



# ADBRI

Building Australia since 1882



## 2022 Sustainability Report

Building a better Australia

PROUDLY  
CELEBRATING

# 140

YEARS



# We're committed to helping build a better Australia



|   |           |
|---|-----------|
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This year we celebrated 140 years since Adbri's origins. That's a lot of years of helping build a better Australia. We're committed to our continued contribution to a safe, healthy and sustainable future for Australians, our communities and the environment. By focusing on our primary sustainability goals of engaged people and communities, and a sustainable and responsible business, we are working towards our next 140 years of helping build a better Australia.

## Scope/About this Report

Adbri Limited (the Company) reports on controlled entities as held at year ended 31 December 2022. Joint ventures are excluded unless stated otherwise. Greenhouse gas emissions, alternative fuel data and water usage is reported as at 30 June 2022, consistent with regulatory reporting requirements, unless otherwise stated. All financial data is reported in Australian dollars. References to 'Adbri', 'the Company', 'we' and 'our' are to Adbri Limited, and, except where the context otherwise requires, Adbri Limited's subsidiaries. Any restatements are noted in the Report.

## Disclaimer

## Message from the Chair of the Safety, Health, Environment and Sustainability Committee

Our commitment to operating a sustainable business remains a fundamental component of Adbri's ethos. Despite continued challenging conditions, our people have remained steadfast about delivering safe and sustainable performance.



Looking at our performance during 2022 across all of our sustainability targets, we have had areas of considerable success, as well as areas requiring increasing focus.

In safety and health, our leaders continued to increase their visibility as we encourage quality safety interactions and initiatives that are aimed both at continually improving our safety culture, as well as delivering on our Work Safe, Home Safe focus.

Improvements were seen in our commitment to proactive lead indicators, with increased leadership site reviews and critical control verifications. Pleasingly, we also saw a 14 per cent reduction in the number of high potential incidents across Adbri. However, our total recordable injury frequency rate of 7.9 was above our target, reinforcing the importance of the ongoing focus and commitment of Adbri's leadership to the safety and health of our people.

With respect to our environmental performance and sustainability initiatives, Adbri's focus through our operations continued. This year we achieved further improvements in the use of refuse derived fuel (RDF), particularly at our Birkenhead operation. The increased use of alternative fuels across our business will lead us towards our decarbonisation goals.

In December, Cockburn Cement Limited (CCL) was found not guilty of seven charges relating to unreasonable odour emissions at the Munster operations and two other charges were dropped. Disappointingly, however, CCL was found guilty of six charges, despite arguing its operations were within applicable limits. Any appeal against the findings of guilt will be considered after sentencing, which is to occur in March.

As part of the ongoing commitment to the community surrounding Munster, CCL commenced trialling engineering modifications at Munster that have shown promising laboratory results. These engineering trials, as well as ongoing community engagement, will continue in 2023.

Pleasingly, Adbri released our [Net Zero Emissions \(NZE\) Roadmap](#) in May, setting out the actions and targets we will progress as we strive to decarbonise our business to meet our goal of net zero emissions by 2050, in line with the Paris agreement. This report includes an update on our progress.

We approach 2023 with a clear mandate to ensure our operations are safe, efficient and profitable, and our processes are simple, consistent and efficient. We are committed to our sustainability improvement journey and will continue our focus to meet our future goals, with belief that our drive for simplicity and effectiveness will power both our financial and sustainability performance.

Our successes this year relied on the passion and commitment of Adbri's people and we thank them for their efforts.

Thank you also to our customers, suppliers, partners and shareholders for their continued support during this period as we seek to build not just a better Australia, but a better Adbri.

A handwritten signature in black ink, appearing to read 'Michael Wright'.

**Michael Wright**

Chair of Safety, Health, Environment and Sustainability Committee

# Our approach to sustainability

**Adbri's sustainability approach is built on strong relationships with our people, customers, suppliers, partners, shareholders and the communities where we operate.**

We aim for continuous, company-wide improvement along the entire value chain. We identify areas with the most material sustainability impact and focus our activities on these areas. These are set out on page 5.

## Sustainability topics across Adbri's clinker, cement and concrete value chain

| Raw material extraction<br>(inc. aggregate production)   | Clinker production & transport  | Cement production | Concrete production   | Masonry production |
|--|---|-------------------|---|--------------------|
| <ul style="list-style-type: none"> <li>- Workforce health, safety and wellbeing</li> <li>- Workforce diversity and inclusion</li> <li>- Workforce development, engagement and competency</li> <li>- Climate response and decarbonisation</li> <li>- Water management</li> <li>- Energy management</li> <li>- Biodiversity management</li> <li>- Waste management and circular economy</li> <li>- Air quality</li> <li>- Environmental compliance</li> <li>- Asset and land management</li> </ul> | <ul style="list-style-type: none"> <li>- Workforce health, safety and wellbeing</li> <li>- Workforce diversity and inclusion</li> <li>- Workforce development, engagement and competency</li> <li>- Climate response and decarbonisation</li> <li>- Water management</li> <li>- Energy management</li> <li>- Asset and land management</li> <li>- Partnerships</li> </ul> |                   | <ul style="list-style-type: none"> <li>- Waste management and circular economy</li> <li>- Technology and innovation</li> <li>- Environmental compliance</li> <li>- Air quality</li> <li>- Stakeholder expectations</li> <li>- Supply chain logistics and sustainable transport</li> </ul> |                    |



**Concrete use, end of life & recyclability**

- Waste management and circular economy

**Built environment**

- Waste management and circular economy
- Pricing integrity and anti-trust compliance
- Sustainable products and branding
- Customer experience

**Transport & logistics**

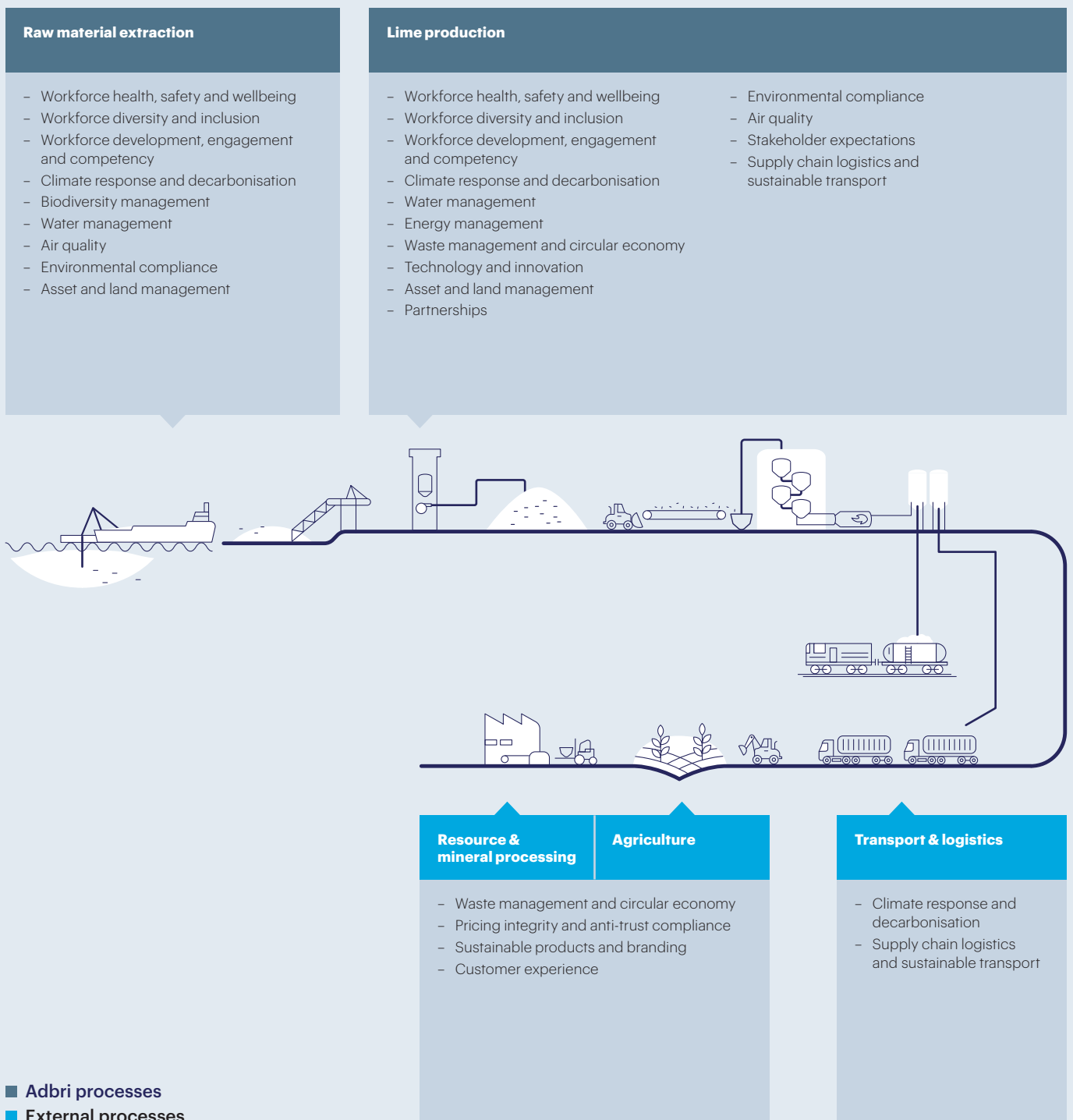
- Workforce health, safety and wellbeing
- Workforce diversity and inclusion
- Workforce development, engagement and competency
- Climate response and decarbonisation
- Supply chain logistics and sustainable transport



### Sustainability topics across both Adbri value chains: clinker, cement and concrete; lime processing

- Strategy and direction
- Economic vitality
- Business ethics and litigation
- Executive remuneration and succession planning
- Risk management
- Human rights and enterprise bargaining
- Sustainability due diligence
- Cyber and data security

### Sustainability topics across Adbri's lime processing value chain



## Our approach to sustainability continued

### A sound approach to sustainability governance

Day-to-day responsibility for managing material sustainability risks sits with Adbri's CEO, with the full Executive Leadership Team considering sustainability as both a risk and an opportunity.

