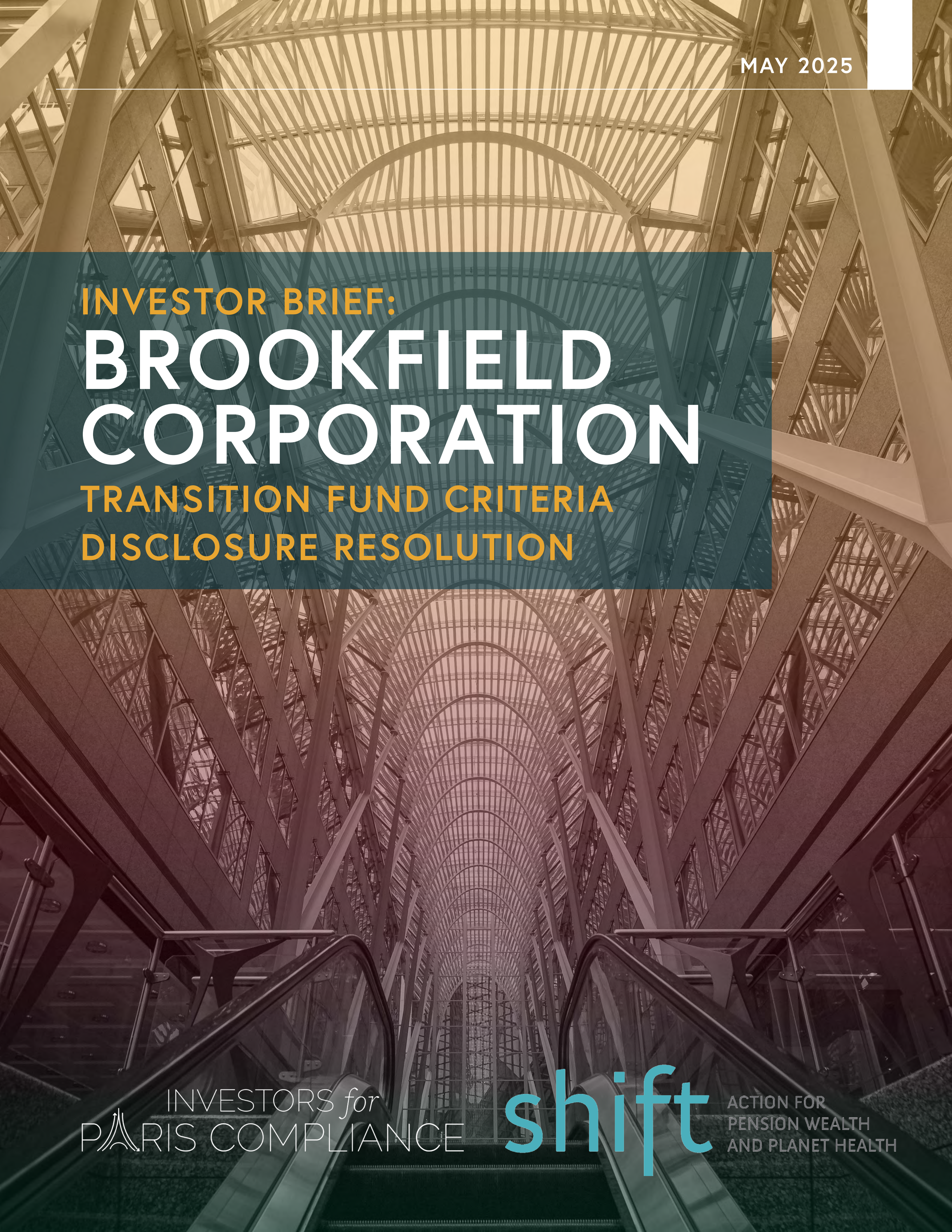

MAY 2025

INVESTOR BRIEF: BROOKFIELD CORPORATION

TRANSITION FUND CRITERIA DISCLOSURE RESOLUTION

INVESTORS *for* PARIS COMPLIANCE

shift ACTION FOR PENSION WEALTH AND PLANET HEALTH

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CO-FILERS

Investors for Paris Compliance

Shift: Action for Pension Wealth and Planet Health

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VOTING INFORMATION

Meeting date:	**June 6, 2025**
Proxy cut off date:	Registered shareholders must submit their votes by no later than **5:00 PM (Toronto time) on Wednesday, June 4, 2025**. Intermediaries must receive instructions by no later than **5:00 PM (Toronto time) on Tuesday, June 3, 2025**.
Voting information:	here

