

FAIRMOUNT SANTROL HOLDINGS INC.
ANTI-CORRUPTION POLICY

(Adopted as of September 11, 2014)

DO GOOD.
do well.

www.fairmountsantrol.com

Fairmount Santrol Holdings Inc.

Anti-Corruption Policy

I. Introduction

Fairmount Santrol Holdings Inc. (the “Company”) is committed to conducting business ethically and in compliance with all applicable laws and regulations, including the U.S. Foreign Corrupt Practices Act of 1977, as amended (“FCPA”) and other laws that prohibit improper payments to obtain business advantages, as well as U.S. sanctions laws, regulations and requirements. The Company’s Board of Directors has adopted this Anti-Corruption Policy (this “Policy”), which provides basic principles and guidelines to assist directors, officers employees, and other representatives with the legal and ethical requirements governing the Company’s business conduct when operating in foreign countries.

You should read this Policy carefully so that you understand its requirements. Questions about this Policy or its applicability in particular circumstances should be directed to the General Counsel. Once you have read and can confirm that you understand the Policy, please sign and return the certification attached as **Annex A** to:

**Fairmount Santrol Holdings Inc.
8834 Mayfield Road
Chesterfield, Ohio 44026**

Attention: David J. Crandall, VP, General Counsel & Secretary

II. Statement of Policy

It is the policy of the Company and all of its affiliates (collectively, “the Company”) that anyone operating on the Company’s behalf comply with all provisions of the U.S. Foreign Corrupt Practices Act of 1977, as amended (the “FCPA”), and all other similar anti-corruption laws that may apply to you or the Company as a result of the Company’s operations and business around the world (the “Anti-Corruption Laws”). The Company strictly prohibits bribery or other improper payments in connection with any of its business operations, wherever they may be located, and regardless of whether the business involves government officials or individuals or entities in private business.

This Policy applies to each of the Company’s officers, directors, employees, and in-house contractors (together, “Personnel”) and any of their agents, consultants, suppliers, vendors,

service providers and any others who act in any capacity on behalf of the Company (together, “Representatives”).

The Company also requires compliance with all U.S. sanctions requirements and regulations administered and enforced against targeted countries, individuals and entities by the Department of the Treasury, Office of Foreign Assets Control (“OFAC”). Specific details are discussed in Section XIII below.

Each of the Company’s Personnel and Representatives has a responsibility to assure full compliance with this Policy and with relevant Anti-Corruption Laws, including U.S. sanctions requirements. Failure to do so may result in discipline, up to and including termination.

III. Scope and Administration of the Policy

The Policy will be administered by the Company’s Board and General Counsel, as well as their designees. Contact information can be found on <http://www.fairmountsantrrol.com>.

This Policy is just one component of the Company’s compliance program designed to assure compliance with applicable laws and to provide appropriate guidance, training, investigation and oversight. This Policy covers a wide range of business practices and procedures but does not cover every issue that may arise, and should be read in connection with the Company’s Code of Conduct and Ethics, contained within the Company’s Employee Guidelines.

This Policy prohibits bribery in connection with business with all entities and individuals, but particular focus is given to situations in which Company Personnel and Representatives may be dealing with Government Officials in countries outside the United States. The FCPA and other similar laws around the world impose significant penalties on companies and individuals for committing corrupt acts, and the following is intended to provide an overview of the requirements and prohibitions of the FCPA to help the Company reduce the risk of violations.

A. *The Requirements of the FCPA*

The FCPA has two basic requirements:

- *Anti-Bribery Provision.* Persons and entities covered by the FCPA, such as the Company and its Personnel and Representatives, may not corruptly authorize, promise, pay, *offer* to pay or give *anything of value* directly or indirectly to any non-U.S. *Government Official* in order to influence an official act or decision by a Government Official that will assist the Company in obtaining or retaining business or any *improper business advantage* or in directing business to any other person or entity. *Key elements are explained in more detail below.*

- *Books and Records and Internal Controls Provisions.* Publicly traded entities, such as the Company, are required to make and keep accurate books and records in reasonable detail and to devise and maintain a reasonable system of internal controls that, among other things, can prevent improper accounts such as “slush funds” or “off-the-book” accounts that can be used to conceal improper payments. The FCPA’s anti-bribery, record-keeping, and accounting provisions apply to **all payments**, regardless of the size or type of payment, and regardless of whether any Government Officials are involved. There is no materiality threshold; even inaccurate recordings of small or seemingly nominal payments made violate the FCPA. *Specific guidelines regarding these provisions are discussed in more detail below.*

