

# ASX ANNOUNCEMENT

3 November 2021

## Sustainability Market Briefing

Attached is the presentation to be given today at 10:30am (AEDT)

The presentation will be webcast live via [www.lendlease.com](http://www.lendlease.com)

### ENDS

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***Authorised for lodgement by the Lendlease Group Disclosure Committee***

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**Lendlease Responsible Entity Limited** ABN 72 122 883 185 AFS Licence 308983  
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# Sustainability Market Briefing

3 November 2021





# SUSTAINABILITY STRATEGY AND TARGETS

London: Elephant Park



**Cate Harris**

Group Head of  
Sustainability  
and Lendlease  
Foundation



# Acknowledgement of country

As a developer, builder and manager of assets on land across Australia, we pay our respects to the Traditional Owners, especially their Elders past and present, and value their custodianship of these lands.





# FY21 SUSTAINABILITY HIGHLIGHTS

Launched  
**Mission Zero**  
Raising awareness of  
our carbon targets

**\$47.3 million**  
Social value created  
**18.9%**  
of \$250 million target by  
FY25

Launched second  
**Elevate RAP<sup>1</sup>**  
2020 – 2023

Published  
**Modern Slavery  
Statement**  
Covering all operations  
globally

Founding signatory to  
**SteelZero**  
initiative



**MIND<sup>2</sup>**  
To be 100%  
powered by  
renewable  
energy

**Net Zero  
Carbon**  
US Multifamily  
portfolio

**>50%**  
of Melbourne Quarter  
precinct is green and  
publicly accessible



**100%**  
Construction projects  
in Chicago using  
renewable electricity

Founding member of  
**MECLA<sup>3</sup>**  
Decarbonising  
Australia's building and  
construction industry

**#1 ranked**  
Office fund in GRESB<sup>4</sup>

**A+ rankings<sup>5</sup>**  
Strategy and  
Governance  
Awarded by PRI

Australian Building  
business providing  
**Net Carbon  
Neutral**  
construction  
three consecutive years

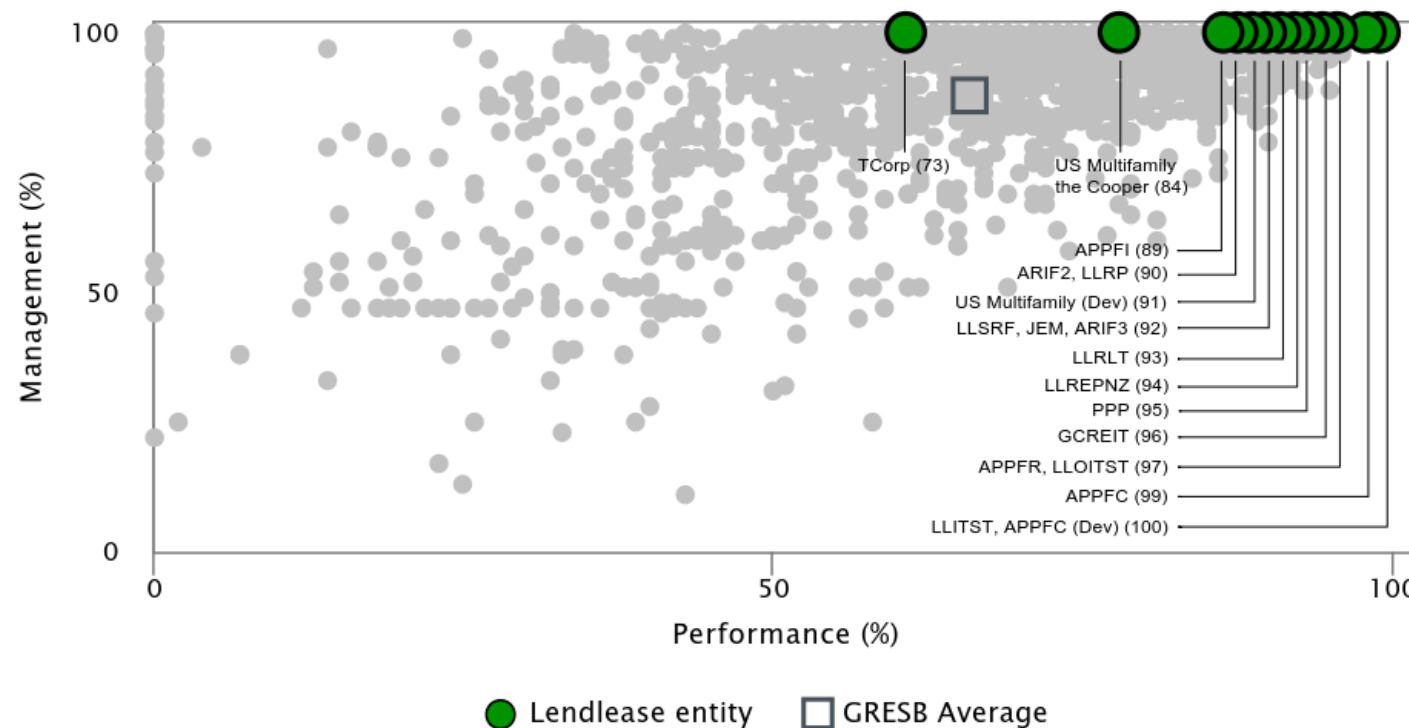


**Four**  
Funds  
ranked in the  
GRESB<sup>4</sup> top  
10

1. Reconciliation Action Plan.
2. Milan Innovation District.
3. Materials and Embodied Carbon Leaders Alliance.
4. 2021 Global Real Estate Sustainability Benchmark.
5. Awarded to Lendlease Funds Management.



