

Business conduct and corporate governance

At Manulife, we know that good corporate conduct and governance are critical to our long-term success and the protection of the interests of our many employees and stakeholders. Manulife has earned a reputation as an organization that does business with fairness and integrity, while providing real value to its customers. In every country where we operate, we insist that our employees follow our Code of Business Conduct and Ethics.

A LEADER IN CORPORATE GOVERNANCE

Our ongoing commitment to corporate governance starts with our Board of Directors, which oversees the management of the business and affairs of the Company. All of our directors (with the exception of President and Chief Executive Officer Donald Guloien) are independent of management. In addition, every Board and committee meeting includes an in-camera session where management is not present.

Our tradition of leadership in the area of corporate governance has been well documented over the years. In fact, Manulife has consistently ranked near the top of *The Globe and Mail's* annual Board Games survey on corporate governance in Canada since it began eight years ago. In four of those years, Manulife was ranked first overall.

We are pleased that the long-standing governance practices at Manulife continue to be singled out for recognition by many influential organizations.

We invite you to review our governance program at www.manulife.com/governance, which also includes a link to our most recent proxy circular.

RISK MANAGEMENT

Manulife employs a rigorous, enterprise-wide approach to the management of risk. Our goal in managing risk is to strategically optimize risk-taking and risk management to support long-term revenue, earnings and capital growth. We seek to achieve this by capitalizing on business opportunities that are aligned with the Company's risk-taking philosophy, risk appetite and return expectations by identifying, measuring and monitoring key risks taken and by executing risk control and mitigation programs.

Our enterprise risk management framework sets out policies and standards of practice related to risk governance, risk identification, risk measurement, risk monitoring, and risk control and mitigation.

RISK GOVERNANCE

The Board of Directors oversees the implementation by management of appropriate systems to identify and manage the principal risks of the Company's business, and periodically reviews and approves our enterprise risk policy, risk-taking philosophy and overall risk appetite. The Audit and Risk Management Committee (ARMC) of the Board of Directors, among other responsibilities, assists the Board in its oversight of the effectiveness of Manulife's risk management and compliance practices. Recognizing the changing risk environment, the Board of Directors and ARMC have increased, and intend to continue to increase, their focus on risk oversight.

The Board of Directors has therefore separated the audit and risk oversight functions of the ARMC by establishing a separately constituted Risk Committee of the Board of Directors. The new Risk Committee will be responsible for assisting the Board in its oversight of the Company's management of its principal risks.

The Conduct Review and Ethics Committee of the Board oversees activities and risks related to conflicts of interest, confidentiality of information, customer complaints and related party transactions. The Management Resources and Compensation Committee of the Board oversees global human resources strategy, policies, key programs and related risks.

The Chief Executive Officer is directly accountable to the Board of Directors for all risk-taking activities and risk management practices and is supported by the Chief Risk Officer, as well as the Executive Risk Committee. Management staff across the organization are accountable for the risks within their businesses. Business unit general managers are responsible for ensuring their business strategies align with the Company's risk-taking philosophy and risk appetite.

PRIVACY

Manulife has earned a reputation as a company that provides the highest-quality financial products and services in a manner that fosters trust and confidence among our customers, employees and representatives. Part of this approach entails protecting the privacy of the personal information in our care.

Manulife has established a Statement of Corporate Privacy Principles, which governs the way we collect, use, retain and disclose personal information. We collect personal information in compliance with applicable laws and ethical business practices, in order to provide products and services and to conduct business. We limit the information we collect to that which is necessary for, or related to, these purposes. We also protect personal information with security safeguards that are appropriate to the sensitivity of the information, in order to protect it from unauthorized access, release or use.

To view our complete Statement of Corporate Privacy Principles, please visit www.manulife.com.



COMMITMENT TO OUR CLIENTS

For over 120 years, millions of families around the world have trusted in Manulife to be there for their futures. We stand behind our commitments and deliver on our long-term financial promises.

