

# ASX ANNOUNCEMENT

20 May 2022

## **Lendlease Stakeholder Engagement Presentation**

Attached is a presentation to be referred to during engagement meetings in May and June 2022 between Lendlease Chairman, Michael Ullmer AO and key stakeholders.

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***Authorised for lodgement by Lendlease Group's Disclosure Committee***

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# Stakeholder Engagement

Michael Ullmer, AO  
Chairman, Lendlease Group

May & June 2022

**lendlease**

Sydney: Artist's impression of Waterman's Residences, One Sydney Harbour – on Gadigal Country

Artist impression only. Design subject to change. View lines, fixtures and finishes may differ from that shown.

# Board commitment to securityholders

## Respect for securityholders

### Stewardship

- The Board governs the Group for the long term interests of securityholders
- Long term outcomes achieved by a focus on areas of value creation:
  - Health & Safety
  - Financial
  - Customers
  - People
  - Sustainability

### Transparency

- Committed to open communication
- Board program structured to facilitate comprehensive insight into operations and collaboration with management
- Strive for transparency in decision making that fosters trust and integrity

### Engagement

- Value open engagement with market participants
- Welcome regular interaction with the investment community
- Feedback incorporated into Board deliberations

The Lendlease Board is committed to exceptional corporate governance policies and practices which are fundamental to the long term success and prosperity of the Group

### Board Charter as it relates to securityholders

- Approval of:
  - business strategy and vision in line with focus on securityholder value creation
  - business plans, assuring that sufficient resources are available to implement strategy
  - major investments or divestments and strategic commitments
  - financial reporting
- Determination of capital structure and distribution policy
- Oversight of risk management, internal control and compliance systems
- Oversight of securityholder reporting and communications; benchmarking the delivery of value to customers

# Board reset activities FY19 – FY22

The Board set a clear roadmap for change during the Chairman's first term

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## Leadership changes

- Orderly transition to new Chief Executive Officer, Tony Lombardo who commenced on 1 June 2021
- Key external appointments: Chief Financial Officer, Simon Dixon, Chief People Officer, Deb Yates and Group Head of Investments, Penny Ransom
- Strong internal appointments: Chief Risk Officer, Frank Krile and Chief Operating Officer, Denis Hickey

## Board renewal and succession planning

- Robert Welanetz appointed in March 2020 – 40 years international experience in Lendlease's core segments of Investments, Development and Construction
- Nick Collishaw appointed in December 2021 – experienced Property leader who has overseen the development and delivery of significant commercial and industrial projects

## New committee framework implemented

- Separate Audit and Risk Committees formed – greater focus on risk; expanded Board agenda on strategic oversight
- Focus of Sustainability Committee broadened to include Environmental, Social and Governance
- Committee composition refreshed in March 2022

## Supporting strategic activities

- Divestments: Engineering (September 2020) and Services (November 2021)
- Sale of part of the asset management income stream from the Military Housing portfolio
- Additional interest in Lendlease Retirement Living Trust acquired by Aware Super
- Reset, Create, Thrive strategy outlined in August 2021

## Responded to feedback on remuneration

- Reset CEO remuneration downwards in line with market expectations
- Oversaw the alignment of the structure of executive remuneration with the CEO's new package
- Introduction of simplified and metricated KPIs for senior executives

## Enhanced focus on ESG

- Safety GMRs refreshed – full Board undertook training
- Endorsed ambitious carbon and shared value targets
- Review of ESG reporting frameworks and indices to understand gaps in reporting



