



# **RESPONSIBLE INVESTING REQUEST FOR INFORMATION**

Firm Name: Brookfield Asset Management

Completed By: Brookfield Transition Funds

Date Completed: 3/29/2025

**NOTE: Please see our latest Sustainability report at the following link. The 2023 edition will be published this Spring: <https://www.brookfield.com/responsibility/2023-sustainability-report>**

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## PREAMBLE

In accordance with Queen's University's Responsible Investing Policy, as approved in May 2017, we require all of Queen's External Investment Managers to take due regard of environmental, social, and governance ("ESG") factors in making investment decisions. Managers will be asked to engage where appropriate and report to the University on their ESG activities on an annual basis.

Link to Responsible Investing Policy: <https://www.queensu.ca/secretariat/policies/board-policies/responsible-investing-policy>

**To assist with our due diligence, we request that you respond to the following questions no later than March 19, 2025.**

Note: Responses to this questionnaire will be posted in full on Queen's website.

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## GENERAL

**1) Please provide your ESG-related policies. Please provide a formal statement of your ESG-related policies if you have one.**

At Brookfield, our business philosophy is based on our conviction that acting responsibly toward our stakeholders is foundational to operating a productive, profitable and sustainable business, and that value creation and sustainable development are complementary goals. This view has been underpinned by what we have learned throughout our 100+ year heritage as an owner and operator of long-term assets, many of which form the backbone of the global economy. Our long-term focus lends itself to implementing robust ESG programs throughout our asset management business and underlying operations, which has always been a key priority for us. Our ESG policy outlines our approach to ESG which is based on the following guiding principles:

*Mitigate the impact of our operations on the environment:*

- Strive to minimize the environmental impact of our operations and improve our efficient use of resources over time.
- Support the goal of net-zero greenhouse gas (GHG) emissions by 2050 or sooner.

*Ensure the well-being and safety of employees:*

- Foster a positive work environment based on respect for human rights, valuing diversity, and having zero tolerance for workplace discrimination, violence or harassment.
- Operate with leading health and safety practices to support the goal of zero serious safety incidents.

*Uphold strong governance practices:*

- Operate to the highest ethical standards by conducting business activities in accordance with our Code of Business Conduct and Ethics.
- Maintain strong stakeholder relationships through transparency and active engagement.

*Be good corporate citizens:*

- Ensure the interests, safety and well-being of the communities in which we operate are integrated into our business decisions.
- Support philanthropy and volunteerism by our employees.

*Our ESG Policy can be found here: <https://www.brookfield.com/responsibility>.*

**2) Are sustainable investing and ESG factors integrated into your investment process and portfolio management decisions? If yes, please provide details.**

Potential transactions for BGTF II will be screened and reviewed initially by the Investment Team, who are responsible for identifying target investments and determining alignment with the Fund's investment and impact goals. Potential transactions will be discussed in the Investment Team's pipeline meetings, which provide a regular forum for discussion among members. Before a transaction progresses beyond the screening stage to initial due diligence, the Investment Team will do an initial assessment of the investment opportunity, including an assessment of expected returns and screen for alignment with the 4A Criteria: Alignment, Additionality, Accountability and Avoidance. Transactions that progress beyond the non-binding proposals or initial underwriting phase will be subject to a comprehensive due diligence process, which includes commercial, financial, technical, legal, tax, regulatory and impact analyses, as well as an assessment of other ESG considerations. For BGTF II, this comprehensive due diligence process will continue to be informed by the 4A Criteria and include an increased focus on environmental and GHG emissions forecasting as well as identifying quantitative impact targets, and associated target dates, based on third-party guidance and using scientific pathways, where relevant. Additionally, Brookfield seeks to understand GHG data availability and baseline levels (i.e., the current GHG inventory) to inform business planning. These due diligence efforts enable the Investment Team to develop a high-level plan to achieve the impact targets and identify any actions required to improve GHG inventory.

**3) a) Are you a signatory to the UNPRI?**

We have been signatories to the Principles for Responsible Investment (PRI) since 2020, which reinforces our longstanding commitment to responsible investment and ESG best practices. The PRI is one of the world's leading proponents of responsible investing, with an emphasis on understanding the investment implications of ESG factors and supporting an international network of investor signatories incorporating these factors into their investment and ownership decisions. The transparency report from our latest submission will be available to signatories via the PRI website.

