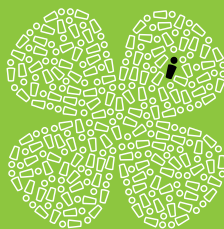


Making a
POSITIVE
IMPACT

2012 SUSTAINABILITY REPORT



LUCK COMPANIES™

IGNITING HUMAN POTENTIAL

A Letter from our Chief Growth Officer



We are excited to share with you the second edition of the Luck Companies Sustainability Report. Last year we touched on the issues that our stakeholders told us were important. We published the data we had available and set goals for gathering data that will be relevant in the future. The process of writing a report is still new to us, but the principles in it are not. We've long considered sustainability an integral part of our business; however, this report allows us to address the issues of environmental stewardship, social responsibility and economic impact as an integrated system rather than individually.

You probably know that sustainability has grown as a trend in the last 10 years and exponentially so in the last five. It is now viewed globally as a megatrend that cannot be ignored. In a recent *Harvard Business Review* (HBR) report, sustainability was identified as one of the next global megatrends because over the last decade, environmental issues have grown in significance when it comes to business' capability to create value for customers and stakeholders. There is an intensified competition for natural resources. Emissions and water use are becoming essential measures of performance, and stakeholders expect companies to share information about them.

Add that to the increased public and governmental concern about climate change, pollution and natural resources, and we see why sustainability is an emerging megatrend for business. When you combine these concerns with the fact that, according to more than 40 studies from major management consulting houses and business reviews, including HBR and the Massachusetts Institute of Technology *Sloan Management Review*, companies that are sustainability leaders have better financial results, lower risks and more engaged workforces, it's obvious why any business would embrace sustainability and engage its stakeholders around it.

That is part of the reason we are sharing this information with you. Sharing our successes and our opportunities also helps keep us accountable and strengthens our commitment to continuously improve. Sustainability provides the perfect platform to do good for people and the planet and in turn do well as a business.

Please let us know what you want to see in these reports in the future. You are our stakeholder, and we want to make you proud to be involved with us, do business with us and grow with us. Sustainability is yet another way we can have a positive impact and ignite human potential.

Sincerely,

A handwritten signature in black ink that reads "John N. Pullen". The signature is fluid and cursive, with a long horizontal stroke at the end.

John N. Pullen, Chief Growth Officer

MISSION

WE WILL IGNITE
HUMAN POTENTIAL
THROUGH VALUES
BASED LEADERSHIP
AND POSITIVELY
IMPACT THE LIVES
OF OTHERS AROUND
THE WORLD.

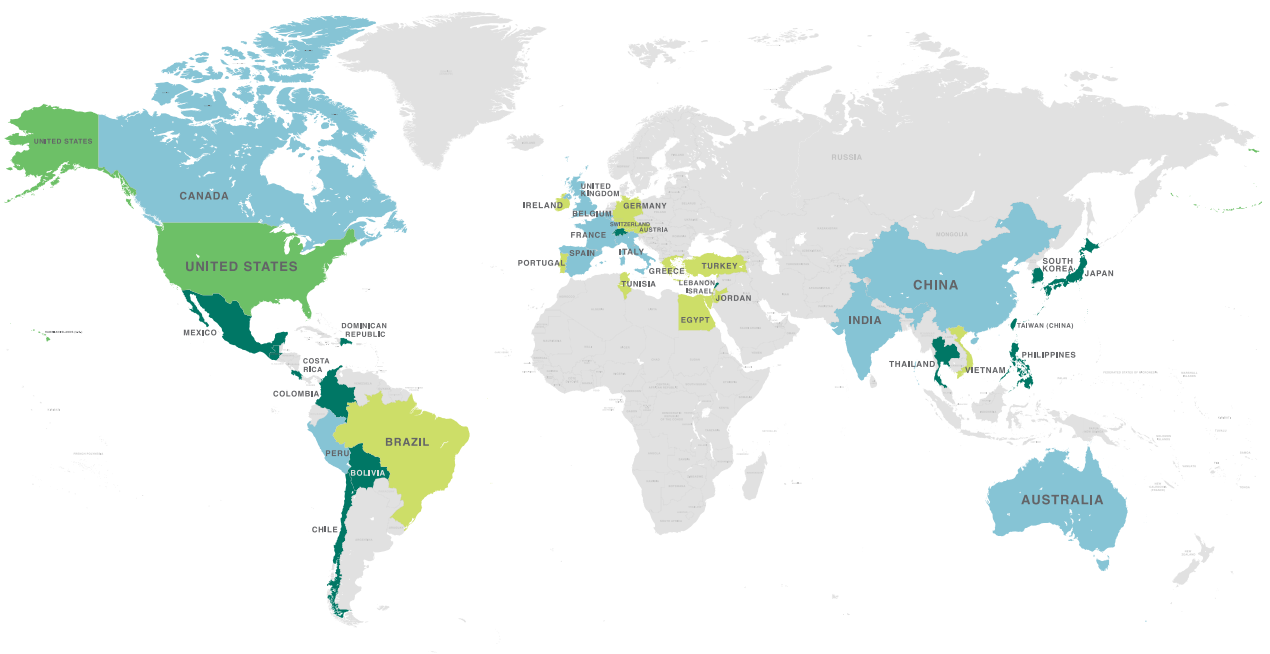
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Company Profile

Headquartered in Richmond, Virginia, Luck Companies is privately held and is comprised of four distinct business divisions: Luck Stone, one of the largest producers of crushed stone in the nation; Charles Luck, a leading architectural stone supplier with a global sales and distribution presence and locations across the mid-Atlantic region; and Har-Tru Sports, the leading provider of clay courts, lighting and court accessories in the tennis industry. Additionally, Luck Development Partners (LDP), an affiliate of Luck Companies, resolves to integrate and highlight natural, historical and environmental elements into the design of its real estate projects.

For more information please visit luckcompanies.com.



- All Business Units
- Charles Luck & Har-Tru Sports
- Charles Luck
- Har-Tru Sports

SUSTAINABILITY AT LUCK COMPANIES

At Luck Companies, we define sustainability as the integration of environmental, social and economic best practices into our business strategies to ensure the long-term health of our company, our people, our communities and our planet. How we operate our company has a significant impact on the environment and society.

