

ASX ANNOUNCEMENT

4 November 2020

Sustainability Market Briefing

Attached is the presentation to be given today at 11am (AEDT).

The presentation will be webcast live via www.lendlease.com

ENDS

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Sustainability Market Briefing

4 November 2020

lendlease

Sustainability framework and targets

London: Elephant Park — artist's impression



Cate Harris

Group Head of
Sustainability
and Lendlease
Foundation

Acknowledgement of Country



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

Our purpose

Together we create value
through places
where communities thrive

The Lendlease purpose statement represents our organisational why.

It acknowledges our rich history and our future direction.

Our strategy – the next decade

Employ our placemaking expertise and integrated business model in global gateway cities to deliver urbanisation projects and investments that generate social, environmental and economic value.

Strategic priorities

Leverage
competitive
edge

Accelerate
development

Scale
investments

Best practice
construction
delivery

Leadership in
sustainability



Sustainability Framework and Scenario planning

Framework launched in 2019

Scenario planning used in development of new sustainability targets

Together we create value through places where communities thrive

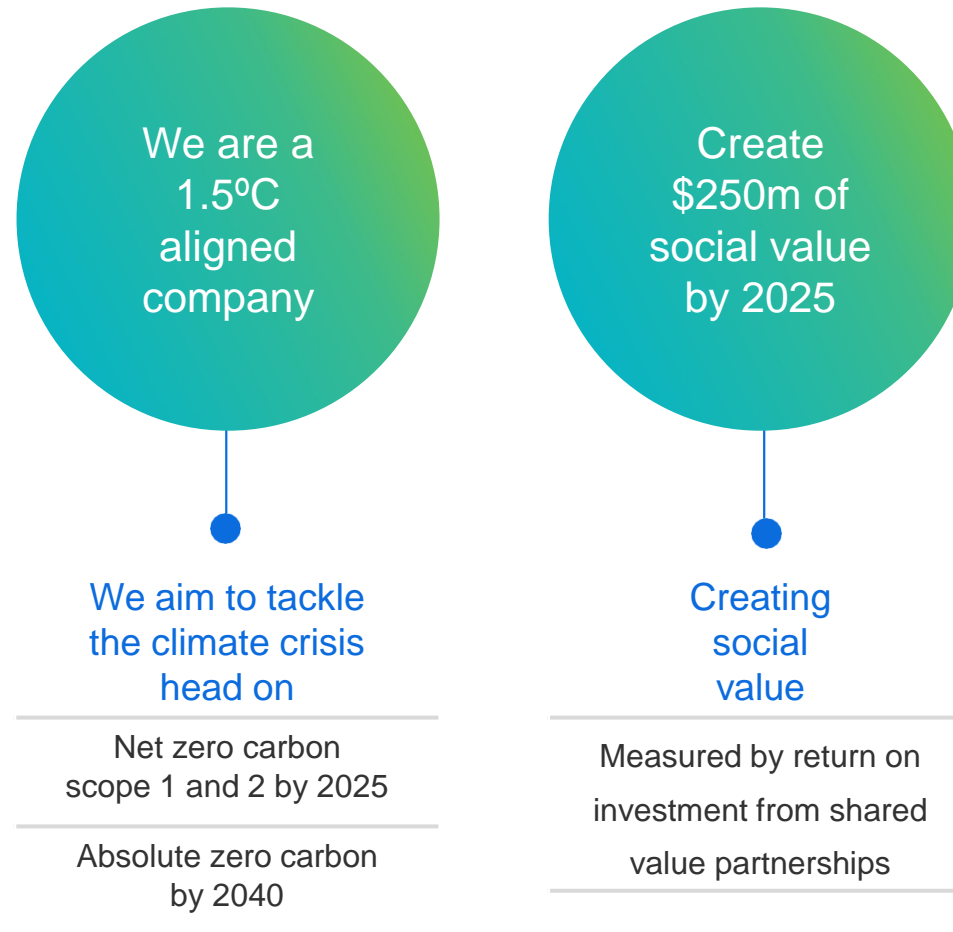


Governance



Bold sustainability targets

Our business decisions will be aligned to a world warmed by no more than 1.5°C



What 1.5°C aligned means

1.5°C is a reference to the level of global warming we hope to help limit the world to, based on pre industrial levels.

Due to the amount of greenhouse gases (such as carbon) already in the atmosphere, even with our best efforts, the planet is set to warm by 1.5°C (it has already warmed to 1°C).

With no change to current practices, the planet is projected to warm by over 3°C, which will catastrophically impact the ecosystem and lives.