Four Lendlease managed funds were assessed in the GRESB global top 10, including LLITST<sup>1</sup> which scored the first 100%.



#### 2021 Participation

- Lendlease submitted 17 responses covering US\$26 billion in assets under management
- Overall, there were 1,520 participants covering c.117,000 properties, representing US\$5.7 trillion in assets under management
- Participation increased by 24% compared with 2020

1. Lendlease International Towers Sydney Trust.





# SUSTAINABILITY IS IN OUR DNA



Our commitment is simple - to create value for all those who interact with us through a triple bottom line focus. This is the key for strong securityholder returns.

## Targets

Target 8-11% core operating ROE  
anticipated by FY24

Strong securityholder returns

## Targets

Net zero carbon by 2025 (scope 1&2)

Absolute zero carbon by 2040  
(scope 1,2&3)

## Targets

\$250m of social value over  
5 years to 2025

Incident and injury free



# SUSTAINABILITY AT LENDLEASE

Guided by our Sustainability Framework and Targets.

The Framework focuses on where the impact of our work is the greatest.

Our social value target and our environmental targets were set as the measurable objectives that complete our Sustainability Framework.

## Creating thriving communities

### SUSTAINABILITY IMPERATIVES



**SUSTAINABLE  
ECONOMIC GROWTH**



**VIBRANT AND RESILIENT  
COMMUNITIES AND CITIES**



**HEALTHY PLANET  
AND PEOPLE**

### ENVIRONMENTAL FOCUS

**Resources and materials**

**Climate action**

**Nature and pollution**

### SOCIAL VALUE FOCUS

**Economic prosperity**

**Community inclusion**

**Wellbeing**

### TARGETS



**WE ARE A 1.5°C  
ALIGNED COMPANY**

Net Zero Carbon  
Scope 1&2 by 2025  
Absolute Zero by 2040



**\$250m SOCIAL VALUE  
BY 2025**

Assessing shared value  
partnerships beyond project  
and asset obligations



# INDUSTRY LEADING TARGETS



**WE ARE A 1.5°C  
ALIGNED COMPANY**

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Net Zero Carbon  
Scope 1&2 by 2025  
Absolute Zero by 2040