Our Sustainability Goals through 2015 include:

- Publish an annual sustainability report that engages our stakeholders in an open dialogue for improving sustainability practices at Luck Companies
- Educate our associates and stakeholders on sustainability best practices and how those practices lead to business success for us and our customers
- Focus our sustainability efforts on energy conservation and air quality

Values Based Leadership

Luck's focus on sustainability is a direct reflection of the mission and values of the company. To understand what motivates our sustainability efforts, it is important to understand Luck's key tenet of Values Based Leadership.

Stewardship is by definition an ethic and historically referred to the occupation of a steward, a person who has the responsibility of taking care of something that belongs to someone else. At Luck Companies, Values Based Leadership (VBL) at its core is also an ethic, an ethic much like stewardship that activates serving others. Values Based Leadership is built on a core belief that all human beings are born with the extraordinary potential to make a difference in the world. And by living, working and leading in alignment with their core values, principles and beliefs, Values Based Leaders ignite that extraordinary potential in those around them. In a sense, Values Based Leaders assume the responsibility of attending to something that belongs to someone else—and that something is others' innate extraordinary potential.

Over the years, philosophers, scientists and thought leaders have consistently agreed on the impact we (all of us) can have when living a purpose-driven life, a life we are living when our extraordinary potential is activated. This is a life enriched by doing good, making a difference and positively impacting the lives of others. And it is oftentimes a life of doing good in the social, economic and environmental dimensions as global stewards.

Living, Leading and Voicing Values Based Leadership in 2012

Values Based Leadership, as a company philosophy and standard, has raised our awareness of the importance of finding sustainable solutions while positively impacting the lives of others. Not only does this state of consciousness through VBL exist organically at Luck Companies, but it is also intentionally designed and built into the strategies, plans and processes of the businesses within. Just as we use VBL to guide our decision-making in sustainability, we also carefully prepare for the future by succession planning and developing leaders through VBL programs, courses and training. As a purpose-driven organization, Luck Companies ensures that associates take ownership in the shared responsibility to lead through our values and continually work to ignite human potential in others by employing and sharing VBL.

By the close of 2012, our VBL message reached more than 20,000 people externally, including customers, prospects, members of communities and academic institutions nationwide. Presentations, webinars and online VBL exercises and tools have also allowed our associates to share VBL and our mission with the world.

Our focus on VBL has enabled us to build, foster and strengthen relationships with many organizations across the nation. For example, our partnership with the Greater Richmond Chamber of Commerce (GRCC) has aided immensely in our efforts to ignite human potential in 2012. Coined "The RVA Leadership Lab," our partnership with the GRCC offers mid-career professionals in the greater Richmond area a six-month leadership development program centered around VBL. 2012 also marks our third year of working directly with 250 leaders from the YMCA Richmond Chapter. As a result, 8,000-10,000 YMCA Richmond Chapter associates are adopting VBL into their businesses.

Living, leading and voicing VBL inspires and guides the work we do every day. Our mission to ignite human potential has effectively motivated us in 2012 and will continue to do so in 2013.



IGNITING HUMAN POTENTIAL

In 2012, Luck Companies introduced new branding for each of its business units. The new unified brand architecture/brand alignment marks a significant milestone for Luck Companies. To realize our mission of igniting human potential through Values Based Leadership globally and to accomplish our ambitious growth, leadership and cultural goals, we must think and act more globally and holistically. Creating a global brand establishes alignment and energy in support of our ultimate goal to have a positive impact on the lives of others. We developed a unified look and feel within all the business unit brands, which will drive synergy internally and externally as well as strengthen the Luck Companies brand.

The brand alignment also includes the integration of Igniting Human Potential (IHP) into all the business units; this integration illuminates the importance of leadership. The notion of igniting human potential both in ourselves and in others, along with the Values Based Leadership expectation and the emphasis on our values, remains more important than ever as we transform our future and embark on our major leadership and growth initiatives.

LUCK✻**STONE**

**WE WILL POSITIVELY
IMPACT THE LUCK
STONE COMMUNITY
BY BUILDING
VALUE INSPIRED BY
OUR CUSTOMERS**

CHARLES LUCK®
✻

**WE WILL POSITIVELY
IMPACT THE DESIGN
AND BUILDING
COMMUNITY BY
ADDING VALUE FOR
OUR CUSTOMERS**



**WE WILL POSITIVELY
IMPACT LIVES
BY DEVELOPING
CHAMPIONS AROUND
THE WORLD**



**WE WILL POSITIVELY
IMPACT COMMUNITIES BY
CREATING SUSTAINABLE
ENVIRONMENTS
THAT EMBODY A UNIQUE
SENSE OF PLACE**

SOCIETY



Throughout the history of Luck Companies, we have positioned ourselves as leaders in industrial safety and health.

We consistently produce industry-leading results in our safety and health programs; our total recordable case rate significantly outperforms our industry averages. Our Value Safety program is a hybrid system incorporating elements of behavior-based safety integrated with a heavy emphasis on safe conditions and compliance with federal regulations. As part of our core values, we are committed to providing all associates a safe working environment. We provide each associate with safety training, safe equipment and mechanical safeguards to ensure safe working conditions. In turn, each associate is expected to contribute to the safety and well-being of themselves and others.