As one of the strongest and largest life insurance companies in the world, our ability to meet our commitments to our clients remained undiminished throughout the economic volatility of 2009. Our financial strength, prudent approach to risk management, diverse business platform and high-quality investment portfolio continue to ensure our ability to meet those commitments – today and in the future.

FINANCIAL STRENGTH

Now, perhaps more than ever, financial strength is at the core of our customers' decision-making processes. Families and businesses need to feel confident that the financial services partner they choose will be there for them when it matters most. Manulife is able to offer our millions of customers the peace of mind that comes with more than 120 years of financial strength and stability.

As at December 31, 2009, Manulife's financial strength and stability are reflected in our credit ratings, which are among the highest in the entire insurance industry. Our main operating subsidiaries have earned exemplary ratings from agencies, including A.M. Best (A+), Fitch Ratings (AA), Moody's Investor Service (Aa3) and Standard & Poor's (AA+).

Manulife owes its success to one particularly talented and dedicated group of individuals – our employees.



COMMITMENT TO OUR EMPLOYEES

Manulife owes its success to one particularly talented and dedicated group of individuals – our employees.

As set out in our values, we believe in being an employer of choice by supporting our employees and empowering them to achieve their full potential. Our extensive support for employees includes innovative learning opportunities, continuous learning subsidies, recognition programs, and a variety of services such as financial and professional development seminars.

We provide our employees around the world with safe and accessible workplaces. We're long-time supporters of workplace diversity. And we provide ample opportunities for employee advancement within the Manulife family.

Our support of our employees translates into a wide range of benefits, including:

- opportunities for employees to demonstrate initiative and engage in projects and activities that may have a direct impact on the Company's future performance;
- our dedication to bias-free employment practices and to the attraction and retention of employees with diverse backgrounds, reflecting the many communities and markets we serve throughout the world;
- the chance for employees to take on new and exciting challenges within a particular business unit or to gain exposure to different parts of the business in other operating units of our multinational company; and
- true geographic diversity, with operations in 22 countries and territories around the world.

SUPPORTING THE HEALTH AND WELLNESS OF OUR EMPLOYEES

The health and wellness of our employees is a top priority – a commitment we demonstrate through a series of dynamic health promotion and injury prevention programs. We also provide employees with access to group education and events, such as ergonomic sessions and corporate events including health fairs and the Wellness Challenge. Lunch and learn sessions are also available to employees live and via the web and cover diverse topics such as stress management, parenting, diabetes prevention, work/life management, nutrition and annual flu immunization clinics.

“In order to attract and retain the best and most capable employees, Manulife Financial invests in the development of our people and rewards superior performance. The professionalism and talent of our employees is what makes Manulife a successful organization.”

– Kelly Glass, Vice President, Global Talent Management, Corporate Human Resources.

“At Manulife, we believe in supporting our employees and empowering them to achieve their full potential.”

– Diane M. Bean, Executive Vice President, Corporate Communications and Human Resources

Manulife’s full-time and part-time employees in Canada have the opportunity to participate in a global share ownership program, benefiting directly from the Company’s overall success, as well as a group RRSP and pension plan. A variable incentive plan offers a yearly bonus structure to full-time and part-time employees.

Employees in Canada also have access to free, on-site financial planning advice from qualified financial planners, an educational assistance program offering 100 per cent payment of tuition costs for approved career-related courses, backup and extended daycare services through Manulife’s association with a leading child care provider, elder care assistance programs, a commuting program called Smart Commute and more.

In addition, Manulife-sponsored staff associations operate in many of our offices with the goal of promoting camaraderie among employees through the planning and organization of social, cultural and recreational events.

MANULIFE NAMED ONE OF THE BEST EMPLOYERS FOR NEW CANADIANS



For the second consecutive year, Manulife Financial was named one of the Best Employers for New Canadians. The national competition, managed by the editors of Canada’s Top 100 Employers, in partnership with the Maytree and J.W. McConnell Family foundations, recognizes employers who offer unique programs and initiatives to help new Canadians integrate into the workforce.



