

Lendlease's Scope 3 Protocol

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Lendlease's Scope 3 Emissions Protocol

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**BUILDING
PRODUCT
LEADERS
FORUM
AUG 2024**



What we all know

Time is running out for the world to be able to limit global warming to **well below 2 degrees.**

Our sector contributes **40% of global carbon emissions** that are threatening life as we know it.

Business as usual will not create the transformation our sector needs to tackle the climate crisis.

Our Mission Zero



WE ARE A 1.5oC
ALIGNED COMPANY



Net Zero carbon emissions by
2025 for Scope 1 and 2.



Absolute Zero by 2040, a
target that includes our Scope
1, 2 and 3 emissions, within
the Lendlease defined
boundaries, without the use
of offsets.

Our **Absolute Zero target** is industry-leading and ambitious. We are focused on eliminating carbon, **not offsetting it.**

Our Absolute Zero target includes **scope 3 emissions**

We have a **2040 timeframe**

What are Scope 3 emissions?

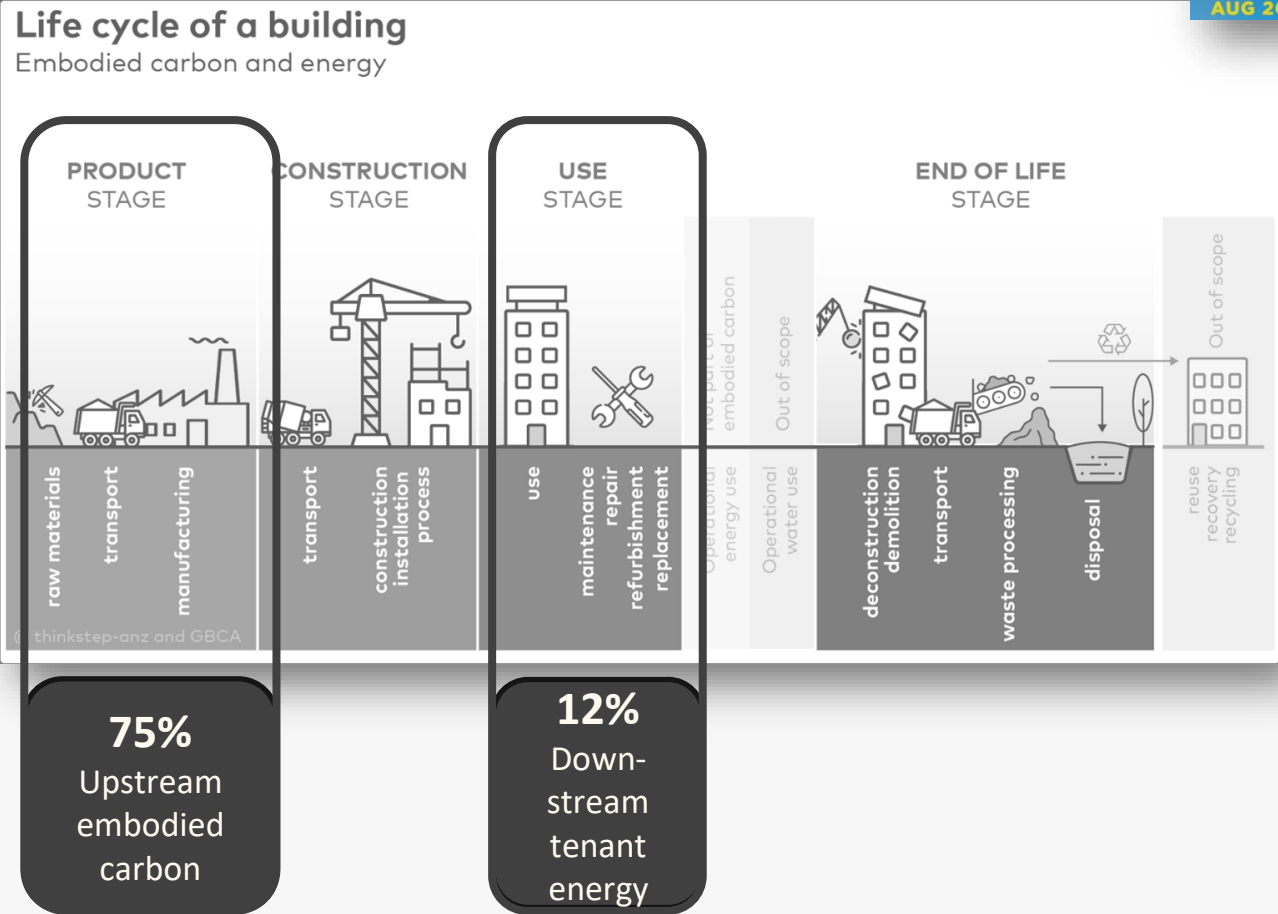
Every organisation's scope 3 emissions are **someone else's scope 1 or scope 2 emissions**.