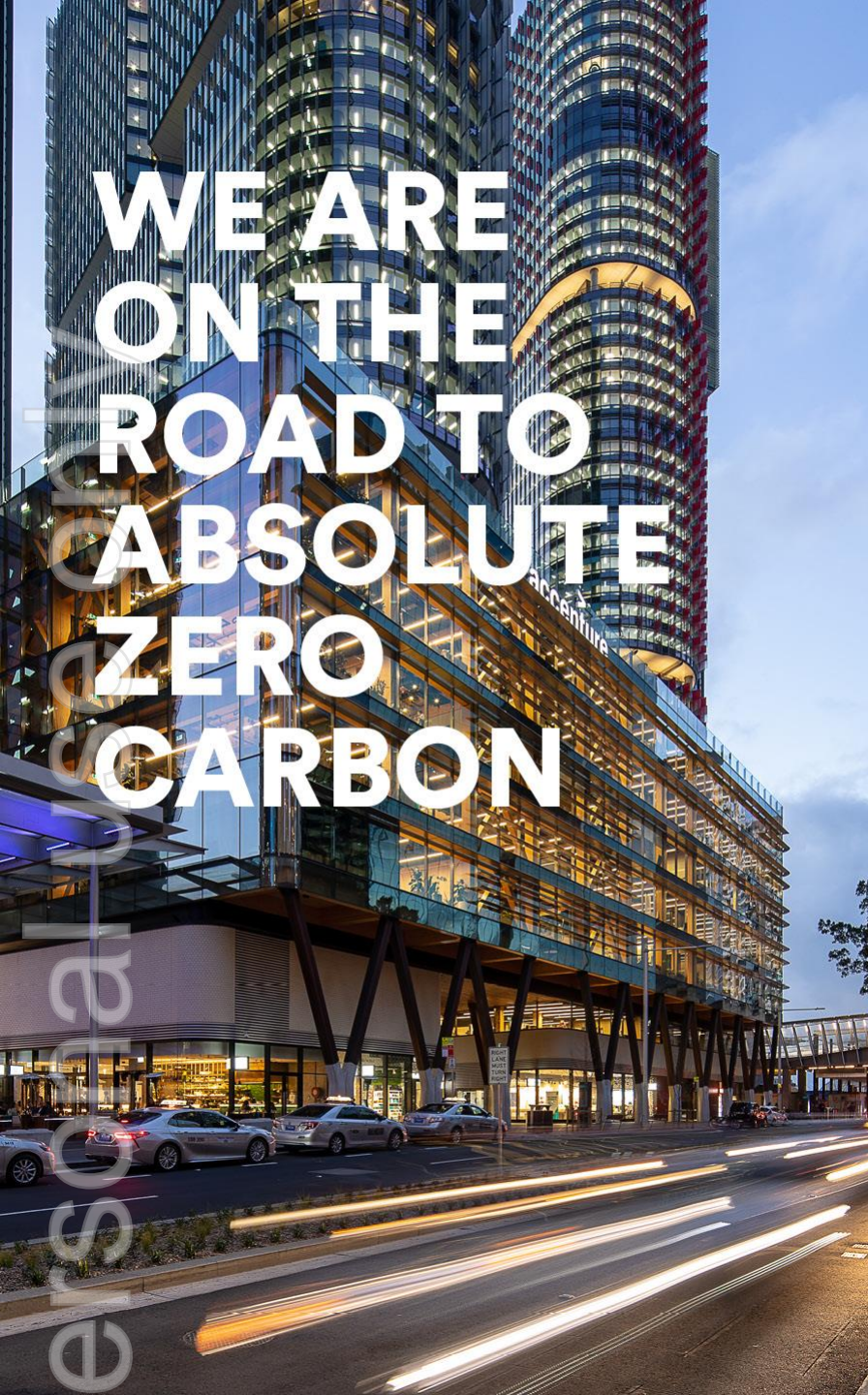


**\$250m SOCIAL VALUE  
BY 2025**

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Assessing shared value  
partnerships beyond project  
and asset obligations

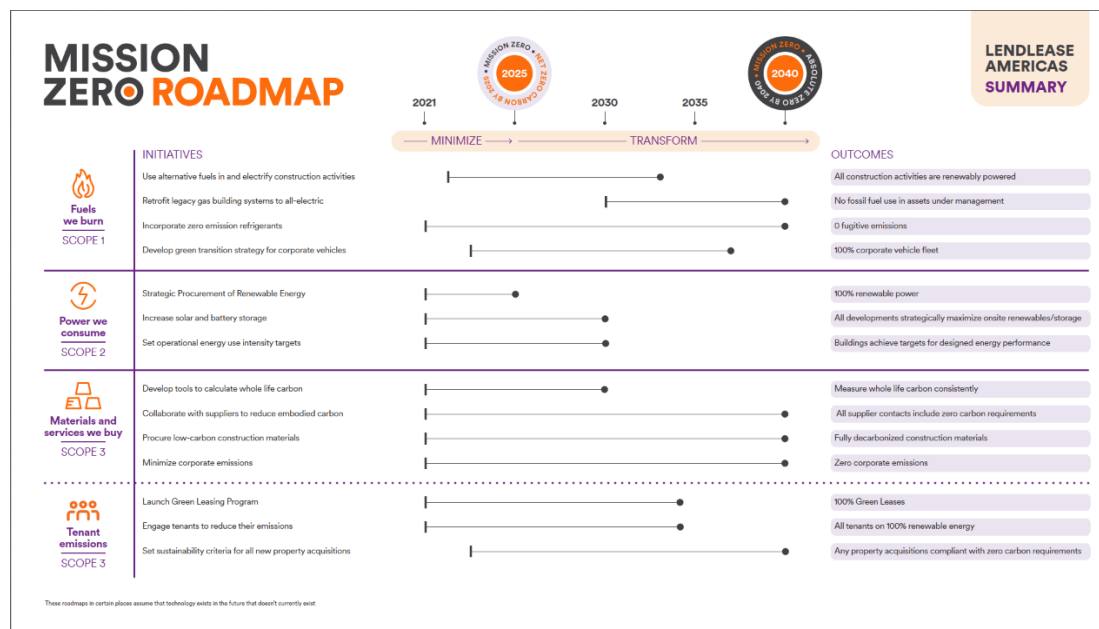




# WE ARE ON THE ROAD TO ABSOLUTE ZERO CARBON

## Our five key steps to absolute zero carbon

- 1 Create a decarbonisation investment strategy in 2021
- 2 Phase out diesel and gas in our operations
- 3 Use 100% renewable electricity before 2030
- 4 Collaborate with supply chain partners to set pathways to achieve absolute zero carbon by 2040
- 5 Collaborate with our tenants and residents to transition to renewable electricity and achieve absolute zero carbon by 2040



A Mission Zero Roadmap created for each Region





# 1.5°C ALIGNED ACTIONS & ACHIEVEMENTS

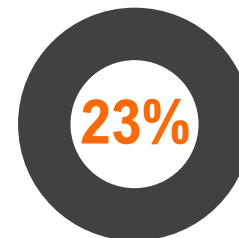
Sydney: Daramu House, Barangaroo – on Gadigal Country



**Simon Wild**

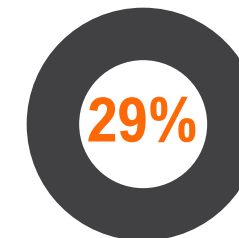
Head of  
Sustainability  
Transformation





of our Scope 1 and 2 emissions offset in FY21

We are well on our way to offsetting 100% of our residual carbon emissions to achieve Net Zero Carbon by 2025

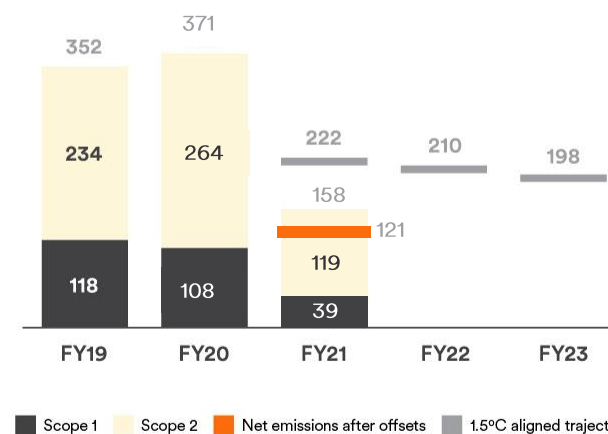


below our 1.5°C aligned trajectory for Scope 1 and 2 emissions in FY21

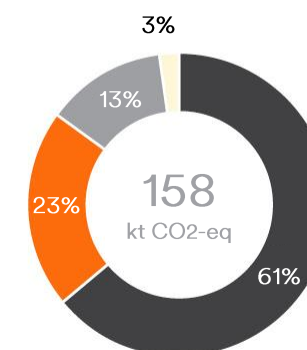
We are in a good position to achieve our target of absolute zero by 2040