Safety and Health Regulatory Requirements at Luck Stone

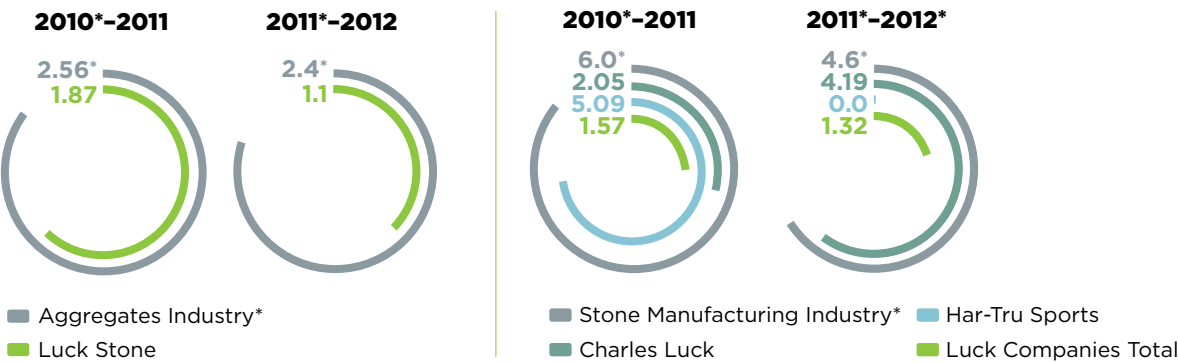
Luck Companies is in the business of working with stone and stone products and is subject to numerous safety regulations relating to them. The Charles Luck and Har-Tru business units are classified under manufacturing and are regulated by the U.S. Occupational Safety and Health Administration (OSHA). Luck Stone is classified as mining, so it falls under the jurisdiction of the U.S. Mine Safety and Health Administration (MSHA).

Luck Stone maintains its philosophy of being 100% knowingly compliant with all rules and regulations and working in partnership with MSHA to help protect our workforce. In 2012, Luck Stone continued our Operational Excellence Evaluation program, which consists of full internal compliance audits at each of our locations every

year. Possible hazards are identified during these evaluations, with violations corrected immediately. Other recommendations must be acted upon, with a 90% correction rate expected within a month.

To ensure the safety and health of contractors who perform work for us, we have dedicated greater resources from our Risk Management Department to assist contractors in understanding our expectations. In the past, contractors were generally expected to learn requirements and rules on their own with minimal support from Luck Companies. This new process is greatly appreciated by the contractors and our site management, as the contractors' level of commitment to safety and health has increased.

Comparative Incident Rate



*Industry averages are available only for the previous year's data.
We use the latest information available provided by the U.S. Department of Labor.

0-0 Number of locations with a 0-0 rating (0 medical injuries and 0 lost time injuries) for two consecutive years: 13 out of 23. (As of 11/1/12.)

THE NATURE GENERATION

Luck Stone has partnered with The Nature Generation (formerly the Newton Marasco Foundation) on several projects over the last five years, including the installation of an environmental courtyard at Loudoun Valley High School (Purcellville, VA), the restoration and construction of the Chapman-DeMary Trail in Purcellville and the creation of several environmental games for school classrooms.

These environmental games, part of the Education on Energy and the Environment program, are designed for students of all ages and have versions for elementary, middle and high school classrooms. Each question from the game is tied to some aspect of the Virginia Standards of Learning. The Education on Energy and the Environment program stimulates energy and enthusiasm and encourages students to quickly engage in learning. In formats similar to the television game shows "Who Wants to Be a Millionaire" and "Jeopardy!," individuals or teams are encouraged to work with their peers to answer questions geared toward learning material associated with ecology, sustainability and energy efficiency.



The games were originally introduced to Loudoun County Public Schools through a partnership with their school board, but the program is easily distributed through The Nature Generation website. Now introduced nationwide, the Education on Energy and the Environment program is gathering momentum as an effective learning tool in classrooms across the country.

For more information, visit natgen.org.

ELIZABETH RIVER PROJECT UPDATE

The mission of the Elizabeth River Project (ERP) is to restore the Elizabeth River (Portsmouth, southeastern Virginia) to the highest practical level of environmental quality through government, business and community partnerships. Luck Stone has partnered with the ERP on several projects over the last five years, including the Learning Barge, the Money Point restoration and the Paradise Creek Park restoration. Our Gilmerton and Berkley distribution yards have installed and maintained vegetated buffers to tidal waters, reduced or eliminated storm water runoff, planted vegetation to enhance wildlife habitat and installed rain gardens to slow runoff volumes and reduce nutrient concentrations. Luck associates who have participated in ERP events have made significant donations of time and products.

The ERP has several membership levels in its River Stars program, and Luck Stone's Gilmerton plant has achieved the highest designation, Model Level River Stars, through exceptional pollution prevention and wildlife habitat efforts, as well as by mentoring others as community leaders in environmental stewardship. The Berkley plant is recognized at the Achievement Level for pollution prevention and wildlife habitat projects.

During 2012, Luck Stone made a significant contribution to the restoration of Paradise Creek and the creation of Paradise Creek Nature Park in Portsmouth, VA, by mentoring other community leaders in the Virginia Port Authority on this project. Paradise Creek had been a superfund site, an area the Environmental Protection Agency identifies as "an uncontrolled or abandoned place where hazardous materials are located, possibly affecting local ecosystems and people." The project plan includes the restoration of tidal wetlands, a footbridge and trail around the park, educational signage and environmentally friendly entrance roads and parking. Luck Stone's products are featured prominently in the walking paths and the permeable parking area. Future projects include the removal of invasive species and permanent training stations for multi-year student projects to study ecological habitats.



PRESQUILE PROJECT UPDATE

Luck Companies and the James River Association (JRA) have collaborated on a number of projects over the years. Recently we sponsored a video contest for students titled "What the James River Means to Me," we hosted the JRA annual meeting at our corporate office and most significantly in 2010, we donated more than 2,000 tons of rock material for a "sturgeon reef" in the James River. The reef, located near Presquile Wildlife Management Area, is designed to re-create the hard rock bottom of the natural river in order to aid researchers at Virginia Commonwealth University in their study of the sturgeon life cycle.



The latest partnership between the two groups has been Luck Companies' assistance as JRA developed an Ecology School on Presquile. An existing building was restored and converted to classroom space to allow children to explore this natural area and learn about the interaction between emerging landscapes and the river. A bunkhouse will allow small groups to stay on the island and complete two or three days of study at a time. Luck volunteers helped to build a boardwalk through acres of wetlands and assisted in constructing a gazebo and canoe launch that will facilitate children's learning about the river.

Occupational Health

In alignment with our commitment to safety, Luck Companies has long been a leader in occupational health programs and ensuring that our associates have a healthy work environment.

In FY 2012, Luck Companies conducted approximately 200 exposure assessments and identified no exposures above the U.S. Occupational Safety and Health Administration (OSHA) or U.S. Mine

Luck Companies has long been a leader in occupational health programs and ensuring that our associates have a healthy work environment.