NOTE: This is NOT a solicitation of your proxy; it simply provides contextual information from public sources regarding the proposal. Please do not send us your proxy card—we are not able to vote your proxies nor does this communication contemplate such an event. We recommend shareholders follow voting instructions provided in management's proxy mailing.

ABOUT INVESTORS FOR PARIS COMPLIANCE

Investors for Paris Compliance (I4PC) is a shareholder advocacy organization that works to hold Canadian publicly-listed companies accountable to their net zero commitments. More information can be found here.

ABOUT SHIFT

Shift: Action for Pension Wealth & Planet Health is a charitable initiative that works to protect pensions and the climate by bringing together beneficiaries and their pension funds on the climate crisis. Shift is a project of Makeway. Learn more about our work here.

SUMMARY

- Brookfield has a significant energy transition business, including its standalone transition business and its transition-labeled funds.
- This business relies on credibility, but the guiding document for Brookfield's transition-labeled funds lack guardrails which would prevent inclusion of unaligned assets.
- Brookfield creates confusion regarding LNG as a 'transition fuel', with Brookfield Infrastructure CEO having inaccurately called LNG a "leading transition fuel in the move toward net zero."
- Brookfield has significant exposure to gas assets across its portfolio.
- Brookfield lacks sufficient emissions disclosure quality to capture the lifecycle emissions of LNG.
- LNG is incompatible with the energy transition due to its high lifecycle emissions and high cost.
- Brookfield's lack of clear transition guidelines poses transition risk and reputation risk to its shareholders.

BROOKFIELD'S TRANSITION BUSINESS

Brookfield has positioned itself as a leader in transition investing. It has set a goal of growing its transition business to $200B,[1] and has bet on the growth transition opportunities through multiple venues. Brookfield Renewable Partners alone is worth close to $20B. CEO Bruce Flatt has described the global transition to low-carbon energy as one of three key themes of Brookfield's investment strategy.

In addition to committing to net zero by 2050, the private equity firm has begun offering investors vehicles with which they can access transition opportunities. This is being conducted through its series of transition-labeled funds. This currently includes:

- Brookfield Global Transition Fund I (BGTF I), which raised $15B.
- Brookfield Global Transition Fund II (BGTF II), which raised $10B.
- Catalytic Transition Fund (CTF), which raised $2.4B.

BGTF I and II are targeting broad investments to accelerate the transition to net zero, while CTF shares the same goal with a focus on a number of developing markets.

These transition investment pillars, if deployed in alignment with net zero pathways, have the potential to simultaneously provide investors with access to sectors with significant growth potential as global economies shift towards prioritizing emissions reductions, and to set precedents as pioneers in the private equity transition investment space.

1 New Private Markets, Brookfield to launch Global Transition Fund 2 in H1 this year (February 2023).

Both these opportunities, however, are dependent on legitimate alignment with net zero. Not all transition-branded investments are genuine solutions, and some may hinder the energy transition while failing to offer investors the exposure they were promised. With a clearly stated belief in value derived from the energy transition, misalignment of transition funds spells risk for an organization so publicly staking a claim to leadership.

As such, clear guidelines on transition investment vehicles like Brookfield's transition-labeled funds would assure fund investors that their investments are aligned with their respective climate transition strategies, and address investor concerns surrounding reputational risk.

BROOKFIELD INVITES 'TRANSITION' CONFUSION

Brookfield's transition-labeled funds lack sufficient, transparent guidelines for asset eligibility, and loopholes may allow for expansion of gas assets which do not align with net zero. This risk is invited by statements made by Brookfield executives which misrepresent LNG as a 'transition fuel', and the exposure of Brookfield's broader business to extensive gas assets.

