



CLIMATE TRANSPARENCY REPORT

2019

Lendlease

About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US\$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2019 PRI Reporting Framework.

About this report

This report is an export of only the climate-related indicators from the 2019 Reporting Framework response. The full Public Transparency Report is available here (https://reporting.unpri.org/surveys/PRI-reporting-framework-2019/-59374DD8-31D6-48ED-BB47-F9D68E46C071/00000000-0000-0000-0000-000000000000/doc/2/-%7C%7C*complete*%7C*public*/Merged/). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2019 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the [PRI website](#) and on the [Data Portal](#).

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

TCFD Recommendations Index

Strategy and Governance - CC			TCFD Recommendation			
Indicator	Reported	Disclosure	Governance	Strategy	Risk Management	Metrics & Targets
SG 01.1	✓	Public				
SG 01.2	✓	Public				
SG 01.3	✓	Public				
SG 01.4	✓	Public				
SG 01.5	✓	Public				
SG 01.6 CC	✓	Public				
SG 01.7 CC	✓	Public				
SG 01.8 CC	✓	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	✓	Public				
SG 01.11 CC	-	Public				
SG 01.12 CC	✓	Public				
SG 02.2	✓	Public				
SG 07.5 CC	✓	Public				
SG 07.6 CC	✓	Public				
SG 07.7 CC	✓	Public				
SG 07.8 CC	-	Public				
SG 13.1	✓	Public				
SG 13.2	✓	Public				
SG 13.4 CC	✓	Public				
SG 13.5 CC	✓	Public				
SG 13.6 CC	✓	Public				
SG 13.7 CC	✓	Public				
SG 13.8 CC	✓	Public				
SG 14.1	✓	Public				
SG 14.2	✓	Public				
SG 14.3	✓	Public				
SG 14.4	✓	Public				
SG 14.5	-	Public				
SG 14.6 CC	✓	Public				
SG 14.7 CC	✓	Public				
SG 14.8 CC	✓	Public				
SG 14.9 CC	-	Public				
SG 15.1	✓	Public				
SG 15.2	✓	Public				
SG 15.3	✓	Public				

Symbol	Status
✓	The signatory has completed this sub-indicator
-	The signatory did not complete this sub-indicator.
	This indicator is relevant to the named TCFD recommendation
Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.	

ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

MAIN CHARACTERISTICS	
Name	Lendlease
Signatory Category	Fund Management - Majority
Signatory Type	Investment Manager
Size	US\$ 10 - 29.99 billion AUM
Main Asset Class	>50% Property Internally Managed
Signed PRI Initiative	2007
Region	Oceania
Country	Australia
Disclosure of Voluntary Indicators	95% from 38 Voluntary indicators

Lendlease

Reported Information

Public version

Strategy and Governance

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Investment policy

SG 01

Mandatory

Public

Core Assessed

General

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 01.1

Indicate if you have an investment policy that covers your responsible investment approach.

Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> Formalised guidelines on environmental factors <input checked="" type="checkbox"/> Formalised guidelines on social factors <input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors <input checked="" type="checkbox"/> Fiduciary (or equivalent) duties <input checked="" type="checkbox"/> Asset class-specific RI guidelines <input checked="" type="checkbox"/> Sector specific RI guidelines <input type="checkbox"/> Screening / exclusions policy <input checked="" type="checkbox"/> Other, specify (1) Reporting against Fund & Corporate targets <input type="checkbox"/> Other, specify(2)	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

SG 01.3

Indicate if the investment policy covers any of the following

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)
- Other RI considerations, specify (2)

SG 01.4

Describe your organisation's investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

Lendlease's Investment Management organisation first released a Responsible Property Investment Policy (RPI Policy) in June 2007. The RPI Policy creates a formal framework for ESG and safety factors for all Lendlease managed funds.

In its capacity as a fund manager, Lendlease has a fiduciary and stewardship duty to act in the interests of its investment partners. We believe that ESG factors form an integral part of the management process of our property portfolios globally

Lendlease's RPI Policy commits to formally evaluating the impacts and risks of ESG issues in its investment/management decision making. This includes developing and implementing sustainability strategies for each of its funds, addressing Lendlease's operating principles and key sustainability focus areas. The strategies articulate the sustainability aspirations, performance targets for assets, addressing the key ESG factors that will govern how each existing asset and acquisition will contribute to investment value in both sustainable and financial terms.

Lendlease believes that integrating ESG into the investment decision process delivers long-term risk adjusted returns for our investor customers, as well as healthier and more productive real assets for our customers.

We respond to investor surveys, and work with client/beneficiary sustainability targets into Fund performance, where possible.