Safety and Health Administration (MSHA) permissible exposure limits. We also conducted 47 pre-employment physicals to ensure that our new associates would

be placed in a job where they could successfully function based on their health status and the requirements of the role. In the medical monitoring program, we conducted 426 audiometric tests on noise-exposed associates. There were no recordable hearing losses, and 10 associates experienced a standard threshold shift that was potentially work-related.

In 2012, we hosted a Noise and Dust Workshop at our Fairfax Plant. Ten participants from across the country received two days of classroom and hands-on training. Our certified industrial hygienist assisted a health professional from MSHA with the training. The workshop enabled the participants to improve the work environments at their respective companies, thereby contributing to the improvement of working conditions for countless employees across the country.

The goals of the Luck Companies' occupational health program are:

- To provide a healthy work environment for Luck Companies' associates.
- To produce products that can be used safely and effectively by our customers.
- To ensure that we protect the health of our communities as a result of our operations.

To accomplish these goals, we conduct exposure monitoring for noise and dust, provide annual medical monitoring and conduct pre-employment physicals.



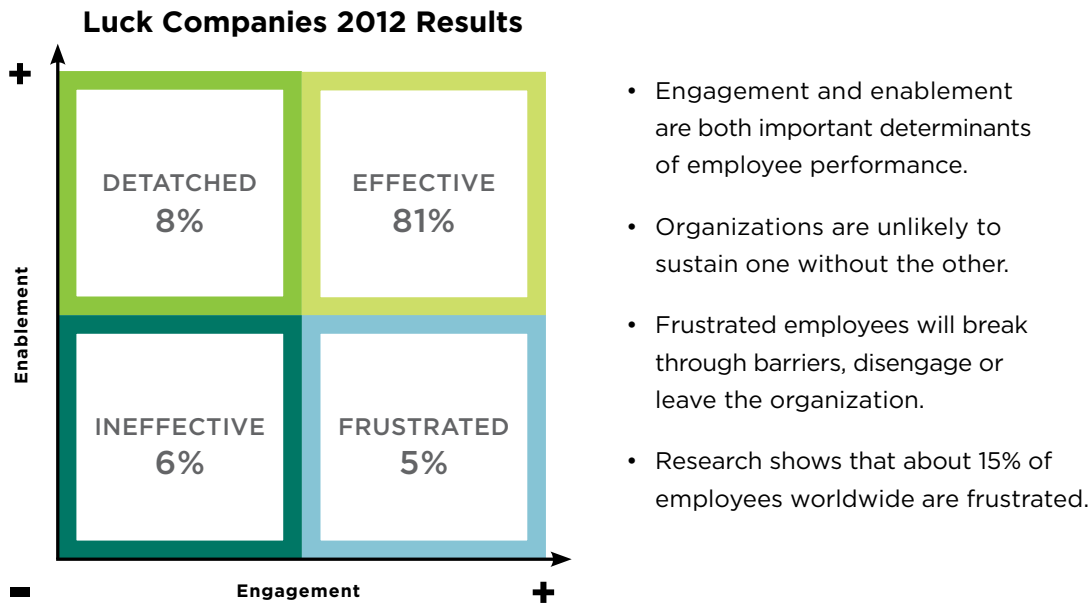
Associate Engagement

Our employee engagement survey results improved for 2012!



Engaged associates are more likely to contribute to and participate in the company's key missions, such as our sustainability efforts. Since 2010, Luck Companies has participated in an Associate Engagement Survey (AES) administered by Hay Group. This survey evaluates several aspects of the workplace that contribute to associate engagement and company performance.

This graphic explains the effectiveness framework.



Hay Group's studies have determined that high engagement and high enablement have led to:



POWHATAN HABITAT HOUSE

Almost every associate from the Luck Stone Powhatan plant (central Virginia) spent an entire day helping build a Habitat for Humanity house in their community. The Powhatan team has a long-standing relationship with Habitat for Humanity and has volunteered with them numerous times over the years. Associates from other areas stepped in to cover the site for the day so that the team could dedicate the entire day at the house.



The Powhatan team volunteered a total of 105 man-hours for this project to give back to their neighbors and to provide the group a team-building opportunity. The team got a lot of work done on the house that day, and all involved had a great time. In fact, the director of the house actually stopped the Luck volunteers early because he said they were getting too much done, and he had another group of volunteers coming that he had to leave some work for. He also told the Powhatan team that he really liked when Luck volunteers came to work on a Habitat house because of the quality of work and the amount of work the volunteers got done.

DAHLGREN'S RAID

At the end of September 2012, more than 70 Civil War reenactors from all over the U.S. and Canada traveled for three days and over 38 miles through Goochland County, VA, on horseback, following the same path Union Army Col. Ulric Dahlgren took when he ransacked Goochland almost 150 years ago. The event included a school demonstration, a number of social events, several skirmishes and a mock battle. The support from many in the community for this effort was amazing.

Luck Companies supported this project by donating rock and pipe for a creek crossing, providing aerial maps of the entire route, providing 250 gallons of water, installing poles for picket lines and allowing the reenactors to camp one night at the Luck Companies corporate office. Thanks to the accommodating landowners and organizations in Goochland like Luck Companies, this fun and educational event was a huge success and will be talked about for years to come. Our involvement in community events like this is important to us and helps ensure that we have a positive impact on our communities.



WOUNDED WARRIOR

Luck Stone had the honor of making a difference in the lives of United States veterans by getting involved with a new project, Boulder Crest Retreat. Nestled at the base of the Appalachian Mountains in Loudoun County, VA, the planned Boulder Crest Retreat for Wounded Warriors "is founded on the premise that there is no greater duty as an American than to provide for those men and women who have given everything but their lives (mind, body and soul) to serve and protect us. They went so we would

not have to and their service has allowed us to maintain our freedom and continue to live the peaceful lives we know today."

Ken Falke, founder and chairman of Boulder Crest Retreat, has painted a hopeful picture of a future development available to our wounded military veterans and their families where these veterans may recover in a peaceful surrounding. This is Falke's way of thanking these veterans and their families for their sacrifices for our freedom.