It is important to recognize that the FCPA has been broadly construed by U.S. regulators. In particular:

- The term “*anything of value*” includes such things as cash payments and kickbacks, but also may include excessive entertainment, reimbursement of travel expenses, offers of employment, and political and charitable contributions and sponsorships.
- A “*Government Official*” for purposes of the FCPA can be anyone who exercises governmental authority. The term has been defined broadly to cover *any* officer or employee of *any* government, or any department, agency, legislature, judicial branch or instrumentality thereof (including any state-owned, controlled, or operated enterprise such as a state-owned oil company), or any “public international organization,” a term that includes, among other entities, the United Nations, the World Bank, or the World Health Organization. The definition of Government Official also covers non-U.S. political parties, party officials or any candidate for non-U.S. political office. Whether or not someone is a Government Official may not always be readily apparent. Some individuals may not be treated or considered by their own governments in this manner, but nevertheless may be considered Government Officials under the FCPA as a result of their ability to influence official decisions of a foreign government, agency, or department. Any question about whether an individual you are conducting business with may be a Government Official should be directed to the General Counsel.
- An “*improper business advantage*” may involve obtaining or retaining business, such as securing new contracts for the Company, but also can involve obtaining regulatory approvals such as licenses or permits.
- An offer or promise is sufficient to trigger a violation of the FCPA. That means, a payment does not have to be made to a Government Official to constitute a violation; it is enough that it is offered.

B. Other Countries' Anti-Corruption Legislation

In addition to the FCPA, other countries in which the Company does or may do business in the future have adopted anti-corruption legislation. For example, the Canadian Corruption of Foreign Public Officials Act ("CFPOA") contains similar prohibitions as the FCPA, but in some respects is even broader in application. As in Canada, other countries' laws may differ from what is required or prohibited under the FCPA. It is the Company's policy that the Company and all of its Personnel and Representatives will comply with anti-corruption laws of any jurisdiction in which the Company conducts business. Any questions about local anti-corruption laws or legislation should be directed to the General Counsel.

IV. Prohibition on Commercial Bribery

Many U.S. and non-U.S. laws make it a crime to offer or pay bribes or kickbacks to private parties as well as to Government Officials. As stated above, in addition to prohibitions regarding promising, offering, or giving anything of value to Government Officials, the Company's Policy also prohibits promising, offering, or giving, with the intention or appearance of improperly influencing business decisions, anything of value to *any* **private party**, including a customer, potential customer, supplier, or potential supplier.

V. Record Keeping and Internal Accounting Controls

The Company must (a) keep honest and accurate books and records in reasonable detail and (b) maintain a reasonable system of internal accounting controls in order to prevent improper accounts that can be used to conceal improper payments.

A. Company Books and Records

The Company's books, records and accounts must at all times accurately and fairly reflect the Company's transactions in reasonable detail and in accordance with the Company's accounting practices and policies. No Company Personnel is permitted to willfully, directly or indirectly:

- Falsify, or cause to be falsified, any book, record or account of the Company;
- Make, or cause to be made, any false or deliberately inaccurate entries (such as overbilling) in the Company's books, records, accounts, and/or financial statements.
- Make, or cause to be made, any payment with the intention or understanding that all or any part of it is to be used for any person other than that described by the documents supporting the payment.

- Conceal or attempt to conceal and/or fail to disclose or record any “off-book” funds or assets.
- Take any action to fraudulently influence, coerce, manipulate or mislead the Company’s independent registered public accounting firm.
- Make, or cause to be made, any materially false or misleading statement or omit to state, or cause another person to omit to state, any material fact necessary in order to make statements made in connection with (a) any audit or examination of the Company’s financial statements or (b) the preparation or filing of any document or report required to be filed by the Company with the Securities and Exchange Commission (the “SEC”) or other governmental agency.

The above list is included for purposes of illustration and is not exhaustive. If you have any questions, please contact the Company’s General Counsel.

B. Internal Accounting Controls

The Company’s principal executive officer and principal financial officer are responsible for implementing and maintaining a system of internal accounting controls sufficient to provide reasonable assurances that transactions are executed in accordance with Company policies. Specific guidelines regarding the Company’s internal accounting controls are discussed in the Company’s Code of Conduct and Ethics.

For the purposes of this Anti-Corruption Policy, all Company Personnel must exercise diligence in order to avoid inaccurate and/or misleading entries or material omissions from the Company’s books, records, accounts and financial statements. If an employee believes that the Company’s books and records are not being maintained in accordance with these requirements, the employee should contact the General Counsel, Chief Financial Officer or their designee(s).

