

sustainability

Adelaide Brighton's commitment to sustainable development is demonstrated through the actions across a balanced program of business based initiatives. Adelaide Brighton believes that actioning sustainability objectives throughout the organisation positions the Company for long term competitive business performance.



Environmental

Eco-efficiency
Impact management
Product stewardship

Greenhouse gas reduction

Energy efficiency
Alternative fuels
Alternative raw materials
Supplementary cementitious materials

Sustainability reporting

Process waste reduction
Mains water efficiency
Local environmental effects

Sustainable business

Economic

Economic viability
Assurance of supply

Social

Employee resources
Stakeholder relations
Community interaction

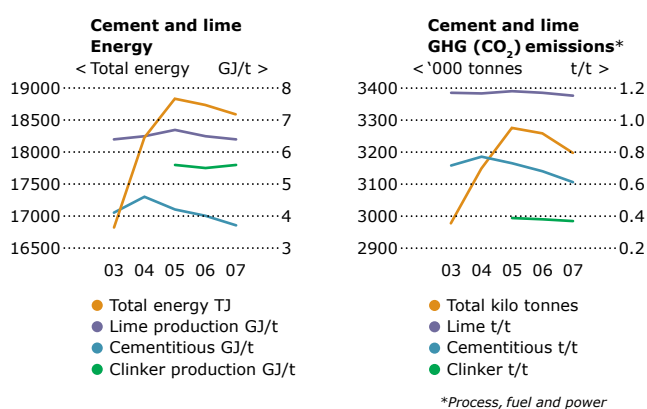
Product development
Corporate citizenship
Flexible work arrangements
Developing a skills base
Safety

Governance

Management standards
Compliance

As part of Adelaide Brighton's commitment to sustainability, a data base is being built and measures developed to monitor progress across objectives. Our sustainability indicators cover energy, greenhouse gas emissions, eco-efficiency, cleaner production and health and safety. The Cement and Lime division has the greatest impact on Adelaide Brighton's sustainable development and has fully established data collection. The Concrete and Aggregates and Concrete Products divisions are setting up data collection systems, and their specific performance achievements have been included in this report where trend data is robust. These consolidated measures include only wholly owned subsidiaries of Adelaide Brighton and do not include acquisitions made in 2007.

Energy Production records monitor all forms of energy used, from the mining operations through to the dispatch of all cementitious products. This indicator demonstrates both energy efficiency and total energy needs. Transport that is contracted out is not included, and the tonnes of product includes materials that are used by the process as intermediate product e.g. clinker and cementitious materials sold directly as cementitious binders.

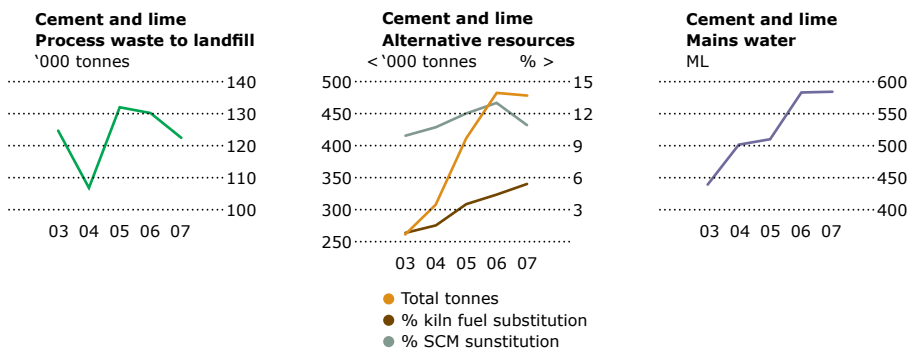


Greenhouse emissions Adelaide Brighton has adopted the National Greenhouse Accounts (NGA) Factors and the World Business Council for Sustainable Development (WBCSD) Cement Sustainability Initiative protocols to calculate the emissions from processing materials, fossil fuel burning and power generation. Initiatives that reduce these sources of emissions and the greenhouse gas footprint in concrete are included in the eco-efficiency and energy efficiency measures of cement and lime.

Cleaner production Monitors process waste that is put to landfill.

