



Brookfield

ESG Report

2019

Contents

3

Brookfield at a Glance	3
CEO Letter	5
Who We Are	6

8

ESG AT BROOKFIELD

ESG at Brookfield	9
Stakeholder Engagement	12
About This Report	13

18

OUR INVESTMENTS AND APPROACH

ESG Integration into Our Investment Process	19
Systemic Risk Management	20
Sustainable Finance	21

22

OUR PEOPLE

Human Capital Development	23
Diversity and Inclusion	26
Occupational Health and Safety	28

30

CORPORATE GOVERNANCE AND ETHICS

Corporate Governance and Ethics	31
The Brookfield Asset Management Board of Directors	32
ESG Governance	33
Business Ethics	34
Human Rights and Modern Slavery	36
Responsible Contracting and Freedom of Association	38
Audit Oversight	39
Executive Compensation	39
Data Privacy and Security	40

42

BUILDING A BETTER WORLD

Climate Change Strategy	43
Clean Energy	45
Water and Waste	47
Green Building	49

KPI Appendix	51
--------------------	----

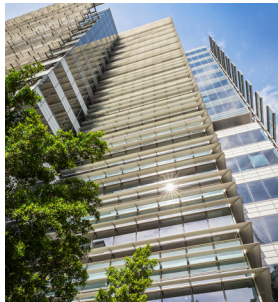
Brookfield at a Glance

Brookfield Asset Management Inc.¹ is a leading global alternative asset manager with approximately \$550 billion of assets under management. We own and operate long-life assets and businesses that form the backbone of the global economy. Utilizing our global reach, access to large-scale capital and operational expertise, we offer a range of alternative investment products to investors around the world. These include public and private pension plans, endowments and foundations, sovereign wealth funds, financial institutions, insurance companies and private wealth investors. For more information, please visit our website at www.brookfield.com.

¹ "Brookfield," the "Firm," "we," "us" or "our" refers to Brookfield Asset Management Inc. and includes its activities undertaken as an asset manager for private funds, public securities, public issuers (Brookfield Property Partners L.P., Brookfield Renewable Partners L.P., Brookfield Infrastructure Partners L.P. and Brookfield Business Partners L.P) and its other investment programs. This report does not cover the activities undertaken by Oaktree, which we acquired in September 2019, and which operates independently.

AUM as of June 30, 2020; Oaktree AUM includes capital raised up to August 13, 2020. Total AUM includes \$16 billion from our Public Securities Group.

REAL ESTATE



\$203B
AUM

Office, Multifamily,
Retail, Logistics, Hospitality,
Mixed-Use and
Alternative Real Estate

INFRASTRUCTURE



\$78B
AUM

Utilities, Transport, Energy,
Data, Infrastructure and
Sustainable Resources

RENEWABLE POWER



\$50B
AUM

Hydroelectric, Wind,
Solar and Storage

PRIVATE EQUITY



\$65B
AUM

Business Services,
Infrastructure Services,
Industrials and Residential

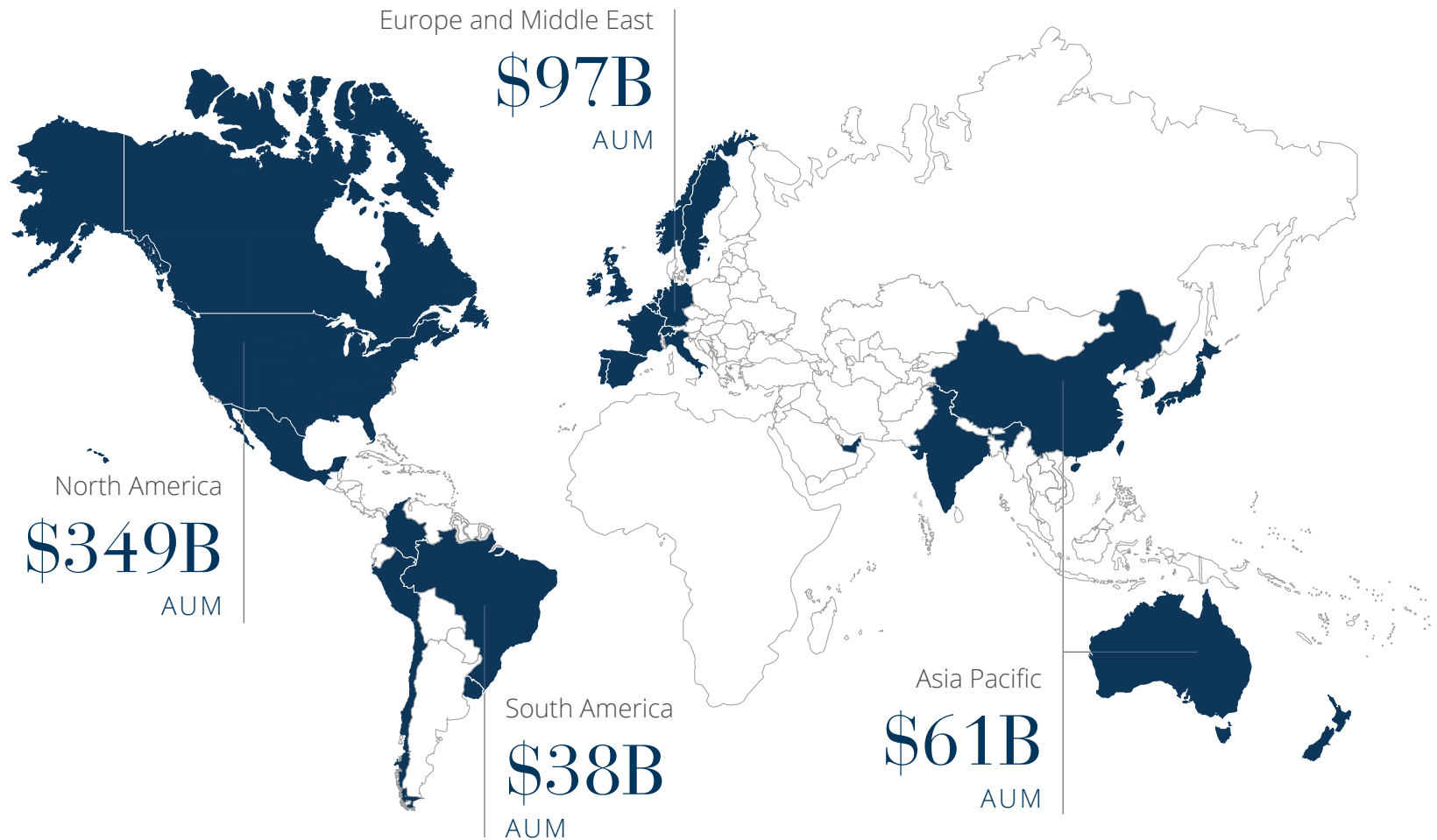
CREDIT



\$132B
AUM

Performing Credit,
Opportunistic Credit,
Private and Listed
Equities and Real Estate

BROOKFIELD AROUND THE WORLD



QUICK FACTS



~\$550B
AUM



30+
Countries



~1,900
Asset Management Employees



~150,000
Operating Employees



CEO Letter

The events of the past several months have reminded us, once again, of what really matters. Our business is delivering returns to our investors, but it's about more than purely financial returns—it's about our environment, our communities, our portfolio companies and our people, and ensuring that we continue to create sustainable value and impact as responsible stewards of the capital with which we have been entrusted. Now, more than ever, taking an integrated approach to our business is critical to our long-term success and sustainability.

We generated strong momentum last year in our environmental, social and governance (ESG) efforts, and while many of them are outlined in this report, a few notable achievements include:

- Further strengthening our role as a leader in sustainable finance products, reaching approximately \$5 billion in sustainable finance issuance across green bonds, sustainability-linked debt and green preferred shares;
- Enhancing our climate change mitigation and adaptation processes to ensure they are properly factored into our governance and risk management protocols; and
- Aligning our business with the world's leading frameworks for responsible investing by joining the Sustainability Accounting Standards Board (SASB) Alliance, and in early 2020, becoming a signatory to the United Nations-supported Principles for Responsible Investment (PRI). In addition, we are working to align our climate-related corporate reporting with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

We have been building our renewable power business for several decades. We are proud of having created the world's largest private sector renewable power-generating business, providing communities, governments and businesses around the world with the ability to accelerate the transition to a greener future.

Today, our capacity is approximately 19,000 MW of electricity from renewable resources, which avoids approximately 27 million metric tons of carbon dioxide emissions annually—the equivalent of all of the carbon dioxide emissions generated by the city of London each year.

We are also adding a new impact strategy to our fund offerings, which will capture the exciting initiatives that we are undertaking in our investment activities across the globe. Our extensive history and experience of investing in high quality, long-life assets that form the backbone of the global economy uniquely position us to deliver solutions to our clients with specific impact mandates in mind.

While we have some exciting projects underway across all our businesses, our people are at the heart of what we do. We know that having a range of backgrounds and perspectives creates a more dynamic work environment, helps us attract and retain accomplished employees and ultimately helps us make better decisions. We have made good progress in our diversity and inclusion initiatives over the last several years, but must continue to do more.

As we look ahead through this period of uncertainty and beyond, we can see that continuing to strengthen our effort across all areas of ESG is an imperative. We remain committed to being not only a world-class alternative asset manager, but also to continuing to create sustainable value and impact for all our stakeholders. We are grateful for the support of all our investors, and we look forward to keeping you up to date on our progress.

