



Second-Party Opinion

Brookfield Asset Management Green Bond and Preferred Securities Framework

Evaluation Summary

Sustainalytics is of the opinion that the Brookfield Asset Management Green Bond and Preferred Securities Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Green Buildings, Renewable Energy Generation, Energy Efficiency and Industrial Innovation, Sustainable Water and Waste Management – are aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 6, 7, 9, 11 and 12.



PROJECT EVALUATION / SELECTION Brookfield Asset Management Inc.'s internal process in evaluating and selecting projects is the responsibility of the Capital Markets and Treasury (CMT) team. The CMT team is responsible for reviewing and approving the Eligible investments and for carrying out any changes to the Framework. Sustainalytics considers the project selection process in line with market practice.



MANAGEMENT OF PROCEEDS Brookfield Asset Management Inc. intends to establish a Green Bond and Preferred Securities Register to manage and record proceeds. Proceeds will be deposited into Brookfield's general account and earmarked for allocation to Eligible investments. Brookfield intends to allocate proceeds within 36 months of issuance and defines a look-back period of 36 months prior to the initial issuance. This is in line with market practice.



REPORTING Brookfield Asset Management Inc. intends to report on allocation of proceeds on its website on an annual basis until full allocation. In addition, Brookfield Asset Management Inc. is committed to reporting on relevant quantitative and qualitative impact metrics, such as CO₂ emissions avoided, water savings and energy savings. Sustainalytics views Brookfield Asset Management Inc.'s allocation and impact reporting as aligned with market practice.

Evaluation Date October 13, 2021

Issuer Location Toronto, Canada

Report Sections

Introduction.....	2
Sustainalytics' Opinion	3
Appendices	9

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Introduction

Brookfield Asset Management Inc. (“Brookfield”, or the “Company”) is a global asset manager, with approximately USD 600 billion worth of assets under management, in real estate, infrastructure, renewable power, private equity and credit. The Company serves a range of institutional investors, sovereign wealth funds and individuals, operating in over 30 countries, having approximately 150,000 employees. The company’s renewable power, infrastructure, and private equity subsidiaries are publicly listed.

Brookfield has developed the Brookfield Asset Management Green Bond and Preferred Securities Framework (the “Framework”) under which it intends to issue green bond and preferred securities and use the proceeds to finance and/or refinance, in whole or in part, existing and future projects related to energy efficient buildings, environmentally sustainable energy, improving energy efficiency and sustainable management of water and waste. The Framework defines eligibility criteria in four areas:

1. Green Buildings
2. Renewable Energy Generation
3. Energy Efficiency and Industrial Innovation
4. Sustainable Water and Waste Management

Brookfield engaged Sustainalytics to review the Brookfield Asset Management Green Bond and Preferred Securities Framework, dated October 2021, and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP).¹ This Framework has been published in a separate document.²

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent³ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2021, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.9 which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Brookfield’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Brookfield representatives have confirmed (1) they understand it is the sole responsibility of Brookfield to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

¹ The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

² The Brookfield Asset Management Green Bond and Preferred Securities Framework is available on Brookfield Asset Management Inc.’s website at: <https://www.brookfield.com/responsibility/sustainability-reporting> and <https://bam.brookfield.com/>

³ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Brookfield.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Brookfield has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Brookfield Asset Management Green Bond and Preferred Securities Framework

Sustainalytics is of the opinion that the Brookfield Asset Management Green Bond and Preferred Securities Framework is credible and impactful and aligns to the four core components of the GBP. Sustainalytics highlights the following elements of Brookfield's Green Bond Framework:

- Use of Proceeds:
 - The eligible categories – Green Buildings, Renewable Energy Generation, Energy Efficiency and Industrial Innovation, and Sustainable Water and Waste Management – are aligned with those recognized by the GBP.
 - Brookfield intends to fully allocate proceeds within 36 months of the date of issuance and describes a look-back period of up to 36 months prior to the date of issuance. This is aligned with market practice.
 - Under the "Green Buildings" category, Brookfield may finance or refinance the design and construction of new building developments, redevelopment and improvements to tenants' buildings.
 - The Framework defines eligible investments as those that have or are expected to receive recognized green building certifications, namely LEED (minimum Gold), BREEAM (Excellent), Energy Star and BOMA 360. Sustainalytics considers the selected schemes to be credible and the minimum certification levels to be aligned with market practice. See Appendix 1 for Sustainalytics' assessment of these certifications.
 - Within the "Renewable Energy Generation" category, Brookfield intends to finance renewable energy projects related to solar, wind, hydroelectricity, biomass, hydrogen, and renewable natural gas, as well as in transmission and distribution infrastructure aimed to connect renewable energy projects. Sustainalytics views positively investments in renewable energy, noting the following:
 - Projects related to solar and wind energy are aligned with market practice.
 - For construction of new projects larger than 25MW, Brookfield intends to allocate eligible proceeds to hydroelectric projects and generating less than 100 gCO₂e/kWh or have a reservoir power density of <5W/m². Sustainalytics considers these thresholds to be aligned with market practice, noting additionally Brookfield's practices for environmental and social risk management (see Section 2).
 - The Company has confirmed that eligible biomass facilities will be powered by feedstocks from agricultural and forestry residue, which are therefore viewed as aligned with market practice.

- Brookfield has confirmed with Sustainalytics that investments into the production of hydrogen energy will be in electrolysis powered by renewables. This is aligned with market practice.
 - In addition to project finance, Brookfield may promote the use of renewables through power purchase agreements. Brookfield has confirmed with Sustainalytics that its power purchase agreements are long term and project-tied, which Sustainalytics views as aligned with market practice.
 - Transmission and distribution infrastructure will be either directly linked to renewable energy or otherwise support an increase in the ratio of renewable energy in the grid; Sustainalytics views these investments as having a positive impact and to be aligned with market expectation.
- Under the “Energy Efficiency and Industrial Innovation” category, Brookfield contemplates financing of a range of energy-efficiency
 - Sustainalytics considers as aligned with market practice, investments in clean transportation, including electric vehicles and charging infrastructure, as well as rail projects with emissions below the specified thresholds and that do not transport fossil fuels.
 - Rooftop solar and battery energy storage systems are recognized to improved energy efficiency and are aligned with market practice.
 - Investments in green steel will be limited to those that rely fully on scrap input and that use electric arc furnace processes. Sustainalytics considers that these technologies are likely to ensure that the steel production has a carbon intensity that is aligned with recognized decarbonization trajectories.
 - Brookfield intends to allocate proceeds to projects that develop, acquire or expand direct air carbon or methane capture. Sustainalytics considers investments in direct air carbon capture as aligned with market expectation, noting the potential impact these technologies have in reducing atmospheric GHGs, and that these technologies are not associated with the source of carbon emissions
- Within the “Sustainable Water and Waste Management” category, Brookfield intends to invest in projects and assets that improve water quality or water efficiency through the production, distribution, treatment of water, collection and treatment of sewage and wastewater, and in investments related to domestic and commercial waste recycling facilities.
 - Sustainalytics generally considers investments in water and wastewater improvement to be aligned with market practice, noting that Brookfield has confirmed that no allocations will be made towards the operation or construction of desalination plants.
 - Waste management facilities will focus on domestic and commercial recycling, and are therefore aligned with market practice.
- Project Evaluation and Selection:
 - Brookfield’s internal process for project evaluation and selection will be overseen by its Capital Markets and Treasury (CMT) team. The CMT is responsible for the review and approval of the following: (i) pool of eligible investments, (ii) the Green Bond and Preferred Securities Framework and any changes, (iii) Green Bond Annual Report for investors, (iv) third-party opinions, and (v) monitoring the green bond market.
 - The CMT is comprised of Brookfield’s Chief Financial Officer and other senior managing executives.
 - Brookfield has in place a process to evaluate eligible investments against ESG risks, as well as its Code of Business Conduct and Ethics, and its related policies to health, safety and the environment, which are applicable to all allocation decisions made under the Framework. Sustainalytics considers this risk assessment and mitigation process to be aligned with market best practice. For additional detail, see Section 2.
 - Based on the establishment of process for project evaluation and selection with senior executive involvement, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - The proceeds from issuances under the framework will be deposited into the general account of Brookfield and earmarked for allocation to Eligible Projects.
 - Brookfield will establish a Green Bond and Preferred Securities Register to record the allocation of net proceeds.
 - Brookfield intends to allocate proceeds within 36 months of issuance, and defines a look-back period of 36 months prior to the initial issuance.