Brookfield has stated that the objective of its transition strategy is "catalyzing capital to finance the energy transition."[2] In line with its stated strategy of "going where the emissions are," the funds seek to finance clean energy and the transformation of portfolio companies in high-emitting sectors.

Brookfield publishes an Operating Principles for Impact Management (OPIM) document that outlines the approach to its transition-labeled funds. Principles listed include defining, managing and assessing strategic impact objectives, and assessing, measuring, and addressing the negative impacts of investments. The OPIM broadly speaks to the need to adhere to regional and sectoral decarbonization pathways in order to offer its investors exposure to transition opportunities.

What the OPIM lacks, however, is clear and precise standards. It does not list the specific standard setters or guidances adhered to in ensuring legitimate alignment with net zero, nor does it specify that it conducts impact measurement on a lifecycle basis, leaving investors in the dark as to what assets may qualify.

While the first principle outlined in the OPIM identifies "clean energy" as an area of focus, it offers no specific criteria for eligibility.[3] In instances where proponents — including Brookfield — have touted the low combustion emissions of methane gas or inaccurately claimed that gas is a 'transition fuel', the lack of a lifecycle emissions assessment leaves the door open to gas expansion.

2 Brookfield Corporation, Operating Principles for Impact Management, (Nov. 2024) at 2.

3 Ibid at 4.

The principles lack adherence to any specific net zero aligned scenario. The OPIM's '4A Criteria' of alignment, additionality, accountability, and avoidance, simply state that relevant sectoral and regional decarbonization pathways may be applied 'where available and applicable', without specificity or transparency.[4]

Despite its overall net zero commitment and transition investment goals, Brookfield has embraced the position that LNG is a growth opportunity, with many of its funds acquiring LNG-related assets across all steps of the supply chain.

Senior Brookfield leadership have supported the inaccurate position that there is space for long-term LNG growth in a transitioning economy. Brookfield Public Securities published a bullish statement on LNG, suggesting that high prices would bolster the value of midstream assets.[5] It reiterated its faith in gas' growth potential in 2024 with a memo entitled, 'Why We're Bullish on Energy Infrastructure' which, in part, suggested that gas growth was being underestimated.[6]

Brookfield Infrastructure CEO Sam Pollock has called LNG a 'leading transition fuel in the move toward net zero',[7] signalling a belief that Brookfield's considerable exposure to LNG could position the company to benefit from the energy transition.

Reclaim Finance highlighted Brookfield's gas exposure in its December 2024 report on LNG financing, listing Brookfield as the 8th largest LNG investor in the world, at over $7.5B in exposure to direct LNG assets.[8] Our analysis, using Pitchbook data of Brookfield Corporation and its business arms — including Brookfield Asset Management, Brookfield Business Partners, and Oaktree Capital Management — found further exposure, with a considerable focus on upstream activities that feed LNG infrastructure.[9]

Brookfield and Oaktree funds contain 23 additional gas assets which, while not exclusively LNG-related, either involve gas basins which feed LNG export projects or are more broadly exposed to the market dynamics which interact with global LNG expansion.

In light of research showing LNG's incompatibility with a net zero aligned energy transition, Brookfield has a responsibility to fund investors and shareholders to clarify that its transition-labeled funds do not invest in the expansion of gas infrastructure. While Brookfield's decision to focus its efforts on 'going where the emissions are' precludes an outright exclusion policy, it has not yet clarified that it will not invest in gas expansion.

4 Ibid at 6.
5 Brookfield Public Securities, Brookfield Energy Infrastructure May 2022 Industry Overview: Gas Infrastructure in High Demand, May 2022.
6 Brookfield Public Securities, Why We're Bullish on Energy Infrastructure, Sept. 2024.
7
8 Reclaim Finance, Frozen Gas, Boiling Planet, Dec. 2024 at 21. Converted from USD to Cad at Bank of Canada rate of $1.43:1.
9 Pitchbook, Accessed Jan. 2025.

