

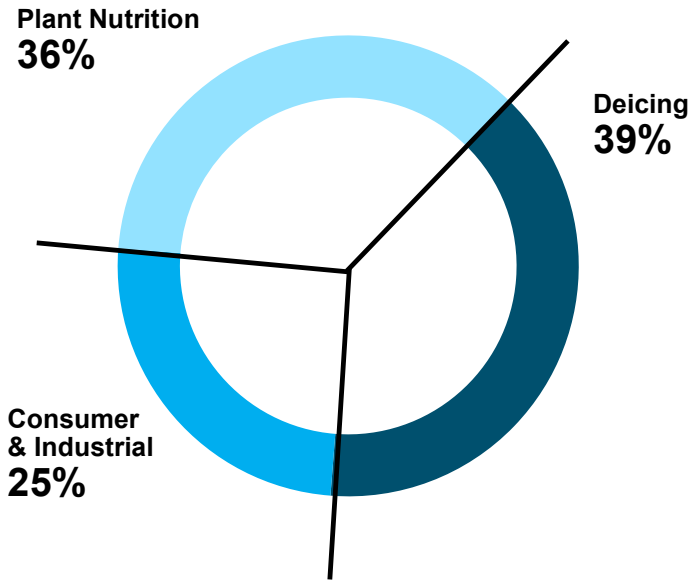
Compass Minerals

Marshalling Your Resources for ESG Reporting: One Company's Journey

Compass Minerals: An Essential, Diversified Global Minerals Company

Salt and Magnesium Chloride	Highway deicing in North America and U.K. Consumer and industrial end uses in North America
Plant Nutrients	Specialty and semi-specialty in North and South America
Chemical Solutions	Water treatment and industrial uses in Brazil

