

**Brookfield**

# Operating Principles for Impact Management



Brookfield Disclosure Statement 2024



Operating Principles for  
Impact Management

## ■ A Message from Our CIO

Brookfield Asset Management (“Brookfield”, “we”, “us” or “our”) is a leading global alternative asset manager with approximately \$1 trillion of assets under management across renewable power and transition, infrastructure, private equity, real estate and credit. We believe that value creation and our sustainability goals are complementary. This view has been underpinned by Brookfield’s 100-plus-year history as an owner and operator of long-term assets that help form the backbone of the global economy.

We believe that private capital has a critical role to play in accelerating the energy transition. In 2021, we established a transition strategy with the objective of catalyzing capital to finance the energy transition. We have made great progress towards raising our target of \$40 billion in transition capital to be deployed in developed and emerging markets.

Over the last three years, Brookfield established itself as a leader in private fund transition investing with Global Transition Funds (BGTF I and II) dedicated to accelerating the shift to a net-zero economy. BGTF I was the largest transition fund of its kind, raising \$15 billion. BGTF II, launched in 2023, will follow the strategy of its predecessor and invest in developing new clean energy capacity, scaling sustainable solutions and providing capital for transforming portfolio companies in emissions-intensive sectors in alignment with the goals of the Paris Agreement.

BGTF I has now invested and committed the majority of the Fund capital and assembled a diverse portfolio within our core themes of clean energy, sustainable solutions and business transformation. BGTF II has so far raised \$13.9 billion in fund capital commitments, inclusive of \$1 billion of strategic capital and \$3.3 billion of co-investment or co-underwrite capital, and now has invested and committed \$4.1 billion of the Fund capital through 4 investments.

Expanding our Transition strategy, in 2024, we launched the Catalytic Transition Fund (“CTF”), a closed-end investment vehicle focused on accelerating investment into clean energy and decarbonization solutions in emerging markets and developing economies (“EMDEs”). CTF’s investment strategy represents an extension of BGTF I and BGTF II’s approach to expanding clean energy and other decarbonization solutions into underfunded markets that are critical to achieving a net-zero carbon economy and face increasing and urgent climate adaptation and energy needs. CTF held an initial closing of \$2.4 billion in September 2024, marking a significant milestone towards the target of raising up to \$5 billion for deployment towards clean energy and transition assets in the EMDEs.



Natalie Adomait  
CIO, Transition Investing  
October 24, 2024

## ■ Disclosure Statement

- Brookfield Renewable Energy Group LLC (the “Manager”) hereby affirms its status as a Signatory to the Operating Principles for Impact Management (the “Impact Principles”)<sup>1</sup>.
- This Disclosure Statement applies to the following assets or business lines (the “Covered Assets”):
  - Brookfield Global Transition Fund I (“BGTF I”)
  - Brookfield Global Transition Fund II (“BGTF II”)
  - Catalytic Transition Fund (“CTF”)
- The total Covered Assets in alignment with the Impact Principles is US\$25.4 billion as of June 30, 2024.<sup>2</sup>



Kelly Goddard  
CSO, on Behalf of Brookfield Renewable Energy Group LLC  
October 24, 2024

<sup>1</sup> While Brookfield Global Transition Fund (“BGTF”) has been a Signatory to the Impact Principles since 2022, Brookfield Renewable Energy Group LLC became a signatory at the corporate level in June 2024 to incorporate additional funds as part of its covered assets aligned with the Impact Principles. This is the first disclosure statement of Brookfield Renewable Energy Group LLC. Brookfield Renewable Energy Group LLC is an indirectly wholly owned subsidiary of Brookfield Asset Management Ltd.

<sup>2</sup> Stated Covered Assets includes Assets Under Management (“AUM”) for BGTF I and BGTF II as of June 30, 2024. The Covered Assets will increase over time in line with the AUM for BGTF I, BGTF II and CTF.

The information contained in this Disclosure Statement has not been verified or endorsed by the Global Impact Investing Network (“the GIIN”) or the Secretariat or Advisory Board. All statements and/or opinions expressed in these materials are solely the responsibility of the person or entity providing such materials and do not reflect the opinion of the GIIN. The GIIN shall not be responsible for any loss, claim or liability that the person or entity publishing this Disclosure Statement or its investors, Affiliates (as defined below), advisers, employees or agents, or any other third party, may suffer or incur in relation to this Disclosure Statement or the impact investing principles to which it relates. For purposes hereof, “Affiliate” shall mean any individual, entity or other enterprise or organization controlling, controlled by, or under common control with the Signatory.