Scopes 1, 2 & 3 are interconnected.



Our Scope 3 emissions are generated in upstream and downstream activities, such as the manufacturing of building materials and the use of electricity and natural gas by tenants.

In FY22 scope 3 emissions accounted for 94% of Lendlease's total emissions

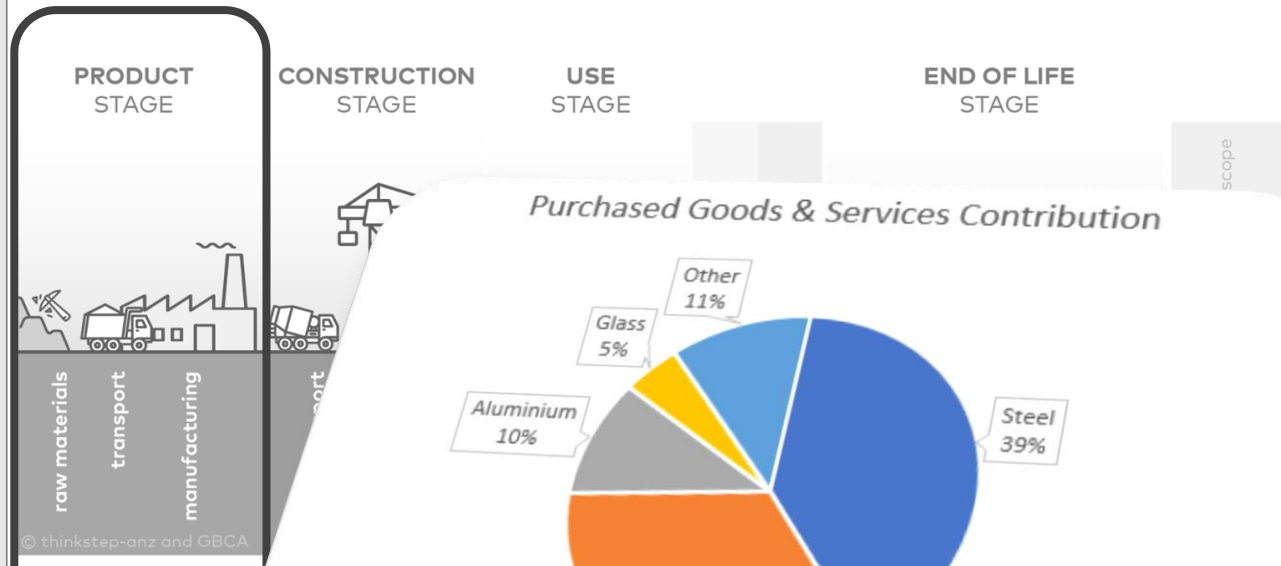


*not an exhaustive list, examples only

In FY22 scope
3 emissions
accounted for
94% of
Lendlease's
total
emissions

Life cycle of a building

Embodied carbon and energy



75%
Upstream
embodied
carbon

Here's what we're doing...

1



Reduce our own emissions

Walk the talk and play our part to address the climate crisis by driving emission reduction across our value chain.

2



Advocate for industry transformation

Highlight the challenges and point to the solutions to help sector partners and governments hone in on changes that can be made now and future pathways to zero.