## FY21 CARBON EMISSIONS SUMMARY

Scope 1 and 2 carbon target performance ktCO<sub>2</sub>-eq



Scope 1 and 2 emissions by business line



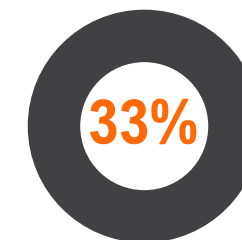
Investments & Development  
Construction  
Non-Core  
Lendlease tenancies

1. Our 1.5 Degree Aligned trajectory is a straight-line gross emission reduction from FY14 baseline year to zero emissions (without offsets) in FY40.

WE ARE IN A  
GOOD  
POSITION TO  
ACHIEVE OUR  
TARGET OF  
ABSOLUTE  
ZERO BY 2040



# AND WE MADE SIGNIFICANT PROGRESS ON OUR 2030 RENEWABLE ELECTRICITY TARGET



of electricity use from renewable sources, including grid renewable electricity

## FY21 energy use by business line (GWh)

	FY19	FY20	FY21
Investments & Development	307	319	195
Construction	170	123	124
Non-Core	368	406	58
Lendlease Tenancies	9	8	7
<b>Total</b>	<b>854</b>	<b>856</b>	<b>384</b>
<b>% of electricity use from renewable sources including grid renewable electricity</b>			<b>33%</b>



# ESG DATA BOOK

## Global

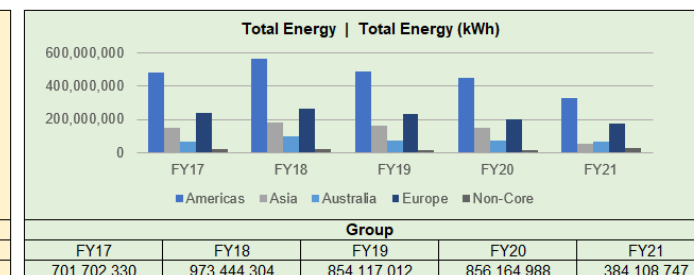
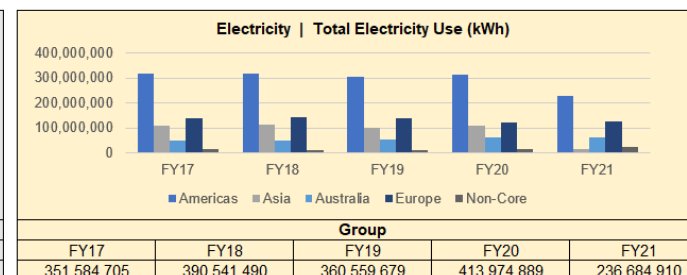
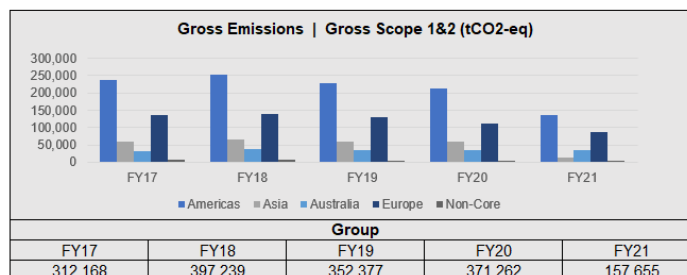


### Charts

**Graph 1**  
Gross Emissions  
Gross Scope 1&2 (tCO2-eq)

**Graph 2**  
Electricity  
Total Electricity Use (kWh)

**Graph 3**  
Total Energy  
Total Energy (kWh)



### Data

Gross Emissions	
Group	
Core	
Americas	
Asia	
Australia	
Europe	
Non-Core	

FY19				
Gross Scope 1 (tCO2-eq)	Gross Scope 2 (tCO2-eq)	Gross Scope 1&2 (tCO2-eq)		
Group	118,508	233,869	352,377	
Core	41,410	186,388	227,798	
Americas	13,728	46,520	60,248	
Asia	4,156	30,551	34,707	
Australia	22,257	107,912	130,169	
Europe	1,269	1,405	2,674	
Non-Core	77,098	47,481	124,579	

FY20				
Gross Scope 1 (tCO2-eq)	Gross Scope 2 (tCO2-eq)	Gross Scope 1&2 (tCO2-eq)		
Group	107,633	263,629	371,262	
Core	31,619	180,778	212,397	
Americas	8,448	51,424	59,872	
Asia	3,156	31,469	34,625	
Australia	17,963	95,472	113,435	
Europe	2,052	2,413	4,465	
Non-Core	76,014	82,851	158,865	

FY21				
Gross Scope 1 (tCO2-eq)	Gross Scope 2 (tCO2-eq)	Gross Scope 1&2 (tCO2-eq)		
Group	39,259	118,396	157,655	
Core	27,036	110,358	137,394	
Americas	7,648	5,159	12,807	
Asia	1,214	32,682	33,896	
Australia	16,657	71,666	88,323	
Europe	1,517	851	2,368	
Non-Core	12,223	8,038	20,261	