Eco-efficiency Programs conserving natural resources, e.g. raw materials, fuels and water. The measure has been split into four forms: raw materials, fuel, water, and supplementary cementitious materials (SCM).

Health and Safety Adelaide Brighton measures lost time injury rate, lost time injury frequency and restricted duties, including in the statistics all employees and contractors. 'Lost time' is defined as the inability to attend the next regular work shift.



KEY SUSTAINABILITY INITIATIVES

Adelaide Brighton continues to develop its strategies for building a sustainable business in each of the following areas - social, environmental and economic performance, underpinned with sound governance through compliance and management systems.

In 2007, the Company's approach to sustainability policy, objectives and reporting were reviewed and benchmarked externally against criteria for the Global Reporting Initiative and the World Business Council for Sustainable Development, Cement Sustainability Initiative. The report was encouraging stating Adelaide Brighton's approach was complete and aligned with functional objectives and actions.

Key programs and their progress across the Company are detailed in this 2007 sustainability report.

Greenhouse gas reduction

More than 99% of Adelaide Brighton's greenhouse gas emissions (GHG) are produced during the manufacture of cement clinker and lime. The focus of Adelaide Brighton's sustainability strategies are therefore to reduce the GHG from these parts of the manufacturing process and reduce the emissions in cement by substituting the clinker component with supplementary cementitious materials.

Adelaide Brighton has implemented four key strategies to reduce the GHG signature of its cement and lime products:

- Energy efficiency programs
- Alternative resources to displace traditional GHG producing fuels and materials in clinker production
- Development and acceptance of low GHG cements, cementitious binders and concretes.
- Monitoring and investigation of emerging technologies.

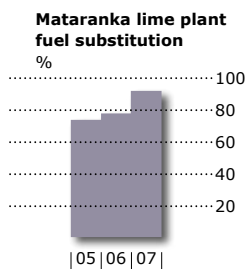
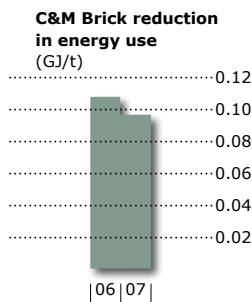
Adelaide Brighton has established the internal data capture and reporting protocols necessary for compliance with the National Greenhouse and Energy Reporting regulations (in support of the proposed Australian Emissions Trading Scheme (AETS), and the requirements of Greenhouse Challenge Plus and Energy Efficiency Opportunities reporting, programs that will become mandatory in 2008. The reporting through the annual Sustainability Report will complement these requirements and give guidance to the benefits of Adelaide Brighton's sustainability strategies.

Energy efficiency

Cement and Lime division use more than 98% of the Company's energy needs, making energy efficiency a significant focus. Rigorous attention is paid to the physical and chemical condition of the materials and process control of the plant using sophisticated computer systems. Modern energy efficient production technology makes over 70% of the clinker, and 85% of Adelaide Brighton's quicklime product.

Energy use across the Company has decreased due to initiatives such as transport rationalisation, implementation of more energy efficient practices in the process and investment in new plant:

- In 2007, the energy required per tonne of cementitious material produced decreased as a result of sourcing clinker from other producers to meet the rise in market demand. Consequently, a new measure of clinker production energy efficiency has been introduced to the Cement and Lime sustainability energy measure.
- The Angaston clinker kiln improvements in 2007 have demonstrated gains in efficiency with a three year project to improve the quality of the raw feed and optimise the operation of the burner.



- Upgrading the Birkenhead burner system to a multi-channel, energy efficient state-of-the-art low oxides of nitrogen (NOx) technology is an exciting program for 2008 for energy efficiency gains. This will complete the progress started in 2005 with the electronic burner management system.
- Northern Cement achieved above budget production in cement milling in addition to limiting operations to within a power tariff and achieving power efficiency improvement.
- The Munster lime kilns produce 85% of the Company's total lime production using energy efficient technology kilns.
- Angaston's lime production showed notable improvement in its efficiency, being progressively lowered over the last three years with longer manufacturing runs and kiln engineering improvements.
- Cement and Lime division has triggered the threshold for Energy Efficiency Opportunities (EEO) legislation and have implemented a management system to meet the legislated requirements by fitting into existing energy review programs. Three sites are required to conduct energy assessments and these are expected to be completed in 2008 with the identified opportunities progressing as part of the annual site improvement programs.

