



Type of engagement	Response for intervention
Individual/institutional scale engagements	<input type="checkbox"/> To support investment decisions and to monitor ESG issues <input type="checkbox"/> To encourage corporate action for specific ESG issues <input type="checkbox"/> Other: specify
Collaborative engagements	<input type="checkbox"/> To support investment decisions and to monitor ESG issues <input type="checkbox"/> To encourage corporate action for specific ESG issues <input type="checkbox"/> Other: specify
Service provider engagements	<input type="checkbox"/> To support investment decisions and to monitor ESG issues <input type="checkbox"/> To encourage corporate action for specific ESG issues <input type="checkbox"/> Other: specify

CLIMATE TRANSPARENCY REPORT 2020

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 2020 PRI Reporting Framework.

About this report

This report is an export of only the climate-related indicators from the 2020 Reporting Framework response. The full Public Transparency Report is available here (<https://reporting.unpri.org/surveys/PRI-reporting-framework-2020-060217E2-0866-4ACA-A059-CF2911369117/79894dbc337a40828d895f9402aa63de/html/2/?lang=en&a=1>). 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 2020 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 01.6 CC	✓	Public				
SG 01.7 CC	✓	Public				
SG 01.8 CC	✓	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	✓	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 14.6 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.
---------	---

SG 01.6	Additional information [Optional].
---------	------------------------------------

For the purposes of this submission, "organisation" means Lendlease Funds Management (LLFM) 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 Funds Management Australia' (LLFM Australia).

SG 01 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
----------	---	--------	-------------	---------

SG 01.6 CC	Indicate whether your organisation has identified transition and physical climate-related risks and opportunities and factored this into the investment strategies and products, within the organisation's investment time horizon.
------------	---

Yes

	Describe the identified transition and physical climate-related risks and opportunities and how they have been factored into the investment strategies/products.
--	--

Lendlease Funds Management (LLFM) and its managed funds have a strong track record of assessing the physical climate risks in the portfolio over a long-term investment time horizon. 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 acknowledge these risks and opportunities may differ by region and climatic zone.

LLFM has implemented and maintained a climate change resilience and adaptation program to assess and plan for these associated risks. we define 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.

LLFM 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.

LLFM undertakes asset level physical risk assessments every 5 years and internal reviews of the assessment every 2 years. Our approach is summarised 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 LLFM 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 LLFM'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.

Assessments are aligned with Australian Standard AS 5334:2013 and additionally undertake six-monthly reviews of acute physical risks for each fund using external available sources (SwissRE's CatNet portal).

No

SG 01.7
CC

Indicate whether the organisation has assessed the likelihood and impact of these climate risks?

Yes

Describe the associated timescales linked to these risks and opportunities.

Lendlease Funds Management (LLFM) 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, 2030 and 2070 time horizons. In adopting RCP8.5 for worse-case physical risk, our next stage is to undertake analysis against the Lendlease Board-endorsed 2050 Future Scenarios, in line with IPCC 2-degree Celsius reports.

Lendlease and its businesses committed to the recommendations of the TCFD in 2018 and throughout 2019 commenced analysis into the impact of different climate scenarios on its business strategy. This included conducting risk and opportunities workshops for its business globally (including LLFM). These workshops adopted scenario planning as a means of holistically testing strategic resilience across environmental and social sustainability outcomes, in line with Lendlease's Sustainability Framework.

To test resiliency, we have created our 2050 Future Scenarios using a range of environmental, social, technological, economic and policy indicators.

Our scenarios are based on peer-reviewed scientific and academic research, tested with a broad range of stakeholders and designed to be plausible but challenging.

1. Resignation (above 4°C): This scenario represents the worst climate change of the four scenarios and will be used to test the physical risks across our operations and supply chain.
2. Polarisation (between 3-4 °C): This scenario represents a constant but incremental approach to climate change mitigation and will be used to test the longer-term societal risks of climate change impacts.
3. Paris Alignment (between 2-3 °C): This scenario considers delayed action on climate change, resulting in a late, uncontrolled and rapid decarbonisation pathway, and will be used to test transitional risks of uncontrolled decarbonisation.
4. Transformation (below 2 °C): This scenario represents a societal driven, controlled and early rapid decarbonisation pathway, where global emissions peak in 2020 and are close to zero in 2040.