Bruce Flatt
Chief Executive Officer, Brookfield Asset Management

Who We Are

We are a leading global alternative asset manager with approximately \$550 billion of assets under management. We own and operate long-life assets and businesses that form the backbone of the global economy.

OUR BUSINESS

We invest in, own and operate long-life, high quality assets and businesses that form the backbone of today's global economy, many of which provide critical infrastructure and services that support millions of people in their daily lives.

We are one of the world's largest owners and operators of real estate as well as the world's largest private sector renewable power-generating business. We also own a diverse array of infrastructure businesses and other privately held companies within our private equity business, and we are a pre-eminent manager of distressed debt and public securities.²

We have established strong operating capabilities over the years that enable us to provide significant operational assistance and influence across our assets and businesses.

We have established a diverse selection of investment products, including private funds and publicly listed companies that allow a wide range of institutions and individuals to invest in the assets that we own and operate. Our goal is to provide our investors with attractive returns and quality service so that they can meet their stakeholders' objectives. All of our products and investment vehicles are intended specifically to ensure longevity, stability and access to the large-scale capital that is required for sizeable global investments.



Finally, we invest significant capital from our balance sheet in our managed entities alongside our investors. This creates an important alignment of interests with our investors and generates attractive financial returns and cash flows for Brookfield shareholders. Our access to significant capital supports the growth of our business and provides additional flexibility when completing large transactions.

² This report does not cover the activities undertaken by Oaktree, which we acquired in September 2019, and which operates independently.



OUR CULTURE

We began business in 1899 as a developer, owner and operator of infrastructure assets. This long history has defined our business culture, which we believe is a key differentiator for us and is an important contributor to our success.

Specifically, we (a) take a long-term approach towards everything we manage, (b) ensure an alignment of interests with our investors and (c) foster collaboration across Brookfield, to optimize the performance of the Firm as a whole.

- We embed this long-term approach to our business in our culture: in the design of our investment programs allowing for long-term ownership; in our approach to managing our businesses and assets; and in how we develop our people and compensate them. Our operating capabilities are critical to creating the long-term value enhancement and sustainability of our assets and businesses through our business planning and capital investment activities. It has been this way at Brookfield for decades.
- We ensure alignment of our interests with our investors in multiple ways: we are compensated as an investment manager through performance-based arrangements, which are directly linked to increased value and cash flows for our investors; our employee compensation programs link a very significant portion of employee rewards to successful investment outcomes; our employees have significant amounts of capital invested in the assets and businesses we manage for our investors; and we invest significant balance sheet capital alongside our investors.
- Our focus on fostering collaboration ensures that we maximize the benefit of our insight and experience to the Firm as a whole, across the breadth of our businesses and geographies. Our talent management processes and our approach to long-term compensation encourage collaboration. We also encourage collaboration with and among portfolio companies in a number of ways, including the sharing of best practices through formal and informal channels, sharing expertise through committees and other means, and building relationships and capabilities through employee secondments and transfers.

Our approach to ESG considerations is consistent with the above and vital to the success of our business.



ESG at Brookfield

Stakeholder Engagement



About This Report



ESG at Brookfield

At Brookfield, sound ESG practices are integral to building resilient businesses and creating long-term value for our investors and stakeholders.

GUIDING PRINCIPLES

We aspire to manage our investments with integrity, balancing economic goals with responsible citizenship. This is consistent with our philosophy of conducting business with a long-term perspective in a sustainable and ethical manner. This means operating with robust governance and other ESG principles and practices and maintaining a disciplined focus on embedding these principles into all activities as a global asset manager.

Our approach to ESG is based on the following principles:

- We strive to mitigate the impact of our operations on the environment as we understand that most of our operations, businesses and assets are both impacted by and have an impact on the environment, including climate change. We believe, to address climate change, the world will have to transition to a net zero-carbon economy. We are proactively evolving our portfolio of investments consistent with this imperative.
- We strive to ensure the development, well-being, and health and safety of our employees. Our people must succeed for us to succeed. We place a high priority on creating a safe and inclusive work environment, which supports development of potential and personal growth. This is reflected in our human capital policies and processes and extends to the health and safety practices within our portfolio companies.
- We must operate with high standards of integrity, particularly given the breadth of our operations and relationships. This is reflected in our governance practices and our compliance protocols.
- We must be good stewards of the assets and businesses within the communities in which we operate because our activities and collective success are invariably interwoven. We do this through managing the impact of our businesses on their local communities, and by supporting the philanthropic efforts of our asset management employees.



ESG IN PRACTICE

We have embedded our core ESG principles in all activities directly undertaken across the Firm. This includes deploying our operating capabilities in ensuring that our investment and portfolio oversight activities address ESG considerations, that our governance and compliance activities are effective throughout the Firm, that we provide information on ESG activities to our investors, and increasingly provide investment opportunities that enable our investors to achieve their own ESG investment objectives.

Each of our portfolio companies has its own ESG considerations that reflect the business requirements of the company and the sector and geography in which it operates. As part of our role as owners of businesses, we expect our portfolio companies to implement strong ESG practices that are congruent with our principles while being suitable and responsive to their business requirements. Our approach in each case reflects the nature of the asset or business, and how we own it, although the objectives in each case reflect a responsible approach to the relevant ESG considerations.

In most cases, we invest in ways that allow us to have a degree of influence or control over the asset or business, known as “control positions.” This enables us to bring our experience and influence to bear, including on ESG matters. We monitor and support the efforts of our portfolio companies through board oversight, policy guidance, ongoing reporting and other mechanisms. Nowhere is this more pronounced than within our office and renewable businesses, where the lengthy tenure of ownership and control, together with the scale of operations, have enabled us to implement our ESG principles in scale and with significant impact.

In other parts of our portfolio, such as in our public securities business, we own and manage investments in non-control positions. In these circumstances, we interact with management teams at the investee companies, in our capacity as investors, and to encourage change where appropriate.

In summary, we aim to create sustainable value and impact by acting responsibly while aligning the interest of our investors, stakeholders and employees. Our focus on stakeholder alignment, long-term horizon and fostering a collaborative culture are foundational to our achieving superior results.

ESG AFFILIATIONS AND PARTNERSHIPS

In support of our ESG efforts, we align and engage with leading sustainability organizations. In early 2020, we became a signatory to the United Nations-supported Principles for Responsible Investment (PRI), which reinforces and strengthens the incorporation of ESG into our investment management activities. We are active members of several sustainability organizations, such as Accounting for Sustainability (A4S) and Business for Social Responsibility (BSR). A4S is a knowledge sharing network of leading CFOs from large businesses that seek to embed ESG into business processes and strategy.

In December 2019, we joined the Sustainability Accounting Standards Board (SASB) Alliance. SASB helps businesses around the world identify, manage and report on the sustainability topics that matter most to their investors. We are currently working on incorporating the SASB engagement guide into our due diligence process.

Through our memberships with these organizations, we remain actively involved in discussions aimed at advancing ESG awareness across private and public markets, and we are enhancing our reporting and protocols in line with evolving best practices.

In addition, several of our portfolio companies are members of organizations associated with their business. For example, most of our real estate office operations voluntarily disclose environmental performance annually through participation in the Global Real Estate Sustainability Benchmark (GRESB), an investor-driven organization assessing the sustainability performance of real asset sector portfolios and assets. This disclosure helps institutional investors engage with investment managers to make decisions that lead to a more sustainable real asset industry. In 2018, the latest reporting year, these entities achieved an average global score of 84%, and all our reporting real estate entities were recognized as a GRESB Green Star.



Signatory to:



Stakeholder Engagement

To create long-term value and resilient businesses, we must continually assess the complex and evolving needs of our investors and other stakeholders. Our engagement activities are one of the many ways we listen to, collaborate with and support our stakeholders.

STAKEHOLDER GROUP	ENGAGEMENT ACTIVITIES
Employees	Employee Surveys Employee Resource Groups Ethics Hotline / Whistleblowing Policy Internal Events / Town Halls Internal Communications / Intranet
Investors	Investor Meetings, Conferences, Webcasts and Calls Quarterly and Annual Reports Letters to Shareholders and Private Fund Investors Email Notifications and Updates Website / Private Fund Investor Portal
Communities	Community Outreach Philanthropy

We are committed to informing our external stakeholders of our progress through a comprehensive communications program, including meetings, webcasts, and published materials such as our annual report, quarterly interim reports and press releases. Our website and investor portal provide access to these materials, as well as statutory filings and other information. Communication with management is also available to investment analysts, financial advisors, rating agencies and the media.

About This Report

This report covers the Firm's ESG-related activities between January 1, 2019 and December 31, 2019, unless noted otherwise.

In determining the most important issues to our stakeholders and the industry, we referred to the [SASB](#) Standards for Asset Managers and the Global Report Initiative ([GRI](#)), which we believe provide best practice guidance on ESG disclosures most meaningful for our business. We are also currently working to strengthen and align our climate-related corporate reporting with the recommendations of the Task Force on Climate-related Financial Disclosures ([TCFD](#)).

These three disclosure frameworks, along with input from our stakeholders, informed our views on the topics that are most important to Brookfield. We identified 16 topics as material to the long-term success and resiliency of our businesses and have organized them for this report in four areas: Our Investments and Approach; Our People; Corporate Governance and Ethics; and Building a Better World. What follows is a summary of our approach to each area, followed by a discussion of each topic in the context of our business.