In the spring of 2012, Luck Stone had the opportunity to work with Boulder Crest Retreat to help bring its mission and vision to life. Along with customers Superior Paving and All Site Contracting, Luck Stone made a commitment to support the construction of this vision. Working with Ken Falke, Luck Stone provided a

substantial in-kind donation to support the road, parking and utility infrastructure in this new development. Materials were donated from the Leesburg and Goose Creek plants.

When asked about the project, Randy Reid, sales representative at Goose Creek, said, "It is a privilege to support Boulder Crest, Ken Falke and, most importantly, our wounded veterans who fought for our freedom. It was great to work with our customers in support of this worthwhile project."

Ken, the Boulder Crest Board of Directors and many other supporters continue to fundraise, build the project and raise awareness about their mission. More information can be found at bouldercrestretreat.org.

¹Source: bouldercrestretreat.org





ENVIRONMENT



We want to ignite
human potential
in ways that are
unexpected.

By being stewards of the environment and doing more than is expected or required, we believe that we inspire others to do the same, to do more. Environmental stewardship is the perfect platform to support the premise that by doing good (for the environment and our communities) we do well (financial success). An example of this is our research and innovation on the environmental application of our stone products. We are actively working both internally and with external partners to develop and deploy stone products that are used to improve the environment. Products that are both in use and under development include biofiltration media, structured soils, high-flow drainage media, permeable pavements and products to enhance bioswales and rain gardens.

Nonpoint storm water pollution is the primary challenge to restoring the Chesapeake Bay, and all of these products improve water quality and reduce the amount of storm water that enters tributaries to the Bay. By protecting resources, neighbors and associates, we believe we are ensuring the future success of our company. And even better, if our doing good by the environment inspires others to be more responsible and creative, then that makes an even greater positive impact on our world.

Energy Conservation and Air Quality

Energy conservation and air quality are closely related because as we improve efficiency and get more work done while consuming less energy, we reduce our overall emissions. Emissions from internal combustion engines include constituents that can have negative effects on people, plants, animals and even water quality. By consciously investing in technologies and operating practices that allow us to get more work done with less energy, we have a positive effect on air quality and the quality of life for our associates and communities.

One example of this commitment is our partnership with Caterpillar and the U.S. Environmental Protection Agency (EPA) to develop a voluntary incentive-based program for off-road construction equipment modeled after EPA's SmartWay initiative. SmartWay is a voluntary program for on-road trucks that provides incentives and grants to deploy technologies that improve fuel efficiency. Several of our quarry sites have been studied and modeled, and one of our associates is a member of the committee tasked with developing the program for EPA. In addition to the operational and environmental benefits of a program like SmartWay, such a program also reduces or eliminates the need to promulgate regulations that can be less effective at achieving the same result. In our business, we must use heavy equipment but we are committed to operating a modern efficient fleet and performing regular upgrades and technology improvements to reduce our impact. Non-renewable resources are limited, and we are dedicated to being responsible stewards of these resources.

Some of the ways we minimize our environmental impact include:

- We use recycled water to reduce dust in our operations.
- We do not run equipment unnecessarily (idle reduction).
- We look for upgrades to our equipment that can help with efficiencies and use less energy.
- In areas of our business that are less equipment-heavy, such as operations at our corporate office, we intentionally designed our building to use more daylight and less electricity. Motion sensors throughout the building turn off lights in empty areas. Our HVAC is set to conserve energy after hours.
- We have invested in a hybrid pool vehicle to further our journey in conserving more fuel and reducing emissions.

Tracking Greenhouse Gases

Because of the concern about the role that greenhouse gases play in our atmosphere, Luck Companies has applied considerable effort to quantifying and defining greenhouse gas emissions. This effort serves as an excellent surrogate to normalize different types and amounts of energy consumed. Therefore, Luck Companies began to track and measure our greenhouse gas emissions as a way to understand how we are using energy and to help us continue to improve our efficient consumption of energy. We use a greenhouse gas calculator developed by the National Stone, Sand and Gravel Association (NSSGA).

The calculator takes into account the usage of and emissions from energy sources, including electricity, gasoline, diesel, jet fuel, propane and natural gas, from all of our operations and buildings. Our goal is to get more work done with lower emissions of greenhouse gases. While we do not have enough data to set a meaningful goal, we are pleased to report that our normalized greenhouse gas emissions dropped by 5% during 2012.

	2011	2012
GHG (MTCO2E*)	3.84	3.65

*Metric tons of carbon dioxide equivalent per 1,000 tons of stone produced

Recycling and Reuse

We receive and crush concrete at several of our plants where there is a supply and a market. Doing this increases our revenue and keeps unnecessary waste out of the landfills. Recycled concrete also provides the market with a lower-cost material to use in new applications. We hope to increase our crushed concrete production over the years. It is important to note that crushed concrete production can be highly variable due to availability of waste

concrete and market demand. We are increasing our efforts in Northern Virginia to grow the crushed concrete market as evidenced by the increase in the Leesburg plant production.

Our recycled concrete production for the last two years (in tons):

	2011	2012
Gilmerton	15,051	11,988
Toano	41	0
Fairfax	7,608	0
Leesburg	18,804	41,703
Spotsylvania	0	0
Oyster Point	0	4,049

Recycling Data:

Pounds of manganese recycled:	=	697,120 \$130,647 credited
Pounds of heavy metal recycled:	=	913,652 \$97,450 credited
Batteries recycled:	=	190

DUST SUPPRESSION AT GOOSE CREEK

In 2012, the Goose Creek plant near Leesburg, VA, embarked on a mission to reduce the amount of dust that was emitted from several transfer points around the plant. As part of the plant's Environmental Management System, associates at the plant set goals each year to reduce dust emissions. One of the 2012 goals was to improve the efficiency of the dust suppression system.

Rather than continuing with patchwork fixes and maintenance, the plant enacted a plan to replace the entire dust suppression system, including the pumps, pipes and nozzles. Efficiencies were built into the system, and safety and maintenance were a big part of the process. One aspect of a dust suppression system that creates challenges is the use of water during the winter months; the need to drain all pipes after usage can sometimes act as a deterrent. Therefore the ability to easily drain the pipes is a priority.