- In 2007, C&M Brick improved overall energy efficiency by 10%. As an example, the Moorebank plant replaced the steam pipe system to the kiln and modified curing cycles, achieving a 25% reduction in the natural gas use.
- Energy Market Reform is an item on the Cement Industry Action Agenda (CIAA). The recommendation pursued by the industry and Government is to ensure the reform process, takes into account the issues of the Major Energy Users (MEU). MEU lobby takes comment from the CIAA Energy Taskforce and includes their issues in dialog with the Reform Committee.

Alternative fuels

Adelaide Brighton's Cement and Lime division continue to progress the alternative fuels program using biomass fuel substitutes:

- During 2007, the quantity and quality of carbon powder and recycled construction and demolition waste timber has increased the substitution of natural gas use at Birkenhead by a further 2%. This substitution is expected to continue to increase in 2008.
- During 2007, the Mataranka lime plant achieved over 92% fuel substitution of natural gas with waste oil. This is a significant substitution rate for the industry.

Alternative raw materials

Adelaide Brighton has embarked on a broad strategy to replace natural materials with by-products from other industries and waste streams:

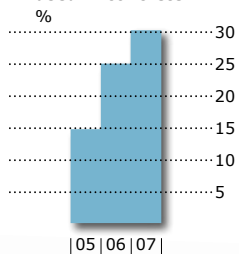
- Cement and lime production has sought calcined raw materials to substitute the source of calcium carbonate (from the traditional feed stock of limestone) in the feed for the kiln which contributes to the process emissions. The use of air cooled blast furnace slag at Angaston has reduced over 4,000t GHG in 2007 in clinker production, and other substitutes are being developed for the lime process.
- In 2007, successful trials of foundry sand at Angaston and Alox and mill scale at Birkenhead have resulted in the displacement of natural resources of sand, clay and iron ore.
- Hy-Tec concrete plants in New South Wales have added supplementary aggregate and sand materials to concrete mixes with use of manufactured sand, a rejected sand sizing from hard rock quarry operations.

Supplementary cementitious materials (SCM)

All divisions in the Company are developing products with higher levels of supplementary cementitious materials. Materials such as fly ash and granulated blast furnace slag displace GHG intensive clinker from the cement and concrete:

- Cement and Lime division has been actively involved with the use of cementitious materials since the 1970's with the development of fly ash in South Australia and granulated blast furnace slag in Western Australia.
- Hy-Tec has continued to increase their substitution rate of SCM in concrete through improved mix design. Demand for "green" product is growing and Hy-Tec has equipped batching plants with additional silo capacity in order to supply this emerging product stream.
- Hy-Tec's achievements demonstrate a focus of the CIAA, to increase the use of supplementary cementitious materials in cement and concrete to improve concrete durability, GHG efficiency, and utilise higher content of recycled materials.

Hy-Tec supplementary cementitious material used in concrete



Product development

Adelaide Brighton is committed to developing quality products that meet the needs of our customers:

- The successful development of Bulk Cementitious Binder (BCB) as a low emission product for the mining industry has reduced the GHG footprint of the binder by 4%. This initiative achieved recognition from the Cement Industry Federation Sustainability Awards in 2007 for Climate Protection.
- Adelaide Brighton with other cement manufacturers is working to change the Australian Standards to accept lower GHG footprint cements. Trialling and proving a proposed increase in mineral addition content in cement is underway through the Australian Standards Committee.
- Adelaide Brighton is supporting higher use of low GHG cements through support of the Green Building Council of Australia.
- Through new batch design, Hy-Tec is developing high slump and crack resistant concrete with improved durability properties.
- Hy-Tec and C&M Brick are developing green star product in response to market demand. Hy-Tec at Laverton has developed a new product, Eco-crete, with a high content of recycled materials.
- Hy-Tec in New South Wales has achieved significant quality performance standards in high specification product.