This day-to-day work is monitored and overseen by the Board's Safety, Health, Environment and Sustainability (SHES) Committee to ensure the effectiveness of sustainability practices, performance and continuous improvement. The SHES Committee reports back to the Board on sustainability performance.

Where possible and relevant, the Board incorporates or considers sustainability criteria into all decision making, including strategic direction, change and risk management, and investment decisions. Board members apply high governance standards.

The performance and effectiveness of the Board, and each sub-committee of the Board, is reviewed annually with improvements made where required.

You can read more about Adbri's Board committees and their charters on our [website](#).

### Effectively managing sustainability risk

Adbri manages risk across the business through sound risk management principles, systems and processes, including:

- Code of Conduct: promotes behaviour that fosters Adbri's key values including fairness, honesty, integrity, safe practices, acting ethically and being legally compliant.
- Risk Appetite Statement: sets out our appetite for management to pursue opportunities aligned with strategy or, alternatively, cease activities that may be inconsistent with objectives.
- Risk Management Policy and framework: sets out responsibilities for risk management and the process for identifying, monitoring and managing strategic and operational risk plans, controls and performance and for reporting on them to the Executive Leadership Team and the Audit, Risk and Compliance Committee.
- Strategic Risk Register: sets out climate change and environmental, social and governance (ESG) issues as material risks.
- Sustainability Framework: guides our sustainability activities and performance, including five-year targets.

- [NZE Roadmap](#): sets out our targets and actions we will progress as we strive to decarbonise our business.
- Integrated health, safety and environment management system (HSEMS): provides standards and a framework for achieving objectives.
- Policies: including Diversity and Inclusion Policy, Health, Safety and Environmental Policy, Anti-bribery and Corruption Policy, Respect at Work and Speak Up (Whistleblower) Policy.

Adbri's managers are committed to sustainability and actively manage risk using these guidelines and processes, along with input and advice from the Executive Leadership Team. Adbri managers have personal key performance indicators based on key SHES areas.

Our internal audit program conducts regular audits, taking a risk-based approach when designing an internal audit plan, to evaluate business activities and performance. Audit results are reported to the Board for information and monitoring.

**We have sound governance practices that mitigate ethical, legal and financial risks. This is part of our commitment to being a responsible business.**





## Materiality

### Engaging with our stakeholders

Our stakeholders remain consistent with those detailed in our [2021 Sustainability Report](#) (page 31) and include communities, customers, government (local, state, federal) and regulators, joint venture partners, shareholders, financiers and insurers, suppliers, employees and contractors, education, academia and research bodies, industry groups, media and non-government organisations (NGOs).

We regularly engage with our stakeholder groups throughout the year to ensure we have a sound understanding of their views and expectations. Our approach is open and inclusive and we aim to respond effectively to our stakeholders’ changing needs.

In our [2021 Sustainability Report](#), we committed to update our materiality assessment to include both internal and external stakeholders, to ensure we adequately take external views into account. This year we engaged external stakeholders for the first time, as well as internal stakeholders as per previous years, consistent with the Global Reporting Initiative (GRI) materiality requirements.

### Focusing on what matters most

Adbri recently undertook a materiality assessment to determine the sustainability topics that are most important to our key stakeholders and our business.

Based on AccountAbility’s five-part Materiality Test, the process involved an independent assessment of relevant internal policies, risk and strategy documents, media coverage, peer and industry publications and internal stakeholder interviews. Our Executive Leadership Team prioritised and validated the topics, and the Adbri Board endorsed the outcomes.

There have been minor changes in material topics from 2021 to 2022 influenced by external stakeholder input. These include the addition of strategy and direction, air quality, technology and innovation, workforce development, engagement and competency, risk management and partnerships topics. These will shape our future Sustainability Framework and priorities.

### Adbri’s material sustainability topics

| Environmental  | Social   | Governance   | Economic  |
|--|--|--|---|
| <ul style="list-style-type: none"> <li>– Climate response and decarbonisation</li> <li>– Sustainable products and branding</li> <li>– Energy management</li> <li>– Air quality</li> <li>– Waste management and circular economy</li> <li>– Environmental compliance</li> <li>– Technology and innovation</li> <li>– Water management</li> <li>– Sustainability due diligence</li> <li>– Biodiversity management</li> </ul> | <ul style="list-style-type: none"> <li>– Workforce health, safety and wellbeing</li> <li>– Workforce diversity and inclusion</li> <li>– Stakeholder expectations</li> <li>– Customer experience</li> <li>– Human rights and enterprise bargaining</li> <li>– Workforce development, engagement and competency</li> <li>– Partnerships</li> </ul> | <ul style="list-style-type: none"> <li>– Strategy and direction</li> <li>– Business ethics and litigation</li> <li>– Risk management</li> <li>– Executive remuneration and succession planning</li> <li>– Cyber and data security</li> </ul> | <ul style="list-style-type: none"> <li>– Economic vitality</li> <li>– Supply chain logistics and sustainable transport</li> <li>– Pricing integrity and anti-trust compliance</li> <li>– Asset and land management</li> </ul> |

## Our approach to sustainability continued

### Our Sustainability Framework

At Adbri, we are committed to operating responsibly. Our Sustainability Framework prioritises where we put our efforts and helps us be transparent about the way we add value to society, environment and the economy. The Framework guides our sustainability decision making and provides strategic direction for our ESG related activities.

The first goal of our Sustainability Framework is engaged people and communities. To help us achieve this goal we focus on healthy, safe and engaged people, and making a positive contribution to communities.

Our second goal is to be a sustainable and responsible business. To help us achieve this goal we focus on reducing adverse environmental impacts and responding to climate change. These focus areas were refined in 2022 following the release of our [NZE Roadmap](#) to incorporate lower carbon products as one of our three key actions – reduce emissions, create new products, and collaborate with key partners – within our response to climate change.

To measure our performance, we have set five-year targets for each focus area. These are due for completion in 2024, using a baseline of 2019 metrics.

Each focus area within the Framework aligns with one or more of the global objectives of the United Nations' Sustainable Development Goals (SDGs).

| Goal                                 | Focus area  | 5-year targets   | Progress (against 2019 baseline)   | SDG alignment and commitments  |
|--------------------------------------|---|--|--|--|
| Engaged people and communities       | <br>Healthy, safe and engaged people       | <b>10%</b> reduction in TRIFR every year<br><b>2022:</b> 7.9 (25% increase from 2021)<br><b>Overall:</b> 26% reduction from baseline                                 | <b>2022:</b> Continued planning for Innovate RAP<br><b>2022:</b> 57%<br><b>Overall:</b> 27% above target<br><b>2022:</b> 16%<br><b>Overall:</b> 1% increase against baseline<br><b>2022:</b> Average 436 users per month (13% decrease from 2021)  | <b>3</b> <b>Good health and wellbeing</b><br><br><b>8</b> <b>Decent work and economic growth</b><br><br>Enhance Adbri's diverse and inclusive culture.<br>Protect our people from harm through our commitment to 'Work Safe, Home Safe'.<br>Promote mental health and wellbeing.<br>Respect and support the rights of our employees. |
|                                      |   | <b>30%</b> female Non-executive Directors<br><b>2022:</b> 57%<br><b>Overall:</b> 27% above target  |  |  |
|                                      |   | <b>20%</b> female employees<br><b>2022:</b> 16%<br><b>Overall:</b> 1% increase against baseline  |  |  |
|                                      |   | <b>Digital platform established</b> to improve communications<br><b>2022:</b> Average 436 users per month (13% decrease from 2021)                                   |  |  |
| Engaged people and communities       | <br>Positive contribution to communities | <b>Maintain</b> regular external communications<br>Ongoing communication activities  | <b>2022:</b> \$162,903 investment<br><b>2022:</b> 16%<br><b>Overall:</b> 1% increase against baseline  | <b>8</b> <b>Decent work and economic growth</b><br><br>Through maintaining economic vitality and sustainable growth, make a positive contribution to the communities where we operate.<br>Mitigate the risk of modern slavery in our supply chain.<br>Measure the economic value Adbri generates.                                    |
|                                      |   | <b>Community investment aligned</b> with community engagement strategy   |  |  |
| Sustainable and responsible business | <br>Reduce adverse environmental impacts | <b>25%</b> reduction in process waste to landfill<br><b>FY22:</b> 27% reduction from FY21<br><b>Overall:</b> 35% reduction from baseline                             | <b>FY22:</b> 8% reduction from FY21<br><b>Overall:</b> 12% reduction from baseline<br><b>FY22:</b> 37% (10% increase from FY21)<br><b>Overall:</b> 14% above baseline<br><b>2022:</b> 22%<br><b>Overall:</b> 1% increase from baseline   | <b>9</b> <b>Industry, innovation and infrastructure</b><br><b>12</b> <b>Responsible consumption and production</b><br><br>Introduce efficiencies into our processes to reduce our impact on the environment from production and our final products.<br>Progressively rehabilitate land disturbed by our operations.                  |
|                                      |   | <b>7%</b> GHG emissions reduction<br><b>FY22:</b> 8% reduction from FY21<br><b>Overall:</b> 12% reduction from baseline  |  |  |
|                                      |   | <b>50%</b> kiln fuel to be sourced from alternative fuel in South Australia<br><b>FY22:</b> 37% (10% increase from FY21)<br><b>Overall:</b> 14% above baseline       |  |  |
| Sustainable and responsible business | <br>Responding to climate change         | <b>24%</b> supplementary cementitious materials as a proportion of total cementitious product sales<br><b>2022:</b> 22%<br><b>Overall:</b> 1% increase from baseline | <b>9</b> <b>Industry, innovation and infrastructure</b><br><b>12</b> <b>Responsible consumption and production</b><br><b>13</b> <b>Climate action</b><br><br>Develop and invest in product quality and research low carbon technologies to build sustainable and resilient products and manufacturing processes.<br>Collaborate to develop technology solutions.<br>Promote sustainable choices for consumers.<br>Take action to reduce GHG emissions for a low carbon future by improving our production processes, building resilience, setting ambitious targets, investing in emerging technologies and ensuring our stakeholders are engaged. |  |



