

SUSTAINABLE DEVELOPMENT

At Brookfield, we understand that the actions we take to ensure the sustainability of our business can have a far reaching impact on the communities and environment in which our clients, employees and shareholders live. Management and the Board of Directors consider our corporate citizenship and social responsibilities in our business decisions to be a high priority and we strive for the highest standards in environmental, safety and economic performance throughout our operations.

We have over \$120 billion of assets under management and more than a century of experience as business operators, and have developed expertise in areas such as energy and water conservation, recycling, wildlife preservation, timber harvesting and erosion control. We pursue innovative programs and systems that foster environmental responsibility across all of our operations. Reviewing and improving our sustainability practices is an ongoing priority at all levels of the organization.

We do not believe that sustainable development and the pursuit of shareholder value are mutually exclusive. In fact, in almost all of our businesses, they are very complementary.

Our \$15 billion power portfolio represents one of the world's largest collection of renewable power facilities, with 167 hydro stations and wind farms on two continents. In an average year, our plants generate enough clean power to supply 1.4 million homes. The same output from coal-fired generation would produce 15 million tons of CO₂. Our ability to produce energy during peak periods, and conserve water during off-peak hours, meets an important social need, as we deliver clean power when demand is at its highest.

In addition to producing carbon-free clean power, we employ corporate responsibility and sustainability standards in our renewable power operations that include:

- Environmental Management Systems modelled on the ISO 14001 Standard
- Safe Work Management Systems aligned with the OHSAS 18001 Standard
- Codes of Conduct on corporate and social responsibility for employees, contractors and consultants
- Extensive independent audit programs

As one of the largest commercial property investors in the world, we are committed to continuous improvement of our environmental performance. Sustainability is a priority for our tenants, and as landlords, our goal is to exceed their expectations. We know that shrinking the environmental footprint in our buildings, and cutting back on energy, water and waste will have a positive effect on the financial performance of our assets. To assist our efforts and assess our progress, we commissioned an outside audit of sustainability initiatives within our portfolio of 18 Canadian office buildings last year, and found that in 2010, our recycling programs saved the equivalent of 191,000 trees, our water usage fell by an amount that would fill 120 Olympic sized pools, and we saved enough electricity to power 3,800 homes.

Within our 88 million-square foot global office portfolio, we currently have:

- 16 Leadership in Energy and Environmental (LEED) certifications
- 100% of our Canadian properties earned BOMA BEST (Building Environmental Standards) certification
- 80% of our U.S. properties achieved ENERGY STAR certification

In our \$15 billion infrastructure division, we hold 2.3 million acres of timberland, one of the largest private holdings of forest land in North America. These trees offset greenhouse gas emissions by capturing and storing carbon dioxide, and are a truly renewable resource. In managing our timber portfolio, we focus on sustainable harvest levels, and meet both our own internal standards and regulations set down in more than 30 government statutes.

Our timber practices meet or exceed measures set under the U.S. Sustainable Forestry Initiative (SFI 2005-2009 Standard), a code that balances the economic benefits of forest management with other forest values. The major principles in this program include:

- Sustainable Forestry
- Soil Preservation
- Protection of Water Resources
- Protection of Special Sites and Biological Diversity

Our goal is to be responsible stewards of our resources, and good citizens in all that we do. Brookfield is an active contributor in the communities where we conduct business. We are proud of the commitment we have made to corporate social responsibility. The initiatives we undertake and the investments we make in building our company are guided by our core set of values around sustainable development, as we create a culture and organization that can be successful today and in the future.

CORPORATE GOVERNANCE

Management and the Board of Directors are committed to working together to achieve strong and effective corporate governance. Our Board of Directors is of the view that our corporate governance policies and practices and our disclosure in this regard are appropriate, effective and consistent with the guidelines established by Canadian and U.S. securities regulators. We continue to review our corporate governance policies and practices in relation to evolving legislation, guidelines and best practices.

Our Statement of Corporate Governance Practices is set out in full in the Management Information Circular prepared each year and distributed to shareholders who request it along with the Notice of our Annual Meeting. This Statement is also available on our web site, www.brookfield.com, at "About Brookfield / Corporate Governance."

You can also access the following documents referred to in the Statement on our web site: our Board of Directors Charter, the Charter of Expectations for Directors, the Charters of the Board's three Standing Committees (Audit, Governance & Nominating and Management Resources & Compensation), Board Position Descriptions, our Code of Business Conduct and Ethics and our Corporate Disclosure Policy.