2020 GROSS SALES BY MARKET



2020 Financial Highlights

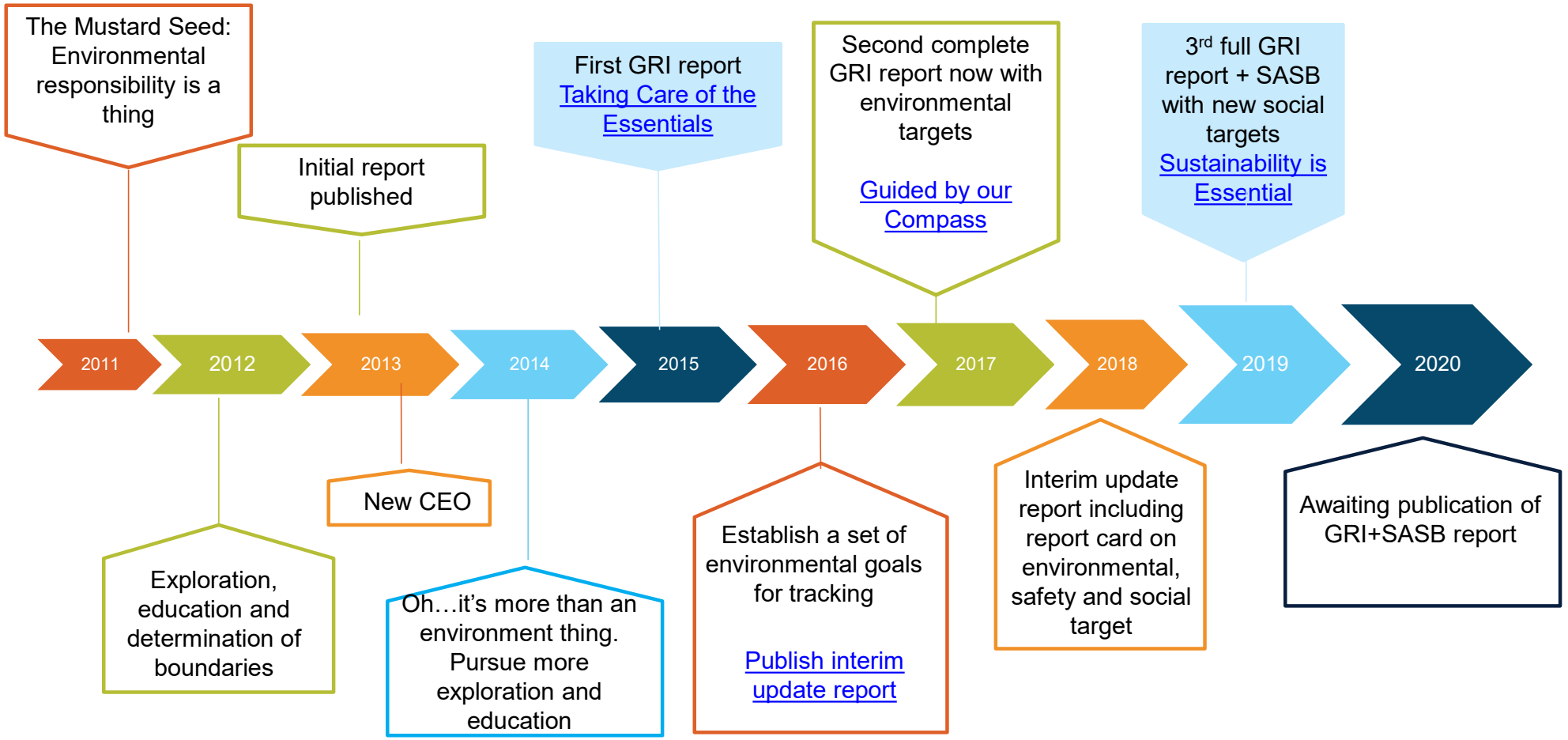
Total Sales
$1.5 BILLION

Adjusted EBITDA*
$343 million

Adjusted EBITDA* Margin
23%

** Non-GAAP measure. See investors.compassminerals.com for reconciliations.*

Evolution of Our Sustainability/ESG Efforts

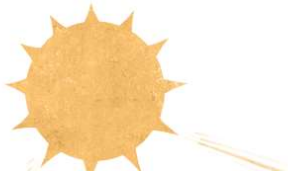


The First Report



USING SOLAR ENERGY

To achieve the same annual evaporation rates as our solar ponds would require burning 14 million tons of coal and would release 37 million tons of CO_2.



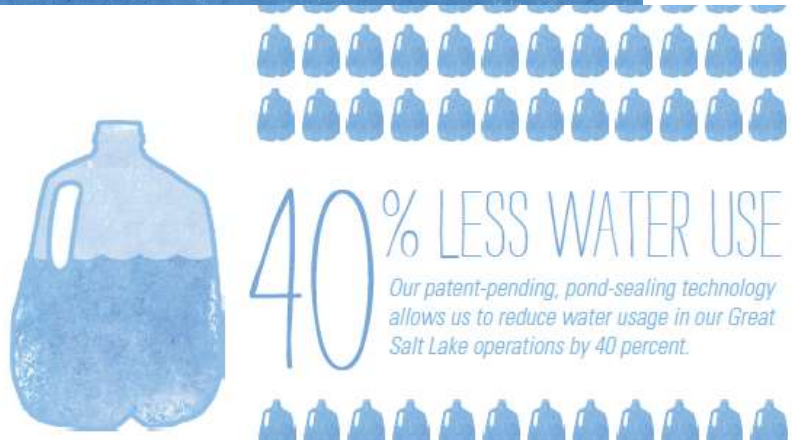
Getting to zero.

To emphasize our ongoing commitment to workplace safety, we initiated the *Getting to Zero* program with the ultimate goal of eliminating accidents and injuries throughout all of our facilities. Since the program's inception in 2001, we have made significant progress with injury rates dropping 75 percent over the past 10 years.



75% FEWER INJURIES

in the workplace over the past 10 years.



40% LESS WATER USE

Our patent-pending, pond-sealing technology allows us to reduce water usage in our Great Salt Lake operations by 40 percent.

According to a study by the Water Quality Research Foundation,[1] the carbon footprint of a tank gas household water heater is 18 percent greater if it operates on hard water (26 grains per gallon) than if it runs on softened water (0 grains per gallon). In fact, using softened water can maintain the original factory efficiency rating on this type of water heater over a 15-year period, but hard water can result in a 24 percent loss in energy efficiency over the same period.