- Increased computerisation of the Hy-Tec batching process has improved precision of batching, and the new software is being rolled out across the division. Hy-Tec Queensland is preparing its sites to be flexible by producing the full product range.
- Birkenhead is trialling changes in clinker chemistry and kiln temperature control to manufacture improved performance to gain greater product diversity.
- Adelaide Brighton supported the Concrete 07 Conference with a theme set by the plenary speaker, Roger Plank, on Sustainable Construction.

Process waste reduction

Reducing process waste is a focus for all Adelaide Brighton sites. Some of our 2007 initiatives are demonstrated by:

- C&M Brick's Adelaide plant reduced landfill by minimising waste and adding value by segregating waste for recycling. The Adelaide site is aiming for a zero waste target.
- Munster plant achieved a 15% reduction in landfill by managing and segregating plant waste material to feedback into the manufacturing process.
- Hy-Tec plants are implementing procedures to manage returned concrete. Including additional paving to seal the batching sites thereby reducing fugitive dust; the manufacture of concrete cubes for non structural use and concrete for reuse as base rubble in civil works. These actions have allowed the Hy-Tec plants to set a target for zero process waste.
- Waste legislation is under review in most states. Adelaide Brighton believes a waste levy with a five or more year increase plan is an effective instrument to encourage a resource recovery industry.
- Through the CIAA, the principles of resource recovery have been formulated and put to the National Waste Working Group to maximise the reuse of wastes and by-products by the cement industry.

Mains water efficiency

Water reduction plans to achieve specific state targets have been implemented at all eligible Adelaide Brighton sites in South Australia, Victoria and Queensland.

These plans focus on understanding the site's consumption and losses of water, and employee awareness of conserving water:

- Angaston plant, which utilises a wet process for clinker and lime manufacturing, implemented a waste water recovery project with a neighbouring wine bottling company. The project established a specification and procedures for the management of this waste water into the cement making process where it displaces mains water supplied from the Murray River. This use also eliminated the need for the disposal of all the bottling company waste water. In 2008, Angaston will further increase their waste water use in production. This project was a finalist in the National Banksia Awards 2007, Water category.
- Hy-Tec plant wash down water is recycled, resulting in two components from the settling process - the recovered water and the sludgy waste. The recovered water is returned to the process while the sludgy fines are dewatered and used to stabilise road base. Improvements to water recycling at Hy-Tec's North Melbourne and Dandenong sites have enabled more of the fine material and waste water to be recirculated back into the process reducing silt in the settling chamber.
- Birkenhead has focused on the high water demand of the cooler heat exchanger and has achieved a 40% reduction in water requirement.

Air quality and noise

Adelaide Brighton's key air emission issues lie with dust and noise. During 2007, a number of initiatives were successfully implemented:

- Birkenhead significantly reduced dust emissions by depressurising the clinker storage shed. The project is now demonstrating its success with recorded community dust reports reducing by more than 60%. The project was successful at the 2007 Cement Industry Federation Sustainability Awards winning the Emissions Reporting category.
- Successful trials were conducted on Angaston's kiln 3 with the addition of calcium fluoride as a mineraliser. The benefits of this addition included lower emissions of NOx and improved production rates and product quality.

- Cognisant with feedback from the local community, a noise monitoring program was completed on the Angaston boundaries measuring the tonal effects of plant noise. Following analysis of this data, the second stage will be to implement recommendations to lessen community impact.
- Dust extraction systems have been upgraded at Hy-Tec Queensland plants with further dust suppression initiatives planned in 2008. Hy-Tec has implemented a dust suppression study at the North Melbourne plant to provide a safer work environment for drivers.
- Austen Quarry is increasing the moisture content of the manufactured sand in order to reduce dust during transportation and handling.