**b) If you are signatory to other coalitions, please list them.**

Through our engagement with leading ESG frameworks and sustainability organizations, we are actively involved in discussions to advance ESG awareness across private and public markets, and we are enhancing our ESG reporting and protocols in line with evolving best practices. Below are some of the leading frameworks and sustainability organizations with which we are affiliated. As mentioned, in 2020 Brookfield became a signatory to the United Nations-supported Principles for Responsible Investment ("PRI"), formally demonstrating the Firm's ongoing commitment to responsible investment and ESG best practices. Brookfield is also a signatory to the Net Zero Asset Managers ("NZAM") initiative, underscoring its commitment to driving the complementary goals of sustainability and value creation across its investments and operations. The NZAM initiative is a group of international asset managers committed to supporting the goal of net-zero GHG emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5°C; and to supporting investing aligned with net-zero emissions by 2050 or sooner. In the second quarter of 2022, Brookfield submitted its 2030 net-zero interim target, setting out the Firm's commitment to reduce emissions by two-thirds by 2030 across \$147 billion (approximately one-third) of the Firm's AUM from a 2020 base-line year. Further details of Brookfield's approach to decarbonization and details of our interim target can be found on Brookfield's NZAM Interim Progress Report [here](#). Further, as the Firm is determined to support climate change adaptation and mitigation throughout its operations, Brookfield is a formal supporter of the Task Force on Climate-related Financial Disclosures and continues to align its climate-related corporate reporting with its recommendations, building up to a formal report for the 2022 reporting year. Additionally, Brookfield is a signatory to the Institutional Limited Partners Association ("ILPA") Diversity in Action ("DIA") initiative, which brings together limited partners and general partners who share a commitment to advancing diversity and inclusion in the private equity industry. Participating in the ILPA DIA initiative underscores Brookfield's commitment to advance diversity and inclusion, both within the organization and the industry more broadly. Brookfield also is an Alliance Member of the SASB to further formalize the integration of ESG considerations into its due diligence process. We have been conducting our ESG assessments in line with SASB and have integrated this into our investment processes across the firm. Brookfield encourages its businesses and portfolio companies to adopt business-relevant ESG standards and certifications to further contribute to the development of industry best practices in the recognition, assessment and management of ESG considerations. For further details of the leading frameworks and sustainability organizations with which Brookfield Renewable are affiliated or aligned,

please refer to the Brookfield Renewable ESG Report:  
<https://www.brookfield.com/responsibility>.

**c) Indicate any other international standards, industry guidelines, reporting frameworks, or initiatives that guide your responsible investing practices.**

See response to 3B.

**4) Please describe how ESG oversight and integration responsibilities are structured at your firm, including the process for escalation of key ESG issues. Also, if applicable, describe how responsible investment objectives are incorporated into individual or team employee performance reviews and compensation mechanisms.**

Brookfield's ESG Steering Committee is the primary decision-making body on all ESG matters and drives ESG initiatives based on business imperatives, industry developments and best practices. The ESG Steering Committee comprises senior executives from Brookfield and each of our business groups and maintains a direct line to the Board of Directors through its Governance and Nominating Committee, which is tasked with ensuring that all aspects of ESG are appropriately considered and reviewed by the Board and its committees. The ESG Steering Committee is supported by the ESG Working Group. The ESG Working Group meets on a bi-weekly basis, and is comprised of four dedicated ESG professionals at the asset manager and eight ESG leads from across our business groups. The Working Group's focus is on strategy implementation, aligning with industry best practices and executing a consistent ESG approach across the firm. Since ESG management covers a vast range of topics that are varied in scope, we believe that ESG management should be overseen by the person closest to a particular topic. Brookfield's Chief Legal Officer has overall responsibility for any governance-related ESG initiatives. They provide strategic and legal advice across the asset management business, are counsel to and corporate secretary for the Brookfield Board of Directors, and have oversight of legal, compliance and risk activities. Brookfield's Chief Operating Officer ("COO") and former Global Head of Human Resources has oversight over the social aspects of ESG management, such as human capital management, and diversity and inclusion. In their role as COO for Brookfield, they are responsible for Brookfield's asset management operations. Brookfield's Global Head of Fund Operations and Client Relations has responsibility for coordinating and implementing Brookfield's environmental initiatives. They chair Brookfield's ESG Steering Committee and are charged with the overall coordination of Brookfield's ESG initiatives. Mark Carney, Brookfield's Chair and Head of Transition Investing is focused on the development of products for investors that will combine positive social and environmental outcomes with strong risk-adjusted returns. Brookfield works with a range of different ESG consultants and is a member of Business for Social Responsibility ("BSR") as well as Accounting for Sustainability ("A4S"). BSR is a global non-profit organization focused on working with businesses to develop sustainable business strategies and solutions. A4S is a knowledge sharing network of leading CFOs from large businesses that seek to embed ESG into business processes and strategy.