Numerous global standard setters have set precedents with respect to energy asset eligibility for transition labelling. The European Union's taxonomy, while allowing for gas, has set strict guardrails on transition eligibility. Gas projects, under the E.U. taxonomy, must have lifecycle emissions under 100g CO2/kWh, or directly replace high-emitting power sources with no viable renewable alternative.[10] Australia's draft transition taxonomy has set the same threshold, which effectively bars new gas projects from transition labeling.[11] Canada's Sustainable Finance Action Council's taxonomy roadmap, while more permissive, still barred new fossil fuel projects from inclusion, including gas projects.[12]

In order for fund investors to be assured that their transition investments are offering them exposure to legitimate transition opportunities, and that these investments align with their net zero commitments, Brookfield must clarify the eligibility criteria for its transition-labeled funds.

LNG IS NOT A 'TRANSITION FUEL'

Proponents of LNG make false claims about its potential to grow into the fuel of the future, even in the context of a net zero transition. By taking methane gas — which at point of combustion burns cleaner than coal — and refining it, cooling it to a liquid state and shipping it globally, gas producers have pitched LNG as a climate-friendly solution to providing the world with 'transitional' fossil fuel energy.

However, the notion that gas can reduce global emissions by displacing other fossil fuels fails on three fronts:

1) LNG is not a low-emitting fossil fuel when considering its lifecycle emissions,

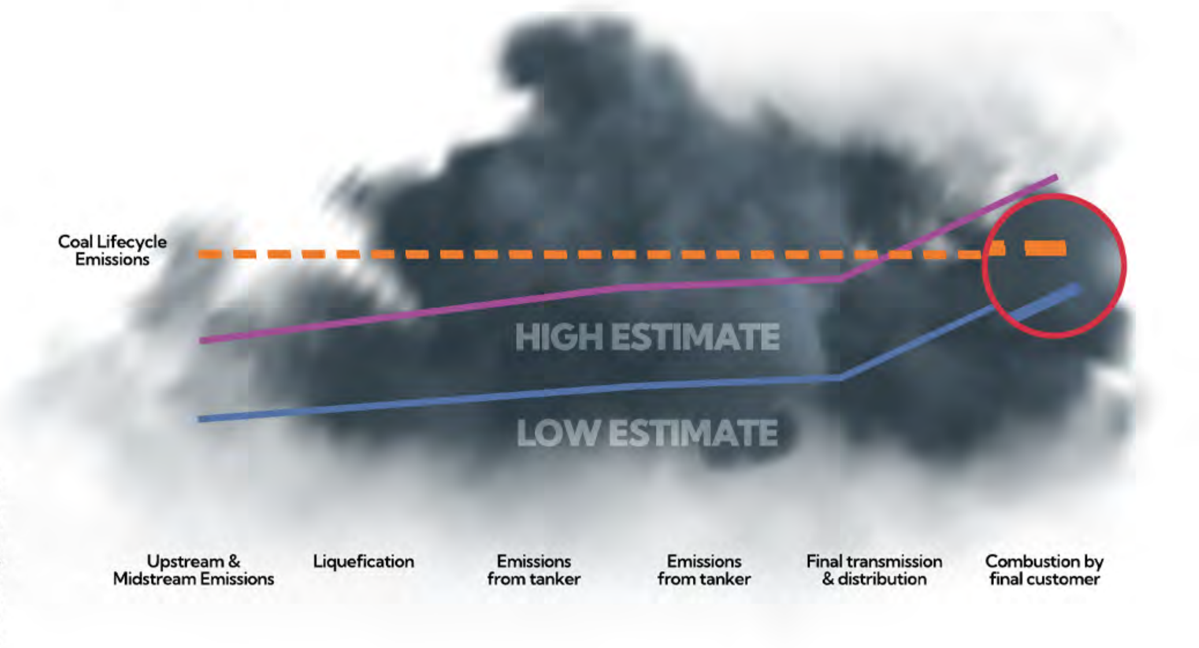
2) LNG is too expensive to systemically displace other fossil fuels, and

3) LNG competes directly against actual transition energy investments in the marketplace, such as renewable energy and energy storage.