# Healthy, safe and engaged people

**Safety is our first priority and we make it clear to our people we want them to 'Work Safe' so they can go 'Home Safe'. We strive to create a psychologically safe workplace where mental health and wellbeing are just as important as physical health.**

**We welcome people from all backgrounds at Adbri. Our workplaces aim to reflect the diversity of our communities. We believe a diverse workforce and an inclusive approach supports higher performance and provides a positive organisational culture where we set our people up to thrive.**

## Our management approach

- ✓ Adbri's Health Safety and Environment Management System (HSEMS) supports our commitment to workforce health, safety and wellbeing. The HSEMS facilitates the identification of critical risk controls, the completion of health, safety and environment (HSE) audits and inspections, and offers health assessments and fitness for work programs for our employees.
- ✓ Our 2022–25 Diversity, Equity and Inclusion (DEI) Strategy supports our commitment to diverse workforces, inclusive experiences and authentic reconciliation.
- ✓ Cintellate, our HSE software system, as well as Roam (Cintellate mobile enabled application), is used to collect and analyse data allowing us to monitor and respond to real time HSE trends and risk management obligations.
- ✓ Lead indicators, such as critical control verifications, hazard reports and near misses, are used to improve our injury prevention programs.

## Metrics and targets

Our TRIFR for 2022 of 7.9 did not achieve the target we set for a 10% reduction on the previous year. While our TRIFR for employees has reduced from 6.8 to 6.5, a pleasing improvement, the TRIFR for our contractors has increased from 6.2 to 9.5.

Our 2023–2025 HSE Strategy has identified HSE Contractor Management as a key focus area to improve the way contractors are selected, onboarded and managed to improve safety and health outcomes.

Female representation was consistent with 2021 at 16%, up 1% on our baseline year. We recognise that we still have considerable work to achieve our 2024 target of 20%. Our DEI Strategy has identified attraction, talent development, retention and organisational culture as key to broadening our diversity profile.

|   | 2022         | 2021  | 2020  | 2019  |
|---|--------------|-------|-------|-------|
| <b>Fatality</b>   | <b>0</b>     | 0     | 0     | 0     |
| <b>Total recordable injury frequency rate (TRIFR)<sup>1</sup></b>   | <b>7.9</b>   | 6.3   | 5.6   | 10.6  |
| <b>TRIFR (Employee)<sup>1</sup></b>                                 | <b>6.5</b>   | 6.8   | 7.7   | 14.6  |
| <b>TRIFR (Contractor)<sup>1</sup></b>                               | <b>9.5</b>   | 6.2   | 3.5   | 5.1   |
| <b>Lost time injury frequency rate<sup>1</sup></b>                  | <b>3.0</b>   | 2.3   | 1.7   | 2.5   |
| <b>High potential incidents</b>                                     | <b>43</b>    | 50    | 54    | 37    |
| <b>High potential incident frequency rate<sup>1</sup></b>           | <b>8.2</b>   | 9.6   | 10.9  | 7.4   |
| <b>HSE near misses<sup>2</sup></b>                                  | <b>406</b>   | 529   | 486   | 874   |
| <b>HSE hazards<sup>2</sup></b>                                      | <b>2,568</b> | 3,199 | 2,922 | 3,211 |
| <b>Critical control verifications in field</b>                      | <b>1,411</b> | 1,210 | 699   | –     |
| <b>Critical control audits</b>                                      | <b>40</b>    | 87    | 109   | 48    |
| <b>Visible leadership</b>   | <b>1,137</b> | 611   | 218   | 217   |
| <b>Female Non-executive Directors %</b>                             | <b>57</b>    | 38    | 50    | 43    |
| <b>Female senior executives %</b>                                   | <b>17</b>    | 29    | 25    | 22    |
| <b>Female senior managers (direct reports to senior executives)</b> | <b>22</b>    | 24    | 29    | 40    |
| <b>Female employees %</b>   | <b>16</b>    | 16    | 15    | 15    |

1. Measured as per million person-hours worked.

2. Further environmental metrics can be found on page 12.

## Healthy, safe and engaged people continued

### 2022 snapshot

#### Upskilled our leaders

In 2022 we developed a frontline leadership development program targeted to the needs of our people as they navigate the challenges of their day-to-day roles. Throughout the three-month development program, leaders practise what they learn in customised scenarios that apply to their specific work environment. The initiative has been designed in-house as a low-cost, high-impact, sustained program, offering regular training sessions from September 2022 through 2023.

#### Improved our learning system

Based on feedback from our 2021 Employee Engagement Survey, we have made further improvements to our cloud-based learning management system, iLearn. This platform standardises learning across the business and tracks employee progress to improve outcomes.

Throughout 2022 we offered a range of Adbri-wide forums in iLearn, providing employees with further training on our systems to support them in getting their work done. This program will continue in 2023.

#### Engaged with our employees

In October 2022, we ran a full Employee Engagement Survey with more than 60% of employees taking the opportunity to provide feedback across a range of themes including: alignment and involvement, engagement, enablement, culture, leadership and development, and manager effectiveness.

Results from the survey were communicated at a local operational level, with teams coming together to discuss the feedback and agree on action items to address opportunities identified. Commitments were captured for action and tracking, with further surveys planned for 2023.

#### Delivered Visible Leadership Program

This year we delivered the final year of our three-year Safety Step Change Program, originally launched in 2019.

Our Visible Leadership process encourages all levels of leadership across Adbri to spend time engaging with workers to drive a common approach to improving HSE performance, a vital activity to maintaining safe operations. The process builds safety culture and verifies that critical safety controls are in place, being applied and are effective in managing risks that have the potential to result in fatalities.

In 2022 we had an 86% increase in visible leadership activities being conducted, with continued improvement in the quality of activities achieved through increased coaching and delivery of visible leadership training.

#### Reporting on diversity

In 2022 we continued to deliver on our 2020–2025 Diversity, Equity and Inclusion (DEI) Strategy, focused on diverse workforces, inclusive experiences, purpose-led organisation and authentic reconciliation.

The DEI Strategy is supported by Adbri's [Diversity and Inclusion Policy](#) that articulates our Company's expectations, as well as by our Sustainability Framework that sets out our 2024 measurable targets for Board and general workforce gender representation. Our progress towards achieving these targets is set out in the metrics on page 7.

Since 2017–2018, Adbri has also reported under the *Workplace Gender Equality Act 2012 (Cth)*, with our gender equality indicators also available [publicly](#).

Over the year no significant improvement in female representation within our employee group occurred, despite our continued focus. In 2023 we are instituting new initiatives to reduce barriers to entry and retention for females, both material and cultural, and investing in further onboarding, networking and buddy activities.

In 2022, we reset our key focus area objectives to improve gender balance in our operations and have made the following changes that positively impact diversity while also evolving equity, inclusion and belonging:

- Introduced a Flexible Work Standard supporting a team-centric and customer approach to flexibility.
- Consulted on a draft Physical Work Standard to ensure our working environments are accommodating and welcoming to a diverse workforce, with consistent standards upheld across our sites. This standard approach will be rolled out company-wide in 2023.
- Recognised and rewarded outstanding individual and team achievements in the Inclusivity category of our 2022 Adbri Champions employee awards program.
- Reworked our Remuneration Framework with a revised leveling structure enabling greater transparency and consistency in pay rates for like work.
- Engaged our people in reconciliation including launching our online Indigenous Cultural Awareness Training and providing opportunities for employees to participate in local community activities, particularly during National Reconciliation Week (NRW) and NAIDOC Week.

#### Launched our three-year Mental Health Strategy

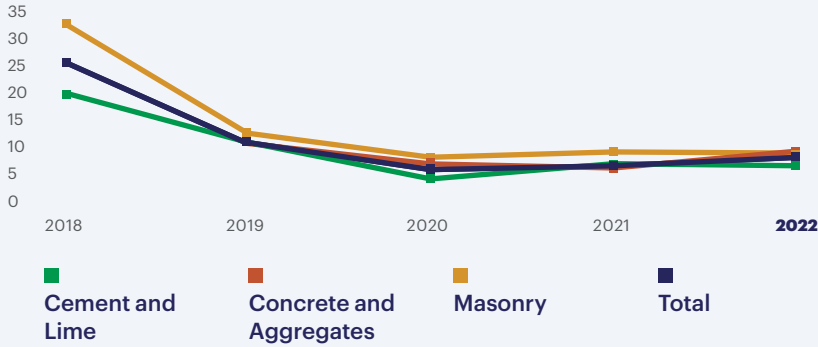
In 2022 we launched our three-year Mental Health Strategy entitled 'You're Not Alone', aiming to transition Adbri to a proactive model that incorporates greater harm prevention.

