

FY23 ENVIRONMENTAL DATA

SUMMARY BASIS OF PREPARATION

GLOBAL SUSTAINABILITY FRAMEWORK

FY23 ENVIRONMENTAL DATA (ENERGY,
EMISSIONS, WATER & WASTE DATA) AND
SUMMARY BASIS OF PREPARATION

NOVEMBER 2023



FY23 ENVIRONMENTAL DATA

SUMMARY BASIS OF PREPARATION

Introduction

This Basis of Preparation summarises the preparation of Lendlease's energy, emissions, water and waste data ("Environmental Data") for the financial year ending 30 June 2023 as set out in tables 1, 2 and 3. This and previous financial year's historical environmental data can be found on the Lendlease website in the Lendlease FY23 ESG databook.

Lendlease has engaged KPMG to undertake Limited Assurance across the Group's Total Energy, Emissions, Water and Waste data for FY23. KPMG's Limited Assurance report is available in the appendix of this document.

FY23 ENVIRONMENTAL DATA

SUMMARY BASIS OF PREPARATION

FY23 Environmental Data Aggregated by Line of Business

FY23 Environmental Data (detailed in the table below) has been prepared by Lendlease Management in accordance with the reporting criteria as described in this document. Table 1 represents total values aggregated by Line of Business. For further detail on category definitions, see the FY23 ESG Databook.

	Total Energy	Total Renewable Sources	Total Electricity	Total Renewable Electricity	Total Liquid Fuels	Renewable Fuels	Natural Gas	Gross Scope 1	Gross Scope 2 (Market Based)	Gross Scope 2 (Location Based)	Net Scope 1	Net Scope 2 (Market Based)	Total Waste	Waste Diverted	Potable Water
	MWh	MWh	MWh	MWh	kL	kL	GJ	tCO2e	tCO2e	tCO2e	tCO2e	tCO2e	tonnes	tonnes	ML
Core Total	326,301	140,474	210,774	133,537	7,898	722	116,654	26,062	53,975	115,504	3,729	53,975	208,450	179,338	5,156
Investments	178,123	74,669	150,597	74,669	384	0	85,927	6,040	53,348	84,996	3,607	53,348	33,187	21,424	4,676
Development	3,413	2,441	2,774	2,441	21	0	1,540	130	223	1,833	122	223	1,444	914	47
Construction	139,926	59,486	52,564	52,550	7,493	722	29,187	19,892	5	26,179	0	5	171,493	156,559	389
Tenancies	4,839	3,878	4,839	3,877	0	0	0	0	399	2,497	0	399	2,326	441	44
Non-Core	614	0	0	0	57	0	0	155	0	0	155	0	14	0	0
Group Total	326,915	140,474	210,774	133,537	7,955	722	116,654	26,217	53,975	115,504	3,884	53,975	208,464	179,338	5,156

Table 1: FY23 Environmental Data aggregated by Line of Business

FY23 Environmental Data Aggregated by Region

FY23 Environmental Data (detailed in the table below) has been prepared by Lendlease Management in accordance with the reporting criteria as described in this document. Table 2 represents total values aggregated by Region. For further detail on category definitions, see the FY23 ESG Databook.

	Total Energy	Total Renewable Sources	Total Electricity	Total Renewable Electricity	Total Liquid Fuels	Renewable Fuels	Natural Gas	Gross Scope 1	Gross Scope 2 (Market Based)	Gross Scope 2 (Location Based)	Net Scope 1	Net Scope 2 (Market Based)	Total Waste	Waste Diverted	Potable Water
	MWh	MWh	MWh	MWh	kL	kL	GJ	tCO2e	tCO2e	tCO2e	tCO2e	tCO2e	tonnes	tonnes	ML
Core Total	326,301	140,474	210,774	133,537	7,897	722	116,654	26,062	53,975	115,504	3,729	53,975	208,450	179,338	5,156
Americas	55,585	20,615	23,408	19,659	1,637	100	54,920	7,070	2,036	9,728	1,814	2,036	32,925	24,433	2,873
Asia	85,002	42,751	77,935	42,730	566	2	3,614	1,734	20,349	36,899	215	20,349	47,517	41,425	771
Australia	165,075	57,314	94,520	56,509	5,139	84	56,748	17,122	31,503	66,019	1,630	31,503	96,770	82,889	1,355
Europe	20,639	19,794	14,911	14,639	556	536	1,372	136	87	2,859	70	87	31,238	30,591	157
Non-core	614	0	0	0	57	0	0	155	0	0	155	0	14	0	0
Group Total	326,915	140,474	210,774	133,537	7,955	722	116,654	26,217	53,975	115,504	3,884	53,975	208,464	179,338	5,156

