

# 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 broader supply chain.

Throughout this time, management practices embedded across our business undertakings, remain consistent with international standards including:

- ISO14001 Environmental Management Systems, maintained by ADCO for more than two decades.
- ISO 45001 Occupational Health and Safety Management Systems which underpins our 'Safer by Choice' commitment to reinforcing employee psychosocial well-being, safe and healthy workplaces, and our broader social responsibilities.
- ISO 9001 Quality Management Systems and our commitment to 'Do It Once, Do It Right,' with focus on the reduction of rework and defects and associated consumption of valuable resources and materials.

ADCO acknowledges Climate Change and its risk to the long term profitability of business enterprises. In response we have identified risks and opportunities to our business from climate change including the transition to a low carbon economy and the emergence of new markets for products and services that support and promote sustainable development.

In July 2022, ADCO committed to implementing a new environmental, social and governance (ESG) strategic plan (ESG Strategic Plan – 5 Year Horizon) across our business undertakings. Initiatives commenced in 2022 and continue to build on the plan's commitments to emissions benchmarking and reduction initiatives, net zero and compliance with evolving regulatory frameworks, such as Climate-related Financial Disclosure (CrFD) laws.

# STRATEGIC FOCUS

The ESG Strategic Plan identifies twenty key focus areas and strategic imperatives, including climate risks and opportunities; resource and emission reductions; sustainable supply chain procurement; protection of the natural environment and replenishment of high-value biodiversity areas; workforce inclusion and diversity; health and safety, including psychosocial well-being; responsible procurement; and ethical principles and policies.

The ADCO appointed ESG Leadership Group has responsibility to drive the implementation of the ESG Strategic Plan. The Group comprises senior management from State businesses, corporate management and site based personnel who are tasked with oversight of ESG strategy implementation and resourcing.

ADCO has aligned its ESG reporting on key focus areas and strategic imperatives with the Global Reporting Initiative (GRI) and the United Nations Sustainable Development Goals (UN SDGs). The specific UN SDGs most directly relevant to our environmental, social and governance actions are identified in each section of this framework. This alignment enables the highest level of transparency in the long-term interests of our key stakeholders, interested parties and ADCO employees.

Alignment with the GRI also enhances our understanding and communication of ADCO material impacts across areas such as GHG emissions and reduction targets, waste management, the rights of First Nations Peoples, employment and responsible procurement. These efforts support our sustainability reporting and compliance with Climate-related Financial Disclosure (CrFD) Laws.

Ongoing reporting has informed the continued development of our ESG approach and provided a basis for benchmarking against relevant industry and sector indices. ADCO continues to explore indices such as the Dow Jones Sustainability Index; EcoVadis, and the Global Real Estate Sustainability Benchmark (GRESB) to support continuous improvement and alignment of our ESG performance.

## Key Focus Areas FY23 to FY28

To achieve our EGS Strategic Plan commitments, ADCO key focus areas include:

Environmental	Social	Governance
<ul style="list-style-type: none"><li>Climate risks and opportunities</li><li>Emission benchmarks</li><li>Emission reductions and a net zero pathway</li><li>Supply chain procurement</li><li>Protection of the natural environment and biodiversity</li></ul>	<ul style="list-style-type: none"><li>Community engagement</li><li>Workforce diversity and inclusion</li><li>Health and safety</li><li>Responsible procurement</li><li>Sustainable economic growth</li><li>The rights of First Nations Peoples</li></ul>	<ul style="list-style-type: none"><li>Board/Senior Management</li><li>Disclosure</li><li>Audit and assurance</li><li>Business continuity planning</li><li>Ethical principles and policies</li></ul>



# ENVIRONMENTAL

ADCO environmental actions include:

1. Measure and baseline of Greenhouse Gas (GHG) emissions and resource use, including Scope 1, 2 and 3 emissions. Normalise results, e.g., CO<sub>2</sub>e per \$1m turnover (primary indicator) and CO<sub>2</sub>e per m<sup>2</sup> of Gross Floor Area (secondary indicator).
2. Ongoing tracking and reporting of emissions have been established through internal software to support compliance with mandatory disclosures under Climate-related Financial Disclosure Laws.
3. Climate Change risks and opportunities have been identified and integrated with related business continuity assessments, enterprise risk management and financial impact analysis. Associated reduction targets are required to identify pathways for regulatory disclosure and net zero expectations.
4. Establish enterprise targets to reduce GHG emissions, based on completed benchmarks and reduction pathways to commence in 2030, including the use of approved offsets where requested by a Client.
5. Implement reduction initiatives to achieve the ADCO Net Zero Pathway, including ongoing emissions tracking.
6. Enhance understanding of environmental aspects, impacts and protection of the natural environment including:
  - Protection of biodiversity and the prevention of pollution.
  - Application of project and office environmental set up standards.
  - Environmental management systems and ongoing certification to ISO 14001 to promote continuous improvement.
  - Ongoing focus on integrated quality management, underpinned by certification to ISO 9001, to reduce rework and associated resource use.
7. Promote responsible procurement and engagement with the ADCO supply chain on ESG innovation, focusing on recycled and reconstituted sustainable product selection and the use of materials produced by viable energy alternatives to fossil fuels.
8. Benchmark ADCO performance against identified environmental rating schemes to track progress and inform continuous improvement of its ESG approach.

## UN SDG ALIGNMENT



# SOCIAL

ADCO social actions include:

## 1. Community engagement and philanthropy

- ADCO Community Day is held nationally each year.

## 2. Employee engagement, retention and talent management

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

## 3. Health, safety, physical and psychosocial well-being

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

## 4. The rights of First Nations Peoples

- Reconciliation Action Plan (Innovate).
- Systems to support and increase procurement from First Nations businesses.
- First Nations employment, including culturally appropriate support.
- Early, ongoing, and respectful engagement with local First Nations communities

## 5. Sustainable economic growth

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

## 6. Promotion of responsible procurement

- Systems to support sourcing from verified social benefit suppliers that create social value for beneficiary groups, including social enterprises, not-for-profits, local businesses, and cooperatives.
- Initiatives to strengthen supplier diversity and promote ethical, sustainable practices across our supply chain.
- Ongoing measures to prevent modern slavery and support transparency and accountability in procurement decisions.

## 7. Training, development and workforce participation

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

## UN SDG ALIGNMENT



# GOVERNANCE

ADCO governance actions include:

## 1. Board and senior management

- Engagement and oversight.
- Endorsement of ESG directions.
- ESG Leadership Group, including oversight of Climate-related Financial Disclosure (CrFD) Law reporting obligations.
- CrFD Steering Committee to guide implementation and disclosure compliance.

## 2. Disclosure of material risks/impacts

- Assessment of impacts material to the business and its undertakings, including climate-related risks and opportunities in line with CrFD requirements.

## 3. Feedback and disclosure policies

- ESG public reporting.
- Public disclosure policy, incorporating compliance with mandatory CrFD reporting.

## 4. Business continuity planning

- Enterprise strategic aspects and impacts, including resilience planning for climate change risk and opportunity scenarios.

## 5. Audit and independent assurance

- Data integrity systems.
- ESG reporting.
- External independent audit certifications ISO14001, ISO45001, ISO9001, ISO/IEC27001.
- External independent assurance to verify ESG and CrFD reporting.

## 6. Ethical principles and policies

- Public disclosure of policies and metrics relating to employees, gender, turnover, benefits, leave entitlements and flexible working arrangements.
- Modern Slavery Policy and oversight of associated risk management.

## 7. Employee Code of Conduct

- Supplier Code of Conduct.
- Workplace conduct training.
- Corporate Induction Booklet.

## 8. Independent indices and assessment

- External benchmarking against sustainability indices incl. EcoVadis, FTSE4Good, Global Real Estate Sustainability Benchmark (GRESB) to assist ADCO in evaluating its ESG approach.

## UN SDG ALIGNMENT







# OUR COMMITMENTS

**ADCO is committed to the integration of its ESG Strategic Plan across its business undertakings to generate long term value for our stakeholders, including Clients, the 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 emission reduction opportunities in a range of initiatives within our business undertakings including electrification and renewable energy sources, viable alternative energy sources for key products such as concrete and steel;
- The procurement of goods and services that support and promote the circular economy, and
- Public disclosure and reporting on ADCO progress against our ESG Strategic Plan focus areas.

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