Key achievements this year include:

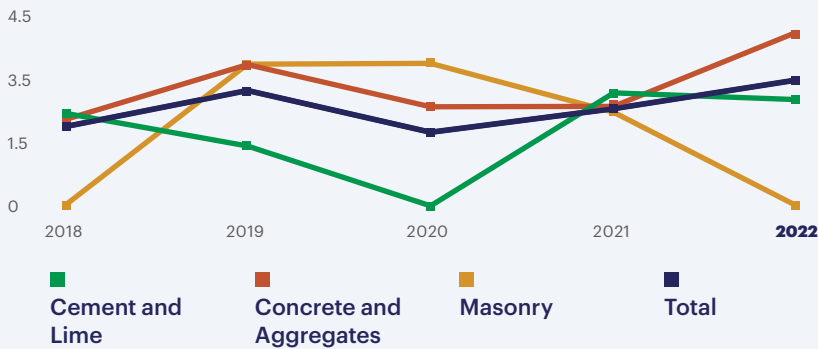
- Trained 43 Mental Health Champions across Adbri (in Mental Health First Aid)
- Trained 197 managers and supervisors in Leader Mental Health Awareness online training



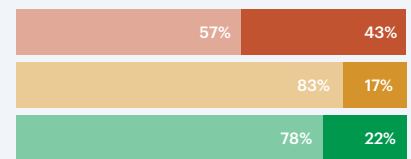
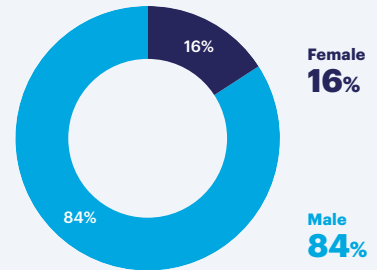
**Total recordable injury frequency rate by division**  
Total recorded injuries per million hours worked



**Lost time injury frequency rate by division**  
Total lost time injuries per million hours worked



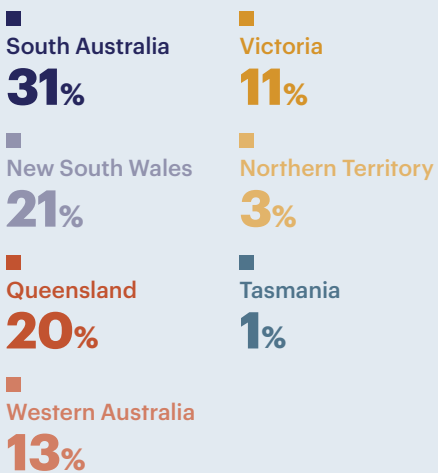
**Gender diversity**



**Employment by geography**

**1,543**

**Total employees in 2022**



# Positive contribution to communities

Adbri is proud to be part of the communities we operate in, and this year we celebrated 140 years since the Adbri story began. As part of our commitment to building capability and capacity in our local communities we continue to look for ways to strengthen our engagement and to build long-term relationships.

We actively listen to the concerns of the community and our stakeholders through regular engagement – seeking to understand their aspirations and concerns, responding in a direct and transparent manner, and supporting community initiatives.



Adbri supported the Le Fevre Kindergarten in building a new pathway and shade area.

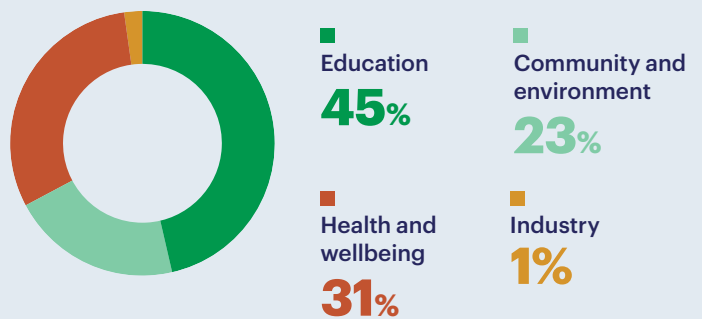
## Our management approach

- ✓ Community websites, providing news and information, and group and one-on-one meetings help us engage with our neighbours.
- ✓ Data from neighbourhood feedback hotlines is analysed to identify and map operational areas for improvement.
- ✓ Local community engagement plans guide activities at our Birkenhead and Munster sites.
- ✓ Partnerships, sponsorships, in-kind support and donations help schools, sporting clubs, care agencies and community services to improve local people’s quality of life.
- ✓ Support and facilitation of programs that link our industry with local schools and universities contribute to regional development and future careers in our industry.
- ✓ A sustainable procurement approach to goods and services from regional suppliers and the employment of local people demonstrates our regional commitment.

## Metrics and targets

Our total community investment figure has decreased this year, with some sponsorships and donations placed on hold as we address operational challenges. The Rapid Bay purpose-built public amenities block, which Adbri was expected to contribute \$210,000 to, has been delayed as the District Council of Yankalilla and Adbri work through cost escalation issues.

### Community investment spend by focus area



|                      | 2022      | 2021      | 2020      | 2019      |
|----------------------|-----------|-----------|-----------|-----------|
| Community investment | \$162,903 | \$246,161 | \$203,204 | \$263,221 |

## 2022 snapshot

### Engaged frequently with our communities

Our local communities continue to take a high level of interest in Adbri as we consult them on our day-to-day operations.

In South Australia, the Birkenhead Community Liaison Group (CLG), a key conduit with the local community, meets quarterly throughout the year to discuss our operations, use of alternative fuels and raw materials, and planned environmental improvement projects, as well as formalising their terms of reference. In addition to the CLG, we also invited wider community feedback on a number of topics including our recent licence renewal application to SA EPA. Only five submissions were made by community members, and the site's licence was renewed until 2027.

Our Cockburn Cement Munster site in Western Australia continued to regularly engage with the community on operational matters, particularly on our trial of an engineering solution to reduce the risk of odour and the demolition of the remainder of the clinker kiln area. We also consulted residents on land surplus to our current operational needs. The feedback gained from this consultation will inform any future planning.

### Continued embedding modern slavery commitments

We continued to take additional actions in 2022 to mitigate modern slavery in our supply chain and our operations. These actions included:

- Developed a Sustainable Procurement Policy.
- Commenced work on forming a modern slavery working group to further support whole-of-group consultation, with quarterly meetings for the working group to take place throughout 2023.
- Continued to deliver modern slavery training to managerial and operational staff.
- Commenced a detailed review of our medium-risk suppliers for modern slavery risk.

Our work in this area is ongoing. Read more in our recent [Modern Slavery Statement](#).

### Progressed our reconciliation journey with communities

During the year we progressed work on developing our Innovate Reconciliation Action Plan (RAP) that we intend to submit to Reconciliation Australia in 2023. The Innovate RAP supports our drive to create actively inclusive, culturally safe and engaging workplaces for Aboriginal and Torres Strait Islander peoples. Over the year our external actions to engage with our communities included:

- Continued to support the Moorditj Yorga Scholarship Program which partners with Curtin University to support mature-aged Aboriginal and Torres Strait Islander women to attend university, as well as with St Peter's College to support the education of an Aboriginal student. We also supported the Jilkminggan School in the Northern Territory to undertake a primary school trip to Canberra.
- Formed partnerships with Indigenous companies who supported us to employ Aboriginal and Torres Strait Islander peoples. For example, we entered into a partnership with Kooya to deliver salary packaging services for Adbri.
- Invested in mentoring programs, made in-kind donations to schools and continued to sponsor the Aurora Foundation.

### Enhanced customer experience measurement

In 2022 we conducted a company-wide customer survey seeking insights on areas such as general customer satisfaction and decision-making criteria across factors including product availability, timely delivery, product quality and performance, competitive pricing, technical support and advice, and sustainability credentials and outcomes.

Overall Adbri received a 70% customer satisfaction score, slightly higher than our 2022 target of 69.5%. Our customers rated 'product availability and on time delivery' as their number one decision-making criteria in choosing a supplier.

Adbri's spend with Indigenous suppliers increased over the year to approximately **\$800,000**, a significant increase from **\$30,000** spent in the previous reporting period.



Year 11 students at Clontarf Aboriginal College participated in first aid training sponsored by Adbri.



# Reduce adverse environmental impacts



Munster werlands, Western Australia.

At Adbri we adopt a multi-faceted approach to reducing our environmental impacts including:

- Minimising waste generation, including diverting waste from landfill for recycling or beneficial reuse.
- Adopting a circular economy approach to managing materials, waste, water and energy.
- Seeking ways to use industrial by-products as alternative fuels and as alternative raw materials.
- Utilising supplementary cementitious materials (SCMs) to reduce our reliance on natural resources and to reduce our carbon footprint.
- Implementing sustainable short-term and long-term land use strategies.
- Identifying opportunities for protecting and enhancing the biodiversity our land supports.
- Consuming and discharging water responsibly.