VI. Gifts, Travel, Meals and Entertainment Expenses

People often mistakenly assume that Anti-Corruption Laws prohibit only “bribes” in the form of cash payments to Government Officials. The Anti-Corruption Laws are much broader than that and extend to many forms of **travel, meal, and entertainment expenditures** for the benefit of Government Officials and private third parties, as well as non-cash gifts and other benefits, such as offers of employment, educational placement, and charitable donations to entities related to such recipients.

This Policy contains certain guidelines concerning the offer and provision of gifts, meals and entertainment expenses, including expenses offered or incurred for or on behalf of Government Officials. Any such expenditure, including any travel, lodging, meal, entertainment, or gift, that

is authorized and provided must be accurately recorded in the Company's books and records. Supporting documentation for such expense, such as an invitation to an event or a receipt for a gift that is purchased, will be maintained in the Company's records. All documentation for such expense should be sent to the General Counsel, or his designee.

A. *Gifts and Entertainment Expenses*

In general, gifts and entertainment expenses may **not** be offered or incurred with respect to a Government Official, until you have consulted with and secured **pre-approval** from the General Counsel, and **unless**:

- It is **not** cash;
- It complies with local law and with the Anti-Corruption Laws;
- It is **not** lavish or excessive;
- It is appropriate for the occasion and is non-discriminatory;
- It is infrequent; and
- Approval is sought and received in accordance with this Policy.

B. *Meals*

Meals may be provided for a Government Official, without prior approval, in connection with a business meeting or other business purpose, **only if the following conditions are met**:

- The cost incurred does not exceed \$100 per single instance per individual Government Official; and
- The total cost per quarter does not exceed \$250 per individual Government Official.

Prior approval from the General Counsel is required before costs exceeding the above limitations may be offered or incurred. All documentation regarding meal costs should be sent to the General Counsel.

C. *Reasonable and Bonafide Travel Expenditures*

Anti-Corruption Laws generally do not prohibit reasonable promotional or other expenses incurred in connection with legitimate business activities, such as expenses related to the promotion, demonstration, or explanation of products or services or the execution or performance of a contract. Examples may include providing reasonable travel and lodging

expenses for a delegation of Chinese officials to travel to the U.S. to inspect the Company's facilities in connection with a contract to provide similar facilities and services in China.

No such payment or promise of payment to or on behalf of any Government Official may be offered, authorized **unless** such payment or promise has been **pre-approved** by the General Counsel, and meet the following requirements:

- It serves a legitimate Company business purpose;
- Written invitations are transparent and clearly state the business purpose of the trip;
- Payments are not made directly to a Government Official either through an advance or reimbursement for expenses;
- "Per diem" fees or expenses should be avoided, particularly where meals are already being provided;
- No cash payments;
- Travel and lodging expenses are provided only for the identified Government Official and not for spouses, family, or friends of the Government Official;
- No non-business side trips are arranged or compensated by the Company;
- No reimbursements are paid without presentation of appropriate receipts;
- Travel or lodging is permitted under local law and regulations and guidelines of the recipient's governmental entity (note that some customers have strict policies against receiving gifts); and
- Other than the travel or lodging identified above, the Government Official is not compensated for his or her participation in the planned trip.

VII. Political Contributions in Foreign Countries

No contributions from Company assets or funds may be made to any non-U.S. political candidate, political party, political committee, political party official or in connection with any non-U.S. election or for any other political purpose unless prior approval from the General Counsel and the Board is obtained. (Please refer to the Company's Code of Conduct and Ethics for guidance regarding contributions in U.S. elections.)

VIII. Facilitation Payments

Facilitation payments are nominal payments to secure routine government action. The Company **strictly prohibits** the offer or payment of facilitation payments.

IX. Engagement and Monitoring of Company Representatives

The Company periodically engages the services of agents, consultants, suppliers, vendors, distributors, service providers and others to support business activities ("Representatives"), and also may participate with partners in various projects around the world. The Anti-Corruption Laws prohibit not just direct payments by Personnel made for a corrupt or improper purpose, but any such payments authorized or provided through third parties such as these Representatives and partners. (For example, the Company may not reimburse an agent or other Representative for an improper or corrupt payment made from the agent's or Representative's own funds.) Improper and/or corrupt payments made by such Representatives and partners may expose the Company and its Personnel to criminal and civil liability where they actually knew or had reason to know that a bribe would be paid. Deliberate indifference or willful blindness, such as where you become aware or have reason to know of potential issues regarding the behavior or reputation of a Representative but fail to ask additional questions, can be sufficient to create liability.

