# Brookfield Global Renewables & Sustainable Infrastructure Fund ESG Investment Guidelines

**Below is a summary of environmental standards that are considered by the Brookfield Public Securities Group LLC when making investments for funds and accounts, such as the Brookfield Global Renewables & Sustainable Infrastructure Fund (the "Fund"), managed in the Brookfield Global Renewables & Sustainable Strategy.**

**Please review the Fund's prospectus for additional information regarding the Fund's investment objective, strategies (including asset level revenue and other applicable considerations), and risks. Please click on this link to access a copy of the Fund's prospectus.**

**Environmental Standards for Investment**

Companies with power generation assets must meet the following criteria:

- Absolute production of or capacity for coal-based or nuclear-based energy related products/services shall not be structurally increasing
- Absolute production of or capacity for contributing products/services shall be increasing
- Additionally, companies shall meet at least one of the following criteria:
    - Have a Science Based Target Initiative ("SBTi") target set at well-below 2°C or 1.5°C, or have a SBTi 'Business Ambition for 1.5°C' commitment[i]
    - Derive more than 50% of its revenues from contributing activities[ii]
    - Have more than 50% of CapEx dedicated to contributing activities
    - Carbon Emissions Intensity (Scope 1 & 2 grams / kilowatt hour ("kWh")): <374 in 2022 trending to <315 in 2025 (post 2025, the company should meet one of the previous criteria)

Additional key sustainability targets:

- Coal power: <10% asset mix / cash flow contribution trending to 0% in 2025
- Natural Gas power: <30% asset mix / cash flow contribution
- Nuclear power: <30% asset mix / cash flow contribution
- GHG reduction targets: >25% reduction target over a 10-year period

Companies with conventional oil & gas assets must meet at least one of the following criteria:

- Have a SBTi target set at well-below 2°C or 1.5°C, or have a SBTi 'Business Ambition for 1.5°C' commitment
- Derive less than 5% of its revenues from oil and gas-related activities
- Have less than 15% of CapEx dedicated to oil and gas-related activities and not with the objective of increasing revenue
- Have more than 15% of CapEx dedicated to contributing activities

Other exclusions:

- Tobacco: full exclusion
- Weapons (controversial or manufacturing): full exclusion
- Unconventional Oil & Gas: full exclusion
- Coal (exploration, mining, extraction, transportation, distribution or refining): full exclusion

A company not yet aligned with these criteria but are transitioning their business model, may merit inclusion in the Fund. The total portfolio exposure to non-compliant companies is < 5%. This margin will decrease by 1% per year as of January 1, 2023.

**Normative Based Screening**

We monitor alignment of companies with the following frameworks (do no harm controversies):

- UN Global Compact
- UN Guiding Principles on Business and Human Rights (UNGPs)
- OECD Guidelines for Multinational Enterprises (as far as relevant)
- ILO Conventions

We have put in place screening criteria in addition to bottom-up company research and analysis to determine if a company has violated any of the above frameworks and will not be included in the portfolio should any violation occur.

**Alignment with UN Sustainable Development Goals**

We actively map companies to the following Sustainable Development Goals (SDGs):

- 6: Clean Water & Sanitation – Ensure availability and sustainable management of water and sanitation for all
- 7: Affordable & Clean Energy – Ensure access to affordable, reliable, sustainable, and modern energy for all
- 9: Industry, Innovation & Infrastructure – Build resilient infrastructure, promote inclusive sustainable industrialization and foster innovation
    - Most relevant: 9.4 – Upgrading Infrastructure for sustainability & efficiency
- 12: Responsible Consumption & Production – Ensure sustainable consumption and production patterns
    - 12.2 – Achieve sustainable management and efficient use of natural resources
    - 12A – Support developing countries to move towards sustainable patterns of consumption & production
    - 12C – Rationalize inefficient fossil-fuel subsidies that encourage wasteful consumption
- 13: Climate Action – Take urgent action to combat climate change and its impacts

We expect a portfolio company to map to at least 3 of the 5 categories identified above

**Additional Policies – Key ESG Issues**
We assess the impact of the following areas as a part of our ESG analysis:

- Biodiversity: part of ESG Integration analysis
- Water Use: part of ESG Integration analysis
- Pollution & Waste: part of ESG Integration analysis
- Gender & diversity: part of ESG Integration analysis
- Taxation: part of ESG Integration analysis
- Oppressive regimes: included in Normative Screening
- Death penalty: not currently part of analysis
- Forward contracts on agricultural commodities: not in scope

## Principles for Responsible Investment (PRI) Signatory

Brookfield Asset Management is a signatory of the Principles for Responsible Investment, formally demonstrating our ongoing commitment to responsible investment and ESG best practices.