WORKFORCE DATA

Manulife is a global employer with operations in more than 20 countries and territories. As of December 31, 2009, our global workforce was distributed as follows:

Employment – Canada			
Province	Full-time	Part-time	Total
British Columbia	162	4	166
Alberta	379	18	397
Saskatchewan	60	2	62
Manitoba	43	1	44
Ontario	8,188	357	8,545
Quebec	686	58	744
Nova Scotia	690	20	710
Newfoundland and Labrador	2	–	2
Prince Edward Island	1	–	1
Total – Canada	10,211	460	10,671

Employment – Outside Canada			
Location	Full-time	Part-time	Total
United States	5,337	144	5,481
Asia, excluding Japan and India	6,122	76	6,198
Japan	1,136	154	1,290
Other*	209	17	226
Total – outside Canada	12,804	391	13,195

* Caribbean, Europe, Latin America and India

Worldwide workforce	23,015	851	23,866
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Manulife has successfully built a diverse business platform that offers a wide range of financial products in both developed and developing markets around the world.

PRUDENT RISK MANAGEMENT

Manulife has a rigorous risk management framework that is applied globally. Our Company's risk-taking activities are measured, monitored and managed intelligently. This framework requires each product in every market to meet strict enterprise-wide risk management criteria on its own merit. Manulife Financial is among only 12% of North American insurers that have earned a "Strong" Enterprise Risk Management (ERM) designation from Standard & Poor's.

STRONG CAPITAL LEVELS

Manulife's strong and stable capital base enables us to sustain high credit ratings, finance new opportunities and maintain our commitments to our policyholders. Despite the continued volatility in global equity markets, our consolidated capital levels have remained stable and totaled \$33.2 billion as at December 31, 2009. Our goal is to maintain very strong levels of capital in order to have the flexibility to respond to both risks and opportunities from a continued position of strength.

DIVERSE BUSINESS PLATFORM

Manulife has successfully built a diverse business platform that offers a wide range of financial products in both developed and developing markets around the world. We address the needs of clients with a mix of products and services relevant and tailored to the needs of consumers in diverse economies. The diversity of our business platform, whether measured in terms of geography, product selection or distribution channels, continues to be a key contributor to our financial strength.

HIGH-QUALITY INVESTMENT PORTFOLIO

The quality of a company's investment portfolio is a strong indicator of its financial strength. At Manulife, our investment philosophy is founded upon a bottom up approach to developing an asset mix that matches the needs of our underlying liabilities. We don't limit our portfolio to fixed-income investments, but hold a blend of assets that drive superior returns and risk reduction for our stakeholders. We employ this disciplined approach across all of our segments. We do not chase yield in the riskier end of the fixed-income market. This philosophy has resulted in a well-diversified, high-quality investment portfolio.

For more information, please visit www.manulife.com.

Financing business – Canada

INVESTING IN OUR LOCAL ECONOMIES

Manulife is a long-term investor in the economies where we do business. Our sustained investments in these economies help support long-term growth and play a key role in periods of economic recovery. These sustained investments will be particularly important as governments withdraw the economic stimulus initiatives they applied in 2008, 2009 and 2010 to help spur economic recovery.

Manulife has a long tradition of partnering with Canadian businesses to help them develop and expand, providing them with the financial resources to achieve their growth objectives. The Company offers debt financing to firms across Canada in a number of ways, principally in the area of mortgage financing.

Manulife originates commercial mortgages through a network of eight branches across Canada. Its customers are owners and developers of real estate with strong track records and earnings stability. Commercial mortgage underwriting concentrates on the quality of the location, the physical qualities of the real estate, the durability of lease income and market trends for the property type.

In 2009, new loan commitments totaling \$751 million and loan renewals totaling \$416 million were issued to 164 customers. Loans ranged in size from \$0.1 million to \$185.0 million, with an average loan size of \$7.1 million. Mortgage approvals were made in accordance with the Company's policies, including the Mortgage Credit Policy and Mortgage Lending Guidelines.

