

Appendix 4G

Key to Disclosures

Corporate Governance Council Principles and Recommendations

Introduced 01/07/14 Amended 02/11/15

Name of entity

LENLEASE CORPORATION LIMITED

ABN / ARBN

ACN 000 226 228

Financial year ended:

30 JUNE 2020

Our corporate governance statement² for the above period above can be found at:³

☐ These pages of our annual report:

☒ This URL on our website: <https://www.lendlease.com/au/company/governance/>

The Corporate Governance Statement is accurate and up to date as at 17 August 2020 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: 17 August 2020

Name of Director or Secretary authorising lodgement: Wendy Lee, Company Secretary

¹ Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

² "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

³ Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...
	PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT	
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 2. ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 2.
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 4.
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 2 (senior executive) and on page 4 (director).
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 4.

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...
<p>1.5 A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 13.</p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> at https://www.lendlease.com/au/company/governance/</p> <p>... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 13.</p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input checked="" type="checkbox"/> in the Corporate Governance Statement on page 13.</p>
<p>1.6 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on pages 4 and 5.</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 5.</p>
<p>1.7 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on pages 2 and 3.</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 3.</p>

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...
	PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE	
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on pages 5-7.</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at https://www.lendlease.com/au/company/governance/</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on pages 5-7 and in the Annual Report on page 105.</p>
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	<p>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in the Annual Report on page 98.</p>
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>... the names of the directors considered by the board to be independent directors:</p> <p><input checked="" type="checkbox"/> in the Annual Report on pages 92-97.</p> <p>... and, where applicable, the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 3.</p> <p>... and the length of service of each director:</p> <p><input checked="" type="checkbox"/> in the Annual Report on pages 92-97.</p>
2.4	A majority of the board of a listed entity should be independent directors.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 3.</p>

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 4.
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 4.
PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY		
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 11. A copy of the Code of Conduct can be found at https://www.lendlease.com/au/company/governance/
PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING		
4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	[If the entity complies with paragraph (a):] ... the fact that we have an audit committee that complies with paragraphs (1) and (2): <input checked="" type="checkbox"/> in our Corporate Governance Statement on pages 5-7. ... and a copy of the charter of the committee: <input checked="" type="checkbox"/> at https://www.lendlease.com/au/company/governance/ ... and the information referred to in paragraphs (4) and (5): <input checked="" type="checkbox"/> in our Corporate Governance Statement on pages 5-7 and in the Annual Report on page 105. For the qualifications and experience of the members of the committee, in the Annual Report.

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement on pages 9-10.
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 10.
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE		
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	... our continuous disclosure compliance policy or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 11. A copy of the policy is available on the Lendlease website at https://www.lendlease.com/au/company/governance/
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS		
6.1	A listed entity should provide information about itself and its governance to investors via its website.	... information about us and our governance on our website: <input checked="" type="checkbox"/> at https://www.lendlease.com/au/company/governance/
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 11.
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	... our policies and processes for facilitating and encouraging participation at meetings of security holders: <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 11.
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 11.

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...
	PRINCIPLE 7 – RECOGNISE AND MANAGE RISK	
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on pages 5-7.</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at https://www.lendlease.com/au/company/governance/</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on pages 5-7 and in the Annual Report on page 105.</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on pages 8-9.</p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 8.</p>
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... how our internal audit function is structured and what role it performs:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 10.</p>

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks: <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 9 and in the Annual Report in the Sustainability and Risk sections.
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY		
8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	[If the entity complies with paragraph (a):] ... the fact that we have a remuneration committee that complies with paragraphs (1) and (2): <input checked="" type="checkbox"/> in our Corporate Governance Statement on pages 5-7. ... and a copy of the charter of the committee: <input checked="" type="checkbox"/> at https://www.lendlease.com/au/company/governance/ ... and the information referred to in paragraphs (4) and (5): <input checked="" type="checkbox"/> in our Corporate Governance Statement on pages 5-7 and in the Annual Report on page 105.
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives: <input checked="" type="checkbox"/> in the Remuneration Report in the Annual Report
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	... our policy on this issue or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 12.



Corporate Governance Statement

Corporate Governance Statement

Commitment to governance

This statement sets out the principle features of Lendlease's corporate governance framework and main governance practices.

Lendlease is committed to exceptional corporate governance policies and practices which are fundamental to the long term success and prosperity of Lendlease and its subsidiaries (**the Group**). Lendlease regularly reviews its governance practices to address its obligations as a responsible corporate entity.

Unless indicated otherwise, a reference in this Corporate Governance Statement of the Board is a reference to the Boards of Directors of Lendlease Corporation Limited (**LLC**) and Lendlease Responsible Entity Limited (**LLREL**) which is the responsible entity of the Lendlease Trust.

Australian Securities Exchange (**ASX**) Listed Entities are required to report on the extent to which the company followed the ASX Corporate Governance Council Principles and Recommendations (**Principles**) during the reporting period. Throughout the reporting period, the Board considers that the corporate governance framework complied fully with the third edition of the Principles.

This Corporate Governance Statement reflects the corporate governance and other related policies and practices in place for the Group as at 17 August 2020 and has been approved by the Lendlease Board. Copies of all the governance documents can be found in the corporate governance area of the Lendlease website at www.lendlease.com.

1. Board and Management Roles and Responsibilities

Relevant policies and charters (see www.lendlease.com)

Board Charter

Board Committee Charters

1.1 Board Responsibilities

The Board Charter sets out the role, structure, responsibilities and operation of the Board as well as the function and division of responsibilities between the Board and senior management.

Following the appointment of a new Chairman in November 2018, a comprehensive review of the Board and its Committees was undertaken. A range of opportunities were identified to enhance the effectiveness and efficiency of the Board process and the responsibilities reserved specifically for the Board and its Committees. Following this review, the main responsibilities specifically reserved for the Board include the following:

- Approval of the business strategy and vision in line with efforts to drive securityholder value creation;
- Approval of business plans which includes operating budgets;
- Receiving, considering and approving the Group's financial reports;
- Approval of major investments, transactions, acquisitions or divestitures following review and endorsement by the Board Risk Committee;
- Determining capital structure and distribution policy;
- Benchmarking the delivery of value to customers, clients and partners;

Reviewing the performance of the Group CEO and Global Leadership Team (**GLT**) in conjunction with the People and Culture Committee;

- Oversight succession planning for the Group CEO and the GLT in conjunction with the People and Culture Committee;
- Oversighting the management of social, economic and environmental concerns consistent with the delivery of sustainability outcomes for stakeholders and the achievement of the Group's Incident & Injury Free visions;

- Receiving reports on and monitoring reputation, brand and community relations;
- Reviewing Group governance related policies.

The Board Charter sets out these responsibilities in further detail and is reviewed on a regular basis to ensure the balance of responsibilities remains appropriate.

1.2 Role of the Group CEO and Senior Management

The Board delegates authority for all other functions and matters necessary for the day-to-day management of the Group to the Group CEO, who delegates to senior management as required.