# Disciplined execution of the existing strategy

## Our strategy | reaffirmed

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

## Strategic priorities | reaffirmed

Leverage competitive edge

Accelerate development

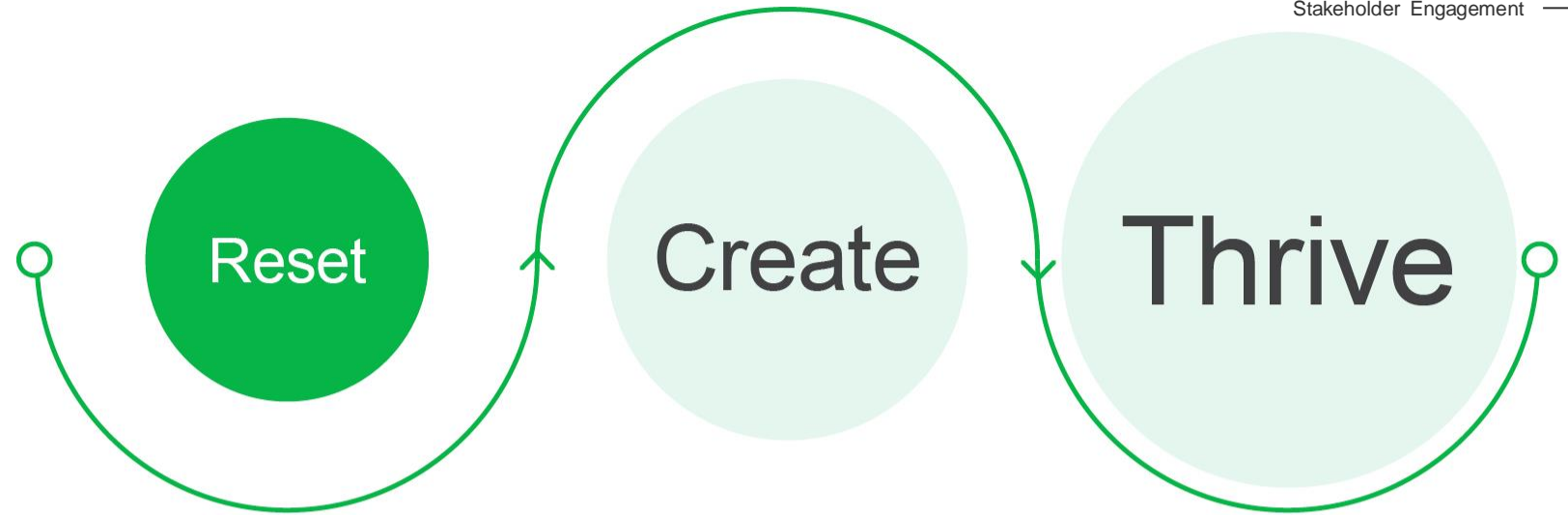
Scale investments

Best practice construction delivery

Leadership in sustainability



# Five year roadmap for delivering sustainable performance



## Reset platform for delivery and growth

Focused business model  
Optimised structure and businesses  
Recalibrate cost base  
Portfolio review completed

FY22

## Focus and execute on existing strategy

Operational excellence  
Increase Development WIP  
>\$8b production by FY24  
Launch new funds/mandates  
Invest in our people  
Progress sustainability targets

FY23-24 Targets

## Global property leadership built on sustainable foundations

Sustained financial performance  
Annual production >\$8b  
Best practice construction  
FUM >\$70b by FY26  
Global employer of choice  
Net zero carbon  
\$250m social value created by 2025

FY25-26+ Targets

# People and Culture Committee

The role of this Committee is to support the Board in fulfilling its governance and oversight responsibilities related to people management and remuneration policies.

The Committee sets people management policies and practices that enable the Group to attract and foster exceptional talent, equitably and responsibly reward employees and keep human capital considerations central to the Group's strategy and business plans.