3



Catalyse Transformative Partnerships

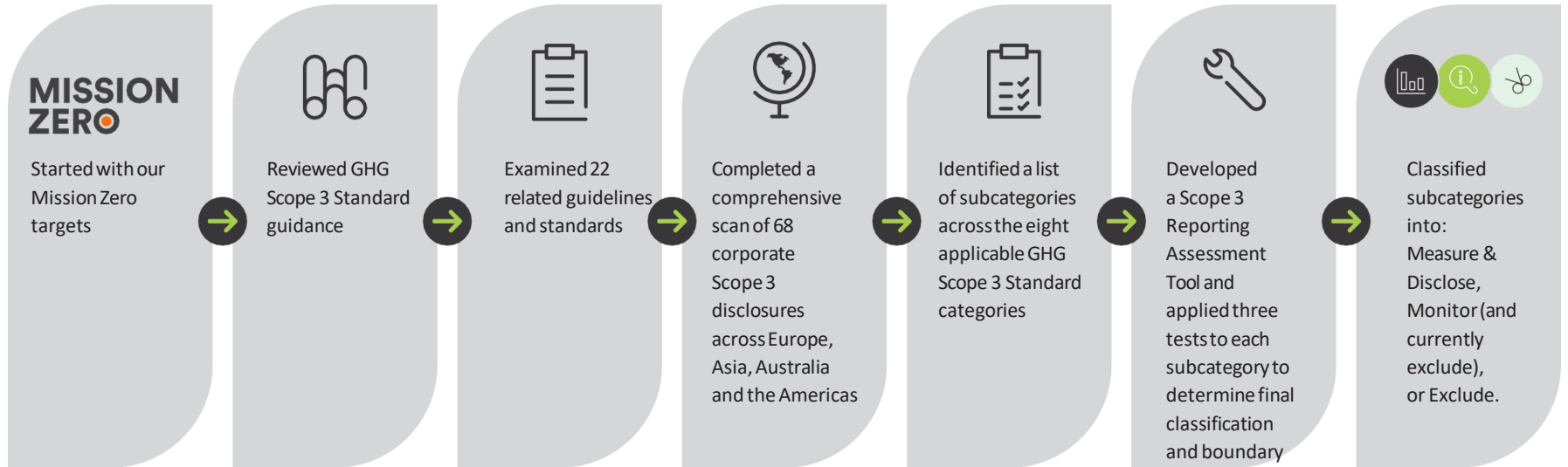
Help connect 'unlikely allies' and create industry collaborations to spark investment and innovation necessary to test, scale and drive transformation at pace.

We are open-sourcing our Scope 3 Emissions Protocol to:



- **Get the conversation going** – let’s talk about who’s doing what, by when and what support is needed to create transformation
- **Support others on their journey** – and catalyse transformative partnerships
- **Offer an industry model for scope 3 boundaries** – to help drive consistency in the way we all tackle the challenge
- **Help create reporting transparency** – so investors and other stakeholders know which lever to pull to effect change
- **Provide certainty** for our business, our supply chain and other stakeholders
- **Accelerate** the decarbonisation of harder to abate materials

Lendlease Scope 3 Emissions Protocol: the boundary setting process



Lendlease Scope 3 Emissions: our reporting boundary

Upstream

1. Purchased goods and services
2. Capital goods
3. Fuel and energy related activities
4. Upstream transportation & distribution
5. Waste generated in operations
6. Business travel
7. Employee commuting
8. Upstream leased assets

Downstream

9. Downstream transportation & distribution
10. Processing of sold products
11. Use of sold products
12. End-of-life treatment of sold products
13. Downstream leased assets
14. Franchises
15. Investments

Scope 3 Subcategory Classification



Measure & Disclose

Measure and drive to
Absolute Zero



Monitor

(and currently exclude)

Keep a watching brief on
these items



Exclude

Exclude from our
Absolute Zero target

We are open to adapt our approach as we and others progress on the journey.

What you'll find in our Scope 3 Emissions Protocol...

Background information on how we formulated our position

For relevant Scope 3 categories:

GHG Scope 3 Standard definition.

Our reporting boundary, including subcategories classified as Measure & Disclose, Monitor (and currently exclude) and Exclude.



Examples of the high-level actions we intend to take as we endeavour to drive down emissions in our Measure & Disclose classification.

Indicative contribution of category to overall Scope 3 emissions.

The Lendlease business lines attributable to the data reported under this category.