Clogging of nozzles is also a maintenance challenge, so the plant installed basins and filters that remove most of the suspended sediment that can cause blockages. Almost all of the water in the system is recycled numerous times, limiting the amount of treated drinking water that must be used at the plant. A process water outfall was eliminated from the plant's water discharge permit because the new design is able to send excess water back to the holding basin.

The presence of a new, efficient dust suppression system benefits the associates at Goose Creek by providing a healthier breathing atmosphere at the plant, and it limits dust exposure to visitors, contractors and neighbors. The system benefits the environment by controlling dust at its source and by its efficient use of water and space. Finally, efficient dust suppression is also a benefit to the company's financial performance because its design uses a minimum of electricity to power the system's pumps, and it eliminates the need to use fresh drinking water as its source.



WETLANDS AND STREAM CONSTRUCTION

A Virginia Water Protection permit allowed the expansion of the Bull Run quarry (Loudoun County, VA) to impact 4.1 acres of wetlands. In addition, stream impacts of 6,853 linear feet were permitted, pending the approval of a final mitigation plan.



to reduce drainage and increase the retention of storm water in the cell. Herbaceous vegetation was seeded immediately, and woody species such as trees and shrubs were planted during the winter of 2013. The first vegetation monitoring is scheduled for the summer of 2013.

A property in the same river watershed also provided Luck Stone with an exceptional opportunity for stream restoration and enhancement. Sycolin Creek, a severely degraded stream that traversed property owned by the Leesburg quarry, had been used as a cow pasture for decades. There were few trees in the stream's riparian buffer, and the banks were significantly eroded by the lack of buffers and from access by the cattle. By smoothing the curves of the stream and re-establishing a forested buffer to Sycolin Creek, Luck Stone could realize significant stream mitigation credit and compensate for the impact to Bull Run.

The stream restoration project was completed in August 2011. Monitoring of the construction area will continue for 10 years to ensure that new erosion is curtailed and that the vegetated buffer matures. Monitoring during 2012 indicates an extremely successful project to date.

Streams that were not impacted by the quarry expansion have been preserved into perpetuity by the recording of a conservation easement. More than 13,000 feet of streams on the property have been permanently preserved, with most of the significant portions of the river garnering a 200-foot buffer to aid in the preservation of the habitat.

There were many opportunities for mitigating the effect of the quarry expansion on the wetlands, and Luck Companies was in a position to explore the possibility of on-site construction. A number of acres outside of the quarry area were used as buffers and recreational spots that provided likely spaces for the successful creation of new wetlands. Therefore, Luck Stone proposed 6.2 acres of new wetlands construction on the quarry property as mitigation for the impact of the quarry expansion. This was accomplished by constructing three wetland cells during the summer and fall of 2012. The cells were designed to include emergent and forested wetlands and to replace wetlands similar to those that were impacted.

Construction of the wetland cells began in June 2012. The cells were constructed and lined with clay soils

SUSTAINABILITY PARTNERS

The Virginia Department of Environmental Quality recently developed a new voluntary program, Sustainability Partners, to recognize companies in Virginia that are making an effort to demonstrate environmental stewardship and sustainability. This program is an addition to the Virginia Environmental Excellence Program (VEEP), which Luck Stone has participated in for several years.



Our Charles Luck business unit is well-suited to participate in Sustainability Partners since the program focuses on tracking and improving areas such as water and recycling. We applied to participate and were chosen as one of three charter members of the program. The other two are the University of Virginia and the Virginia Department of Corrections.

As a participant, the whole business unit must establish goals for environmental stewardship. We have set goals around several areas, including water usage, electricity and recycling, and we intend to begin gathering data in all the areas. We expect next year's goals to include usage reduction. We must reapply yearly and produce measurable improvements to remain members of the program.

Helping Others By Recycling

When our IT department discovered an opportunity to recycle Luck Companies' electronics while simultaneously helping a nonprofit in our area, we opened up the program to our associates to bring items from home that they wish to dispose of as well. A vendor picks up our electronics for recycling periodically. This vendor operates on a buy-back policy based on market prices for electronic components. They refurbish and sell what is marketable. The sale of components allows the vendor to financially support CARITAS, a Richmond-area network of volunteers, businesses and agency staff that helps people who are in critical need. CARITAS provides basic support for people who are in need of food, shelter, home furnishings and employment. Luck is proud to support CARITAS by continually donating our sell-back funds from our electronics recycling. We are also pleased to offer our associates a convenient and environmentally friendly way to dispose of their used electronics.

Responsible Buildings and Environmental Products

Environmental products is a growing business area, and we believe that stone products are an integral piece of that story. Stone is among the most durable materials and can also serve as an excellent thermal battery by efficiently storing and releasing thermal energy. Stone is also excellent at filtering and purifying water and is an integral component in many water treatment technologies.

With that in mind, in 2012, we brought together stakeholders from within our business around Richmond, VA, and our customers to brainstorm ideas for new environmental products. We enlisted the help of our in-house innovation team and spent a full day in a creative, open space performing exercises to draw out ideas, needs and future opportunities. The team came up with several ideas that will help us focus our research and development in a meaningful way. Our stakeholders appreciated being a part of the process and are looking forward to new developments as they come about.

We continue to dedicate ourselves to ensuring that any new buildings or renovations we construct are environmentally responsible buildings. In 2012, we renovated an office space in Baltimore, MD, for a new Charles Luck Studio. We pursued LEED certification and expect to qualify for the platinum level. This will be our second LEED-certified building and third environmentally responsible building since we began actively considering responsible buildings in 2011.

BALTIMORE LEED

In 2011, the Charles Luck Georgetown Studio in Washington, D.C.'s famous Georgetown district received the Leadership in Energy and Environmental Design (LEED) gold certification from the U.S. Green Building Council. Internationally recognized, the LEED rating system grants four levels of sustainability certification: certified, silver, gold and platinum. The new studio, adapted to an existing building, was designed with abundant energy-saving features.

In December 2012, we opened another renovated space for a design studio, this time in Baltimore, MD. This is our second renovation undertaken with the goal of LEED certification; we are pursuing platinum certification for this project. The newest studio includes high-efficiency HVAC and low-emitting sealants and paints. Responsible practices were used and documented during construction to ensure that waste was recycled and indoor air quality was protected. Other green elements that Baltimore shares with Georgetown include nearby transit and facilities such as restaurants and shopping so that our associates and customers can take full advantage of various alternative forms of transportation.