## Our management approach

- ✓ A systematic approach to identifying risk and developing management strategies ensures that our operations do not result in unacceptable environmental impacts.
- ✓ Our Obligation Management System and integrated HSEMS supports the environmental commitments outlined in our HSE Policy. This policy outlines the responsibilities of employees and contractors, and our HSE objectives, including to avoid, reduce or control waste and pollutants to reduce adverse environmental impacts.
- ✓ Environmental sustainability awareness, regular training and responsible practices are embedded throughout our business, and we invest in continual improvement, and collaborate with government, academia and our industry on solutions.

## Metrics and targets

This year, we more than met our five-year target to reduce process waste to landfill by 25% from the 2019 baseline, achieving a 35% reduction. While we have seen a 9% production reduction, this target was most significantly met through a number of initiatives as outlined in our 2022 snapshot on page 13.

|   | 2022                   | 2021    | 2020     | 2019     |
|---|------------------------|---------|----------|----------|
| <b>Process waste to landfill<sup>1</sup> (tonnes)</b>                 | <b>124,464</b>         | 170,259 | 161,088  | 191,574  |
| <b>Process waste to landfill<sup>1</sup> (% reduction since 2019)</b> | <b>35%</b>             | 11%     | 16%      | -        |
| <b>Mains potable water usage (ML)</b>                                 | <b>1,335</b>           | 1,091   | 1,206    | 1,327    |
| <b>Number of reportable environmental incidents</b>                   | <b>0</b>               | 0       | 1        | 1        |
| <b>Number of fines in relation to environmental licences</b>          | <b>0</b>               | 0       | 1        | 1        |
| <b>Penalties</b>  | <b>Nil<sup>2</sup></b> | Nil     | \$15,000 | \$15,000 |

1. Due to refinement of data accuracy and waste classifications in 2022, current and previous process waste data has been updated to ensure appropriate comparability for progress reporting.

2. CCL was found guilty of seven charges relating to unreasonable odour emissions at our Munster operations. CCL argued its operations were within applicable limits and any appeal against the findings of guilt will be considered after sentencing which is to occur in March 2023.

## 2022 snapshot

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### Cockburn Cement, Munster operations

Our Cockburn Cement Limited (CCL) facility at Munster operates in close proximity to the growing communities of Munster, Beeliar and Yangebup. This presents unique challenges with emissions, dust and energy sources continuing to be key areas of interest for the community.

In December 2022, CCL was found not guilty of breaching the *Environmental Protection Act 1986* in relation to seven charges of unreasonable odour emissions from the Munster plant in 2019 and found guilty of six charges. The prosecution had previously withdrawn two other charges. Adbri is disappointed by the verdict on the six charges. A second prosecution of six charges for the same offence is expected to be heard by the Magistrates Court in 2023. Further details are available in Adbri's 2022 Annual Report.

CCL is committed to being a long-term social and economic partner to the community and to the continuous improvement of its Munster site. During the year, an engineering solution was installed as part of a trial to reduce the risk of odour in the stacks at the Munster site. The trial changes the feed location of shell sand, as well as the temperature profile of Kiln 6. The trial will be held over the 2022/23 summer period in accordance with the Works Approval granted by the Department of Water and Environmental Regulations. We will continue to update the community regarding the trials and other key areas of interest via the [Cockburn Cement Community website](#).

### Diverted waste from landfill

Where possible we seek to reduce waste by recovering secondary materials for beneficial reuse. Process waste, including cement kiln dust (CKD), lime kiln dust (LKD) and off-specification kiln materials, produced at our major lime and clinker production sites is a valuable resource.

With continued efforts in process efficiency improvements and the adoption of circular economy principles, Adbri sites have implemented a number of initiatives in recent years towards continued reduction in the generation of waste and improved recovery and reuse.

Successful waste diversion initiatives included:

- Increasing the beneficial reuse of LKD for agricultural lime applications at Dongara.
- Improving shell sand management at Munster.
- Maintaining beneficial reuse of CKD at Birkenhead.

In late 2022 we commenced a targeted project to review process waste production in South Australia, developing a new strategy to further enhance the opportunity value of this material. This includes potential use in manufacturing, agriculture and civil infrastructure, aiming to further avoid waste to landfill, contribute to a circular economy, reduce consumption of natural resources and lower our product carbon footprint.

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Shell grit, a waste product from lime manufacturing, is used by WA Department of Biodiversity, Conservation and Attractions in creating a trial breeding site for threatened fairy terns on Boundary Island, south of Mandurah.

### Enhanced standards and guidance

Adbri has an integrated Health Safety and Environmental Management System (HSEMS) providing Group Standards that support our operational sites' individual management plans and procedures for managing environmental risk.

As part of our continual improvement process, this year we commenced a review of the HSEMS with a particular focus on enhancing standards and guidance for environmental risk and opportunity management. The review includes updating data and reporting systems to better inform decision making and to identify opportunities for improvement, and planning for improved training and awareness. This review will continue in 2023.

### Established agreement for biodiversity offset area

At our Tumbulgum Quarry we have entered into a conservation agreement with the NSW Biodiversity Conservation Trust to dedicate 17 hectares of land next to the quarry as a biodiversity offset area in perpetuity. Under the terms of the agreement the land will be positively managed to collect fallen timber, manage weeds, pests and erosion, reinstate flora, and maintain existing tracks.

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# Responding to climate change

**In 2022 we released our *NZE Roadmap* which sets out the steps we will take to achieve our goal of net zero emissions by 2050, based on the three key actions of reducing emissions, creating new products and collaborating with key partners.**

Adbri operates two emissions-intensive, trade-exposed (EITE) and hard-to-abate processes – the integrated manufacture of clinker and lime production. The key decarbonisation challenge is associated with unavoidable process emissions that are chemically liberated from the high-temperature processing of limestone, a fundamental step in the calcination process required to produce both clinker and lime. Process emissions account for approximately 60% of Adbri's Scope 1 and Scope 2 GHG emissions and there is currently no substitute for limestone in the manufacture of either clinker or lime.

The technologies needed to decarbonise our process emissions are not yet commercial at scale. We are committed to focusing in the short to medium term on using conventional approaches to abate our energy-related emissions, while we work in collaboration with key partners to demonstrate the viability of emerging technologies to reduce our process emissions.

Our long-term 2050 goal is heavily dependent on the commercialisation of breakthrough technologies to reduce Scope 1 emissions. While Adbri is committed to investing in the development of these essential breakthrough technologies, there may be impediments to their adoption in our operations that affect our ability to meet our goal, such as retrofitting to our existing plants.

## Our management approach

- ✓ Support of the Task Force on Climate-Related Financial Disclosures (TCFD) framework and aligning our disclosures with TCFD recommendations across the four areas of Governance, Strategy, Risk Management, and Metrics and Targets.
- ✓ Active engagement with investors and stakeholders on our approach to climate change, including industry organisations and Climate Action 100+.
- ✓ Support to industry groups in the development of their own roadmaps.
- ✓ Technology developments and innovative thinking, as well as participation in industry, government and research partnerships, ensuring we can play a critical role in our ability to meet customer demand for lower carbon products.
- ✓ Investment in research and development for lower carbon raw materials, product substitutes and alternative fuel sources.

Adbri accepts the Intergovernmental Panel on Climate Change's evidence that warming of the planet is unequivocal, that human influence is the main driver and physical impacts are unavoidable. Our full Position on Climate Change can be read in our [2021 Sustainability Report](#).



## Net Zero Emissions Roadmap release

In May 2022, we released our [NZE Roadmap](#), establishing new medium-term greenhouse gas (GHG) emissions reduction targets on the path to our goal of net zero emissions by 2050.

Our [NZE Roadmap](#) establishes medium-term 2030 targets for cement, lime and electricity, increases transparency for the main sources of our emissions and outlines the decarbonisation levers we will use to reduce them. These commitments build on our short-term targets.

Under each of our reduce, create and collaborate actions, there are a number of near-term initiatives and future opportunities we will pursue, including improving energy efficiency, increasing our use of alternative fuels, developing lower carbon products, collaborating with stakeholders and investing in breakthrough technology.

## Want to know more?

Read our full [NZE Roadmap](#) on our website.

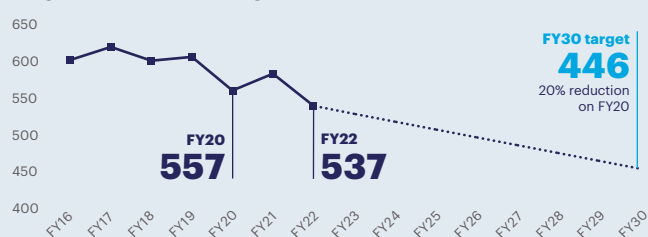


## Metrics and targets

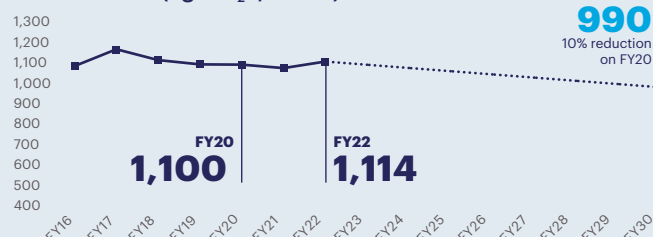
### Adbri's Net Zero Emissions Roadmap targets and goals