Carbon target

Sydney: Daramu House, Barangaroo – on Gadigal Country



Simon Wild

Head of
Sustainability
Transformation

We are a
1.5°C
aligned
company

We aim to tackle the
climate crisis head on

Bold new carbon target

Net zero carbon
scope 1 and 2
by 2025



The reduction of greenhouse gas emissions from business activities as far as possible, with the remainder offset with an approved carbon offset scheme.

Absolute zero
carbon by 2040



The mitigation of all greenhouse gas emissions produced from business activities to absolute zero. Our absolute zero target applies to scope 1, 2 & 3 emissions.

SCOPE 1



Fuels we burn

SCOPE 2



Power we
consume

SCOPE 3



Goods we
buy/activities we
facilitate

Five key steps on our decarbonisation pathway

These key steps start with applying solutions available now and then allow time for emerging technologies to be commercially viable and partnerships with suppliers and tenants to develop.

01

Create a decarbonisation investment strategy in 2021

02

Phase out diesel and gas in our operations

03

Use 100% renewable electricity before 2030

04

Collaborate with supply chain partners to set pathways to achieve absolute zero carbon by 2040

05

Collaborate with our tenants and residents to transition to renewable electricity and achieve absolute zero carbon by 2040

Social sustainability

Sydney: Barangaroo – on Gadigal Country



**Edmund
McCombs**

Head of
External
Partnerships



Create
\$250m of
social value
by 2025

Assessing shared value
partnerships beyond
project and asset
commitments

Bold new social target

Social value



Social value refers to the impact our social initiatives have on people and society. It's the difference we make rather than just the amount of money we may spend. Social value considers the environmental, social and economic impacts of our actions on society and is translated to a financial proxy to give us a 'social value'.

Shared value partnerships



Shared value partnerships are partnerships where all parties involved benefit. Unlike philanthropy, where money is gifted without further interaction, shared value partnerships are those where we work alongside our community partners for mutual gain.

Lendlease and the Great Barrier Reef Foundation

Shared value partnership aligned to 1.5°C climate target

10 year* shared value partnership

- Lendlease annual funding to GBRF for 10 years
- Springboard – Lendlease's global personal development program:
 - Engagement with Traditional Owners
 - Yeppoon Community support
- Advocacy of GBRF through Lendlease retail centres
- GBRF innovation challenge:
 - Coral Reef re-spawning
 - Advocacy at Elephant Park, London
- Revegetation of Lady Elliot Island

Commitment to Community

Understanding our communities and supporting them in authentic and collaborative ways allows us to support stronger social outcomes and provide opportunities wherever we operate.

Social sustainability has always been a priority. Our commitment to community is strong: whether it be through the development of skilling and training centres; creating spaces that foster a sense of connection; or proactively promoting positive health and wellbeing outcomes.



Malaysia: The Exchange TRX



London: Elephant Park – The Loneliness Lab



US: Mental Health initiative



Sydney: Darling Square – bright*

First Nations engagement

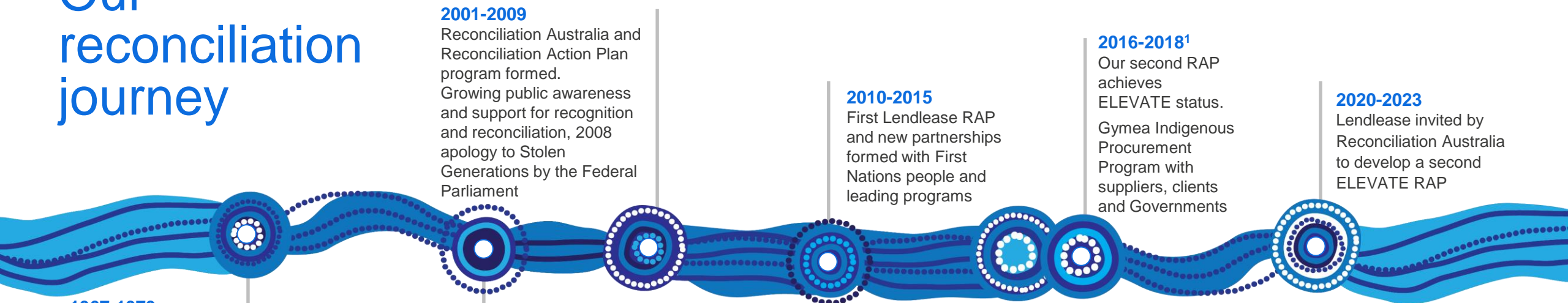
Sydney: Darling Square – on Wangal and Gadigal Country. The Canopy, by Aboriginal artist and Head of Design for Bangarra Dance Theatre, Jacob Nash