Limits of Authority are in place which outline the matters specifically reserved for determination by the Board and those matters delegated to Board Committees or Group Executive Management. The Group CEO is accountable to the Board for the authority delegated to all levels of management. The Limits of Authority are reviewed on at least an annual basis in light of specific business, market and economic changes. All Directors have access to management to request information.

The management structure of Lendlease consists of the Group CEO and the GLT.

The GLT comprises the Group Chief Financial Officer, the Group Chief Commercial and Risk Officer, the Group Head of People & Culture, the Group General Counsel, the Group Head of Corporate Affairs and Marketing, Group Head of Engineering and Building, Chief Digital Officer and the CEOs of the Americas, Asia, Europe and Property Australia. The GLT is responsible for managing the Group's performance and key business issues in line with the Group's long term strategy. A written agreement is in place between the Group and each senior executive setting out the terms of their appointment.

The GLT meet on a regular basis and each meeting is chaired by the Group CEO.

Review of Group CEO and Senior Management

The Board sets goals for the Group CEO which are contained in a scorecard. The Group CEO is responsible for setting goals for the GLT which are reviewed and discussed at the People and Culture Committee. Following a recommendation

from the People and Culture Committee, the Board ultimately approves the Group CEO and GLT goals each year, having regard to the Group's strategic priorities, financial and non-financial goals and with efforts focussed on fewer, more critical objectives. The non financial goals include operational, people and strategic objectives. The Board has a rigorous process for the setting of scorecards at the beginning of the financial year and for the evaluation of scorecards at the end of the year. Short Term Award outcomes for the GLT are assessed against these financial and non financial targets.

The Group CEO and the People and Culture Committee conduct detailed reviews of the performance of the GLT against these goals during the year, culminating in a detailed review at the end of the financial year. In addition, each member of the GLT conducts a performance evaluation of their own performance with the Group CEO. In addition to the review conducted against the scorecard and goals, the Board assesses the Group CEO and GLT against Lendlease's defined leadership capabilities, values and leadership behaviours. A review of the performance of all members of the GLT was conducted in the financial year and was in accordance with the procedure described above.

The reviews by management are reported to and considered by the People and Culture Committee for the purposes of its consideration and ultimate recommendations to the Board on performance against scorecards.

Remuneration

The Board has comprehensively outlined the Executive Reward Strategy and framework in the Remuneration Report. The Remuneration Report explains how performance has been linked to reward outcomes at Lendlease. Further information is set out in the Remuneration Report on page 106 to 137.

1.3 Meetings

The Board meets as often as necessary to fulfil its role and Directors are required to allocate sufficient time to the Group to perform their responsibilities effectively, including adequate time to prepare for Board meetings. There are ten scheduled Board meetings each year and additional meetings are held as required. During the year 16 meetings of the Board were held. Five meetings were held in person: three in Australia, one in Asia and one in the UK. In addition, there were three video/teleconference meetings scheduled in the FY20 Board calendar. From March 2020, the Board proceeded to meet using technology only, due to the mandatory travel and group meeting restrictions put in place in response to the COVID-19 pandemic. Two of these meetings were already scheduled in the FY20 Board calendar as in person meetings but proceeded using video/teleconference

technology. An additional six meetings were held via video/teleconference to discuss specific matters, and matters were dealt with as required by circular resolution. From time to time special subcommittees are formed to give the Board better guidance and provide oversight concerning specific matters. During the reporting period, eight Board subcommittee meetings were also constituted to deal with specific matters.

Further detail on the number of Board and Committee meetings held during the financial year and the attendance of Directors at those meetings can be found in the Directors' report on page 105.

As an international company and having regard to the material scale of individual projects, the Board program is formulated to reflect the geographic spread of the Lendlease businesses with Board meetings scheduled in Australia and the regions where Lendlease operates. During the reporting period, these meetings were held in Australia, the UK and Asia. Typically, the Group's senior management would be invited to attend and present at Board meetings where appropriate. These meetings generally run over two to five days and include a number of activities outside of the formal meeting. These include business briefings, presentations from internal and external sources, project site visits, client meetings and networking events with employees and key stakeholders. These additional activities help to provide the Non-Executive Directors a deeper understanding of the operations within each region. Further details of the Lendlease Board regional program can be found on pages 99 to 101 of the Annual Report. Due to the restrictions placed upon the Board regional program as a result of COVID-19, the Board is exploring ways to incorporate parts of the regional program using technology.

The number of Directors required to constitute a quorum is three.

1.4 Independent Decision Making

Any Director may seek external, independent, professional advice relating to their role as a Lendlease Director at the expense of Lendlease with the approval of the Chairman of the Board. The policy of the Board is that external advice will be made available to all Directors unless the Chairman of the Board determines otherwise. To facilitate independent decision making by the Board, the Non-Executive Directors meet at every Board meeting without management present.

2. Structure and Composition of the Board

Relevant governance documents (see www.lendlease.com)

Lendlease Corporation Limited Constitution

Board Charter

Policy on Independence of Directors

2.1 Composition and Membership

The Board consists of 10 directors of which 9 have been assessed as independent. The Group's Managing Director and Chief Executive Officer, Stephen McCann, is the only executive on the Board. Membership of the Board and profiles of the Directors including their skills, experience and expertise relevant to their position as well as the period they have held office as a director can be found on pages 92 to 97 of the Annual Report.

The Directors have a range of local and international experience and expertise, as well as specialised skills to assist with decision making and leading the Group for the benefit of securityholders.

2.2 Independent Directors

The Board's Policy on the Independence of Directors sets out the criteria and guidelines for assessing the independence of Directors and assists the Board in determining whether a Director is to be regarded as independent.

The predominant test used by the Board is whether the Director is independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement. This general test of independence is supplemented by specific criteria and thresholds which encompass the definition of independence set out in the ASX Recommendations.

The Board evaluates the materiality of any interests or relationships that could be perceived to compromise independence on a case-by-case basis having regard to the circumstances of each Director. Where the Board is satisfied in the circumstances that the Director meets the general test of independence the Board may, in its absolute discretion, determine that a Director is independent even though not all of the criteria under the Policy are satisfied. Appropriate disclosures will be made to the market where the Board considers that an independent Director has ceased to be independent.

An assessment of the independence of each Director is conducted each year and on disclosure by a Director of any new interests or relationships.

The Board considers that all the Non-Executive Directors are independent and have remained so throughout the year. Executive Director, Stephen McCann Group CEO and Managing Director is not considered to be an independent Director due to his integral involvement in the day-to-day management of the Group's businesses.

2.3 Chairman of the Board

The Chairman of the Board is elected by the Directors and serves as the primary link between the Board and management. The Board Charter prohibits the current or any former CEO of the Group from becoming Chairman and the roles of Chairman and Managing Director are separate.

The Chairman provides leadership to the Board so that the Board works effectively and discharges its responsibilities. The Chairman is responsible for ensuring that each Director participates fully in Board activities and works with the Company Secretary to set and guide the Board agenda and ensure that Board meetings are held regularly throughout the year.

The current Chairman of the Board is Michael Ullmer who was appointed as Chairman in November 2018.