|                          | Targets  | Baseline  | FY22 result  | FY22 progress   |
|--------------------------|--|---|--|---|
| Short-term target FY24   | 7% absolute reduction in operational emissions by FY24                                       | FY19<br><b>2,387 ktCO<sub>2</sub>e</b>                      | <b>2,106 ktCO<sub>2</sub>e</b><br>12% below baseline         | In FY22, we achieved and exceeded our short-term absolute emissions reduction target. This is due to a combination of operational improvements including increased RDF usage, as well as state grid decarbonisation and production decrease.                                |
|                          | 50% kiln fuel to be sourced from alternative fuel in South Australia                         | FY19<br><b>23%</b>  | <b>37%</b><br>13% remaining to reach FY24 target             | A 12% increase from FY21 was primarily achieved via increased use of RDF at Birkenhead's operation. We commenced a trial in late 2022 for increased use of RDF at Birkenhead which if approved by the SA EPA, will help us to continue towards our alternative fuel target. |
|                          | 24% supplementary cementitious materials as a proportion of final cementitious product       | 2019<br><b>21%</b>  | <b>22%</b><br>2% remaining to reach 2024 target              | A 2% increase in SCM usage was recorded in 2022.  |
| Medium-term targets FY30 | 20% reduction in cement Scope 1 emissions intensity (kg CO <sub>2</sub> e net/tonne) by FY30 | FY20<br><b>557 kg CO<sub>2</sub>e net/tonne<sup>1</sup></b> | <b>537 kg CO<sub>2</sub>e net/tonne</b><br>5% below baseline | A 5% emissions intensity reduction in our cement products was achieved largely via increased RDF usage at Birkenhead.   |
|                          | 10% reduction in lime Scope 1 emissions intensity (kg CO <sub>2</sub> e/tonne) by FY30       | FY20<br><b>1,100 kg CO<sub>2</sub>e/tonne</b>               | <b>1,114 kg CO<sub>2</sub>e/tonne</b><br>1% above baseline   | Positive intensity progress was made via increased fuel efficiency at multiple facilities. This was offset by changing fuel composition at other assets. Fuel usage is being reviewed and our planned coal exit by 2024 will positively influence our lime intensity.       |
|                          | 100% zero emissions electricity supply by FY30   | FY20<br><b>0%</b>   | <b>0%</b>  | Our procurement function is currently assessing the electricity agreements across the portfolio (120+ locations).   |

Cement emissions intensity historical performance and target commitment (kg CO<sub>2</sub>e net/tonne)<sup>1</sup>



Lime emissions intensity historical performance and target commitment (kg CO<sub>2</sub>e/tonne)



1. Adbri's previously reported cement intensity target, defined as 'per tonne cement' is equivalent to 'per tonne cementitious material'. This metric and our calculation methodology remains aligned with the Global Cement and Concrete Association (GCCA) target which defines cement and cementitious material interchangeably. GCCA defines cementitious material as "all clinker produced by the reporting company for cement making or direct clinker sale, plus gypsum, limestone, cement kiln dust and all clinker substitutes consumed for blending, plus all cement substitutes."

## Responding to climate change continued

### 2022 snapshot

**In FY22, Adbri's total operational Scope 1 and Scope 2 GHG emissions reduced by 183,463 tonnes CO<sub>2</sub>e (8%), against our FY21 performance.**

This reduction has been influenced by increased RDF usage at Birkenhead and changes in production levels, with the Munster operation experiencing decreased production while Birkenhead, Angaston, Dongara, and the concrete, aggregates and masonry (CAM) business unit all increased production. The decrease in Scope 2 emissions was influenced by increased renewables in the National Electricity Market (NEM), South West Interconnect System (SWIS) and North West Interconnected System (NWIS) in Western Australia.

In FY22, clinker and lime production continued to generate a large percentage of our total operational emissions, at 96%, with the remainder generated from the CAM business, largely

through energy consumption and diesel usage for product transport. The clinker and lime production industries are hard-to-abate, as evidenced by 60% of emissions produced in FY22 generated through the chemical conversion process.

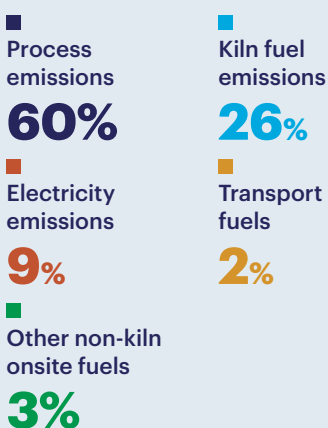
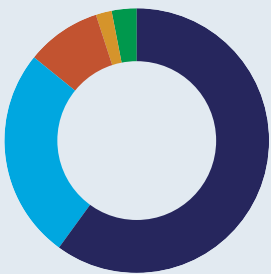
Our FY22 absolute emissions reduction corresponds to a 12% reduction against our short-term target. This result was influenced by a decrease in lime production. We remain committed to our 2030 mid-term emissions intensity targets, released in May 2022 through our [NZE Roadmap](#) which are unaffected by production volumes and grid emission factors.

Scope 3 data collection methodology remains unchanged for FY22. We intend to refine this data collection and accounting process further to ensure accuracy and reliability of Adbri's Scope 3 emissions. This will assist us in meeting future Scope 3 reporting requirements and steer our target setting and stakeholder engagement process.

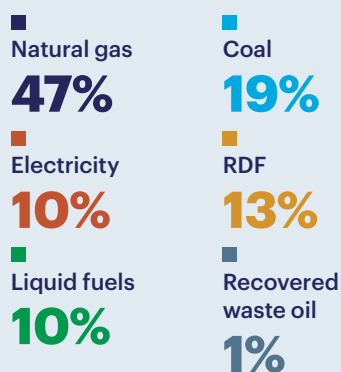
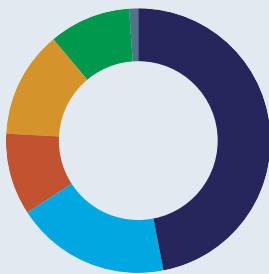
#### Total emissions Scope 1, 2 & 3 and energy consumption

|  | FY22              | FY21       | FY20       | FY19       |
|--|-------------------|------------|------------|------------|
| <b>Scope 1 emissions</b> (tCO <sub>2</sub> e)                              | <b>1,922,718</b>  | 2,092,331  | 2,125,121  | 2,156,481  |
| <b>Scope 2 emissions</b> (tCO <sub>2</sub> e)                              | <b>183,268</b>    | 197,118    | 207,432    | 230,539    |
| <b>Scope 3 emissions</b> (tCO <sub>2</sub> e)                              | <b>979,849</b>    | 1,012,808  | N/A        | N/A        |
| <b>Total energy consumption</b> (GJ)                                       | <b>13,523,765</b> | 14,175,950 | 14,286,867 | 14,782,120 |
| <b>Total operational GHG emissions</b> (Scope 1 and 2)(tCO <sub>2</sub> e) | <b>2,105,986</b>  | 2,289,449  | 2,332,553  | 2,387,020  |

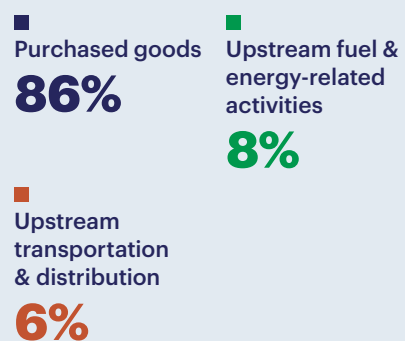
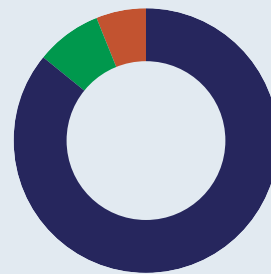
#### FY22 Operational GHG emissions (Scope 1 + Scope 2) by source



#### FY22 Energy consumption by source

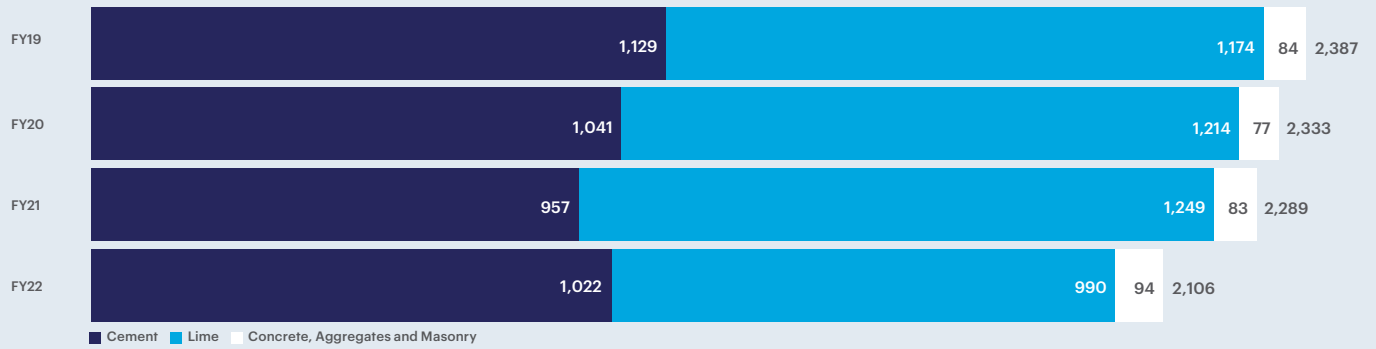


#### FY22 Scope 3 GHG emissions



### GHG emissions by product Scope 1 + Scope 2<sup>1</sup>

kt CO<sub>2</sub>e



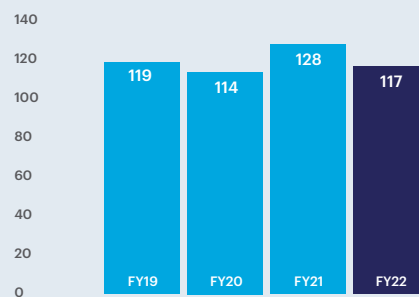
### Thermal efficiency

GJ/t clinker



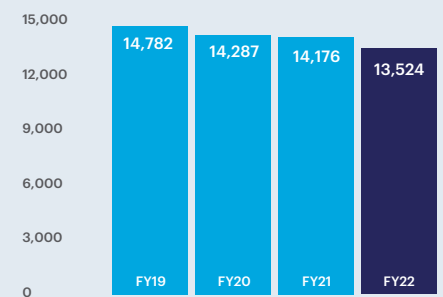
### Electrical intensity<sup>2</sup>

kWh/t cement



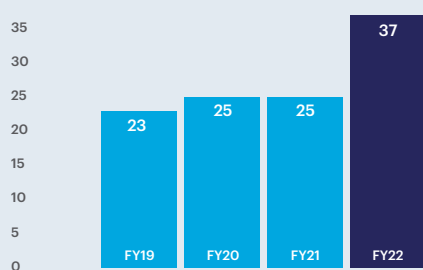
### Reduced energy consumption

GJ ('000)