To mitigate the risks posed by such payments, the Company adopted procedures requiring due diligence and ongoing monitoring of third parties who will act on behalf of the company. The amount and type of diligence and monitoring will depend on, among other factors, the nature of the business relationship and the goods or services to be provided. Before any Representative may be engaged on behalf of the Company, you must consult with the General Counsel about the nature and scope of due diligence that the Company will pursue.

Company due diligence procedures generally will involve the following steps: (1) completing a due diligence questionnaire; (2) a Company legal representative reviewing such information, investigating as necessary, and either approving or rejecting the proposed business relationship; (3) attempting to negotiate appropriate anti-corruption provisions into the applicable contract (standards reps can be provided by the General Counsel); and (4) screening the parties against

the Consolidated Screening List maintained by the U.S. Department of Commerce (*see* Section XIV below). These steps should be completed prior to entering into any contractual relationship for goods or services to be used in support of the Company's operations. In some instances, additional due diligence steps may be taken. Whether, and to what extent additional due diligence steps may be required will be dictated by the General Counsel. In addition to the foregoing pre-engagement due diligence steps, the Company's due diligence process also involves ongoing due diligence requirements, such as compliance certifications (a sample of which may be found at **Annex A**).

Company Personnel working with Representatives must pay particular attention to suspicious facts and circumstances that could indicate the possibility of unethical conduct, often referred to as "red flags." Red flag issues may highlight a need to conduct additional diligence or re-evaluate an existing Representative's conduct. Please contact the General Counsel for more guidance about the types of Red Flag issues that can arise in Representative and partner relationships.

X. Health and Safety Payments

When Company Personnel reasonably believes that not paying a request or demand for something of value would result in an imminent threat to their health or safety or to the health or safety of their family members, then the payment may be made. This exception **only applies** to imminent threats regarding physical health or safety; threats to commercial or financial interests will never justify the payment of such requests. Where such a payment must be made, the circumstances of the payment must be accurately recorded and reported in writing to the General Counsel as soon as is practicable after the payment has been made.

XI. Penalties

Penalties for those who violate the Anti-Corruption Laws are quite severe, and also can result in significant sanctions and reputational damage to the Company. Companies face multi-million dollar criminal and civil penalties, as well as other possible penalties such as government debarment. Individuals also face significant fines, as well as possible imprisonment for criminal violations. Individual penalties cannot be paid or reimbursed by the Company.

Personnel who violate any of the Applicable Anti-Corruption Laws or this Policy should expect to have their employment terminated for cause. Company Representatives should similarly expect to have their contracts terminated for cause if they violate the applicable Anti-Corruption Laws or this Policy. The Company will actively seek to recoup any losses which it suffers as a result of a violation of the Applicable Anti-Corruption Laws from the individual or entity who carried out the prohibited activity.

XII. Education and Monitoring

The Company's management has implemented and continues to update a program to provide anti-corruption education and training to Personnel and certain Representatives, including periodic anti-corruption training, and a program to actively monitor compliance with this Policy by the Company and its Personnel and Representatives.

XIII. OFAC Sanctions

Pursuant to OFAC sanctions, U.S. persons and entities are generally prohibited from engaging in or facilitating any dealings or transactions with certain embargoed countries and specially designated individuals and entities. The OFAC sanctions also impose narrower restrictions on dealings with a number of other countries under more limited sanctions.

The sanctions primarily apply to "U.S. persons," which for the purpose of all the major sanctions programs includes U.S. citizens, lawful permanent residents, companies incorporated or organized to do business in the U.S. (including their foreign branches), and any person who is in the United States. Under some sanctions programs, a foreign subsidiary owned or controlled by a U.S. company also is considered a "U.S. person" and therefore directly subject to the full range of the sanctions requirements. As a U.S. company, the Company, its Representatives and Personnel (wherever located) are subject to U.S. sanctions laws and regulations. It is the Company's policy to comply fully with all applicable U.S. sanctions laws and regulations. Additionally, the Company requires that any and all of its Representatives (wherever located) also maintain full compliance with all applicable U.S. sanctions laws and regulations, regardless of whether such Representatives would themselves be directly subject to such laws and regulations.

Importantly, the OFAC sanctions regulations also prohibit U.S. persons from "facilitating" a prohibited transaction. Prohibited facilitation involves some action by a person to enable or support a transaction that would be prohibited if entered into by a U.S. person. This would include, for example, referring opportunities that a U.S. person cannot pursue to a third person; changing operating procedures to enable a foreign subsidiary or affiliate controlled by a U.S. person to engage in a transaction that a U.S. person could not engage in directly; and any other activity that assists or supports transactions that a U.S. person could not engage in directly.