2.4 Company Secretary

Appointed by the Board, the Company Secretary works with the Chairman of the Board to monitor and enhance corporate governance processes and to ensure that Board policies and procedures are followed. The Company Secretary is accountable directly to the Board through the Chair on all matters to do with the proper functioning of the Board. Details of the experience and qualifications of the Company Secretary are set out in the Directors' Report on page 97 of the Annual Report.

2.5 Retirement and Re-election of Directors

Under the Constitution of LLC, at each Annual General Meeting one-third of the Directors and any other Director who will have been in office for three or more Annual General Meetings since he or she was last elected (excluding the Managing Director) must retire from office and may submit themselves for re-election. Prior to standing for election or re-election, each director undergoes a performance evaluation which is considered by the Board in making a recommendation in respect to re-election. Securityholders are also provided with all material information relevant to a decision whether or not to elect or re-elect a new Director.

2.6 Selection and Appointment of New Directors

The Nomination Committee is responsible for the recommendations to the Board in respect to the appointment of new Directors. The aim is to have a Board comprised of Directors with an appropriate mix and balance of skills, expertise, experience, diversity and independence. Both individually and collectively, the Board considers that the Directors have an appropriate mix and balance of these attributes. The Board skills matrix can be found on page 98 of the Annual Report.

Board succession is reviewed throughout the year. The process of selecting a new Director involves reviewing the experience of current Directors, identifying any gaps in the Board skill-sets and commissioning an international recruitment firm to identify and present appropriate candidates following a comprehensive briefing as to the Board's requirements. The Board has regard to a number of factors when reviewing candidates including technical skills and expertise, experience across relevant industries and geographic locations and diversity of background. The candidates undergo a thorough process which involves formal interviews with the Directors as well as reference checks.

New Directors must stand for election at the Annual General Meeting (AGM) immediately following their appointment.

2.7 Induction and Briefing Programs

New Directors are provided with a letter of appointment which sets out their rights, duties and responsibilities as a Director of Lendlease. As part of their induction, new Directors also receive a comprehensive information pack and attend briefings with management in each of the regions where Lendlease operates to enable them to gain an understanding of the Group's businesses, strategy, key issues and operations. Visits to Lendlease sites are also an integral part of the induction program.

All Directors have access to Group information, senior management and employees as required to enable them to fulfil their responsibilities. Management briefings are provided at each scheduled Board meeting and Directors are regularly briefed on key business and industry developments and matters material to their role. Presentations by external speakers are organised as part of the Board program to give Directors an overview and understanding of macro-issues affecting the Group. Directors are also encouraged to attend externally administered training seminars and programmes. In 2019, as part of the refresh of governance practices, the Chairman established a formal director development program with the primary objective being that directors continuously enhance their knowledge of current and

emerging issues of relevance to their role as Lendlease directors. A formal program was mapped out on an 18 months basis but maintained the flexibility to respond to changing environments as required, including changes in the regulatory landscape, strategic focuses and critical company issues. With the onset of the COVID-19 pandemic, a special COVID portal was set up to provide Directors with internal updates on the impact of the pandemic in the Lendlease regions, and external thought pieces on pandemic-related issues.

2.8 Board Performance Assessment

Each year, the Board conducts a review of its performance and individual Directors retiring and seeking re-election at the AGM. The review process comprises a mixture of internal and external interviews. Typically, an external review is conducted every two years and an internal review is conducted each alternate year.

External Review

The review process includes interviews with Directors and senior management as well as key stakeholders, and generates recommendations so that the Board can continue to operate effectively with the requisite mix of skills and experience, and appropriate procedures. A comprehensive external review of the Board was last conducted in 2018 with the main areas of focus being:

- Role of the Board and Committees;
- Size, composition, diversity and experience of the Board;
- Interface with Management;
- Board dynamics and culture;
- Chairman, CEO and individual Director effectiveness; and
- Ability to engage in strategic dialogue.

The findings of the external review were considered by the Board and action plans were put in place to address the recommendations contained in the review. Directors were also given feedback on their individual performance and provided with their strengths and areas for development.

Internal Review and Assessment

The Chair of the Nomination Committee, acting in consultation with other Board members, is responsible for conducting an annual evaluation of Board members standing for re-election at the AGM.

The process of conducting reviews includes an assessment by each of the directors and may cover matters such as Board contribution and performance, interaction between management and between Board members, consideration of relevant skills and structure and conduct during Board meetings. The review process generates recommendations to ensure the Board continues to operate effectively with the requisite mix of skills and experience, and appropriate procedures.

During the reporting period, an external review was to have been conducted but due to the impacts of COVID-19, has been deferred until early 2021. The focus has instead been to conduct an internal review of the Board Committees to determine if the changes implemented in 2019 were working as planned. Following a review with each of the Committee Chairs and management reporting to the respective committees, changes to committee remits were implemented where required.

2.9 Directors' Remuneration

Details of the Group's Remuneration Policy and the remuneration of Directors is contained in the Remuneration Report on pages 106 to 137. The structure of Non-Executive Director remuneration is clearly distinguished from that of other senior executives. One of the key distinctions is that performance-based components do not form part of Non-Executive Directors' remuneration in order to ensure their independence.

3. Board Committees

Relevant policies and charters (see www.lendlease.com)

Audit Committee Charter
People and Culture Committee Charter
Risk Committee Charter
Sustainability Committee Charter
Nomination Committee Charter

3.1 Overview of Board Committees

The Board recognises the essential role of Committees in guiding the Company on specific issues. Following the appointment of the Chairman in November 2018, a comprehensive review of the Board and its Committees was undertaken. A range of opportunities were identified to enhance the effectiveness and efficiency of the Board process and the responsibilities reserved specifically for the Board and its Committees. Following this review, there are now five standing Board Committees to assist, advise and make recommendations to the Board on matters falling within their areas of responsibility. With the exception of the new Risk Committee, each of the Committees consist entirely of independent, Non-Executive Directors. The Chair of each Committee is not a Chair of other Committees, or Chair of the Board. The performance of the Committees, its membership and the Charters are periodically reviewed.

Each Committee is governed by a formal Charter setting out its objectives, roles and responsibilities, composition, structure,

membership requirements and operation. Directors who are not members of the Committees have a standing invitation to attend meetings of the Committees. During the reporting period and in conjunction with the review of the Board and its Committees, a comprehensive review of the accompanying Charters and Workplans for each of the Committees was undertaken.

From time to time special subcommittees are formed to give the Board better guidance and provide oversight concerning specific matters. Details of the number of meetings held by each Committee and special subcommittees during the reporting period is set out in the Directors' Report on page 105. In addition to the specific authorities delegated to each of the Committees, areas of focus during the reporting period are set out on pages 102 to 103.

The five permanent Committees of the Board are:

Audit Committee

The role of the Audit Committee is to assist the Board in fulfilling its corporate governance and oversight responsibilities in relation to accounting policies and practices, tax matters, treasury reporting, monitoring of internal financial controls, internal and external audit functions and financial reporting of the Group.

People and Culture Committee

The role of the People and Culture Committee is to assist the Board in fulfilling its corporate governance and oversight responsibilities in relation to establishing people management and compensation policies for the Group that:

- Foster exceptional human talent and motivate and support employees to pursue the growth and success of the Group in alignment with the Group's values;
- Human capital considerations are central to and integrated into the Group's strategy and business plans;
- Enable the Group to attract and retain employees who can create sustainable value for stakeholders; and
- Equitably and responsibly reward employees, having regard to the performance of the Group, individual performance and statutory and regulatory requirements.