Brookfield does not track specific key performance indicator ("KPI") metrics as part of its compensation structure for senior employees. However, we believe that strong ESG

management is inextricably linked to the successful management of a business. As a result, our approach to compensation emphasizes an "ownership" focus that fosters collaboration among the Firm's investment professionals. Employees are encouraged to align their interests with the long-term interests of both Brookfield and its investors, with the ultimate alignment of interests being achieved by Brookfield's substantial commitment to each of its investment funds, ensuring that executives at Brookfield recognize and enact sustainable, productive initiatives that best serve our stakeholders.

**5) How do you obtain ESG information/data (e.g. public information, third party research, reports and statements from the company, direct engagement with the company)? Please provide specific details of what information is obtained from each source, and how this information is acquired.**

Brookfield works with a range of different ESG consultants and is a member of Business for Social Responsibility as well as Accounting for Sustainability. BSR is a global non-profit organization focused on working with businesses to develop sustainable business strategies and solutions. A4S is a knowledge sharing network of leading chief financial officers ("CFOs") from large businesses that seek to embed ESG into business processes and strategy. During the initial due diligence phase, we proactively identify material ESG risks and opportunities relevant to the potential investment. In doing so, we leverage our investment and operating expertise and utilize industry-specific guidelines that incorporate SASB guidance. We perform deeper due diligence if required, utilizing internal experts and third-party consultants as needed. As part of each acquisition, where Brookfield has economic control, or influence through Board representation, investment teams create a tailored integration plan that includes, among other things, material ESG-related matters for review or execution. Brookfield actively looks to advance ESG initiatives and improve ESG performance to drive long-term value creation, as well as to manage any associated risks. It is the responsibility of the management teams within each portfolio company to manage ESG risks and opportunities through the investment's life cycle, supported by the investment team responsible for the investment. This includes engaging with external consultants as needed. We have seen that the combination of having local accountability and expertise in tandem with Brookfield's investment and operating capabilities is important when managing the wide range of asset types across jurisdictions.

**6) What channels do you use to communicate ESG-related information to clients and/or the public? Do you produce thought leadership (written reports and publications)? If so, is the information available to the public? Please provide links, if applicable.**

We publish both our ESG policy and Sustainability reports on the BAM public website.

ESG Policy: <https://www.brookfield.com/responsibility>

Sustainability Report: <https://www.brookfield.com/responsibility/2023-sustainability-report>

**7) Do you have periodic reviews of your ESG process/approach to assess its effectiveness? If so, how frequent are the reviews? What are the results? What would cause you to disregard ESG issues in your investment/analysis decisions?**

Brookfield's ESG principles are reviewed annually and updated on an as-needed basis by Brookfield's ESG Steering Committee, which provides formal oversight of Brookfield's ESG initiatives and comprises senior executives from the asset manager as well as the chief operating officers of each of Brookfield's business groups.

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## CLIMATE

**8) Describe how you identify, assess, and manage climate-related risks, and whether climate-related risks and opportunities are integrated into pre-investment analysis.**

In support of BGTF II's impact objective, Brookfield has designed a robust Impact Measurement and Management framework ("IMM framework"). The IMM framework supports measuring and tracking progress towards advancing the stated impact objectives of each investment and the objectives of the goals of the Paris Agreement by aligning with and implementing recognized climate-reporting standards and impact frameworks. This framework aims to outline how impact considerations are embedded across the investment process, help drive measurable outcomes, and ensure transparency and accountability of progress against impact targets. Key principles underlying the design of the Fund's IMM framework are ensuring that impact targets are measured and managed with the same rigor and discipline that Brookfield uses in its longstanding investment process, and delivering transparency and accountability of impact goals and performance, including through governance and reporting of GHG emissions and performance against targets, as well as any other investment-specific metrics aligned with the Fund's impact goals. Our impact targets are quantitative, transparent and verifiable and are set using third-party guidance and scientific pathways where relevant. GHG emissions are assured by a third-party on an annual basis, and our IMM as a whole aligns to the Operating Principles for Impact Management (OPIM), which provides a framework for investors in designing and implementing their impact management strategy and ensuring that impact considerations are integrated throughout the investment lifecycle. Our alignment with OPIM is also externally verified. Brookfield's IMM framework includes a robust set of tools and processes applied throughout the investment process in an effort to ensure disciplined and consistent measurement and management of impact. All investment professionals are responsible for the implementation of the IMM framework with oversight and dedicated support from the Chief Sustainability Officer and her team. The Fund's IMM framework is divided into three stages ("Screen," "Plan & Execute" and "Measure & Report").

