



Sustainable
Investing and
Sustainability
Risk Statement

Objective

This Sustainable Investing and Sustainability Risk Statement (the Statement) provides an overview of Manulife Investment Management's (Manulife IM) approach to sustainable investing, specifically within the Institutional Asset Management segment of Manulife Wealth and Asset Management.

It outlines our approach to sustainable investing and describes our core beliefs that support a culture of sustainability. This Statement also details how sustainability opportunities and risk factors are integrated into our investment decision-making processes. Our philosophy provides a flexible framework that supports implementation across different asset classes, investment teams, investment products, and geographies and applies to our public and private markets businesses.¹

This Statement aligns with our fiduciary responsibilities as a manager of client capital, and defines Manulife IM's overall approach to sustainability. Our commitment to sustainability is rooted in our fiduciary duty to act in the best interests of our clients. It also reflects our commitments as a signatory to the Principles for Responsible Investment (PRI) and various stewardship codes to which Manulife IM is committed across different jurisdictions², as well as various regulatory requirements, where applicable.

Our approach to sustainable investing

Our approach to sustainable investing is driven by our belief that it's a source of enduring value creation. It is integral to our business and culture. We also recognize that our clients' needs in this area are expanding, and their own stakeholders are demanding a formal adoption of sustainable investment practices.

Sustainable investing is a lens applied to all stages of the investment process across all asset classes. As investors and stewards of client capital, we seek to understand all material factors that may impact the risk and return profile of current and potential investments. We believe that consistent analysis of sustainability factors to inform and define the investment process and gain a more comprehensive understanding of both the risks, and medium-to-long-term opportunities arising from these factors, helps us deliver attractive risk-adjusted returns to our clients over the long term.

Definitions

Sustainability factors encompass governance, climate, nature, and people-related matters that are central to measuring the sustainability of investments (Sustainability Factors).

A sustainability risk refers to any sustainability factor-related event or issue that, if it occurs, could have or will have a material negative impact on the value of investments we make for our clients (Sustainability Risks).

A sustainability opportunity refers to any sustainability factor-related event or issue that, if it occurs, could or will have a material positive impact on the value of investments we make for our clients (Sustainability Opportunities).

The integration of sustainability risks and opportunities and analysis of sustainability factors is fundamental to our investment approach, and reflected in all references to "sustainable investing" throughout this Statement.

¹ Manulife IM investment professionals apply the principles and concepts in this Statement in their decision-making processes. While implementation may vary across asset classes and strategies, investment activity remains aligned with our overarching beliefs to support our culture of sustainability creating long-term value for clients. This Statement covers the activities of the investment management teams within Manulife IM except where explicitly carved-out, and/or to the extent that a team or entity maintains and adheres to its own separate statement or policy on sustainable investment and risk. This Statement does not cover activities of non-affiliated asset-managers who manage some client assets on our behalf, or the activities of CQS, which is a wholly owned multi-sector alternative credit manager acquired by Manulife IM in 2024, or Comvest Credit Partners, which is a privately held direct lending private credit manager acquired by Manulife IM in 2025. ² Manulife IM is a signatory to several stewardship codes. Please refer to the Manulife IM sustainability report for more information.

While we also recognize that the scope of sustainability factors relevant to investing will continually evolve, sustainability factors that we believe are pertinent to our investments may include:

Corporate governance



Sub-topics

- Leadership structure, diversity, independence, competence and oversight
- Compensation schemes: structure, performance metrics, and oversight
- Investor rights protection
- Accountability mechanisms
- Quality of sustainability disclosure and transparency

Nature/ Natural capital



Sub-topics

- deforestation
- carbon sequestration
- pollution
- overexploitation
- protected areas
- biodiversity
- threatened and endangered species
- water quality and quantity

Climate



Sub-topics

- energy and resource efficiency
- physical climate risk, resiliency and adaptation opportunities
- greenhouse gas emissions mitigation
- renewable energy sources

People



Sub-topics

- salient human rights, such as health and safety or modern slavery
- community engagement and relations
- Indigenous Peoples
- inclusive human capital strategies and goods/services
- product quality and safety
- data privacy and security
- responsible contracting
- access to remedy mechanisms

We acknowledge the interconnectedness of sustainability factors—such as nature, climate, people, and good governance—which are deeply interdependent and cannot be effectively addressed in isolation. These themes are considered holistically, recognizing that progress in one area often depends on and reinforces progress in others.