Table 2: FY23 Environmental Data aggregated by Region

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FY23 Estimated Scope 3 Emissions by Category and Region

The FY23 Environmental Data (detailed in the table below) has been prepared by Lendlease Management in accordance with the reporting criteria as described in this document. Table 3 represents total estimated values for scope 3 emissions aggregated by Region.

	Total Scope 3 Emissions	Purchased Goods & Services	Capital Goods	Upstream transport & distribution	Downstream Leased Assets	Waste Generated in Operations	Use of Sold Product	Fuels and Electricity Related Activities	Business Travel
Region Breakdown	tCO2e	tCO2e	tCO2e	tCO2e	tCO2e	tCO2e	tCO2e	tCO2e	tCO2e
Australia	746,072	453,145	104,093	22,296	123,720	16,051	13,585	9,319	3,863
Asia	537,617	455,039	3,785	22,720	38,944	6,225	6,541	3,575	788
Europe	288,901	199,505	62,785	8,722	15,733	317	1,201	145	493
Americas	185,851	92,662	17,496	5,571	54,019	10,179	2,020	1,172	2,732
Group Total	1,758,441	1,200,351	188,159	59,309	232,416	32,772	23,347	14,211	7,876

Table 3: FY23 Estimated Scope 3 Emissions

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Reporting Element	Description										
Corporate Boundaries:											
Corporate Boundary	Lendlease reports Environmental Data for all Operations and all activities that are within its Corporate Boundary. An Operation is any Project/Office/Asset over which Lendlease has operational control as well as any asset Lendlease partially or fully owns. The Corporate Boundary is summarised in the table below. <table><tr><th>Boundary</th><th>Lendlease as a: Developer</th><th>Lendlease as a: Contractor (Construction)</th><th>Lendlease as a: Tenant</th><th>Lendlease as an: Owner or Fund Manager</th></tr><tr><td>Corporate Boundary</td><td>Operational Control</td><td>Operational Control*</td><td>Operational Control</td><td>Equity Interest</td></tr></table> *Recording of construction environment data begins when site mobilisation begins and ends at practical completion, excluding any pre-mobilisation working hours data associated with office-based design work and post-practical completion defects works where the site has been formally handed over to the client.	Boundary	Lendlease as a: Developer	Lendlease as a: Contractor (Construction)	Lendlease as a: Tenant	Lendlease as an: Owner or Fund Manager	Corporate Boundary	Operational Control	Operational Control*	Operational Control	Equity Interest
Boundary	Lendlease as a: Developer	Lendlease as a: Contractor (Construction)	Lendlease as a: Tenant	Lendlease as an: Owner or Fund Manager							
Corporate Boundary	Operational Control	Operational Control*	Operational Control	Equity Interest							
Operational Control & Equity Interest	Lendlease assumes “Operational Control” of an Operation when it has the greatest authority to introduce and implement managing policies and procedures involving health, safety, environment and day-to-day activities. Lendlease’s Equity Interest of an asset signifies the percentage of ownership of that asset held by Lendlease directly and/or the interest held by a Lendlease managed fund (excluding mandates where the operational control of the fund remains with the investor(s)).										