## PRINCIPLE 1:

# Define strategic impact objective(s), consistent with investment strategy.

The Manager shall define strategic impact objectives for the portfolio or fund to achieve positive and measurable social or environmental effects, which are aligned with the Sustainable Development Goals (SDGs), or other widely accepted goals. The impact intent does not need to be shared by the investee. The Manager shall seek to ensure that the impact objectives and investment strategy are consistent; that there is a credible basis for achieving the impact objectives through the investment strategy; and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment portfolio.

BGTF I, BGTF II and CTF (each a “Fund” and collectively, “the Funds”) have a dual objective to achieve strong risk-adjusted financial returns and generate a measurable positive decarbonization impact by integrating a focused impact measurement and management approach throughout the investment process. To that end, the Funds target investments in high-quality assets, technologies, and companies that present opportunities to accelerate decarbonization and the transition to a net-zero global economy through access to capital and an active management approach. With this focus, the Funds pursue opportunities which Brookfield feels can make a measurable positive impact, including through the development of additional clean energy capacity and other sustainable solutions or supporting a company’s transition.

The Funds’ investment strategy centers on three primary areas:

### CLEAN ENERGY

Expand low-carbon and renewable energy production and related technologies that support the addition of clean energy capacity to the energy mix and decarbonization of the power sector. This may include

wind and solar development, distributed generation, electrical grid and distribution, and battery energy storage solutions (“BESS”).

### SUSTAINABLE SOLUTIONS

Support proven technologies enabling the scaling and deployment of viable low-carbon solutions and services which accelerate decarbonization across sectors for a broad range of customers. This may include carbon capture and storage, green hydrogen, biofuels, electrical vehicle charging, and recycling, as well as other asset classes.

### BUSINESS TRANSFORMATION

Provide capital and solutions to businesses across multiple sectors, enabling them to decarbonize their business and transition to a more sustainable business model. This may include investments in or partnerships with companies in sectors such as utility companies requiring a shift from fossil fuel to renewable generation, and industrial companies requiring deployment of lower-emission technologies.

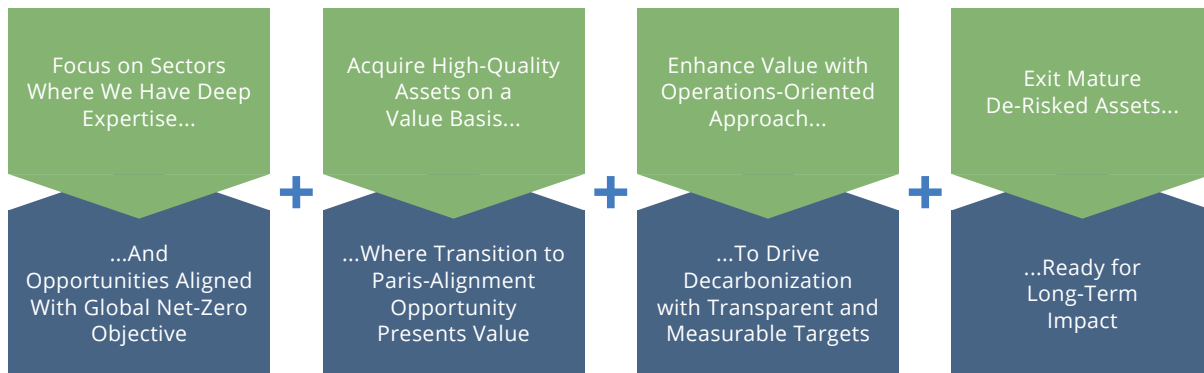
In pursuing investments that align with the Funds’ overall strategy — accelerating decarbonization and

driving the transition to a net-zero global economy — Brookfield expects that investments made by the Funds will also align with a number of the UN Sustainable Development Goals (the “SDGs”). The Funds’ investments are expected to contribute to but are not limited to: Affordable and Clean Energy (SDG #7), Industry, Innovation and Infrastructure (SDG #9), Sustainable Cities and Communities (SDG #11), Responsible Consumption and Production (SDG #12), and Climate Action (SDG #13).

For each investment within the Funds, Brookfield develops a business plan, sets quantitative impact targets, and reports regularly on progress on material greenhouse gas (GHG) emissions and other investment specific metrics aligned with the Funds’ impact goals.