Risk Committee

The role of the Risk Committee is to assist the Board in fulfilling its corporate governance and oversight responsibilities in relation to the risk management and internal control systems, risk policies and practices, compliance, and approvals of project transactions of the Group. The Risk Committee also has another important role – to review and if approved, recommend to the Board for approval major transactions as

referred to the Committee by the Global Investment Committee. Given the review of major transactions moving to the Risk Committee, all members of the Board including the Managing Director and CEO, are members of the Risk Committee.

Sustainability Committee

The role of the Sustainability Committee is to assist the Board in monitoring the decisions and actions of management in achieving the Lendlease Group aspiration to be a sustainable organisation. Sustainability is viewed encompassing how the Lendlease Group conducts business, through the pursuit of workplace safety, a commitment to corporate social responsibility, environmentally sustainable solutions and employee diversity, development and opportunity. Lendlease is strategically and culturally committed to achieving commercial success in ways that honour ethical values and respect people, communities and the natural environment.

Nomination Committee

The role of the Nomination Committee is to provide advice and support to the Board in fulfilling its responsibilities to securityholders to be assured that the Board is comprised of individuals who in combination bring a mix of expertise, skills, experience and perspectives and contribute to the discharge of diligent oversight and effective corporate governance of the Group. The Nomination Committee also oversees activities for Director development and reviews of Board, Committee and Director performance.

Membership and composition of the Committees is set out in the accompanying table. During the reporting period, a review of the main responsibilities of each Committee was conducted in conjunction with a review of the responsibilities outlined in the Charters.

	Nomination	People and Culture	Audit	Sustainability	Risk
Members	Colin Carter (Chair) Philip Coffey David Craig Margaret Ford Jane Hemstritch Elizabeth Proust Michael Ullmer Nicola Wakefield Evans Robert Welanetz	Elizabeth Proust (Chair) Colin Carter Philip Coffey David Craig Jane Hemstritch Michael Ullmer Robert Welanetz	David Craig (Chair) Philip Coffey Margaret Ford Jane Hemstritch Michael Ullmer Nicola Wakefield Evans	Nicola Wakefield Evans (Chair) Colin Carter Margaret Ford Elizabeth Proust Michael Ullmer Robert Welanetz	Philip Coffey (Chair) Colin Carter David Craig Margaret Ford Jane Hemstritch Steve McCann Elizabeth Proust Michael Ullmer Nicola Wakefield Evans Robert Welanetz
Changes since Last Report	Steve Dobbs ceased to be a member of the Committee upon his retirement in November 2019. Margaret Ford and Robert Welanetz joined the Committee	Jane Hemstritch retired as Chair of the Committee but remains as a member. Elizabeth Proust was appointed as Chair of the Committee in November 2019. Robert Welanetz was appointed to the Committee in March 2020	Steve Dobbs ceased to be a member of the Committee upon his retirement in November 2019. Margaret Ford was appointed to the Committee in April 2020	Steve Dobbs ceased to be a member of the Committee upon his retirement in November 2019. Margaret Ford and Robert Welanetz were appointed to the Committee in March 2020 and April 2020 respectively	All Board members are members of the Risk Committee
Composition	Minimum of three, non executive Directors Chair must be an independent director and not the Chair of the Board All requirements were met in the reporting period	Minimum of three Directors Majority of the Committee to be independent Chair must be an independent director and not the Chair of the Board All requirements were met in the reporting period	Minimum of three, non executive Directors All members must be independent Chair must be an independent director and not the Chair of the Board All members must be financially literate and at least one member has accounting or relevant financial expertise All requirements were met in the reporting period	Minimum of three Directors Majority of the Committee to be independent Chair must be an independent director and not the Chair of the Board All requirements were met in the reporting period	Minimum of three, non executive Directors Majority of the Committee to be independent Chair must be an independent director and not the Chair of the Board All requirements were met in the reporting period
Main Areas of Responsibility	Reviews size and composition of the Board Identifies and evaluates Board candidates Assists in the evaluation of the performance of the Board and the performance of any directors standing for re-election at an AGM Establishes processes for the review of Board succession planning Identifies skills and experience gaps in the Board and reviews the Board skills matrix Reviews continuing education and development plan for Non Executive Directors	Reviews and makes recommendations to the Board on contractual arrangements for the Group CEO and GLT Reviews and makes recommendations to the Board on remuneration programs and performance targets for the Group CEO and GLT and assessment of performance against these targets Monitors and advises the Board on succession planning for the Group CEO and members of the GLT Reviews and approves the strategies and practices for people management and workplace culture Reviews and makes recommendations to the Board on the remuneration framework for Non Executive Directors Reviews and makes recommendations to the Board on remuneration and required disclosures Reviews the effectiveness of Group policies on workplace diversity and equal opportunity	Make recommendations to the Board as to whether financial statements should be approved Reviews significant corporate reporting issues and assess the appropriateness of accounting policies and methods chosen by management Monitor the adequacy of the nature, extent and effectiveness of the internal control processes overseen by the finance teams. Monitor the Group's significant treasury and tax matters Oversees quality and effectiveness of internal and external audits Monitor the resolution of matters arising from the internal audit reports Reviews performance of the Internal Audit function Makes recommendations to the Board on external auditor appointment and rotation of audit partner	Oversees the Group's Environment, Health & Safety function Reviews the effectiveness of Group policies on corporate social responsibility including the Lendlease Foundation, Modern Slavery and Indigenous Engagement Assists the Board in its oversight of the Group's compliance with applicable regulatory requirements in relation to environmental matters, socially responsibility initiatives and health and safety issues Reviews the effectiveness of Group policies and initiatives designed to ensure the well-being of employees in the workplace. Makes recommendations to the Board on the Sustainability Strategy.	Reviews the parameters of the Group's risk strategy and the risk appetite statement for recommendation to the Board Reviews the effectiveness of the Group's Enterprise Risk Management system Monitors the adequacy and effectiveness of the internal control environment of Lendlease Oversees the effectiveness of Group policies, procedures, systems and controls established by management to support the compliance management framework Reviews insurance arrangements and consider whether appropriate coverage is in place Review and monitor the Group's exposure to cyber and data governance risks Review and recommend to the Board for approval major transactions as referred to the Committee by the Global Investment Committee
Interaction with Management	The Committee has unrestricted access to senior management of the Group. The Committee reviews and recommends, in cooperation with management, a process for the induction and education of new Directors and a continuing education and development plan for all Non-Executive Directors	The Chairman of the Committee liaises regularly with the Group Head of People and Culture on matters related to the Committee, to ensure that the Committee is appropriately briefed on matters relating to employees	The Group CFO and the Group Head of Internal Audit report to the Committee. Meetings with these function heads and other Finance Function heads are held on at least a quarterly basis or as required The Committee meets with the external auditor without management present every half year or as required. The Committee also meets with the Group Head of Internal Audit without management present every half year or as required	The Chair liaises with the Group Chief Risk Officer, Group Head of Sustainability, Group Head Safety and Group Head of Indigenous Engagement on at least a quarterly basis or as required	The Chair liaises with the Group Chief Commercial and Risk Officer prior to each Risk Committee or more as required