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Environmental Metrics:	
Total Energy (kWh)	Lendlease reports stationary and non-stationary energy used by all Operations within its Corporate Boundary. Lendlease's total energy use consists of: • Electricity Use: ○ grid electricity delivered to an Operation from the public electricity network ○ on-site renewable electricity generation from biomass, wind, solar thermal and solar photovoltaic (PV) systems • Gaseous Fuels: Combustion of natural gas distributed in a pipeline, town gas, unprocessed natural gas and compressed natural gas • Liquid Fuels: Combustion of diesel, petrol/gasoline, liquefied petroleum gas (LPG), ethanol*, biodiesel and renewable diesel (HVO) • Other Energy: Steam use (when not generated on-site) • Total Energy from Renewables Sources: The sum of all energy use from both Renewable Fuels and Renewable Electricity sources. ○ Renewable Fuels: Liquid and gaseous fuels produced from waste and renewable resources, including biofuels, biogas and renewable diesel. Examples include biofuels from recycled and waste products such as used vegetable oil or tallow waste. Biogas from landfill gas or anerobic digestion of organic wastes. Renewable diesel produced through various thermochemical processes such as hydrotreating, gasification or pyrolysis of cellulosic biomass materials such as crop residues, wood waste, sawmill residues, and switchgrass. ○ Renewable Electricity: The sum of inherent renewables supplied within the relevant electricity grid (where it can be demonstrated there is no claim by third parties) plus any additional renewable electricity purchases** via bundled and unbundled energy attribute certificates (EAC) such as Renewable Energy Certificates (RECs), Guarantees of Origin (GO), International Renewable Electricity Certificates (iRECS***), Direct Power Purchase Agreements (PPAs), retail GreenPower, voluntary Green Electricity Tariffs and onsite generation. <i>* Any reported ethanol blends are reported against ethanol and petrol/gasoline in line with their stated blend ratio.</i> <i>**At the time of publishing some of the RECs included in our dataset were in the process of being purchased and retired</i> <i>*** iREC quantity purchases are upwards adjusted where necessary to account for the difference in the Residual Mix Factor of both the country of origin and country of use.</i> Note: Operations report all Energy consumed within their respective Corporate Boundaries (this includes all subcontractor use of fuels on Lendlease Operations)