The scenarios and their full descriptions can be accessed on the Lendlease website (<https://www.lendlease.com/au/company/sustainability/climate-related-financial-disclosure-tcfd/>)

Further, to incorporate financial considerations on carbon to Lendlease Investment Review Committee decisions, a shadow price is in place from 2020 at US\$20/tonne, rising to US\$100/tonne in 2030 and US\$140/tonne in 2040.

As part of its approach to assessing opportunities associated with climate change, LLFM have established net zero carbon in operation commitments, 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
- Australian Prime Property Fund Retail: 2030

- Lendlease Sub-Regional Retail Fund: 2030
- Lendlease Real Estate Partnership New Zealand (Retail): 2030

The above net-zero carbon commitments represent 1.5 degree aligned investable portfolios for real asset investors. LLFM's decarbonisation approach focuses on three key strategies:

5. Avoid: Through better building design of high-performance sustainable assets, efficient infrastructure including precinct opportunities, investment in energy efficiency upgrades of existing assets, and education and behavioural initiatives.
6. Reduce: Implement on and off-site low carbon and renewable energy sources, apply Green Power mix in energy procurement.
7. Mitigate: Purchasing or providing conditions for carbon offsets to cover emissions.

No

SG 01.8 CC	Indicate whether the organisation publicly supports the TCFD?
-----------------------------	---

Yes

No

SG 01.9 CC	Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.
-----------------------------	---

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 TCFD. In 2019, Lendlease disclosed that it started on developing analysis into the impact of different climate scenarios on its business strategy. This process involved facilitating climate risk and opportunities workshops across Lendlease's global businesses (including LLFM). These workshops adopted scenario planning as a means of holistically testing strategic resilience across environmental and social sustainability outcomes, in line with our Sustainability Framework.

Our scenarios are based on peer-reviewed scientific and academic research, tested with a broad range of stakeholders and designed to be plausible but challenging.

8. Resignation (above 4°C warming): This scenario represents the worst climate change of the four scenarios and will be used to test the physical risks across our operations and supply chain.
9. Polarisation (between 3-4 °C warming): This scenario represents a constant but incremental approach to climate change mitigation and will be used to test the longer-term societal risks of climate change impacts.
10. Paris Alignment (between 2-3 °C warming): This scenario considers delayed action on climate change, resulting in a late, uncontrolled and rapid decarbonisation pathway, and will be used to test transitional risks of uncontrolled decarbonisation.
11. Transformation (below 2 °C warming): This scenario represents a societal driven, controlled and early rapid decarbonisation pathway, where global emissions peak in 2020 and are close to zero in 2040.

The scenarios and their full descriptions can be accessed on the Lendlease website (<https://www.lendlease.com/au/company/sustainability/climate-related-financial-disclosure-tcfid/>).

Further, to incorporate financial considerations on carbon to Lendlease Investment Review Committee decisions, a shadow price is in place from 2020 at US\$20/tonne, rising to US\$100/tonne in 2030 and

US\$140/tonne in 2040.

Aligning this position is Lendlease's Sustainability Framework (refreshed in 2019) that continues the focus of creating, investing and operating vibrant and resilient communities and cities and integrates the focus of climate action through risk identification and management. To achieve this, LLFM's aims are aligned to the following:

- Continuously improve energy efficiency, use renewable energy and purchase carbon offsets;
- Work with industry partners and suppliers to reduce embodied carbon in materials and products;
- Create buildings and precincts resilient to the impact of climate change; and
- Work with tenants to reduce carbon in operations.

Historically, all LLFM assets have assessed for climate change risks and are committed to updating these physical risk assessments against RCP 8.5 (our Resignation scenario, above 4°C warming), as well as implement risks and opportunity strategies for assets by the end of calendar 2020. This approach supports LLFM's risk approach to the process described in SG 01.6 CC.

No

**SG 1.10
CC**

Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.

- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other

specify

Investor reporting case studies

- We currently do not publish TCFD disclosures

Governance and human resources

SG 07 CC

Mandatory to Report Voluntary to Disclose

Public

Descriptive

General

**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 heads of departments

- 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 that have climate-related issue oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.

in 2019, the Trustee Boards of Lendlease Funds Management (LLFM) (that govern funds under management by LLFM) and the Managing Directors of LLFM in Australia, Asia and Europe re-endorsed LLFM'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 LLFM 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 Lendlease Board Sustainability Committee.

