

## **EU Sustainable Finance Disclosure Regulation**

The EU Sustainable Finance Disclosure Regulation (Regulation (EU) 2019/2088) sets out sustainability disclosure obligations for financial market participants, financial advisers and financial products ("SFDR"). Under Articles 3 and 5 of the SFDR, LFE European Asset Management S.à r.l. ("LFE"), which is an affiliate of Brookfield Asset Management Inc and is authorized by the Commission de Surveillance du Secteur Financier as an alternative investment fund manager, is required to make the following disclosures on its websites.

### **Integration of Sustainability Risks**

Sustainability risk means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment ("**Sustainability Risk**").

Before any investment decisions are made on behalf of funds or portfolios that Brookfield manages and before Brookfield provides any investment advice, Brookfield conducts a detailed review to identify the material risks associated with the proposed investment. These risks form part of the overall analysis and underwriting of the investment. Brookfield assesses the identified risks alongside all other relevant material factors. Following its assessment, Brookfield makes investment decisions and/or makes recommendations, in each case having regard to the relevant investment policy and investment objectives, risk tolerance, and any sustainability preferences, and taking into account Sustainability Risks.

The specific investment decision-making and investment advisory processes as outlined above are part of Brookfield's wider policies and procedures on the integration of Sustainability Risks in its decision-making process.

### **No Consideration of Sustainability Adverse Impacts**

While Brookfield integrates ESG considerations throughout its investment management process, for the purposes of SFDR, Brookfield does not consider the adverse impacts of investment decisions on sustainability factors. Brookfield is mindful that drafts of the detailed underlying rules implementing the SFDR are newly published and merit a thorough evaluation, including to ascertain the availability of the data set expected to be required to report under these rules. The position will be kept under review as the underlying rules are finalised and can be assessed based on Brookfield's wider policies and procedures on the integration of Sustainability Risks in its investment and management practices.

### **Remuneration**

LFE maintains a remuneration policy under which the criteria to determine the remuneration level of identified staff take into account relevant Sustainability Risks. Sustainability Risk is treated in the same way as other risks which could cause a material negative impact on the value of a fund or portfolio. Generally, the firm's arrangements reward long term performance, which promotes among identified staff (as is relevant to their role) a focus on financial sustainability.