

ASX ANNOUNCEMENT

3 November 2021

Sustainability Market Briefing

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

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

ENDS

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Authorised for lodgement by the Lendlease Group Disclosure Committee

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Lendlease Responsible Entity Limited ABN 72 122 883 185 AFS Licence 308983
as responsible entity for **Lendlease Trust** ABN 39 944 184 773 ARSN 128 052 595

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Sustainability Market Briefing

3 November 2021

A photograph of a man carrying a young boy on his shoulders. They are both looking towards the left, where a bright sun is shining through the branches of trees, creating a warm, golden glow and lens flare. The man is in the foreground, and the boy is on his shoulders. The background is filled with the silhouettes of trees and the bright light of the sun.

lendlease

SUSTAINABILITY STRATEGY AND TARGETS

London: Elephant Park



Cate Harris

Group Head of
Sustainability
and Lendlease
Foundation

Acknowledgement of country

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



FY21 SUSTAINABILITY HIGHLIGHTS

Launched
Mission Zero
Raising awareness of
our carbon targets

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

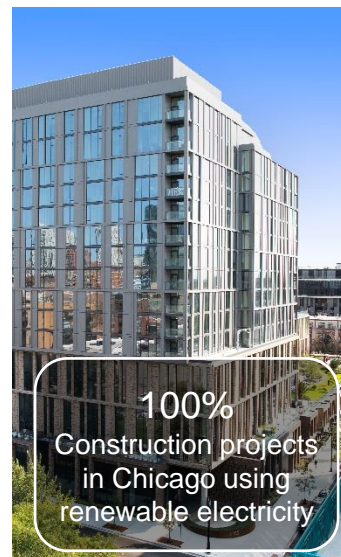
Launched second
Elevate RAP¹
2020 – 2023

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

Founding signatory to
SteelZero
initiative



MIND²
To be 100%
powered by
renewable
energy



100%
Construction projects
in Chicago using
renewable electricity

**Net Zero
Carbon**
US Multifamily
portfolio

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

Founding member of
MECLA³
Decarbonising
Australia's building and
construction industry