- Brookfield will place unallocated proceeds to the Corporation's liquidity reserve, which will temporarily be used for general corporate purposes. Sustainalytics notes as a green bond market expectation that project debt related to fossil fuel or carbon-intensive assets should not be temporarily financed.
- Based on a defined management approach and disclosure around the temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - Brookfield intends to report on the allocation of proceeds to its investors on an annual basis until full allocation. The report will be provided on Brookfield's website or in its financial statements. Allocation reporting will include (i) the amount of proceeds allocated to eligible green projects, and (ii) the balance of unallocated proceeds. Brookfield will report on the allocations by eligible categories where feasible.
 - In addition, Brookfield is committed to reporting on relevant quantitative and qualitative impact indicators, where feasible, such as GHG emissions avoided, water savings, and energy savings metrics.
 - Based on commitments to both impact and allocation reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2021

Sustainalytics has determined that the Brookfield Asset Management Green Bond and Preferred Securities Framework aligns to the four core components of the GBP. For detailed information please refer to Appendix 2: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Strategy of Brookfield

Contribution of framework to Brookfield Asset Management Inc.'s sustainability strategy

Sustainalytics is of the opinion that Brookfield demonstrates a commitment to sustainability through its four key ESG principles focusing on: (i) well-being and safety of employees, (ii) mitigating the impact of operations on the environment, (iii) ethical governance practices, and (iv) safety and well-being of the communities.⁴ Brookfield has committed to achieving net zero GHG emissions by 2050 or sooner across all of its assets under management, in line with the Paris Agreement.⁵ Furthermore, the Company is supportive of acceleration towards net zero through Brookfield's Global Transition investment strategy and Brookfield's Global Transition Fund.⁴ These initiatives prioritize investments in energy-efficient and responsible buildings and businesses, and renewable energy.

Supporting its ESG targets, Brookfield has already made issuances in the sustainable finance market, reaching USD 1,110 mn until July 2021.⁶ The Company's renewable power businesses have an installed renewable power generation capacity of 20 GW, which has helped avoid 26 MtCO₂e in 2020.⁴ As part of the Company's green buildings initiative, its focus on energy, water consumption and waste reduction has helped achieve sustainability certification for 100% of its eligible core office properties in 2020.⁴ In 2021, Brookfield became a member of Net Zero Asset Managers and ILPA Diversity in Action initiatives to support its target of net zero GHG emissions by 2050, and further its commitment to diversity and inclusion.⁴

As a result, Sustainalytics is of the opinion that the Brookfield Asset Management Green Bond and Preferred Securities Framework is aligned with the Company's overall ESG initiatives and will further the Company's action on its key environmental priorities and goals.

Well positioned to address common environmental and social risks associated with the projects

Sustainalytics recognizes that while projects financed through issuances under the Framework are expected to have positive environmental impact, there is a possibility that eligible projects could also lead to environmental and social risks. Some key risks associated with the eligible projects may involve occupational health and safety, impacts on local communities including indigenous rights, waste generated from construction, land use and biodiversity issues associated with large-scale infrastructure development and greenhouse gas emissions from reservoirs.

⁴ Brookfield, "2020 ESG Report", at: <https://www.brookfield.com/responsibility/2020-esg-report>

⁵ Ibid.

⁶ Brookfield Asset Management, "Green Bond Report August 2021", at: <https://bam.brookfield.com/sites/brookfield-ir/files/brookfield/presentations/green-bond-report-2021-081821-vf.pdf>

Sustainalytics is of the opinion that Brookfield is able to manage or mitigate potential risks through implementation of the following:

- **Health and Safety Framework** – Brookfield’s Health and Safety Framework, which is overseen by the Company’s Safety Steering Committee, stipulates principles, policies and procedures, and addresses health and safety risks, contributing to the Company’s stated goal of achieving zero serious safety incidents.⁴
- **Community Engagement Initiatives** – One of the four Brookfield’s ESG principles, namely, “Be good corporate citizens”, helps ensure the interests, safety and well-being of the communities in its operational areas.⁴ In alignment with Brookfield’s commitment to practices that have a positive impact on the communities where Brookfield operates, the Company promotes engagement and philanthropic initiatives aligned with the safety and well-being of these communities.⁴ For example, Brookfield is a member of Supply Nation (a non-profit organization) to improve engagement with indigenous communities in Australia.⁴
- **Risk Management Program** – Brookfield’s Risk Management Program addresses present and emerging strategic and operational risks, having integrated ESG-related risk management and due-diligence through oversight of the Governance and Nominating Committee, which is further overseen by the Company’s Board of Directors. ⁴ The program has implemented a climate-risk methodology and framework to identify, assess, monitor and report physical and transition risks.
- **Due Diligence** – Brookfield’s due diligence follow the Sustainability Accounting Standards Board (SASB) guidelines⁷ and the Company’s Investment Committee Approval process to identify and manage material ESG risks, including health and safety, environmental and social risks, and ensure mitigative measures throughout life cycle of investments.⁴
- **Code of Business Conduct and Ethics** – Brookfield’s Code of Business Conduct and Ethics which applies to all of Company’s employees and its wholly owned subsidiaries, ensures adherence to laws, rules, regulations and policies, including the incorporation of ESG policies and measures to mitigate negative impact of operations on environment.⁸
- **Affiliations and memberships** – Brookfield is a signatory to the Principles for Responsible Investment and Net Zero Asset Managers Initiative.⁴ Brookfield partners with the SASB, TCFD, Accounting for Sustainability Project (A4S) and BSR as a member committed to investing responsibly, ensuring environmental and social risk assessment, reporting and management, and advancement of ESG practices.^{4,9}
- **The Low Impact Hydropower Institute**, which has certified 60 hydroelectricity projects operated by Brookfield Renewable in the United States. This program recognizes dams that are minimizing environmental impacts over several dimensions.⁴

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Brookfield has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

All four use of proceeds categories are aligned with those recognized by the GBP. Sustainalytics has focused on three below where the impact is most relevant to Brookfield’s global investments.

Green Buildings Contributions to Achieving Climate Goals

Together, buildings and construction are responsible for 39% of all carbon emissions globally, with operational emissions accounting for 28%.¹⁰ The remaining 11% are derived from embodied carbon emissions that are associated with materials and construction processes throughout the entire building lifecycle.¹⁰ By 2060, the total global floor area of buildings will double, with more than 50% of this anticipated within the next 20 years.¹¹ The growth in new buildings will be particularly rapid and with the existing building stock, it is estimated that 80% of the buildings standing today will be in use by 2050.¹² The building sector must operate at net zero

⁷ Brookfield is a member of Sustainability Accounting Standards Board (SASB), which develops sustainability accounting standards and helps businesses identify, manage and report on sustainability globally.

⁸ Brookfield, “CODE OF BUSINESS CONDUCT AND ETHICS”, at: <https://www.brookfield.com/sites/default/files/2021-05/Code%20of%20Business%20Conduct%20and%20Ethics%20%28English%29.pdf>

⁹ Brookfield, “Responsibility”, at: <https://www.brookfield.com/responsibility>

¹⁰ World Green Building Council, “Bringing Embodied Carbon Upfront” at : <https://www.worldgbc.org/embodied-carbon>

¹¹ Architecture 2030 at : https://architecture2030.org/buildings_problem_why/

¹² International Energy Agency, “2019 Global Status Report for Buildings and Construction”, at : <https://wedocs.unep.org/bitstream/handle/20.500.11822/30950/2019GSR.pdf?sequence=1&isAllowed=y>

carbon by 2050¹³ if global warming is to remain under two degrees Celsius, as targeted in the Paris Agreement.¹⁴ Efficiency measures in existing and new buildings using building energy codes and green building certification standards provide an enormous opportunity to reduce global building energy intensities.

Spending on energy-efficient buildings increased 3% from 2018 to reach USD 152 billion globally in 2019.¹⁵ Across the global market, investment in energy efficiency focused on aligning projects with green building rating standards for construction and operations.¹⁵ 2020 has seen continued growth in the number of green/sustainable building certification standards and more buildings than ever are being certified.¹⁶ Globally, major certifications such as LEED, BREEAM and ENERGY STAR continue to be widely used.

In this context, Sustainalytics considers Brookfield's financing of LEED, BREEAM, and ENERGY STAR certified buildings to contribute positively to the environment and community.