### Investment Strategy:



### PRINCIPLE 2:

## Manage strategic impact on a portfolio basis


The Manager shall have a process to manage impact achievement on a portfolio basis. The objective of the process is to establish and monitor impact performance for the whole portfolio, while recognizing that impact may vary across individual investments in the portfolio. As part of the process, the Manager shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance.

In support of the Funds’ dual objective, Brookfield has taken an integrated approach to embedding impact across the investment lifecycle with a consistent and disciplined strategy for measuring and managing Brookfield’s positive contribution. Brookfield’s Impact Measurement and Management (“IMM”) Framework

includes processes to *Screen, Plan & Execute* and *Measure & Report* which are directly integrated into Brookfield’s disciplined investment process as shown below. These processes and associated reporting are informed by recognized impact and climate reporting standards and frameworks.



### The 4A Criteria:

 <p><b>Alignment</b></p> <p>Directly <b>aligned to Fund's impact goal</b> to advance the global net-zero transition</p>	 <p><b>Additionality</b></p> <p>Opportunity to enhance impact by <b>active management</b> and value creation strategies</p>	 <p><b>Accountability</b></p> <p>Intentional impact objectives with <b>measurable outcomes</b></p>	 <p><b>Avoidance</b></p> <p><b>Not contributing to activities contrary</b> to net-zero transition objectives</p>
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#### SCREEN

Brookfield embeds impact considerations across each investment's lifecycle and has developed the 4A Impact Criteria ("4A Criteria"), to anchor the investment screening of positive impact including through the development of additional clean energy capacity and other sustainable solutions or supporting a company's transition. Through implementation of the 4A Criteria, Brookfield applies a consistent and disciplined approach to all investments and provides a framework to assess and demonstrate an investment's impact.

For the Funds to invest, Brookfield must be able to identify plans to **Align** the investment with the goals of the Paris Agreement (for CTF, consistent with the common-but-differentiated responsibilities for EMDEs). Brookfield's contribution to the investment (either through capital or operational expertise) must also provide **Additionality** to what would otherwise occur; processes are put in place to demonstrate **Accountability** in the impact and emissions reporting, enabling the tracking of progress against the plan; and the investment must be able to **Avoid** or mitigate any material sustainability risks. During screening of potential investments, Brookfield's investment team develops a detailed assessment against the 4A Criteria. This assessment is provided to the Investment Committee, who reviews and approves all investments.

#### PLAN & EXECUTE

For each investment, quantitative and transparent impact targets are identified during due diligence using a credible methodology for the business or asset including where available and applicable, the relevant sector, and for CTF, the relevant regional decarbonization pathways. Brookfield also determines near-term actions and creates a high-level business plan, incorporating the identified targets and an informed view of longer-term activities and resources to achieve them. These are included in the underwriting as relevant and are reviewed by the Investment Committee.

Post-acquisition, Brookfield's investment and sustainability teams partner with the management team to execute on the identified near-term actions and develop detailed business plans to deliver the impact targets. The business plans are integrated into the strategy and governance processes with progress regularly reviewed over the hold period of the investment by the senior management team.

#### MEASURE & REPORT

Each investment regularly reports on progress against the plan, impact targets and other investment-specific metrics. All investments report on Scope 1, 2 and material Scope 3 GHG emissions which are calculated and reported using recognized standards including

the Greenhouse Gas Protocol and the Partnership for Carbon Accounting Financials (“PCAF”). Impact targets and investment-specific metrics are communicated to the Fund’s investors at the investment level in the quarterly and annual reports. GHG emissions are reported to the Fund’s investors at the investment and portfolio level on an annual basis with limited assurance conducted on the GHG emissions by Brookfield’s third-party financial auditor.

Executive compensation is linked to the long-term performance of our business and execution of our strategy. Therefore, our approach to compensation is linked to supporting decarbonization. Additional

objectives include the performance of our funds from operations, capital improvement programs, operational expenditures, HSS&E programs, the growth of our portfolio, financing activities, and sound management and governance practices. Similarly, compensation at the portfolio company level is tied to the overall performance of the organization, including the achievement of impact targets which are an important component of the business strategy and the sustainability performance of the business.

### PRINCIPLE 3:

## Establish the manager’s contribution to the achievement of impact

The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels. The narrative should be stated in clear terms and supported, as much as possible, by evidence.