#1 ranked
Office fund in GRESB⁴

A+ rankings⁵
Strategy and
Governance
Awarded by PRI

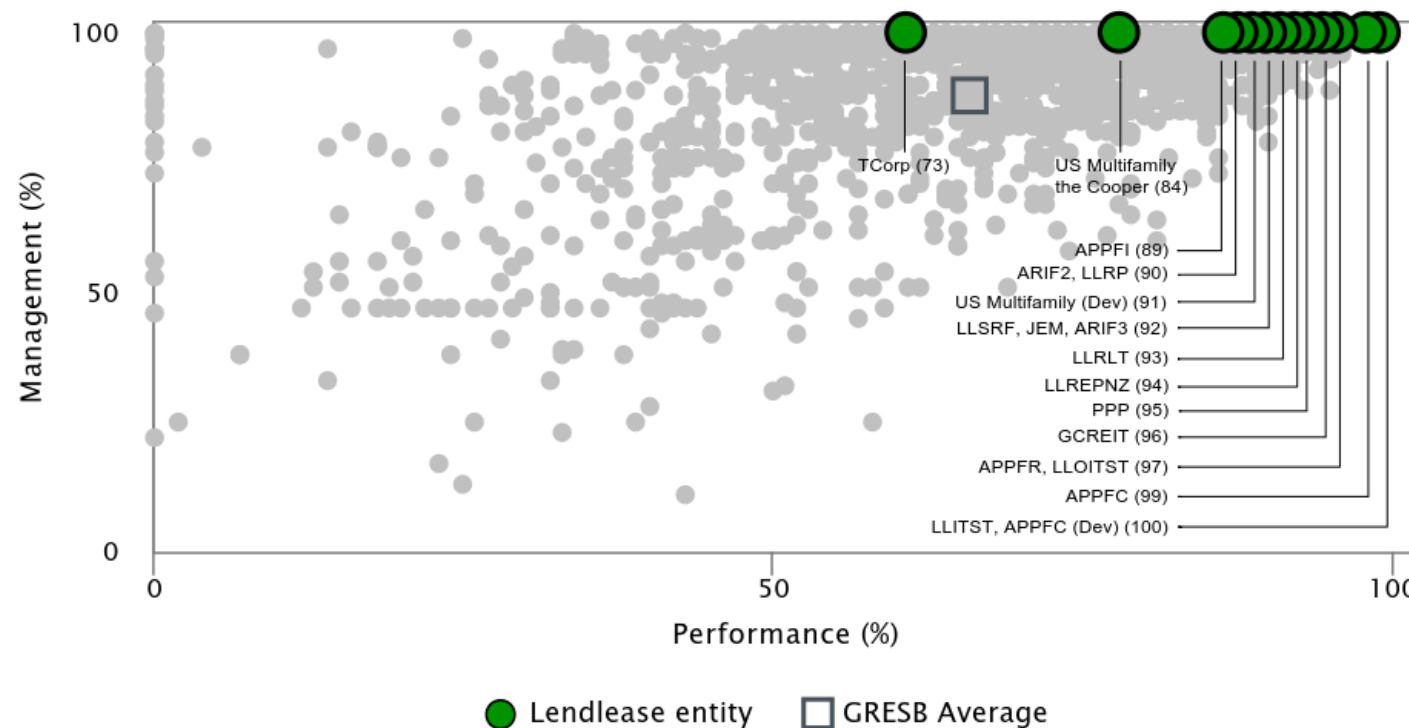
Australian Building
business providing
**Net Carbon
Neutral**
construction
three consecutive years



Four
Funds
ranked in the
GRESB⁴ top
10

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

Four Lendlease managed funds were assessed in the GRESB global top 10, including LLITST¹ which scored the first 100%.



2021 Participation

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

1. Lendlease International Towers Sydney Trust.

2021 GRESB REAL ESTATE ASSESSMENT

SUSTAINABILITY IS IN OUR DNA



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

Targets

Target 8-11% core operating ROE
anticipated by FY24

Strong securityholder returns

Targets

Net zero carbon by 2025 (scope 1&2)