SG 01.5

Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

In September 2018, the Lendlease Investment Management organisation's Trustee Board(s) endorsed the annually updated Responsible Property Investment Policy. In line with our signatory commitment under the Principles for Responsible Investment (PRI), we are committed to creating value for all stakeholders in everything we do by delivering positive economic, environmental and social outcomes whilst operating in an environment that is Incident & Injury Free.

In our RPI Policy, we commit the organisation to the following actions:

1. Formally evaluate the impacts and risks of ESG issues in our investment and management decision making;
2. Develop and implement sustainability strategies for each of our funds that are guided by Lendlease's operating principles and key sustainability focus areas, including a continued focus on responding to the dynamic risks and opportunities associated with climate change;
3. Measure and report on ESG criteria;
4. Use green rating tools and labels, where they exist, to benchmark and disclose the ESG performance of our assets and portfolios;
5. Engage and share knowledge with stakeholders on ESG issues related to responsible property investment practices, promoting the PRI;
6. Collaborate with industry bodies, government agencies and like-minded stakeholders on tools, labels and incentives which promote sustainable ESG performance in the property and investment industries.

The fund specific sustainability strategies described above provided clear ESG guidelines, objectives, commitments and targets for each Lendlease managed property fund.

Lendlease's Code of Conduct commits Lendlease to investing in "people today for their tomorrow" and fostering a culture of diversity and inclusion. This commitment includes support for responsible labour practices that contribute to the development of a fair and inclusive workplace, consistent with international standards such as the OECD guidelines for multinational enterprises, the Universal Declaration of Human Rights, the ILO Declaration on fundamental principles and rights at work and the UN guiding principles on business and human rights.

Suppliers to Lendlease are expected (at a minimum) to:

- * Comply with all relevant, local and national laws and regulations with regards to employment practices, benefits, health and safety and anti-discrimination.
- * Advance an inclusive workplace free of discrimination, harassment, bullying and other unlawful behaviour.
- * Not use any form of child, forced or involuntary labour and abide with all international standards and domestic regulations relating to the employment of children, and have policies or procedures in place to prevent the use of suppliers of goods and services who engage in such activities.

* Respect the rights of workers to associate freely with one another and be able to communicate openly with management regarding working conditions without threat of reprisal, intimidation or harassment.

No

SG 01.6	Additional information [Optional].
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For the purposes of this submission, "organisation" means Lendlease's Investment Management business in Australia, Asia and Europe, unless otherwise stated. In some responses (where stated) the submission references 'Lendlease Corporation Limited', which is the parent entity, listed on the Australian Stock Exchange (LLC), as well as 'Lendlease Investment Management Australia' (LLIM Australia).

I confirm I have read and understood the Accountability tab for SG 01

I confirm I have read and understood the Accountability tab for SG 01

SG 01 CC	Voluntary	Public	Descriptive	General
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SG 01.6 CC	Indicate the climate-related risks and opportunities that have been identified and factored into the investment strategies and products, within the organisation's investment time horizon.
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Lendlease Investment Management (LLIM) and its Funds have a strong track record of assessing the physical climate risks of asset in the Fund's portfolio over a long-term investment time horizon (10+years). The Funds have a continued focus on responding to the dynamic risks and opportunities associated with climate change, including policy fluctuations, market movements, technology evolution and reputational impacts. Beyond the likelihood of temperature rise, rainfall and flash flooding events and sea level rise. We recognise these risks and opportunities may differ by region and climatic zone.

We have implemented and maintain a climate change resilience and adaptation program to assess and plan for these associated risks. LLIM defines resilience as the ability and capacity to withstand, recover and adapt from stress, and adaptation as a means used to reduce vulnerability, thereby improving resilience.

LLIM uses a climate change risk assessment tool, based on Lendlease Group's risk approach, which combines climate projections, the physical characteristics of an asset, and the perceived stakeholder vulnerability to certain climate related events.

LLIM undertakes asset level physical risk assessments every 5 years, with an internal review of the assessment every 2 years. A summary of our approach to asset physical risk assessment is as follows:

1. Understand the predicted regional changes in temperature, rainfall and sea level rise (primary effects). Lendlease uses SimCLIM software which provides predicted insights into future climate conditions (using RCP6). The secondary effects of climate change such as flooding, drought, bushfires and cyclones are then investigated.
2. A comprehensive risk assessment is performed covering 18 risk statements relevant to the property sector. It firstly combines the regional impacts of climate change with the physical attributes of the building to understand the likelihood of a climate change risk becoming an issue. The magnitude of the climate change risks to the Fund and its stakeholders is then assessed. The likelihood and magnitude of each risk is combined to generate a risk rating.
3. An adaptation strategy is prepared for any moderate or significant risks that are identified. This helps to then inform the long-term active ownership of the asset/portfolio.