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Emissions (tCO ₂ e)	Greenhouse gas (GHG) emissions are reported for all activities within Lendlease's Corporate Boundary. Lendlease reports Gross Scope 1 (direct) and Scope 2 (market-based indirect) emissions for all Operations within its Corporate Boundary. Lendlease also reports Net scope 1 and 2 emissions after the allocation of emissions offsets purchased and allocated to the reporting year. Published default emission factors (see below) are used when calculating Lendlease's emissions footprint, including factors for: • Grid Electricity use (market-based method): A market-based approach using default residual grid emissions factors is used to convert the non-renewable portion of electricity Lendlease purchases from public power grids into scope 2 emissions. Renewable Energy Certificate (REC) purchases* are used to offset non-renewable grid electricity purchases as prescribed under a market-based scope 2 accounting approach. • Grid Electricity use (location-based method): Calculated based on the average emissions intensity of grids in which energy consumption occurs. Ignores the benefits of any market based renewable electricity mechanisms (e.g. RECs, Renewable Tariffs etc.) • Gaseous/Liquid Fuel Combustion: Default emission factors are used for the combustion of gaseous and liquid fuels. • Refrigerants: Emissions associated with the leakage of refrigerants from cooling equipment such as chillers are reported using standard published Global Warming Potential (GWP) factors, using refrigerant top-ups as a proxy for leakage. • Steam Emissions: Default emission factors are used based on the underlying fuel source used to generate the steam. • Scope 3 emissions: In preparation of our Scope 3 reporting boundary the business has undertaken a review of activities against the Greenhouse Gas Reporting Protocol, Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Details regarding our scope 3 reporting boundary is shown in appendix 1. Lendlease uses published default emission factors adopting the following emission calculation hierarchy: • Mandatory National Emission Reporting Schemes: This includes the National Greenhouse and Energy Reporting (NGER) Scheme in Australia and the UK Government GHG Conversion Factors for Company reporting as published by the Department of Environment, Food and Rural Affairs for Operations in the United Kingdom as part of the Streamlined Energy and Carbon Reporting policy (replacing the retired Carbon Reduction Commitment which retired in 2019); and • Voluntary Emissions Reporting Schemes: In the absence of mandatory national emissions reporting schemes, factors from voluntary reporting schemes are used, such as the Emissions & Generation Resource Integrated Database (eGRID) for grid electricity emissions in the United States and GHG Protocol publications for all other emission sources in the United States. The GHG Protocol publications are used for all emission sources for Operations located in all other countries. <i>*At the time of publishing some of the RECs included in our dataset were in the process of being purchased and retired.</i>
Water (kL)	Lendlease reports whole building mains potable water used by all Operations within its Corporate Boundary. Mains potable water is defined as drinking quality water provided by a local utility infrastructure based on local/regional/national guidelines.
Waste (tonnes)	Lendlease categorises waste as <u>diverted</u> (recycled/reused) or <u>disposed</u> by all Operations in its Corporate Boundary. The waste metrics are defined as: • Waste Diverted: Sum of all waste recycled, waste re-used and waste to energy, excluding soils diverted from landfill (that can be used elsewhere) • Waste Disposed: Sum of waste incinerated (not waste-to-energy) and waste-to-landfill, excluding soils sent to landfill • Total Waste: Sum of Waste Disposed and Waste Diverted • Waste Diversion Rate (%): Waste diverted expressed as a percentage of Total Waste
Targets & Performance Calculation:	
Targets	Lendlease is a 1.5 degree aligned company with a Net Zero scope 1+2 emissions target by 2025 and an Absolute Zero scope 1+2+3 emissions target by 2040. Commentary on performance against target and actions taken in the year are included in the FY23 annual report. Note: When assessing performance against targets, scope 2 emissions are calculated using the market-based method

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Data Capture and Reporting:	
Data Sources	The energy, water and waste data captured in Lendlease's sustainability data management system must be classified as one of the following sources: • Invoiced/PO: Data is evidenced by invoices or purchase orders • Measured/Meter Readings: Data is evidenced by meter readings or other measurement devices • Survey/Contractor Report: Data is evidenced by contractor report or surveys • Estimated: Data is estimated by Region/Business/Operation based on best available information including prior/subsequent period information, similar information from comparable Operations with the same sector, or other industry guidance • Calculated: Data is calculated by Region/Business/Operation • No Usage: Can be used when there is no consumption during the month
Governance and Control Processes:	
Environmental Data Sign-off	Lendlease's sign-off processes for its Environmental Data involves several review tiers, including sign-off by the Regional CEOs / Business Managing Directors prior to the sign-off by the Group Head of Sustainability.
External Assurance	KPMG has performed limited assurance over Lendlease's Group (Core and Non-Core business) aggregated energy, emissions, water and waste data for the financial year ending 30 June 2023 (Environmental Data). The scope of the assurance is described in the KPMG assurance report as attached to this Statement.

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Important Notice - Separation of Core and Non-Core Business Environmental Data

Data tables 1 and 2 in this document contain a breakdown of Lendlease's Energy Use, Emissions, Water and Waste data with Core and Non-Core businesses aggregated separately before aggregating to a Lendlease Group total. Non-Core comprises of legacy projects remaining under Lendlease operational control after the sale of the Lendlease Services business in Australia.

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Appendix 1 – Scope 3 Reporting Boundary

Scope 3 reporting is based on estimated emissions reflecting the methodologies and boundaries outlined in the table below.

