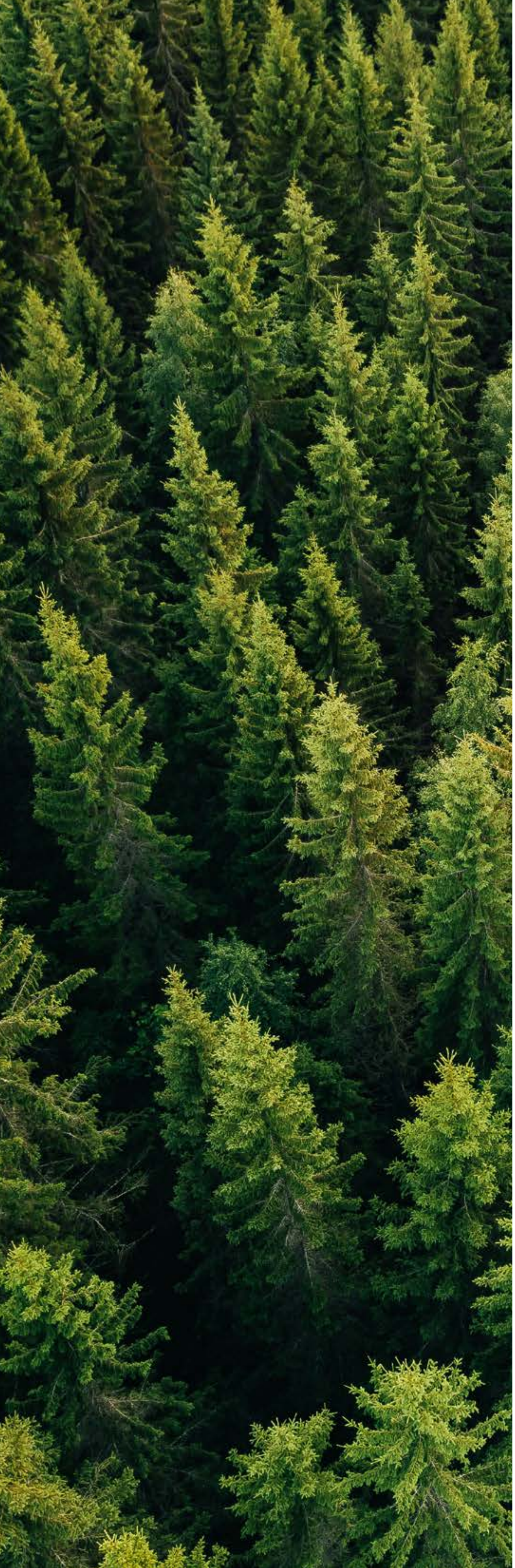

Manulife

# Manulife Financial Corporation Climate Change Statement

At Manulife Financial Corporation (MFC), we are taking steps to reduce our environmental footprint, support the transition to a low carbon economy, and invest in climate change mitigation and resilience. We recognize the threats posed by climate change to our business, public health, and the livelihoods of the communities in which we operate, and the urgent need to preserve the quality of our natural environment. This includes how we manage our operations, how we make investment decisions, and how we develop and offer financial products and services. Our effort to combat climate change is embedded across our business strategy.

The Paris Agreement urges action to hold the increase in the global average temperature to well below 2 degrees Celsius and pursue efforts to limit the temperature increase to 1.5 degrees Celsius, to significantly reduce the risks and impacts of climate change.[1] Reaching the goals of the Paris Agreement demands a unified global effort - both in the near-term and over the long-term, to accelerate decarbonization and the transition to a low carbon economy. According to the Intergovernmental Panel on Climate Change, "comprehensive, effective, and innovative responses can harness synergies and reduce trade-offs between adaptation and mitigation to advance sustainable development".[2] Such profound changes present both significant risks and opportunities for all institutions, including the private sector. Despite the urgency of action on climate, the transition to net zero will not follow the same pathway in every sector, across every region, and in every economy.

## Climate Change Approach

As a long-term investor and asset manager, we seek to manage climate risk in our investments and capitalize on opportunities to help with the transition to a low carbon economy. Our strategic approach focuses on reducing the emissions footprint of our operated assets, investing in a sustainable future through our General Account Investments, and building solutions to climate challenges through our products and services. In addition, in our Manulife Investment Management business, we regularly engage the companies we invest in, to encourage them to mitigate their exposure to climate impacts and align their business models with the low carbon future envisaged in the Paris Agreement.[3]

## Climate Change Governance

Our sustainability governance framework enables us to achieve our sustainability objectives across our global franchise, facilitating easier and more strategic decision-making within the context of our business objectives. Oversight of our Environment, Social and Governance (ESG) framework is part of the mandate of our Board of Directors' Corporate Governance and Nominating Committee (CGNC). The CGNC's oversight of our sustainability framework complements the work of the Executive Sustainability Council (ESC). The ESC consists of our Global Chief Sustainability Officer (CSO) and 11 members of our Executive Leadership Team (ELT), including our Chief Executive Officer (CEO). The ESC is scheduled to meet monthly and is responsible for establishing the enterprise's sustainability ambition, guiding the development and execution of the sustainability strategy, and providing recommendations and direction on matters related to ESG. In addition to the ESC, within our asset management business we have business-segment-level committees that execute asset-class-specific sustainability objectives.