The physical risk assessment of each asset in the LLIM Australia portfolios has been undertaken using the first order physical risk assessment process described above using RCP6. Such assessments provide insight to the potential and likelihood of asset risks arising from climate-related events and considerations are made into asset plans, budget forecasts and in material matters, influence hold/sell decisions. A high-level assessment is incorporated in LLIM's asset due diligence process for new investments to influence go/no-go decisions and inform capital for remediation/repair allowances post acquisition.

The likelihood assessment is based on climate predictions and the physical state of the asset. The impact is assessed based on stakeholder sensitivity to climate change risks. Interdependencies are also factored in to the risk assessment. Interdependent risks arise from events that occur outside of Lendlease's control boundary e.g. public transport and utility failures.

The methodology is aligned with Australian Standard AS 5334:2013

SG 01.7 CC	Indicate whether the organisation has assessed the likelihood and impact of these climate risks?
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Yes

SG 01.8 CC	Indicate the associated timescales linked to these risks and opportunities.
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Lendlease Investment Management Australia (LLIM Australia) commissioned an independent climate risk assessment for the Fund portfolios that examined climate related risks to assets against an actual climate set in the year 1995, then 2030 and 2070 time horizons. In adopting RCP6, our next stage will be to undertake analysis at a below 1.5 degrees, a 1.5 degree and an above 1.5 degrees temperature scenario, in line with IPCC 1.5 degree Celsius reports.

As part of its approach to assessing opportunities associated with climate change, LLIM Australia Funds have established net zero carbon in operation strategies, which are included the Fund's Responsible Property Investment (RPI) Strategies. Time commitments to achieve these are outlined below:

- Lendlease International Towers Sydney Trust: 2021
- Lendlease One International Towers Sydney Trust: 2021
- Australian Prime Property Fund Industrial: 2021
- Australian Prime Property Fund Commercial: 2025
- Lendlease Sub-Regional Retail Fund: 2030
- Lendlease Real Estate Partnership New Zealand (Retail): 2030
- Australian Prime Property Fund Retail: 2030 target with a commitment to publish a roadmap for net zero carbon by 2020

The above time horizons represent 1.5 degree aligned investable portfolios for real asset investors. Our preference has always been to invest in energy efficiency upgrades, high performance sustainable assets and then explore mitigation strategies for the remaining carbon balance: Green Power mix in energy procurement, onsite and offsite renewable energy strategies and the acquittal of offsets.

No

SG 01.9 CC	Indicate whether the organisation publicly supports the TCFD?
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Yes

No

SG 01.10 CC	Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.
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Yes

Describe

Sustainability continues to underpin the Lendlease Corporation Limited strategy and has identified climate change as a material risk to creating the best places. Lendlease acknowledges the dynamic and transitional risks and opportunities of climate change on our business segments, including policy fluctuations, market movements, technology evolution and reputational impacts. We recognise these risks and opportunities may differ by region.

In June 2018, the Lendlease Corporation Limited Board formally endorsed the recommendations for the Task Force on Climate-related Financial Disclosure (TCFD). Complementing this position is Lendlease's Sustainability Framework (introduced in 2014) that included a global aspiration to create resilient and prepared communities, including a target for 100% of Lendlease managed assets, offices and projects to

be assessed for climate change impacts and have a Resilience and Adaptation Plan in place by 2020. Based on these commitments, Lendlease Investment Management (LLIM) has adopted this risk approach to the process described in SG 01.6 CC.

No

SG 1.12 CC	Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.
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- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other

specify

Investor reporting case studies

SG 02	Mandatory	Public	Core Assessed	PRI 6
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 02.1	Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.
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- Policy setting out your overall approach

	URL/Attachment
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- URL

	URL
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{hyperlink:<https://www.lendlease.com/-/media/llcom/documents/llim-rpi-policy-2018.pdf?la=en>}

- Attachment (will be made public)

	Attachment
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[File 1:LLIM RPI Policy 2018.pdf](#)

- Formalised guidelines on environmental factors

	URL/Attachment
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- URL

URL

{hyperlink:http://www.lendlease.com/au/company/sustainability/our-progress/}

Attachment (will be made public)

Attachment

[File 1:LL sustainability framework Enviro.pdf](#)

Formalised guidelines on social factors

URL/Attachment

URL

URL

{hyperlink:http://www.lendlease.com/au/company/sustainability/our-progress/}

Attachment (will be made public)

Attachment

[File 1:LL sustainability framework Social.pdf](#)

Formalised guidelines on corporate governance factors

URL/Attachment

URL

URL

{hyperlink:http://www.lendlease.com/au/company/sustainability/our-progress/}

Attachment (will be made public)

Attachment

[File 1:LL sustainability framework Governance.pdf](#)