Brookfield embeds impact considerations across each investment's lifecycle and has developed the 4A Criteria to anchor the investment screening process. The 4A Criteria assess an investment's Alignment, Additionality, Accountability and Avoidance, and were developed using leading standards in impact management, including the Impact Management Project ("IMP") five dimensions of impact (i.e., what, who, how much,



contribution and risk). IMP's dimensions, as well as the Fund's 4A Criteria, are designed to help identify quantitative impact targets and enable a strong understanding of an investment's potential impact performance. The criteria, as well as the IMP dimensions of impact that they capture, are as follows:

- Alignment ensures that investments help achieve the Fund's overarching impact objectives ("What") and benefit the environment ("Who");
- Additionality focuses on the opportunity to apply Brookfield's long-standing value-add investment approach to enhance impact ("Contribution");
- Accountability establishes a plan for measuring impact and setting clear net-zero aligned targets for each investment ("How Much")
- Avoidance protects against unintended negative consequences ("Risk") within each investment and emphasizes mitigation opportunities.

Prospective investment opportunities will be screened against the 4A Criteria, alongside ESG and financial considerations. After assessing an investment's alignment with the Fund's impact objectives, quantitative, transparent and verifiable impact targets are set for each investment. These will include interim- and long-term impact targets informed by third-party guidance and scientific pathways, where relevant. Brookfield documents each investment's alignment with the 4A Criteria and impact targets as part of the impact and ESG due diligence documents. Brookfield also ensures each investment develops a Paris-aligned business plan, which incorporates the impact targets and provides an informed view of longer-term activities and resources to achieve them. These are included in each investment's underwriting as relevant and are reviewed by the Investment Committee. Post-acquisition, our Investment and ESG teams partner with the management team in an effort to execute on identified near-term actions and develop detailed Paris-aligned plans. These plans can include aspects as listed in the active Asset Management approach above. Brookfield aims to have such plans in place within 12-months of closing, recognizing that for many of our investments these plans may be in place sooner. In addition, while developing the Paris-aligned plans, in parallel, the teams will also focus on executing the near-term actions identified as part of due diligence. For each investment, impact targets and Scope 1, 2 and material Scope 3 emissions are regularly measured and monitored at the business and board levels. GHG emissions are externally assured on an annual basis.

**9) Describe the climate-related risks and opportunities you have identified over the short, medium, and long term.**

As recommended by the TCFD, we have begun to incorporate the use of physical and transition scenarios into our risk management process. Due to the inherent uncertainties around the future course of climate change, scenario analysis helps us to assess our potential climate-related risks and opportunities and the resilience of our business under different future climate trajectories. Scenarios are narratives of plausible future outcomes and are not designed nor intended to provide precise predictions or forecasts. The degree of potential



risk identified at a screening level does not consider mitigation or adaptation strategies that may be in place or are being implemented at the portfolio company or specific asset. As such, potential risks are, in many cases, likely to be lower than indicated by the screen. Our latest assessment screens were based on our investments as at December 31, 2022 and completed with the assistance of global engineering and professional services firm WSP. Three transition and two physical scenarios were considered, across three time horizons: short-term 2030 scenario (2015-2044), medium-term 2040 scenario (2025-2054), and long-term 2050 scenario (2035-2065). For our transition screens, we selected three divergent scenarios developed by the globally recognized Network for Greening the Financial System (NGFS) – “Current Policies (3C+)”, “Net Zero 2050 (1.4C)”, and “Delayed Transition (1.6C)”. These scenarios cover a range of plausible transition pathways and outcomes and vary in the extent of climate policy implementation, changes in energy markets, and impact to the overall economy. For each scenario, we screened for potential risks and opportunities across our investments by considering two dimensions: 1.) exposure (to select economic, regulatory, and reputational factors at a regional level), and 2.) vulnerability (to these same factors at the sector level). Exposure was assessed using specific indicators of economic (e.g., GDP, electricity demand), regulatory (e.g., carbon price), and reputational factors as outlined by the scenarios. Vulnerability was assessed based on a qualitative determination of whether the business would be positively or negatively impacted by changes in the exposure to the relevant indicators, and the extent of such impact. Screening was performed for portfolio companies considering both their operating sectors and geographic locations, resulting in a company level composite score. To the extent available, company GHG emissions data was used to conduct the analysis. We have also included a sector-level pre-mitigation transition screening analysis that reflects potential global transition impacts across sectors and geographies in which we invest. Please see the Risk Management section of our latest Sustainability report (beginning on page 29) for further details.