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

Targets

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

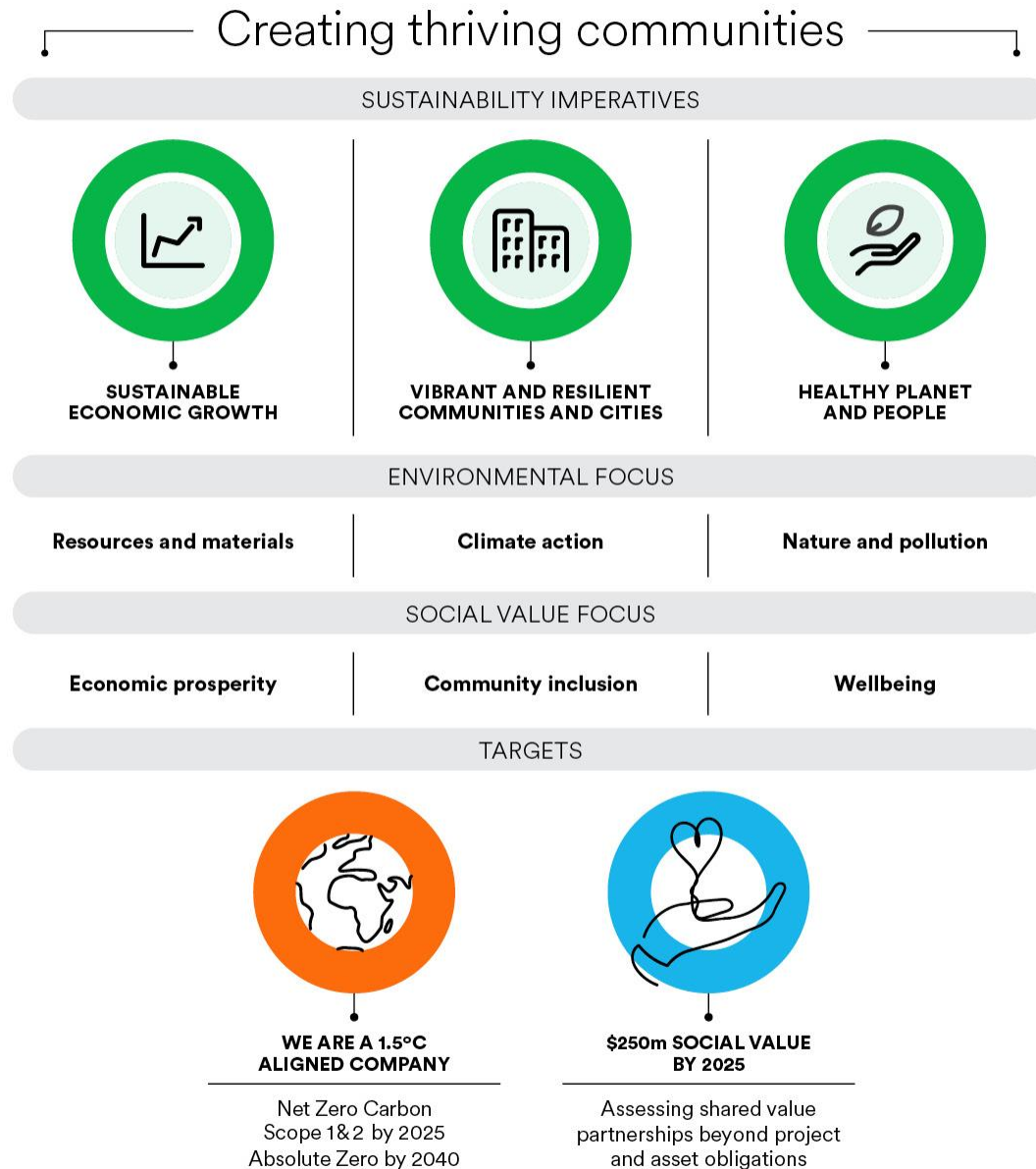
Incident and injury free

SUSTAINABILITY AT LENDLEASE

Guided by our Sustainability Framework and Targets.

