Manulife Investment Management

Client-directed exclusions *framework*

March 2025

Manulife Investment Management

Introduction

Responding to client needs

Manulife Investment Management provides investment management services to a range of institutional clients across the globe with a wide range of objectives and guidelines. Some clients seek to incorporate principles into their investment process that may result in the exclusion of certain assets or sectors that they believe may pose material financial risks or be harmful to society or the broader environment, or be misaligned with their values, ethics, or needs. The purpose of this framework is to provide a clear structure enabling institutional clients to choose exclusions that meet their specific needs.

This framework does not form part of any investment management agreement with a client unless explicitly stated in that client agreement or otherwise agreed in writing between the parties. In the event of any disagreement between this framework and any fund offering documents or client agreements, those offering documents or client agreements will prevail.

Application of exclusions

Segregated mandates

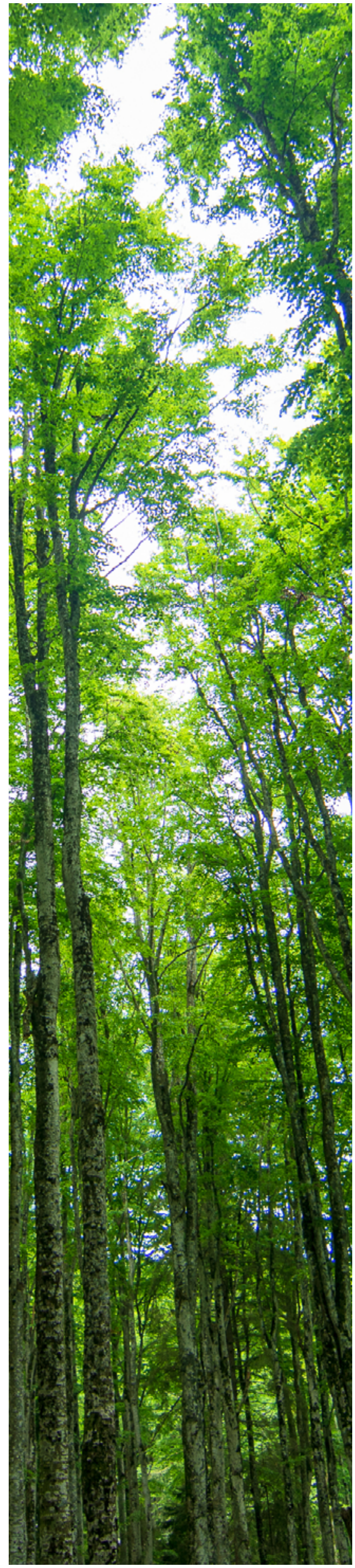
In instances in which Manulife Investment Management manages a segregated mandate for a client, and at the request of the client, we will apply exclusions in accordance with the methodology outlined in this document. Clients may request other exclusion methods or categories of business activity, and Manulife Investment Management will endeavor to find a solution that meets client needs. In all cases, such exclusions will be documented in writing.

Manulife Investment Management funds

For clients invested in Manulife Investment Management fund products, the approach and application of any investment exclusions are detailed in relevant investment documentation such as the fund prospectus, LPAs, side letters, or other fund documents. This framework does not apply to Manulife Investment fund products.

Applicable securities

This approach applies to the exclusion of investments made directly in a single corporate issuer; for example, an equity or fixed-income investment, a total return swap on a single issuer, or a credit default swap. It also applies to direct investments across all private asset classes. It does not apply in other circumstances, including to derivatives instruments or any other vehicle seeking to achieve exposure to multiple issuers.



Implementation

Any agreed exclusions are implemented by our investment teams and supported by our three lines of defense model.[1] During investment screening, the investment team will consider whether the investment falls outside of any investment limitations as outlined in the investment documentation. Typically, Manulife Investment Management updates security exclusion lists on a quarterly basis but may do so more frequently.

For an investment in public market assets that are typically relatively liquid, in the event that a security in the client's portfolio becomes ineligible following an update, the investment team will sell it within 30 days unless they believe that due to liquidity or other concerns, clients will be materially disadvantaged. For investments in private asset classes, which are generally not liquid, further purchases will not be made but existing investments are not generally sold outside of any normal liquidity window that might arise.

Data considerations

In implementing exclusions in public asset classes, Manulife Investment Management generally relies on the provision of information from third-party providers or a combination of third-party data and internal research and analysis. As issuers are typically not required to produce detailed disclosures sufficient to determine compliance with exclusionary frameworks, those providers may rely on estimates or their reasonable judgment in forming conclusions.