OUR INVESTMENT APPROACH

Our investment approach is anchored by a set of core investment principles that guide our decision-making and help reduce risk. While many ESG considerations have been part of these principles for many years, we now explicitly embed them into our investment and risk management processes to ensure they are integrated into the decision making at every level of the process and viewed as part of doing business.

ESG is integrated into all aspects of investment decision-making and ongoing portfolio management, including portfolio construction, financial models and business plans, investment valuations, monitoring portfolio company performance and engaging with their management teams.



Our risk management practices complement our investment approach and explicitly include ESG-related matters. We ensure that active management of all material financial and operational risks, including ESG risks, are reflected in risk management programs of Brookfield and our portfolio companies and are monitored as part of our overall risk management profile.

We are also witnessing increasing demand for, and effectiveness of, sustainable financing activities and demand for investments with favorable sustainability profiles. We have become one of the larger issuers of green bonds reflecting the sustainability profiles of our assets and businesses. We are also actively developing opportunities for our investors that leverage our core competencies and focus on various sustainable investments.



OUR PEOPLE

We value our people and their long-term success. Our human capital strategy is designed to support our people in working toward their potential. Key aspects of this strategy include attracting and retaining people with the capability and the drive to continue to grow and develop, aligning their interests with those of our shareholders and investors through carefully developed compensation programs, providing stretch opportunities which fast track development where appropriate, and creating a positive, diverse and inclusive workplace that encourages and supports stepping outside one's comfort zone and enables strong relationships.

Our approach to diversity and inclusion within the asset management business has been deliberate and integrated and has led to significant progress over the last five years as demonstrated in our female representation at the most senior levels of the organization.

It starts with a strong tone at the top. Our Code of Business Conduct and Ethics Policy (Code of Conduct) and our Positive Work Environment Policy together set a consistently high standard for how we interact with each other and reinforce a work environment conducive to learning and development. This approach is enhanced by strong people leaders who are focused on developing their teams, inclusive recruiting and talent management processes along with other targeted initiatives.

Within our portfolio companies, we set the same tone at the top. We further contribute to a culture of trust and accountability by prioritizing the health and safety of the employees within our businesses.

CORPORATE GOVERNANCE AND ETHICS

We believe that strong governance is essential to sustainable business operations, and we strive to conduct our business according to the highest ethical and legal standards.

Corporate governance and ethics starts at the Board level and with senior executive leadership. Brookfield has been a public company for over 100 years and has established effective board of directors and governance practices. These are enhanced by our registration as a regulated investment advisor with multiple regulatory bodies globally and well-established corporate policies and practices that are supported by our strong operating culture.

Our commitment to conducting our business ethically and responsibly across the Firm, as well as within the businesses and assets that we manage, is reflected and documented in the Firm's values, Code of Conduct, policies and processes. Our Code of Conduct and related policies are intended to ensure that Brookfield honors its commitment to conducting business in a responsible and ethical manner. This includes adhering to all laws and regulations and honoring all contracts and obligations, be they related to anti-bribery and corruption, protection of human rights, or maintaining a positive work environment. We monitor the efficacy of the governance program through ongoing reviews, a global Ethics Hotline and periodic audits by internal and external auditors.

All of our portfolio companies and operating businesses that we control have a code of conduct and an ethics hotline in place, which is required to be consistent with Brookfield's principles.

Executive compensation at Brookfield is structured to align the interests of management with the long-term interests of investors and is overseen and approved at the Board level. This long-term approach ensures that executives at Brookfield understand and enact sustainable, productive initiatives that best serve all our stakeholders.

BUILDING A BETTER WORLD

We believe that the world will transition toward a net zero-carbon economy in the future. We believe we are well positioned to make this transition and are being proactive in evolving our portfolio of investments consistent with this trend.

We are actively contributing to this transition by incorporating the implications of climate change into our underwriting, focusing on assets that are essential for the economies in which we invest and will continue to be so in a net zero-carbon future, and driving operational and other efficiencies which contribute to a reduced impact on the environment.

Given our diverse range of businesses, we have focused on three environmental areas that are most relevant to our overall business and impact—climate change, waste and water.

We believe that climate change poses a serious threat and that addressing the climate crisis is integral to building resilient businesses. Our key areas of focus currently are: (i) measuring GHG emissions to better manage the implications; (ii) accelerating the transition to clean energy; and (iii) prioritizing the development of green buildings.

We perform detailed inventories of the GHG emissions at our asset management and renewable power operations on an annual basis and are in the process of building out a capability to systematically assess this across our entire business.

We are one of the largest global owners and operators of renewable power facilities, which are an integral part of our clean energy strategy along with the district energy business within our infrastructure operations. We are also one of the largest global owners of certified green office and retail properties, and within this business we continue to prioritize the investment in, and development of, energy and operational efficiency, which adds value to our business and tenants.

We have begun to actively measure water and waste within our offices as well as a number of the businesses and assets that we manage. We believe that businesses that operate responsibly with regard to water use and waste will be more sustainable over the long term. We are therefore increasing our ability to measure and manage these activities across our portfolios and to report on these more effectively to our stakeholders.

Comprehensive Topic Review and Analysis

The following table sets out the 16 topics that we believe are material to our approach to our ESG principles and policies:

OUR INVESTMENT APPROACH

ESG Integration into Our Investment Process	Incorporating ESG factors into investment decision-making and valuation, modeling, portfolio construction and engagement with portfolio companies.
Systemic Risk Management	Integrating financial and ESG-related due diligence, and risk and opportunity management into our overall risk management program.
Sustainable Finance	Offering our investors opportunities to contribute to a sustainable market economy and support adaptation to global climate change challenges through sustainable investments.

OUR PEOPLE

Human Capital Development	Building a culture focused on attracting the right people, keeping them engaged to enable retention and providing them with opportunities to develop them to their potential.
Diversity and Inclusion	Increasing gender and ethnic diversity within Brookfield's Board of Directors and across the Firm to promote employee engagement and to foster perspectives that enhance our business.
Occupational Health and Safety	Ensuring the health and safety of our workforce via both physical and mental health policies, goals and programs.

CORPORATE GOVERNANCE AND ETHICS

Board Effectiveness	Assessing the effectiveness of Brookfield's Boards through meetings, self-assessments, tracking attendance, training and education, and other initiatives.
Board Skills and Oversight	Ensuring the Board comprises the relevant experience, expertise and skills to oversee and support Brookfield in its endeavors.
Business Ethics	Conducting Brookfield's business ethically and responsibly within operations as well as business partnerships, including through the Firm's values, Code of Conduct, policies and processes.
Human Rights	Ensuring that Brookfield conducts business in a manner that respects and supports the protection of human rights.
Responsible Contracting and Freedom of Association	Respecting and adhering to all laws, contracts and obligations related to Brookfield's operating employees and contractors, including those belonging to union-related organizations.
Audit Oversight	Monitoring effectiveness and compliance of the Board, management and portfolio companies.
Executive Compensation	Disclosing the makeup, responsibilities and approach of the Committee responsible for determining executive compensation.
Data Privacy and Security	Effectively managing personal and confidential data and protecting the Firm, its assets and its data from data privacy threats and to comply with evolving regulatory requirements across our asset management operations.

BUILDING A BETTER WORLD

Climate Change Strategy	<p>GHG Emissions: Measuring overall Scope 1, 2 and 3 emissions at the asset manager and encouraging portfolio companies to measure their GHG emissions.</p> <p>Clean Energy: Accelerating the transition to a low-carbon economy through Brookfield's renewable power and district energy operations.</p> <p>Green Building: Prioritizing the investment in, and development of, energy efficient and responsible buildings and businesses.</p>
Water and Waste	Measuring Brookfield's waste and water usage, with the objective of reducing waste and conserving water.



Our Investments and Approach

ESG Integration into
Our Investment Process >

Systemic Risk Management >

Sustainable Finance >

ESG Integration into Our Investment Process

As long-term investors, our culture is anchored by a set of core responsible investment principles that guide our decision-making process and help reduce risk.

Brookfield is a signatory to the PRI, a step we took in formalizing our longstanding commitment to responsible investment and ESG best practices. The PRI is one 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.

Our PRI commitments include incorporating ESG factors into our investment decisions, starting with the due diligence of potential investments through to the exit process. We tailor ESG due diligence to each investment, and we create post-investment remediation plans for material ESG considerations. For all potential investments, we use internal experts and a variety of ESG frameworks to identify material ESG factors and utilize external consultants where appropriate. This analysis includes everything from ensuring environmental, legal and regulatory compliance to the identification of opportunities to add value or mitigate risk in our portfolio. Our investment teams use an ESG due diligence guideline to ensure consideration of material ESG risks and opportunities. These teams then provide

a detailed memorandum to the Investment Committee outlining the merits of the transaction and disclosures relating to risks, including material ESG issues, and potential mitigation strategies. All investments made by Brookfield must be approved by the Investment Committee and must incorporate ESG matters into their evaluation, including anti-bribery and corruption, health and safety, and other ESG considerations.