<https://www.brookfield.com/responsibility/2023-sustainability-report>

**10) Describe how you analyze the effectiveness of your investment strategy when taking into consideration different climate-related scenarios, including 1.5 degree and 2 degree Celsius warming scenarios.**

As part of each acquisition, where Brookfield has control, the investment teams create a tailored integration plan that includes, among other things, material ESG-related matters for review or execution. We believe there is a strong correlation between managing these considerations and enhancing investment returns. It is the responsibility of the management teams within each portfolio company to manage ESG risks and opportunities through the investment’s lifecycle, supported by the applicable investment team within Brookfield. The combination of local accountability and expertise in tandem with Brookfield's investment and operating capabilities is important when managing a wide range of asset types across jurisdictions. We leverage these capabilities in collaborating on ESG initiatives, where appropriate, to drive best practices and assist with any remediation. As it relates to ESG, where appropriate, we encourage our portfolio companies to organize training for relevant staff. To mitigate risks and execute on opportunities, we seek to support the

implementation of best practices and development of internal capabilities at our portfolio companies. We aim to achieve this in several ways, including by encouraging training, providing technical expertise on certain ESG related matters, facilitating connections to experts on ESG issues in relevant sectors, sharing of institutional knowledge of best practices and leveraging other firm resources including cross-portfolio collaboration. Management teams regularly report to their respective boards of directors both from financial and operating perspectives, including key performance indicators (“KPIs”) that incorporate material ESG factors, such as health and safety, environmental management, compliance with regulatory requirements, and, increasingly, GHG emissions. For investments where Brookfield has a non-controlling interest, where we are a debt holder or in other circumstances where Brookfield does not have the ability to exercise influence through its contractual rights, Brookfield actively monitors the performance of its investments and, where appropriate, utilizes its stewardship practices to encourage ESG outcomes that are aligned with Brookfield’s ESG approach. Where applicable, certain strategies may have Strategic Implementation Guidelines articulating Brookfield’s stewardship and engagement process. When preparing an asset for divestiture, we outline potential value creation deriving from several different factors, including relevant ESG considerations. Where applicable, we also prepare both qualitative and quantitative data that summarize the ESG performance of the investment and provide a holistic understanding of how we have managed the investment during the holding period.

**11) Do you track the carbon footprint of portfolio holdings?**

Please also see our response to 9 above.

Yes. We have been measuring and tracking emissions across our business groups for several years. Our focus over the last three years has been on refining our approach to data collection. We have calculated our emissions profile for each of our businesses – Renewable Power & Transition, Infrastructure, Private Equity, and Real Estate. The GHG Protocol and PCAF methodology have informed our measurement approach, and we have developed this data using the best information available with a bottom-up approach. We expect our information on annual emissions to improve in the future as data quality and quantity increase and we strive to report transparently on any adjustments that we may implement as we refine our emission disclosures and report progress against targets. Overall, 2022 GHG emissions are 11.8 million mtCO<sub>2e</sub> compared to base year 2020 emissions of 12.1 million mtCO<sub>2e</sub> across our portfolio companies. Broken down, this includes a total of 7.4 million mtCO<sub>2e</sub> of Scope 1 emissions and 4.3 million mtCO<sub>2e</sub> of Scope 2 emissions in 2022, and 7.2 million mtCO<sub>2e</sub> of Scope 1 emissions and 4.8 million mtCO<sub>2e</sub> of Scope 2 emissions in 2020. Total emissions for assets included in our NZAM commitment were 1.4 million mtCO<sub>2e</sub> in 2022 compared to base year 2020 emissions of 1.7 million mtCO<sub>2e</sub>. We are also a signatory to NZAM and, in May 2022, we submitted our interim target, setting out our commitment to reduce emissions across \$147 billion (approximately one-third) of our assets under management by 2030 from a 2020 base year. We continue to work towards finalizing our analysis of in-scope assets in our interim target and we look forward to sharing the progress

in our 2023 NZAM Interim Progress report later this year. Since publishing our interim target in 2022, AUM for our business has grown nearly \$190 billion, of which we currently expect to add \$54 billion of assets to our NZAM interim target. The majority of the increase in AUM of in-scope assets is attributable to net new assets being added, with the remaining increase represented by accretion in value of previously in-scope assets. Newly added assets were selected as we believe that they have started to develop transition plans in line with our Achieving Net Zero Framework. With this addition, our in-scope assets will rise to \$201 billion or approximately 34% of AUM. As the assets under management included in our NZAM target continue to grow, our target is to have these assets reduce their emissions by at least 50% or more by 2030. Our net-zero interim target includes Scope 1 and 2 emissions of Brookfield's portfolio companies, which also represents the majority of Brookfield's Scope 3 Category 15 "financed emissions". To fulfill this commitment, we have been focusing on portfolio company emissions, forecasting emissions within their business plans and prioritizing emissions reduction across our portfolio companies. Our interim emissions target comprises assets across our businesses, including Renewable Power & Transition, Infrastructure, Private Equity and Real Estate. We developed our net-zero strategy based on NZIF and are setting science-based targets for assets that comprise the interim target.