Fiduciary (or equivalent) duties

URL/Attachment

URL

URL

{hyperlink:https://www.lendlease.com/-/media/llcom/documents/llim-rpi-policy-2018.pdf?la=en}

Attachment (will be made public)

Attachment

[File 1:LLIM RPI Policy 2018.pdf](#)

Asset class-specific RI guidelines

URL/Attachment

URL

URL

{hyperlink:https://www.lendlease.com/expertise/what-we-do/investment-management/}

Attachment (will be made public)

Sector specific RI guidelines

Other, specify (1)

Other, specify (1) description

Reporting against Fund & Corporate targets

URL/Attachment

URL

URL

{hyperlink:http://www.lendlease.com/expertise/what-we-do/investment-management/#/section/anchor-responsibleinvestment?animate=true}

Attachment (will be made public)

Attachment

[File 1:LL sustainability performance reporting.pdf](#)

We do not publicly disclose our investment policy documents

SG 02.2 Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

Your organisation's definition of ESG and/or responsible investment and it's relation to investments

URL/Attachment

URL

URL

{hyperlink:https://www.lendlease.com/expertise/what-we-do/investment-management/#/section/anchor-responsibleinvestment?animate=true}

Attachment

File Attachment

{hyperlink:LLIM ESG definition.pdf [258KB]}

Your investment objectives that take ESG factors/real economy influence into account

URL/Attachment

URL

URL

{hyperlink:https://www.lendlease.com/-/media/llcom/documents/llim-rpi-policy-2018.pdf?la=en}

Attachment

File Attachment

{hyperlink:LLIM RPI Policy 2018.pdf [133KB]}

Time horizon of your investment

URL/Attachment

URL

URL

{hyperlink:https://www.lendlease.com/-/media/llcom/documents/llim-rpi-policy-2018.pdf?la=en}

Attachment

File Attachment

{hyperlink:LLIM RPI Policy 2018.pdf [133KB]}

Governance structure of organisational ESG responsibilities

URL/Attachment

URL

URL

{hyperlink:https://www.lendlease.com/-/media/llcom/documents/llim-rpi-policy-2018.pdf?la=en}

Attachment

File Attachment

{hyperlink:LLIM RPI Policy 2018.pdf [133KB]}

ESG incorporation approaches

URL/Attachment

URL

URL

{hyperlink:https://www.lendlease.com/-/media/llcom/documents/llim-rpi-policy-2018.pdf?la=en}

Attachment

File Attachment

{hyperlink:LLIM RPI Policy 2018.pdf [133KB]}

Active ownership approaches

URL/Attachment

URL

URL

{hyperlink:https://www.lendlease.com/-/media/llcom/documents/llim-rpi-policy-2018.pdf?la=en}

Attachment

File Attachment

{hyperlink:LLIM RPI Policy 2018.pdf [133KB]}

Reporting

URL/Attachment

URL

URL

{hyperlink:https://www.lendlease.com/-/media/llcom/sustainability/data-and-basis-of-preparations/20181203-lendlease-environmental-data.xlsx}

Attachment

File Attachment

{[hyperlink:20181203 Lendlease Environmental Data.xlsx \[58KB\]](#)}

Climate change

URL/Attachment

URL

URL

{[hyperlink:https://www.lendlease.com/us/-/media/llcom/investor-relations/annual-reports-and-securityholder-reviews/2018/2018-annual-report-lendlease.pdf](https://www.lendlease.com/us/-/media/llcom/investor-relations/annual-reports-and-securityholder-reviews/2018/2018-annual-report-lendlease.pdf)}

Attachment

File Attachment

{[hyperlink:2018 Annual Report Lendlease \(climate change extract\).pdf \[1593KB\]](#)}

Understanding and incorporating client / beneficiary sustainability preferences

URL/Attachment

URL

URL

{[hyperlink:https://www.lendlease.com/-/media/llcom/documents/llim-rpi-policy-2018.pdf?la=en](https://www.lendlease.com/-/media/llcom/documents/llim-rpi-policy-2018.pdf?la=en)}

Attachment

File Attachment

{[hyperlink:LLIM RPI Policy 2018.pdf \[133KB\]](#)}

We do not publicly disclose any investment policy components

SG 02.3

Additional information [Optional].