Upon company acquisition, we create a tailored integration plan to ensure that all material matters, including ESG risks and opportunities are prioritized. ESG risks and opportunities are actively managed by the portfolio companies with guidance from our in-house investment teams, primarily through representation on company boards and equivalent oversight bodies where all financial, operational, and strategic elements of the business are reported, considered, and where appropriate, approved. This allows us to draw on local expertise, which provides valuable insight given the wide range of asset types and locations in which we invest. Certain key performance indicators, such as serious safety incidents, are reported regularly to the applicable board or other oversight body.

Systemic Risk Management

Risk management is an integral part of our business, and our investors expect us to appropriately manage risk while creating long-term value. Our disciplined risk management approach is based on clear operating methods and a strong risk culture. We understand that risks to our businesses—including ESG-related risks—are constantly evolving, and our program aims to monitor, and proactively mitigate and manage them over time.

Brookfield's risk management program addresses strategic and operational risks, and we have implemented a risk management framework designed to enable comprehensive and consistent management of key risks across the organization. Management and mitigation approaches and practices are tailored to the specific risk areas and executed by the Firm's business groups, with appropriate coordination and oversight through monitoring and reporting processes.

Brookfield's Board of Directors advises on the control and supervision of our most significant risks. Oversight of specific risks are delegated to the respective Board Committee that has expertise within the appropriate field, such as the Audit Committee for financial risks and the Management Resources and Compensation Committee for human resource risks. At the senior management level, various committees bring together required expertise for key risk areas, ensuring appropriate application and coordination of approaches and practices. Brookfield provides regular updates on overall risks to the Board's Risk Management Committee, which includes quarterly/semi-annual updates on Brookfield's risk profile and emerging risks, including health and safety, anti-bribery and corruption, disruption and reputation, and periodic in-depth reports on specific risk areas.



Sustainable Finance

We are an active leader in sustainable finance products, enabling our investors and portfolio companies to contribute to a sustainable market economy as well as support adaptation to global climate change challenges.



\$5B

aggregate value
of our green
financings in
renewable power,
real estate,
infrastructure
and private equity

To support the global transition to sustainable energy, Brookfield's renewable power business issues green bonds to fund the development of clean energy technologies and to finance investments made in renewable power. In 2018, Brookfield Renewable established the Brookfield Green Bond Framework, which complies with International Capital Markets Association (ICMA)'s [Green Bond Principles](#) and was reviewed by Sustainalytics. Three of Brookfield Renewable's asset-level green bonds received the highest rating from S&P, which provides an assessment of the environmental impact of the asset, and we issued our inaugural corporate green bond under Brookfield's Green Bond Framework. Proceeds from the green bonds we issue are used to finance eligible investments in the areas of renewable energy generation, energy efficiency and management, and energy storage. Brookfield Renewable's Capital Markets and Treasury team is responsible for determining investment eligibility, in collaboration with internal experts and stakeholders.

Our 2019 activities in the sustainable finance market expanded beyond renewable power to include financings for our real estate and private equity businesses. Total sustainable finance issuance reached an aggregate of more than \$5 billion across green bonds, sustainability-linked debt and green preferred shares as of June 30, 2020. We also completed our first sustainability-linked corporate revolving credit facility that will allow us to reduce our cost of borrowing as we continue to support the decarbonization of global electricity grids. Many of our assets and investments are well-suited for sustainable financing, and we continue to look for opportunities to access capital in this manner.

ADDITIONAL INFORMATION

[Sustainable Finance](#)



CASE STUDY

Enercare

Brookfield Infrastructure's residential distribution energy business, Enercare, launched its first green bond in early 2020 to support the supply of new electricity sub-metering units for its residential customers across Canada and the U.S. as well as the capital investment in technology to increase transparency of energy measurement. The use of sub-metering leads to 30%–40% reduction in energy consumption resulting in reduced carbon emissions.



Our People

Human Capital Development >

Diversity and Inclusion >

Occupational Health and Safety >

Human Capital Development

We value our people and their long-term success and therefore, we actively seek opportunities to keep them engaged and to grow and develop professionally.



20%

of our global investment team offered transfer stretch opportunities over 5 years at our current pace

We hire people who we believe have the capability and the drive to grow and develop, providing stretch opportunities with fast track development where appropriate. We aim to create a positive, diverse and inclusive workplace that encourages and supports stepping outside one's comfort zone and enables development of strong relationships within the organization.

We invest heavily in the development of our people. Our "grow-from-within" development approach focuses on internal mobility across business groups, functions and regions, and across our portfolio companies. This approach provides opportunities to develop new skills, broaden exposure and build relationships across our organizations, which in turn enhances collaboration.

Over the last three years we tracked our transfers geographically, between business groups or between functions. At our current pace, we would have provided these types of stretch opportunities to 20% of our population over five years for our investment teams. Transfers across our entire team, including in our capital raising and other functions, which support our investment activities, will lead to 13% of our total employee population being provided with a stretch opportunity over five years.



CASE STUDY

Together for Sustainable Development Program

For the third consecutive year, Brookfield Brazil has supported the Together for Sustainable Development Program, whose goal is to promote improvements in local and state government management. The Program represents a coalition of business leaders who invest financial resources and technical skills to develop and implement various projects in partnership with municipal and state governments. Activities focus on areas such as the development of institutional capacity, fiscal adjustment and equality, economic progress and sustainability.

Employee Resource Groups provide an opportunity to demonstrate leadership, develop relationships and collaborate. These are voluntary networks organized by employees around shared interests, characteristics, or experiences. In 2019, we put in place a structure for these groups to ensure their mandates are clear and aligned with our values, are appropriately supported by the organization, and are following appropriate policies and procedures.

During 2019, we continued to participate in the A4S project to begin to shift finance, accounting and investor thinking toward resilient business models and a sustainable economy. Our participation focused on advancing social and human capital accounting with a view to gaining a deeper understanding of our human capital. The project included: (i) grouping human capital by contribution to the value chain; (ii) calculating a baseline value for the human capital within the asset management business and quantifying the value created by our people; and (iii) understanding where this capital contributes, directly and indirectly, to the value chain. We plan to analyze trends in this area over time and use this information to improve how we manage our people.

We also recognize that activities that support growth and development include involvement in interests outside of day-to-day employment activities. We view our philanthropic activities as an opportunity to engage our people and support their development, and be of benefit to the local communities in which we operate. In 2019, we replaced our regional approach to philanthropy with a two-pronged global approach, which includes:

- A global matching program that provides each employee the ability to donate to a not-for-profit of their choice and receive a match from the Firm
- A capital pool for each office to support philanthropic activities that are important to our people and facilitate relationship building in support of collaboration

This approach has led to relationships with a number of organizations globally, including:





It also prompted working with our portfolio companies on a number of creative ways to support the relief efforts related to COVID-19:

- In Brazil, BRK Ambiental is actively educating the population about COVID-19 and has also provided uninterrupted essential water and sewage services to over 15 million people;
- Healthscope, our Australia hospital business, partnered with the government to enable their hospitals' resources to provide critical services in the fight against COVID-19;
- A number of our retail center parking lots were used for civic uses, such as blood drives, food banks, mobile testing sites and other community needs; and
- We donated use of hotel properties in India and North America for a number of purposes, including to house first responders, and we are feeding furloughed workers and their families, as well as those who are displaced and in need, out of the hotel kitchens.

Finally, it is important to us to keep a close pulse on the satisfaction of our employees and to provide them with opportunities to share their concerns and suggestions. To this end, we conduct periodic and anonymous employee surveys as part of our efforts to promote a positive and dynamic workplace. Our most recent survey, conducted in 2018, covered over 1,600 employees within our asset management franchise and achieved an 85% participation rate. Among other results, the survey concluded that approximately 95% of employees agree that both Brookfield and senior leadership show a commitment to ethical decisions and conduct (99% if including neutral responses).

We are very pleased with the strong results on the survey, which are top decile amongst financial services comparators. We will continue to engage our employees for feedback in this and other ways as we continue to work to maintain a safe, respectful and supportive workplace environment, which is critical to ensuring sustainable long-term value for shareholders and all of our stakeholders.

ADDITIONAL INFORMATION

[Employee Resource Groups](#)

[Positive Work Environment Policy](#)

[Code of Conduct](#)

Diversity and Inclusion

As a global Firm, we are committed to a positive, open and inclusive work environment. Supporting a diverse workforce promotes employee engagement and fosters new perspectives that can enhance our business and accelerate our ability to add value to our people.



35%

of all stretch opportunities have been provided to female employees



23%

of our investment professionals are women

Our approach to diversity and inclusion has been deliberate and integrated. This approach has led to significant progress over the last five years as demonstrated in our female representation at the most senior levels of the organization:

- We have more than doubled our employee population in the asset management business broadly and within the investment team specifically, and our female representation has remained consistent at 45% and 23%, respectively.
- We have more than doubled our team at the most senior levels of the organization—Managing Partner/Managing Director and Senior Vice-President—and over the same period have doubled our female representation within these roles. Managing Partner/Managing Directors female representation increased from 6% to 11% and the Senior Vice President female representation increased from 14% to 31%.
- In addition, 35% of all stretch opportunities have been provided to female employees, a higher percentage than the proportion that would qualify for such roles.



CASE STUDY

Global Diversity Advisory Group

In 2020, we created a Global Diversity Advisory Group to extend our efforts to increase diversity by broadening our focus beyond gender. The mandate of the group is twofold: provide insight into the concerns, challenges and successes around attracting and retaining members of the Black community and other underrepresented groups within our asset management business; and to find ways to increase our engagement with these groups.