## Proxy Voting

We primarily engage the companies in our asset class in person, rather than through the voting process. We do, however, vote against management recommendations when in the interest of our clients, especially on shareholder proposals for environmental disclosures.

**Disclosures**



**Must be preceded or accompanied by a current prospectus**

**Mutual fund investing involves risk.**

Principal loss is possible. Global Renewable and Sustainable Infrastructure ('GRSI') companies may be subject to a variety of factors that may adversely affect their business or operations, including high interest costs in connection with capital construction programs, high leverage, costs associated with environmental and other regulations, the effects of economic slowdown, surplus capacity, increased competition from other providers of services, uncertainties concerning the availability of fuel at reasonable prices, the effects of energy conservation policies and other factors. While many of the risks below could be present with respect to other investments, these risks may be particularly important to investments in GRSI companies.

GRSI assets may be subject to numerous laws, rules and regulations relating to environmental protection. Under various environmental statutes, rules and regulations, a current or previous owner or operator of real property may be liable for non-compliance with applicable environmental and health and safety requirements and for the costs of investigation, monitoring, removal or remediation of hazardous materials. These laws often impose liability, whether or not the owner or operator knew of or was responsible for the presence of hazardous materials. The presence of these hazardous materials on a property could also result in personal injury or property damage or similar claims by private parties. Persons who arrange for the disposal or treatment of hazardous materials may also be liable for the costs of removal or remediation of these materials at the disposal or treatment facility, whether or not that facility is or ever was owned or operated by that person. The Fund may be exposed to substantial risk of loss from environmental claims arising in respect of its investments, and such loss may exceed the value of such investments. Furthermore, changes in environmental laws or in the environmental condition of a portfolio investment may create liabilities that did not exist at the time of acquisition of an investment and that could not have been foreseen. For example, new environmental regulations may create costly compliance procedures for GRSI assets.

Infrastructure companies may be subject to a variety of factors that may adversely affect their business, including high interest costs, high leverage, regulation costs, economic slowdown, surplus capacity, increased competition, lack of fuel availability and energy conversation policies. The Fund invests in small and mid-cap companies, which involve additional risks such as limited liquidity and greater volatility. The Fund invests in foreign securities which involve greater volatility and political, economic and currency risks and differences in accounting methods. Investing in emerging markets may entail special risks relating to potential economic, political or social instability and the risks of nationalization, confiscation or the imposition of restrictions on foreign investment. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investment by the Fund in lower-rated and non-rated securities presents a greater risk of loss to principal and interest than higher-rated securities. Some securities held may be difficult to sell, particularly during times of market turmoil. If the Fund is forced to sell an illiquid asset to meet redemption, it may be forced to sell at a loss. Investing in MLPs involves certain risks related to investing in the underlying assets of the MLPs and risks associated with pooled investment vehicles. Using derivatives exposes the Fund to additional risks, may increase the volatility of the Fund's net asset value and may not provide the result intended. Since the Fund will invest more than 25% of its total assets in securities in global renewables and sustainable infrastructure industries, the Fund may be subject to greater volatility than a fund that is more broadly diversified. Exposure to the commodities markets may subject the Fund to greater volatility than investments in traditional securities. Investing in ETFs and ETNs are subject to additional risks that do not apply to conventional mutual funds, including the risks that the market price of the shares may trade at a discount to its net asset value ("NAV"), an active secondary trading market may not develop or be maintained, or trading may be halted by the exchange in which they trade, which may impact a Funds ability to sell its shares.

The global pandemic outbreak of an infectious respiratory illness caused by a novel coronavirus known as COVID-19 has resulted in substantial market volatility and global business disruption, impacting the global economy and the financial health of individual.

The Fund’s full investment guidelines are available upon request.

Quasar Distributors, LLC is the distributor of Brookfield Investment Funds (U.S. Mutual Funds) and Brookfield Public Securities Group LLC is the Investment Adviser.

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[i] Companies have signed a commitment letter. This commitment relates to achieving a scale of value chain emissions reductions consistent with reaching global net-zero in pathways that limit warming to 1.5°C.

[ii] Contributing activity refers to a certain activity that makes a substantial contribution to one of the six environmental objectives of the EU Taxonomy. 1) Climate Change Mitigation 2) Climate Change Adaption 3) The sustainable use and protection of water and marine resources 4) The transition to a circular

economy 5) pollution prevention and control 6) the protection and restoration of biodiversity and ecosystems.