## Responsibilities

### People & Culture Strategy

- Oversight of the alignment of the people strategies with Group strategy
- Review results of and actions arising from the employee engagement survey

### Talent Management & Succession

- Review the Group's:
  - Succession planning for the Global Leadership Team (GLT) and Group CEO
  - Talent management and succession strategy including the talent pipeline for the roles required to deliver the Group's strategy

### Diversity & Inclusion

- Assessment, review and monitoring of the Group's:
  - Diversity & Inclusion strategy
  - Policies supporting Diversity & Inclusion
  - Agreeing Diversity & Inclusion related objective and targets

### Remuneration

- Assessment, review and monitoring of the Group's:
  - Executive Reward Strategy
  - Contractual arrangements and remuneration for the CEO
  - Goals, performance and remuneration for the GLT
  - Bonus pool and employee incentive schemes
  - Annual Report remuneration disclosures
  - Non Executive Director fees

## Meetings and composition

### The Committee

- Meets quarterly prior to Board meetings and at additional times as required
- Is supported by the Chief People Officer and their team who provide the committee with relevant information (except when their own remuneration and performance evaluation is discussed)
- EY appointed as Board's remuneration advisor in July 2020

### Current Committee members

- Elizabeth Proust (Chair)
- Michael Ullmer
- Nick Collishaw (**new member since March 2022**)
- David Craig
- Robert Welanetz

### Retired members in FY22

- Phil Coffey
- Jane Hemstrich

### In attendance at each meeting by invitation:

- Group CEO and MD (except for decisions relating to their performance and remuneration)

To view the full Lendlease People and Culture Committee Charter, please visit: [www.lendlease.com/au/-/media/lcom/investor-relations/governance/committees/2019/people-and-culture-committee-charter-2019.pdf](http://www.lendlease.com/au/-/media/lcom/investor-relations/governance/committees/2019/people-and-culture-committee-charter-2019.pdf)

# People and culture

## Key Areas of Focus for the Board and the Committee during FY22

### Wellbeing

- Mental Health First Aid (MHFA) training
- Global Roadmap to Wellbeing program
- “You Can’t Ask That” series – promoting employee engagement
- Global Healthy Workplace certification

### Human Capital Management

- Human capital strategy implementation
- Talent attrition risks
- Building a more inclusive culture

### Talent and Succession

- Mission critical capabilities
- Clear and accessible career paths
- Refreshed global leadership program

### Diversity and Inclusion

- Global programs to build sponsorship among senior leaders
- Acceleration of under-represented talent
- Focus on female talent and employees from racial minorities

### Remuneration

- Short Term Award (STA) – changes for FY22:
  - introduced simplified and metricated STA KPIs for ~60 Executives, including the Global CEO and GLT, with threshold, target and maximum values set
  - changed the weighting of financial / non financial KPIs from 50% financial / 50% non financial to 65% financial / 35% non financial
- Long Term Award (LTA) – leaver treatment updates for the 2022 LTA (granted in September ‘22):
  - upon resignation, all unvested LTAs will immediately lapse (previously remained on foot unless leaving to work for a competitor)
  - if Board discretion exercised, ‘Good Leavers’ unvested rights that remain on foot are pro-rated based on the time employed over the 3 year performance period (previously not pro-rated unless the Board determined otherwise)

Our people have continued to deliver for our customers and supported the execution of our strategy



# Sustainability Committee

The role of this Committee includes oversight of the Group's aspiration of being a sustainable organisation.

The Committee remit encompasses workplace safety; corporate social responsibility; environmentally sustainable solutions; modern slavery; indigenous engagement and the Lendlease Foundation activities.

## Responsibilities

### Health, Safety and Wellbeing

- Assessment, review and monitoring of the Group's:
  - Health and Safety framework
  - Health & Safety strategy
  - Policies and initiatives relating to safety and wellbeing
  - Safety information
  - Board recommendations to improve safety performance and reporting

### Sustainability and Corporate Social Responsibility

- Oversight, review and monitoring of the Group's:
  - Sustainability framework
  - Sustainability strategy and its implementation
  - Policies and initiatives to achieve best practice environmentally sustainable solutions
  - Publicly disclosed sustainability targets
  - External reporting on major corporate social responsibility and sustainability policies principles and initiatives
  - Lendlease Foundation
  - Board recommendations in relation to sustainability disclosures including the TCFD (Task Force on Climate Related Financial Disclosure)
  - Annual Modern Slavery Statement and associated action and disclosure