Our approach has included the following:

- A work environment conducive to learning and development and in which people feel safe when stepping outside their comfort zone. Our Code of Conduct and our Positive Work Environment Policy set a consistent high standard for how we interact with each other across the Firm.
- Strong people leaders focused on providing opportunities to others to develop and grow. This includes setting clear expectations related to the role of a people leader and providing training related to these expectations. In 2019, we enhanced our activities and piloted a 360-feedback process to improve their effectiveness in leading their teams.
- Disciplined talent management processes focused on assessing performance and potential. We continue to clarify and refine how we define performance and potential for our various roles, and we look for other ways to add discipline to, or otherwise improve our processes:
 - We are focused on ensuring objective assessments and mitigating the impact of unconscious bias. In 2019, we piloted a cross-cultural training program focused on raising awareness of cultural differences across regions. As a global organization, we operate in many different cultures. It is important to understand and respect these cultural differences to avoid assumptions about someone's ability related to these differences, which could impact the opportunities we provide.
 - We also have provided training to give feedback in a way that is constructive and to receive feedback in a way that enables development.

We have doubled our portion of female representation at our most senior levels while more than doubling the size of that population.



Occupational Health and Safety

The inclusive, responsible culture at Brookfield extends beyond the financial investments we make. By prioritizing the health and safety of our employees, operating employees at our portfolio companies and contractors, we have built a culture of trust and accountability.

Health and safety policies and procedures apply not only to employees, but also to contractors and subcontractors and take into consideration the protection of the surrounding community. Our objective is to have zero serious safety incidents by working toward implementing consistent health and safety principles across the organization. Senior management in our respective portfolio companies are accountable for the health and safety performance of their individual businesses.

To support our approach, we sponsor a health and safety governance initiative to promote and facilitate the adoption of common health and safety principles across the organization, promote a strong safety culture and share best practices. Our Safety Steering Committee promotes a strong health and safety culture, shares best practices, continuously improves safety performance, and targets the elimination of any serious safety incidents for Brookfield managed businesses. The Committee includes the CEOs and COOs of each business group. Brookfield's board-level Risk Management Committee receives regular reporting on Brookfield's health and safety initiative.



CASE STUDY

VLI

Brookfield Infrastructure's Brazilian rail logistics business, VLI, implemented a Risk Prevention Program to reinforce its zero-tolerance standard for unsafe working conditions. This program targets identified safety risk areas and aims to mitigate these risk factors to reduce the likelihood of preventable incidents. To date, the program has reduced risk factors by more than 70%.



In 2019, Brookfield's portfolio companies completed 1.4 million hours of occupational health and safety training.

The boards of directors of each of our portfolio companies oversee the management of their respective portfolio company's health, safety and security risk for the company. Each quarter, our portfolio company CEOs report to their boards of directors on:

- Safety performance and incidents;
- Results from internal or external program assessments; and
- Status of improvement initiatives.

Brookfield actively facilitates knowledge sharing by arranging webinars, meetings and calls for portfolio companies to share best practices, lessons learned and common approaches to challenges. Additionally, our portfolio companies promote a strong health and safety culture in their operations.

Our health and safety framework is based on the following principles:

- Senior executives are accountable for health and safety of their businesses.
- Health and safety systems are tailored to company-specific risks and integrated into the management of the business.
- Health and safety performance is measured and systems are reviewed regularly to identify areas for improvement.
- Policies and procedures apply to employees, contractors and subcontractors and take into consideration the protection of the public in general.
- Training programs ensure that employees have the necessary skills to conduct their work safely and efficiently.
- If a serious safety incident occurs, Brookfield oversees an in-depth investigation to determine root causes and formulate remediation actions.
- Transparency and learning from experience are promoted to continuously improve our systems and performance.



Corporate Governance and Ethics

The Brookfield Asset Management
Board of Directors >

ESG Governance >

Business Ethics >

Human Rights and Modern Slavery >

Responsible Contracting and
Freedom of Association >

Audit Oversight >

Executive Compensation >

Data Privacy and Security >

Corporate Governance and Ethics

We recognize that strong governance is essential to sustainable business operations, and we aim to conduct our business according to the highest ethical and legal standards.

We rigorously maintain sound governance practices that guide our actions and give our investors peace of mind. Given the trend toward increased regulations targeting ESG in many jurisdictions, such as the EU, we are focused on regularly updating how we manage our ESG compliance. This involves continual review of evolving legislation, guidelines and best practices for all jurisdictions in which we operate.

Our corporate governance policies and practices are comprehensive and consistent with the guidelines for improved corporate governance in Canada adopted by the Canadian Securities Administrators and the Toronto Stock Exchange, as well as the requirements of the U.S. Securities and Exchange Commission, the New York Stock Exchange and the applicable provisions under the U.S. Sarbanes-Oxley Act of 2002. We continue to assess our governance practices and disclosures with specific attention to evolving Canadian and U.S. guidelines.

ADDITIONAL INFORMATION

[Statement of Corporate Governance Practices](#)



The Brookfield Asset Management Board of Directors

Brookfield's Board of Directors exemplifies our commitment to good corporate governance and the long-term interests of our investors.



50%

independent
women directors

The Board oversees management of Brookfield's business and affairs, reviews major strategic initiatives and receives regular updates on the Firm's ESG initiatives throughout the year.

The 16-person Board consists of nine independent Directors and seven Affiliated Directors. Four standing committees assist in the effective functioning of the Board and ensure the views of the independent directors are fully and properly represented: Audit, Governance and Nominating, Management Resources and Compensation, and Risk Management. The responsibilities of the Board and each committee are set out in written charters, which the Board reviews and approves annually.

Our deep roots in many global regions inform our perspective on diversity, and we believe the Board should reflect a diversity of backgrounds relevant to its strategic priorities. This includes diversity of business expertise and international experience, in addition to gender and ethnic

diversity. We have adopted a Board Diversity Policy to support our diversity goals and demonstrate our commitment to enhancing the diversity of the Board. In 2019, women comprised 44% of our independent directors, surpassing our target of at least 30% representation of women. Following our most recent annual general meeting in June 2020, this percentage has increased to 50%.

Among its many responsibilities, Brookfield's Board of Directors oversees risk management with a focus on more significant risks, including ESG risks. See [Systemic Risk Management](#) for more information.

ADDITIONAL INFORMATION

[Board of Directors Charter](#)

[Board Diversity Policy](#)

[Charter of Expectations for Directors](#)

[Board Position Descriptions](#)

ESG Governance

We embed ESG management into various board and committee mandates to acknowledge, prioritize and improve in these areas.

The Board, through the Governance and Nominating Committee, formally oversees Brookfield's ESG strategy and is responsible for reviewing and approving the Firm's material ESG initiatives, disclosures and reports. The Firm's ESG Steering Committee is composed of senior executives across each of our major business groups and oversees and coordinates Firm-wide ESG initiatives, shares best practices across businesses and aims to continually improve our ESG performance. We expect our operating businesses and portfolio companies to implement strong ESG practices and set up appropriate support and oversight through ongoing reporting, portfolio company board oversight and other mechanisms, such as steering committees.



Business Ethics

Conducting all activities with the utmost honesty, integrity and respect is integral to our operating philosophy.



100%

of our portfolio companies have an Anti-Bribery and Corruption Policy and a code of conduct

We conduct all activities in compliance with applicable legal and regulatory requirements, and in alignment with our Code of Conduct. Our Code of Conduct applies to all Brookfield directors, officers, employees and temporary workers, including our wholly owned subsidiaries and any other controlled affiliates of Brookfield.

Our Code of Conduct principles include:

- Protecting the Firm's assets, resources and data
- Ensuring accuracy of books and records and public disclosures
- Duties to stakeholders, including acting responsibly in our dealings
- Managing conflicts of interest and personal behavior responsibly
- Providing a positive work environment
- Compliance with laws, rules, regulations and policies

The Board annually reviews the Code of Conduct and considers any necessary changes in the Firm's standards and practices. The Risk Management Committee of the Board monitors compliance with the Code of Conduct and receives regular reports on any compliance issues from the Firm's internal auditors.



CASE STUDY

Clarios

Brookfield Private Equity's Clarios is the global leader in low-voltage automotive battery technology, manufacturing and distribution. The company has implemented a set of global supplier standards, maintaining its high standards and promotion of ethical conduct throughout its supply chain. The global supplier standards cover corporate ethics, human rights and sustainability, as well as the expectation of responsible sourcing practices.

Brookfield is committed to an environment where open and honest communications are the expectation, not the exception. A significant component of fostering a positive work environment is ensuring multiple means by which employees are able to raise concerns both informally (by fostering a culture of respect, openness and collaboration), and formally (through an ethics hotline which permits anonymous reporting). Our Whistleblowing Program encourages employees to raise concerns as soon as possible, and to feel safe in doing so.

We have a zero-tolerance approach to bribery, including facilitation payments. We mandate all Brookfield employees complete an annual in-depth anti-bribery and corruption (ABC) training seminar and certify their compliance with our ABC Program. In addition, ABC is integrated into our investment underwriting, decision making and execution processes in accordance with our ABC Policy.

Our ethics hotline, managed by an independent third party, is available 24 hours a day, seven days a week to facilitate the reporting of suspected unethical, illegal or unsafe behavior anonymously.