**If yes, how frequently? Please provide the results as of December 31, 2023 and describe the methodology and metrics used, including whether you have set targets and/or a net zero objective for reducing the portfolio's footprint, and comment on any related progress over the past year.**

Annually, please see response to 11 above.

**12) What are your firm's emissions as of December 31, 2023? Please provide scope 1 and scope 2 emissions, and, separately, scope 3 emissions if available. Please demonstrate how/whether you are taking steps to reduce these emissions.**

This data is not yet available but will be included in our 2024 Sustainability report.

**13) For the mandate you manage for Queen's, what percentage of equity holdings (if applicable) have credible net zero commitments? Please answer on both an equally-weighted and market cap-weighted basis?**

100%

**14) How do you assess the credibility of a company's emission reduction targets?**

We intend to use the NZAM-endorsed Paris Aligned Investment Initiative (PAII) Net Zero Investment Framework (NZIF) methodology for our net-zero commitment. We also recognize that before our portfolio companies can commit to aligning to a net-zero target, we will need to guide them through a preparatory process, similar to the steps Brookfield took prior to becoming an NZAM signatory. As a result, we have designed a framework, which we have referred to as the Achieving Net Zero Framework, which prescribes a phased approach in a portfolio company's net-zero journey. This framework is intended to complement NZIF and to set a strong foundation to achieve each portfolio company's long-term net-zero goals. This framework is designed to attain two objectives: (1) it serves as a

tangible roadmap for businesses to get themselves on a pathway to achieve net-zero emissions, and (2) it will be an important tool that we will use to articulate progress to stakeholders, especially as our assets under management continue to grow.

**15) What forward-looking metrics do you use to assess an investment's alignment with global temperature goals?**

See response to 14 above.

**16) Has your firm produced a Task Force on Climate-Related Financial Disclosures (TCFD) report? If yes, please provide a link to the most recent report.**

In 2021, we became supporters of the Task Force on Climate-related Financial Disclosures (TCFD). The TCFD aims to guide companies in incorporating considerations relating to the effects of climate change into business and financial decisions to help facilitate the transition to a more sustainable, lower-carbon economy. We have issued our inaugural TCFD disclosures last year, included in the Putting Plans into Action section of our 2022 Sustainability report. Our next report will be included in our 2023 Sustainability report this Spring.

**17) Has your firm produced a Sustainability Accounting Standards Board (SASB) report? If yes, please provide a link to the most recent report.**

We are members of the IFRS Sustainability Alliance (IFRS), previously known as the Sustainability Accounting Standards Board (SASB). IFRS is a global membership program established to develop globally accepted accounting and sustainability disclosures, and whose industry-specific standards are designed to be evidence-based and market-informed. Where appropriate, we may utilize the SASB Engagement Guide as part of our investment due diligence protocols, to help identify sector specific considerations in identifying material climate risks and opportunities. <https://www.brookfield.com/responsibility/2023-sustainability-report>

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## **DIVERSITY**

**18) Please provide the composition of your senior leadership team and board of directors, including women and visible minorities. How do you encourage diversity of perspectives and experience?**

As of June 2023

- 28% of Senior Vice Presidents and above are Women
- 33% of the BOD is held by Women
- 57% of the Independent Director positions are held by Women
- 25% of Directors self-identify as ethnically diverse

Building a diverse, equitable and inclusive work environment reinforces our culture of collaboration and strengthens our ability to develop and promote all of our people to their

potential. Our approach to diversity, equity and inclusion is deliberate and integrated into our human capital development processes and initiatives. Over the past five years, our primary focus has been on gender diversity. Our efforts led to a significant increase in female representation at the senior levels. We have more than doubled our employee population and significantly increased our female representation at the most senior level of the organization during this period—Managing Partner/Managing Director female representation increased from 10% to 19%. In addition, Senior Vice President representation increased from 17% to 32% during this time. The discipline embedded into our recruiting and performance management processes has been instrumental in this progress. In addition to disciplined human capital processes and the aforementioned development activities, we undertake other activities to reinforce the importance of diversity, equity and inclusion in our business:

- We continue our global process for employees to self-identify their ethnicity. This information assists us in identifying specific areas of focus related to increasing ethnic diversity. Our overall response rate was 93%.
- Our succession process includes identifying a diverse slate of candidates and focuses on the development of early career candidates through stretch roles and exposure.
- We support a number of Employee Resource Groups organized by employees around shared interests, characteristics or experiences. We established a structure for each of these groups to ensure the mandate is clear, aligned with our values, appropriately supported by the organization, and provides opportunities to demonstrate leadership, develop relationships and collaborate.
- We are involved with several organizations to promote diverse representation in our talent pool, including summer interns and MBA Associates. We hope these opportunities will promote the development of ethnically diverse groups in the private equity industry.