### Indigenous Engagement

- Oversight and monitoring of the Group's:
  - Reconciliation Action Plan framework
  - Activities to achieve a leadership position in advancing reconciliation

## Meetings and composition

### The Committee

- Meets quarterly prior to Board meetings and at additional times when requested by members
- Is supported by the Chief Risk Officer, Group Heads of Sustainability and Safety, Executive Lead – First Nations Engagement, and Head of Supply Chain Risk who provide the committee with relevant information

### Current Committee members

- Nicola Wakefield-Evans (Chair)
- Michael Ullmer
- Phil Coffey (**new member since March 2022**)
- Elizabeth Proust
- Robert Welanetz

### In attendance at each meeting by invitation:

- Group CEO and MD

To view the full Lendlease Sustainability Committee Charter, please visit: [www.lendlease.com/au/-/media/llcom/investor-relations/governance/committees/2019/sustainability-committee-charter-2019.pdf](http://www.lendlease.com/au/-/media/llcom/investor-relations/governance/committees/2019/sustainability-committee-charter-2019.pdf)

# Health and Safety

## Our highest priority

- Improving our performance and eliminating incident and injury has been at the forefront of our strategy and operating philosophy
- A transformational decision was taken in 2008 to take an uncompromising leadership position on health and safety:
  - introduction of initiatives including Global Minimum Requirements (GMRs)
  - one employee fatality across our operations occurred between FY11-FY20 compared with three from FY01 - FY10
  - we go beyond industry reporting requirements, reporting all fatalities including subcontractors and everyone who interacts with our places: 8 fatalities (FY11-FY20) compared with 69 (FY01 - FY10).
- No employee fatalities and one subcontractor fatality occurred on our operations in FY22 to date
- We continue to work on reducing incidents through continuous improvements, advocacy for industry change

The health and wellbeing of our people is our highest priority

## We strive for excellence in the underlying drivers of safety outcomes

### Global Minimum Requirements

- Define the Lendlease way for managing health and safety
- 2021 GMR update:
  - supported the application of these standards to all phases of the real estate and construction lifecycle
  - renewed focus on providing the best possible working conditions

### Culture

- Internal Safety Culture & Climate Survey undertaken in April 2022
- Preliminary results indicated:
  - more than 90% agreement rate with statements on safety being the top priority for the organisation
  - strong belief that Lendlease remains an industry leader in health and safety

### Assurance

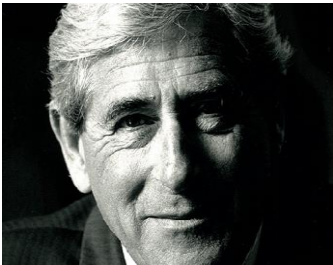



- Significant EH&S focus during investment, design and procurement
- Shift from compliance checks to forward focused risk management
- More than 1 million safety observations recorded in the past 5 years
- Project metrics are treated as leading indicators of safety risk

### Reporting

- On track in FY22 to record significant progress against health and safety metrics:
  - record low critical incident frequency rate (CIFR)
  - record low Lost Time Incident Frequency Rate (LTIFR)
  - metrics inclusive of employees, consultants and supply chain

# Sustainability

## Sustainability Leadership is in our DNA

Almost 50 years ago	Almost 40 years ago	20 years ago	10 years ago
			
<p><b><i>"Companies must start justifying their worth to society, with greater emphasis placed on environmental and social impact rather than straight economics."</i></b></p> <p>Dick Dusseldorp, Founder of Lendlease, 1973</p>	<p><b><i>"...through the Lendlease Foundation, we wanted to create a common purpose and a common interest among our employees..."</i></b></p> <p>Stuart Hornery, 1983</p>	<p>30 The Bond was delivered – Australia's first Green Star rated building that set a new benchmark in sustainable design.</p>	<p>We commenced delivery of the world's first Climate Positive Precinct, Barangaroo South.</p>