Renewable Energy and Energy Efficiency's Contribution to Achieving Climate Goals

According to the International Energy Agency's Global Energy Review, global energy related CO₂ emissions will surge by 1.5 billion tonnes in 2021, reversing the dip in carbon emissions caused by the COVID-19 pandemic.¹⁷ This would be the largest annual increase in emissions since 2010.¹⁷ Demand for all fossil fuels is on course to grow significantly in 2021, with both coal and gas set to rise above their 2019 levels.¹⁸ According to the International Renewable Energy Agency, energy efficiency enhancements and renewable energy together have the potential to provide over 90% of the energy-related carbon dioxide emission reductions that is needed to maintain a 2°C limit.¹⁸

In order to meet the goals set out in the Paris Agreement, renewable energy deployment needs to be scaled up at least six times faster globally.¹⁸ In 2020 renewables grew by 3%, largely due to an increase in electricity generation from solar PV and wind power generation.¹⁷ Generation from solar PV and wind is set to grow by 17% in 2021, up from 16% in 2020.¹⁷ Hydro and biomass generation are also expected to grow, contributing to a total 8.3% growth of generation from renewables in 2021, in relation to 2020.¹⁷ Renewables are set to provide 30% of electricity generation worldwide in 2021, their biggest share of the power mix since the beginning of the Industrial Revolution.¹⁹

In this context, Sustainalytics considers Brookfield's financing in renewable energy and energy efficiency to contribute positively to the global energy transition that is required to meet Paris Agreement targets.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The bonds issued under the Brookfield Asset Management Green Bond and Preferred Securities Framework advances the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Green Buildings	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
	11. Sustainable cities and communities	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by

¹³ World Green Building Council, at: <https://www.worldgbc.org/news-media/thousands-billions-coordinated-action-towards-100-net-zero-carbon-buildings-2050>

¹⁴ European Commission, "Paris Agreement" at: https://ec.europa.eu/clima/policies/international/negotiations/paris_en

¹⁵ UN Environment Programme, "2020 Global Status Report for Buildings and Construction", at: https://globalabc.org/sites/default/files/inline-files/2020%20Buildings%20GSR_FULL%20REPORT.pdf

¹⁶ International Energy Agency, "2020 Global Status Report for Buildings and Construction", at: https://globalabc.org/sites/default/files/inline-files/2020%20Buildings%20GSR_FULL%20REPORT.pdf

¹⁷ International Energy Agency, "Global Energy Review 2021", at: <https://iea.blob.core.windows.net/assets/d0031107-401d-4a2f-a48b-9eed19457335/GlobalEnergyReview2021.pdf>

¹⁸ International Renewable Energy Agency, "Global Energy Transformation – A Roadmap to 2050", at: https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2018/Apr/IRENA_Report_GET_2018.pdf

¹⁹ International Energy Agency at: <https://www.iea.org/news/global-carbon-dioxide-emissions-are-set-for-their-second-biggest-increase-in-history>

		paying special attention to air quality and municipal and other waste management
Renewable Energy Generation	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Energy Efficiency and Industrial Innovation	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
	9. Industry, Innovation, and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Sustainable Water and Waste Management	6. Ensure availability and sustainable management of water and sanitation for all	6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally
	12. Responsible consumption and production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

Conclusion

Brookfield has developed the Brookfield Asset Management Green Bond and Preferred Securities Framework under which it may issue green bond and/or preferred securities and use the proceeds to finance and/or refinance a wide range of projects, including green buildings, renewable energy generation, energy efficiency and industrial innovation, sustainable water, and waste management. Sustainalytics considers that the projects funded by the green bond proceeds are expected to generate positive impact on the environment and promote sustainable development.

The Brookfield Asset Management Green Bond and Preferred Securities Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that The Brookfield Asset Management Green Bond and Preferred Securities Framework is aligned with the overall sustainability strategy of the company and that the use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 6, 7, 9, 11 and 12. Additionally, Sustainalytics is of the opinion that Brookfield has adequate measures to identify, manage and mitigate environmental risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that Brookfield is well-positioned to issue green bonds and that that Brookfield Asset Management Green Bond and Preferred Securities Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles (2021).