DEVELOPING CHAMPIONS AND MANAGING WATER RESOURCES

Our Har-Tru Sports business is the top-selling clay tennis court provider in the United States, and we also supply tennis court products to more than 28 countries. Har-Tru has focused its business on developing champions regardless of whether the player is a beginner or a professional. To be a champion in tennis today, players must be able to create and adapt, to attack and defend, to lose an agonizingly long point and still be ready for the next one. These attributes are best learned on clay, and most of the world's top male players over the years learned to play on clay surfaces. From a sustainability perspective, Har-Tru courts are more environmentally beneficial than hard-surface courts, and players also appreciate Har-Tru courts because the courts are easier on their joints. Hard courts are impervious, so 100% of rainwater runs off and can create a storm water management challenge at some sites, especially where there are a large number of courts and other impervious surfaces like parking lots. To put this in perspective, nearly 11,000 gallons of water runs off three hard-surface tennis courts for every inch of rainfall.

Har-Tru's clay courts are not impervious and thus allow up to 50% or more of the rainwater that strikes the surface to infiltrate, significantly reducing storm water volumes. Har-Tru has also developed a subsurface irrigation system that significantly reduces the amount of water necessary to maintain the courts at the optimum moisture content. Before developing the subsurface irrigation technology, Har-Tru (and all clay sports surfaces) had to be irrigated by conventional surface irrigation systems, which use more water than a subsurface irrigated court. The benefits of the subsurface irrigation system translate into water reduction of approximately 60% per court compared to a hard surface. Har-Tru takes pride in developing champions, helping athletes play the game of tennis longer and playing a role in mitigating the storm water runoff and water consumption challenges that the world faces today.



Water Quantity and Quality

We recognize our responsibility to be stewards of the water resources we encounter as part of our operations. We believe that we are in a unique position as a result of our operations to enhance both the quality and quantity of water available for both human consumption and habitat enhancement. We have the obligation to demonstrate our ecologically focused treatment of water in our operations. In our Luck Stone aggregates business, we collect storm water and small quantities of groundwater in our quarries. The water we collect is recycled for stone processing and dust control; this reduces and in

most cases eliminates the need for us to use well or municipal water for production needs. Excess water that we collect is discharged in accordance with a state discharge permit. We test discharged water for sediment and pH.

Water testing results:

	2011	2012
# Samples Collected	80	87
# in Violation	0	1*

**Sample was in violation of our permit limits, so changes were made to that facility's Storm Water Pollution Prevention Plan (SWPPP), including a review of the Best Management Practices (BMPs). The next water sample from that collection point was back in compliance with our permit limits.*

CHARLOTTESVILLE EARTH CRAFT SCALE OFFICE

As part of our comprehensive sustainability efforts, we have a goal of evaluating all new building construction to determine whether green building elements are appropriate for the size, type and use of the structure. During the design phase of the new scale office for our Charlottesville, VA, quarry, we identified an ideal opportunity to incorporate green building elements into this structure. We partnered with Earth Craft to pilot their new commercial building standard. The scale office, which is the first certified-green scale office (as far as we know) in the U.S., was built to maximize use of sunlight. We also used recycled building materials, low-emitting paints and finishes and low-flow toilets and sinks,



just to name a few features. The new space uses less energy and provides a healthier space for our associates and customers. The scale office also includes an area for our associates and customers to use for meetings and collaboration.



By creating jobs, paying taxes and supporting local businesses, we make a positive impact on our local economies.

Our investment in our communities helps ensure the sustainability of our business and the communities in which we operate. We dedicate monetary and in-kind donations to our philanthropic endeavors and provide significant volunteer hours and services to community organizations.

Within the organization, we consider how we can impact our internal economy as well. For example, when we pursue green buildings, the efficiencies we see also save us money on utilities, repairs and future mitigation that we may have incurred with a less responsible practice. The less money we spend on utilities and bills, the more money we have to ensure the health of our business and reinvest in our associates and our growth.

Economic Benefits of a Luck Stone Operation

Luck Stone’s operations in Powhatan County, VA, have had a significant positive impact on the local economy in recent years. In research sponsored by the National Stone, Sand and Gravel Association, Trinity University (Texas) professors estimated that Luck Stone’s economic impact to Powhatan averaged more than \$8.1 million annually in 2010–2012. Beyond its direct economic impact—including employment of county residents, purchase of local goods and services, and sales within the county—Luck Stone’s Powhatan operations have indirect effects on regional employment, local small businesses and the tax revenues of local governments that reach far beyond what Luck Stone pays to its employees and suppliers.

Economic Value of Aggregates

Every time people drive on roads or bridges or go inside a building or use paper or glass, they are enjoying the products of the aggregates industry. The economic value of aggregates includes all the products that aggregates are used to make as well as the amount of money the industry spends in the supply chain, the jobs the industry creates and the taxes it pays.

Generally, most aggregates benefit the immediate local area in which they were mined. The National Stone, Sand and Gravel Association found that 90% of aggregates are used within 50 miles of their place of extraction.

Annual Production (tons)

	2008	2009	2010	2011	2012
Luck Stone	14,802,559	11,448,893	12,200,456	12,910,447	14,171,020
Total aggregates industry in VA	59,525,587	44,702,104	49,343,833	51,336,738	50,155,000

Philanthropy

To help fulfill our mission, we take philanthropy seriously. Our efforts are carried out by the Luck Companies Foundation through grants and matching gifts to qualified nonprofit organizations. We try to match our giving with organizations that align with our areas of focus, which include youth development and education and environmental stewardship.

Our Giving for Fiscal Year 2012

MATCHING GIFT PROGRAM

total in 2012 gave

\$51,484

to

134

different organizations

The areas of philanthropic focus are:

RELIGIOUS ORGANIZATIONS
HEALTH AND HUMAN SERVICES
EDUCATION
ENVIRONMENT
CULTURE
ARTS

LUCK COMPANIES FOUNDATION

total in 2012 gave

\$420,633

to

41

different organizations

The areas of philanthropic focus are:

YOUTH DEVELOPMENT
EDUCATION
ENVIRONMENTAL STEWARDSHIP



Ni River Trail

The vision of creating a place where everyone is within easy walking distance of a path or park, and every family has safe access to the world of outdoor recreation and nature's beauty is becoming a reality in Spotsylvania County, VA. Local citizens, with the guidance of Luck Development Partners (LDP) and the generous support of LDP, Luck Companies and The Million Mile Greenway, founded Spotsylvania Greenways Initiative (SGI) to locate, preserve and create greenways throughout the county.