## Today, we've set our leadership ambition even higher...



Net zero carbon  
scope 1&2 by 2025  
Absolute zero by 2040



Assessing shared value  
partnerships beyond project  
and asset obligations

- Our ambition is to live in a world warmed by no more than 1.5°C and to be responsible for creating measured social value on the journey
- Our two bold sustainability targets will be our measure of success
- They are already serving to mobilise our business and supply chain into action
- Two campaigns launched: #MissionZero and #ALittleHelpToThrive
- Progress against our targets will be presented in the FY22 Integrated Report

To view Lendlease's sustainability targets, please visit: [www.lendlease.com/au/company/sustainability/our-targets/](https://www.lendlease.com/au/company/sustainability/our-targets/)

To view Lendlease's Mission Zero Campaign, please visit: [www.lendlease.com/au/missionzero/](https://www.lendlease.com/au/missionzero/)

To view Lendlease's A Little Help to Thrive Campaign, please visit: [www.lendlease.com/social-value/](https://www.lendlease.com/social-value/)

# Nomination Committee

Advice and support related to Board composition.

Objective is to have an appropriate mix of expertise, skills, experience and perspectives that foster diligent oversight and effective corporate governance.

Oversight of Board, Committee and individual Non Executive Director performance.

## Responsibilities

- **Board structure:**
  - Size and composition
  - Mix of expertise, skills, experience
  - Perspectives desirable to assist the Board in its role
- **Identification of:**
  - Board competencies not adequately represented
  - Selection process for prospective candidates to meet required competencies
  - Board candidates and recommendations for appointment to the Board
- **Director development:**
  - Process for induction and education of new Directors
  - Continuing education and development for Non Executive Directors
  - Re-election process with regard to performance
- **Evaluation of Board and Committee performance:**
  - Assessed against the requirements of the respective Charters
  - Contribution of individuals and overall Board
  - External review on a biennial basis
  - Internal assessment in periods when there is no external assessment
- **Succession planning:**
  - Review of succession plan for the Board
  - Consideration of skills required for current business operations
  - Consideration of skills and expertise needed on the Board in the future

## Meetings and composition

### The Committee

- Meets as required but generally at every scheduled Board meeting

### Current Committee members

- Jane Hemstritch (Chair)
- Michael Ullmer
- Phil Coffey
- Nick Collishaw (**new member since December 2021**)
- David Craig
- Elizabeth Proust
- Nicola Wakefield-Evans
- Robert Welanetz

### In attendance by invitation:

- Group CEO and MD

To view the Lendlease Nomination Committee Charter, please visit: [www.lendlease.com/au/-/media/llcom/investor-relations/governance/committees/2019/nomination-committee-charter-2019.pdf](http://www.lendlease.com/au/-/media/llcom/investor-relations/governance/committees/2019/nomination-committee-charter-2019.pdf)



# Nominations Committee

## Board Members Seeking Re-election/Election at 2022 Annual General Meeting

- 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.
- Directors seeking re-election and election at the 2022 Annual General Meeting



**David Craig**

Mr Craig joined the Board in March 2016

### Skills/Experience relevant to Lendlease

- Deep financial, risk management & strategic experience
- 20+ years of direct Property segment experience including overseeing CBA's property portfolio transformation and as CFO of Australand
- International career in 3 of the 4 Lendlease regions



**Nicola Wakefield Evans**

Ms Wakefield Evans joined the Board in September 2013

### Skills/Experience relevant to Lendlease

- Business leader with international commercial, strategy, M&A and legal experience
- Diverse career as one of Australasia's leading lawyers, in addition to holding several leadership and management roles
- Significant ESG experience gained through business and in the non-profit sector



**Nick Collishaw**

Mr Collishaw joined the Board in December 2021

### Skills/Experience relevant to Lendlease

- 40 years' experience in Investments, Development & Construction
- High profile roles in property and funds management including ex CEO Mirvac and Centuria Capital (Listed Property division)
- Oversaw delivery of significant and ground-breaking projects