PRIVATE PLACEMENT

As well as mortgages, Manulife participates in private placement transactions. Most involve fixed-income investments issued by mid- to large-sized Canadian corporations and institutions. Commitments span a diverse range of industry sectors, including securitization, financial, government, manufacturing and utilities. In 2009, the Company's approved private placement commitments totaled more than \$740 million and were made to 26 borrowers in eight industries. Participation amounts ranged from \$2 million to \$75 million. All private placement investments are made in accordance with Manulife's Investment Guidelines. They are all approved by the appropriate credit committee or under authority delegated to senior management.

EQUITY AND MEZZANINE DEBT FINANCING

Manulife also helps businesses grow in another significant way – by providing equity and mezzanine debt financing to private Canadian and U.S. companies operating in a wide range of industries. Manulife invests in companies that demonstrate a successful operating history and exhibit strong ongoing business fundamentals. In 2009, new commitments in this area totaled \$133 million, diversified across five corporate customers. Commitments ranged in size from \$5 million to \$53 million, with an average size of \$22 million. New equity and mezzanine debt financing investments are approved in accordance with Manulife's Investment Guidelines.

Amount of debt financing authorized in 2009

(\$ thousands)	\$0 – \$24,999	\$25,000 – \$99,999	\$100,000 – \$249,999	\$250,000 – \$499,999	\$500,000 – \$999,999	\$1,000,000 – \$4,999,999	\$5,000,000 and greater	Total
British Columbia	–	–	439	653	1,426	26,632	134,686	163,836
Alberta	–	–	242	–	2,954	38,992	287,005	329,193
Saskatchewan	–	–	457	869	–	3,000	–	4,326
Manitoba	–	–	200	409	–	1,443	31,500	33,552
Ontario	–	153	1,367	4,295	11,746	125,231	1,035,922	1,178,714
Quebec	–	–	533	1,561	560	6,983	252,414	262,051
New Brunswick	–	–	–	315	–	–	18,375	18,690
Nova Scotia	–	–	–	487	719	2,259	117,980	121,445
Prince Edward Island	–	–	–	–	1,431	–	44,750	46,181
Newfoundland and Labrador	–	–	–	–	–	–	–	–
Yukon	–	–	–	–	–	–	–	–
Northwest Territories	–	–	–	–	–	–	–	–
Nunavut	–	–	–	–	–	–	–	–
Total – Canada	–	\$ 153	\$ 3,238	\$ 8,589	\$ 18,836	\$ 204,540	\$ 1,922,632	\$ 2,157,988
Total – U.S.	–	–	–	–	–	\$ 27,214	\$ 2,877,606	\$ 2,904,820
Total – Asia	–	–	–	–	–	–	–	–
Total	–	\$ 153	\$ 3,238	\$ 8,589	\$ 18,836	\$ 231,754	\$ 4,800,238	\$ 5,062,808

Number of customers to whom debt financing was authorized in 2009

	\$0 – \$24,999	\$25,000 – \$99,999	\$100,000 – \$249,999	\$250,000 – \$499,999	\$500,000 – \$999,999	\$1,000,000 – \$4,999,999	\$5,000,000 and greater	Total
British Columbia	–	–	3	2	2	13	5	25
Alberta	–	–	2	–	4	18	16	40
Saskatchewan	–	–	3	3	–	1	–	7
Manitoba	–	–	1	1	–	1	2	5
Ontario	–	2	10	12	17	52	38	131
Quebec	–	–	4	5	1	3	6	19
New Brunswick	–	–	–	1	–	–	1	2
Nova Scotia	–	–	–	1	1	1	3	6
Prince Edward Island	–	–	–	–	2	–	3	5
Newfoundland and Labrador	–	–	–	–	–	–	–	–
Yukon	–	–	–	–	–	–	–	–
Northwest Territories	–	–	–	–	–	–	–	–
Nunavut	–	–	–	–	–	–	–	–
Total – Canada	–	2	23	25	27	89	74	240
Total – U.S.	–	–	–	–	–	6	67	73
Total – Asia	–	–	–	–	–	–	–	–
Total	–	2	23	25	27	95	141	313

It's an innovative service model that we like to refer to as "Banking – the way it *should* be®."