In addition, the long-term preservation of wealth is increasingly tied to how we address major global challenges, such as climate change, nature loss, and rising inequality. The ability to create financial value is impacted by the health of our natural environment and the strength of the social infrastructure in our communities. As such, we believe that consideration of related sustainability factors is integral to understanding the true value of an investment.

Our beliefs

Manulife IM's approach to sustainable investing is driven by our beliefs.

Sustainability factors can affect financial value



We integrate what we consider to be financially material sustainability-related risks and opportunities into our investment decision-making processes throughout the investment lifecycle.

Active managers have a built-in stewardship advantage



We draw on our deep knowledge of and relationships with our investees to encourage performance improvements aimed at achieving our clients' objectives and enhancing the long-term value of their portfolios. Where we operate assets, we pursue what we see as the best sustainability processes and standards on behalf of our clients, our firm, and our employees.

Clients need access to sustainable investing options to meet their unique requirements



Today's clients have increasingly sophisticated investment needs, goals, and expectations, ranging from ESG integration to high-caliber impact investments; therefore, offering a broad array of products and services enables us to better serve our clients.

Governance

Manulife IM has established a governance structure to oversee sustainable investing activities and support the implementation of this Statement in alignment with our clients' needs, overall strategy, and business priorities. This structure comprises committees and working groups across the various asset classes at appropriate levels, with representation from different business functions who are stakeholders in implementing Manulife IM's sustainability program. The Heads of Manulife IM's Public Markets and Private Markets businesses chair their respective Sustainability Committees. This structure enables regular decision-making oversight and ensures implementation of this Statement and execution on our belief that our approach to sustainable investing helps us deliver attractive risk-adjusted returns to our clients over the long term. These committees are composed of members drawn from Manulife IM's asset class investment heads and include Manulife IM's Chief Sustainability Officer (CSO).

The governance structure is reinforced by centralized support from a global team of multidisciplinary sustainability and investment professionals led by the CSO. These specialists underpin the implementation of this Statement through a variety of activities, which may include supporting complex investment research, robust client reporting, product development, financial modeling, proxy voting decision-making, issuer and regulatory engagement, and collaboration with peers through industry initiatives.

The sustainability team works closely with portfolio managers and investment analysts located around the globe on the implementation of this Statement. Through this coordinated approach, sustainable investing business plans and goals are disseminated, and our investment teams further develop our approach to sustainability.

Sustainability factors throughout the investment lifecycle

Our investment teams are empowered to make decisions in line with their respective investment philosophies and client objectives. Each investment team has responsibility for its own investment methodology, from research through to implementation. The inclusion of material sustainability factors into investment processes aligns with this approach, ensuring that our analysis is relevant and meaningful to each team's investment approach. The global heads or CIOs of each asset class oversee the investment processes of the individual investment teams, which include responsibility for evolving our sustainable investing approach over time.

We seek to incorporate material sustainability considerations throughout the stages of our operational, investment, and lending lifecycles, from prescreening during the pre-investment phase through to documentation and monitoring in the post-investment phase, considering the characteristics of the asset class and investment process in question, as well as industry, geography, and other factors.⁷

Due diligence

- Employ a materiality approach to due diligence based on our own expertise and external resources
- Conduct an assessment of material sustainability factors of investment risks and opportunities

Investment decision

- Incorporate sustainability data into an investment decision model
- Identify significant risks or potential areas for improvements
- Negotiate investment terms where applicable

Stewardship

- Engage and collaborate with key stakeholders
- Update and monitor the sustainability performance of each investment
- Execute long-term asset management plans
- Exercise rights and responsibilities

Monitoring and reporting

- Communicate through our annual reporting (e.g., sustainability report)
- Continue dialogue with key stakeholders

³ The exact approach for each asset class may vary somewhat based on the level of ownership/control, jurisdiction, investment strategy, or other relevant factors. Please refer to the sustainable investing in action section to see our approach to sustainability by each asset class.