Brookfield’s contribution to the achievement of impact for each investment is reviewed as part of the “Additionality” criteria within the 4A Criteria. Additionality focuses on the opportunity for Brookfield to meaningfully contribute to advancing the impact outcomes for each investment through Brookfield’s established active asset management approach and expertise, and/or by providing capital at scale.

For example, Additionality is considered in investments that involve a significant build out of renewable energy or other sustainable solutions, or that serve as a catalyst to or acceleration of a business’ alignment with the goals of the Paris Agreement (for CTF, consistent with the common but differentiated responsibilities for EMDEs). The focus on Additionality also means that Brookfield will not make investments in the Funds where Brookfield’s capital does not meaningfully advance the impact outcomes over and above the status quo.

The investment documentation includes an assessment to establish a credible, evidence-based impact thesis, using the 4A Criteria and based on the Impact Management Project’s (“IMP”) five dimensions of impact. The assessment is documented within the Investment Committee memos for each investment, and the impact targets are incorporated into the investment’s business plan. On a quarterly basis, progress against the impact targets is assessed through a robust data collection and reporting process that serves as evidence of Brookfield’s Additionality and achievement of impact. Progress is regularly reviewed internally and included in the quarterly reporting to investors, which includes detailed investment-by-investment summaries of impact progress and contributions to the achievement of impact on each investment.

## Brookfield Competitive Advantages:



### PRINCIPLE 4:

## Assess the expected impact of each investment, based on a systematic approach

For each investment the Manager shall assess, in advance and, where possible, quantify the concrete, positive impact potential deriving from the investment. The assessment should use a suitable results measurement framework that aims to answer these fundamental questions:

1. WHAT IS THE INTENDED IMPACT?
2. WHO EXPERIENCES THE INTENDED IMPACT?
3. HOW SIGNIFICANT IS THE INTENDED IMPACT?

The Manager shall also seek to assess the likelihood of achieving the investment's expected impact. In assessing the likelihood, the Manager shall identify the significant risk factors that could result in the impact varying from ex-ante expectations.

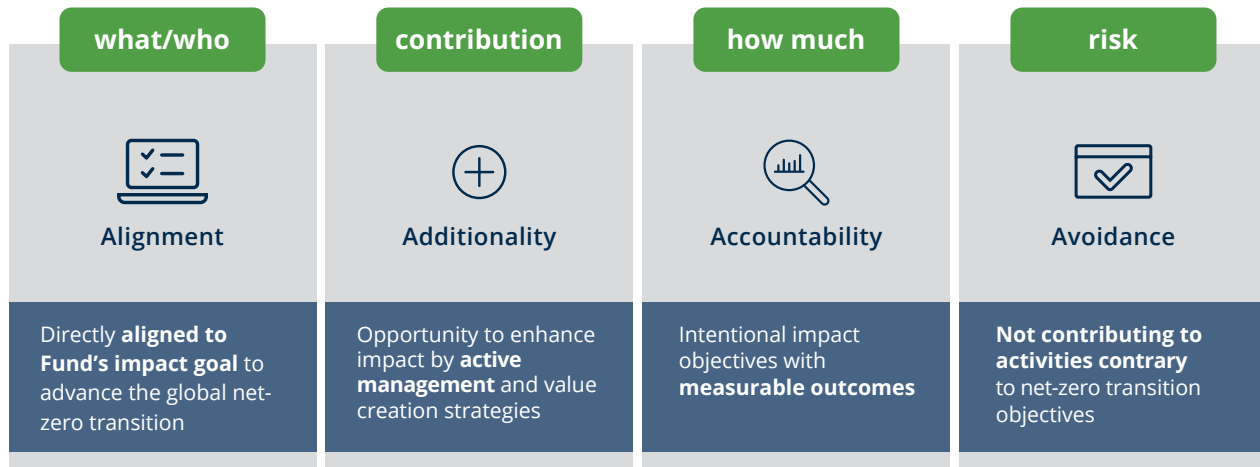
In assessing the impact potential, the Manager shall seek evidence to assess the relative size of the challenge addressed within the targeted geographical context. The Manager shall also consider opportunities to increase the impact of the investment. Where possible and relevant for the Manager's strategic intent, the Manager may also consider indirect and systemic impacts. Indicators shall, to the extent possible, be aligned with industry standards and follow best practice.