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

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



INDUSTRY LEADING TARGETS



**WE ARE A 1.5°C
ALIGNED COMPANY**

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



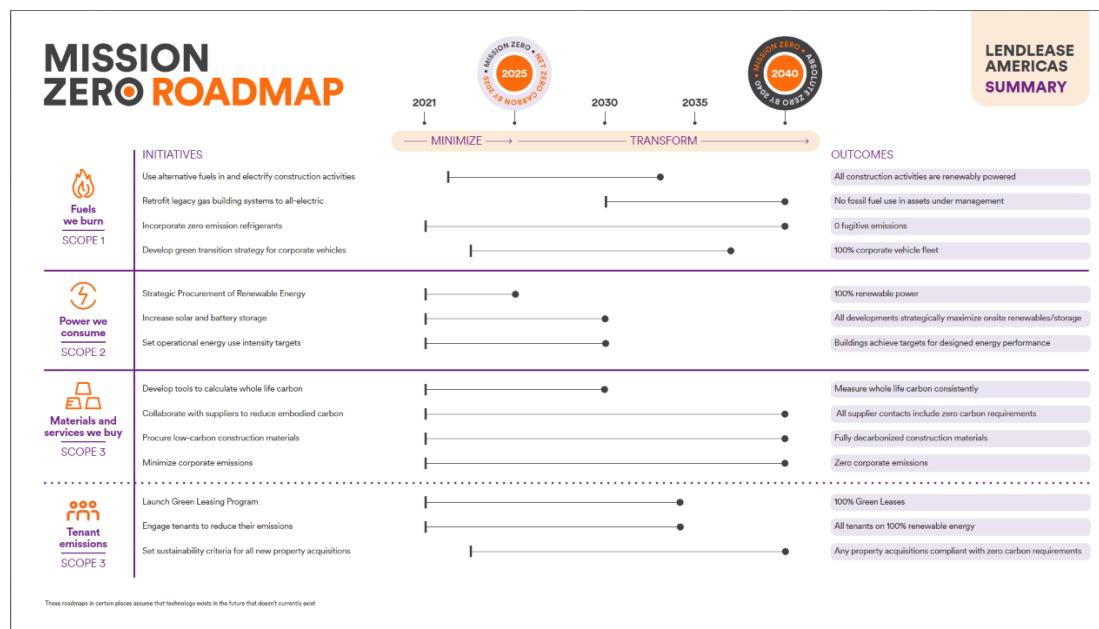
**\$250m SOCIAL VALUE
BY 2025**

Assessing shared value
partnerships beyond project
and asset obligations

WE ARE ON THE ROAD TO ABSOLUTE ZERO CARBON

Our five key steps to absolute zero carbon

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



A Mission Zero Roadmap created for each Region

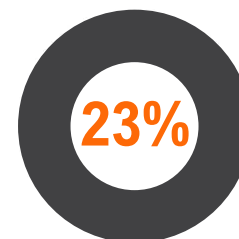
1.5°C ALIGNED ACTIONS & ACHIEVEMENTS

Sydney: Daramu House, Barangaroo – on Gadigal Country



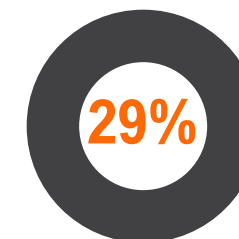
Simon Wild

Head of
Sustainability
Transformation



of our Scope 1 and 2
emissions offset in FY21

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

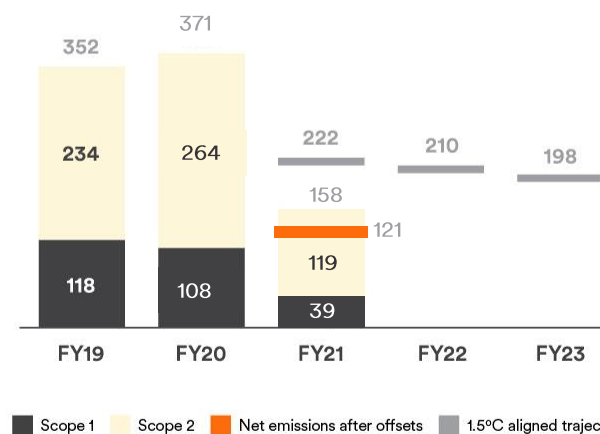


below our 1.5°C aligned trajectory for
Scope 1 and 2 emissions in FY21

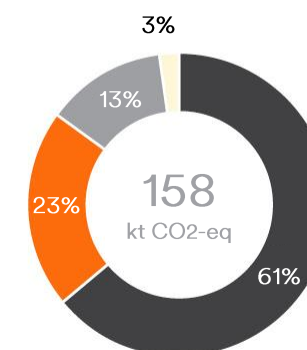
We are in a good position to achieve our target of absolute zero by 2040

FY21 CARBON EMISSIONS SUMMARY

Scope 1 and 2 carbon target performance ktCO₂-eq



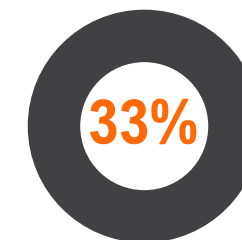
Scope 1 and 2 emissions by business line



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

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

AND WE MADE SIGNIFICANT PROGRESS ON OUR 2030 RENEWABLE ELECTRICITY TARGET



of electricity use from renewable sources, including grid renewable electricity

FY21 energy use by business line (GWh)