Lendlease Investment Management (LLIM) Responsible Property Investment (RPI) Policy is underpinned by Lendlease Group's Sustainability Framework. Formalised guidelines on environmental, social and corporate governance considerations is publicly available at:

<http://www.lendlease.com/au/company/sustainability/our-approach/#/section/anchor-sustainabilityframework?animate=true>

and is split into four areas:

1. Climate change and the environment
2. Healthy buildings and communities
3. Resilient and affordable communities
4. Community engagement

Each of the 12 sustainability elements is explained in detail along with progress made at:

<http://www.lendlease.com/au/company/sustainability/our-progress/>

In response to SG02.2, LLIM's investment policy components can be described in each of the fund profile pages:

* <https://www.lendlease.com/expertise/what-we-do/investment-management/australian-prime-property-fund->

commercial/

* <https://www.lendlease.com/expertise/what-we-do/investment-management/australian-prime-property-fund-retail/>

* <https://www.lendlease.com/expertise/what-we-do/investment-management/australian-prime-property-fund-industrial/>

* <https://www.lendlease.com/expertise/what-we-do/investment-management/lendlease-sub-regional-retail-fund/>

* <https://www.lendlease.com/expertise/what-we-do/investment-management/lendlease-international-towers-sydney-trust/>

* <https://www.lendlease.com/expertise/what-we-do/investment-management/lendlease-one-international-towers-sydney-trust/>

Governance and human resources

SG 07 CC	Voluntary	Public	Descriptive	General
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SG 07.5 CC Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.

Board members or trustees

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Other Chief-level staff or head of department

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Portfolio managers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Investment analysts

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Dedicated responsible investment staff

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Investor relations

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

External managers or service providers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

SG 07.6 CC	For board level roles for which have climate-related issues oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.
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in 2018, the Trustee Boards of Lendlease Investment Management (that govern funds under management by Lendlease Investment Management) and the Managing Directors of Lendlease Investment Management (LLIM) in Australia, Asia and Europe re-endorsed LLIM's Responsible Property Investment (RPI) Policy. The Policy includes a continued focus on responding to the dynamic risks and opportunities associated with climate change as well as directives from Lendlease Group, following the Lendlease Group Board's endorsement (in June 2018) of the recommendations for the Taskforce on Climate-related Financial Disclosure (TCFD). This directive has tasked Lendlease (including LLIM and their managed funds) with assessing and reporting against climate related risk for the organisation.

Lendlease Group Management's role in assessing and managing climate related risks and opportunities is governed by the Board with support from the Board Sustainability Committee.

Trustee boards are also required to endorse fund specific sustainability strategies. These strategies generally include medium term asset and portfolio carbon targets, and commit each fund to undertaking a climate change risk management program, as well as net zero carbon in operation targets.

From a reporting perspective, key fund activities, performance and risks (including climate change related matters) are reported to each board on a quarterly basis by each relevant fund manager. Sustainability updates including climate change risk matters (when appropriate) are provided within each of these reports. On a 6-monthly basis, the General Manager, Sustainability, Investment Management provides a written update to each trustee board.

External specialists (often legal and corporate governance professionals) are periodically engaged to provide education on climate change governance and risk management matters.

**SG 07.7
CC**

For the management-level roles that assess and manage climate-related issues, provide further information on the structure and process involved.

Lendlease Investment Management (LLIM)'s management-level roles determine and endorse the climate change risk management process, and determine which matters are reported to, and resolved by, the Trustee Boards.

LLIM's management-level roles, including fund managers, are also required to contribute to the development of fund specific sustainability strategies. These strategies generally include medium term asset and portfolio carbon targets, and commit each fund to undertaking a climate change risk management program.

From a reporting perspective, key fund activities, performance and risks are reported to management-level roles on a quarterly basis by the sustainability team. Sustainability updates including climate change risk matters (when appropriate) are provided within each of these reports. On a 6-monthly basis, the General Manager, Sustainability, Investment Management provides a written update to the management team.

Sustainability Project Control Groups (PCG's) are also undertaken for each fund quarterly. The PCGs allow sustainability matters to be discussed with fund managers and other key management stakeholders.

External specialists (often legal and corporate governance professionals) are periodically engaged to provide education on climate change governance and risk management matters.

Dedicated responsible investment staff for LLIM in conjunction with internal or external subject matter experts execute the implementation and completion of applicable activities that assess and manage climate-related issues (e.g., asset climate change risk assessments).

ESG issues in asset allocation

SG 13

Mandatory

Public

Descriptive

PRI 1

SG 13.1

Indicate whether the organisation undertakes scenario analysis and/or modelling and provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).

Yes, to assess future ESG factors

Describe

All potential acquisitions are subject to an internal due-diligence checklist that addresses ESG considerations. If necessary, specialist consultant reports are commissioned to investigate and address material risks prior for consideration by the Investment Review Committee and approval from the Fund Trustee Board.

Yes, to assess future climate-related risks and opportunities

Describe

A comprehensive risk assessment is prepared for each asset, covering 18 risk statements relevant to the property sector. It firstly combines the regional impacts of climate change with the physical attributes of the building to understand the likelihood of a climate change risk becoming a future risk or opportunity.

No, not to assess future ESG/climate-related issues

SG 13.2

Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.

