



25 November 2021

Mr António Guterres
Secretary-General
United Nations
New York, NY, 10017
United States of America

Dear Secretary-General

UN Global Compact – Communication on Progress

I am pleased to reaffirm Lendlease's continued support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment, and Anti-Corruption.

In our seventh Communication on Progress, this letter provides a report on the actions taken to further improve the integration of the Global Compact and its principles into our business strategy, sustainability imperatives, and the way we work. This report covers the period November 2020 to November 2021, a time when our business, markets, and the broader community continued to be impacted by the ongoing challenges of COVID.

To support our people through COVID we established a Hardship and Wellbeing Fund, which has resulted in AU\$4.5 million to date being distributed across our regions and was supplemented by financial wellness education via webinars.

We are proud to have launched Mission Zero in May 2021, which aims to raise awareness of our ambitious and industry leading targets to achieve Net Zero Carbon (scopes 1 & 2) by 2025, Absolute Zero Carbon (scopes 1, 2 & 3) by 2040. We also have a target to generate AU\$250 million in Measured Social Value over the 5 year period to 2025.

It has been a year since we launched our ambitious environmental and social sustainability targets, and we are pleased to report we have already made meaningful progress. We were 29% below our 1.5°C trajectory for scope 1 & 2 emissions and have generated AU\$47.2 million in social value throughout our operations as of June 30, 2021.



During the FY21 reporting period we released our third Reconciliation Action Plan ('RAP') in Australia, which achieved 'Elevate' status. Our RAP acknowledges First Nations peoples' unbroken connection to Country and further entrenches our leadership commitment to lift the industry standard of placemaking by incorporating the self-determination and voices of First Nations peoples in what we do. It is a detailed action plan to support career progression of our First Nations employees by providing cultural engagement and learning for all employees, making First Nations businesses foundational in our supply chain, and supporting First Nations voices within Lendlease.

Our actions during this reporting period continue to be aligned to our Sustainability Policy and our Sustainability Framework, which focuses our efforts towards building Sustainable Economic Growth, Vibrant and Resilient Communities and Cities, and a Healthy Planet and People. A sample of initiatives carried out under the guidance of our framework and in alignment with the UN Global Compact's Ten Principles are highlighted below.

Human Rights (Principles 1-2)

First Nations Australians

- 5,153 Lendlease employees have completed face to face or online cultural awareness learning since FY12.
- Recognition of Country and the story of place is implemented at the beginning of our projects.
- 155 Supply Nation businesses engaged (registered and certified Indigenous businesses).
- AU\$65.4 million spent in FY21 with certified Indigenous businesses.
- Our procurement goal is aligned with the national Raising the Bar initiative, which sets annual targets to embed First Nations owned businesses in our supply chain.
- 1% of Lendlease Australian employees identify as First Nations Australians.
- 8 First Nations Australian employees sit in leadership positions, and we're focused on bringing First Nations leadership into senior management roles.
- Lendlease has supported CareerTrackers since 2010. Since 2011, 117 First Nations university students have come through our CareerTrackers partnership. As at October 2020, 26 alumni have secured full-time roles at Lendlease.
- At Melbourne Quarter, we developed an extensive public art strategy in consultation with the area's Traditional Owners which is designed to illustrate and acknowledge the connection between Indigenous and colonial uses, which has generated an estimated AU\$13 million in social value to date.

Modern Slavery

- Lendlease released its first global Modern Slavery Statement for FY2020, setting out our approach to how we assess and address modern slavery risks in our operations and supply chains. We are in the early stages of our journey, focused on maintaining an ethical and resilient supply chain by progressively implementing measures to improve transparency and mitigate modern slavery risks. Our phased approach aims to align with the [UN Guiding Principles on Business and Human Rights](#), notably in respect of:
 - *Principle 17 Human Rights Due Diligence*: to inform the scoping of potential modern slavery risks that we may either cause, contribute to, or to which our operations may be directly linked through our direct operating conditions, labour conditions in connection with the materials we source; and labour conditions of indirect labour used in our operations; and
 - *Principle 22 Remediation*: to inform our crisis management approach, and in the implementation of corrective actions to cooperatively address an adverse human rights impact.
- Refer to pages 14-22 of the [FY20 Lendlease Group Modern Slavery Statement](#) for further details.
- Lendlease looks forward to reporting on further progress made on modern slavery risk in our upcoming FY21 Modern Slavery Statement.