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

ESG DATA BOOK

Global

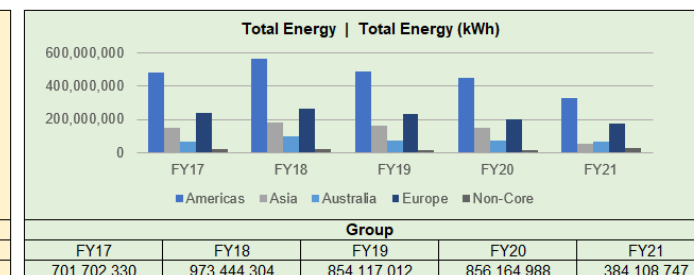
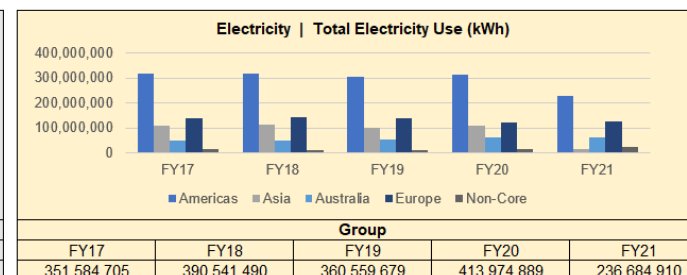
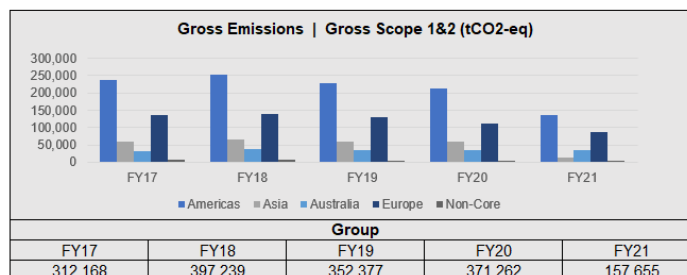


Charts

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

Graph 2
Electricity
Total Electricity Use (kWh)

Graph 3
Total Energy
Total Energy (kWh)



Data

Gross Emissions	
Group	
Core	
Americas	
Asia	
Australia	
Europe	
Non-Core	

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

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

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

Net Emissions	
Group	
Core	
Non-Core	

Net Scope 1 (tCO2-eq)	Net Scope 2 (tCO2-eq)	Net Scope 1&2 (tCO2-eq)		

Net Scope 1 (tCO2-eq)	Net Scope 2 (tCO2-eq)	Net Scope 1&2 (tCO2-eq)		

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

Electricity	
Group	
Core	
Non-Core	

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

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

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

Liquid Fuels	
Group	

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

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

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

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

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

The workshops used the five CRIs¹ that were identified as most likely to appear in the next 10 years from each scenario as the basis of review.

Participants were asked to:



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



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



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

1. Climate Related Impact.

FY21 TCFD BUSINESS IMPACT WORKSHOP PARTICIPANT SUMMARY

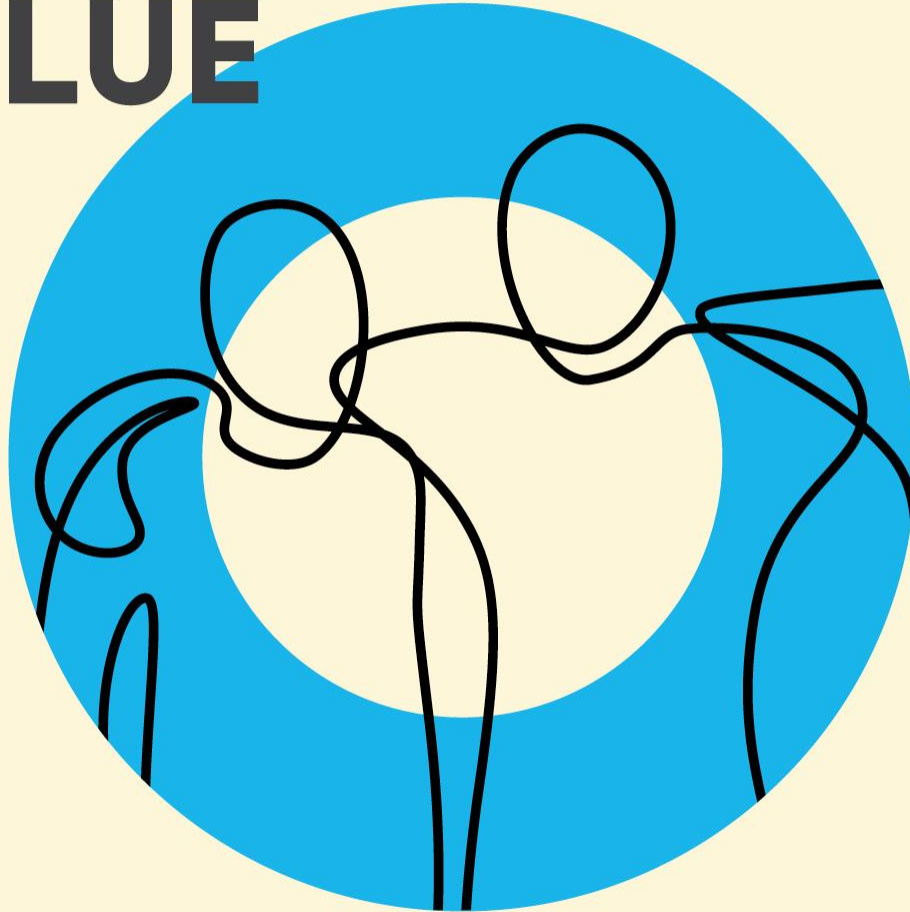
SOCIAL VALUE ACTIVITY AND ACHIEVEMENTS



**Edmund
McCombs**

Head of
External
Partnerships

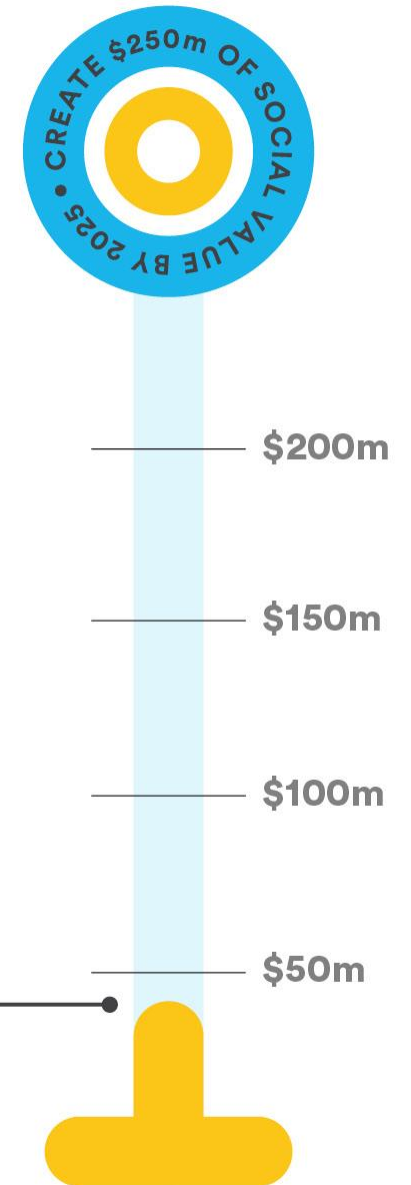
SOCIAL VALUE




Progress
towards
our target

18.9%
of our
target
reached
in FY21

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





HideOut
Youth Zone,
UK

OUR PATHWAY TO CREATE SOCIAL VALUE

Our four key steps to creating and measuring social value

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



OzHarvest
(Australia)