In private asset classes, Manulife Investment Management will generally rely on a combination of internal research and analysis, as well as available third-party data. As the investee may not readily produce detailed disclosures sufficient to determine compliance with certain exclusionary frameworks, Manulife Investment Management will perform due diligence on the investment to capture relevant information to determine the applicability with excluded categories under this exclusions framework.

Categories of excluded business activity

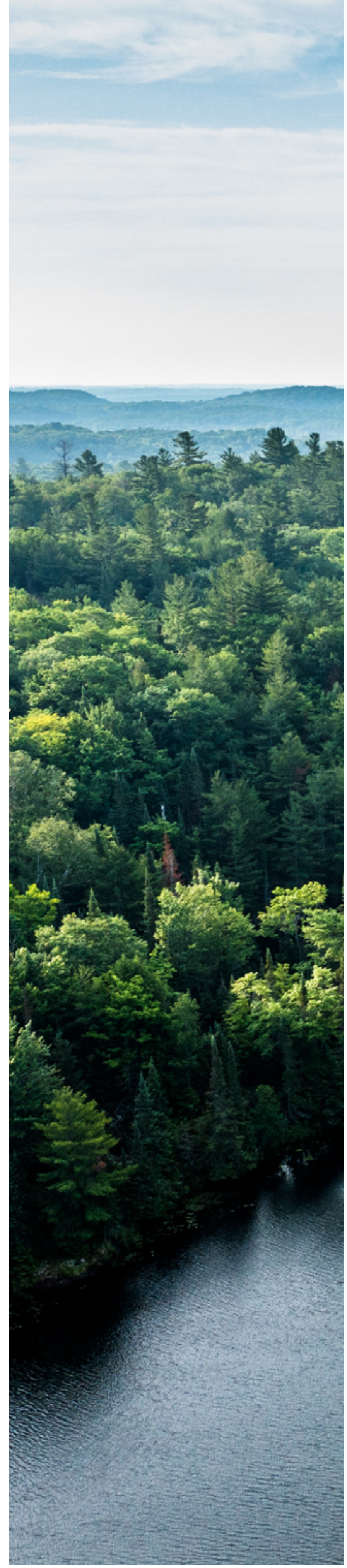
Thermal coal

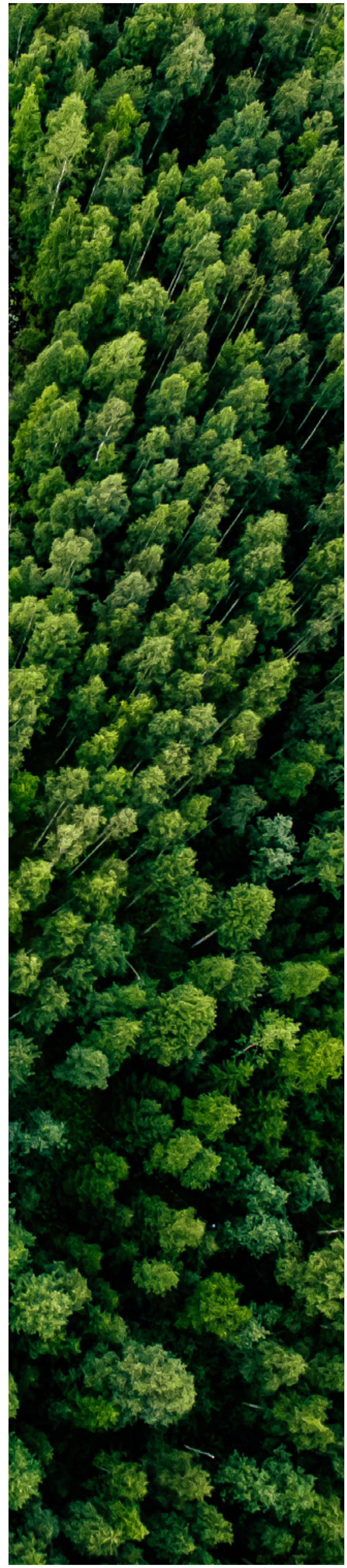
Rationale

The International Energy Agency and International Panel on Climate Change have established that unabated coal phase-out is needed in the Organisation for Economic Co-operation and Development (OECD) and EU no later than 2030 and by no later than 2040 in the rest of the world, in addition to no new coal developments beginning in 2020 if we are to limit the average global temperature rise to 1.5°C above preindustrial levels as per the 2015 Paris Agreement. To achieve these goals, electricity systems will have to stop their reliance on coal well in advance of the 2030 and 2040 deadlines to support the clean electrification of other industries; therefore, coal financing will have to end ahead of those deadlines. Governments around the world are aligning policy and incentives with these goals, which puts coal assets at higher risk of being stranded.

