

Carbon Reduction Plan FY22

Lendlease Europe
Holdings Limited

Publication Date:
01/02/2023

CARBON REDUCTION PLAN PPN-0621

COMMITMENT TO ACHIEVING NET ZERO

Lendlease Europe Holdings Limited is committed to achieving Net Zero emissions by 2025 for Scope 1 and 2 emissions; and targeting Absolute Zero Carbon for Scopes 1, 2 and 3 by 2040, with no carbon offsets.

BASELINE EMISSIONS FOOTPRINT

Baseline emissions are a record of the greenhouse gases that have been produced in the past and were produced prior to the introduction of any strategies to reduce emissions. Baseline emissions are the reference point against which emissions reduction can be measured.

Baseline Year: Reporting Year: 2014 (Our baseline is based on our financial year 2014 performance which covers the period 1st July 2013 to 30th June 2014)	
Additional Details relating to the Baseline Emissions calculations.	
FY2014 has been selected as our baseline carbon performance as this formed the baseline for our 2020 targets. However, it should be noted that it only includes Scope 1 and 2 emissions, with Scope 3 estimates only starting in FY2021.	
Baseline year emissions: FY14	
EMISSIONS	TOTAL (tCO₂e)
Scope 1	6,461
Scope 2	12,631
Scope 3 (Included Sources)	NA (Scope 3 data not captured in baseline year)
Total Emissions	19,092 (exc. Scope 3)

CURRENT EMISSIONS REPORTING

Reporting Year: 2022	
EMISSIONS	TOTAL (tCO₂e)
Scope 1	918
Scope 2	184
Scope 3 (Included Sources)	Scope 3 Total – 263,610 Purchased Goods and Services – 252,274 Fuel and energy Related Activities – 293 Upstream Transport and Distribution – 9,017 Waste Generated in Operations – 1,400 Business Travel – 85 Downstream Leased Assets – 541 Employee Commuting – emissions from employee commute represent <0.5% of our Scope 3 emissions and have been excluded on the basis of materiality

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	Downstream Transportation & Distribution - Lendlease's primary activities involve construction, development and investment management of property assets. Our business is not involved in the distribution of raw materials or finished products to end customers therefore this has been excluded.
Total Emissions	264,712

Lendlease's environmental data disclosure aligns with our financial reporting programme which runs from 01 July – 30 June. KPMG audited full year environmental performance data can be found in the [ESG Databook](#).

EMISSIONS REDUCTION TARGETS

Informed by the UN Sustainable Development Goals, Lendlease has a Sustainability Framework that focuses where the impact of our work is greatest. This sets us intentionally ambitious targets for limiting global warming to 1.5°C and creating lasting social value.

We have set a target to be a 1.5°C aligned company, which means we strive to achieve:

- Net Zero Carbon by 2025 for Scope 1 emissions, produced directly from the fuels we burn, and Scope 2 emissions from the power we consume.
- Absolute Zero Carbon by 2040, eliminating all emissions, including Scope 3 generated indirectly from our activities, without the use of offsets.

In 2018, Lendlease became a supporter of the Task Force for Climate-related Financial Disclosures recommendations. As part of this process, we committed to disclosing our climate-related risks and opportunities under the TCFD framework, which begun transforming the way we respond to the climate crisis. We adopted scenario planning as a means of testing our strategic resilience against different plausible and science-based climate scenarios, which alongside deep consideration and costing, helped inform the type, ambition, extent and timing of our carbon targets.