Projek
Komuniti Kita
(Malaysia)

Red Cross
(Australia)

Loneliness
Lab (UK)

Programma
2121 (Italy)

The Great
Barrier Reef
Foundation
(Australia)

Living Works
– Mental
Health (USA)

Chicago
Women
in Trades
(USA)



Benchmark our existing portfolio of partnerships

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

FY21 Summary



Shared value
partnerships assessed



Additional partnerships
to undergo assessment

4

Expand social evaluation efforts to our projects and assets

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

SUPPLY CHAIN AND PROCUREMENT



**Peter
Bounsall**

Group Head of
Supply Chain

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



KEY SUPPLY CHAIN STRATEGIC FOCUS AREAS

1

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

2

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

3

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

4

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

5

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

MODERN SLAVERY FOCUS AREAS

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



Mitigation

Progressing regional labour risk mitigation actions and category risk heatmapping



Analytics

Building our analytics for supplier screening, segmentation and risk analysis



Processes

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



Audit

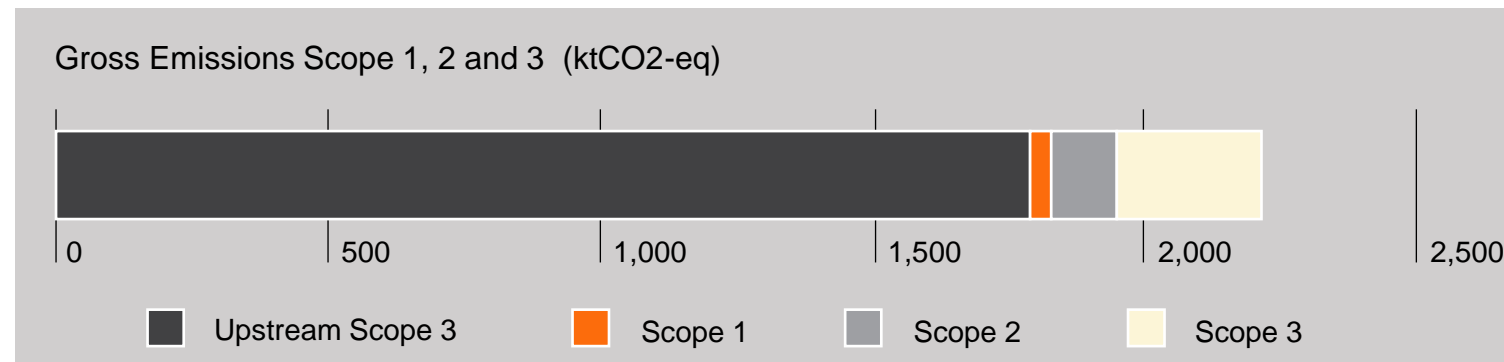
Implementing our FY21 audit program focusing on labour risks