## Board Skills, Composition and Renewal

### Board renewal – succession planning for Board roles considered critical:

- Significant focus on Board composition since appointment of Michael Ullmer as Chairman in November 2018
- Process of selecting a new Director involves reviewing the experience of current Directors, identifying any gaps in the Board skills set and using that to identify potential new candidates
- The Board considers that skills in Governance, Strategy, Financial Acumen and Risk Management are core skills which all Directors have self-assessed as being within their core competencies
- 8 of 9 Directors have experience in one or more of Lendlease's operating segments of Investments, Development or Construction
- All Directors have experience in at least two of the four Lendlease regions of Australia, Asia, Americas and Europe

# Risk Committee

Oversight of the Group's risk management and internal control systems, risk policies and practices, compliance, and approval process for projects.

## Responsibilities

### Risk policy

- Oversee, review and monitor adherence to risk related policies including:
  - Risk strategy and risk appetite statement
  - Macroeconomic, geopolitical, business risk environment
  - Insurance strategy
  - Adequacy of criteria for underperforming projects
  - Appropriateness of delegations and limits of authority

### Enterprise & Operational Risk

- Oversight, review and monitoring of the Group's:
  - Enterprise Risk Management system
  - Internal control environment
  - Lines of defence risk and control assurance
  - Material reputational risks
  - Compliance framework
  - Business integrity and conduct risk
  - Adequacy of insurance and other risk transfer arrangements
- Cyber and data governance risks:
  - Disaster recovery and business contingency planning process

### Operational oversight

- Review and recommend major transactions for Board approval
- Portfolio reports on the three operating segments and focus projects
- Review and set the assessment criteria for the assurance report
- Review and monitor the Group's underperforming projects

## Meetings and composition

### The Committee

- Meets prior to every Board Meeting
- Is supported by the Group Chief Risk Officer and their team who provide the committee with relevant information

### Current Committee members

- Phil Coffey (Chair)
- Nick Collishaw **(new member since December 2021)**
- David Craig
- Jane Hemstrich
- Elizabeth Proust
- Michael Ullmer
- Nicola Wakefield-Evans
- Robert Welanetz

### In attendance at each meeting by invitation

- Group CEO and MD

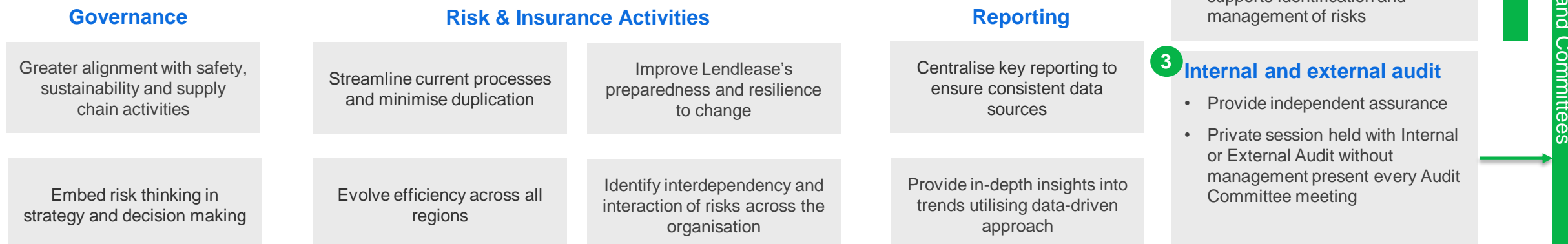
To view the full Lendlease Risk Committee Charter, please visit: [www.lendlease.com/au/-/media/llcom/investor-relations/governance/committees/2019/risk-committee-charter-2019.pdf](http://www.lendlease.com/au/-/media/llcom/investor-relations/governance/committees/2019/risk-committee-charter-2019.pdf)