Brookfield takes a consistent approach to assessing the expected impact of each investment through the impact due diligence process. This approach is anchored in the 4A Criteria, which were developed using the IMP's five dimensions of impact (i.e., what, who, how much,

contribution, and risk). IMP's dimensions—and, in turn, the IMM's 4A Criteria—are designed to enable a strong understanding of an investment's potential impact performance. The criteria, as well as the IMP dimensions of impact they capture, are as follows:



## The 4A Criteria with IMP dimensions:



### ALIGNMENT

Within Alignment, Brookfield looks to characterize *What* problem is being addressed with an investment. Specific to the Funds, Brookfield focuses on accelerating the transition to a net-zero global economy, with investments supporting the Funds' objectives of generating a measurable positive decarbonization impact. Brookfield also identifies *Who* the stakeholders are that are benefiting from the positive impact. This could include supporting governments, businesses, and communities in advancing their progress towards net zero.

### ADDITIONALITY

Within Additionality, Brookfield identifies what *Contribution* Brookfield is making to support this positive impact. This varies by investment, but for all investments, Brookfield looks to bring unique competitive strengths to support the underwriting. Brookfield leverages strengths of global reach, large-scale capital, and operating expertise to help advance positive impact goals.

### ACCOUNTABILITY

Under Accountability, Brookfield also quantifies *How Much* of a positive impact is being targeted and how it is expected to be measured. Brookfield identifies impact targets as well as appropriate metrics that help track progress towards these key impact goals. These targets are integrated into business plans, governance,

and reporting processes — similar to how operating and financial metrics are tracked — and are the responsibility of the entire organization from the top down through to the individual asset level.

Metrics are selected for each investment based on relevance to the impact objectives and include three broadly recognized categories of measurement: 1) GHG emissions, 2) carbon reduction and net-zero targets, and 3) climate solutions metrics. Targets are set for each impact metric using relevant sector guidance where available and in the context of the investment's broader business plan. Actual impact performance is measured at regular intervals and evaluated against the identified targets.

### AVOIDANCE

Lastly, with Avoidance, while the overall strategy of the Funds is focused on positioning investments to accelerate the energy transition, Brookfield also screens and aims to avoid and mitigate any wider material sustainability *Risks* and their impacts.

Brookfield conducts in-depth assessments to determine the likelihood of impact as well as material ESG factors on financial underwriting models, including downside cases, and provide the assessment to the Investment Committee. The extent of an assessment may vary by investment, and external experts may be engaged to assist with enhanced impact and sustainability diligence.



## PRINCIPLE 5:

# Assess, address, monitor, and manage potential negative impacts of each investment

For each investment the Manager shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage Environmental, Social and Governance (ESG) risks. Where appropriate, the Manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes, and standards, using an approach aligned with good international industry practice. As part of portfolio management, the Manager shall monitor investees' ESG risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.

Brookfield is committed to strong sustainability management. Brookfield Corporation, the parent company of Brookfield Asset Management, is a signatory to the UN-supported Principles for Responsible Investment ("PRI"), which underscores a longstanding commitment to responsible investment and robust sustainability practices. Brookfield Corporation's PRI commitments include incorporating sustainability factors into investment decisions, starting with the due diligence of potential investments through to the exit process.

Brookfield tailors sustainability due diligence to each investment, leveraging Brookfield's investing and operating expertise and utilizing guidance and standards from the Sustainability Accounting Standards Board ("SASB"). Brookfield proactively identifies material sustainability risks and opportunities most relevant to each investment and performs deeper due diligence in these areas with support from internal and third-party experts as needed. Brookfield also conducts a climate-related risk assessment, and a human rights and modern slavery risk assessment during due diligence.

The outputs of the sustainability due diligence are included in a detailed assessment to the Investment Committee, outlining any material sustainability risks and mitigations as well as opportunities associated with each transaction.

Post close, the investment and asset management teams create a customized integration plan that includes the outputs from sustainability due diligence. Brookfield takes an active ownership approach to managing investments, regularly reviewing risks, opportunities and performance on key sustainability issues. This includes health and safety, environmental and social management (including GHG emissions reporting), and compliance with regulatory requirements.

For further information on Brookfield's approach to ESG management, including governance, policies, ESG reporting and disclosures, please refer to the Brookfield [Responsibility page](#) of our website.