Labour (Principles 3-6)

Anti-Racism

- Lendlease has a diverse global workforce and we have made progress in improving our diversity areas of focus. In FY21, to strengthen our culture of inclusion, we focused on unwelcomed or intrusive language and behaviours.
- We conducted a number of listening sessions in the US and UK to provide a safe space for people to share their stories, listen, and learn.
- In the Americas we established a Diversity, Equity, and Inclusion advisory council.

Anti-Sexism

- Lendlease created an awareness video and toolkit to bring attention to common language, behaviours, and social norms that perpetuate gender stereotypes and assumptions.



- Our Sydney Place project is a signed member of the Greater Sydney Commission Women's Safety Charter, which aims to influence policy and practice to enable women and girls to feel safer in the City of Sydney.
- At Tun Razak Exchange, Kuala Lumpur, we have established Projek Komuniti Kita, a multi stakeholder partnership to uplift the social wellbeing of women and children from low-income groups.
- Lendlease continued its support of two partnerships to reduce employment barriers, provide supportive services, engage in mentoring opportunities and offer pre-apprenticeship training, one with Chicago Women in Trades (CWIT) and one with Non-traditional Employment for Women (NEW). Our partnership with CWIT is providing training and working on retention initiatives with employers to advance women in the construction sector, and Lendlease is providing support to NEW's advanced training programs, green job training, and a barrier reduction fund to mitigate employment expenses such as childcare, transportation, books and equipment for trainees in need of financial assistance.

LGBTQ+ Inclusion

- In the Americas, Lendlease scored 100/100 in the Corporate Equality index for the 5th consecutive year and achieved the "best place to work for LGBTQ Equality".
- We have maintained our Platinum Australian Workplace Equality Index rating for the 4th year running in 2021, and as part of this we partnered with the University of New South Wales to research barriers to LGBTQ+ inclusion on construction sites and shared these insights and recommendations with the industry.

Marginalised Groups

- At our Milan Innovation District (MIND) site, we continued our partnership with the Italian Ministry of Justice on Programma 2121, which provides training and job opportunities to previously incarcerated individuals. It is estimated that Programma 2121 will deliver AU\$2.39 million in social value from 2019-2022, with a Social Return on Investment of AU\$4.50 for every AU\$1 invested in the program during that timeframe.
- Our partnership with Project Dignity in Singapore explores upskilling and job placement opportunities for People with Disabilities (PWD) in the F&B industry. Our initial commitment towards this partnership is to train and facilitate job placements for 40 PWDs. Besides upskilling, we are curating several awareness campaigns for our supply chain to be an inclusive employer for all.

Environment (Principles 7-9)

Decarbonisation

- In 2020 we announced our ambitious and industry leading targets to achieve Net Zero Carbon (scopes 1 & 2) by 2025 and Absolute Zero Carbon (scopes 1, 2 & 3) by 2040 and disclosed our 5-step decarbonisation pathway to turn our commitments into action. Below provides examples of the action undertaken as part of executing on our decarbonisation pathway:

- 1. Create a decarbonisation investment strategy in 2021**

Lendlease established a Decarbonisation Investment Group to identify decarbonisation investment opportunities and strategies, in addition to launching online carbon education tools and resources to complement existing sustainability education modules, and help our people understand our targets and what is required to be a 1.5°C aligned business.

- 2. Phase out diesel and gas in our operations**

In addition to trialling biofuel and renewable diesel fuel alternatives across a range of project sites, we launched an Alternative Fuels Policy across our UK business with a goal to no longer accepting liquid fossil fuels on new and existing UK construction projects from January 2022.

- 3. Use 100% renewable electricity before 2030**

Lendlease Building Australia switched to 100% renewable electricity from January 2021, our corporate Australian workplaces are operating with 100% renewable electricity from FY22, and all Chicago construction projects are operating with 100% renewable electricity.

- 4. Collaborate with our supply chain partners to set pathways to achieve absolute zero carbon by 2040**

Lendlease were one of the first companies, globally, to join SteelZero to drive market demand for net zero carbon steel. We also joined as a founding member of the Materials and Embodied Carbon Leaders Alliance (MECLA), a new industry led coalition to decarbonise Australia's building and construction industry, and we committed to the Race to Zero, to declare our ambition with other like-minded organisations in the lead up to COP26.

- 5. Collaborate with tenants to transition to renewable electricity and achieve Absolute Zero Carbon by 2040**

All residents and tenants at London's Elephant Park are automatically signed up to a green electricity tariffs, Lendlease's US residential portfolio of urbanisation projects across Boston and Chicago, in partnership with Aware Super, are certified net zero carbon.