**Cath
Brokenborough**

Executive Lead,
First Nations
Engagement

Our reconciliation journey



1967-1979

Referendum to include First Nations People in Australian census, First Nations people develop their own community-based services and programs

1980-2000

Lendlease develops partnerships and actions supporting First Nations people, skills, employment, housing, education

FY20 RAP action

Cultural awareness and engagement learning opportunities for Lendlease employees

Increasing the number of Aboriginal and Torres Strait Islander people directly employed by Lendlease

Increasing procurement activity with Aboriginal and Torres Strait Islander businesses

6,030

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

1%

Of Lendlease Australian employees identify as First Nations Australians

128

Supply Nation Businesses engaged (registered and certified First Nations businesses)

Activating projects, offices and assets in celebration of:

- National Reconciliation Week 2020
- NAIDOC Week 2019

- Developed a COVID-19 response plan – focus on support and retention of Lendlease First Nations employees
- Updated Indigenous Talent Strategy and Resourcing Strategy

\$55.3m

Spent in FY20 with registered and certified First Nations businesses



1. Extended to 2020 by Reconciliation Australia.



Placemaking with First Nations peoples

Telling the truth of place drives an understanding and acceptance of past wrongs and creates new conversations.

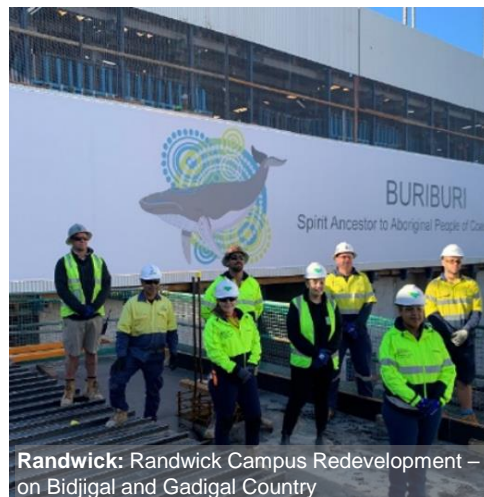
Restoring a First Nations lens to placemaking creates new opportunities for the end users of our projects – the people who live, work, play and shop there – to acknowledge the Traditional Owners and celebrate their cultures, to learn the true nature, name and meaning of these places, to create better connection and sense of belonging and unity in these places, people to people, and people to Country.



Shoreline: On Quandamooka Country and Danggan Balun (Five Rivers) Country



Harpley: Discovery Trail – on Wadawurrung Country



Randwick: Randwick Campus Redevelopment – on Bidjigal and Gadigal Country



Jordan Springs: on Darug Country

The opening



APPF Commercial

Melbourne: Melbourne Quarter – Kulin Nation



Micah Schulz

Fund Manager,
APPF
Commercial

Core
wholesale
unlisted
property fund
established
in 1994

Owning and managing vibrant places that attract, retain and connect global talent, in order to deliver superior risk adjusted returns to our investors.

Sydney: Barangaroo – on Gadigal Country

Australian Prime Property Fund Commercial

- To be recognised as Australia's leading 'Worklife' Fund
- \$5 billion funds under management
- 19 workplaces
- c.390 tenants

Sustainability journey

2007:	The first real estate signatory to the PRI
2007:	Launched Responsible Property Investment (RPI) Policy
2014:	Achieves 1 st globally in GRESB from 637 participants
2015:	Darling Quarter achieves quadrella 6 Star Green Star Certifications
2017:	First Australian 6 Star Green Star Performance rated portfolio
2018:	Refreshed RPI Strategy commits portfolio to net-zero carbon in operation by FY25, minimum ESG requirements for new developments
2019:	Refreshed Fund strategy includes 'Authentic Social Impact' as an explicit pillar
2019:	Achieves 1 st globally in GRESB for the fifth time
2020:	World's first office portfolio to receive WELL Portfolio Certification