Bringing LNG to market is incredibly carbon-intensive. In addition to combustion, LNG has significant emissions during extraction, transportation, and processing. At every step of this process there is some degree of leakage of methane into the atmosphere. New research has indicated that methane leakage rates may be over double that of prevailing EPA estimates.[13] These significant leakage emissions mean that LNG exports from North America may not actually reduce emissions when compared to domestic Asian coal consumption.[14]

10 Official Journal of the European Union, Commission Delegated Regulation (EU) 2022/1214, (Mar. 2022).
11 Australian Sustainable Finance Institute, Australian Sustainable Finance Taxonomy V0.1 (Oct. 2024).
12 Sustainable Finance Action Council, Taxonomy Roadmap Report, (Sep. 2022) at 5.
13 Sherwin et al., US oil and gas system emissions from nearly one million aerial site measurements, (Jan. 2024) at 328.
14 Howarth, The greenhouse gas footprint of liquefied natural gas (LNG) exported from the United States, (Oct. 2024).

Uncertain Emissions of LNG at Steps of Production



Finally, though often touted as a "transition" fuel on a path to net-zero, by the most generous projections, the lifecyle analysis of LNG proves to be only marginally better than coal, the most polluting fossil fuel.

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Furthermore, widespread coal-to-gas switching is contingent upon low LNG prices that would result from an overbuild of gas infrastructure — delaying deployment of renewables. This dependency on low LNG prices indicates the likelihood of poor returns on investments.[15] A 2022 study found that current projects under construction will produce more LNG than needed to replace *all global coal usage* by 2030.[16] That same study found that existing and proposed LNG projects will emit more than the entire carbon budget allotted to LNG under the IPCC's 1.5°C pathway.[17]

The energy transition requires a systemic replacement of fossil fuels in the energy system with emissions-free renewable energy. Fuel switching between fossil fuel energy sources functions to lock-in emissions in the long-term, blocking or displacing credible renewable energy transition pathways.

15 IEA, World Energy Outlook 2011, Special Report: Are we entering a golden age of gas? at 178.
16 Yang et al., Global liquefied natural gas expansion exceeds demand for coal-to-gas switching in paris compliant pathways, (2022) at 7.
17 Ibid.

While Brookfield's transition-labeled funds have the potential to be clear leaders in the sector, they do not cite carbon lock-in or lifecycle emissions analyses as aspects of their asset assessment. LNG's incompatibility with the energy transition means that Brookfield needs clear guidelines to avoid inclusion of misaligned assets.

BROOKFIELD'S EMISSIONS DISCLOSURE GAPS

Investors for Paris Compliance's 2023 report on Brookfield outlined core gaps in the company's emissions disclosures. Its lack of downstream financed emissions measurement meant that the bulk of Brookfield's financed emissions were going unmeasured. It has since incrementally enhanced its disclosures, including the scope 1 and 2 emissions of its non-controlled investments.[18]

However, Brookfield's current disclosures leave considerable portions of its emissions undisclosed, particularly as it pertains to the lifecycle emissions of its gas — and accordingly LNG-linked — assets. Brookfield does not include categories 9, 10, and 11 of scope 3, which include emissions associated with the transportation and liquefaction of LNG. This means that the downstream impacts of Brookfield's gas holdings, which due to growing methane leakage estimates in supply chains are becoming more clearly material, are not being accounted for.

While Brookfield's transition business suggests that it accounts for all material emissions, the lack of a clear stance on the transition merits of LNG — and therefore a public understanding of its high emissions profile — brings into question the rigour of its emissions accounting.

Because Brookfield has large gaps in disclosing lifecycle emissions for its overall holdings, it accordingly lacks the credibility to classify any investment which expands gas production as transition-eligible.

RESULTING TRANSITION AND REPUTATIONAL RISK

The lack of disclosed guardrails in Brookfield's transition-labeled funds, paired with its significant gas holdings and statements boosting the supposed transition merits of LNG, pose both transition and reputational risk to Brookfield.