Due diligence and decision-making

As part of their due diligence process, our investment teams assess sustainability factors material to an investment, and incorporate these assessments into their overall investment analysis, which then may influence their valuations, portfolio construction decisions, value creation plans, stewardship activities, and transaction underwriting, where relevant. To inform their assessment framework, teams may employ sustainability-related research, proprietary and third-party data, and support from dedicated in-house sustainability teams for each asset class. Investment teams may also consider the responses of investee company (or asset) management teams to inquiries focused on their ability and willingness to manage sustainability issues. Conclusions about the materiality of sustainability factors are generally documented in investment research and/or investment memos. For those asset classes that lend themselves to scoring, a low or poor rating/assessment may not necessarily preclude investment. Thorough analysis and engagement may determine that either the rating/assessment is mischaracterized or that sustainability improvements are under way. In such instances, we engage with company management to understand their sustainability strategy, influence best practices toward disclosure, seek improvement in key sustainability metrics over time, and address issues pertinent to the specific investment thesis.

Portfolio monitoring

Once an investment is made, investment teams continue to monitor all material aspects that could impact an asset or company, including sustainability risk factors and opportunities. Relevant risks or concerns are addressed as part of the team's investment process through ongoing company monitoring and engagement and where relevant, portfolio positioning and risk monitoring. The sustainability teams may also conduct, on a periodic basis, reviews of individual portfolios, and engage with investment teams about potential sustainability risks as a further enhancement to the materiality assessment. The nature of any identified material risks may inform a course of action within the context of the team's overarching investment process, including further company research and engagement, among other considerations.

Asset allocation

Our multi-asset solutions team emphasizes dynamic asset allocation and holistic risk management on a global scale. As part of the team's responsibility for working with Manulife Investment Management's manager research group in the selection and monitoring of fund managers whose strategies are the building blocks of tailored asset allocation solutions, the team makes qualitative assessments of these managers' approaches to integrating sustainability factors and stewardship activities.

Transparency and disclosure

Manulife IM recognizes the importance of transparency and will publish an annual sustainability report outlining developments in sustainable investment. This report will also fulfill the reporting requirements of any stewardship code to which we are signatories.

We will also report on our activities and progress in implementing the Principles for Responsible Investment (PRI) in accordance with the PRI reporting framework.

Stewardship

I. Engagement

Responsible stewardship of capital is an integral component of our business and culture, encompassing both our public and private market investment activities. We seek to engage with companies, sponsors, general partners and other stakeholders in our capacity as an institutional investor to have a constructive dialogue on a variety of investment matters with the goal of enhancing long-term investment value and mitigating risk.

Engagement may also reveal additional insight, helping to build a more comprehensive mosaic of information that strengthens our due diligence. Where relevant, we may engage to enact positive change in disclosure, management, and performance related to sustainability factors.

In public markets, investment teams generally meet company management as part of their fundamental research process. These meetings provide analysts and portfolio managers with insight into management quality, business drivers, and the strategies of the companies in which they invest. In addition, these meetings allow investment teams to assess companies' risks, including exposure to sustainability factors, and the companies' management of that exposure to protect shareholder value. Where appropriate, sustainability professionals may also participate in company meetings alongside investment analysts and portfolio managers.

In private markets, investment teams may engage directly with asset sponsors, operators, and/or management teams throughout the investment lifecycle. These interactions are integral to sourcing, underwriting, and ongoing asset management, providing deep insight into operational capabilities, strategic direction, and governance practices. This engagement also enables teams to assess material risks, including those related to sustainability, and evaluate how these are managed to preserve and enhance long-term value. In some strategies, investment teams work with sustainability professionals on thematic engagements to drive industry change and/or derive deeper insight on topical issues or emerging trends.

We also participate in collaborative engagements with other firms in our industry. Engaging collaboratively with other investors amplifies our impact on the companies, industries, and markets in our collective orbit of influence. For the companies we engage with, collaborative efforts reduce the noise of numerous points of view, helping focus on goal setting and real outcomes. We will ensure that the collaboration we have is in alignment with our fiduciary duty to our clients as an asset manager and in adherence to the laws and regulations of the markets in which we operate.