Trustee boards are also required to endorse fund specific RPI 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, LLFM provides a written update to each Trustee Board.

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

ESG issues in asset allocation

SG 13

Mandatory

Public

Descriptive

PRI 1

SG 13.1

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

Yes, in order 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, in order to assess future climate-related risks and opportunities

Describe

A comprehensive climate-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, our organisation does not currently carry out scenario analysis and/or modelling

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 13.3 Additional information. [OPTIONAL]

Historically, all LLFM assets have assessed for climate change risks. Following the development of 2050 Future Scenarios of physical climate risk (<https://www.lendlease.com/au/company/sustainability/climate-related-financial-disclosure-tcf/>), Lendlease is committed to updating these physical risk assessments against RCP8.5 (our Resignation scenario, above 4°C warming), as well as implement risks and opportunity strategies for assets by the end of calendar 2020.

SG 13 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
-----------------	--	---------------	--------------------	----------------

SG 13.4 CC Describe how your organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, its results, and any future plans.

- 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 LLFM'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, LLFM and the managed 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. LLFM 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 the materiality testing of all LLFM Australia Fund net zero carbon commitments endorsed between 2016 and 2018, to be achieved between FY2021 and FY2030.

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/au/-/media/llcom/sustainability-2019/data-and-basis-of-preparations/fy19-environmental-data-summary-basis-of-preparation.pdf>).

Other

**SG 13.5
CC**

Indicate who uses this analysis.

- 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 your organisation has evaluated the potential impact of climate-related risks, beyond the investment time horizon, on its investment strategy.

Yes

Describe

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 Funds Management (LLFM) 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

LLFM's commitments for managed funds to achieve net zero carbon in operations are incorporated in each managed fund's 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.

- Analysis based on a 2°C or lower scenario
- Analysis based on an abrupt transition, consistent with the Inevitable Policy Response
- Analysis based on a 4°C or higher scenario
- No, a range is not used

SG 13.8
CC

Indicate the climate scenarios your organisation uses.

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 checked="" 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: #0070C0; color: white; 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
-------	---	--------	---------------------	-------

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		30	000	000	000
Currency	AUD				
Assets in USD		20	321	988	301

Specify the framework or taxonomy used.

Lendlease Funds Management independently certifies buildings and portfolios using third-party independently verified rating tools such as NABERS, BREEAM, Green Mark, Green Star, Green Building Index, 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

LLFM support for net-zero carbon commitments by managed funds to the World Green Building Council's Net Zero Carbon Buildings Commitment

- 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).

*Incorporation of low-carbon and embodied energy materials in property development briefs.

- None of the above

SG 14 CC	Voluntary	Public	General
SG 14.6 CC	Provide further details on the 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.	Building Energy ratings (base building such as NABERS and tenants such as NABERS co-assess, Tonnes CO2/m2, kWh/m2, building attributes	Calculated based on energy bills and other site emissions/attributes
Weighted average carbon intensity	<input checked="" type="checkbox"/> All assets <input 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 CO2 equivalent	Calculated based on energy bills and other site emissions
Portfolio carbon footprint	<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 CO2 equivalent	Calculated based on energy bills and other site emissions
Total carbon emissions	<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 CO2 equivalent	Calculated based on energy bills and other site emissions
Carbon intensity	<input checked="" type="checkbox"/> All assets <input 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.

Targettype	Baseline year	Target year	Description	Attachments
<input type="checkbox"/> Absolute target <input checked="" type="checkbox"/> Intensity target	FY2014 for all fund assets	FY2020	20% reduction in carbon intensity targets	
<input type="checkbox"/> Absolute target <input checked="" type="checkbox"/> Intensity target	FY2018 for all fund entities	from FY2021 to FY2030	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 risk management processes used for identifying, assessing and managing climate-related risks.

- Processes for climate-related risks are 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 LLFM 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.

- Processes for climate-related risks are not integrated into overall risk management

SG 15

Mandatory to Report Voluntary to Disclose

Public

Descriptive

PRI 1

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

Percentage of AUM (+/-5%) per asset class invested in the area

100

Brief description and measures of investment

Lendlease Funds 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 (Australia), BREEAM (UK), Green Mark (Singapore), Green Building Index (Malaysia), Green Star (Design & As-built for new buildings, Green Star Performance for existing and operational assets) (Australia), internally developed tools such as Lendlease Funds Management's ESG Dashboards and Scorecards 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