4. Risk Management, Internal Control and Integrity in Financial Reporting

Relevant governance documents (see www.lendlease.com)

Audit Committee Charter

Risk Committee Charter

Risk Management Policy

4.1 Enterprise Risk Management

Risk Management is a critical oversight responsibility of the Board. Lendlease has a multi layered approach to the identification, management and mitigation of external, corporate and operational risk. The approach to risk management recognises the nature and level of risk we are willing to accept to achieve our strategic goals and key performance targets to create securityholder value. It focuses on:

- Aligning Board and management to drive informed and consistent decisions
- Achieving effective and efficient allocation of capital and resources

- Providing an understanding of risk limits
- Providing context to identify, report and manage risks; and
- Creating a culture of risk awareness and accountability

Accountability and responsibility for risk governance and management is held at various levels across the business including the Board and Board Committees, Group Leadership, Regional Leadership, Business Operations and Specialist Functions such as corporate risk and insurance, operational assurance and internal audit.

Second line of defence – assurance measures

Group functions involved in the second line of defence include corporate risk and insurance, operational assurance and performance, safety, legal, information technology, sustainability, people and culture and finance. Function specific policies outline the assurance measures to enable each business to identify and manage risks appropriately.

Third line of defence – independent processes

Internal and external audit make up the third line of defence, acting independently from the first and second lines of defence and reporting directly to the Board and Risk and Audit Committees.

4.4 Environmental and Social Sustainability Risks

There are a number of risks, both specific to Lendlease and more generally to the sectors and regions the Group operates in that could have an adverse effect on achieving our objectives. The following outline provides an overview of environmental, social and sustainability governance risks and how the Group currently seeks to mitigate or manage them.

Strategic Approach to Environmental Risks

In FY18, Lendlease committed to implementing the recommendations of the Taskforce for Climate-related Financial Disclosure (TCFD) and commenced analysis into the impact of different climate scenarios on our business strategy. This work will also contribute to establishing new sustainability metrics and targets that go beyond the current near term focus associated with the Group's 2020 performance targets for energy, water and waste. In 2014 we set 20% by 2020 targets for energy, water and waste on an intensity basis. In FY20 Lendlease embarked on a process to co-design the new beyond 2020 metrics and targets with each of our businesses and set an ambitious Carbon Target based on our vision to live in a world warmed by no more than 1.5°C.

The TCFD framework has helped to transform the way Lendlease is positioning itself to respond to the climate crisis and the way in which we will be communicating and executing on our ambition to be a 1.5°C aligned company. A significant amount of time was spent in FY20 on Group scenario planning for the TCFD climate impacts. A scenario planning session was held with the Board in July 2019 and rolled out to over 200 senior leaders across the Group.

Further information can be found on pages 70 to 75 of the Annual Report.

Social

In FY19, a new Lendlease Sustainability Framework for 2020 and beyond was developed, after extensive consultation with customers, investors, employees and other stakeholders to address the most critical environmental and social issues. The new framework responds to the need to plan for future generations and integrates sustainability into every part of the Lendlease business.

Lendlease has always had a powerful social ethos. The concepts of good corporate citizenship and inclusive growth are now a key requirement of project clients and strong focus for investors, across our Development, Construction and Investments segments. To manage the risk associated with not attaining these, we have integrated them into the new sustainability framework. Ultimately our goal is to mitigate our impacts on climate change and build resilience into the places we create for the people and communities who occupy them. Key areas of focus remain skilling, training and education, and health and wellbeing.

In FY20, Lendlease committed to a new Social Target to create \$250m of Social Value by 2025. This Corporate Social Value Target is intended to demonstrate our corporate commitment to creating social value in the communities in which we operate, above and beyond what we are required to do at a project or asset level.

This target will account for our investment in our corporate led, shared value partnerships. It is based on achieving an average 1:5 social value return on investment, primarily via our Lendlease Foundation, but also through other key business initiatives such as FutureSteps. Work is underway to deploy new metrics and data collection at an asset and project level to allow us to expand this target to include the social value we create at that level.

We have also recognised the importance of investing in the health and wellbeing of our people and ensuring we create places that support the health and wellbeing of the community. Supporting the wellbeing of our people helps to attract and retain the best people, in addition to improving productivity and morale. We now also apply these concepts to the design and delivery of the places we create, to contribute to positive community outcome and legacy.

Further information can be found on pages 52 to 53 of the Annual Report.

Governance

As the Group continues to grow and evolve, we are aligning our approach to environmental and social risks across the governance of our supply chain to achieve our aspirations and targets.

We work closely with suppliers so that they are able to demonstrate compliance with environmental, social

and human rights considerations.

Suppliers are expected to have human rights policies and records consistent with the requirements of Lendlease's Environment and Health and Safety Policies. We also expect our suppliers to have an Environmental Management System that ensures compliance with our global standards of operation and minimal impact on the environment. The environmental performance of any supplier and the sustainability of products and services is considered in the Group's selection process.

In terms of Board oversight, the Sustainability team engages with the Board through the Sustainability Committee at least four times a year. The reports received are a subset of management reporting from the internal Quarterly Business review processes and working committees such as the TCFD steering committee.

Further information on sustainability risks and opportunities and how risks are managed by the Group, can be found at www.lendlease.com in the sustainability section and in the Annual Report on pages 54 to 59.

4.5 Key Policies

In addition to Board delegated Limits of Authority, a number of key global and business unit specific policies govern the way Lendlease conducts its business and manages material business risks. These policies (including the Risk Management Policy) are available at the corporate governance area of the Lendlease website at www.lendlease.com.

4.6 Integrity in Corporate Reporting

When the Board considers the statutory half year and full year financial reports for the Group, written certifications regarding the integrity of those financial statements and the Group's risk management and internal control systems are provided by the Group CEO and Group CFO.

For the year ended 30 June 2020, the Group CEO and Group CFO have declared in writing to the Board that in their opinion:

- The financial records of the consolidated entity have been properly maintained;
- That the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity; and
- That this opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Since 30 June 2020, nothing has come to the attention of the Group CEO or the Group CFO that would indicate any material change to any of the statements made above.

Structure

Board Risk and Audit Committees

Review the effectiveness of the Group's enterprise risk management system and seek assurances that material risks are identified and appropriate risk management processes in place.

Group risk function

Liaises with regional CEOs and risk specialists on business specific and enterprise wide risks in order to assist the Group's businesses to further develop their risk management processes are in place.

Internal audit

Formal processes provide supplementary assurance to operational businesses.

External audit

Formal, independent regular reviews.

Policy and procedure

Board approval process

The Board has matters that are reserved for its determination under the risk appetite of Lendlease, and further, under the Limits of Authority. The Board approval process is set up so decisions and commitments of a predetermined magnitude require Board approval, thereby supporting sound governance and continued alignment with strategy.

Investment committees

Investment committees are in place at regional and Group levels in order to assess and approve potential projects/commitments.