If, in our opinion, issues of concern remain unaddressed by a stakeholder after a process of engagement conducted over a reasonable period, then we may consider an escalation. This could include voting our equity proxies in accordance with our views, filing or co-filing a shareholder resolution, or divesting from the company.

More details on Manulife IM Public Markets: [Global Issuer Engagement Policy](#)

II. Operations

In segments where we operate assets, incorporating sustainability considerations begins with integrating sustainability factors into our investment analysis and due diligence process. In our operating activities, we hold ourselves and third-party operating companies (or managers), contractors, and vendors to a high standard of stewardship and sustainability. We do this to both protect and grow the value of the assets themselves, thereby creating long-term value for our stakeholders.

III. Proxy voting

Manulife IM believes that strong corporate governance and management of all forms of corporate capital, whether financial, social, or environmental, will mitigate risks, create opportunities, and drive value over the long term. Once invested, Manulife IM continues to oversee our portfolio through active ownership of financially material factors, which include engagement with portfolio

companies and proxy voting on underlying shares. We believe that proxy voting is a vital component of continued oversight, providing shareholders with a voice on management actions.

Manulife IM's authority to vote proxies is determined by our agreements with clients. Where Manulife IM is granted and accepts responsibility for voting proxies for client accounts, we will seek to ensure proxies are received and voted in the best interests of clients with a view to maximizing the economic value of their investments, unless we determine that it's in the clients' best interests to refrain from voting a given proxy. We believe that our proxy voting policies and procedures are reasonably designed to ensure that proxy voting is conducted to service clients' best interests and in accordance with our fiduciary duties and any applicable rules and regulations.

When clients have granted Manulife IM authority to vote securities in their accounts, we will vote in accordance with our proxy voting policy and standards, and clients cannot direct our vote in a particular proxy solicitation. Clients who have not provided us with authority to vote securities in their accounts should contact their other service providers. We generally do not provide advice on proxy voting to clients who have not granted us the authority to vote on their behalf. Manulife IM seeks to ensure that proxy votes are cast in each client's best interests and handles potential conflicts of interest in accordance with the firm's Proxy Voting Policy.

Manulife IM may refrain from voting a proxy due to logistical considerations that may have a detrimental effect on its ability to vote that proxy. Representative examples include: cases in which underlying securities have been lent out pursuant to a client's securities lending program; situations where there is insufficient information to make a voting decision; and conditions under which market practices make it expensive to vote compared with the benefits of doing so.

More details on Manulife IM Public Markets: [Proxy Voting Policy, Records and Guidelines](#)

IV. Collaboration

Manulife IM seeks to promote sustainable capital markets and recognizes the importance of collaborating with clients, industry peers, nonprofit organizations, supranational entities, and others on a wide variety of initiatives to gain insight into evolving leading practices and to build more resilient operating environments for our portfolios. This improves the response to systemic risks through policy work, standard setting, education, and other means using a client-centric approach. To that end, we participate in various sustainability initiatives, industry associations, and working groups, and annually publish our global collaborations in our sustainability report. Please visit our website at manulifeim.com/institutional for the report.

Exclusions

In general, we prefer to engage rather than exclude. An exception to this is our adherence to a Cluster Munitions Policy, which aligns Manulife IM's investment operations with the business practices of our parent company, Manulife Financial Corporation. The Cluster Munitions Policy states that we will not knowingly make direct investments in companies that manufacture cluster munitions. This policy applies to all investments made: (a) by or for the General Account of Manulife Financial Corporation's insurance company subsidiaries; and (b) for third-party clients of Manulife IM, where we have investment discretion. It may not apply to index investments, unaffiliated fund mandates, and client-directed managed accounts.

Manulife IM provides investment management services to a diverse range of institutional clients worldwide, with a broad spectrum 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 they believe pose material financial risks, are harmful to society or the broader environment, or are misaligned with their values, ethics, or needs. We have developed a [Client-directed Exclusions Framework](#) to meet these client requirements, where requested.