Five out of the
last six years



Scope 1 & 2
by 2025

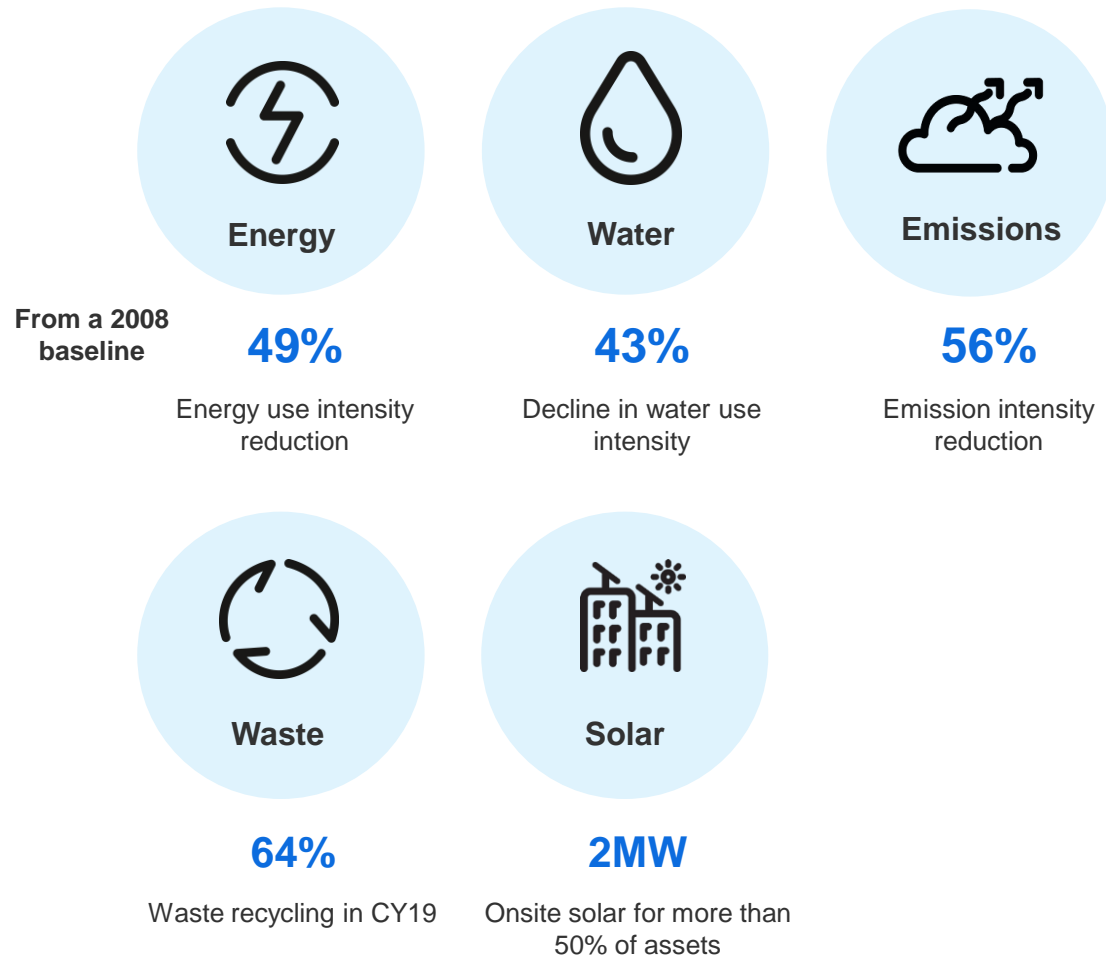


Signatory since
2007



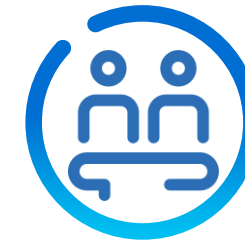
Energy portfolio

APPF Commercial environmental and social credentials



\$1.2m

Spend in 2019 on social purpose activities, including 25% supply chain spend with Supply Nation, 600 asset events and support for 25 charities.



Worklife®

Represents the accelerating confluence of 'work' and 'life' in the lives of workers and consumers in our assets.

More broadly, the trend towards mixed-use assets and precincts where commercial space is converging with, and being complemented by, traditionally distinct segments such as ancillary retail, accommodation and logistics.



Portfolio rating

A research-driven measurement and benchmarking tool for enhancing human health in buildings and their operation.

Questions

Appendix










Climate related impacts

Polarisation
A world warmed by 3°C

Our Polarisation Scenario imagines the world falters on serious climate action, with a resultant national self interest taking precedence over multilateral cooperation. This scenario sees higher levels of economic protectionism with significant impacts on global supply chains.

