

ENVIRONMENTAL SOCIAL GOVERNANCE FRAMEWORK





INTRODUCTION

ADCO has a proud culture of delivering quality construction projects for over 50 years and enjoys a rich history of partnerships with our clients, consultants, trade partners and the supply chain. Throughout this time, we have implemented environmental management practices across our business undertakings and have continued to hold independent external certification to International Standards Organisation (ISO) 14001 Environmental Management Systems for more than two decades.

We know our business undertakings influence the industry so in 2022 we have renewed our actions to promote sustainable construction that has a positive impact on our projects to further reduce greenhouse gases and other emissions. This renewed approach is in response to an increased recognition of our responsibility to people and the planet and acknowledgment of the growing awareness that capital allocation decisions should be undertaken with the sustainability of our shared environment in mind.

ADCO acknowledges climate change and its risk to the longterm profitability of business enterprises. This includes risks within the transition to a low carbon economy and the emergence of new opportunities and markets for products and services that support and promote a sustainable future.

In July 2022 ADCO committed to implementing a new environmental, social and governance (ESG) strategic plan (ESG Strategic Plan) across our business undertakings. This commitment follows on from the existing ADCO Environmental Sustainability Roadmap launched in 2021.

STRATEGIC FOCUS

The ESG Strategic Plan identifies twenty key focus areas which include climate risks and opportunities; resources and emission reductions, supply chain procurement, protection of the natural environment and replenishment of high value bio-diversity areas, workforce inclusion and diversity, health and safety including psychosocial risks, local procurement, and ethical principles and policies. The ESG Strategic Plan's initiative will commence in the 2023 financial year to further enhance and build on the ADCO Environmental Sustainable Roadmap.

ADCO has formally appointed a Sustainability Leadership Group to drive its ESG Strategic Plan. The Group consists of senior management from its State businesses, corporate management and site based personnel and is tasked with implementation of the Plan and its resourcing.

ADCO has aligned its ESG reporting on key focus areas and strategic imperatives with the Global Reporting Initiative (GRI) to enable the highest level of transparency available in the long-term interests of our key stakeholders, interested parties and ADCO employees. Alignment with the GRI will provide for

improved understanding and communication of ADCO material impacts for focus areas such as GHG emissions and reduction targets, waste, the rights of First Nations Peoples, employment and local procurement for the purposes of sustainability reporting.

This reporting, commencing in 2023, will form the basis by which ADCO will seek to benchmark across indices relevant to its industry sector. Indices such as the Dow Jones Sustainability Index; EcoVadis, FTSE4Good, GRESB or similar will be sought to assist ADCO to benchmark its ESG approach.

Key Focus Areas FY23 to FY28

To achieve our EGS Strategic Plan commitments, ADCO has determined the following key focus areas:

Environmental

- Climate risks and opportunities
- Resources and emissions reduction and net zero pathway
- Supply chain procurement
- Protection of the natural environment and replenishment of biodiversity

Social

- Community engagement
- Workforce diversity and inclusion
- Health and safety
- Sustainable economic growth
- The rights of First Nations Peoples

Governance

- Board/Senior Management
 - Disclosure
 - Audit and assurance
 - Business continuity planning
 - Ethical principles and policies
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ENVIRONMENTAL

ADCO environmental actions include:

1. Measure and baseline current Greenhouse Gas (GHG) emissions, resources, Scope 1, 2, 3 emissions footprint and normalise, e.g. CO₂ per \$1m turnover (primary indicator) and CO₂ per m² GFA.
2. Implement climate scenario analysis and related business continuity analysis and integrate with enterprise risk management impacts including financial impacts and verify reduction targets.
3. Determine enterprise targets to reduce GHG emissions based on identified benchmarks and reduction pathways to commence 2030 including approved offsets.
4. Reduction targets to achieve ADCO Net Zero Pathway GHG emissions reduced offsets.
5. Enhance understanding of aspects, impacts and protection of the natural environment, biodiversity and prevention of pollution.
 - Protection of the natural environment, replenishment of biodiversity and the prevention of pollution.
 - Project and office environmental standards.
 - Environmental management systems and ongoing certification to ISO 14001 to promote continuous improvement.
6. Sustainable procurement and engagement with supply chain on ESG innovation, focus on recycled and reconstituted sustainable product selection and emergence of products produced by viable energy sources alternate to fossil fuels.
7. Benchmark ADCO to environmental rating schemes identified.



SOCIAL

ADCO social actions include:

1. Community engagement and philanthropy

2. Employee engagement, retention and talent management

- Workforce diversity and inclusion, gender equity and equal opportunity and
- Freedom of association and collective bargaining

3. Health, safety, physical and mental psychosocial risks

- Ongoing certification to iso 45001 to promote continuous improvement
- Increased focus on psychosocial hazards and mental health and well-being
- Employee Assistance Program

4. Promotion of local procurement

- Supply agreements include local procurement

5. The rights of First Nations Peoples

- Reconciliation Action Plan
- Supply agreements include First Nations suppliers
- First Nations employment

6. Sustainable economic growth

- Pathways for long-term value for stakeholders, including the broader community
- Community engagement and benefits

7. Training, development and workforce participation

- Average hours, participation, programs, performance reviews/career development
- ADCO Cadet Program
- ADCO Leaders Program
- ADCO Emerging Leaders Program



GOVERNANCE

ADCO governance actions include:

1. Board and senior management

- Engagement and oversight
- Endorsement of ESG directions
- Sustainability Leadership Group

2. Disclosure of material risks/impacts

- Assessment of impacts material to the business and its undertakings

3. Feedback and disclosure policies

- ESG public reporting
- Public disclosure policy

4. Audit and independent assurance

- Data integrity systems
- ESG reporting
- External assurance

5. Business continuity planning

- Enterprise strategic aspects and impacts

6. Ethical principles and policies

- Public disclosure of policies and metrics on employees, gender, turnover, benefits, leave entitlements, flexible working

7. Employee Code of Conduct

- ESG reporting

8. Independent indices and assessment

- Benchmarks externally, e.g., Dow Jones Sustainability Index; EcoVadis, FTSE4Good, Global Real Estate Sustainability Benchmark to assist ADCO to benchmark its ESG approach





OUR COMMITMENTS

ADCO is committed to the integration of its ESG Strategic Plan across its business undertakings to generate longterm value for our stakeholders, including the broader community and the natural environment.

We are supportive of set targets aligned with the Australian Government Net Zero Pathway including:

- identifying viable reduction pathways from our emissions footprint;
- understanding our emissions in the context of the 2016 Paris Agreement and Australian Government commitments to achieve net zero by 2050;
- implementing reduction opportunities in a range of initiatives across our business undertakings including electrification and renewable energy sources, viable alternative energy sources for new products such as green concrete and steel;
- the procurement of goods and services that support and promote a sustainable future; and
- public disclosure and reporting on ADCO progress against our ESG Strategic Plan focus areas on an annual basis.

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