## PRINCIPLE 6:

# Monitor the progress of each investment in achieving impact expectations and respond appropriately

The Manager shall use the results framework (referenced in Impact Principle 4) to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each investment. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. When monitoring indicates that the investment is no longer expected to achieve its intended impacts, the Manager shall seek to pursue appropriate action. The Manager shall also seek to use the results framework to capture investment outcomes.

Brookfield's approach to impact performance is integrated into the broader governance and investment monitoring processes for the Funds. Analysis from impact and sustainability-related due diligence is included in materials evaluated by the Funds' Investment Committee. After making an investment, Brookfield includes impact measurement, management, and reporting in the asset management process, including through asset, business, and board reviews.

The portfolio companies are responsible for delivery of the impact targets, implementing integration and business plans, GHG emissions accounting and reporting and monitoring of overall sustainability opportunities, performance, risks, and associated mitigation plans.

Impact management initiatives are implemented to drive towards meeting impact results expected for each investment. Progress is discussed quarterly in the business performance reviews as well as at the Sustainability Steering Committee, which comprises global senior leadership and the CEOs of the regional platforms. In the case of underperformance, initiatives will be identified and implemented with an aim to improve results.

The quarterly reporting to investors in the Funds, shares progress for identified impact metrics, and the annual reporting to investors also includes investment and portfolio level GHG emissions.

## PRINCIPLE 7:

# Conduct exits considering the effect on sustained impact

When conducting an exit, the Manager shall, in good faith and consistent with its fiduciary concerns, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact.

The Funds have a dual objective to generate a measurable positive decarbonization impact by integrating a focused impact measurement and management approach throughout the investment

process, and to achieve attractive risk-adjusted financial returns for their Limited Partners, and as such Brookfield intends to make investments for which impact is intrinsically linked to financial success.

Consistent with these objectives, the Funds' strategies are focused on opportunities where Brookfield's investment can help accelerate decarbonization and the transition to a net-zero global economy, by setting quantitative impact targets, and creating and executing credible plans to achieve these targets.

For each investment, decarbonization and value are both delivered by executing the business plan, and impact is inherently embedded within the value of an investment, such as the development pipeline in clean energy investments.

While the Funds are still early in the investment lifecycle and have not realized any exits to date, Brookfield is

considering the effect of the timing, structure, and process of exits with regard to impact. Brookfield has developed Fund guidelines for measuring impact at exit, which includes a process for documenting impact progress and considerations within Investment Committee memos at the time of exit and aims to inform prospective buyers of potential value creation deriving from impact and sustainability considerations.

As noted above, in addition to internal considerations related to impact and sustainability at exit, impact and sustainability can present a key value driver during the sales process and Brookfield intends to focus on where impact and sustainability has enhanced or can further enhance the value proposition for a prospective buyer.

#### PRINCIPLE 8:

## Review, document, and improve decisions and processes based on the achievement of impact and lessons learned

The Manager shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes.

Brookfield's culture is focused on fostering collaboration, which enables us to benefit from a diverse set of skills and experiences. This is demonstrated in a number of ways, including in the sharing of expertise, best practice and opportunities for improvement through both formal and informal channels and settings. Specifically, the Funds' teams work with both regular informal touch points and formal governance to review and reflect on progress and "lessons learned" across the portfolio. This includes the quarterly performance reporting as well as the quarterly business performance reviews and Sustainability Steering Committee. This collaboration enables Brookfield's investment teams to share real-time feedback and best practices on the application of the IMM on an investment-by-investment basis, allowing for a continued enhancement of our processes.

The Impact Working Group oversees impact considerations for each transaction and works with the Investment team on the implementation of the IMM framework across the lifecycle of each investment. The Impact Working Group is chaired by the Chair of Brookfield Asset Management and Head of Transition Investing and includes senior management members including the Brookfield Renewable Power and Transition Chief Investment Officers and Chief Sustainability Officer, Finance and Operations, and Legal. In addition to approving the impact targets for each investment prior to the Investment Committee, the Impact Working Group reviews the Funds' impact and ESG performance to reflect on lessons learned and is actively involved in monitoring and reviewing the Funds' impact and sustainability strategy to ensure the IMM is aligned with industry best practices.

Brookfield regularly assesses and benchmarks the Funds against industry best practices, where identified “lessons learned” are considered in the implementation of the Funds’ investment strategy, processes, and decisions.

Brookfield strives to continue to update our approach to align to best practices as relevant standards and the regulatory environments evolve.