Manulife Investment Management's coal exclusions framework is designed to take a responsible and science-based approach to phasing out thermal coal mining and coal-fired power generation and contribute to real-world decarbonization outcomes aligned with the Paris Agreement.

1 Manulife Investment Management deploys a risk management approach that consists of three layers, beginning with our investment professionals. This is followed by compliance and risk management teams as the second layer, and our internal audit team constitutes the third layer. All three layers have entirely separate management structures and reporting authorities to ensure independence. See our sustainability report for more details.





Exclusions application

For clients that opt into this framework, coal-related exclusions will apply as follows within public asset classes, which are typically relatively liquid:

- We will engage with companies on committing to no new investments in coal projects and adoption of a climate transition plan.
- Manulife Investment Management will not knowingly invest in any companies continuing to develop new coal mines, expand coal reserves, or in new coal-fired plants for the sale of electricity from January 1, 2025.
- We will divest investments in companies by January 1, 2027, that are not committed to retiring existing coal mines or plants by 2030 in OECD markets. New investments in companies that have not made these commitments will not be permitted.

  We may continue to invest in responsible retirement vehicles through 2030 in OECD markets to support the climate transition.
- We will divest investments in companies by 2035 that are not committed to retiring coal mines or plants in non-OECD markets by 2040.

  We may continue to invest in responsible retirement vehicles through 2040 in non-OECD markets to support the climate transition.
- We may continue to engage with companies that have been divested so that they can become permitted again if they make the appropriate commitments.

These exceptions are reviewed internally through Manulife Investment Management's established governance framework, which includes approval of such names by the chief sustainable investment officer of public markets.

Private markets

We acknowledge the risks and opportunities associated with climate change and the transition to a lower-carbon economy. Considerations for coal-related exclusions within private asset classes may include the following, noting that there is typically less opportunity to exit an investment in private asset classes; therefore, we adopt a different framework for future investment opportunities:

- We will not knowingly invest in companies involved in thermal coal mining activities or thermal coal power generation facilities.
- We will seek investor consent for investments in which greater than 20% of total revenue is derived from coal-fired power generation facilities.

Exceptions may be considered by the relevant portfolio manager on a case-by-case basis, including consideration of a case in which a credible transition pathway exists in a defined time period alongside a commitment to no expansion of thermal coal projects.

Investments related to coal infrastructure and transportation, downstream use of electricity from coal-fired power facilities, or other indirect exposures from servicing the coal industry remain permitted.

Manulife Investment Management

Deforestation of tropical forests

Rationale

We believe nature loss poses a systemic risk to the global economy, characterized by complex interlinkages with climate change and social inequality. Human activity has already altered approximately three-quarters of the land on Earth, wildlife populations have declined by nearly 70% in the last 50 years, and a million species currently face extinction, yet it's been estimated that over half of global GDP is directly dependent on nature in one way or another. Deforestation in the world's tropical regions is a leading cause of global nature and biodiversity loss, driven primarily by the conversion of forests for purposes of producing agricultural commodities.

The Kunming-Montreal Global Biodiversity Framework (GBF), signed in 2022 by 196 countries, includes 4 goals and 23 targets, the main ones being to halt nature loss by conserving 30% of the world's remaining terrestrial and aquatic territories, while restoring 30% of already-degraded areas, by 2030. Stopping and, where possible, reversing tropical deforestation is key to achieving most of the 23 targets under the GBF. Countries are in the process of developing their own national frameworks to implement these targets on the ground, but many nations require increased nature-positive financial flows and greater corporate alignment to bring their plans to fruition.

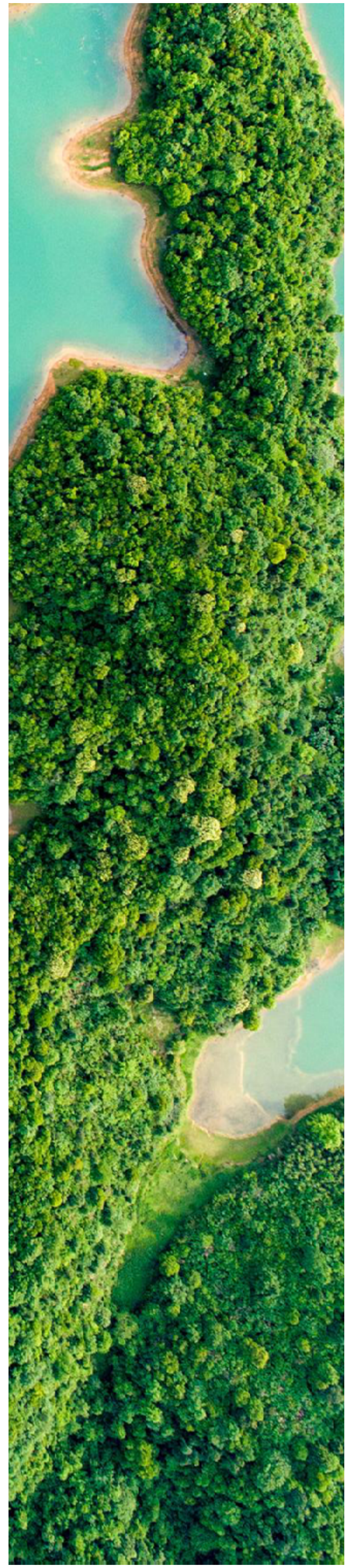
Deforestation can also have significant adverse financial, regulatory, reputational, and operational effects on companies worldwide, which in turn can affect corporate performance and investment returns. Reducing investment exposure to companies that contribute to tropical deforestation can, in our view, help clients mitigate these risks and promote long-term investment value creation.

