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 to 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 Risk

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 risk-based 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 other relevant material factors. Following its assessment, Brookfield makes investment decisions having regard to the relevant investment policy and investment objectives, risk tolerance, and any sustainability preferences, and taking into account Sustainability Risks. More detail on the integration of ESG considerations into the investment management process can be found here.

The specific investment decision-making and investment management process 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 ("Principal Adverse Impacts Regime"). Nevertheless, at Brookfield, sound ESG practices are integral to building resilient businesses and creating long-term value for our investors and other stakeholders. Brookfield integrates ESG considerations throughout its investment management process and its investment program is driven by four Guiding ESG Principles which are:

- to mitigate the impact of our operations on the environment;
- to ensure the well-being and safety of employees;
- to uphold strong governance practices; and
- to be good corporate citizens.

Additionally, Brookfield is a signatory/supporter of a number of ESG related reporting frameworks including the UN Principles for Responsible Investment, Sustainability Accounting Standards Board standards and the Taskforce for Climate Related Financial Disclosures.

Under SFDR, the Principal Adverse Impacts Regime operates in a specific manner and would require LFE, as a multi-strategy manager with investments across many different asset classes, liquidity profiles and durations, to aggregate data across a diverse range of funds and possibly other financial products. There is currently no certainty that LFE could gather, or measure, all such data that it would be obliged to gather under the Principal Adverse Impacts Regime. This is in part because underlying investments are not widely obliged to, and overwhelmingly, do not currently, report by reference to the same data. This data gap is not expected to change in the foreseeable future. Even if LFE were to be able to gather such data, there is no certainty (a) that it could do so systematically, consistently and at a reasonable cost to investors across all of its strategies or (b) that such data would provide meaningful insight given that LFE's funds and investment products have different investor constituencies. This position will, however, be kept under review in the light of emerging market practice and data availability.

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.