Limits of Authority

Limits of Authority are in place to outline matters that are specifically reserved for determination by the Board and those matters that are delegated to management.

Risk tools

Risk management platform

Lendlease uses a risk management platform throughout all regions to allow consistent risk identification and assessment.

4.2 Risk Management Reporting

The Group Corporate Assurance Function is responsible for keeping the Board's Risk Committee informed on a regular basis of material business risks. In the reporting period, the Committee has received regular reports on material risks facing Lendlease businesses worldwide and management has reported to the Board as to the effectiveness of Lendlease's management of its known material business risks. A comprehensive review of the Group's Risk Appetite Statements and Tolerances was also conducted and approved during the period. These Risk Appetite Statements define at a high level, the expectations of management and the Board regarding the nature and extent of risks the Group is willing to take in pursuit of its strategy. Further, in May 2020, after extensive internal consultation and testing, the Board Risk Committee approved the Risk Appetite Tolerances. These provide guardrails that will assist in aligning Lendlease's appetite for risk with our decision making and review processes.

Lendlease has identified and described its key risks and their mitigants on pages 66 to 67 of the Annual Report.

The risk matrix defines the risk tolerance of Lendlease by setting thresholds for impact and likelihood and defining the material business risks required to be reported to the Board. The Board reviews the Company's risk management framework on a regular basis to satisfy itself that it continues to be sound and a review was conducted in the reporting period.

Further information on the Group's approach to Risk Management can be found in the Annual Report on pages 64 to 67.

4.3 Key Risk Management Practices

Risk awareness, improvement and governance are key elements of the Lendlease approach, which has evolved with the business and external market. Specific examples of how this has evolved in the reporting period, include the implementation of granular risk appetite principles and tolerances on areas of risk where value is known to erode. These areas

focus on areas such as latent conditions, contamination and existing structure risk. Further developments of risk appetite will continue to evolve in other granular areas of our Enterprise Risks.

In addition, during the Reporting Period, each Region of Lendlease has a directly appointed 'Voice of Risk' executive who forms part of each Regional Leadership Team. Importantly, these individuals do not have P&L accountability and nor are they in the risk function. They are independent, and are mandated to challenge both the business and the risk function on genuine matters of strategic, tactical and operational risk.

The Risk Framework at Lendlease involves three lines of defence:

First line of defence – responsibilities

Underlying business units are the first line of defence responsible for identifying, managing, and owning their risks. These business units have the appropriate tools and interaction with the various Group functions to execute business responsibilities effectively.

The Group's senior management has also reported to the Board on the effectiveness of the management of material business risks for the year ended 30 June 2020 and this has been reviewed by the Risk Committee and the Board.

4.7 Internal Audit Function

The Group has an Internal Audit function to provide the Board and senior management with assurance around internal controls through the conduct of advisory audits and business integrity reviews. The function is independent of the external auditor and is structured to manage reviews from a regional and global perspective. The function is led by the Group Head of Internal Audit who reports to the Group CFO and also has a direct reporting line to the Audit Committee. The role of Internal Audit is to provide objective assurance to the Audit Committee and the senior management that operations and functions are efficient and effective, and that processes have a robust control environment. The Group Head of Internal Audit attends and reports at the Audit Committee meeting on audits and reviews conducted during each quarter. The Group Head of Internal Audit meets with the Chair of the Audit Committee on at least a quarterly basis. Time is also included on the Audit Committee agenda for the members to ask questions of the Group Head of Internal Audit without management present at least every 6 months, or more if required.

4.8 External Auditor

KPMG is the external auditor of Lendlease and its controlled entities. In considering retaining KPMG as the existing auditor, an appropriate balance was required between ensuring audit independence and maximising audit quality. The Group is a large listed company, operating in a complex environment with complex business structures and operating models. KPMG has invested significant time and effort to understand the Group's operations and the cumulative knowledge of Lendlease obtained by KPMG over many years cannot be underestimated.

Performance Management

The Audit Committee has the responsibility to oversee and appraise the quality and effectiveness of the audits conducted by the external auditor. The external auditor attends each meeting of the Committee and twice a year, time is set aside so that the committee can meet with the external auditor without management present. The Committee Chairman meets with the external auditor at least quarterly, also in the absence of management.

Selection, Appointment and Rotation

The Audit Committee is responsible for making recommendations to the Board as to the selection, re-appointment

or replacement of the auditor and the rotation of the lead audit partner. The lead partner is rotated every five years. Duncan McLennan was appointed by KPMG as the lead audit partner with effect from 1 July 2016.

Provision of Non Audit and Other Services

Lendlease has a comprehensive policy to ensure that services provided by the external auditor do not impact or have the potential to impact upon their independence. All non audit services need to be approved by both the Chairman Audit Committee and the KPMG lead partner to ensure that the proposed arrangement does not, or will not be viewed as compromising KPMG's independence.

Under the terms of the policy the auditor should be appointed for other service engagements only where it is best suited to undertake the work. The policy further provides that the auditor should not provide services having the potential to impair the independence of its role. Generally these include the following services:

- Bookkeeping, preparation of, and other services in relation to, accounting records and financial statements;
- Design and implementation of financial information systems or financial controls;
- Valuation services, appraisals or fairness opinions, where the results are material to the financial statements or where the external auditor would be required to audit those statements or opinions;
- Outsourced internal audit services;
- Secondments;
- Recruitment and other human resources services, including international assignee services;
- Actuarial services;
- Management functions;
- Legal services;
- Taxation advice of a strategic or tax planning nature;
- Broker-dealer, investment advisor or investment banking services;
- Work that is remunerated through a "success fee" structure;
- Expert services unrelated to the audit; and
- Work that involves the auditor acting in an advocacy role for the Group.

The Group Chief Financial Officer and the auditor are each required to provide a statement that the non audit assignment will not impair the auditor's independence. During the year, KPMG, the Company's auditor, performed certain other assurance services in addition to its statutory duties.

The Board has considered the other assurance services provided during the year by the auditor and, in accordance with written advice provided by resolution of the Audit Committee, was satisfied that the provision of those assurance services during the year by the auditor was compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All other assurance services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Audit Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- The other assurance services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.
- Apart from conducting the external audit of the Group and undertaking other assurance services or agreed services, KPMG were not retained to undertake any other assignments of any kind for the Group.

Auditor's Independence

The external auditor is required to provide to Lendlease a written declaration that, to the best of the auditor's knowledge and belief, there have been no contraventions of the auditor independence requirements set out in the Corporations Act or any applicable code of professional conduct in relation to the conduct of the audit.

A copy of the Lead Auditor's Independence Declaration as required under section 307C of the Corporations Act has been included in the Directors' Report at page 140 of the Annual Report.

Fees

Fees paid to the auditor during the financial year are detailed in the Financial Statements.

Attendance at Annual General Meeting

The external auditor is required to attend the AGM and will be available to answer any questions on the conduct of any audits and the preparation and content of the auditor's report. Duncan McLennan will be in attendance virtually at the 2020 AGM.