Our Pristiva® and Sure Soft® pool salts also benefit homeowners and the environment by providing a natural and safe means to purify pool water and preserve the integrity of pool finishes.

Getting Buy-In: Early Snapshot of Significant Compass Minerals Shareholder Interest in ESG Reporting

Rank	Firm Name	Position [CMP-US]	Socially Resp	Signator of UN-PRI	Member - CDP	Member CDP Water	Request Info	SRI/Sustainability Funds holding CMP
1	Neuberger Berman, LLC	3,305,000	xx	•	•	•		
2	Parnassus Investments	2,755,000	xxx	•	•	•	yes	
3	The Vanguard Group, Inc.	1,953,000	xx	•	•			
4	SailingStone Capital Partners LLC	1,788,565	x					
5	BlackRock Institutional Trust Company	1,727,000	x	•	•			iShares MSCI KLD 400 Social Index
6	Shapiro Capital Management LLC	1,523,000						
7	T. Rowe Price Associates, Inc.	1,181,000	xx	•	•			
8	State Street Global Advisors (US)	1,163,000	xx	•	•	•		
9	Fiduciary Management, Inc.	981,000						
10	Scout Investments, Inc.	844,000						
11	Nuance Investments, LLC	500,000						
12	ClearBridge Investments, LLC	456,675	xx	•	•	•		
13	FOURPOINTS Investment Managers	417,518	x					
14	Cantor Fitzgerald & Co.	403,000						
15	Royce & Associates, LLC	400,000						
16	Morgan Stanley Wealth Management	384,000	x		x			
17	Denver Investments	363,000						
18	Gannett Welsh & Kotler, LLC	328,374	x	x				
19	Pioneer Investment Management, Inc.	317,000	xx	•	•			
20	TIAA-CREF	307,000	xx	•	•			
21	Northern Trust Investments, Inc.	296,000	xx	•	•	•		
22	PDT Partners, LLC	280,000	x					
23	Dimensional Fund Advisors, L.P.	275,000	x	•				
24	River Road Asset Management, LLC	273,000						
25	Mellon Capital Management Corporation	264,000	xx	2013	•	•		

* SRI ranking key:

x- claim SRI focus, no clear policy

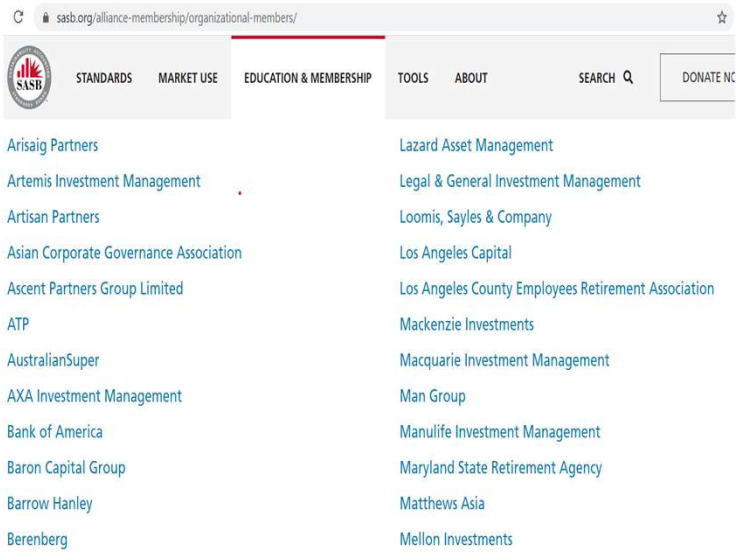
xx - sustainability/CSR one of several factors in broader policy

xxx - key element in all investment decisions

CDP: Signator or Carbon Disclosure Project

CDP Water: Signator to Water Program aimed at engaging companies to disclose and manage water issues to insure long term value creation.