In addition to Brookfield's ethics hotline, we require all portfolio companies in which we have a controlling interest to adopt our Code of Conduct or ensure that existing practices are consistent and equal in substance. We also require portfolio companies to install an ethics hotline that is accessible to full-time employees, contractors and temporary workers within six months of acquisition. In addition to the ongoing and timely independent review of employee reports, any significant hotline reports are brought to the attention of relevant Committees of the Brookfield Board of Directors on a quarterly basis at a minimum.



ADDITIONAL INFORMATION

[Code of Conduct](#)
[Anti-Bribery and Corruption \(ABC\) Program](#)
[Anti-Money Laundering Program](#)
[Personal Trading Policy](#)
[Business Continuity Plan](#)

[Whistleblowing Policy](#)
[Disclosure Policy](#)
[Majority Voting Policy](#)
[Tax Governance Framework](#)
[Additional Governance Documents](#)

Human Rights and Modern Slavery

An integral part of the Firm's culture and commitment to conducting business ethically and responsibly is ensuring our activities respect and support the protection of human rights.

We do this through:

- The elimination of discrimination in employment;
- The prohibition of child and forced labor; and
- The eradication of harassment and physical or mental abuse in the workplace.

We embed these standards into all core business activities, including training, communications, contracts and due diligence processes. These practices extend to our interactions with key suppliers and other business partners.

We continue to evolve our approach and processes with respect to protecting human rights. We tailored our U.K. anti-slavery and human trafficking procedures to individual situations, recognizing that guidance can vary according to the jurisdiction, sector, supplier, amount of control the company has over its supply chain and other governance factors. The level of risk faced by each Brookfield entity varies with the type and nature of its business operations,



therefore each Brookfield entity assesses the extent of its exposure to modern slavery risk and implements appropriate mitigation strategies. Our risk-based approach enables our businesses to focus efforts where most needed.

We maintain a number of policies and processes that address our approach to identifying modern slavery risks and outline the steps for mitigating modern slavery and human trafficking in our operations. These include our Code of Conduct, U.K. Anti-Slavery and Human Trafficking Policy, Vendor Management Guidelines, ESG Due Diligence Guideline, ABC Program, Anti-Money Laundering Program and our Whistleblowing Program.



Employees and contractors in certain jurisdictions receive modern slavery and human rights trainings as part of the induction process and can access ongoing training, as necessary. In particular, we regularly train employees involved in procurement. We encourage employees, suppliers and business partners to report concerns about modern slavery related to Brookfield's businesses and direct supply chains in accordance with our Whistleblowing Policy. We also produce an annual Modern Slavery and Human Trafficking Transparency Statement in accordance with section 54 of the U.K. Modern Slavery Act 2015, which sets out the measures taken by the relevant entities in the U.K. to mitigate the risk of slavery and trafficking.

We are cognizant of the fact that the risks of modern slavery and human trafficking are complex and evolving. In 2020, we are in the process of expanding our anti-slavery and human trafficking policy and business processes globally.

ADDITIONAL INFORMATION

[Whistleblowing Policy](#)

[Modern Slavery Statement](#)

[Vendor Management Guidelines](#)

Responsible Contracting and Freedom of Association

We believe that adequately compensated and trained workers deliver the highest quality products and services, and therefore continuously strive to achieve excellence with respect to our contracting practices.

We apply the following Firm-wide responsible contractor principles when selecting independent contractors and subcontractors:

- Demonstrated skill, experience, dependability, cost and safety record appropriate for the relevant project
- Provision of fair wages and fair benefits in the context of local market factors
- Observance of all local, state and national laws including, but not limited to, those pertaining to withholding taxes, minimum wage, labor relations, insurance, health and occupational safety
- Provision of training as necessary to ensure that contractors' personnel have the required skills and certifications to perform the assigned work
- Maintenance of a workplace health and safety program that meets or exceeds applicable regulation
- Provision of a tolerant work environment free from discrimination and harassment, and fully inclusive of women and minorities
- Avoidance of discrimination against unionized contractors

The accountability and responsibility for these principles extends to individuals across Brookfield in charge of selecting contractors. If our principles conflicts with a collective bargaining agreement governing conditions of employment, the collective bargaining agreement prevails. If a collective bargaining agreement is silent with respect to an area addressed in the principles, or if the principles supplement a collective bargaining agreement, unionized employees are expected to abide by the principles.



30,000+

unionized employees across Brookfield



Audit Oversight

Brookfield's Audit Committee of the Board monitors the systems and procedures for financial reporting and associated internal controls, and the independence, experience, qualifications and performance of our external and internal auditors. The Audit Committee reviews certain public disclosure documents before their approval by the full Board and release to the public, such as Brookfield's quarterly and annual financial statements and management's discussion and analysis. The Audit Committee meets regularly in private session with Brookfield's external auditor and internal auditors, without management present, to discuss and review specific issues as appropriate.

ADDITIONAL INFORMATION

[Audit Committee Charter](#)

Executive Compensation

Brookfield's compensation objectives and approach to executive compensation aligns the interests of management with the long-term interests of investors, ensuring that executives at Brookfield recognize and enact sustainable, productive initiatives that best serve our stakeholders. The Board-level Management Resources and Compensation Committee oversees risks related to Brookfield's management resource planning. Since 2012, Brookfield has asked shareholders to cast an advisory vote on the company's approach to executive compensation on an annual basis (a "Say-on-Pay" resolution), which the Board and the Management Resources and Compensation Committee consider when assessing future compensation policies, procedures and decisions. Our comprehensive corporate governance practices include an executive compensation program driven by a "strong pay for performance" philosophy.

ADDITIONAL INFORMATION

[Statement of Corporate Governance Practices](#)

[Say on Pay Policy](#)

Data Privacy and Security

Our investors entrust us with their data, one of their most valuable assets, and we safeguard this information with the utmost care by maintaining a comprehensive data protection, privacy and cybersecurity program, and by embedding our data protection philosophy throughout the entire organization.

We invest heavily in securing and protecting our data and resources, as well as those of our investors, and design our policies and technical and organizational measures to safeguard this data. The Firm's information security and data protection program, led by our Chief Information Security Officer, includes security governance, security awareness, employee training, access management, perimeter and end-point security, vulnerability management, penetration testing, security monitoring and incident response.

We continue to focus on strengthening our processes in data privacy and security through a number of initiatives. Our information security steering committee works to ensure that our cybersecurity efforts align across the Firm and are based on industry best practices. In 2019, we enhanced a spectrum of cybersecurity capabilities, including multifactor authentication, enhanced security detection, secure remote access, penetration testing and security incident management.

The Firm's extensive data protection and cybersecurity due diligence checklist ensures we act in accordance with legal and regulatory requirements pertaining to the processing of personal information. This checklist includes specific due diligence markers for fair processing, international transfers, data processors and security steps to take in the event of a personal data breach.

Our rigorous and ongoing cybersecurity training program ensures that every Brookfield employee understands how to safeguard private information.



Specifically, employees are required to attend data protection awareness training, which encompasses:

- The type of information Brookfield possesses and how it is used;
- The importance of processing in a lawful, fair and transparent manner;
- How employees may or may not interact with said information;
- How to secure this information, which includes avoiding phishing and scams that may put this information at risk; and
- The importance of secure connections with co-workers.

All Brookfield employees are required to follow applicable data protection and privacy laws, and unauthorized use or disclosure of confidential information by a Brookfield employee is prohibited. A breach of our policies will result in disciplinary measures up to, and including, termination of employment.

Brookfield complies with all local and national regulatory requirements, including the European General Data Protection Regulation (GDPR), the requirements of which are included in our global data protection policy. In 2019, we continued to make significant investments in our cybersecurity program to improve resiliency against cyberattacks. An independent third party assessed these improvements and the overall maturity of the program against all components of the National Institute of Standards & Technology Cybersecurity Framework (NIST Framework). The assessment confirmed a significant improvement over the previous assessment and noted that the Brookfield cybersecurity program's maturity level was above average within its peer group. Improvements in 2019 included the implementation of additional security technologies and processes to enhance threat detection and response capabilities across the organization; proactive risk reduction through data analytics, enhanced vulnerability scanning and penetration testing; and increased employee training and testing to improve cybersecurity awareness.

ADDITIONAL INFORMATION

[Global Data Protection Policy](#)



Building a Better World

[Climate Change Strategy](#) >

[Clean Energy](#) >

[Water and Waste](#) >

[Green Building](#) >

Climate Change Strategy

We understand that climate change poses a serious threat and that addressing the climate crisis is integral to building resilient businesses. We believe the world will transition toward a net zero-carbon economy in the future, and we are proactive in evolving our portfolio of investments over time consistent with this trend.

As demand and needs shift, our investment strategy will continue to adapt in line with broader trends and opportunities to ensure we continue to perform for our investors. Given our diverse portfolio across sectors and geographies, we are:

- Incorporating climate change implications as part of underwriting to manage and minimize stranded asset risk over the long term;
- Continuing to focus on assets that are essential for the economies in which we invest, meet societal needs, and will appreciate in value over time; and
- Driving efficiencies across our businesses, contributing to lower environmental impacts and improved operations.