Scope 3 Upstream categories

Purchased Goods and Services

Our reporting boundary



Measure & Disclose

- Directly purchased building materials (A1-A3 product stage)
- Directly purchased building materials (B5 refurbishment)
- Subcontractor purchased building materials (A1-A3 product stage)
- Subcontractor purchased building materials (B5 refurbishment)



Monitor (and currently exclude)

- Directly purchased building materials (B1-B4 use stage)
- Subcontractor purchased building materials (B1-B4 use stage)
- Facilities management expenditure for assets under management (cleaning, security, maintenance)
- Building materials purchased by tenants
- Spend on service sector (project design consultants)



Exclude

- Corporate and site office consumables (e.g. stationery, IT software and hardware)
- Food and beverages purchased for corporate events/staff
- Other facilities management expenditure for assets under management
- Building materials purchased by tenant subcontractors
- Spend on service sector (other non-project specific)
- Offsite potable water treatment and supply

Indicative contribution to overall Scope 3 emissions
~75%

Reporting attribution



Construction

What will it take to reduce Scope 3 emissions across our value chain?

1 Decarbonise harder to abate materials

2 Digitise and share Scope 3 emissions data

There are
2 key
problems
we need to
solve for:

ABSOLUTE
ZERO BY
2040

In House Digital Response: Lendlease Embodied Carbon Advisor (LECA)

LECA is a **simplified benchmarking tool**. The tool has been developed to provide project teams with guidance on the required **embodied carbon performance** that should be targeted for our **integrated development** work in support of **Mission Zero**. LECA can be used to suggest targets and **pathways** for external clients as part of a **bid-winning strategy**, where there is appetite to achieve aligned scope 3 objectives.

1 Project attributes selection calculates target embodied carbon performance band



Missions Zero Alignment

Project Details

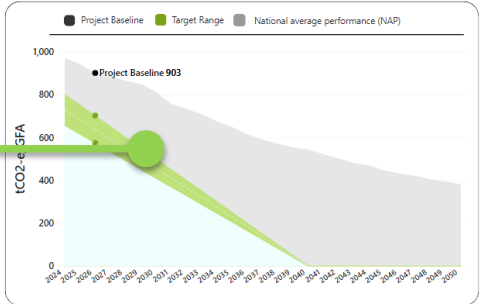
Project Attributes

Project Type: Office

Structural Design: Hybrid CC (Concrete/CLT)

Structural Height: Low Rise

Procurement Year: 2026



Mission Zero Target

Between **575 - 703** kgCO₂-e/GFA

Targeting a minimum **30%** reduction

Mission Zero LECA Band **E**

4 Material performance criteria based on pathway selection provided – can be used to specify required EC performance of concrete, steel etc.

Link to EC3 software with single sign-on to research available products that meet performance criteria

Pathway Selection

Concrete: LV3: Next-Generation Best Practice

Structural Steel: LV2: Best Practice

Steel Reinforcement: LV3: Next-Generation Best Practice

Engineered Timber: LV3: Next-Generation Best Practice

Glazing & Façade: LV3: Next-Generation Best Practice

2 Pathway selection outlines key procurement selections required to meet target band

Project Commitment

654 kgCO₂-e/GFA Absolute Emissions Cap

F LECA Band

28% Reduction compared to baseline

GREEN Climate Action Non-financial LoA

3 Performance outcome based on pathway selection. Note: target band and RAG rating



LECA Band

G F E D C B A A' A''

Mission Zero Target is between F and E.

Material Performance

Materials	Project Baseline Intensity	Project Target Intensity	Initiative Description
Concrete	316.17 kgCO ₂ -e/M3	216.12 kgCO ₂ -e/M3	Next-Generation Best Practice (e.g 50% SCM or equiv carbon intensity)
Engineered Timber	355.22 kgCO ₂ -e/M3	65.03 kgCO ₂ -e/M3	Low carbon AL with High % Scrap (e.g AL<4 kgCO ₂ -e/Kg)
Glazing & Façade	99.09 kgCO ₂ -e/M3 project FSA	85.69 kgCO ₂ -e/M3 project FSA	EAF manufactured with High % Scrap
Steel Reinforcement	0.98 kgCO ₂ -e/M3	0.86 kgCO ₂ -e/M3	EAF manufactured with low % Scrap
Structural Steel	3.34 kgCO ₂ -e/M3	0.57 kgCO ₂ -e/M3	

ABSOLUTE ZERO BY 2040

EC3

Use this QR code below to explore the available materials in EC3 to achieve your embodied carbon commitment

Industry protocol emerging



Scope 3 Emissions

Measuring Impact:
why Scope 3 deserves our
attention more than ever

Discussion Paper

July 2024



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