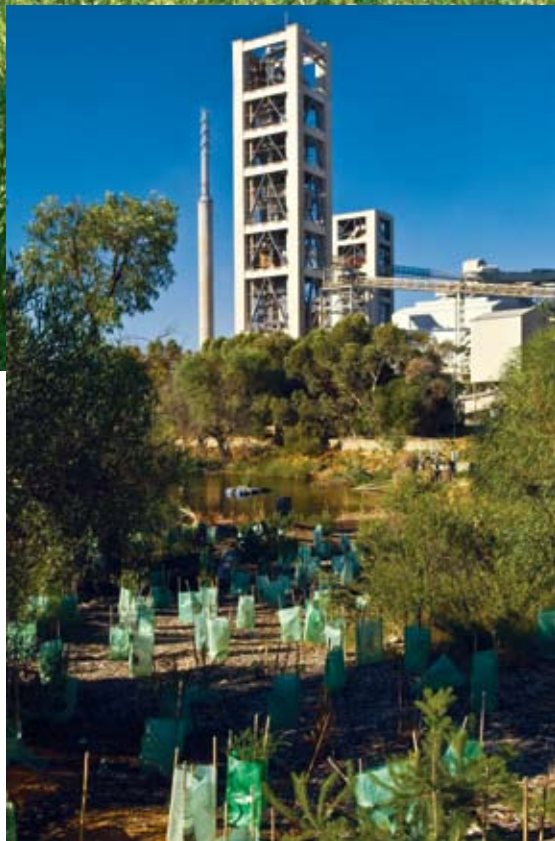
Revegetation of Schroder Park undertaken with assistance of local primary school children as part of Community Day

Corporate citizenship

Adelaide Brighton is committed to engaging with the community and endeavours to be a valued member in the communities in which it operates:

- The Birkenhead plant renegotiated its Environment Protection Authority (EPA) operating licence in 2007, achieving agreement between the community, EPA and the Company. Birkenhead's Environment Improvement Plan (EIP) 2005-2007 has been completed and a study is being conducted in consultation with local community to establish a new EIP.

Birkenhead plant has created bio-diversity corridors linking vacant land around the site



Left: Cockburn Cement Munster plant catchment area reduces demand on mains water supply by recirculating waste process water



- The Seagrass research project in Cockburn Sound (WA) has successfully planted and developed seagrass meadows in deep water as a means of rehabilitating the coastline. The milestone was recognised with the Community Award from the CIF Sustainability Awards in 2007. In 2008, this work will be progressed further with the support of two University funding programs.
- In partnership with the Young Achievement Australia (YAA) Business Skills Program™, Adelaide Brighton has provided development opportunities for young Australians. The objective of the YAA program is to prepare young people to meet the social and economic challenges of the next decade by providing challenging and inspiring educational programs that promote lifelong learning and foster qualities of leadership, innovation and entrepreneurial spirit.

- The Adelaide Brighton 2007 sponsored business group "YANCIE" was successful in achieving awards for "Tertiary Company of the Year", "Pam Lane Media Award" and the "Marketing Initiative Award".
- Adelaide Brighton has been an active participant in the Land Management Corporation Community Advisory Group on the redevelopment of Port Adelaide. Of key concern to the Company is the project's focus on residential development over integrated development with the existing elements of the working Port of Adelaide. It is important to Adelaide Brighton that the opportunity to develop the character of the Port is part of the plan, and Adelaide Brighton's nearly 100 years of maritime trading and manufacturing is part of that character and economic contribution to the State.

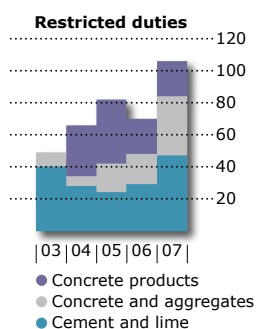
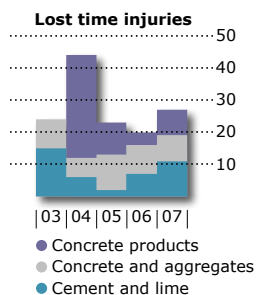
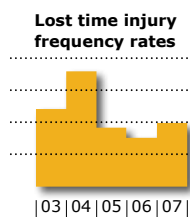
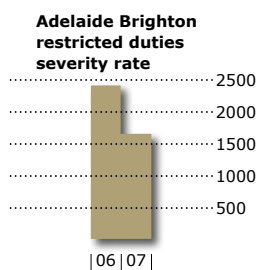
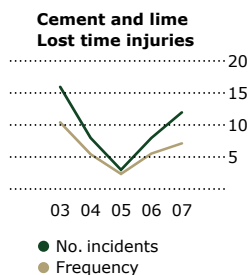
Major community donations made during 2007 were to:

- Botanic Gardens of Adelaide
- Ronald McDonald House, Maroochydore
- Dongara Denison Surf Life Saving Cub
- Bush Children's Education Foundation
- Aboriginal Catholic Ministry
- Cancer Council
- Quest for Life Foundation
- Operations Flinders Foundation.