ACCESSIBLE BANKING AND TAXATION

As Canada's first chartered bank to distribute its products and services through independent financial advisors, Manulife Bank of Canada pioneered the concept of advisor-based banking.

Manulife Bank distributes its innovative mortgages, loans and deposit products across Canada through a network of more than 10,000 financial advisors. This unique approach allows advisors and Manulife Bank to work together, helping clients integrate selected banking solutions into their overall financial plans.

In addition to partnering with one of the largest financial advisor networks in the country, the Bank continues to support its clients and distribution partners through its growing team of banking consultants across Canada. More than 170 of these mobile consultants meet with clients at their convenience, often in their homes.

With the implementation of a new online application system for advisors, many of Manulife Bank's deposit and loan products can now be opened more quickly and efficiently. The mandate of these deposit and loan products is to provide competitive interest rates and low fees, making them attractive and affordable to Canadians.



Manulife's flagship product, Manulife One, gives clients control of their entire banking portfolio and provides easy access to their daily finances through Internet and telephone banking. Thanks to a successful consumer advertising campaign, more than 210,000 Canadians visited the Manulife One website to discover how much they could save by operating a single account to meet both borrowing and spending needs.

The Bank continues to build its two client support centres in the cities of Waterloo, Ontario, and Halifax, Nova Scotia. This dual centre model helps ensure seamless operations in the event of a business disruption at one location. The customer service centre's hours allow clients in Canada to speak with a bank service representative from 8:00 a.m. to 8:00 p.m., regardless of their time zone. In addition, an interactive voice recognition system provides 24-hour access to account information and transactions such as bill payments and fund transfers. This combination of self-serve and assisted banking in both official languages ensures optimal accessibility throughout Canada.

Manulife Bank is a member of THE EXCHANGE® Network, which has more than 2,300 automated banking machines across Canada, allowing clients to make deposits and withdrawals without being charged a convenience fee.

The combination of Manulife Bank's network of independent financial advisors, banking consultants and progressive use of technology provides clients with access to their financial products virtually anywhere, anytime in Canada. It's an innovative service model that we like to refer to as "Banking – the way it *should* be®."

TAXES IN CANADA

For 2009, Manulife incurred \$472 million of income and other taxes paid or payable to all levels of government in Canada. These taxes consisted of \$57 million in income taxes, \$120 million in capital taxes and \$295 million in other taxes.

The following table presents the federal and provincial income and capital taxes paid or payable in Canada for 2009.

TAXES PAID OR PAYABLE IN CANADA

For the year ended December 31, 2009

(\$ Thousands)	Income taxes	Capital taxes
Federal	\$34,367	\$86,911
Provincial and territorial:		
British Columbia	355	–
Alberta	85	–
Saskatchewan	67	1
Manitoba	103	300
Ontario	20,862	25,231
Quebec	231	6,793
New Brunswick	51	–
Nova Scotia	739	1,231
Prince Edward Island	5	–
Newfoundland and Labrador	33	–
Yukon, Northwest Territories and Nunavut	19	–
Total provincial and territorial	\$22,550	\$33,556
Total	\$56,917	\$120,467

Note: Income tax amounts are estimates based on information available for the year as at December 31, 2009.

Taxes, levies and assessments are a significant component of Manulife's expenses. In addition to Canadian income and capital-based taxes, in Canada the Company is subject to other taxes reported as part of our operating expenses, including property and business taxes, premium taxes, employer payroll taxes, commodity and consumption taxes, and investment income taxes.