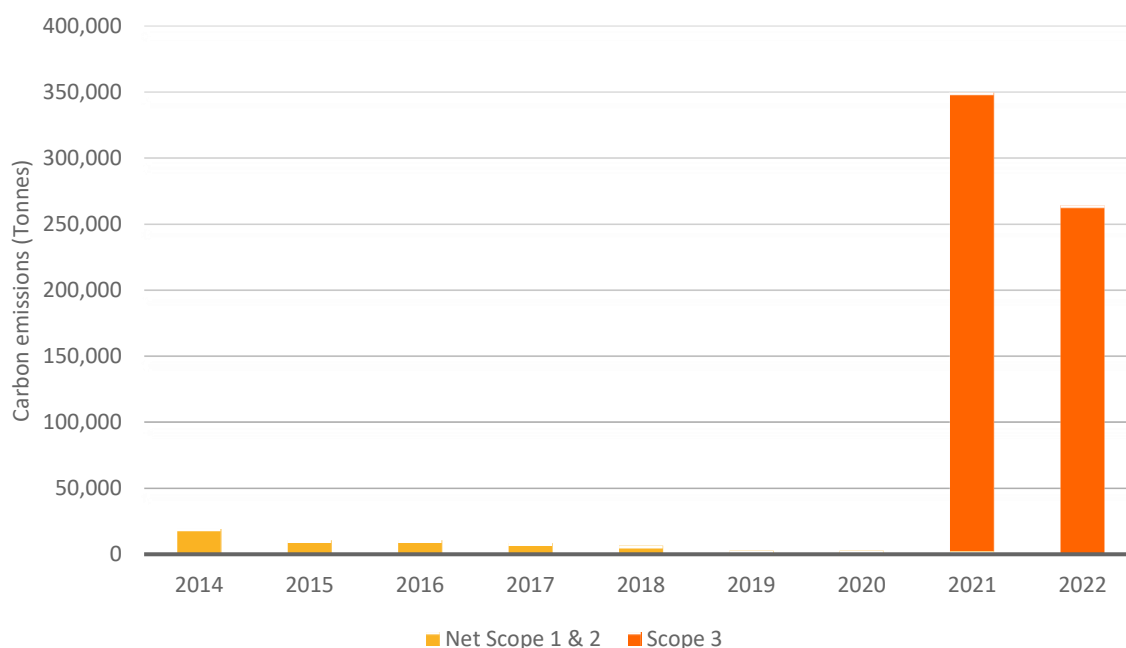
We elected to target Absolute Zero Carbon by 2040 for all Scopes (1, 2 & 3), removing the 'safety net' of purchasing carbon offsets beyond 2040. This is to focus our efforts on eliminating carbon emissions, not just reducing them. We call this commitment our Mission Zero and we believe this approach will inspire the kind of transformation needed by our industry. We recognise that we do not have all the answers for eliminating our Scope 3 emissions yet, however we are committed to working with the wider industry to innovate and find new solutions.

To ensure our interim efforts align with limiting global rising temperatures to 1.5°C, we joined the Business Ambition for 1.5°C commitment from the Science Based Targets Initiative and are currently validating interim emissions reduction targets to pursue our journey to 2040.

In 2020, we published a Roadmap to Absolute Zero Carbon, detailing how we intend to achieve Net Zero and Absolute Zero Carbon across our Europe operations. This set interim actions and milestones which we aim to achieve over the next 20 years, addressing both operational and embodied carbon emission reductions. We report progress against our Roadmap annually, sharing details on the steps we are taking, case studies and lessons learnt along the way. The latest report can be found here: [Mission Zero Progress Report 2022](#), which provides further detail on all the steps we are taking as a company.

Progress against these targets can be seen in the graph below:

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CARBON REDUCTION PROJECTS

COMPLETED CARBON REDUCTION INITIATIVES

The following environmental management measures and projects have been completed or implemented prior to and since the 2014 financial baseline presented within this report.

We have targeted reduction in carbon since 2014 as part of our previous commitments to reduce energy, water and waste intensity by 20% by 2020. During that period, we achieved:

- 75% reduction in absolute emissions (tCO₂e) for Lendlease Europe from FY15 to FY20.
- 87% reduction in emission intensity (tCO₂e / m²) for Lendlease Europe Investment Management assets.
- 37% reduction in emission intensity (tCO₂e / working hour) for Lendlease Europe Construction sites.