Safety

Adelaide Brighton regards safety performance as a priority with the goal for each employee to return home safely each day. The effectiveness of the Company's safety awareness and process and risk management systems are at different stages of development within each division, with the more recently acquired businesses such as C&M Brick still in the early stages of development. The shift of a business culture to a safety first awareness is a fundamental requirement to optimising safety performance.

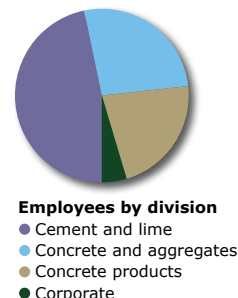
- Renewed focus across all divisions was given to the return to work programs. This initiative has reduced the overall restricted duties severity rate for Adelaide Brighton and was achieved by developing partnerships with local medical providers, making them aware of the alternative duties program that enables employees to return to work quickly and positively.
- While the lost time injury count increased overall this year, it is important to note that the severity of the injuries reduced. There was an outstanding performance by Hy-Tec New South Wales who had a lost time injury free year.
- During 2007, customised training provided frontline supervisors with the tools to effectively manage safety, health and environment within their work groups. This was aimed at manual handling and slip, trips and falls as a significant number of reported incidents were identified as soft tissue injuries (sprains and strains).
- Traffic management and mobile equipment movements have also received greater emphasis following risk assessments and the higher number of near miss incidents.
- The diligent and open reporting of near miss incidents is a key part of understanding safety awareness culture and assessing future safety risks. Such incident reporting has been progressively embraced by the workforce as a whole and provides an important input and basis for safety improvement action plans.
- A new initiative was implemented at the Angaston plant to promote employee involvement to address safe behaviours - "SAFE-AS". The program was developed and run by employees, taking co-operative action to assess each other's practices at work. Many workplace improvements came from the program and the analysis of the assessments forms an important database for safety action on the site.
- As part of the risk management strategy to reduce exposure to moving equipment, machine guarding to all divisions received significant capital this year.



- Implementation of the Adelaide Brighton safety health and environment management system continues for all divisions within the Company. All sites monitor the progress of the standards through their safety, health and environment committees.

Developing a skills base

A multi discipline and cross divisional Graduate Program was introduced in 2007 as an opportunity for the Company to build employee skills and loyalty. The program runs over two years and provides a broad based experience as graduates rotate their roles and functional responsibilities four times across divisions and regions. Graduates are assigned a mentor throughout their development program and at the conclusion, a full time position in the business. A benefit of the programme is exposure to new talent and providing longer serving employees with opportunities to transfer skills and experience and participate in graduate development.



The Company continues to optimise employee development opportunities

A succession planning process was introduced to capture career potential and development information about our people. Having greater knowledge of our internal capability provides employees with both career path potential and opportunities for promotion and development within the Company.

In 2007, the Company focused on building internal skill sets across the managers and supervisors by sponsoring training programmes in leadership and management, project management and negotiation.

Flexible work arrangements

In today's increasingly competitive labour markets the flexibility of work arrangements is becoming an important factor in recruiting and retaining key personnel. Some 10% of Adelaide Brighton employees are working to flexible arrangements, including flexible start/finish times, part time or job sharing opportunities, leave without pay to cover school holidays, and paid maternity leave.

These programs support the CIAA Workforce Taskforce that has been developing programs to attract and retain female employees in the cement industry workforce. Other programs of the Taskforce include recruitment of key skilled personnel from overseas, and the promotion of the cement industry to new graduates.



Adelaide Brighton's flexible working arrangements support CIAA Workforce Taskforce employee initiatives



*Sam Toppenberg
Executive General Manager
Human Resources*