# Risk Committee

## Risk governance and management

- Enterprise Risk Framework:
  - developed so Lendlease continues to assess its risk management capability, utilising the three lines of defence model
  - designed to inform and support business strategy by aligning risk identification with strategic objectives, in parallel with the ongoing operational risk assessment
- Continuous improvement:
  - review of existing processes to further enhance risk maturity
  - evolution of risk standards and frameworks, including the risk appetite, to remain fit-for-purpose
  - drive value creation, support risk-based decision making, planning and prioritisation through assessments of risks and opportunities

## Key Focus Areas in FY22



# Audit Committee

Oversight of accounting policies and practices, tax matters, treasury reporting, monitoring of internal financial controls, internal and external audit functions and financial reporting.

## Responsibilities

### External Audit

- Review the scope, quality and effectiveness of the audit and audit fees
- Independent resolution of issues arising from audit reports
- Approve non-audit assignments in accordance with policy procedures
- Monitor the interaction between internal and external audit and management

### Internal Audit

- Review, monitor and approve where appropriate:
  - Scope, budget of the internal audit plan
  - Quality and effectiveness of the audits
  - Management resolution of matters arising from internal audit reports

### Financial Reporting

- Review, monitor and assess:
  - Financial statements and audit opinions
  - Significant financial reporting issues
  - Metrics and provisioning in relation to material underperforming projects
  - Appropriateness of accounting policies and methods
  - Reliability and appropriateness of financial reporting disclosure
- Recommendations to Board in relation to:
  - Approval of the financial statements
  - Major changes to accounting policies and procedures

### Financial risks and controls

- Review and monitor:
  - Adequacy of internal control processes overseen by finance teams
  - AFSL Compliance plans, Treasury strategy, funding plan and policies
  - Material tax matters and compliance with applicable legislation/regulations

## Meetings and composition

### The Committee

- Meets quarterly prior to Board meetings and at additional times if required
- Is supported by the Group Chief Financial Officer and their team, Group Head of Internal Audit and the External Auditor who provide the committee with relevant information

### Current Committee members

- David Craig (Chair)
- Michael Ullmer
- Nick Collishaw (**new member since March 2022**)
- Jane Hemstrich
- Nicola Wakefield-Evans

### Retired members in FY22

- Phil Coffey

### In attendance at each meeting by invitation

- Group CEO and MD (except during the private sessions held at alternate meetings with the Internal and External Auditors)

To view the full Lendlease Audit Committee Charter, please visit: [www.lendlease.com/au/-/media/llcom/investor-relations/governance/committees/2019/audit-committee-charter-2019.pdf](http://www.lendlease.com/au/-/media/llcom/investor-relations/governance/committees/2019/audit-committee-charter-2019.pdf)



# Audit Committee

## Committee focus areas for FY22

- “Reset, Create, Thrive” roadmap presented following wide ranging business review completed by incoming CEO.
- To create wealth for securityholders, the Reset phase focused on:
  - operating model; optimising the structure and businesses; recalibrating the cost base; and a portfolio review of the enterprise
  - provisions and impairments associated with outcomes of the Reset phase were taken to account at the HY22 period end
- Reviews conducted included: Assessment of Development project impairments in Australia and the UK, change in capital partnering approach across urban projects, restructure provisions taken, and the sale of the non-core Services operations.

Strong internal controls and transparency are key focus areas to enable the Group to give a true and fair view of its financial position and performance

## Transparency for the accounting and disclosure of restructuring costs

### Profit and loss

- Review of relevant accounting issues
- Consideration of the components of the Group’s restructuring:
  - redundancy costs
  - tenancy impairment expense
  - development project impairment
  - segment impacts
  - achieved and forecast overhead savings

### Balance sheet

- Review of the restructuring and impairment expenses and the impact to the Balance Sheet:
  - valuation and recoverability of Development project assets identified
  - remaining carrying value of tenancy assets and liabilities
  - restructuring provisions
  - impact of restructuring in the period and associated disclosure

### Non core segment

Review of the accounting treatment associated with the sale of the Services business and adequacy of provisions held