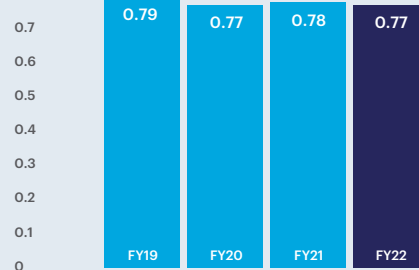
### Alternative fuel use in South Australia

%



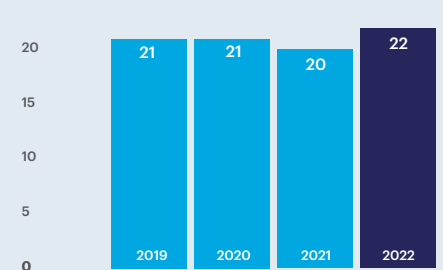
### Clinker to cement ratio

%



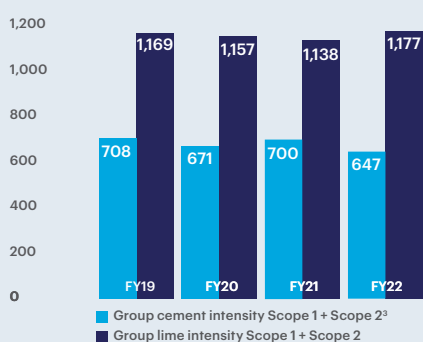
### Supplementary cementitious material of total cementitious material sold

%



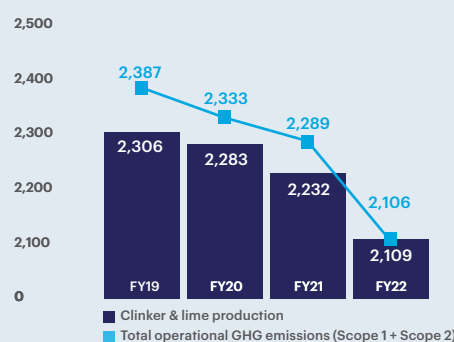
### Emission intensity by product Scope 1 & Scope 2<sup>2,3</sup>

kg GHG/t



### Operational GHG emissions (Scope 1 + Scope 2)

'000 t














1. Limited assurance undertaken on FY22 Scope 1, Scope 2 and energy consumption emission data.  
 2. Due to refinement of data accuracy in 2022, current and previous data has been updated to ensure appropriate comparability for progress reporting.  
 3. Refer to footnote 1 on page 15.

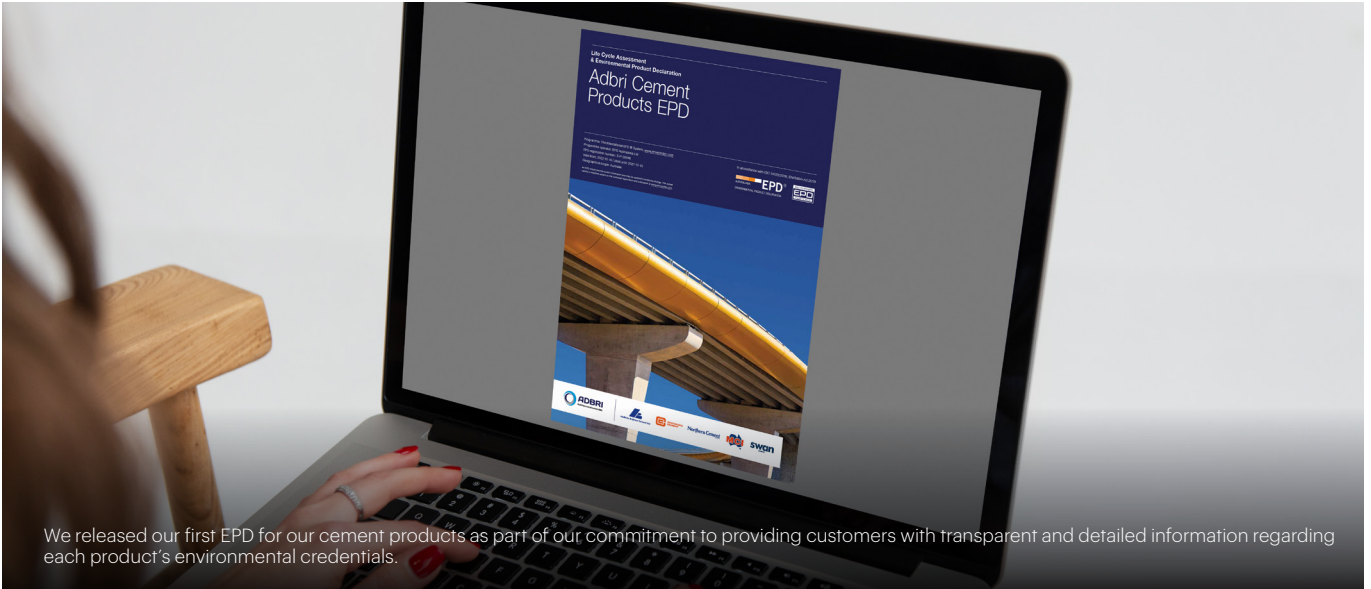


## Net zero emissions 2022 snapshot

Our **NZE Roadmap** is focused on three key actions: reduce emissions, create new products, and collaborate.

In the seven months since the release of the [NZE Roadmap](#) in May 2022, we have established the Climate and Sustainability function within Adbri and shifted our focus to the decarbonisation levers identified for each key action. We are committed to sharing our progress and future plans transparently.

|   |                                  |  |   |
|---|----------------------------------|--|---|
| Reduce emissions  | <b>Cement</b>                    |  Process and energy efficiency improvements   | <b>2022 Progress</b>  |
|   |                                  |  Increase decarbonated raw feed               |   |
|   |                                  |  Increase alternative fuels                   |   |
|   |                                  |  Increase the use of SCMs                   |   |
|   |                                  |  Diesel reduction and replacement           | <ul style="list-style-type: none"> <li>- Achieved record levels of alternative fuel substitution for all Adbri clinker kilns, reducing demand for fossil fuels, diverting waste from landfill, reducing fuel costs and providing recyclable by-products. This includes increases in RDF volumes and substitution on Birkenhead Kiln 4 and recycled used oil volumes and substitution on Angaston Kiln 3.</li> <li>- EPA approved trials underway for increased RDF usage at Birkenhead.</li> <li>- Multiple operational optimisation projects implemented across our major facilities, including Birkenhead, to improve efficiency and throughput.</li> <li>- Project progress made towards a trial of new raw feed material, expected in 2023.</li> <li>- A fleet decarbonisation trial is underway in our CAM business, trialling new technology to reduce our diesel usage.</li> </ul> |
|   | <b>Lime</b>                      |  Process and energy efficiency improvements | <b>2022 Progress</b>  |
|  Explore options for alternative fuels |                                  |  |   |
|  Fuel switching                        |                                  |  |   |
|   | <b>Electricity</b>               |  Process and energy efficiency improvements | <b>2022 Progress</b>  |
|  Zero emissions electricity            |                                  |  |   |
|   | <b>Breakthrough technologies</b> |  Breakthrough technologies                  | <b>2022 Progress</b>  |
|   |                                  |  | <ul style="list-style-type: none"> <li>- Calix MoU executed and pre-feasibility study underway.</li> </ul>  |



We released our first EPD for our cement products as part of our commitment to providing customers with transparent and detailed information regarding each product's environmental credentials.

