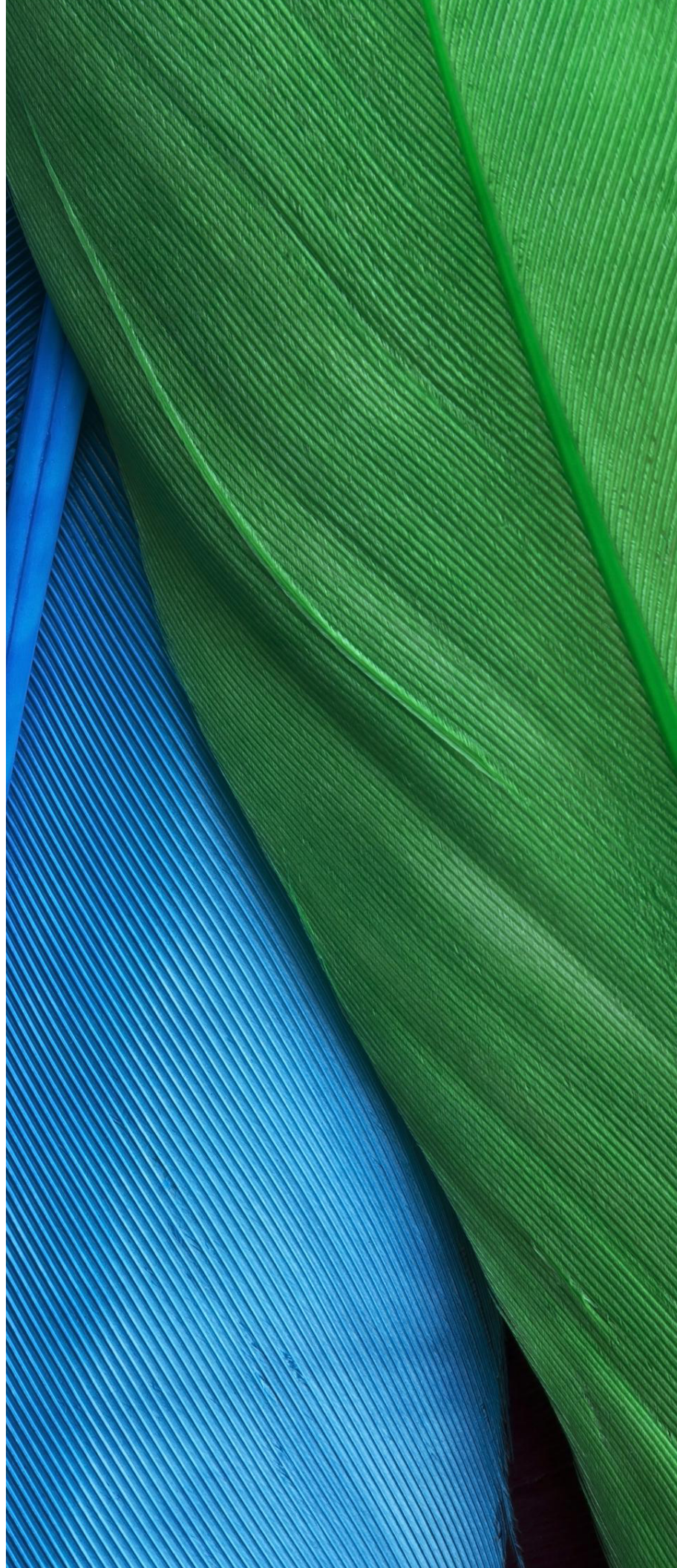


Nature Statement

September 2025



Purpose and scope

Manulife Investment Management believes prudent investment decision-making must consider an investment's relationship to nature. As we set out below, damage to the natural world can heighten assets' exposure to certain risks, while effective stewardship of nature may enhance investment outcomes. We also recognize that the health of the global economy in which we invest depends on the health of the global environment, and it is our fiduciary duty to consider material risks and aspects of performance in our investment process.

This statement outlines our rationale as well as our approach to nature in the investment process and asset stewardship.

Background

Nature, or the natural world, includes both nonliving realms (land, soil, water, air) and living realms (ecosystems, species, and genes—which we collectively refer to as biodiversity). In addition to nature's tremendous inherent value, all life on earth, to varying degrees, depends on the benefits nature provides. Nature and biodiversity are critical for the functioning of society and the global economy. According to the World Economic Forum, over half the world's total GDP is moderately or highly dependent on nature and its services.¹

Yet the current trajectory for the use and management of natural capital isn't sustainable. As outlined in the Dasgupta Review,² a seminal global review of the economics of biodiversity, economic and technological advancement has come at a devastating cost to nature. Estimates indicate that produced capital per person doubled between 1992 and 2014, but that the stock of natural capital per person also declined by nearly 40%. This gap between the rate of natural capital consumption and nature's ability to regenerate continues to widen: One estimate from the Global Footprint Network (GFN)³ is that the ratio of our demand from the biosphere to its regeneration rate increased from 1 in the late 1960s to 1.6 in 2020. This erosion of natural capital increasingly threatens the economic systems that depend on it.