With respect to the countries, entities and/or persons listed below with which U.S. persons are generally prohibited from dealing (collectively, the "Prohibited Parties"), all Company Representatives and Personnel are prohibited from doing business with, performing any trade with or involving, making any investment in, and/or having any financial or other dealings with or involving the Prohibited Parties. Prohibited interactions also include importing (either directly or indirectly through a third country) to the United States and/or exporting (either

directly or indirectly through third countries) from the United States any goods, services or supplies to or from the Prohibited Parties. All Company Representatives and Personnel are also prohibited from facilitating any of the foregoing activities involving Prohibited Parties.

The Prohibited Parties include:

- Cuba, any Cuban government or non-government entities, and any Cuban nationals.
- Iran, including any Iranian government or non-government entities.
- Syria and any Syrian government or non-government entities.
- Sudan (not including Southern Sudan), including any Sudanese government or non-government entities. Before any business or dealings with Southern Sudan may be pursued, prior written approval from the General Counsel must be obtained.
- Burma (also known as Myanmar), including any Burmese government or non-government entities. In recent years the U.S. government has significantly scaled back sanctions against Burma, and many transactions are no longer prohibited. However, as there are some continuing sanctions against Burma, General Counsel approval is required prior to pursuing or engaging in any dealings with Burma or Burmese entities.
- North Korea, including any North Korean government or non-government entities.
- Specially Designated Nationals (“SDNs”) and other individuals and entities specially targeted by the U.S. government for sanctions or denials, as identified on the Consolidated Screening List, available on the U.S. Department of Commerce website at: http://export.gov/ecr/eg_main_023148.asp.¹ Additionally, the sectoral sanctions list maintained by OFAC, which identifies entities subject to certain limited sanctions, should also be checked. This list is available at: http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/ssi_list.aspx.

In order to guard against involvement in a transaction with any of the Prohibited Parties, and as part of the due diligence program outlined in Section IX above, the Company screens potential Representatives, including new distributors of the Company’s products, against the Consolidated Screening List.

¹ In certain cases, an entity not specifically identified on the SDN list is still considered to be a SDN by OFAC if an SDN owns, directly or indirectly, a 50% or greater interest in that entity.

XIV. Further Information

This Policy provides a summary of important anti-corruption laws and issues, but additional details on particular questions and issues are available. Any questions about the Policy or Compliance Program should be directed to the General Counsel.

ANNEX A
CERTIFICATION OF COMPLIANCE

I, _____ hereby certify that I have read and understand the U.S. Foreign Corrupt Practices Act of 1977, as amended (“FCPA”) and the Fairmount Santrol Holdings Inc. Anti-Corruption Policy (“the Company Anti-Corruption Policy”), and certify that I have not taken any action, nor will I take any action, that would violate the FCPA, the Company Anti-Corruption Policy, or any relevant anti-corruption laws that are applicable to me [or **Representative Company**] or the Company (together, “Applicable Anti-Corruption Laws”). [**If Representative is a Company**: To the best of my knowledge after reasonable investigation, I certify that I am not aware of any action taken by any other person, including any officer, director, employee, agent, consultant, business partner or other representative of Representative Company or its affiliated companies that would violate Applicable Anti-Corruption Laws or the Company Anti-Corruption Policy or would cause the Company to be in violation of Applicable Anti-Corruption Laws.]

Specifically, I certify that I did not, directly or indirectly, offer, promise, authorize or give anything of value, and will not, directly or indirectly, offer, promise, authorize or give anything of value, to any Government Official, as the term is defined in the Company Anti-Corruption Policy. [**If Representative is a Company**: I further certify that I am not aware that any other person, including any officer, director, employee, agent, consultant, business partner or representative of Representative Company has offered, promised, authorized, or provided a thing of value, or is about to offer, promise, authorize or provide a thing of value, to any Government Official as the term is defined in the Company Anti-Corruption.]

I further certify that I have not directly or indirectly offered, promised, authorized, provided or paid and will not directly or indirectly offer, promise, authorize, provide or pay anything of value in order to obtain an improper benefit or advantage from any third party including any customer, potential customer, supplier, potential supplier.

I further certify that I have not created any false or fraudulent records with regard to any payments made on behalf of the Company, nor will I create any false or fraudulent records with regard to any payments made on behalf of the Company. [**If Representative is a company**: I further certify that I am not aware of any false or fraudulent records created by any other person, including any officer, director, employee, or any business partner or representative of Representative Company.

IN WITNESS WHEREOF, as of _____, 2014:

Representative

Name: _____

Title: _____