Net Emissions	
Group	
Core	
Non-Core	

Net Scope 1 (tCO2-eq)	Net Scope 2 (tCO2-eq)	Net Scope 1&2 (tCO2-eq)		
Group				
Core				
Non-Core				

Net Scope 1 (tCO2-eq)	Net Scope 2 (tCO2-eq)	Net Scope 1&2 (tCO2-eq)		
Group				
Core				
Non-Core				

Net Scope 1 (tCO2-eq)	Net Scope 2 (tCO2-eq)	Net Scope 1&2 (tCO2-eq)		
Group	22,391	99,069	121,460	
Core	10,168	91,031	101,199	
Non-Core	12,223	8,038	20,261	

Electricity	
Group	
Core	
Non-Core	

Total Electricity Use (kWh)				
Group	360,559,679			
Core	304,264,241			
Non-Core	56,295,438			

Total Electricity Use (kWh)				
Group	413,974,889			
Core	311,934,712			
Non-Core	102,040,177			

Total Electricity Use (kWh)	Renewable Electricity Use (kWh)	% Renewable Electricity		
Group	236,684,910	78,029,353	33	
Core	226,895,012	76,388,514	34	
Non-Core	9,789,898	1,640,839	17	

Liquid Fuels	
Group	

Non-Renewable Fuels (litres)	Renewable Fuels (litres)	Total Fuels (litres)		
Group	40,047,171	514,835	40,562,006	

Non-Renewable Fuels (litres)	Renewable Fuels (litres)	Total Fuels (litres)		
Group	35,501,669	481,374	35,983,043	

Non-Renewable Fuels (litres)	Renewable Fuels (litres)	Total Fuels (litres)		
Group	8,961,379	58,894	9,020,273	



Our focus in FY21 has been to leverage the work done to date to further enhance the climate related strategic resilience of our business.

To do this, over 100 senior leaders across the global business participated in a series of TCFD Business Impact workshops.

The workshops used the five CRIs<sup>1</sup> that were identified as most likely to appear in the next 10 years from each scenario as the basis of review.

Participants were asked to:



Identify positive and negative sensitivities to each CRI relative to other sectors



Identify what actions could be taken to reduce sensitivity and either absorb, adapt or transform to the CRIs



Determine what the residual sensitivities would be if those actions were taken.

1. Climate Related Impact.

# FY21 TCFD BUSINESS IMPACT WORKSHOP PARTICIPANT SUMMARY



# SOCIAL VALUE ACTIVITY AND ACHIEVEMENTS

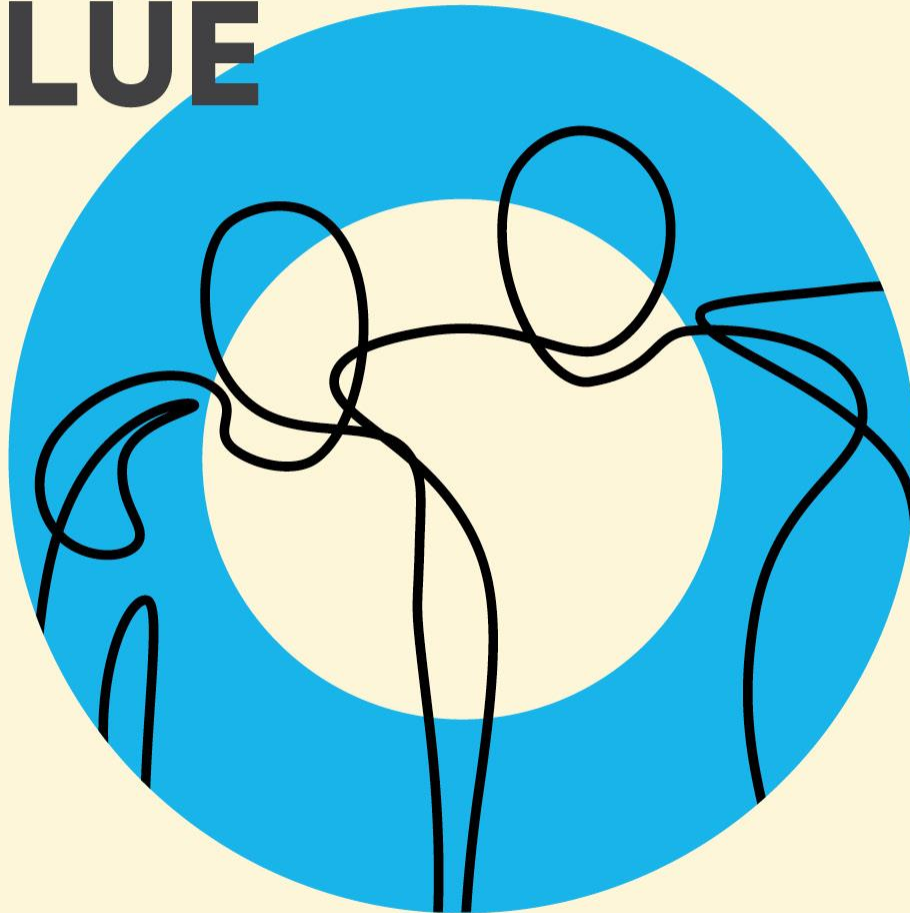


**Edmund  
McCombs**

Head of  
External  
Partnerships



# SOCIAL VALUE




Progress  
towards  
our target

**18.9%**  
of our  
target  
reached  
in FY21

**\$47,323,000**  
achieved  
as at 30 June 2021







HideOut  
Youth Zone,  
UK

## Our four key steps to creating and measuring social value

- 1 Implement an industry accepted methodology
- 2 Benchmark our existing portfolio of partnerships
- 3 Establish new partnerships and processes to expand our social value creation
- 4 Expand social evaluation efforts to our projects and assets (not currently captured in our social value target)

