technology.”

Graymont’s substantial investment in the Lamont facility is consistent with its strategy for growth in Western Canada. The new plant and trans-load facility are strategically situated to serve customers throughout the province’s industrial heartland.

With the new facility up and running, Graymont is committed to maintaining its dialogue with the Lamont community.



Stéphane Godin, President and Chief Executive Officer of Graymont and Lheidli T’enneh First Nation Chief Dominic Frederick sign an historic agreement

Giscome – Proposed Lime Plant and Limestone Quarry

Graymont’s plans to expand its presence in British Columbia took a step forward in September 2014, when the Company entered into an Impact-Benefit Agreement with the Lheidli T’enneh community regarding a proposed new lime plant and quarry in Giscome, which is located approximately 27 kilometers (17 miles) northeast of Prince George.

The quarry and plant operations will be situated on the traditional territory of Lheidli T’enneh. Accordingly, a consultation process was initiated, which led to an agreement that includes provisions for economic benefits for the Lheidli T’enneh, while also recognizing and addressing potential archaeological and environmental concerns, along with other issues such as traditional use that are specific to the project area.



Community Relations

“Graymont has been very respectful and has taken our concerns and interests seriously,” said Lheidli T’enneh Chief Dominic Frederick. “This agreement represents a critical step for an initiative that we believe will have a positive and lasting impact on the community of Lheidli T’enneh and the region.” The project requires a Certificate under the BC Environmental Assessment Act. Graymont is also working to obtain contiguous operational permits in conjunction with the Environmental Assessment Certificate. Applications are scheduled to be submitted in the 3rd quarter of 2015. If successful, Graymont is prepared to start construction of the new operations in 2016.

Marbleton Harmony Project

In Eastern Canada, a Citizens’ Committee created to provide liaison between the Company and the rural community of Marbleton in Quebec’s Eastern Townships region held several meetings in 2014, to discuss Graymont’s proposed *Projet Harmonie* (Harmony Project).

The committee began its activities with public consultations in January 2014, and has already come up with a number of ideas to improve the quality of life in the region, ideas that Graymont is willing to support as the committee further defines its plans. First proposed to the community in 2013, *Projet Harmonie* would secure operations at the Marbleton site – one of the community’s major sources of jobs – with a view to extending its viable operating life for 50 years or more.

Bedford Heritage Project

Graymont hopes to move forward in 2015 with another innovative Quebec project aimed at securing the future of its long-established Bedford quarry and lime plant. The novel Bedford Heritage Project would 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.

A hearing before Quebec’s *Commission de protection du territoire agricole* (CPTAQ) aimed at gaining approval for a necessary change of land use took place on October 30, 2014. At press time, a final decision from the CPTAQ was anticipated in the course of 2015. Meanwhile, Graymont has continued working hard to ensure the project will meet the expectation of the community and has support from municipal and regional authorities. On that end, Graymont has started collecting initial observations on its re-vegetation experiment on a rock pile that aims at reproducing the conditions that will prevail on the expected Heritage Project site (see side photo).



Fall 2013



July 2014

A reclaimed rock pile in Bedford, QC



Community Relations

Rexton

Graymont confirmed in June 2014 that, subject to regulatory approvals, it intends to move forward with a new limestone operation in Michigan's Upper Peninsula, an initiative known as the 'Rexton Project'. At the time of publication, the Company had just received the approval by the Michigan Department of Natural Resources (DNR) of the recently updated Graymont Land Transaction Application, which involves the sale and exchange of lands within Mackinac and Luce Counties.

Both the DNR and community representatives played pivotal roles in consultations with the Company, which led to, among other things, Graymont's announcement that it intends to support the creation of a new Community Development Fund.

With the Rexton Project, a multiphase initiative that will involve limestone quarrying and, eventually, limestone processing operations, Graymont is committed to playing a key role in the economic development of the region while safeguarding the environment, continuing public land uses in non-active areas and maintaining ongoing engagement with agency staff and the community.

Pleasant Gap Expansion

Construction of a state-of-the-art, low-emissions third kiln has begun at Graymont's mining and production complex in Pleasant Gap PA. This capacity increase aims to meet growing lime product market demands in Pennsylvania and surrounding region.

The new kiln will feature the most environmentally friendly technology anywhere in the lime industry, and it is expected that its construction will be completed in the course of 2015.

Chazy Quarry Project

The Graymont Materials Group in Plattsburgh, NY has initiated a project to develop a new limestone quarry in the nearby area of Chazy, in order to secure future aggregate reserves for its Plattsburgh operations. Graymont intends to engage in discussion with the community regarding its plans in the near future.



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 2010 through 2014 and includes references to the year 2004 which has been established as the baseline.