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## MONITORING

### 19) After making the decision to invest in a fund/company, what is your process for monitoring the investment's ESG performance during your ownership period?

As part of each acquisition, where Brookfield has economic control, or influence through Board representation, investment teams create a tailored integration plan that includes, among other things, material ESG-related matters for review or execution. We have witnessed and continue to see what we believe to be a strong correlation between managing these considerations and enhancing investment returns. It is the responsibility of the management teams within each portfolio company to manage ESG risks and opportunities through the investment's life cycle, supported by the applicable investment team. The combination of having local accountability and expertise in tandem with our investment and operating capabilities is important when managing a wide range of asset types across jurisdictions.

We take an active asset management approach, collaborating on ESG initiatives, where appropriate, to drive best practices and assist with any remediation. As it relates to ESG, where appropriate, we encourage our portfolio companies to organize training for relevant staff. To mitigate risks and to execute on opportunities, we seek to support the implementation of best practices and development of internal capabilities at our portfolio companies. We aim to achieve this in several ways, including by encouraging training, providing technical expertise on certain ESG related matters, facilitating connections to experts on ESG issues in relevant sectors, sharing of institutional knowledge of best practices, and leveraging other firm resources including cross-portfolio collaboration. Management teams regularly report to their respective boards of directors both from financial and operating perspectives, including key performance indicators (“KPIs”) that incorporate material ESG factors, such as health and safety, environmental management, compliance with regulatory requirements and, increasingly, GHG emissions. For investments where Brookfield has a non-controlling interest, is a debt holder or does not have the ability to exercise influence through its contractual rights, Brookfield will actively monitor the performance of its investments and, where appropriate, utilize its stewardship practices to encourage ESG outcomes that are aligned with Brookfield’s ESG approach. Where applicable, certain strategies may have Strategic Implementation Guidelines articulating Brookfield’s stewardship and engagement process. In managing our investments, we utilize our active asset management approach to collaborate with our portfolio companies to encourage sound ESG practices that are essential for resilient businesses, while creating long-term value for our investors and stakeholders.

To effectively monitor ESG factors, our portfolio company boards require the following types of ESG-related information from management:

- Updates of key policies, including the Code of Conduct and the ABC policy. Confirmation of compliance and understanding is obtained and reported on an annual basis;
- Reviews of key asset management programs, including ABC, top risks to the business and mitigation strategies, and legal and regulatory matters;
- Updates on major energy reduction initiatives or related capex projects that support GHG reduction;
- Environment, Health, Safety and Security metrics;
- Audit results of any serious safety incidents, identifying root causes and remediation plans;
- Detailed action plans to address management system deficiencies in order to continually reduce risks;
- Summary of compliance for the portfolio company’s comprehensive employee and contractor training programs;

- Five-year business plans that incorporate forecasts for maintenance and capital project, ensuring asset integrity and the elimination of safety and environmental risks;
- Results of independent audit programs used to assess programs and ensure compliance. Our governance framework is provided by Brookfield for portfolio companies, and adherence to certain Brookfield governance policies is monitored by Brookfield's Corporate Audit Services Department.

The monitoring of ESG factors and the implementation of related programs varies by region and business unit within Brookfield. In addition, Brookfield collects annual ESG key performance indicators (KPIs) from all portfolio companies. We disclose a number of these portfolio company metrics in our annual ESG Report. Finally, a fundamental principle of our investment approach is that risk should be managed as close to its source as possible and by those who have the most knowledge and expertise in the specific business or risk area. Senior management and functional groups in our portfolio companies are therefore responsible for managing the risks facing their business and tailoring a mitigation plan to each specific risk area. Brookfield, in its capacity as an asset manager, provides strategic direction and support through regular monitoring and reporting processes, and facilitating appropriate coordination and sharing of best practices, including through its representation on boards of directors and other governance structures. Brookfield places significant emphasis on ESG management and, as such, evaluates as part of its due diligence process for any investment that adequate ESG-related competence is in place at each portfolio company. In instances where our due diligence has shown any gaps in ESG-related competencies, post-acquisition, the asset management teams overseeing the investments will ensure that adequate ESG subject matter experts are identified from within Brookfield to assist with the investment, or hired to support key programs, as required. A strong culture of accountability, led and reinforced by management, plays a key role in positioning Brookfield's ESG policy and principles. All investments made by Brookfield must be approved by the applicable Investment Committee, which makes its decision based on a set of predetermined criteria. To facilitate this, investment teams provide the Committee with a detailed memorandum, outlining the merits of the transaction and material risks, mitigants and significant opportunities for improvement, including those related to ESG, including specific areas such as health and safety risks, anti-bribery and corruption risks, and other environmental and social risks. When Brookfield makes a control or a co-control investment, the portfolio company boards generally comprise more than one Brookfield member. As a result, Brookfield maintains a high degree of oversight and influence to ensure programs at our portfolio companies are up to Brookfield's standards. Where Brookfield has a controlling interest, Brookfield has a standing agenda item of ESG programs and related factors at each of our portfolio company's board meetings. Brookfield seeks to ensure ESG activities at each portfolio company are sufficiently managed and are aligned with the company's overall ESG policy and principles.