OUR  
PATHWAY  
TO CREATE  
SOCIAL  
VALUE





OzHarvest  
(Australia)



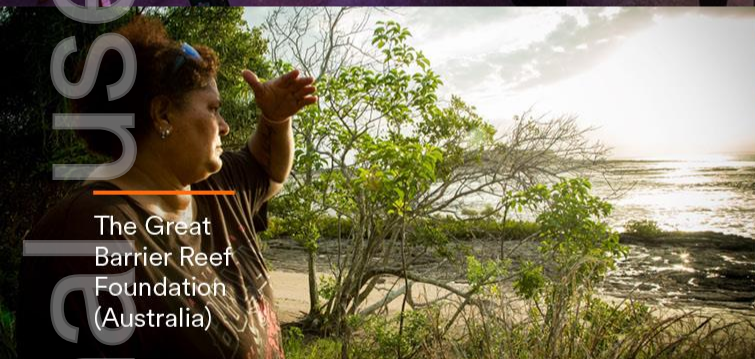
Projek  
Komuniti Kita  
(Malaysia)



Loneliness  
Lab (UK)



Red Cross  
(Australia)



The Great  
Barrier Reef  
Foundation  
(Australia)



Programma  
2121 (Italy)



Living Works  
- Mental  
Health (USA)



Chicago  
Women  
in Trades  
(USA)



## Benchmark our existing portfolio of partnerships

- Commenced assessment of Lendlease Foundation shared value partnerships to evaluate social value created
- Used financial proxies to determine the social value we created across different countries

FY21 Summary



Shared value  
partnerships assessed



Additional partnerships  
to undergo assessment



4

## Expand social evaluation efforts to our projects and assets

- Worked with ASVB to establish relevant social value financial proxies and an assessment methodology suitable for us on our projects and assets
- Social Metrics relating to skilling/training, employment, mental health, volunteering, housing/homelessness and diverse supplier spend to be rolled out via our FOOTPRINT platform at the project/asset level during FY22 with a full roll out in FY23
- Metrics aim to capture the social value that is happening at the project/asset level



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# SUPPLY CHAIN AND PROCUREMENT



**Peter  
Bounsall**

Group Head of  
Supply Chain





Our Global Supply Chain strategy will support the ongoing delivery of our pipeline.

1

Critical supplier assessments, audits and enhanced insights **for risk mitigation** planning

2

**Advanced category management** for high-risk trades to further unlock value and mitigate risk

3

Address **decarbonisation** (Scope 3) targets via Supply Chain Partnerships and product standards

4

Continue to increase Global spend with **small-to-medium enterprises** and social benefit suppliers

5

**Build a connected Supply Chain** to support our digital journey and introduce advanced technologies

KEY SUPPLY  
CHAIN  
STRATEGIC  
FOCUS  
AREAS



# MODERN SLAVERY FOCUS AREAS

Our efforts to increase supply chain transparency continued with a phased, risk-based approach in the following focus areas.



## Mitigation

Progressing regional labour risk mitigation actions and category risk heatmapping



## Analytics

Building our analytics for supplier screening, segmentation and risk analysis



## Processes

Embedding our Supplier Code, templates and frameworks within our business processes