Polarisation Scenario Climate Related Impacts	Risk			Opportunity		
	Development	Construction	Investment	Development	Construction	Investment
Impact of climate change on assets and communities						
Increase market share from public sector						
Access & cost of capital						
Availability of international products						
Availability & cost of labour						
Reduced availability of materials and resources						
Impact of climate change on the way we work						
Shift in consumer preference toward secure and resilient communities						
Industry leadership in decarbonisation valued						
Impact of climate change on cities						

Not often identified as an impact 
 Lower frequency of identified impact   ←   →   Higher frequency of identified impact

Climate related impacts

Paris Alignment

A world warmed by 2°C

Our Paris Alignment Scenario sees a market led transition to a lower carbon future through global government commitment to the Paris Agreement. This scenario differs from our Transformation Scenario in that it relies heavily on negative emissions technologies, such as carbon capture and storage, as a stress test of a situation in which the economy is decarbonised without any significant structural change occurring.

Paris Alignment Scenario Climate Related Impacts	Risk			Opportunity		
	Development	Construction	Investment	Development	Construction	Investment
Increase speed of change in climate related impacts						
Misalignment between legislation/regulation and Lendlease strategy						
Increase cost of carbon						
Demand for decarbonisation of supply chain						
Increased scrutiny over actions versus branding						
Demand for negative emissions and geoengineering solutions						
Changing preferences away from new build development						
Demand for zero-carbon infrastructure						
Increase market share from public sector						
Industry leadership in decarbonisation valued						

Not often identified as an impact Lower frequency of identified impact Higher frequency of identified impact








Climate related impacts

Transformation

A world warmed by 1.5°C

Our Transformation Scenario sees a societally driven, controlled and rapid decarbonisation pathway, where global emissions peak in 2020 and are close to zero in 2040. Instead of relying on technological fixes, the Transformation Scenario sees a substantial reduction in emissions through lifestyle changes and a reprioritisation of capital to community level investment.

Transformation Climate Related Impact	Risk			Opportunity		
	Development	Construction	Investment	Development	Construction	Investment
Increase speed of change in climate related impacts						
Local companies preferenced over global ones						
Shifting Social Licence to Operate expectations						
Availability of international products						
Changing preferences away from new build development						
Shift towards community 'ownership' of companies						
Expectation of R&D investment for decarbonisation						
Greater need for partnerships & collaboration for decarbonisation						
Industry leadership in decarbonisation valued						
Shifting consumer preferences towards lower impact living						

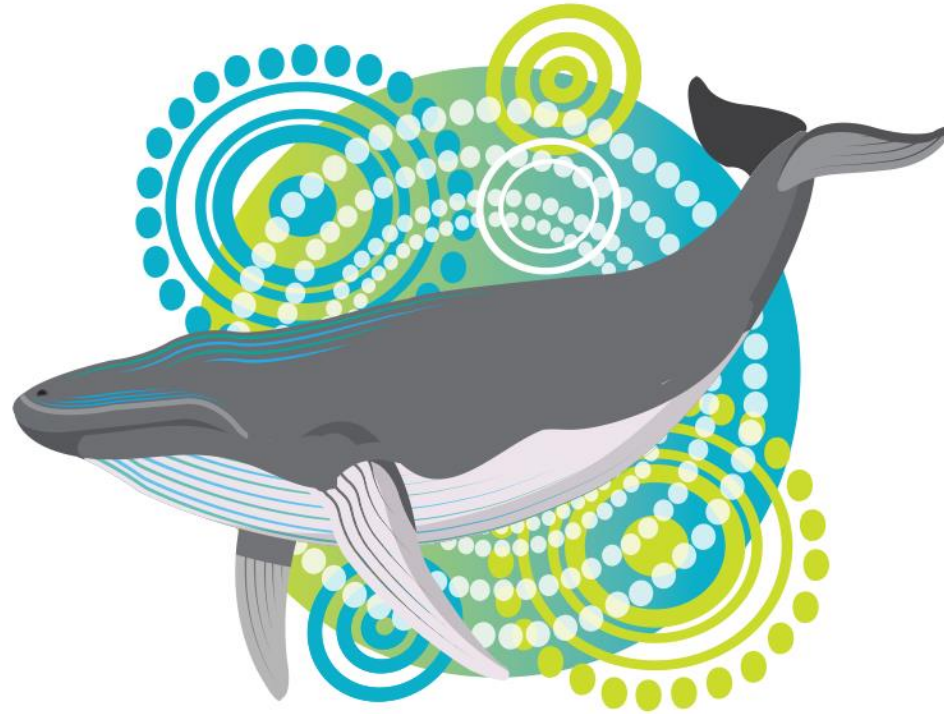
Not often identified as an impact 
 Lower frequency of identified impact   ←   →   Higher frequency of identified impact

Artist profile – Jordan Ardler

Jordan Ardler is an Aboriginal artist from La Perouse. Since 2011 Jordan has been a freelance graphic designer working with a variety of Sydney-based small businesses, foundations, councils and other organisations.

