

2 May 2022

Adbri announces Roadmap to a net zero emissions future by 2050

Adbri Limited (“Adbri” or “the Company”) (ASX:ABC) today released its Net Zero Emissions (NZE) Roadmap that establishes new medium-term greenhouse gas (GHG) emissions reduction targets on the path to its goal to be net zero emissions by 2050.

Highlights

- Adbri has set three new medium-term 2030 emissions reduction targets for cement, lime and electricity, working towards the goal of net zero emissions by 2050
- The Roadmap builds upon Adbri’s 32% reduction in operational greenhouse gas (GHG) emissions since 2010
- Adbri is partnering with leading technology developers, research organisations and industry partners to commercialise at scale key breakthrough technologies that are critical to achieve our net zero emissions goal

Adbri operates two emissions-intensive and hard-to-abate processes: the integrated manufacture of clinker and cement; and lime production. We believe cement, concrete and lime are essential materials to the global economy and play a critical role in the transition to a low carbon environment; supplying key industries including construction, infrastructure, energy, mining and agriculture.

New targets

Adbri has set three medium-term 2030 targets for cement, lime and electricity, providing greater transparency on the main sources of our emissions and our actions to reduce them. These targets build on our short-term target and position us to achieve our long-term goal.

Targets		Scope 1	Scope 2	Scope 3
Short-term target FY24	7% absolute reduction in operational emissions by FY24 vs FY19 baseline	●	●	
Medium-term targets FY30	20% reduction in cement emissions intensity (kg CO ₂ e net/tonne) by FY30 vs FY20 baseline	●		
	10% reduction in lime emissions intensity (kg CO ₂ e/tonne) by FY30 vs FY20 baseline	●		
	100% zero emissions electricity ¹ supply by FY30		●	
Long-term goal 2050²	Net zero emissions Scope 1 + Scope 2 + Scope 3	●	●	○ ³

Adbri has set an intensity target for cement to align with the Global Cement and Concrete Association commitments for 2030 which provides a basis to compare industry performance. Currently, there are no international emissions intensity benchmarks for lime production.

1. Zero emissions electricity includes electricity from renewable generation and emerging technologies such as power generation using hydrogen. In the event that firming capacity is required from non-renewable sources, we intend to offset the associated emissions.
2. 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 may affect our ability to meet our goal, such as retrofitting to our existing plant.
3. Our pathway to achieving net zero Scope 3 emissions remains under development. In the NZE Roadmap, we have prioritised medium-term targets for Scope 1 and Scope 2 emissions. We intend to set a Scope 3 target in the future in support of our overarching goal to be net zero emissions by 2050.
4. Unless otherwise stated, the emissions data contained in the NZE Roadmap is reported as financial year (FY) 30 June, consistent with regulatory reporting requirements. Adbri’s financial year is 31 December.

Adbri's cement emissions intensity in FY20 was 557kg CO₂e net/tonne cement. Our medium-term target to reduce cement emissions intensity by 20% by FY30 would deliver 446kg CO₂e net/tonne cement. This has the potential to deliver a 47% reduction from FY12 to FY30.

Adbri's lime emissions intensity in FY20 was 1,100kg CO₂e/tonne lime. Our medium-term target to reduce lime emissions intensity by 10% by FY30 would deliver 990kg CO₂e/tonne lime. The emissions intensity of our lime manufacturing over the last decade has been relatively flat, highlighting the limited commercial abatement actions available.

PwC has provided limited assurance for our baseline data for cement and lime.

For electricity, we have set an ambitious medium-term target to achieve 100% zero emissions supply by FY30. Zero emissions electricity includes electricity from renewable generation and emerging technologies.

Whilst the medium-term targets include intensity targets for cement and lime, the intention of our long-term 2050 goal is based on an absolute reduction in emissions across our full value chain – Scope 1, Scope 2 and Scope 3 emissions. Our initial focus in the NZE Roadmap is on our operational emissions – Scope 1 and Scope 2. We plan on setting targets for our Scope 3 emissions following further engagement with our suppliers, JV partners and customers.

The NZE Roadmap builds on Adbri's performance to date in emissions reduction. Since FY10, the Company has delivered a 32% reduction in operational GHG emissions and has invested more than \$50 million in projects delivering abatement outcomes over the past decade. Adbri was the first company to utilise refuse derived fuel (RDF) for Australian cement manufacturing to reduce our reliance on traditional fossil fuels.

Commenting on the NZE Roadmap, Adbri Managing Director & CEO Nick Miller said:

"Adbri is committed to taking action on climate change. This NZE Roadmap builds on our strong decarbonisation progress to date and establishes clear targets and actions we will advance as we strive to achieve net zero emissions by 2050."

"Adbri's products have a key role to play as Australia transitions to a low carbon future. We believe that success in implementing our NZE Roadmap can deliver value to shareholders and customers, help us maintain the trust of our stakeholders, retain and attract employees while securing access to capital, resources and markets long into the future. Adbri will be transparent and accountable on our progress and we look forward to sharing our performance against our targets."

Adbri's action plan

To achieve our net zero emissions goal, the Roadmap prioritises three key actions: reduce emissions, create new products, and collaborate with key partners. Under each of these actions, there are a number of near term initiatives and future opportunities we will pursue including improving energy efficiency, increasing our use of alternative fuel, developing lower carbon products, collaborating with stakeholders and investing in breakthrough technology. The Roadmap sets this out in more detail.

Commenting on the importance of stakeholder collaboration and investment in new technologies, Mr Miller said:

"We have an important role in advancing climate change action, but we cannot do this alone. It requires the input, support and actions of other stakeholders. Government policy that creates the right framework for change is critical, coupled with real business action as customer preferences and community expectations shift. We are exploring options to expand our range of partnerships and collaborations to accelerate the commercialisation of breakthrough technologies at scale that will be required for us to achieve net zero emissions across our entire value chain."

A key part of collaboration includes engaging with investors. Commenting on the roadmap Laura Hillis, Director, Corporate Engagement, Investor Group on Climate Change and Australia representative on the Climate Action 100+ Steering Committee said:

"Investors have been engaging with Adbri via Climate Action 100+ since 2019. The new approach to climate change outlined in Adbri's report is welcome. The new commitments represent a significant step forward in providing investors the clarity and commitments they have been calling for while recognising uncertainties in the pathway to decarbonise cement and lime. Investors will continue to engage with the company to ensure these new commitments are met, to seek further information on the company's post 2030 pathway and to call for additional disclosure in line with TCFD and other best practice guidance and standards."

To demonstrate the importance of the net zero emissions 2050 goal, executive remuneration has been linked to both financial and sustainability targets, including climate change KPIs. Adbri will provide annual updates on our performance against our targets in our Sustainability Report.

Adbri will host a NZE Roadmap webcast today to outline the Company's targets, opportunities and initiatives supporting its decarbonisation pathway.

The webcast details are set out below:

Date: Monday, 2 May 2022
Start time: 11:00am (AEST)

Pre-registration link: <https://publish.viostream.com/app/s-dx1yj14>

Participants should register using the pre-registration link provided to avoid any delays.

-ENDS-

Authorised for release by the Board.

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