Now would also include SASB and TCFD



ESG Management & Strategy Teams Evolution

Early Stage Team

- VP supply chain/operations
- Senior Director of Quality and Product Development
- Director of IR

Sustainability Steering Committee



- **EHS**
  - •VP EH&S
  - •Director of Sustainability
  - •Data analysts (2)
- **Operations**
  - •Senior Director of Quality and Product Developement
  - •Director of Supply Chain
  - •VP of Plant Operations
  - •Site lead of largest Salt mine
- **Commercial**
  - • Marketing reps from Salt and Plant Nutrition
- **Corporate**
  - • Director of IR
  - • Chief Corporate Affairs Officer
  - • Assistant General Counsel
- **Human Resources**
  - • SVP of People
  - • Director of HR

Reporting Team

- Director of Sustainability
- Director of IR
- Director of Corporate Affairs
- Assistant General Counsel
- Environmental Analyst

The Supporting Cast – Consultants and Designers

Compass Minerals

Key Areas

- Strategy / GRI-SASB Consultant
  - Assist in content and data collection and consolidation
  - Conform data to GRI (or other) reporting paradigms
  - Identify strategic opportunities for future
  - Peer benchmarking
  - Execute stakeholder surveys
  - Write report
- Data Verification Provider
- Designers
  - Creative team
  - Web team

Examples

rivel Data-Driven Management Consultants

ISOS Group

BrownFlynn an ERM Group company

CSE CENTRE for SUSTAINABILITY and EXCELLENCE

FRAMEWORKESG Business. Better.

CSRWorks

measurabl

intertek Total Quality. Assured.

KPMG

ICOMPLI

Leveraging Sustainability with Raters and Investors

ESG investing assets now account for **$12.0 trillion—or one in four dollars—of the $46.6 trillion** in total assets under professional management in the United States, up 38% from 2016 (source: US Sustainable Investing Foundation 2018 Report)

Spotlight on Fidelity

- Now includes an ESG rating on all companies considered for investment regardless of portfolio focus
- Has initiated new ESG funds and currently has $5.5 billion AUM, up about 100% from last year
- We are building a relationship with these PMs which included discussion of our ESG reporting specifically
- PM stated they believe higher rated ESG companies command a premium multiple – "The ESG Halo"
- Further the firm more broadly believes consideration of ESG is a matter of material risk management

Proxy Advisory firms continue to fine-tune their approach

- ISS includes ESG ratings in their reports
- Glass Lewis works with Sustainalytics to provide EGG profiles for large cap companies
- Expect our SASB inclusion and next generation CDP filing to further prepare us for improved ratings even as the goal posts move by these firms

Compass Minerals ISS ESG Score



Our Actions

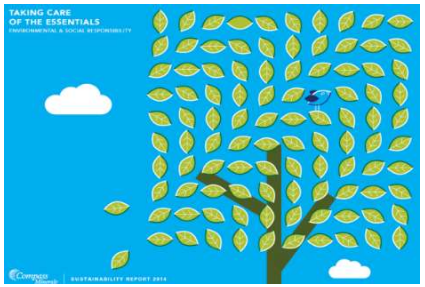
- ☑ GHG & water targets
- ☑ Human rights policy – added in 2019
- ☑ Climate change statement – added in 2019
- ☑ Diversity and inclusion focus – expanded in 2018
- ☑ CDP submission for grade in 2020

Recent Reporting Developments

- 2018 reporting cycle included full GRI/SASB report PDF and a Web-based Highlights report focused on Safety, Culture and Environmental Stewardship
- Theme: Sustainability is Essential
- Key environmental data will be verified by external consultant
- Updated social/people metrics

- 2019 report theme: Navigating with Purpose continuing the Annual Report theme of Navigating Our Future
  - Shift to primarily a PDF format
  - 81 GRI disclosures (general+material+mining)
  - 26 SASB metrics