In 2011, the Board of SGI collaborated with the county's planning staff to create Spotsylvania's first Trailways Plan, which was approved by the Spotsylvania Board of Supervisors and incorporated into the county's Comprehensive Plan.

SGI's first official trail, the Salamander Loop of the Ni River Trail, opened in June 2010 on National Trails Day. Luck Development Partners donated the use of land for this trail, located in the planned Ni Village community.

LDP took on another project following the successful opening of SGI's first trail. The company again assisted in the easement acquisition, design and construction of the first phase of the Ni River Trail, an extension of the Salamander Loop. Dedicated in June 2012, this phase of the trail, with its river views and various beaver dams, follows the Ni River.



A Letter from Charlie and Lisa Luck

Keeping a Legacy Alive and Vibrant...



FROM LEFT TO RIGHT: CHARLIE, SARAH, LISA, RICHARD AND MARGARET

As we reflect on the past year, we couldn't be more proud and optimistic about the future of our associates, family and communities we serve. 2012 marked a year of critical and tremendous preparation for the future—a year where we challenged our business leaders and our family to look for innovative and creative ways to expand our businesses. It was a year that reminded us that change and transformation are attainable and achievable.

We, along with our parents, did some thoughtful and deliberate thinking and planning to transition ownership to future generations. As a family, we worked on a Family Employment Policy. We also agreed that any of our children who want to work in the company have to meet a number of requirements, one of which is to complete a minimum of two years working outside Luck Companies as part of their development and growth.

Our oldest son, Richard, who has a desire to work at the company, graduated from Virginia Military Institute and is a teacher with Teach for America, where he is leading through great adversity and diversity while making a difference in the lives of his students. Our second child, Sarah, is in her third year at James Madison University, where she is pursuing a Master's in Early Childhood Education. Sarah spent her third summer as an intern in our Human Resources Department with a focus on Values Based Leadership (VBL) training. And our youngest daughter, Margaret, is a junior in high school and in the early stages of looking at colleges. Margaret completed her first summer internship at the company and had a particular interest in marketing, creative services and branding.

As a family, we dedicated a tremendous amount of time and energy to exploring and building competencies to transition the business from one generation to the next. We focused on deepening two of the most important factors in transitioning family businesses—communication and trust.

At the company, we invested in our future by formalizing our succession work through the introduction of the VBL Succession Plan. The plan was designed to identify and develop leaders at all levels of the company to lead in an ever-changing global environment. Our values of Integrity, Commitment, Leadership and Creativity, and our mission of “igniting human potential through VBL and positively impacting the lives of others around the world” guided the development and implementation of the plan. A large component of the VBL Succession Plan addresses leadership development, which is critical to preserving and running a thriving business with exceptional performance.

After five years in a tough economy, we have decided to focus the next three years on the growth of our company in a proactive, focused fashion. During 2012, we set new aggressive goals, which we are communicating throughout the company in early 2013. These “Transforming Our Future” initiatives will be full of opportunity for our associates, customers and stakeholders, with new projects that open the door for promotions and growth throughout the organization.

Fulfilling our mission continues to be at the heart of our company and family. Last year, we shared our passion for people and for making a difference in this world through VBL by participating in speaking engagements and media communications and forging partnerships with customers, universities, colleges and companies. We were overwhelmed by the positive response, which also is fueling the exploration of starting a Values Based Leadership Institute. In 2013, we plan to learn and talk to interested partners that may want to be a part of this nonprofit organization.

Thank you for your ongoing partnership, support and business and for giving our leaders and family the opportunity to share our purpose and passion for igniting the potential in people and, as a result, positively impacting the lives of others.

Charlie Luck Lisa P. Luck

Charlie Luck & Lisa Luck

Summary Data Tables

SOCIETY

Luck Companies Total Safety Recordable Case Rate	Occupational Health exposure assessments	Occupational Health hearing tests
1.32	200	426

ECONOMY

Total Associates	Total Locations	Total Markets Served (by country)	
741	36	35	
Luck Stone's Powhatan Plant's Economic Impact	Property Taxes Paid	Stone Produced in 2012	Philanthropic Giving
8,100,000 dollars	1,548,300 dollars	14,171,020 tons	472,117 dollars



ENVIRONMENT

ENERGY CONSERVATION & AIR QUALITY

Greenhouse Gas	
3.65 MTCO2E per 1,000 tons produced	5% lower than 2011

WATER QUANTITY AND QUALITY

Samples Collected	Samples in Violation
87	1

RECYCLING & REUSE

POST-PRODUCTION PRODUCT & MATERIALS

Manganese	Used Oil	Batteries	Heavy Metals
697,120 lbs	20,593 gallons	190 units	913,652 lbs

PRODUCTION-RELATED

Locations for recycling and reuse of crushed concrete

3

ELECTRONIC (NON-PRODUCTION)

Mobile Phones, Computers, Monitors & Accessories

392 items

GREEN CERTIFIED BUILDINGS

3

WE DO NOT INHERIT THE EARTH
FROM OUR ANCESTORS, WE
BORROW IT FROM OUR CHILDREN.

– Native American Proverb

About This Report

This is the second Sustainability Report for Luck Companies. Data in this report covers the period from January 1–December 31, 2012. All financial information is stated in U.S. dollars.

This book was printed with 30% post-consumer recycled content. Virgin fiber content is elemental chlorine-free (ECF), and postconsumer waste fiber is process chlorine-free (PCF).

Please visit Luck Companies at **www.luckcompanies.com** for more information about us.

To provide feedback, please visit **www.luckcompanies.com/sustainability** to participate in our online survey.

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FSC
LOGO



LUCK COMPANIES™

IGNITING HUMAN POTENTIAL

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