We do the following

- Allocation between asset classes
- Determining fixed income duration
- Allocation of assets between geographic markets
- Sector weightings
- Other, specify
- We do not consider ESG issues in strategic asset allocation

SG 13 CC	Voluntary	Public	Descriptive	General
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SG 13.4 CC	Describe how the organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, the results and any future plans.
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- Initial assessment

Describe

At the initial assessment phase (such as assessing a potential real asset acquisition), the asset is subject to a comprehensive due diligence process and this includes property-related climate resilience and environmental issues related to climate change. At LLIM Australia's discretion, we may decide to use our climate change asset risk assessment tool, where we believe Climate Change factors may require more detailed investigation relating future climate change related risks (for example, a real asset situated on a known flood zone).

The due diligence process may involve external specialist consultants where required.

At the conclusion of this process, the key findings are considered to inform the risks and opportunities arising from the potential cost of enhancing, upgrading, refurbishing or redeveloping the asset and its ongoing operations to align with Lendlease's requirements and future asset strategy. These factors help to inform a go/no-go decision that is submitted to the Due Diligence Committee, Investment Review Committee and ultimately the fund entity's Trustee Board.

- Incorporation into investment analysis

Describe

In this fiduciary and stewardship role, we believe that environmental, social and governance (ESG) factors form an integral part of the management process of our property portfolios, this includes a continued focus on responding to the dynamic risks and opportunities associated with climate change in asset / portfolio, acquisition and divestment strategies.

Aligned to Lendlease Group's climate change resilience in the Sustainability Framework, Lendlease Investment Management (LLIM) and the APPF portfolio entities have a strong track record of assessing the physical climate risks of asset in each Fund's portfolio of assets. The Funds have a continued focus on responding to the dynamic risks and opportunities associated with climate change and are implementing a climate change resilience and adaptation program to assess and plan for the associated risks. LLIM defines resilience as the ability and capacity to withstand, recover and adapt from stress, and adaptation as a means used to reduce vulnerability, thereby improving resilience.

During a real asset acquisition, the asset is subject to a technical due diligence process and this includes property-related climate resilience and environmental issue. We may also overlay our climate change asset risk assessment tool where we believe there are material factors that could impact the suitability of the acquisition based on known or perceived future climate change related risks (for example, a real asset situated on a known flood zone).

The due diligence process may involve external specialist consultants where required.

Once an asset is acquired, we undertake physical risk assessment every 5 years with a review every 2 years. A summary of our approach to asset physical risk assessment is as follows:

1. Understand the predicted regional changes in temperature, rainfall and sea level rise (primary effects).

Lendlease uses SimCLIM software which provides predicted insights into future climate conditions (using RCP6). The secondary effects of climate change such as flooding, drought, bushfires and cyclones are then investigated.

2. A comprehensive risk assessment is performed covering 18 risk statements relevant to the property sector. It firstly combines the regional impacts of climate change with the physical attributes of the building to understand the likelihood of a climate change risk becoming an issue. The magnitude of the climate change risks to the Fund and its stakeholders is then assessed. The likelihood and magnitude of each risk is combined to generate a risk rating.

3. An adaptation strategy is prepared for any moderate or significant risks that are identified. This helps to then inform the long-term active ownership of the asset/portfolio.

We commit to second order physical risk assessments and transitional risk considerations also at this point at an asset or whole of portfolio fund level. This may include undertaking further research to determining the suitability, risks and opportunities of portfolio net zero carbon aspirations. This approach was adopted for all LLIM Australia Fund net zero carbon commitments between 2016 and 2018.

Inform active ownership

Describe

As noted in the investment analysis phase, the findings of the first order physical acute risk assessment provides insights for an asset's readiness or vulnerability to extreme weather events and other variables linked to climate change helps to determine a suitable adaptation strategy for that asset. This is incorporated into a property (typically 10 year) asset plan. The asset plan addresses budgets and timeframes into capital expenditure for property initiatives, improvements or actions across several themes including asset resilience, energy-efficiency outcomes. This is also aligned to the asset's contribution to its broader fund net zero carbon commitment, decarbonisation strategy in its Responsible Property Investment Strategy.

Each Fund and underlying asset undertake a comprehensive reporting program that helps to ascertain the emissions footprint of its portfolio and operations. Scope 1 and 2 emissions for assets where Lendlease has operational control is reported at least monthly (non-Lendlease operational control assets report data to the Fund each quarter). Scope 3 emissions are reported annually. This data is subject to a limited assurance and is reported to Fund investors annually. This information is also provided for reporting at the Lendlease Group level and subject to limited assurance and publicly available in the organisation's reporting to investors and the public (<https://www.lendlease.com/-/media/llcom/sustainability/data-and-basis-of-preparations/fy18-environmental-basis-of-preparation-combined.pdf>).