**PRINCIPLE 9:**

## Publicly disclose alignment with the Impact Principles and provide regular independent verification of the alignment

The Manager shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Impact Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns.

This Disclosure Statement affirms the alignment of the impact management systems for the Covered Assets with the Impact Principles and will be updated and published annually, in compliance with the Impact Principles. Brookfield engaged BlueMark, a Tideline

company, to independently verify the alignment of our impact management practices with the Impact Principles. Brookfield expects to complete and publish a third-party verification of our activity and accomplishments every three years at a minimum.

# Brookfield

The information contained herein is as of October 24, 2024, 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 “shall”, “may,” “will,” “should,” “would”, “might” 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. The expected 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 to reflect information that subsequently becomes available, changed circumstances or events occurring after the date hereof. All data as of October 24, 2024, unless otherwise noted.

# Verifier Statement

## *Independent Verification Report*

Prepared for Brookfield : September 4, 2024

### Introduction

As a signatory of the Operating Principles for Impact Management (the Impact Principles)<sup>1</sup>, Brookfield engaged BlueMark to undertake an independent verification of the alignment of the impact management (IM) systems of Brookfield Global Transition Funds (BGTF) I & II and Catalytic Transition Fund (CTF) with the Impact Principles. Brookfield's assets under management covered by the Impact Principles (Covered Assets) totals \$25.4 billion<sup>2</sup>, for the period ending 06/2024.

### Summary assessment conclusions

BlueMark has independently verified Brookfield's extent of alignment with the Impact Principles. Key takeaways from BlueMark's assessment are as follows:

*Principle 1:* Brookfield has clearly articulated that BGTF and CTF's impact objective is to advance the transition to a net-zero economy. The firm has developed theories of change for both funds and cited research from a variety of industry-recognized sources to support its conclusions.

*Principle 2:* Brookfield manages portfolio-level impact achievement using common impact KPIs whereby it can compare the performance of individual investments and aggregate to the portfolio level. The firm integrates impact and sustainability considerations into performance reviews and compensation decisions for relevant employees.

*Principle 3:* Brookfield's investor contribution strategy emphasizes the firm's track record and expertise in driving decarbonization efforts. Brookfield analyzes the possibilities for investor contributions ex-ante using the "Additionality" pillar of its 4A Criteria and collaborates with investees ex-post to implement ESG and operational improvements.

*Principle 4:* Brookfield's impact due diligence process is anchored in the 4A Impact Criteria, a system that leverages the IMP's Five Dimensions of Impact. The firm establishes impact targets for each investee aligned to the goals of the Paris Climate Agreement and other industry frameworks (e.g., SBTi, IRIS+).

*Principle 5:* Brookfield assesses possible ESG risks using the "Avoidance" pillar of the 4A Criteria, which leverages the SASB materiality guide, TCFD guidance, and other industry-accepted frameworks. The firm takes an active approach to mitigating ESG risks upon investment using detailed ESG integration plans and regular monitoring processes.

*Principle 6:* Brookfield monitors investees' impact achievement by regularly reviewing their impact performance against the targets established ex-ante. The firm engages with investees to address instances of impact underperformance and adjusts impact targets where capital deployment varies from expectations.

*Principle 7:* Brookfield has documented its approach to sustaining impact beyond exit in its Guidelines for Measuring Impact at Exit. The guidelines require a reassessment of the 4A Impact Criteria for any prospective exit in an exit template. Brookfield can anticipate increased alignment upon applying its exit tools to future transactions.

*Principle 8:* Brookfield observes multiple processes for reviewing impact and broader strategic performance. These processes are led by the Impact Working Group, Sustainability Steering Committee, strategic advisory groups, and others. The firm uses standard documentation to capture and implement learnings from review sessions.

<sup>1</sup> Principle 9 states that signatories "shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Impact Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns."

<sup>2</sup> Assets under management figure as reflected in email communications with client as of 06/2024. BlueMark's assessment did not include verification of the AUM figure.