Brookfield investors and shareholders have, in part, purchased a share of Brookfield's transition business with the understanding that this will expose them to the upside of the energy transition. For example, the Ontario Teachers' Pension Plan was a founding investment partner and anchor investor in BGTF I, saying it "reflects (OTPP's) commitment to providing retirement security for our members while also helping to make the world a better place."[19] PSP Investments and the

18 Brookfield Asset Management, 2023 Sustainability Report, at 63.

19 Ontario Teachers' Pension Plan. "Brookfield Global Transition Fund: Accelerating the transition to a net-zero economy." (November, 2021). https://www.otpp.com/en-ca/about-us/news-and-insights/portfolio-insights/brookfield-global-transition-fund-accelerating-the-transition-to-a-net-zero-economy/.

Investment Management Corporation of Ontario also made large investments in the transition-labeled fund, saying it "reinforces the institutions' collective dedication to responsible investing and the transition to a net zero carbon economy."[20] The Caisse de dépôt et placement du Québec was a major investor in Brookfield's Catalytic Transition Fund, saying it was "supporting innovative approaches to mobilize capital for climate solutions in emerging markets, where investments are critical to tackle the global environmental challenge."[21]

As such, any assets within Brookfield's transition-labeled funds that are not aligned with net zero introduce risk of delivering the opposite, which may precipitate unprofitable or stranded assets.

In addition to financially material transition risks derived from non-aligned assets themselves, a failure to sufficiently ensure the transition-alignment of Brookfield's transition funds may cause reputational harm, making it harder for Brookfield to attract limited partners and their capital. Inconsistency across the financial sector on transition- and climate-related issues means that credibility of methodology is essential to the reputation of transition efforts.

For Brookfield's fund investors, genuine alignment of these transition funds with net zero is essential to maintaining tolerable levels of portfolio transition risk, maintaining credible financed emissions disclosure, and achieving emissions reductions targets. Misalignment of Brookfield's transition-labeled funds will cause ongoing challenges to its ability to successfully market transition-labeled investment vehicles in future.

Any reduction in trust and credibility of Brookfield's transition business poses reputational risk to the business at large, and may harm shareholder value.

20 Ontario Teachers' Pension Plan. Brookfield Announces Initial US$7 Billion Closing for Brookfield Global Transition Fund." (July 27, 2021). https://www.otpp.com/en-ca/about-us/news-and-insights/2021/brookfield-announces-initial-us-7-billion-closing-for-brookfield-global-transition-fund/.

21 Caisse de dépôt et placement du Québec. Brookfield Raises $2.4 billion for Catalytic Transition Fund Supported by Anchor Commitment from. ALTÉRRA." September 23, 2024. https://www.cdpq.com/en/news/pressreleases/brookfield-raises-24-billion-catalytic-transition-fund-supported-anchor.

ENGAGEMENT WITH BROOKFIELD, OPPOSITION STATEMENT, AND REBUTTAL

Investors for Paris Compliance and Shift conducted a number of engagements with Brookfield regarding the shareholder proposal. While Brookfield recognized the validity of some of the concerns raised by the proposal, it has not yet agreed to implement the necessary recommendations.

Brookfield's official response in its Management Information Circular did not address the core concerns outlined in the proposal, and raised further questions. Brookfield states that its "Impact Measurement and Management Framework" (IMM) mandates target-setting against "relevant sector or regional decarbonization pathways."

Brookfield's IMM is not publicly available, and no specific decarbonization pathways have been disclosed. Furthermore, this fails to take into account concerns surrounding potential carbon lock-in and lifecycle emissions analysis.

These concerns are exacerbated by Brookfield repeating its false assertion in the response that gas is a "transition fuel". Use of transition terminology for gas assets without a planned transition or phase-out — even outside of its transition funds — undermines the credibility of Brookfield's transition strategy.

Brookfield states that "the proposal misapprehends the purpose and application of the IMM, which is neither designed for nor suitable for assets under management outside of [its] Transition strategy, for which [it] provide[s] significant disclosure under [its] Decarbonization Framework." But the proposal in fact only calls for disclosure of criteria for transition-labeled assets.