In 2019, we launched various initiatives to better understand our climate change risks and incorporate these considerations into risk management activities. Such activities included creating an inventory of greenhouse gas emissions; conducting a more in-depth climate change risk assessment; and aligning to the recommendations from the TCFD to better measure and communicate risks. In 2018, we published the first inventory of GHG emissions for our asset management activities with 2017 as the base year. The results can be found in the [KPI Appendix](#).



CASE STUDY

Quantum

Brookfield Infrastructure's Brazilian electricity transmission operation, Quantum, is developing more than 5,400 kilometers of transmission lines that support the distribution of renewable energy (including hydroelectric, wind and solar) across Brazil. Approximately 1,600 km, or 30%, of these transmission lines have been commissioned to date, and approximately 75% of the energy distributed comes from renewable energy sources.



20%

reduction in
year-over-year
Scope 1 and 2
emissions
in 2019

With respect to environmental considerations, we believe that our operating businesses are well positioned as the world transitions toward lower-carbon and more sustainable economies. Brookfield's renewable power business is one of the largest publicly traded pure-play global owners and operators of hydroelectric, wind and solar generation facilities and is committed to supporting the global transition toward a low-carbon economy. In 2019, Brookfield's renewable power business reduced its 2019 Scope 1 and 2 emissions by approximately 20% year over year, and its global gross carbon intensity continues to be one of the lowest among comparable power companies. We will continue to enhance our overall carbon profile as we build out our vast development portfolio of renewables.

Our infrastructure and private equity businesses include a wide variety of portfolio companies that are well-positioned to have a positive environmental impact and benefit from our focus on operational efficiency.



CASE STUDY

Multiplex

Our premier construction company Multiplex is the first construction contractor, and one out of only approximately one hundred businesses globally, to have set a carbon reduction target in line with a 1.5 degree future, aligned with the Science Based Targets Initiative (SBTi). Both the European and Middle East regions now have their targets approved and Canada has made a public commitment to set a specific target soon. As a result, in Europe Multiplex already has reduced its carbon footprint by 70% for its own operations through 100% renewable electricity with the aim to be net zero-carbon by the end of 2020.

Clean Energy

The global economy is in the early stages of a transformation from reliance on fossil fuel-related energy sources to a low-carbon economy. Through our renewable power asset portfolio, we are expediting the decarbonization of global electricity grids.

In 2019, Brookfield Renewable's portfolio of green energy generation helped to avoid approximately 27 million metric tons of carbon dioxide equivalent (mtCO₂e) emissions on a net basis. With our development pipeline, we expect to create enough carbon-free power to displace an additional 17 million mtCO₂e per year. As referenced above, Brookfield Renewable reduced its 2019 Scope 1 and 2 emissions by approximately 20% year over year, and its global gross carbon intensity continues to be one of the lowest among comparable power companies. Brookfield Renewable's total estimated emissions were approximately 229,617 mtCO₂e with a gross intensity of 5.42 kg carbon dioxide equivalent per megawatt hour.



 | **27M** mtCO₂e OF AVOIDED EMISSIONS
IS EQUIVALENT TO:



6M

vehicles from the
road annually



10M

tons of waste recycled
instead of landfilled



5M

homes' electricity
use for one year



460M

trees planted



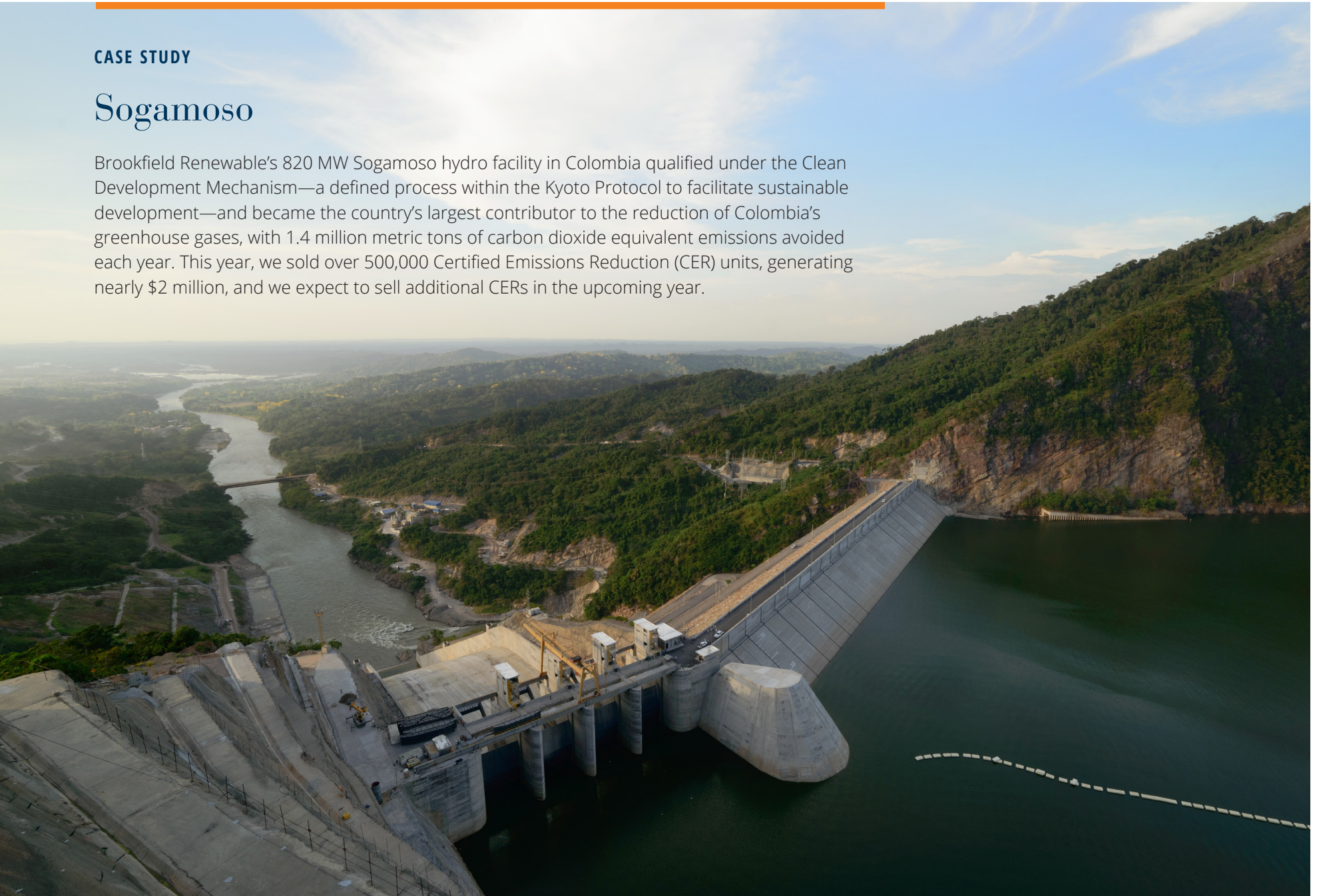
A11

of London, England's
emissions in one year

CASE STUDY

Sogamoso

Brookfield Renewable's 820 MW Sogamoso hydro facility in Colombia qualified under the Clean Development Mechanism—a defined process within the Kyoto Protocol to facilitate sustainable development—and became the country's largest contributor to the reduction of Colombia's greenhouse gases, with 1.4 million metric tons of carbon dioxide equivalent emissions avoided each year. This year, we sold over 500,000 Certified Emissions Reduction (CER) units, generating nearly \$2 million, and we expect to sell additional CERs in the upcoming year.



Water and Waste

We strive to improve our efficient use of resources over time, including in the operations of our portfolio companies, thereby minimizing the environmental impact of our operations.



100%

electronic waste
recycled across
all asset
management offices

In 2019, we measured water and waste impacts across our five largest Brookfield offices for the first time, the results of which can be found in the [KPI Appendix](#). Since 2017, we have recycled 100% of our electronic waste across all our asset management offices.

In addition, we continue to focus on waste reduction across our portfolio companies. Many of our real estate, infrastructure and private equity businesses have launched innovative programs in this area and continue to improve their waste reduction measures. These initiatives span groundbreaking programs, such as the removal of plastic waste from the ocean at our U.K. ports business, the commitment by our London office complex, Canary Wharf, to becoming the world's first plastic-free commercial center, and other ongoing waste reduction and recycling initiatives.