Statement

We believe businesses and assets that effectively manage natural resources and environmental impact from operations can offer investors a better risk/reward profile over the long term as nature-related risks and opportunities begin to manifest both physically and financially. In contrast, businesses and assets that fail to account for their relationship with nature could face increased exposure to material risks. Examples include raw material shortages, supply chain disruptions due to extreme weather events, reputational damage, insurance costs, product substitution, and loss of market share due to shifts in consumer preferences, as detailed further below.

Definitions

Biodiversity—The variety of life on earth—typically a measure of the variation at the genetic, species, and ecosystem levels; biodiversity is a characteristic of healthy natural capital assets and underpins nature's capacity to generate flows of ecosystem services, such as how birds, insects, and other animals pollinate our crops

Ecosystem services—Benefits that people obtain from natural capital such as air and water purification services, also known as nature's contributions to people

Natural capital—Stocks of renewable and nonrenewable resources that combine to yield a flow of benefits to people

Nature loss—Decline of natural capital, ecosystem services, or biodiversity

Produced capital—Consists of physical assets generated by applying human productive activities to natural capital and capable of providing a flow of goods or services

¹ World Economic Forum: The New Nature Economy Report 2020 <https://www.weforum.org/press/2020/01/half-of-world-s-gdp-moderately-or-highly-dependent-on-nature-says-new-report/> and PWC: Managing nature risks: From understanding to action, 2023.

² The Economics of Biodiversity: The Dasgupta Review, 2021. ³ Global Footprint Network: Living Planet Report 2022.

An overview of nature-related risks and how businesses may be affected

Type of risk	How risk materializes	Impact on companies
<p>Physical risk</p> <p>Ecosystem services at risk due to:</p> <ul style="list-style-type: none"> • Pollution • Invasive species • Climate change • Overexploitation of natural resources • Land and sea use change 	<p>Leads to the decline of:</p> <ul style="list-style-type: none"> • Air quality • Water security and quality • Land productivity • Soil health • Pollinator health • Habitat intactness 	<ul style="list-style-type: none"> • Decreased food and raw material production • Supply chain disruption • Raw material price volatility • Reduced land value and stranded assets • Capital destruction • Loss of revenues
<p>Transition risk</p> <p>Resulting from societal response to nature loss</p>	<ul style="list-style-type: none"> • New policy and regulation • Technological obsolescence • Adaptation of business operations • Shift in consumer and investor preferences toward nature-positive products/business models 	<ul style="list-style-type: none"> • New purchaser requirements • Limits on investment activities • Additional reporting requirements • Investment in new technologies or products • Higher operating costs and/or loss of revenues • Stranded assets • Shifts in capital allocation
<p>Liability and reputational risk</p>	<ul style="list-style-type: none"> • Litigation • Payouts and fines • Insurance costs • Reputational damage 	<ul style="list-style-type: none"> • Negative consumer or investor sentiment • Loss of market share/revenues • Ratings downgrade and/or share price losses • Loss of licenses to operate or develop

Considering nature in investment decisions may also present investment opportunities. For example:

- Practices and technologies that reduce the use of natural or raw material inputs, such as water, fuel, fertilizer, or minerals, may improve operational efficiency, reduce costs, and insulate operations from future commodity price volatility.
- Investments with access to, or views of, green space are often associated with higher real estate values, as occupants benefit physically and emotionally from closer connections to nature.
- Investments in natural assets, such as forests, can remove carbon from the atmosphere, provide recreational opportunities, and reduce water treatment costs—all of which may generate additional income.
- Investments in agricultural soil health can increase water holding capacity and nutrient balance, leading to soils that are more productive and drought resilient, potentially increasing and stabilizing volatile farm revenues.

We consider these risks and opportunities in our investment due diligence and asset management to ensure we assess material factors that may contribute to protecting and enhancing the value of our clients' investments. Ultimately, our approach is calibrated (through use of asset-class specific guidance) to the degree of control we have over the assets, and the materiality of issues given other factors, such as geography, sector, and ecosystems. Illustrative actions may include engaging with management teams, implementing biodiversity or water management plans, collaborating with conservation nonprofits, discussing with other interested parties, or exercising proxy votes.

We also know that positive outcomes come not only from private action, but from responsible government policy aimed at protecting our natural systems. Through collaborative groups, we therefore work to encourage development of government policy that works toward sustainable economic growth, and advocate for policies that protect and restore biodiversity with an emphasis on aligning financial flows with investment risk mitigation and global biodiversity goals.

We also collaborate with other investors, standard setters, and policymakers to promote policies and practices that consider nature's foundational role in underpinning long-term, durable economic growth. These may include, among others:

- UN Principles for Responsible Investment, including PRI Spring
- Taskforce on Nature-related Financial Disclosures
- World Business Council for Sustainable Development
- Nature Action 100+
- NatureFinance
- Emerging Markets Investor Alliance



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