## Audit

Implementing our FY21 audit program focusing on labour risks

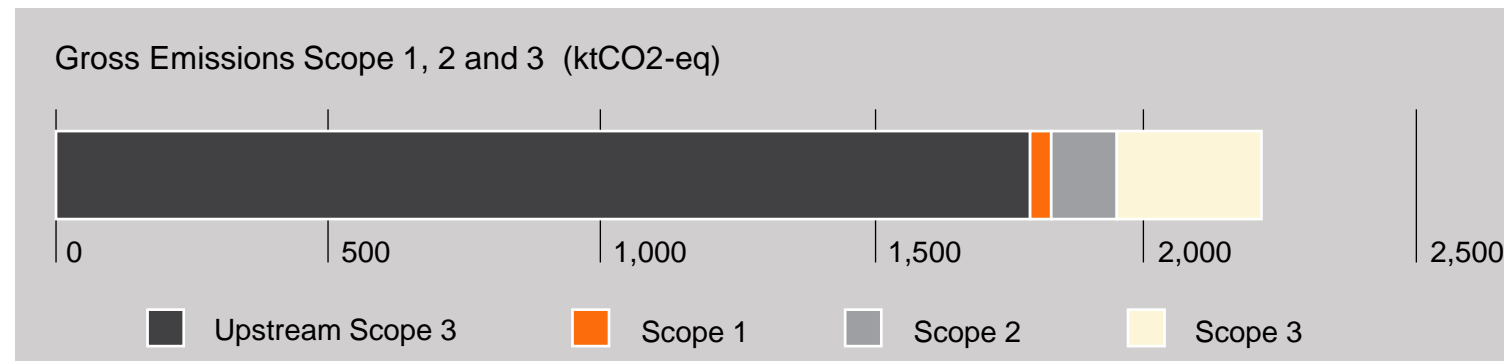


## Engagement

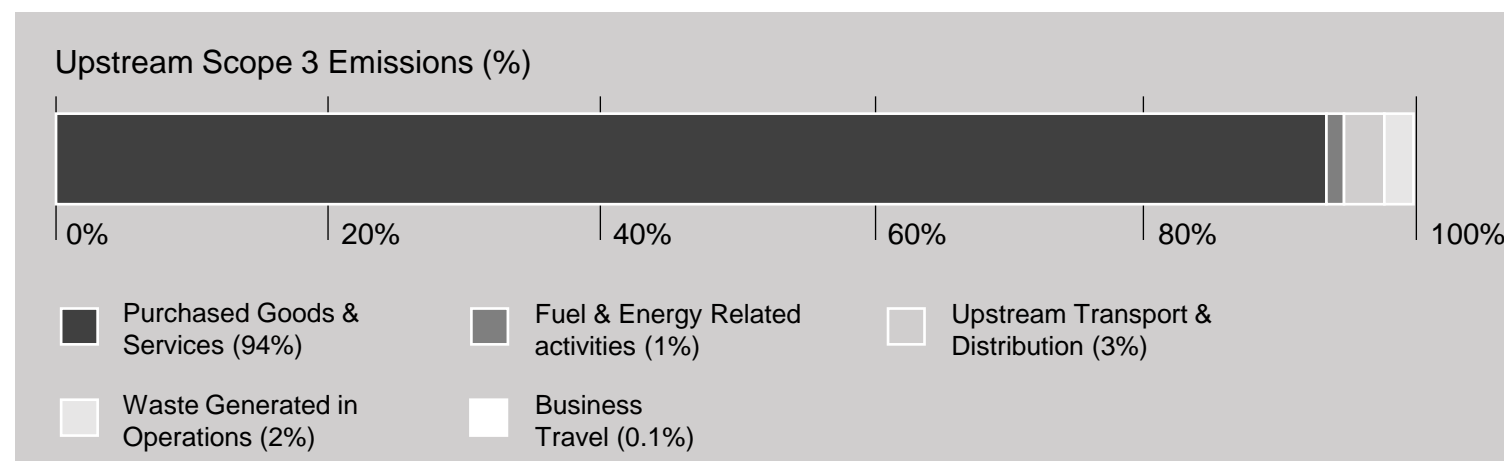
Continuing our engagement with strategic suppliers, clients, investors, regulators, industry and civil society



In FY21, 15% of our Scope 1, 2 & 3 emissions were from Downstream Scope 3 emissions. 81% were from Upstream Scope 3.



Of the 1,786 kt CO<sub>2</sub>-eq Upstream Scope 3 emissions 94% were from Purchased Goods & Services.



IN FY21 THE  
BUSINESS  
DISCLOSED  
ESTIMATED  
SCOPE 3  
EMISSIONS



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# QUESTIONS

Sydney: Darling Square – on Gadigal Country






















# POLARISATION SCENARIO (>3°C)

Our Polarisation Scenario sees a world where climate action is delayed by the polarisation of climate action. This delay results in a world where physical climate change risks are the greatest across our three scenarios.

The integration of 'Leadership in Sustainability' as a strategic priority and our Net and Absolute Zero Carbon targets sees high levels of positive sensitivity in both leadership in decarbonisation and a shift in consumer preference to secure and create resilient communities.

Continued integration of physical climate risk assessments into our investment and business processes is essential to reducing negative sensitivities and building resilience to physical climate change risk.

Climate Related Impact	Residual Sensitivity		
	Development	Construction	Investment
Impact of climate change on assets and communities			
Impact of climate change on the way we work			
Shift in consumer preference toward secure and resilient communities			
Industry leadership in decarbonisation valued			
Impact of climate change on cities			

Higher negative sensitivity     Higher positive sensitivity



# PARIS ALIGNMENT SCENARIO (2–3°C)

Our Paris Alignment Scenario sees a market led transition to a lower carbon future through global government commitments to the Paris Agreement, resulting in higher regulation to climate action and with lower physical impacts of climate change compared to our Polarisation scenario.

There are many ‘difficult to decarbonise’ products and materials in our supply chain, including cement, steel and aluminium. The cost of decarbonisation in our supply chain creates negative sensitivities for future development opportunities. Our commitment to Absolute Zero Scope 3 emissions will drive action in our supply chain, creating resilience in our strategy.

Our leadership in sustainability and carbon targets creates similar positive sensitivities to decarbonisation as per our Polarisation scenario.

Climate Related Impact	Residual Sensitivity		
	Development	Construction	Investment
Increase speed of change in climate related impacts	<div></div>	<div></div>	<div></div>
Increase cost of carbon	<div></div>	<div></div>	<div></div>
Demand for decarbonisation of supply chain	<div></div>	<div></div>	<div></div>
Increased scrutiny over actions versus branding	<div></div>	<div></div>	<div></div>
Industry leadership in decarbonisation valued	<div></div>	<div></div>	<div></div>

Higher negative sensitivity  Higher positive sensitivity




# TRANS- FORMATION SCENARIO (<2°C)

Our Transformation Scenario sees a rapid decarbonisation pathway, where global emissions peak in 2020 and are close to zero in 2040.

The speed of change that is needed to limit global warming to 1.5°C is likely to create negative sensitivities in our supply chain as suppliers try to keep pace with decarbonisation demands and shifting preferences towards localisation.