The CSO chairs Manulife's Sustainability Centre of Expertise (CoE), which consists of corporate function and business unit leads tasked with integrating sustainability into our business practices. This group's responsibilities include leading the development and implementation of the sustainability strategy. Additionally, the CoE ensures integration of sustainability into business unit strategies, policies, and procedures. The CoE shares information, builds knowledge across functions and business units, advises on sustainability matters, and provides support and capacity-building to business units.

## Climate Change Risk Management

Manulife has been an adopter of the Task Force on Climate-related Financial Disclosures (TCFD) since 2017 and remains committed to aligning our disclosures to its framework and recommendations, now being overseen by the International Financial Reporting Standards (IFRS) Foundation.

Consistent with the TCFD framework, Manulife defines climate-related risks as the potential negative impacts from climate change, which may be experienced directly (e.g., through financial loss) or indirectly (e.g., through reputational harm), resulting from the physical impacts of climate change or the transition to a low-carbon economy. Guided by our Environmental Risk Policy, along with business-specific policies, standards, and guidelines, climate-related risks and opportunities are identified and categorized using Manulife's existing risk taxonomy, specifically across our principal risk types. Climate change impacts can manifest across a diverse set of pathways, with the potential to impact any of our principal risks, including strategic, market & liquidity, credit & investment, product, and operational risk, as well as legal and reputational risk. We view climate as a transverse causal driver of our existing principal risks. We believe failure to adequately prepare for the potential impacts of climate change can have material adverse impacts on our balance sheet or our ability to operate.

[1] http://unfccc.int/files/essential_background/convention/application/pdf/english_paris_agreement.pdf
[2] https://www.ipcc.ch/report/ar6/wg2/chapter/summary-for-policymakers/
[3] https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement


# Manulife's Climate Action Plan

## Our Operations[4]

**Reduce the emissions footprint of our operated assets**

We are developing solutions to reduce absolute scope 1 and 2 emissions by 40% by 2035[5], with an immediate focus on decarbonizing assets we both own and operate.

## Our General Account Investments

**Invest in a sustainable future**

We are mapping out a pathway to a net zero General Account investment portfolio by 2050 and working to achieve near-term science-based improvements in the carbon footprint of power generation project finance and listed debt and equity investments[6,7].

Power generation project finance:

- 72% in per Kilowatt-hour (kWh) reduction in emissions intensity from project financing activities by 2035 and/ or in line with a 2035 International Energy Agency (IEA) target intensity of 0.14 $kgCO_2e$/kWh.

Listed debt and equity, excluding sovereigns, in all other sectors:

- Reducing portfolio temperature from 2.9°C in 2019 to 2.5°C on a well-below 2°C pathway by 2027, based on issuer's total value chain activities (scope 1, 2, and 3 emissions).
- Reducing portfolio temperature from 2.7°C in 2019 to 2.3°C on a well-below 2°C pathway by 2027, based on issuer's operational activities (scope 1 and 2 emissions).

## Our Products and Services

**Build solutions to climate challenges**

We are creating investment products that solve investor needs and contribute to a more sustainable future. We are enhancing the resilience of our life and health insurance products in light of climate-related risks and are evaluating necessary steps to better understand the impact of climate on morbidity and mortality.

**For more information, please see**
**www.manulife.com/en/about/sustainability.html**

[4] At Manulife and Manulife Investment Management, we define our organizational boundary using the operational control approach for scope 1 and scope 2 emissions, per the Greenhouse Gas (GHG) Protocol. Under the operational control approach, a company accounts for 100% of the GHG emissions from operations over which it has operational control, regardless of financial ownership of the entity. It does not account for GHG emissions from operations in which the company owns an interest but has no operational control.

[5] Relative to a 2019 baseline. Our 2019 baseline year reflects a typical year for our operations. The COVID-19 pandemic resulted in a remote work scenario across our operations, as such our 2020 emissions are not representative of a typical year.

[6] Project finance is defined in accordance with Science Based Target Initiatives (SBTi's) Financial Institution guidance, as an on-balance sheet loan or equity (private) with known use of proceeds that are designated for a clearly defined activity or set of activities, such as the construction of a gas-fired power plant, a wind or solar project, or energy efficiency projects.

[7] Relative to a 2019 baseline estimate. Near-term targets include interim targets for 2035 and 2027.



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