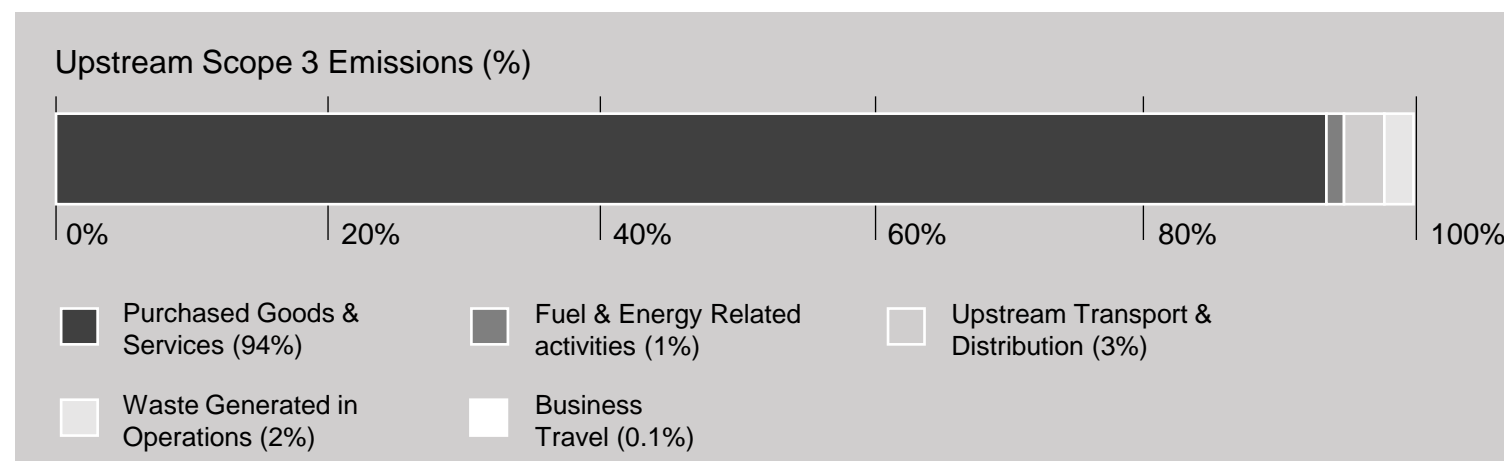
Engagement

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

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



Of the 1,786 kt CO₂-eq Upstream Scope 3 emissions 94% were from Purchased Goods & Services.



IN FY21 THE
BUSINESS
DISCLOSED
ESTIMATED
SCOPE 3
EMISSIONS

QUESTIONS

A photograph of Darling Square in Sydney, Australia, showing an outdoor cafe area with tables and chairs under a canopy with string lights, and people walking on the adjacent sidewalk.

Sydney: Darling Square – on Gadigal Country

APPENDIX


















Melbourne: Artist's impression Melbourne Quarter – Kulin Nation

POLARISATION SCENARIO (>3°C)

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

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

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

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

Higher negative sensitivity     Higher positive sensitivity

PARIS ALIGNMENT SCENARIO (2–3°C)

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

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

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

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

TRANS- FORMATION SCENARIO (<2°C)

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

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

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

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

SUSTAINABLE FINANCE AT LENDLEASE

Sustainability is in our DNA –
financing supports execution of the
Group's sustainability strategy

Aligned to strategy

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

Governance and reporting

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

Bonds

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

Loans

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



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

ELEVATE RECONCILIATION ACTION PLAN (RAP)


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



Providing cultural engagement and learning for all employees



Making First Nations businesses foundational in our supply chain



Supporting First Nations voices within Lendlease

FY21 Actions

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

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

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

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

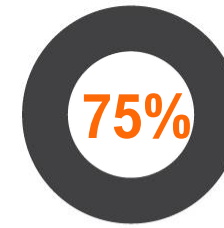
Our procurement goal aligns with the national Raising the Bar initiative, which sets annual targets to embed First Nations owned businesses in our supply chain

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

8 First Nations Australian employees sit in leadership roles

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

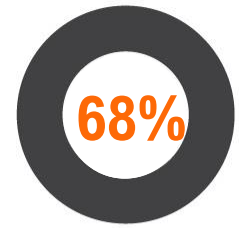
ENVIRONMENTAL FOCUS: REDUCING WASTE



FY21
increased
waste
diversion rate
to 75%



Partnered with
WWF¹ Singapore
on a Waste in
Retail Research
Initiative



Total waste
decreased by
approximately
68%² in FY21

FY21 waste diverted and disposed (kTonnes)

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

1. World Wildlife Fund.

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

ENVIRONMENTAL FOCUS: REDUCING WATER CONSUMPTION



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

FY21 water consumption by business line (MLitres)

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

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

ENVIRONMENTAL FOCUS: PROMOTING BIODIVERSITY

Southbank
Park, Chicago

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



The Exchange
TRX new city
park, Kuala
Lumpur

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All monetary references are in AUD and as at 30 June 2021 unless otherwise stated.