Other

SG 13.5 CC	Indicate who uses this analysis.
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- Board members, trustees, C-level roles, Investment Committee
- Portfolio managers
- Dedicated responsible investment staff
- External managers
- Investment consultants/actuaries
- Other

SG 13.6 CC	Indicate whether the organisation has evaluated the impacts of climate-related risk, beyond the investment time-horizon, on the organisations investment strategy.
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Yes

	Describe
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We acknowledge that achieving safety, sustainability and diversity outcomes will deliver long term value for our investment partners, the environment and our communities, and we utilise this framework in defining our approach to responsible property investment.

Lendlease Investment Management (LLIM) commissioned an independent climate risk assessment for the Fund portfolios that examined climate related risks to assets in the year 2030 and 2070, beyond the initial investment time of 10 years.

The approach to physical risk assessment provides insight to the magnitude and likelihood of climate related risks. Mitigation strategies are then aligned with asset plans, budget forecasts.

The likelihood assessment is based on climate predictions and the physical state of the asset e.g. air-conditioning, drainage, elevation, electrical infrastructure. The impact is assessed based on stakeholder sensitivity to climate change risks. Interdependencies are also factored in to the risk assessment. Interdependent risks arise from events that occur outside of Lendlease's control boundary e.g. public transport and utility failures. These considerations are then factored in each property's asset plans

LLIM's commitments for Funds to achieve net zero carbon in operations are incorporated in the Fund Responsible Property Investment (RPI) Strategies that approaches the path to net zero carbon to first actively manage the portfolio through meaningful energy-efficiency programs and the transition to decarbonisation. These Property Investment Strategies are shared with investors.

No

SG 13.7 CC	Indicate whether a range of climate scenarios is used.
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- Yes, including analysis based on a 2°C or lower scenario
- Yes, not including analysis based on a 2°C or lower scenario
- No, a range is not used

SG 13.8 CC	Indicate the climate scenarios the organisation uses.
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Provider	Scenario used	
IEA	<input checked="" type="checkbox"/> Beyond 2 Degrees Scenario (B2DS)	
IEA	<input checked="" type="checkbox"/> Energy Technology Perspectives (ETP) 2 Degrees scenario	
IEA	<input checked="" type="checkbox"/> Sustainable Development Scenario (SDS)	
IEA	<input checked="" type="checkbox"/> New Policy Scenario (NPS)	
IEA	<input checked="" type="checkbox"/> Current Policy Scenario (CPS)	
IRENA	<input type="checkbox"/> RE Map	
Greenpeace	<input type="checkbox"/> Advanced Energy [R]evolution	
Institute for Sustainable Development	<input checked="" type="checkbox"/> Deep Decarbonisation Pathway Project (DDPP)	
Bloomberg	<input checked="" type="checkbox"/> BNEF reference scenario	
IPCC	<input type="checkbox"/> Representative Concentration Pathway (RCP) 8.5	
IPCC	<input checked="" type="checkbox"/> RPC 6	
IPCC	<input checked="" type="checkbox"/> RPC 4.5	
IPCC	<input checked="" type="checkbox"/> RPC 2.6	
Other	<input checked="" type="checkbox"/> Other (1)	<div style="background-color: #cccccc; padding: 2px;">Other (1) please specify:</div> Shared Socioeconomic Pathways (SSP)
Other	<input type="checkbox"/> Other (2)	
Other	<input type="checkbox"/> Other (3)	

SG 14	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1
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SG 14.1

Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)
- Other, specify(2)
- None of the above

SG 14.2

Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments

Specify the AUM invested in low carbon and climate resilient portfolios, funds, strategies or asset classes.

	trillions	billions	millions	thousands	hundreds
Total AUM		33	000	000	000
Currency	AUD				
Assets in USD		24	337	410	106

Specify the framework or taxonomy used.

Lendlease Investment Management independently certifies buildings and portfolios using third-party independently verified rating tools such as NABERS, BREEAM, Green Mark, Green Star. GRESB participation

- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify

other description

Lendlease support for net-zero carbon commitments including Take 2 (Government of Victoria, Australia climate change program) (<https://www.take2.vic.gov.au/pledges/?profileid=ada1240e-fd94-e611-80e9-c4346bc532a0>)

- None of the above

SG 14.3 Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify

other description

Resource (energy, water, waste) usage and emissions monitoring and reporting (data independently assured) <w:br />Incorporation of low-carbon and embodied energy materials in property development briefs.

None of the above

SG 14.4 If you selected disclosure on emissions risks, list any specific climate related disclosure tools or frameworks that you used.