- We have made positive progress in FY21 to reduce our Scope 1 & 2 emissions:
 - 23% of our Scope 1 & 2 emissions were offset in FY21
 - We are 29% below our 1.5°C-aligned trajectory for Scope 1 & 2 emissions in FY21
- We have published our FY21 ESG Databook, which enables us to be transparent in how we report on progress against our key environmental metrics. This will enable our investors and stakeholders to engage with our data to better gain insight into our sustainability journey.

Circular Economy

- As part of our circular economy ambitions, we have partnered with WWF Singapore on a Waste in Retail Research Initiative, which involves undertaking research into waste management practices including waste generated at malls. The knowledge attained from this research will be shared with the retail property management industry and key stakeholders.
- A shipping container “farm” with trays of larvae in the basement below the three International Towers of Barangaroo, Sydney, is part of a six-month experiment to better manage the approximately 60 tonnes of food waste generated from the precinct each month and to cut down on carbon emissions, at half the cost of current methods of food processing. The project is a world first, overseen by Canberra company Goterra, using artificial intelligence, robotics and insect larvae on-site to process food scraps and compostable packaging from the retailers and office buildings nearby.

Biodiversity

- We are applying nature-based solutions to create biodiversity and climate resilient communities.
- At Southbank, Chicago, we have designed an urban ecosystem that features migratory birdhouses, beehives, a rooftop farm, native grasses to restore waterways, and a river walk and park for the community.
- At Tun Razak Exchange, Kuala Lumpur, we are delivering a new 10-acre city park which will be home to more than 180,000 plantings from 170 local plant species, creating a new ecological corridor for urban birds, butterflies, and bees.
- We have partnered with the Billion Oyster Project to restore oyster reefs, which help to promote biodiversity, protect shorelines, and clean waterways in New York Harbour
- At our Euston, London project we are aiming to deliver a net biodiversity gain, with green infrastructure across 50% of the development

- At Figtree Hill, Sydney, we are focused on enabling immediate and real action to protect and grow the local Campbelltown koala population. We have followed the recommendations of the NSW Chief Scientist and Engineer and committed to a AU\$35 million koala conservation plan to deliver the necessary environmental infrastructure and local research to help local koalas thrive. Our work has the potential to double the carrying capacity of the site, which is key to further growing Campbelltown's koala population.

Sustainable Finance

- In 2020 we developed our Sustainable Finance Framework, which is aligned to the International Capital Markets Association's Green Bond Principles, Social Bond Principles, and Sustainability Bond Principles.
- In FY21, we issued AU\$800m in green bonds to finance green buildings across Lendlease's global portfolio, including the largest inaugural green bond by a non-financial corporate in Australia at the time of issuance.
- Our sustainable finance strategy will help drive a number of initiatives, with benefits ranging from the lowering of carbon emissions, reducing the environmental impacts of materials, and the delivery of health and wellbeing benefits.

Anti-Corruption (Principle 10)

- Lendlease maintains a globally available, multi-lingual contact channel for employees, suppliers and other third parties to confidentially (and if requested, anonymously) report concerns through our external partner, Ethics Point. Grievances are tracked and actioned internally. This process covers any concerns arising on human rights, corruption, and modern slavery.
- Lendlease prohibits all forms of bribery and corruption. Our Supplier Code of Conduct, and Employee Code of Conduct set strict conditions for how Lendlease, its employees, and suppliers conduct business.
- Supply chain resilience is an important imperative for Lendlease, which is supported by our Enterprise Risk Framework. This includes the assessment of Lendlease's supply chain for regulatory and counterparty risks to ensure that the ethics of our supply chain partners meet our standards.
- During the reporting period Lendlease introduced a Customer Complaints & Feedback Policy which applies to all employees in all regions, which stipulates that all complaints and feedback will be responded to within five working days.



Initiatives detailed in this letter provide a snapshot of Lendlease's ongoing efforts in support of the UNGC principles, but do not list all efforts made in the past year. Lendlease's 2021 Annual Report contains more examples of efforts taken during the reporting period, and our website is regularly updated with further proof points aligned to UNGC Principles, Sustainable Development Goals and our Sustainability Framework.

Yours Sincerely,

A handwritten signature in black ink, appearing to read "ALH.", is positioned below the "Yours Sincerely," text.

Tony Lombardo
Global Chief Executive Officer and Managing Director
Lendlease

cc: Cate Harris, Group Head of Sustainability and Global Head of Lendlease Foundation