2014 – 1ST GRI report



2016 – 2nd GRI report



2018 – 3rd GRI report





Environmental and Social Key Performance Indicators: A work in progress

2020 KPI's	Baseline (2013–2015)	2018	2019	Status vs. target	Vs. prior year
Reduce Energy Intensity by at least 4%	118.9 kWh/ton	139 kWh/ton	118.2 kWh/ton	-1%	-15%
Reduce Scope 1 GHG Emissions Intensity by at least 7%	18.4 kg/ton	21.5 kg/ton	18.1 kg/ton	-1%	-16%
Reduce Scope 1+2 GHG Emissions Intensity by at least 8%	26.9 kg/ton	30.1 kg/ton	26.6 kg/ton	-1%	-12%
Reduce Fresh Water Intensity by 5%	1,111 gallons/ton	1,686 gallons/ton	1,277 gallons/ton	+13%*	-24%
Female/Male Pay Ratio	Annual improvement	88%	90%	Achieved	+2 pts
Turnover Rate	Annual improvement	17%	15%	Achieved	-2 pts
Gender Diversity in Management (SVP/VP)	Annual improvement	20%	23%	Achieved	+3 pts
Employee Development Spending	Annual improvement	$1.5 million	$1.7 million	Achieved	+14%

Initial targets circa 2016

Revised in 2018

**Wet weather in Ogden is an important factor in GSL fresh water usage. 75% of our fresh water comes from the GSL. Baseline targets were set during low water level periods and thus less fresh water was needed.*

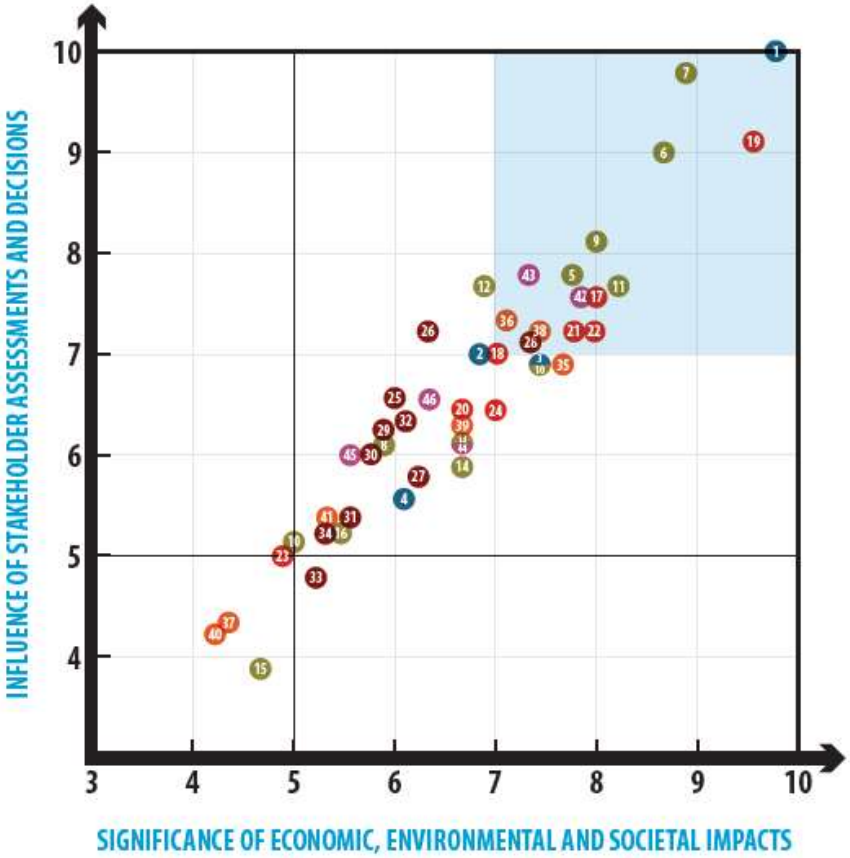
Benchmarking

- In 2018, we requested that iCompli undertake a Sustainability Reporting Benchmark study against our peers.

- The study looks at our company versus K+S, Intrepid, Potash Corp, Agrium, Mosaic, FMC, ICL Group and ScottsMiracle-Gro, with review of types of disclosures, stakeholder groups, and material issues (excerpt shown below).