Since the launch of our new carbon targets in 2020, we have made progress towards eliminating our Scope 1 & 2 emissions, including:


- Reducing Scope 1 emissions by 39% in FY22 compared with FY21. This has primarily been achieved by switching traditional diesel used in our construction operations with low carbon alternatives, such as Hydrotreated Vegetable Oil (HVO), a renewable diesel derived from used cooking oil, as well as the electrification of plant and machinery. In our most recent reporting period, 77% of our fuel use was renewable, compared to just 7% in the previous year.
- Cutting Scope 2 emissions by 78% in FY22, achieved primarily by sourcing 97% of our electricity from Renewable Energy Guarantees of Origin (REGO) backed renewable contracts.


However, we recognise that Scope 1 & 2 emissions only represent a small portion of our emissions. Our Scope 3 emissions for FY22 represented 99% of our total carbon footprint, of that, 96% is estimated to be from the embodied carbon associated with the materials we put into our buildings.


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96%  Purchased Goods & Services

3%  Upstream Transport & Distribution

1%  Fuel & Energy Related Activities

 Waste Generated in Operations

 Downstream Leased Assets

 Business Travel

We have begun tackling this through innovative design and construction approaches, specifying lower carbon building materials across our own and clients' developments and collaborating with our supply chain to drive industry transformation. For example:

- **Driving demand for zero carbon concrete** - Lendlease Europe is a member of ConcreteZero, a global coalition creating demand for net zero concrete through our collective purchasing power. We are already proactively replacing cement with a more sustainable by-product called Ground Granulated Blast-Furnace Slag (GGBS) on some projects, which requires less than a fifth of the energy and produces less than 10% of the carbon emissions compared to Portland cement. At Elephant Park's upcoming residential development, Park & Sayer, GGBS is helping to secure at least a 15% embodied carbon saving per cubic metre of concrete used, compared to the neighbouring plot.
- **Accelerating timber construction** - We are helping to drive industry uptake of engineered timber as a low-carbon alternative to traditional building materials, but there are still perceived barriers preventing largescale adoption. We have been supporting action research projects in the UK and Italy, such as the 'Perceptions of Timber' project at the Milan Innovation District, where we developed a prototype timber building and held workshops with Built by Nature, Climate KIC, Stora Enso, Arup and others to identify industry solutions to regulatory, insurance, technical, societal and financial related challenges associated with timber construction.
- **Making industry strides with steel** - As a founding member and active participant in both ResponsibleSteel and SteelZero, we are helping to drive industry supply and demand for more sustainable steel, alongside other leading organisations. We are already working with our strategic suppliers to identify and specify more responsibly sourced, lowcarbon steel on our projects, including recycled steel produced in an electric arc furnace powered by renewable energy. We are also finding ways to reduce the carbon impact of building structures through design opportunities, such as encouraging the use of high strength steel that results in less material needed for construction and overcoming challenges with reusing structural steel from existing buildings. We worked with our longstanding client, GPE, alongside Keltbray and European Metal Recycling (EMR) to develop a strategy and process to carefully remove, test, treat, and re-install some of the steel from the existing building being redeveloped on the 2 Aldermanbury Square site. This includes a robust tracking process to ensure a clear audit trail is maintained throughout. Using reclaimed steel is helping to save over 261 tonnes of CO_{2e} for the project, which is the equivalent to driving approximately 973,000 miles in a diesel car. Learnings from this project will not only support GPE on their carbon journey, but also on our own developments too.

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DECLARATION AND SIGN OFF

This Carbon Reduction Plan has been completed in accordance with PPN 06/21 and associated guidance and reporting standard for Carbon Reduction Plans.

Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard¹ and uses the appropriate Government emission conversion factors for greenhouse gas company reporting².

Scope 1 and Scope 2 emissions have been reported in accordance with SECR requirements, and the required subset of Scope 3 emissions have been reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard³.

This Carbon Reduction Plan has been reviewed and signed off by the board of directors (or equivalent management body).

Signed on behalf of the Supplier:



John Clark, CFO Europe

Date: 01/02/2023

¹<https://ghgprotocol.org/corporate-standard>

²<https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>

³<https://ghgprotocol.org/standards/scope-3-standard>