Exclusions application

On an annual basis, Manulife Investment Management produces a list of companies that clients within public asset classes may choose to exclude or divest due to their high exposure to tropical deforestation risk. Companies that meet all three of the following criteria will be excluded or divested on client instruction:

1. Companies that directly produce, or are otherwise dependent on, one or more of the following commodities for revenue generation: timber, soy, cattle, and palm oil, all of which are commonly linked to tropical deforestation risk
2. Companies that have a revenue dependency of at least 5% or other material dependency on one or more of the four above commodities, and/or that have reported potential material financial risks related to tropical deforestation
3. Companies that meet the other two criteria described above but that do not at present have their own policies or commitments in place related to mitigating tropical deforestation risk

As a final step in this approach, a qualitative assessment is conducted on any company identified through our methodology to confirm that it does in fact meet all criteria for tropical deforestation risk.



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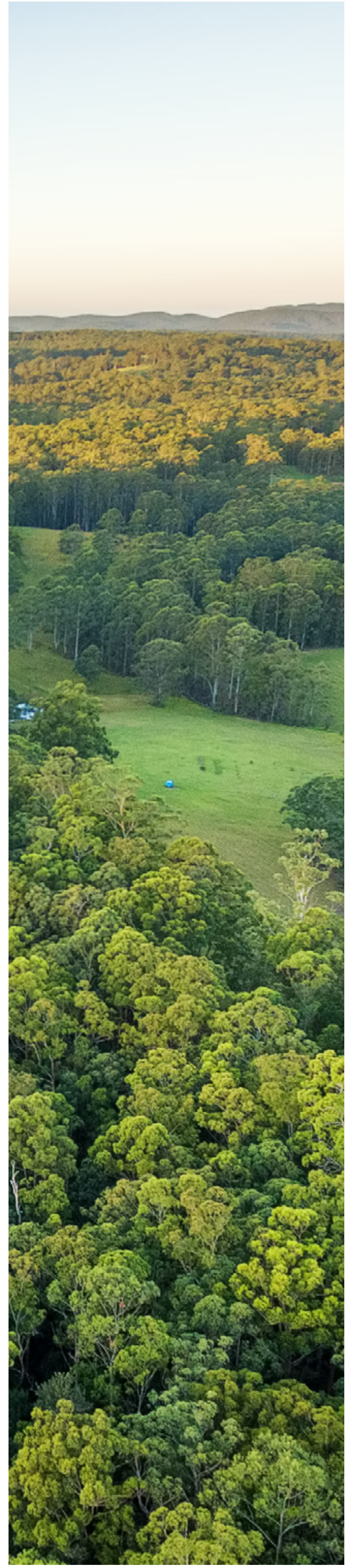

Investing involves risks, including the potential loss of principal. Financial markets are volatile and can fluctuate significantly in response to company, industry, political, regulatory, market, or economic developments. These risks are magnified for investments made in emerging markets. Currency risk is the risk that fluctuations in exchange rates may adversely affect the value of a portfolio's investments.

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As part of Manulife Financial Corporation, Manulife Wealth & Asset Management provides global investment, financial advice, and retirement plan services to 19 million individuals, institutions, and retirement plan members worldwide. Our mission is to make decisions easier and lives better by empowering people today to invest for a better tomorrow. As a committed partner to our clients and as a responsible steward of investor capital, we offer a heritage of risk management, deep expertise across public and private markets, and comprehensive retirement plan services. We seek to provide better investment and impact outcomes and to help people confidently save and invest for a more secure financial future. Not all offerings are available in all jurisdictions. For additional information, please visit manulifeim.com.

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