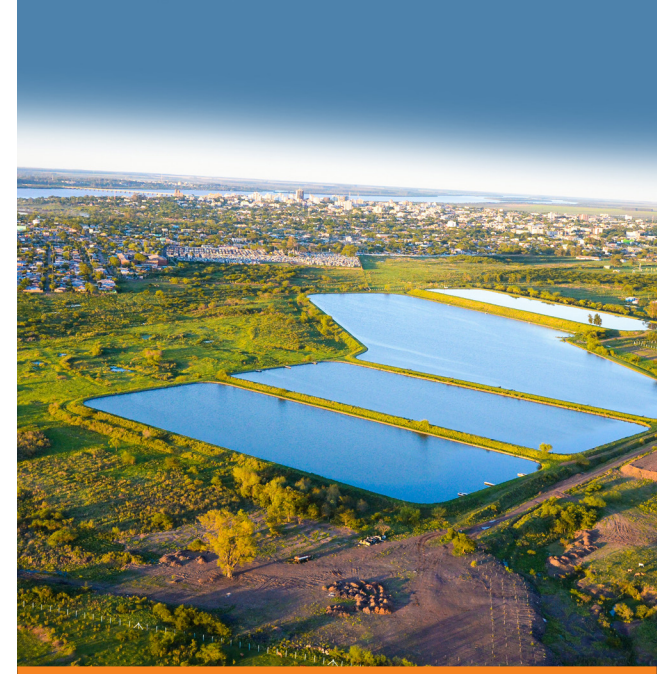


55

U.S. hydro facilities
have received
Low Impact
Hydropower Institute
certifications

As owner-operators of hydroelectric assets, Brookfield Renewable monitors water levels in associated rivers and reservoirs to track and minimize potential environmental impacts. Out of the 5,000 facilities in its portfolio, only six use water to generate energy. In 2019, these consumed a combined three million cubic meters, equal to that of a facility with less than ~100 times the power capacity. To date, 55 hydro facilities across the United States have received Low Impact Hydropower Institute ([LIHI](#)) certifications. LIHI is a voluntary certification program designed to help identify and provide market incentives for hydropower operations that are minimizing their environmental impacts. Brookfield Renewable has received more LIHI certifications than any other operator, making it the U.S. leader in low impact hydropower generation.³

³ This product includes Low Impact Hydropower from facilities certified by the Low Impact Hydropower Institute (an independent non-profit organization) to have environmental impacts in key areas below levels the Institute considers acceptable for hydropower facilities. For more information about the certification, please visit www.lowimpacthydro.org.



CASE STUDY

BRK Ambiental

BRK Ambiental currently supplies more than 100 municipalities and 15 million Brazilians with access to clean water and sanitation services, contributing to the economic and social development of the country and positively changing the health of its residents. Over the next five years, BRK will continue expanding its footprint by investing nearly \$1.5 billion in Brazil's underdeveloped regions. With the increase in access to sanitation, BRK aims to contribute to income growth through better access to education and work opportunities.



CASE STUDY

Enwave Prince Edward Island

Enwave Prince Edward Island (P.E.I.), Brookfield Infrastructure's district energy system, provides low-carbon heating and cooling to its customers by utilizing its state-of-the-art waste-to-energy system. This system converts municipal solid waste and biomass into reliable, low-carbon energy for residential, commercial and institutional customers. As a result, Enwave P.E.I. has reduced municipal landfill volumes by 90%.

CASE STUDY

Schoeller Allibert

Schoeller Allibert has been inventing, developing and manufacturing Returnable Transit Packaging (RTP) for more than 50 years. RTP is 100% recyclable, reducing the environmental stress caused by packaging waste. Recyclability is an important feature of returnable plastic packing systems. Schoeller offers various recycling services, collecting used containers and crates and preparing them to be re-molded or re-used. The company's products are designed to optimize lifespan, with the production process aimed at minimizing carbon emissions. The products recycled at Schoeller's Netherlands, Germany and Spain facilities have been approved by the European Food Safety Authority to be used in food packaging. The company also implemented an ISO 14001 environmental management system as it strives for continual improvement in its efforts to prevent pollution of the air, water and ground.



Green Building

We embed social and environmental considerations into all aspects of our business, including the buildings we own, operate and develop. Our innovative focus on smart sustainability adds value to our business and tenants.



99%

of Brookfield Properties' eligible global core office area has achieved a sustainability designation

We recognize that sustainability is key at every stage of a building's life span, from initial planning through end-of-life operation. Our green building initiatives include energy reduction, water conservation, recycling, enhanced indoor air quality, alternative transportation parking, environmentally friendly cleaning materials and erosion control.

As one of the world's largest owners and operators of real estate, we take steps to protect the natural environment by investing in green technologies, encouraging environmentally sound construction methods and promoting strategies to minimize our carbon footprint. Our office and retail portfolios are heavily weighted toward properties that meet high environmental standards consistent with the expectations of our tenants, which enhances rental revenues and lowers operating costs. These investments minimize our impact on the environment, while balancing the need for economic growth. In this way, we contribute positively to the communities in which we operate.

Incorporating environmental factors into our new developments not only aligns with our operating philosophy but also enhances returns on our investments. Many years ago, we made a commitment that 100% of our new developments are built according to LEED® Gold standards to proactively address greenhouse gas emissions, energy efficiency, water use, indoor air quality and other impacts.





CASE STUDY

Park City at Yerawada, Pune, India

Park City is a Grade-A office campus being designed and developed in the city of Pune, India by Brookfield Properties. This prime development is targeted to achieve Platinum Rating by the Indian Green Building Council (IGBC) and will feature over 100 EV charging stations, rainwater harvesting, rooftop solar panels, drought-tolerant landscaping, composting and more. In addition, Brookfield Properties will manage and maintain an 11-acre bird conservation park. Brookfield Properties' development in India began in 2015 and now features campuses with Quality, Environmental, Occupational Health & Safety (QEHS), Energy Star and Green Building certifications.



52

certifications in North American office portfolio



41

certifications in the U.S.



50

office certifications in the U.S. and Canada



29

certifications in Australian office portfolio



7

certifications



4

certifications

KPI Appendix

BROOKFIELD ASSET MANAGEMENT METRICS ¹	UNIT	TREND 2018-2019	2019	2018	2017
ORGANIZATION					
Employee Headcount	FTE ²	↑	1,343	1,309	1,093
Annual Revenue	\$M	↑	67,826	56,771	40,786
Operational Square Footage	sq. ft.	↑	319,754	309,359	309,018
WATER					
Water Consumption	m ³	↑	24,129	22,526	21,909
WASTE GENERATION³					
Business Waste	metric tons	↑	236	210	200
Waste Diverted from Landfill ⁴	metric tons		47%	50%	58%
GREENHOUSE GAS EMISSIONS⁵					
Scope 1 Direct	mtCO ₂ e	↑	312	300	247
Scope 2 Indirect ⁶	mtCO ₂ e	↓	1,034	1,314	1,258
Scope 3 Category 6: Business Air Travel	mtCO ₂ e	↓	3,840	4,224	3,346

¹ Data collected from Brookfield Asset Management's corporate offices with a greater than 5% headcount of employees were considered in scope (New York, Toronto, London, Rio de Janeiro and Sydney).

² FTE refers to full-time employees in Brookfield Asset Management's in-scope asset management offices. In-scope FTEs represented 72% of the Firm's overall FTEs.

³ Actual values were included where available; in some instances, data estimates were calculated based on the Urban Land Institute Methodology, in line with leading industry guidance.

⁴ Data captures all in-scope offices, except for Rio de Janeiro.

⁵ Greenhouse gas emissions were measured in accordance with the guidelines set out by the GHG Protocol.

⁶ Represents Scope 2 (location-based) indirect emissions. The difference between Scope 2 (location-based) and Scope 2 (market-based) emissions was not meaningful.

NOTICE

The information contained herein covers the time period beginning on January 1, 2019, and ending on December 31, 2019, unless otherwise indicated. The information contained herein is intended solely for informational purposes and is not intended to, and does not constitute, an offer or solicitation to sell or a solicitation of an offer to buy any security, product, or service (nor shall any security, product, or service be offered or sold) in any jurisdiction in which Brookfield is not licensed to conduct business and/or an offer, solicitation, purchase, or sale would be unavailable or unlawful. Certain information contained in this publication may constitute “forward-looking statements” as defined in applicable securities laws. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, and include statements regarding Brookfield’s operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies, and outlook. In some cases, forward-looking statements can be identified by terms such as “expects,” “anticipates,” “plans,” “believes,” “estimates,” “seeks,” “intends,” “targets,” “projects,” “forecasts” or negative versions thereof, or future or conditional verbs such as “may,” “will,” “should,” “would” and “could.” Although Brookfield believes that the anticipated future results, performance, or achievements expressed or implied by the forward-looking statements are based upon reasonable assumptions and expectations in light of information available at the time such statement is or was made, reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties, and other factors, including Brookfield’s ability to identify, measure, monitor and control risks across Brookfield’s entire business operations, including its portfolio companies, which may cause the actual results, performance, or achievements to differ materially. Brookfield undertakes no obligation to update or revise statements or information in this publication, whether as a result of new information, future developments, or otherwise. None of Brookfield, its officers, employees, agents, or affiliates makes any express or implied representation, warranty or undertaking with respect to the accuracy, reasonableness, or completeness of any of the information contained herein, including without limitation, information obtained from portfolio companies or other third parties. Some of the information contained herein has been prepared and compiled by the applicable portfolio company and has not necessarily been independently verified by Brookfield. Brookfield does not accept any responsibility for the content of such information and does not guarantee the accuracy, adequacy or completeness of such information. Impacts of initiatives are estimates that have not been verified by a third party and are not based on any established standards or protocols. They may also reflect the influence of external factors, such as macroeconomic or industry trends, that are unrelated to the initiative presented. The information contained herein is not intended to address the circumstances of any particular individual or entity and is being provided solely for informational purposes. The information set forth herein does not purport to be complete. Nothing contained herein should be deemed to be a prediction or projection of Brookfield’s future performance. Except where otherwise indicated herein, the information provided herein is based on matters as they exist as of the date of preparation and not as of any future date, and will not be updated or otherwise revised to reflect information that subsequently becomes available or circumstances existing or changes occurring after the date hereof.

All data as of December 31, 2019, unless noted otherwise. © 2020 Brookfield Asset Management Inc.

Brookfield

brookfield.com