SOCIAL PERFORMANCE DATA

KPI		2014	2013	2012	2011	2010	Notes
Number of full time permanent employees	Canada	611	640	614	523	536	As of December 31 of each year.
	United States	748	714	722	586	547	
Voluntary turnover rate (includes employees who retired)	Total	5.7%	4.9%	4.8%	4.5%	4.6%	Excludes Summer Student temporary employee separations.
Composition of Graymont Limited Board of Directors and Officers	Directors Officers	8M 2F 12M 1F	8M 2F 11M 1F	8M 1F 13M 2F	8M 1F 9M 1F	7M 1F 11M 1F	M – male F – female
Reportable incident rate	Canada	4.4	3.0	2.2	1.5	1.5	Number of incidents that result in medical treatment, lost work days or restricted work days per 200,000 exposure hours.
	United States	2.2	2.5	2.1	2.8	2.2	
Lost time incident rate	Canada	1.6	1.3	1.2	0.7	0.5	Number of incidents that result in lost work days per 200,000 exposure hours.
	United States	1.2	1.1	1.2	1.0	1.6	
Fatalities	Canada	0	0	0	0	0	
	United States	0	0	0	0	0	
Monetary fines for safety non-compliance	Canada	\$1.8	\$0.3	\$2.1	\$0	\$0	Thousand CAD\$ Thousand US\$
	United States	\$44.5	\$85.8	\$76.1	\$22.5	\$62.0	
Number of days lost to strikes	Canada	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%	
	United States	100%	100%	100%	100%	100%	
Employees covered by Employee Assistance Program	Canada	100%	100%	100%	100%	100%	
	United States	100%	100%	100%	100%	100%	
Community investment	Canada	\$370	\$480	\$221	\$208	\$200	Thousand CAD\$ Thousand US\$
	United States	\$239	\$248	\$176	\$179	\$130	

ENVIRONMENTAL PERFORMANCE DATA

KPI		2014	2013	2012	2011	2010	Notes
Energy use	Canada	6.3	6.1	6.3	7.2	6.2	Petajoules. Total energy use at facilities including combusted energy and electricity.
	United States	20.9	21.5	20.3	17.5	15.4	
Direct greenhouse gas emissions	Canada	1.3	1.2	1.2	1.3	1.3	Million tonnes CO ₂ e. Lime production facilities only. Million tonnes CO ₂ e. Lime production facilities only.
	United States	4.5	4.5	4.3	3.4	3.1	
Production carbon intensity	Canada	1.21	1.2	1.24	1.26	1.29	Tonnes CO ₂ e per tonne lime. Lime production only. Tonnes CO ₂ e per tonne lime. Lime production only. (2004 intensity = 1.31 in Canada and 1.43 in the U.S.)
	United States	1.4	1.4	1.38	1.38	1.35	
NOx emissions	Canada	2.3	2.3	2.2	2.3	2.7	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.)
	United States	3.8	3.7	3.7	4.1	3.9	
SOx emissions	Canada	1.5	1.3	1.5	1.6	1.7	Thousand tonnes. Lime production only. NPRI data. Thousand tonnes. Lime production only. TRI data. (2004 emissions = 1.6 in Canada and 3.6 in the U.S.)
	United States	1.6	1.6	1.6	1.5	1.5	
Monetary fines for environmental non-compliance	Canada	\$5	\$1	\$2	\$0	\$0	Thousand CAD\$ Thousand US\$
	United States	\$84	\$57	\$137	\$17	\$21	
Emission exceedance events	Canada	34	55	21	62	32	Number of exceedance events. An exceedance event can be an emission exceedance for as short as 6 minutes.
	United States	127	266	347	445	898	
Total cumulative land area disturbed	Canada	1,003	875	690	716	702	Hectares. Includes plant sites, quarries and pits.
	United States	1,101	904	968	822	810	
Land area reclaimed	Canada	7	4	8	2	3	Hectares. Includes plant sites, quarries and pits.
	United States	9	22	21	10	16	
Partially calcined by-products sold	Canada	38	26	30	24	13	Thousand tonnes. Thousand tonnes.
	United States	587	416	389	328	303	

ECONOMIC PERFORMANCE DATA

KPI		2014	2013	2012	2011	2010	Notes
Sales	Lime	4.2	4.2	4.0	3.5	3.3	Million tonnes
	Stone	5.4	5.7	6.3	6.7	5.9	Million tonnes
	Asphalt	0.4	0.3	0.5	0.3	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	\$72.8	\$71.4	\$63.9	\$58.4	\$55.0	Million CAD\$
	United States	\$79.6	\$75.7	\$73.8	\$62.0	\$59.0	Million US\$
Financial assistance received from government	Canada	\$1.7	\$0.9	\$1.7	\$1.3	\$0.7	Million CAD\$
	United States	\$0.5	\$0.6	\$0.5	\$0.3	\$2.5	Million US\$
Expenditure on research and development	Total	\$6.7	\$6.5	\$6.3	\$4.4	\$3.3	Million CAD\$



Graymont Lime Operations



LEGEND

-  Graymont's Offices
-  Lime Plants
-  Lime Terminals

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.

Graymont Materials Operations



LEGEND



Materials



Office/Materials

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 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

CO₂e – 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

Petajoules – 10¹⁵ 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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www.graymont.com