

## SUSTAINABLE DEVELOPMENT AND CORPORATE SOCIAL RESPONSIBILITY

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

We have approximately \$150 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 reforestation 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 believe that sustainable development and the pursuit of shareholder value are complementary.

Our \$18 billion power portfolio represents one of the world's largest collections of renewable power facilities, with 170 hydro stations and seven wind farms on two continents. In an average year, our plants generate enough clean power to supply nearly 2 million homes. The same output from coal-fired generation would produce approximately 17 million tons of CO<sub>2</sub>. 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 sustainability standards in our renewable power operations that include:

- Participation in the Sustainable Electricity program administered by the Canadian Electricity Association
- Low Impact Hydropower Institute Certification on 43 U.S. renewable power plants
- Environmental Management Systems modelled on the ISO 14001 Standard
- Safe Work Management Systems aligned with the OHSAS 18001 Standard

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.

Within our over \$80 billion, 280 million square foot global office and retail portfolio, we currently have 30 Leadership in Energy and Environmental (LEED) certifications for our office properties in North America, a further 12 LEED awards anticipated in 2012 and we have made a commitment to build all new ground-up developments to a minimum standard of LEED Gold. In addition, our properties have achieved other recognized environmental awards in North America, Australia and Europe.

Our \$19 billion infrastructure operations include 2.5 million acres of timberland, one of the largest private holdings of forest land in North and South America, along with 100,000 hectares of farmland in Brazil. These trees and crops offset greenhouse gas emissions by capturing and storing carbon dioxide, and are a truly renewable resource. In managing our timber and agricultural 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, preservation of soil and water and protection of biological diversity.

Sustainability is about more than just the environment. It is about good corporate citizenship – actively contributing to the communities in which we conduct business, as a way of giving back and fostering growth. We encourage and support a culture of charity and volunteerism among our employees. Our senior executives hold leadership positions on the boards and capital

campaigns of major charities and public institutions, and our employees participate in and lead many community activities and fund-raising events.

Our Brookfield Partners Foundation supports hospitals, universities and cultural organizations in Canada. Our Brookfield U.S. Foundation provides funding and support for programs and organizations that improve the quality of life by providing heating, shelter, food and other basic needs assistance to families and communities as well as environmental education and programs. On a global basis, our individual operations and employees work with charities and organizations on local initiatives. For example, in Brazil, we formed a community library in one of our malls to foster reading among people, elementary and high school students in the surrounding area and eight of our European employees traveled to South Africa and participated in a three-week project to build a 'House of Hope' to house children orphaned by HIV/AIDS.

In addition to a commitment to philanthropy, sustainability means ensuring we, as an organization, adhere to high standards of business conduct wherever we operate. As an increasingly global organization, we have backed up our commitment to corporate social responsibility and ethical conduct with a comprehensive Code of Business Conduct that employees throughout the organization sign each year, certifying adherence to these important practices and principles.

## **CORPORATE GOVERNANCE**

Management and the Board of Directors are committed to 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 website, [www.brookfield.com](http://www.brookfield.com), at "About Brookfield/Corporate Governance."

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