	Compass Minerals	K+S	INTREPID	PotashCorp	Agrium	Mosaic	FMC	ICL	Scotts
Ticker:	CMP	KSAG88	IPI	NTR	NTR	MOS	FMC	ICL	SMG
Sustainability Report	YES	YES (integrated)	NO	YES	YES	YES	YES	YES	NO
Performance Disclosure	YES	NO	NO	YES	YES	YES	YES	YES	NO
Performance Targets	YES	NO	NO	YES	YES	YES	YES	YES	NO
Stakeholder Groups	YES	YES	NO	YES	YES	YES	YES	YES	NO
Materiality Assessment	YES	YES	NO	YES	YES	YES	YES	YES	NO
Materiality Prioritization	YES	YES	NO	YES	YES	YES	YES	YES	NO
Focus Areas	YES	YES	NO	YES	YES	YES	YES	YES	NO
Board Committee	YES	YES	NO	YES	YES	YES	YES		NO
Global Reporting Initiative	GRI Core	GRI Core & MMSD	NO	GRI Core	G4 Core	GRI Core	GRI Core	GRI Core & MMSD	NO
CDP	NO	NO	NO	YES	YES	YES	YES	YES	NO
UN Global Compact	NO	YES	NO	NO	YES	YES	YES	NO	NO

COMPASS MINERALS MATERIALITY ASSESSMENT



ECONOMIC

- 1 Economic Performance
- 2 Market Presence
- 3 Indirect Economic Impacts
- 4 Procurement Practices

ENVIRONMENTAL

- 5 Materials
- 6 Energy
- 7 Water
- 8 Biodiversity
- 9 Emissions
- 10 Effluents and Waste
- 11 Products and Services
- 12 Compliance
- 13 Transport
- 14 Overall
- 15 Supplier Environmental Assessment
- 16 Environmental Grievance Mechanisms

SOCIAL

Labor Practices and Decent Work

- 17 Employment
- 18 Labor/Management Relations
- 19 Occupational Health and Safety
- 20 Training and Education
- 21 Diversity and Equal Opportunity
- 22 Equal Remuneration for Women and Men
- 23 Supplier Assessment for Labor Practices
- 24 Labor Practices Grievance Mechanisms

Human Rights

- 25 Investment
- 26 Nondiscrimination
- 27 Freedom of Association and Collective Bargaining
- 28 Child Labor
- 29 Forced or Compulsory Labor
- 30 Security Practices
- 31 Indigenous Rights
- 32 Assessment
- 33 Supplier Human Rights Assessment
- 34 Human Rights Grievance Mechanisms

Society

- 35 Local Communities
- 36 Anti-Corruption
- 37 Public Policy
- 38 Anti-Competitive Behavior
- 39 Compliance
- 40 Supplier Assessment for Impacts on Society
- 41 Grievance Mechanisms for Impacts on Society

Product Responsibility

- 42 Customer Health and Safety
- 43 Product and Service Labeling
- 44 Marketing Communications
- 45 Customer Privacy
- 46 Compliance

▸ MATERIAL ASPECT

Appendix: Glossary for ESG Landscape

- **CalPERS (California Public Employee Retirement System):** Pension fund with over $300 billion assets under management. Active on ESG.
- **CDP:** Formerly Carbon Disclosure Project, an organization that provides investors data on companies' environmental footprint and impacts
- **ESG (Environmental, Social and Governance):** Refers to non-financial data that investors, analysts and other stakeholders use to evaluate companies.
- **GRI (Global Reporting Initiative):** A widely used and de facto standard framework for corporate sustainability reporting, intended for broad stakeholder audience.
- **ISS (Institutional Shareholder Services):** Proxy advisory firm that provides company-specific ESG data and analysis to investor clients.
- **MSCI:** A data and data analytics provider that specializes providing company-specific ESG insights to investors.
- **SASB (Sustainability Accounting Standards Board):** Organization that publishes sets of sustainability-focused, industry specific standards and KPIs that companies should report to; e.g., total energy usage, greenhouse gas data. The data is intended for investor audiences.
- **SDGs (Sustainable Development Goals):** A set of 17 goals established by the United Nations to achieve by 2030, used by many companies to inform their own goals and reporting; e.g., climate change or gender parity.
- **TCFD (Taskforce on Climate-related Financial Disclosures):** Framework for companies to measure, assess and disclose risks and opportunities they face related to climate change; includes both physical risks as well as transition risks associated with climate policies; e.g., a carbon tax.