Appendices

Appendix 1: Green Building Certification Schemes

	BREEAM	LEED	ENERGY STAR	BOMA 360²⁰
Background	BREEAM (Building Research Establishment Environmental Assessment Method) was first published by the Building Research Establishment (BRE) in 1990. Based in the UK. Used for new, refurbished and extension of existing buildings.	Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC).	ENERGY STAR is a U.S Environmental Protection Agency voluntary program that helps businesses and individuals save money and protect our climate through superior energy efficiency. Every ENERGY STAR label is independently certified, whether on a product, a home, a building, or a manufacturing plant. Certification is given on an annual basis, so a building must maintain its high performance to be certified year to year. And the information submitted in the certification application must be verified by a licensed Professional Engineer (PE) or Registered Architect (RA) to be eligible for approval.	The BOMA 360 Performance Program is sponsored by BOMA International. An independent council appointed by the BOMA International Chair provides oversight for the program.
Certification levels	Pass Good Very Good Excellent Outstanding	• Certified • Silver • Gold • Platinum	1-100 ENERGY STAR score	NA
Areas of Assessment	Energy Land Use and Ecology Pollution Transport Materials Water Waste Health and Wellbeing Innovation	Energy and atmosphere Sustainable Sites Location and Transportation Materials and resources Water efficiency Indoor environmental quality Innovation in Design Regional Priority	Energy efficient products Energy savings at home Energy efficient new homes and apartments Energy strategies for buildings and plants	The BOMA 360 Performance Program evaluates buildings against industry best practices in 6 major areas of building operation. • Building operations and management • Life safety, security and risk management • Training and education • Energy • Environmental /sustainability Tenant relations/community involvement

²⁰ The BOMA 360 Performance Program, at: https://www.boma.org/BOMA/Recognition-Awards/BOMA_360_Performance.aspx

				Individual buildings that satisfy the requirements in all 6 areas are awarded the BOMA 360 designation.
Requirements	Prerequisites depending on the levels of certification and credits with associated points This number of points is then weighted by item²¹ and gives a BREEAM level of certification, which is based on the overall score obtained (expressed as a percentage). Majority of BREEAM issues are flexible, meaning that the client can choose which to comply with to build their BREEAM performance score. BREEAM has two stages/audit reports: a 'BREEAM Design Stage' and a 'Post Construction Stage', with different assessment criteria.	Prerequisites independent of level of certification, and credits with associated points. These points are then added together to obtain the LEED level of certification. There are several different rating systems within LEED. Each rating system is designed to apply to a specific sector (e.g. New Construction, Major Renovation, Core and Shell Development, Schools-/Retail-/Healthcare New Construction and Major Renovations, Existing Buildings: Operation and Maintenance).	To be eligible for ENERGY STAR certification, a building must earn an ENERGY STAR score of 75 or higher, indicating that it performs better than at least 75 percent of similar buildings nationwide. Through Portfolio Manager, EPA delivers 1 – 100 ENERGY STAR scores for many types of buildings. The ENERGY STAR score accounts for differences in operating conditions, regional weather data, and other important considerations.	Only occupied commercial office buildings and industrial buildings are eligible for the BOMA 360 Performance Program designation. Commercial office includes multitenant office buildings; singletenant office buildings; corporate facilities; government buildings; medical office buildings; suburban office parks; and multiuse/mixed-use buildings. Buildings must be at least 50 percent occupied or leased at the time of application. For multi-use buildings (i.e., office/retail, office/residential, mixed-use, etc.), information should be reported only on the office portion of the building. If the building contains no occupied commercial office space as described above, or is a hotel, apartment/multifamily, or retail/shopping center it is not eligible for participation.
Performance display				

²¹ BREEAM weighting: Management 12%, Health and wellbeing 15%, Energy 19%, Transport 8%, Water 6%, Materials 12.5%, Waste 7.5%, Land Use and ecology 10%, Pollution 10% and Innovation 10%. One point scored in the Energy item is therefore worth twice as much in the overall score as one point scored in the Pollution item

Brookfield Asset Management
Green Bond and Preferred Securities Framework

Qualitative Considerations	Used in more than 70 countries: Good adaptation to the local normative context. Predominant environmental focus. BREEAM certification is less strict (less minimum thresholds) than HQE and LEED certifications.	Widely recognized internationally, and strong assurance of overall quality.		
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Appendix 2: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Brookfield Asset Management Inc.
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	Brookfield Asset Management Green Bond and Preferred Securities Framework
Review provider's name:	Sustainalytics
Completion date of this form:	September 30, 2021
Publication date of review publication:	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP:

- | | |
|--|--|
| ☒ Use of Proceeds | ☒ Process for Project Evaluation and Selection |
| ☒ Management of Proceeds | ☒ Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| ☒ Consultancy (incl. 2 nd opinion) | ☐ Certification |
| ☐ Verification | ☐ Rating |
| ☐ Other (<i>please specify</i>): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (*if applicable*)

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (if applicable):

The eligible categories for the use of proceeds – Green Buildings, Renewable Energy Generation, Energy Efficiency and Industrial Innovation, Sustainable Water and Waste Management – are aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 6, 7, 9, 11 and 12.