# Verifier Statement

## *Independent Verification Report*

Prepared for Brookfield : September 4, 2024

### Detailed assessment conclusions

The chart below summarizes findings from BlueMark’s verification of Brookfield’s extent of alignment to the Impact Principles, using the following four ratings:<sup>3</sup>

- Advanced (Limited need for enhancement);
- High (A few opportunities for enhancement);
- Moderate (Several opportunities for enhancement); and
- Low (Substantial enhancement required).<sup>4</sup>

Principle	Alignment
1. Define strategic impact objective(s), consistent with the investment strategy	A D V A N C E D
2. Manage strategic impact on a portfolio basis	A D V A N C E D
3. Establish the Manager's contribution to the achievement of impact	A D V A N C E D
4. Assess the expected impact of each investment, based on a systematic approach	A D V A N C E D
5. Assess, address, monitor, and manage potential negative impacts of each investment	A D V A N C E D
6. Monitor the progress of each investment in achieving impact against expectations and respond appropriately	A D V A N C E D
7. Conduct exits considering the effect on sustained impact	H I G H
8. Review, document, and improve decisions and processes based on the achievement of impact and lessons learned	A D V A N C E D

<sup>3</sup> The scope of BlueMark’s assessment procedures does not include the verification of the resulting impacts achieved. BlueMark’s assessment is based on its analyses of publicly available information and information in reports and other material provided by Brookfield. BlueMark has relied on the accuracy and completeness of any such information provided by Brookfield. The assessment results represent BlueMark’s professional judgment based on the procedures performed and information obtained from Brookfield.

<sup>4</sup> The decision to publicly disclose the results of BlueMark’s detailed assessment, and the specific ratings assigned to each Principle, is left to the sole discretion of Brookfield.



# Verifier Statement

## *Independent Verification Report*

Prepared for Brookfield : September 4, 2024

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### Assessment methodology and scope

Brookfield provided BlueMark with the relevant supporting documentation for the policies, processes, and tools related to the IM system applicable to the Covered Assets. The scope of BlueMark’s work was limited to processes in place related to the Covered Assets as of September 2024. BlueMark’s assessment of the IM system included an evaluation of both the system itself and supporting documentation, as well as the consistency of the draft disclosure statement with the IM system. BlueMark believes that the evidence obtained in the scope of its assessment is sufficient and appropriate to provide a basis for our conclusions.<sup>5</sup>

BlueMark’s full assessment methodology, based on its professional judgment, consisted of:

1. Assessment of the IM system in relation to the Impact Principles, using BlueMark’s proprietary rubric, and examining processes and policies against the following criteria:
  - *Compliance* of the IM system with a threshold level of practice;
  - *Quality* of the IM system’s design in terms of its consistency and robustness; and
  - *Depth* of sub-components of the system, focused on completeness
2. Interviews with Brookfield staff responsible for defining and implementing the IM system;
3. Testing of selected Brookfield transactions to check the application of the IM system; and
4. Delivery of detailed assessment findings to Brookfield, outlining areas of strong alignment and recommended improvement, as well as BlueMark’s proprietary benchmark ratings on the extent of alignment to each of the Impact Principles.

### Permissions

This statement, including our conclusions, has been prepared solely for Brookfield in accordance with the agreement between our firms, to assist Brookfield in fulfilling Principle 9 of the Operating Principles for Impact Management. We permit Brookfield to disclose this statement in its entirety online, or to furnish this statement to other interested parties to demonstrate Brookfield’s alignment with the Operating Principles for Impact Management. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Brookfield for our work or this statement except where terms are expressly agreed between us in writing.

### About BlueMark

BlueMark, a Delaware-registered public benefit company, is a leading provider of impact verification services in the impact investing market. BlueMark was founded with a mission to “strengthen trust in impact investing” and to help bring more accountability to the impact investment process. BlueMark has conducted this verification with an independent and unconflicted team experienced in relevant impact measurement and management issues. BlueMark has implemented a Standard of Conduct requiring our employees to adhere to the highest standards of professional integrity, ethics, and objectivity in their conduct of business activities.

BlueMark has office locations in London, UK; New York, NY; and Portland, OR; and is headquartered at 154 W 14th St, 2nd Floor, New York, NY 10011. Its outside investors include S&P Global, Temasek Trust Capital, Blue Haven Initiative, Gunung Capital, Tsao Family Office, Ford Foundation and Radicle Impact. For more information, please visit [www.bluemark.co](http://www.bluemark.co).

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<sup>5</sup> The scope of BlueMark’s assessment procedures does not include the verification of the resulting impacts achieved. BlueMark’s assessment is based on its analyses of publicly available information and information in reports and other material provided by Brookfield. BlueMark has relied on the accuracy and completeness of any such information provided by Brookfield. The assessment results represent BlueMark’s professional judgment based on the procedures performed and information obtained from Brookfield.