5. Governance Policies

Relevant governance documents (see www.lendlease.com)

External Communications and Continuous Disclosure Policy

Securities Trading Policy

Code of Conduct

Group Policy Code of Conduct Breach Reporting

Political Donations Policy

5.1 Securityholder Communications and Continuous Disclosure

The Group has an External Communications and Continuous Disclosure Policy designed to ensure that Lendlease complies with the continuous disclosure obligations set out in the ASX Listing Rules.

The Policy explains the continuous disclosure obligations of Lendlease, the procedure to be followed when information needs to be disclosed to the market, contains guidance on how to identify information which may fall within the disclosure requirements and the consequences of breaching the Policy. The Policy sets out the protocols applicable to Directors, executive officers and employees designed to ensure that Lendlease complies with these continuous disclosure obligations.

The Policy also sets out management accountabilities for ensuring that the market is fully informed as well as procedures governing analyst briefings and public comment by Group spokespersons.

The Corporate Disclosure Manager is responsible for employee education on continuous disclosure obligations, external communications, monitoring of market information in relation to Lendlease, maintaining records of information released to the market and ensuring that information on the Lendlease website is up to date.

Communications with Securityholders

Lendlease also recognises that whilst there is a legal obligation of disclosure there is also an ethical obligation to securityholders to ensure that investor confidence is maintained through full and timely communication and disclosure to securityholders and the market.

The External Communications and Continuous Disclosure Policy is designed to facilitate this objective, and promotes effective communication with securityholders by ensuring that information that may otherwise be important to a securityholder, such as information about the Group's activities,

is available to investors in a timely and readily accessible manner.

Any announcements made on the ASX are posted on the Lendlease website as soon as practicable following confirmation of receipt by the ASX.

The Lendlease website is the key information dissemination point to the broader market and includes all announcements made to the market, copies of current and past annual and half year reports and other presentations or market briefings made to analysts or institutional investors. The Investor Relations team has enhanced its approach to facilitate more effective communication with investors by:

- Introducing a webcast only format briefings for full and half year results;
- Scheduling formal site visits with investors as required; and
- Introducing market briefing sessions with regional CEOs.

Lendlease also released its fifth Integrated Annual Report to more clearly communicate how we create value for our securityholders.

Throughout the year, Investor Relations engages in roadshows to meet with existing and potential securityholders. The investor communication program has been put in place to facilitate and encourage effective two-way communication with investors. In addition, securityholders are provided with the option to receive communications from, and send communications to, the Investor Relations team and the share registry electronically. Contact details are available on the Group's website and all communications sent to securityholders from the share registry.

Annual General Meeting

The Annual General Meeting (AGM) is the primary opportunity for securityholders to meet with the Board and senior executives. The meeting provides an update to securityholders on the Group's performance and offers an opportunity for securityholders to ask questions and vote on important matters affecting the business. Lendlease encourages participation at the AGM and securityholders are invited to submit questions ahead of the AGM by completing the relevant form accompanying the Notice of Meeting or submitting questions electronically through the share registry. In 2020, due to the unprecedented impacts of COVID-19 and following on from the Federal Treasurer's Determination in relation to Annual General Meetings, the Lendlease AGM will be held virtually. The meeting will be webcast live to securityholders and questions may be asked during the course of the meeting. An archive of the AGM will be available on the Lendlease website for three months. Presentations

made at the AGM are also available on the website for access by interested stakeholders. Copies of the speeches delivered by the Chairman and the Group CEO and the outcome of voting on the items of business are released on the ASX. In addition, representatives of the media are invited to attend the AGM to enable a report of the proceedings to reach as wide an audience as possible.

5.2 Lendlease Core Values and Code of Conduct

The Core Values of Lendlease underpin how the Group does business, how it interacts with stakeholders, and how its people operate in the workplace. The Core Values are promoted across all of the Group's businesses and can be found in the Annual Report on page 17.

Code of Conduct

The Lendlease Code of Conduct which is endorsed by the Board, sets out the standards of conduct expected of our businesses and people, regardless of location. It applies to all Directors and employees of Lendlease and operates in conjunction with our Core Values, Code of Conduct Breach Reporting and the Employee Conduct Guide. A copy of the Code of Conduct and Code of Conduct Breach Reporting can be found on the Lendlease website.

Employees are encouraged to apply the following "Lendlease Test" when in doubt as to whether any action might breach the Code of Conduct:

"Would I be willing to see what I'm doing or about to do described in detail on the front page of a national newspaper to be read by family and friends?"

Employees must not undertake any action that fails the "Lendlease Test" even if it is not expressly prohibited by the Code of Conduct.

The Code is supported by various global, regional and local business unit policies and procedures. The Employee Conduct Guide summarises what is expected of employees in relation to the Core Values and Code of Conduct, as well as our Group policies and procedures. Completion of the Employee Conduct Guide e-learning training program, is mandatory for all employees.

Employees of the Group are required to recertify their Employee Conduct Guide training on an annual basis.

Guiding Principles

Health and Safety, Sustainability, Diversity and Inclusion and Customer Focus are the four principles that guide our thinking, actions processes and benchmarks. These principles differentiate Lendlease and are non-negotiable across the business.

Code of Conduct Breach Reporting

The Code of Conduct Breach Reporting Policy supports the Code of Conduct and

provides a mechanism for employees to raise concerns about unethical or illegal business conduct, including behaviour which seems to depart from the Core Values or Code of Conduct. This policy applies to all officers, employees and contractors of the Lendlease Group in all jurisdictions where the Group operates. The action taken to investigate disclosures under this Policy depends on the particular circumstances.

The Policy also offers protection to anyone who reports concerns in good faith. If an individual's identity is disclosed during the investigation process, the individual will not be disadvantaged in their employment by any Group company.

5.3 Conflicts of Interest

Lendlease has systems and protocols in place to identify a conflict of interest and a framework for managing conflicts. A variety of measures have been adopted to manage conflicts of interest including Group policies, systems, lists and appropriate disclosures. Directors are required upon their appointment to disclose to Lendlease any interests or directorships which they have with other organisations and update this information if it changes during the course of the directorship. Directors and senior executives are also required to identify any conflicts of interest they may have in dealing with the Group's affairs and refrain from participating in any discussion or voting on these matters. Directors are required to raise with the Company Secretary any matters that may give rise to a conflict of interest. Directors who have a conflict will not receive the relevant Board paper and are not present for the part of the Board meeting where the matter is considered.

General guidelines in relation to managing conflicts of interest can be found in the Code of Conduct, and a range of procedures designed to ensure compliance have been implemented at a Group and business level.

5.4 Trading in Lendlease securities

The Lendlease Securities Trading Policy sets out the circumstances in which Directors and employees may deal in Lendlease securities. The policy complies with the requirements of the ASX Listing Rules in relation to Securities Trading Policies.

The Policy restricts all employees from dealing in Lendlease securities between the close of the financial year, or half year, and the next business day after the announcement of Lendlease's results.

The policy includes additional requirements for Directors and Designated Executives who must not deal in Lendlease securities in any period other than:

- The six week period commencing on the business day following the announcement of the annual results;
- The six week period commencing on the business day following the announcement of the half year results;
- The six week period commencing on the business day following the Annual General Meeting;
- A period during which Lendlease has a current prospectus or other form of disclosure document on issue under which persons may subscribe for Lendlease securities; or
- Any other period determined by the Board, in advance, to be an open window period.