Use of proceeds categories as per GBP:

- | | |
|---|--|
| ☒ Renewable energy | ☒ Energy efficiency |
| ☐ Pollution prevention and control | ☐ Environmentally sustainable management of living natural resources and land use |
| ☐ Terrestrial and aquatic biodiversity conservation | ☐ Clean transportation |
| ☒ Sustainable water and wastewater management | ☐ Climate change adaptation |
| ☐ Eco-efficient and/or circular economy adapted products, production technologies and processes | ☒ Green buildings |
| ☐ Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP | ☐ Other (please specify): |

If applicable please specify the environmental taxonomy, if other than GBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Brookfield Asset Management Inc.'s internal process in evaluating and selecting projects is the responsibility of the Capital Markets and Treasury (CMT) team. The CMT team is responsible for reviewing and approving the Eligible investments and for carrying out any changes to the Framework. Sustainalytics considers the project selection process in line with market practice.

Evaluation and selection

- | | |
|--|---|
| ☒ Credentials on the issuer's environmental sustainability objectives | ☒ Documented process to determine that projects fit within defined categories |
| ☒ Defined and transparent criteria for projects eligible for Green Bond proceeds | ☒ Documented process to identify and manage potential ESG risks associated with the project |
| ☒ Summary criteria for project evaluation and selection publicly available | ☐ Other (please specify): |

Information on Responsibilities and Accountability

- | | |
|---|--|
| ☐ Evaluation / Selection criteria subject to external advice or verification | ☐ In-house assessment |
| ☐ Other (please specify): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

Brookfield Asset Management Inc.'s intends to establish a Green Bond and Preferred Securities Register to manage and record proceeds. Proceeds will be deposited into Brookfield's general account and earmarked for allocation to Eligible investments. Brookfield intends to allocate proceeds within 36 months of issuance and defines a look-back period of 36 months prior to the initial issuance. This is in line with market practice

Tracking of proceeds:

- | |
|---|
| ☒ Green Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| ☒ Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| ☐ Other (please specify): |

Additional disclosure:

- | | |
|--|--|
| ☐ Allocations to future investments only | ☐ Allocations to both existing and future investments |
| ☐ Allocation to individual disbursements | ☐ Allocation to a portfolio of disbursements |
| ☐ Disclosure of portfolio balance of unallocated proceeds | ☐ Other (please specify): |

4. REPORTING

Overall comment on section (if applicable):

Brookfield Asset Management Inc. intends to report on allocation of proceeds on its website on an annual basis until full allocation. In addition, Brookfield Asset Management Inc. is committed to reporting on relevant quantitative and qualitative impact metrics, such as CO₂ emissions avoided, water savings (m³) and energy savings (MWh). Sustainalytics views Brookfield Asset Management Inc.'s allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- | | |
|---|--|
| ☐ Project-by-project | ☒ On a project portfolio basis |
|---|--|

☐ Linkage to individual bond(s)

☐ Other (*please specify*):

Information reported:
☒ Allocated amounts

☐ Green Bond financed share of total investment

☐ Other (*please specify*):

Frequency:
☒ Annual

☐ Semi-annual

☐ Other (*please specify*):

Impact reporting:
☐ Project-by-project

☐ On a project portfolio basis

☐ Linkage to individual bond(s)

☐ Other (*please specify*): Relevant quantitative and qualitative impact metrics

Information reported (expected or ex-post):
☒ GHG Emissions / Savings

☒ Energy Savings

☒ Decrease in water use

☐ Other ESG indicators (*please specify*):

Frequency
☒ Annual

☐ Semi-annual

☐ Other (*please specify*):

Means of Disclosure
☒ Information published in financial report

☐ Information published in sustainability report

☐ Information published in ad hoc documents

☐ Other (*please specify*): Website

☐ Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE
Type(s) of Review provided:

- | | |
|--|--|
| ☐ Consultancy (incl. 2 nd opinion) | ☐ Certification |
| ☐ Verification / Audit | ☐ Rating |
| ☐ Other (<i>please specify</i>): | |

Review provider(s):
Date of publication:
ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

- i. Second-Party Opinion: An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. Green Bond Scoring/Rating: An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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