Case studies on net zero carbon

Use of investor reports to communicate emissions, case study materials on net zero carbon commitments in operation. Our investor reports (RPI section) is aligned to the INREV/ANREV sustainability reporting guidelines.

We participate annually in the GRESB assessment for each LLIM Fund and disclose results to investors and publicly.

SG 14 CC	Voluntary	Public	General
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SG 14.6 CC Please provide further details on these key metric(s) used to assess climate related risks and opportunities.

Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
Climate-related targets	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Communicate climate change goals to key stakeholders.	NABERS Energy ratings, Tonnes CO2/m2, kWh/m2, building attributes (balanced scorecard approach)	Calculated based on energy bills and other site emissions/attributes
Weighted average carbon intensity	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Allow investors to compare carbon emission performance against peer funds on a like-for-like basis thereby informing their investment strategy i.e. provide investors with the ability to target low carbon intensity/green property portfolios.	Ownership and area adjusted average NABERS Energy ratings and Tonnes CO2/m2	Calculated based on energy bills and other site emissions/attributes
Carbon footprint (scope 1 and 2)	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Allow investors to monitor carbon emissions associated with their investment	Tonnes CO2equiv	Calculated based on energy bills and other site emissions
Carbon intensity	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Benchmark carbon emissions against industry averages to understand performance against industry peers.	NABERS Energy ratings, Tonnes CO2/m2	Calculated based on energy bills and other site emissions/attributes

SG 14.7 CC	Describe in further detail the key targets.
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Targettype	Time Frame	Description	Attachments
<input type="checkbox"/> Absolute target <input checked="" type="checkbox"/> Intensity target	2014 to 2020 (all assets)	20% reduction in carbon intensity targets	
<input type="checkbox"/> Absolute target <input checked="" type="checkbox"/> Intensity target	* APPF Industrial: 2018 to 2021 * LLITST (commercial): 2017 to 2021 * LLOITST (commercial): 2017 to 2021 * APPF Commercial: 2017 to 2025 * APPF Retail 2018 to 2030 * LLSRF (retail): 2018 to 2030 * LLREP NZ (retail): 2018 to 2030	net zero carbon in operation (m2/ghg)	
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target			
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target			
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target			

SG 14.8 CC Indicate whether climate-related risks are integrated into overall risk management and explain the risks management processes for identifying, assessing, and managing climate-related risks.

Process for climate-related risks is integrated into overall risk management

Please describe

Lendlease has developed a climate change risk assessment tool, based on Lendlease Group's risk approach, which combines the climate projections noted above, the physical characteristics of an asset, and the perceived stakeholder vulnerability to certain climate related events.

This tool covers 18 climate risks that LLIM believes are material to its portfolio. It firstly assesses the physical attributes of the building as they relate to the regional impacts of climate change in order to understand the likelihood of a climate change risk becoming a concern to the asset. The magnitude of the climate change risks to the building owner(s) and its stakeholders is subsequently assessed. The likelihood and magnitude of each risk are then combined to generate a risk rating.

The likelihood assessment is based on the climate predictions for the region and the physical state of the asset e.g. air-conditioning, drainage, elevation, electrical infrastructure. The impact is assessed based on the internal sensitivity to climate change risks. Interdependencies are also factored in to the risk assessment. Interdependent risks arise from events that occur outside of Lendlease's control boundary e.g. public transport and utility failures.

The methodology is aligned with Australian Standard AS 5334:2013 Climate adaptation for settlements and infrastructure - A risk based approach and AS/NZS ISO 31000:2009 - Risk Management.

18 risk statements have been developed as a cause-effect statement, which describes what may happen to specific operations and assets as a result of changes in the climate.

Process for climate-related risks is not integrated into our overall risk management

SG 15	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
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SG 15.1 | Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

Yes

SG 15.2 | Indicate the percentage of your total AUM invested in environmental and social themed areas.

%

100

SG 15.3 | Specify which thematic area(s) you invest in, indicate the percentage of your AUM in the particular asset class and provide a brief description.

Area

- Energy efficiency / Clean technology
- Renewable energy
- Green buildings

Asset class invested

Property

% of AUM

100

Brief description and measures of investment

Lendlease Investment Management and its internally managed property funds are committed to owning and developing high performing green buildings. Where appropriate and possible, the performance of green buildings will be measured through green building certifications such as NABERS, BREEAM, GBI, Green Mark, Green Star (Design & As-built for new buildings, Green Star Performance for existing and operational assets), internally developed tools such as Lendlease Investment Management's ESG Dashboards and operational procedures and processes intended to be environmentally conscious and inclusive of the community and our customers.

- Sustainable forestry
 - Sustainable agriculture
 - Microfinance
 - SME financing
 - Social enterprise / community investing
 - Affordable housing
 - Education
 - Global health
 - Water
 - Other area, specify
- No