Our leadership in sustainability and carbon targets create similar positive sensitivities to decarbonisation, as per our Polarisation and Paris Alignment scenarios.

Climate Related Impact	Residual Sensitivity		
	Development	Construction	Investment
Increase speed of change in climate related impacts			
Local companies preferenced over global ones			
Shifting social licence to operate expectations			
Industry leadership in decarbonisation valued			
Shifting consumer preferences towards lower impact living			

Higher negative sensitivity       Higher positive sensitivity



# SUSTAINABLE FINANCE AT LENDLEASE

## Aligned to strategy

- Sustainable finance instruments help deliver on our sustainability imperatives of sustainable economic growth, vibrant and resilient communities and healthy planet and people.
- Sustainable financing instruments to be used by Lendlease as well as Lendlease managed projects and funds.

## Governance and reporting

- Lendlease's Sustainable Finance Framework and Second Party Opinion from Sustainalytics is available on the Lendlease website.
- Impact reporting for green bonds is provided annually and assured by KPMG.
- Carbon emissions reporting aligned to Mission Zero is provided annually and assured by KPMG.

## Bonds

- **A\$500m 7yr Green Bond executed October 2020**
- **A\$300m 10yr Green Bond executed March 2021**
- Proceeds of the bonds are focused on green buildings earmarked to eligible projects in Lendlease's global portfolio.
- Bond issuance is aligned to the ICMA Green Bond Principles.

## Loans

- **€200m 5yr Sustainability Linked Loan (SLL) and US\$300m SLL executed July 2021**
- **A\$ and S\$ SLLs anticipated in FY22**
- KPI aligned to Lendlease's Mission Zero, that is Absolute Zero scope 1 and scope 2 carbon emissions by 2040.
- Margin adjustments under the SLLs fund emissions reductions initiatives of the Lendlease Group.
- Aligned to the LMA/APLMA Sustainability Linked Loan Principles.

Smithfield,  
Birmingham<sup>1</sup>



Melbourne  
Quarter  
Tower<sup>1</sup>



1. Artist's impression  
(image subject to change and  
further design development  
and planning approval)



# ELEVATE RECONCILIATION ACTION PLAN (RAP)

Our third RAP and second Elevate RAP titled Country, Truth and our Shared Story, was launched in October 2020.

Providing cultural engagement and learning for all employees



Making First Nations businesses foundational in our supply chain



Supporting First Nations voices within Lendlease



## FY21 Actions

5,153 Lendlease employees in Australia have completed face to face or online cultural awareness learning since FY12

Recognition of Country and the story of place is implemented at the beginning of our project

155 Supply Nation businesses engaged (registered and certified Indigenous businesses)

\$65.4 million spent in FY21 with registered and certified Indigenous businesses

Our procurement goal aligns with the national Raising the Bar initiative, which sets annual targets to embed First Nations owned businesses in our supply chain

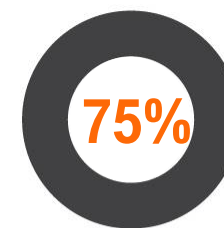
1 per cent of Lendlease Australian employees identify as First Nations Australians

8 First Nations Australian employees sit in leadership roles

We're focused on bringing First Nations leadership into senior management role



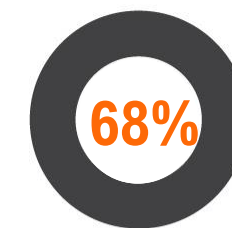
# ENVIRONMENTAL FOCUS: REDUCING WASTE



FY21  
increased  
waste  
diversion rate  
to 75%



Partnered with  
WWF<sup>1</sup> Singapore  
on a Waste in  
Retail Research  
Initiative



Total waste  
decreased by  
approximately  
68%<sup>2</sup> in FY21

## FY21 waste diverted and disposed (kTonnes)

	FY19	FY20	FY21
Waste disposed	682	338	61
Waste diverted	705	409	181
<b>% Waste diverted from landfill</b>	<b>51%</b>	<b>55%</b>	<b>75%</b>

1. World Wildlife Fund.

2. Waste reductions were assisted by the sale of the Engineering Business and COVID-19 impacts.



# ENVIRONMENTAL FOCUS: REDUCING WATER CONSUMPTION

- FY21 water consumption dropped by approx. 32%<sup>1</sup>
- Total village water consumption across our Australian Retirement Living portfolio decreased by 1.8 per cent in CY2020 compared to CY2019.
- In our 48 villages with real time water monitoring, water consumption decreased by 4.1 per cent over the same period.
- Savings have been realised by residents through their village water bills.

## FY21 water consumption by business line (MLitres)

	FY19	FY20	FY21
Investments & Development	4,935	4,950	4,289
Construction	600	476	332
Non-Core	610	711	27
Lendlease Tenancies	52	47	46
<b>Total</b>	<b>6,197</b>	<b>6,184</b>	<b>4,694</b>

1. Water reductions were assisted by the sale of the Engineering Business and COVID-19 impacts.



# ENVIRONMENTAL FOCUS: PROMOTING BIODIVERSITY

Southbank  
Park, Chicago

- Valuing natural capital continues to be a focus for us globally
- The urban ecosystem at Southbank, Chicago, stands in lush contrast to the site's past history
- In Malaysia, The Exchange TRX will be delivering a new city park in Kuala Lumpur



The Exchange  
TRX new city  
park, Kuala  
Lumpur



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