No.	Scope 3 Category	Business Applicability	Methodology / Justification for Exclusion	Emission factor data source
1	Purchased Goods and Services	Yes	Emissions are estimated for this category using working hours data and internally derived rates from Life Cycle Assessment Reporting. Excludes construction materials used in integrated construction projects, which is reported under the Capital Goods category.	Third-party peer reviewed building Life Cycle Assessment Reports.
2	Capital Goods	Yes	Capital goods expenditure is primarily construction materials used in asset creation and is estimated using the same internally derived rates for Purchased Goods and Services, however these are only applied to integrated construction projects where Lendlease is the developer.	Third-party peer reviewed building Life Cycle Assessment Reports.
3	Fuel and Energy Related Activities	Yes	Calculation based on primary liquid fuels, gas and electricity use across the business and is aligned to sources reported as part of our scope 1 and 2 disclosure.	Regional scope 3 emission factors. Where regional data is unavailable, the National Greenhouse Accounts (NGA) Factors (Aust.) are adopted as proxy values.
4	Upstream transportation and distribution	Yes	Transport and distribution calculations are based on estimated emissions for transport of building products and materials only ² .	Third-party peer reviewed building Life Cycle Assessment Reports.
5	Waste generated in operations	Yes	Calculation is based on reported waste to disposal across all businesses.	Calculated by multiplying weight of waste and treatment method by regional emission factor.
6	Business travel	Yes	Business air travel is reliably reported via our travel booking partners. Incidental business travel including taxis, hire cars or public transport modes are excluded due to availability of reliable data.	Emissions calculated based on short medium and long-haul flight categorisation and provided by Travel booking partners.
7	Employee commuting	No	Emissions from employee commute represent <1% of our Scope 3 emissions and have therefore been excluded on the basis of materiality.	
8	Upstream leased assets	No	This data is reported as part of our organisations Scope 1 and 2 emissions (Corporate Offices) and is therefore excluded from our scope 3 inventory.	
9	Downstream transportation and distribution	No	Lendlease's primary activities involve construction, development and investment management of property assets. Our business does not involve the distribution of raw materials or finished products to end customers.	
10	Processing of sold products	No	There is no further processing of sold products. Scope and timing of refurbishment activities by third party owners of any sold product are difficult to quantify due to high levels of uncertainty, availability and reliability of data.	

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No.	Scope 3 Category	Business Applicability	Methodology / Justification for Exclusion	Emission factor data source
11	Use of sold products	Yes	GHG Scope 3 Standard defines this category as emissions from the direct use-phase of sold products over their expected lifetime. This includes the Scope 1 and 2 emissions of end users (apartment owners) for developer installed infrastructure and fixed building services and fittings over a 60 year (design life) operating horizon. Emissions are estimated using apartment settlement data and a representative rate of single apartment annual emissions, including a gradual reduction in scope 2 grid emissions intensity.	Rate derived from completion of Green Star - Multi Unit Residential calculator for a representative building.
12	End-of-life treatment of sold products	No	Excluded due to high level of uncertainty regarding EoL treatment and recovery of construction materials. Life cycle assessments indicate that EoL typically represents <1% of carbon emissions over building life cycle, unadjusted for advances in EoL management and sectoral decarbonisation over 50+ year time horizon and therefore immaterial.	
13	Downstream leased assets	Yes	Primary data from tenant meters for electricity and gas use. When there is no actual data received from tenants, emissions are calculated by multiplying the Net Lettable Area (NLA) of tenanted space by an appropriate energy use benchmark.	Based on regional and grid specific location based emission factors for gas and electricity use.
14	Franchises	No	Lendlease's primary activities involve construction, development and investment management of property assets. There are no franchises within the business and therefore there are no emissions to report under this category.	
15	Investments	No	There are no significant investments beyond the investment in our own property portfolio and pipeline. Scope 3 emissions associated with our funds under management are reported under the appropriate scope 1 and 2 emissions categories.	

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Appendix 2 – KPMG Assurance Opinion



Independent Limited Assurance Report to the Directors of Lendlease Corporation Limited

Conclusion

Based on the evidence we obtained from the procedures performed, we are not aware of any material misstatements in the information subject to assurance, which has been prepared by Lendlease Corporation Limited in accordance with the criteria for the year ended 30 June 2023.