Exclusions may also arise in certain portfolios that Manulife IM creates in response to client requests, such as mandates, and segregated accounts with specific value-based or compliance-driven screening criteria.

Passive products, other asset classes, and delegation to third-party investment managers

Whilst this Statement describes Manulife IM's general approach to sustainable investing, including the integration of sustainability factors into its decision-making process, some investments may be managed differently than some or all of the processes set out in this Statement where the approach is impractical or impossible, for example, in relation to certain instrument types where comparable sustainable alternatives are unavailable. Where another approach is adopted in relation to an investment strategy, the details will be disclosed where material or as required by local regulation.

This may include, but is not limited to:

- passive funds, which are designed to replicate an index;
- funds that invest in derivative instruments where sustainability factors are not considered due to the time horizon of the investment or the lack of alternative liquid investments, or where sustainability integration, due diligence, and information have not yet evolved to a degree that the processes in this Statement can reasonably be followed;
- products managed in accordance with specific client objectives, which preclude the following aspects of this policy; and
- investments in funds where investment management is delegated to an entity outside of the Manulife group of companies. Where we invest in funds managed by third-party managers, those managers may apply their own methods of sustainability risk integration. This Statement applies only to our own fund management practices.

Principal adverse impacts

Article 4 of the EU Regulation on Sustainability-Related Disclosures in the Financial Services Sector (Regulation (EU) 2019/2088) ("SFDR") is designed to provide transparency in relation to the adverse impacts of investment decisions on sustainability factors. Financial market participants and financial advisers (such as Manulife Investment Management (Ireland) Ltd. ("Manulife Ireland")) are required to indicate whether they consider the adverse impacts of investment decisions on sustainability factors and, if so, to disclose certain related information in accordance with the requirements of Regulatory Technical Standards ("RTS") providing a detailed specification for the content, methodology, and presentation of the information required to be disclosed.

Adverse impacts are the environmental and social implications of economic activity that are considered to have a negative effect on the world. There is a non-exhaustive range of factors, for example, climate-related impacts or human rights policies adopted by investee companies, to gauge these adverse impacts. Globally, Manulife IM recognizes the importance of these impacts on our investments and identifying and monitoring such adverse impacts is integral to the integration of sustainability risks in our decision-making process. The risks we currently consider most relevant to our business are outlined in the section "Our approach to sustainable investing" above.

We use various techniques to identify, avoid or mitigate adverse risks in the investment research process, including through the

methods otherwise described in this Statement, including our approach to engagement and voting. Where relevant for our entities and/or products, we will set out further details on our approach to the principal adverse impacts (PAI) of investment decisions on our website and in the relevant product literature.

Certain Manulife entities and/or products may, from time to time, consider and report on PAI factors. In such cases, details of the approach to the PAI of investment decisions will be disclosed on our website and/or in the relevant product literature, as applicable.

As at the date of this Statement, Manulife Ireland does not consider the PAI of investment decisions on sustainability factors within the meaning of Article 4 SFDR and currently opts out of PAI reporting in the manner prescribed by Article 4 SFDR. Manulife Ireland will keep its position in this respect under review.

Remuneration policy

Article 5 SFDR requires financial market participants and financial advisers (such as Manulife Ireland) to include in their remuneration policies information on how those policies are consistent with the integration of sustainability risks. Manulife Ireland's Remuneration Policy (which is maintained in line with applicable regulatory requirements) confirms that Manulife Ireland considers its principles of remuneration described within its policy are not inconsistent with the integration of sustainability risks on the investment decision-making process of the funds managed by Manulife Ireland.

Disclaimer

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.

The information provided does not take into account the suitability, investment objectives, financial situation, or specific needs of any individual. You should consider the suitability of any type of investment for your circumstances and, if necessary, seek professional advice.

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No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment. Diversification or asset allocation does not guarantee a profit or protect against the risk of loss in any market. Unless otherwise specified, all data is sourced from Manulife Investment Management. Past performance does not guarantee future results.

About Manulife Wealth & Asset Management

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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