Jordan completed her Bachelor of Design at UNSW Art and Design. During her time at UNSW, Jordan was recognised for her ongoing volunteer work within the Indigenous student community.

Jordan also plays a key role in supporting local youth through her work at the La Perouse Youth Haven. Her Buriburi artwork design acknowledges the local La Perouse region and incorporates elements symbolic to the eastern coastline.



Buriburi: Spirit ancestor to First Nations people of coastal Sydney

The rich history and proud heritage of the local La Perouse First Nations community is celebrated at the Randwick Campus Redevelopment through the prominent display of First Nations artwork on the construction jump form.

Featured in the artwork is Buriburi the humpback whale, a local totem or spirit ancestor of the Aboriginal people of coastal Sydney. The artwork, prepared by local Aboriginal artist Jordan Ardler, has been developed through a partnership between Lendlease and the Gujaga Foundation to recognise the significance of cultural connection to place.

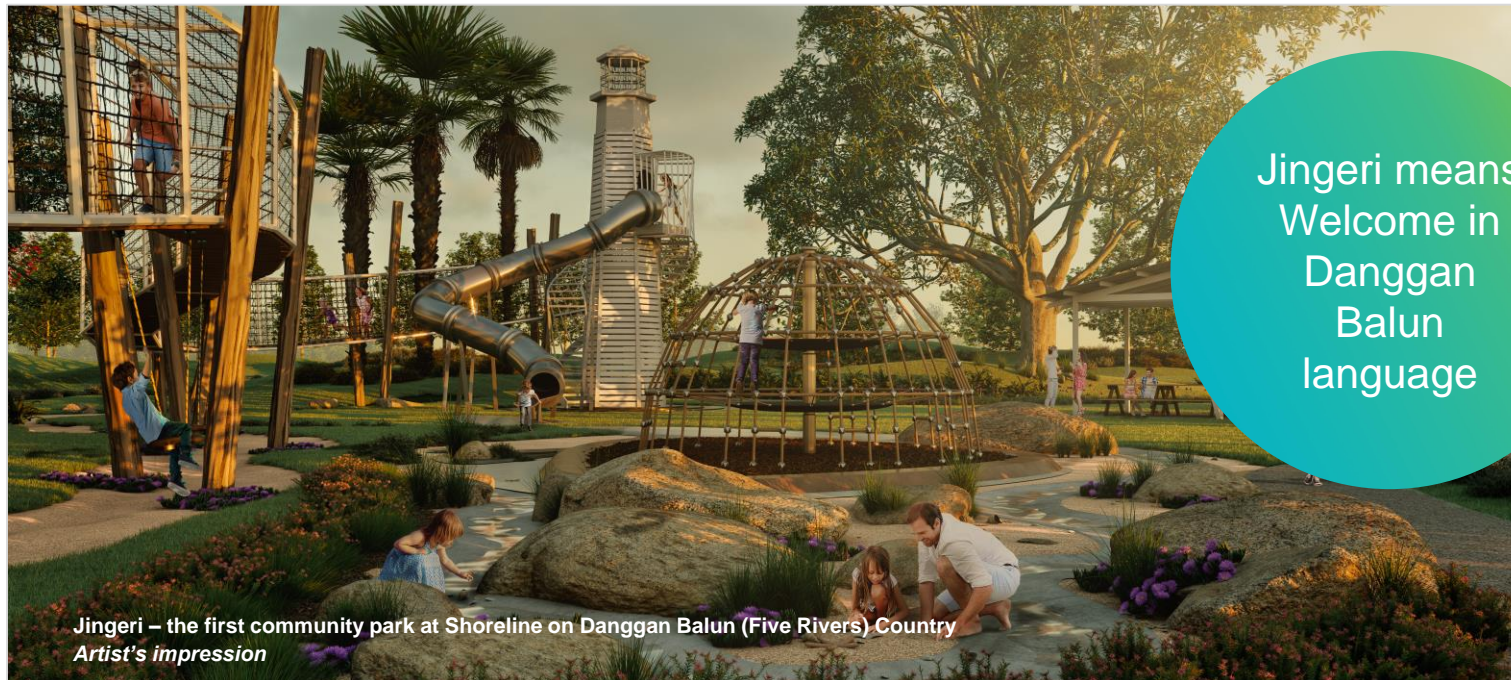
Numerous stone carved symbols of the Buriburi can also be found dotted along walking trails of Sydney's south eastern coastline.