Information Subject to Assurance

The information subject to Assurance is Lendlease FY23 Environmental Data (Energy, Emissions, Water and Waste data) as presented in the Global Sustainability Framework – FY23 Environment Data and the Summary Basis of Preparation (the Report) which is available on the Lendlease's website.

The information subject to limited assurance is shown in the table below and covers the year ended 30 June 2023.

Information subject to assurance	Value assured FY23
Total Energy (MWh)	326,915
Total Energy from Renewable Sources (MWh)	140,474
Total Electricity (MWh)	210,774
Total Renewable Electricity (MWh)	133,537
Total Liquid Fuels (kL)	7,955
Renewable Fuels (kL)	722
Natural Gas (GJ)	116,654
Gross Scope 1 (tCO ₂ e)	26,217
Gross Scope 2 (market) (tCO ₂ e)	53,975
Gross Scope 2 (location) (tCO ₂ e)	115,504
Total Gross Scope 3 (tCO ₂ e)	1,758,441

Information subject to assurance	Value assured FY23
Net Scope 1 (tCO ₂ e)	3,884
Net Scope 2 (market) (tCO ₂ e)	53,975
Total Waste (tonnes)	208,464
Waste Diverted (tonnes)	179,338
Potable Water (ML)	5,156

Criteria Used as the Basis of Reporting

The Measurement Criteria used for the preparation of the information subject to assurance for Lendlease FY23 Environmental Data are described in the Global Sustainability Framework – FY23 Environmental Data and Summary Basis of Preparation (the criteria).

Basis for Conclusion

We conducted our work in accordance with Australian Standard on Assurance Engagements ASAE 3000 (Standard). In accordance with the Standard we have:

- used our professional judgement to plan and perform the engagement to obtain limited assurance that we are not aware of any material misstatements in the information subject to assurance, whether due to fraud or error;
- considered relevant internal controls when designing our assurance procedures, however we do not express a conclusion on their effectiveness; and
- ensured that the engagement team possess the appropriate knowledge, skills and professional competencies.

Summary of Procedures Performed

Our limited assurance conclusion is based on the evidence obtained from performing the following procedures:

- enquiries with relevant Lendlease personnel to understand the internal controls, governance structure and reporting process of the information subject to assurance;
- reviews of relevant documentation including the basis of preparation;
- analytical procedures over the information subject to assurance;
- site visits to Cairns Central and One Sydney Harbour;
- walkthroughs of the information subject to assurance to source documentation on a sample basis;
- evaluating the appropriateness of the criteria with respect to the information subject to assurance; and
- reviewed the Lendlease FY23 Environment Data in its entirety to ensure it is consistent with our overall knowledge of assurance engagement.



How the Standard Defines Limited Assurance and Material Misstatement

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Misstatements, including omissions, are considered material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of the Directors of Lendlease.

Use of this Assurance Report

This report has been prepared for the Directors of Lendlease for the purpose of providing an assurance conclusion on the information subject to assurance and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Directors of Lendlease, or for any other purpose than that for which it was prepared.

Management's responsibility

Management are responsible for:

- determining that the criteria is appropriate to meet their needs of Directors;
- preparing and presenting the information subject to assurance in accordance with the criteria; and
- establishing internal controls that enable the preparation and presentation of the information subject to assurance that is free from material misstatement, whether due to fraud or error.

Sydney

KPMG

19 October 2023

Our Responsibility

Our responsibility is to perform a limited assurance engagement in relation to the information subject to assurance for the year ended 30 June 2023, and to issue an assurance report that includes our conclusion.

Our Independence and Quality

We have complied with our independence and other relevant ethical requirements of the *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Australian Professional and Ethical Standards Board, and complied with the applicable requirements of Australian Standard on Quality Management 1 to design, implement and operate a system of quality management.