**20) How do you ensure that your investments' management devotes sufficient resources to ESG factors?**

Brookfield provides training and other forms of assistance (internal experts and/or third-party consultants) during due diligence to help ensure its teams understand and identify the relevance of ESG factors in investment activities, and to assist with post-closing strategies. All Brookfield employees are mandated to complete annual trainings on anti-bribery and corruption (ABC), cybersecurity and data privacy. Brookfield also provides training on ESG management tailored to each business group and offers other ESG learning opportunities to investment and asset management professionals on topics relevant to our business several times per year.

Brookfield organizes ESG-focused internal town halls and information meetings for our employees. While the town halls are available to all employees and thus provide general ESG information, the internal information forums are targeted ESG training sessions tailored to the specific audience within our various business groups.

Finally, we continually aim to raise awareness of the evolving ESG landscape in the asset management industry by disseminating weekly ESG press clips to all employees with a particular focus on latest ESG developments among asset managers, investors and on the regulatory front. These ESG clips are emailed directly to employees and also made available on our intranet.

**21) Do you engage with your investments' management teams on ESG issues? If so, please provide a recent example including the ultimate outcome.**

See response to 19.

**22) Does ESG performance influence your decision to exit an investment and/or reinvest with a fund manager?**

When preparing an asset for divestiture, we outline potential value creation deriving from several different factors, including relevant ESG considerations. Where applicable, we also prepare both qualitative and quantitative data that summarize the ESG performance of the investment and provide a holistic understanding of how we have managed the investment during the holding period.

**23) Do you measure whether your approach to ESG affected the financial performance of your investments? If yes, please describe your approach.**

As part of each acquisition, where Brookfield has a controlling stake, investment teams create a tailored integration plan that includes, among other things, material ESG-related matters for review or execution. We believe there is a strong correlation between managing these considerations and enhancing investment returns. It is the responsibility of the management teams within each portfolio company to manage ESG risks and opportunities through the investment's lifecycle, supported by the applicable investment team within Brookfield. The combination of local accountability and expertise in tandem with

Brookfield's investment and operating capabilities is important when managing a wide range of asset types across jurisdictions. We leverage these capabilities in collaborating on ESG initiatives, where appropriate, to drive best practices and assist with any remediation. As it relates to ESG, where appropriate, we encourage our portfolio companies to organize training for relevant staff. To mitigate risks and execute on opportunities, we seek to support the implementation of best practices and development of internal capabilities at our portfolio companies. We aim to achieve this in several ways, including by encouraging training, providing technical expertise on certain ESG related matters, facilitating connections to experts on ESG issues in relevant sectors, sharing of institutional knowledge of best practices and leveraging other firm resources including cross-portfolio collaboration.

Management teams regularly report to their respective boards of directors both from financial and operating perspectives, including key performance indicators ("KPIs") that incorporate material ESG factors, such as health and safety, environmental management, compliance with regulatory requirements, and, increasingly, GHG emissions. For investments where Brookfield has a non-controlling interest, where we are a debt holder or in other circumstances where Brookfield does not have the ability to exercise influence through its contractual rights, Brookfield actively monitors the performance of its investments and, where appropriate, utilizes its stewardship practices to encourage ESG outcomes that are aligned with Brookfield's ESG approach. Where applicable, certain strategies may have Strategic Implementation Guidelines articulating Brookfield's stewardship and engagement process. When preparing an asset for divestiture, we outline potential value creation deriving from several different factors, including relevant ESG considerations. Where applicable, we also prepare both qualitative and quantitative data that summarize the ESG performance of the investment and provide a holistic understanding of how we have managed the investment during the holding period.