Lendlease's Randwick Campus Redevelopment project team continues to work with the local First Nations community and key partners to empower First Nations people through economic participation in both the workforce and supply chain.

Telling the truth of place



Randwick: Randwick Campus Redevelopment – on Bidjigal and Gadigal Country



Welcoming new beginnings

Shoreline is the first master planned community in approximately 20 years in the Redland Bay region – Quandamooka Country and Danggan Balun (Five Rivers) Country.

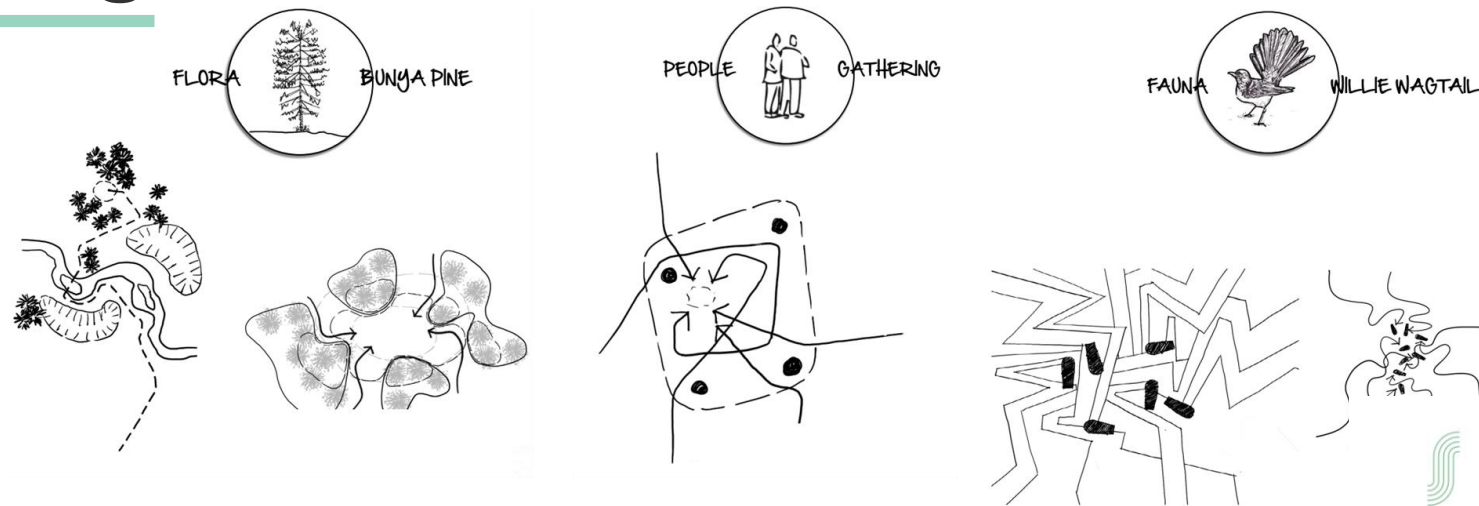
The new community, is being created and designed with the guidance of the two Traditional Owners of the Country, the Quandamooka people and Danggan Balun people.

Their stories, cultures, languages and connection to the lands will shape the place Shoreline will become.

We value our relationship with Traditional Owners and First Nations community, their guidance will inform the design and sensory experience of living, working and visiting Shoreline.

Jingeri Jingeri is the name of the Willy Wagtail in Five Rivers language.