Despite productive engagement, Brookfield management has so far failed to publicly recognize or address the concerns outlined in the proposal. The proposal offers Brookfield an opportunity to ensure the credibility of its transition funds, and to protect its shareholders and fund investors from transition and reputational risk.

THE RESOLUTION

RESOLVED:

Shareholders request that Brookfield disclose clear criteria for assets within its transition-labeled funds in order to ensure compliance with net zero.

SUPPORTING STATEMENT:

Brookfield has developed a significant business line in transition investing, raising almost C$30B across three funds.

Brookfield's transition-labeled funds are guided by its Operating Principles for Impact Management document (OPIM).[22] This includes the defining, management, and assessment of strategic impact objectives, and measurement and mitigation of negative impacts.

But, the OPIM is overly vague, and not compliant with existing and emerging green and transition taxonomies. This fosters business risk with the potential to allocate "transition" investments into activities that lock in emissions and undermine net zero commitments.

This is particularly relevant to LNG, which the Brookfield Infrastructure CEO called a "leading transition fuel in the move toward net zero."[23] Across other business lines, Brookfield is one of the largest investors in LNG in the world, ranking 8th largest with US$5.25B invested.[24]

Branding LNG as a "transition fuel" and potentially including such projects in Brookfield's transition funds is only possible due to several loopholes in the OPIM.

For example, it states that Catalytic Transition Fund investments will be chosen using "the relevant regional decarbonization pathways."[25] But Brookfield does not identify any such pathways specifically, obscuring the magnitude and timing of permissible carbon-intensive assets. For its other transition funds, Brookfield vaguely says it will use relevant sectoral methodologies.

Without references to specific decarbonization models, Brookfield cannot deal with the issue of carbon lock-in, which is not mentioned anywhere in the OPIM. For example, a study finds existing and proposed LNG projects take up more of the 1.5°C-aligned carbon budget, as modelled by the Intergovernmental Panel on Climate Change, than would be allotted to all natural gas globally.[26] This means any additional LNG projects are by definition carbon lock-in.

22 https://www.brookfield.com/sites/default/files/2024-11/Brookfield_OPIM_Disclosure_Statement_2024.pdf
23 https://www.nasdaq.com/articles/brookfield-sees-natural-gas-as-an-essential-fuel-for-the-future
24 https://reclaimfinance.org/site/wp-content/uploads/2024/11/Frozen-gas-boiling-planet.pdf
25 https://www.brookfield.com/sites/default/files/2024-11/Brookfield_OPIM_Disclosure_Statement_2024.pdf
26 https://iopscience.iop.org/article/10.1088/1748-9326/ac71ba/pdf

Furthermore, while the OPIM says Brookfield will report fund emissions using standards such as the GHG Protocol and Partnership for Carbon Accounting Financials, Brookfield's current emissions disclosures lack the scope 3 categories which capture LNG's lifecycle emissions. New studies show that when leakage is factored in, LNG can be higher-emitting than coal, and is never much better.[27]

With these gaps, the OPIM leaves the door open to projects that are not compliant with existing or emerging taxonomies that spell out transition eligibility such as those in the European Union,[28] Australia,[29] and Canada.[30] None of these permit new gas production projects.

Given these gaps and Brookfield's overall support for LNG, investors in its transition funds face the risk that their capital will be deployed in projects that are antithetical to net zero. The resulting loss of credibility for Brookfield would pose a business risk as investors seek more credible alternatives.

For these reasons, shareholders ask that Brookfield issue clearer criteria for its transition funds to ensure that all invested assets align with net zero.

27 https://scijournals.onlinelibrary.wiley.com/doi/10.1002/ese3.1934
28 https://eur-lex.europa.eu/eli/reg_del/2022/1214/oj/eng
29 https://static1.squarespace.com/static/6182172c8c1fdb1d7425fd0d/t/656d4671543a2d5948a19e9d/1701660281017/Transition-Methodology+final.pdf
30 https://www.canada.ca/content/dam/fin/publications/sfac-camfd/2022/09/2022-09-eng.pdf