The policy requires Directors and Designated Executives to notify the Group General Counsel or Company Secretary prior to any dealings and Directors must also promptly provide details of any trade to the Company Secretary for disclosure to the ASX.

The Policy reinforces the insider trading provisions of the Corporations Act. Trading in securities when in the possession of inside information that is not generally available to the public is prohibited at all times. The policy explicitly states that dealing in securities or procuring or communicating with others in relation to securities at any time is prohibited if it would be in breach of the insider trading rules.

Designated Executives must obtain the consent of the Group General Counsel prior to entering into transactions or arrangements that operate to limit the economic risk of vested entitlements to Lendlease securities, including margin loan arrangements. Transactions or arrangements must not be entered into other than during the prescribed trading periods. Designated Executives must not enter into transactions or arrangements that operate to limit the economic risk of unvested entitlements to Lendlease securities.

Deferred Long Term Award and Short and Long Term Incentive awards are subject to the Securities Trading Policy which prohibits executives from entering into any type of 'protection arrangements' (including hedging, derivatives and warrants) in respect of those awards before vesting.

5.5 Political Donations

The Lendlease Group Political Donations Policy sets a firm and consistent standard across the Group that aims to ensure that public confidence is maintained in the Group and its relationships with governments and community leaders. Lendlease views engagement between business and government, when underpinned by shared values and clear guidelines, as a healthy and important part of our democratic process. As part of that engagement Lendlease invites politicians

to visit our sites and offices and we participate in appropriate political events and policy discussions. It is, however, an area that requires appropriate governance and oversight, to protect Lendlease's reputation as an ethical and responsible organisation and to ensure employees are fully aware of their responsibilities in this area. This is particularly relevant in consideration of practices governing the making of political donations.

In 2019, a review of the Group's Political Donations Policy was conducted. In summary, Lendlease does not make party or campaign political donations, whether in cash or kind, to political parties or individuals holding, or standing for, elective office (political entities), other than as approved in line with the process outlined in the Policy. This includes:

- No attendance at political fundraisers, including where third parties offer to pay, other than as permitted in the Policy;
- No loans, payments of subscriptions or membership fees;
- No gifts or commercial benefits (in cash or kind);
- No hosting of fundraising events (including through the use of Lendlease premises for free or at discounted rates); and
- No making or soliciting of payments to non-profit or other organisations that predominantly act as conduits for political entities, other than as permitted below.

Approved senior leaders of Lendlease (provided it is not a breach of law in the relevant jurisdiction) are permitted to:

- Engage with political party aligned policy institutions and think-tanks on an as required basis to work on policy areas of mutual interest. This work is managed by the Group and/or Regional Corporate Affairs team.
- Participate in a limited number of paid political fundraisers and other political relationship building events. Attendance at such events is done on a non-partisan basis. Where practical proportional balance in funding support is maintained.
- Participation is subject to obtaining prior written approval in accordance.
- All political donations activity are recorded and tabled to the Lendlease Board on a quarterly basis.

Breaches of the Political Donations Policy are regarded as serious misconduct. A copy of the full Policy is available on the Lendlease website.

5.6 Employee Transactions Policy

The Lendlease Group Employee Transactions Policy, Board approved policy, has been developed to permit directors and employees of Lendlease

to purchase product developed and sold by Lendlease, whilst endeavouring to maintain a framework that allows objectively fair access to Lendlease product as between Lendlease customers and employees. There is one Policy across the whole Group covering transactions whereby a Lendlease Employee acquires Lendlease Product anywhere in the world. The policy sets out a formal process applying to Employee Transactions, in order to ensure conflicts are appropriately and objectively managed.

The key tenets of the Policy are as follows:

- No priority of release of product to employees before the public
- Favourable provisions for employees which are reversed if they cease to be an employee:
 - Up to 50 per cent of the standard deposit rate
 - Up to an extra one month settlement time
 - A discount up to the amount of any agent's deposit otherwise payable, on the basis it is tax neutral to Lendlease
- Employee purchases within a particular category of product and within each stage release to be limited to 20 per cent by number
- No more than two purchases by an individual employee in any one calendar year
- Employee to hold any property purchased from Lendlease for 24 months post completion of acquisition

Importantly, the Policy sets out a formal process applying to Employee Transactions, in order to ensure conflicts are appropriately and objectively managed.

6. Diversity and Inclusion Governance

Relevant governance documents (see www.lendlease.com)

Diversity and Inclusion Policy

Sustainability Committee Charter

People and Culture Committee Charter

Nomination Committee Charter

6.1 Diversity at Lendlease

Lendlease is committed to providing an inclusive workplace, where all employees can be their true and best self at work. We encourage and embrace diversity and inclusion in thought and experience, building stronger teams and better outcomes. Our global inclusion strategy is focused on gender equity, flexibility at work and inclusive leadership.

The Lendlease Board of Directors reports on Lendlease's gender diversity performance in accordance with the ASX Corporate Governance Principles and Recommendations. Lendlease has measurable objectives for gender diversity. For the year ended 30 June 2020 these are:

- Target of 30 per cent female directors on the Lendlease Board – this has been met with four out of 10 female Board Directors;
- At a senior management level, three women are on the Global Leadership Team;
- 32.7 per cent of our employees are women and 26.9 per cent of Senior Executive positions are held by women.

We define Senior Executive to be an employee who holds a position at Executive level according to the Lendlease Career Job Framework. This generally includes Regional Business Unit Heads, Regional Function Heads and in some cases, direct reports to Group Function Heads.

The Group most recent 'Gender Equality Indicators' as defined in and published under the Workforce Gender Equality Act can be viewed at www.wgea.gov.au

The People & Culture assesses on at least an annual basis, the progress in achieving diversity targets. To encourage greater representation of women at senior levels, Lendlease continues to develop initiatives targeting an improvement in gender diversity including refinement in recruitment processes, expansion in career and leadership development and mentoring. These are regularly reported on and monitored by the Lendlease Board through the People & Culture Committee.

6.2 Diversity and Inclusion Policy

The Board fully supports diversity and inclusion and has a Diversity and Inclusion Policy which is available on the Lendlease website. The People and Culture Committee is responsible for overseeing the Group's diversity strategy and its progress towards achieving the Group's measurable objectives.

The Board plays an active role in Lendlease's diversity and talent agenda and hosts regular networking forums with groups of high potential and diverse employees. The forums may involve presentations and Q&A sessions from high potential and diverse employees, roundtable sessions and formal networking sessions.

6.3 Diversity Governance

Diversity and Inclusion Councils are comprised of executives from across the Group. Diversity councils facilitate a diverse, collaborative and inclusive culture. They provide the opportunity for discussion on ways to increase diversity and achieve best practice in terms of diversity policies. The diversity councils also oversee the activities of regionally based Employee Resource Groups. These groups have been set up to represent a diverse range of employees such as age, disability, ethnicity, marital or family status, religious or cultural background, sexual orientation and gender identity.

Further information on diversity and inclusion at Lendlease can be found in the Annual Report on page 52 and 53.

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