|                     |   |  |
|---------------------|---|--|
| Create new products | <p><b>Lower carbon products</b></p> <ul style="list-style-type: none"> <li>- Develop new SCMs</li> <li>- Innovate and develop lower carbon products</li> <li>- Launch Environmental Product Declarations (EPDs) to inform choice</li> <li>- Create product awareness to grow market demand</li> </ul> | <p><b>2022 Progress</b></p> <ul style="list-style-type: none"> <li>- Preparation for external verification for EPDs with our Cement Products EPD demonstrating that as at 18 November 2022 our Type GP cement produced at Birkenhead is Australia's lowest embodied carbon Type GP cement verified under an EPD.</li> <li>- Formation of an Adbri Product Innovation Council to project manage key low carbon product development ideas. Strong progress has been made under the management of the Council in the areas of:                         <ul style="list-style-type: none"> <li>- Type GL deployment</li> <li>- New and emerging SCM characterisation and development</li> <li>- Development of geopolymers capability for niche markets</li> <li>- Increasing SCM usage</li> <li>- Development of a low carbon concrete range</li> </ul> </li> </ul> |
|                     | <p><b>Building design and construction</b></p> <ul style="list-style-type: none"> <li>- Support efficient and innovative building design and construction</li> <li>- Recycle concrete</li> </ul>  |  |

|             |   |   |
|-------------|---|---|
| Collaborate | <p><b>Key partners</b></p> <p>Work together across our processes to reduce emissions and create new products with customers, suppliers, joint venture partners, technology developers, research organisations, industry associations, governments, and standard setting authorities</p> | <p><b>2022 Progress</b></p> <p>Partnerships with technology developers, industry associations and government remain a priority to Adbri, including:</p> <ul style="list-style-type: none"> <li>- Innovative technology and industry partnerships: Calix and AGL.</li> <li>- Innovation collaborations: HILT CRC, SmartCrete and MECLA.</li> <li>- Industry associations: Cement Industry Federation (CIF), Verein Deutscher Zementwerke (VDZ), WA Chamber of Minerals and Energy, and SA Chamber of Mines and Energy.</li> <li>- Continued advocacy at government policy level, including on Safeguard Mechanism reform.</li> </ul> |
|-------------|---|---|

## Responding to climate change continued

### Governance

**Physical climate change impacts and the transition to a low carbon future have been assessed as material risks to Adbri. Our Board oversees the company's response to climate change, including goal setting, strategy, investment decisions, risk management and performance against our commitments.**

- ✓ The Audit, Risk and Compliance Committee supports the Board with the oversight of climate-related risk management and financial disclosures, with the Board retaining overall accountability for Adbri's risk profile.
- ✓ The Board's SHES Committee meets quarterly throughout the year, with climate change performance a standing item for the meetings.
- ✓ [NZE Roadmap](#) commitments are considered in operational decisions by senior management and the Board.
- ✓ Management and Board are updated on performance against commitments and emerging threats and opportunities associated with climate change by the Climate and Sustainability function.
- ✓ Climate change has been included in the skills matrix for Adbri Directors since 2021.

Our [Corporate Governance Statement](#) outlines more information about our Board sub-committees.

During 2022, the Board and/or its sub-committees were engaged on climate change issues including:

- The release of our [NZE Roadmap](#) and endorsement of our targets and commitments.
- Regular briefings on climate change and sustainability regulatory and reform matters.
- Discussions on government, investor and shareholder perspectives on climate change issues.
- Consideration of sustainability impacts on strategy and investment decisions.
- Consideration of climate related risks and disclosures, including financial disclosures.
- Considerations concerning reduction of carbon emissions and climate change, how those considerations were built into management's impairment model, and the corresponding sensitivity analysis.
- Discussions and consideration of environment related risks and issues including the risk of environmental harm at an Adbri location or in the course of Adbri conducting its business activities.
- Updates and progress on emissions reductions.
- Update and progress on regulatory schemes and relevant disclosures including under the National Greenhouse Energy Reporting Scheme, the Safeguard Mechanism and the National Pollutant Inventory.

### Climate strategy

The Australian Government's Low Emissions Technology Statement 2021 identified low emissions cement as an emerging technology to help address Australia's key challenges, including decarbonisation and the expansion of Australia's manufacturing base, supporting jobs.

We envisage that our customers will continue to demand our products in the transition to a low carbon economy, with no obvious alternatives available today that can substitute for cement, concrete and lime at scale in mainstream applications.

Our [NZE Roadmap](#) outlines the short and medium-term targets that will take us to our long-term goal of net zero emissions by 2050, our action plan and our decarbonisation levers. These activities are linked to our overall corporate strategic pillars of Safety; Customer Focus; Inclusivity; and Sustainable Growth.

Successful implementation of our [NZE Roadmap](#) will deliver value to shareholders, help us maintain the trust of our stakeholders, retain and attract employees, and assist in securing access to capital, resources and markets long into the future.

### Scenario analysis

To ensure the risks and opportunities likely to emerge during the transition to a low carbon economy are better understood, we use scenario analysis as a tool to explore different climate change scenarios. Our scenario analysis was first published in our [2020 Sustainability Report](#).

During the development of our [NZE Roadmap](#), we assessed the International Energy Agency's (IEAs) World Energy Outlook which includes a new scenario: NZE by 2050. During 2022, we began our detailed analysis of this new scenario and look forward to issuing our results in the near future. We also intend to further assess and quantify the implications for Adbri's operations due to the physical risks posed by climate change in coming years. The 2022 Annual Report includes details of the physical adverse weather impacts experienced in the year.



## Risk management

**Our approach to risk management is guided by our Group Risk Appetite Statement, underpinned by sound risk management principles. Our risk management framework outlines the process for operationally monitoring and managing risk plans, controls and performance and for regularly reporting on them to the Executive Leadership Team and the Board Audit, Risk and Compliance Committee.**

Our risk register includes climate change and ESG issues as material risks. Our climate change risk assessment is aligned with the TCFD approach and includes an analysis of both transition and physical risks. A summary of these risks was included in the [2021 Sustainability Report](#) (page 50).

In order to mitigate our climate change risks, Adbri has been taking action to reduce energy consumption and GHG emissions and we regularly review our approach.

- ✓ We have invested in the innovative use of alternative fuels in our kilns to reduce the consumption of fossil fuels such as gas.
- ✓ We use low carbon materials such as slag and fly ash to substitute for emissions-intensive clinker in our cement and as additions in concrete manufacturing.
- ✓ We formed and released our [NZE Roadmap](#) which sets out our action plan and decarbonisation levers to achieve our net zero commitments.
- ✓ We have updated our scenario analysis to consider the IEA's NZE by 2050 scenario and will undertake additional work in 2023 to better understand the risks and potential control measures.



Birkenhead, South Australia.



# Building a better Australia... and a better Adbri

**We approach 2023 with a clear mandate to ensure our operations are safe, efficient and profitable, and our processes are simple, consistent and effective.**

The health and safety of our people will remain our priority, with a focus on simple, consistent safety systems and processes that are understood by everyone across the company.

By continuing to build a strong safety culture, and ensuring risks are actively identified, understood and managed, our people will 'work safe' so they can get 'home safe'.

Our Sustainability Framework and our material risks – particularly climate change and decarbonisation – will continue to shape Adbri's future sustainability activities.

Throughout 2023, we will continue to assess the sustainability risks and opportunities across our operations and make progress against our targets.

## Feedback

Adbri welcomes all feedback on the *2022 Sustainability Report*. If you have any questions or comments, please email [info@adbri.com.au](mailto:info@adbri.com.au). For more information about specific topics, see the Adbri [website](http://www.adbri.com.au) at [www.adbri.com.au](http://www.adbri.com.au).



## Disclaimer

This Sustainability Report has been prepared as part of Adbri Limited's annual reporting materials for the purpose of providing investors in Adbri Limited with general information regarding the Company's performance and plans for the future with respect to sustainability. The information included in this Sustainability Report and the Net Zero Emissions (NZE) Roadmap released by the Company to the Australian Securities Exchange on 2 May 2022 (Roadmap) is not investment or financial product advice. Before making an investment decision, you should seek appropriate financial advice, which may take into account your particular investment needs, objectives and financial circumstances. Past performance is no guarantee of future performance.

This Sustainability Report, as well as the Roadmap which is referred to and aspects of which are contained in this Sustainability Report, contain forward-looking statements and statements of opinion. These may include statements regarding climate change, transition scenarios, external enablers (including technology commercialisation, policy support, market support for lower carbon products, raw materials availability and energy availability), actions of third parties, as well as our goals, targets and plans in relation to sustainability (including health and safety, people and culture, community, the environment and climate change). Such statements may be identified by the use of terminology including, but not limited to, 'intend', 'aim', 'ambition', 'aspiration', 'goal', 'target', 'project', 'see', 'anticipate', 'estimate', 'plan', 'objective', 'believe', 'expect', 'commit', 'may', 'should', 'need', 'must', 'will', 'would', 'continue', 'forecast', 'guidance', 'trend' or similar words.

Unless specified otherwise, any such statements speak only at the date of this Sustainability Report or the Roadmap. Readers are cautioned not to place undue reliance on such statements, particularly in light of the long time horizon which this Sustainability Report and the Roadmap discuss and the inherent uncertainty in possible policy, market and technological developments in the future.

No representation or warranty is made regarding the accuracy, completeness or reliability of the forward-looking statements or opinion, or the assumptions on which either is based. All such information is, by its nature, subject to significant uncertainties outside of the control of the Company, and actual results, circumstances and developments may differ materially from those expressed or implied in this Sustainability Report or the Roadmap. There are also limitations with respect to scenario analysis, and it is difficult to predict which, if any, of the scenarios might eventuate.

Scenario analysis is not an indication of probable outcomes and relies on assumptions that may or may not prove to be correct or eventuate. Except as required by applicable laws or regulations, the Company does not undertake to publicly update or review any forward-looking statements, whether as a result of new information or future events.

To the maximum extent permitted by law, the Company and its officers do not accept any liability for any loss arising from the use of the information contained in this Sustainability Report or the Roadmap.

Unless otherwise stated, the emissions data contained in this Sustainability Report or the Roadmap is reported as 30 June, consistent with regulatory reporting requirements. The Company's financial year ends on 31 December.

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