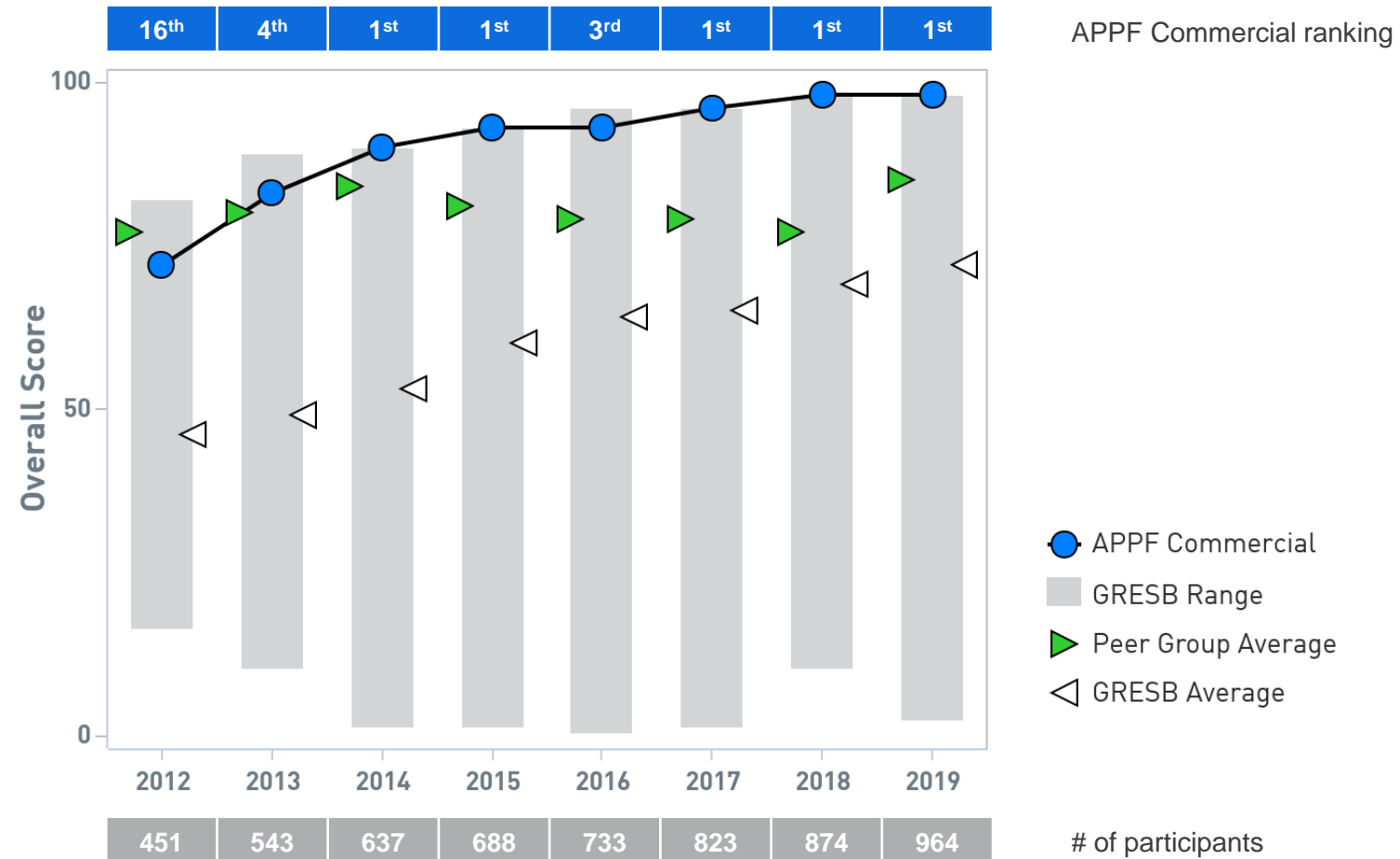
Jingeri Park



Jingeri Park: A collaborative design with the Traditional Owners – the Danggan Balun (Five Rivers) people.

Shoreline

APPF Commercial GRESB results



APPF Commercial – Pathway to decarbonisation



Minimum Ratings NABERS Energy:	6 Star Green Star DAB 5 to 5.5 NABERS
Electrification:	Gas originally in base scheme: Embedded Network conversion conducted to optimise solar (upgraded), energy efficiency upgrades applied to hot water system, air handling and chillers. MSB's upgraded for future energy storage and microgrid.
Solar PV:	One MQ: 200kW 2MQ: 186kW (386kW onsite) To-date, One MQ's solar PV system has generated 243 MWh in electricity and represents 20% of the overall energy usage from renewable sources.
Climate Risk:	Assessed in due diligence and design. Urban Heat Island Risk mitigated through provision of SkyPark. Increased number of heat days assessed for occupant resilience and plant and equipment suitability. Air filtration upgraded to mitigate air pollutants associated from severe weather events.



Minimum Ratings NABERS Energy:	6 Star Green Star DAB 5 to 5.5 NABERS
Electrification:	Gas originally in base scheme: As a result of APPF Commercial's 25% acquisition and its approach to ESG, an Electrification study is being undertaken. Additionally, embedded network, battery storage, solar shading / rooftop panels and EV charging are being assessed.
Solar PV:	Yes. Minimum Fund Requirement Viability of solar façade and solar shading is being investigated as a result of APPF Commercial's approach to ESG.
Climate Risk:	Physical and Transitional Risks assessed through APPF Commercial's due diligence and will be factored into evolving design. Future carbon liability assessed against APPF's Net Zero Carbon by 2025 Scope 1 & Scope 2 target using Lendlease Shadow Price.

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All figures are in AUD and as at 30 June 2020 unless otherwise stated.