Manulife Financial Corporation Climate Change Statement

At Manulife Financial Corporation (MFC), we recognize the threats posed by climate change to our business, to public health and to the livelihoods of the communities in which we operate. As a global financial services company, we are taking steps to reduce our environmental footprint, support the transition to a lower carbon economy, and invest in climate change mitigation and resilience. Because we also hold long-term investments including timber and farmland, we closely monitor the risks posed by climate change. We understand our company’s success is ultimately linked to the long-term health and well-being of people and the planet.

The United Nations’ Intergovernmental Panel on Climate Change (IPCC) urges action to limit global warming to 1.5 degrees Celsius, in order to prevent the destabilization of the climate system, and reduce the risk of impending extreme weather events, changes to global food systems, biodiversity loss, and poverty. According to the IPCC, “limiting global warming to 1.5°C would require ‘rapid and far-reaching’ transitions in land, energy, industry, buildings, transport, and cities.” Additional, as noted by the World Resources Institute, “if the 1.5°C goal is to be met, investments in low-carbon energy technology and energy efficiency will need to increase by roughly a factor of five by 2050 compared to 2015 levels.” Such profound changes present both significant risks and opportunities for all institutions, including the private sector.

Climate Change Governance

MFC’s Board of Directors’ Corporate Governance and Nominating Committee provides oversight of MFC’s sustainability strategy and the company’s environmental, social and governance (ESG) performance. It is briefed on climate change related issues quarterly. The Board of Directors’ Risk Committee is also briefed on climate change via its quarterly risk reporting. MFC established an Executive Sustainability Council (ESC) in 2018, consisting of nine members of the Executive Leadership Team (ELT) including the Chief Executive Officer, responsible for our sustainability ambition, strategy development and execution, covering key issues including climate change. The Chief Sustainability Officer leads a climate change task force to advise the ESC on climate change-related matters. The climate change task force is comprised of relevant members of our Sustainability Centre of Expertise, a cross-functional business team tasked with integrating sustainability into the MFC business.

Climate Change Risk Management

Failure to adequately prepare for the potential realities of climate change may have a negative impact on our financial position and/or our ability to operate. Climate change risks include transition risks, such as potential positive and negative impacts of climate-related litigation, technological change, and environmental regulatory regimes; and physical risks, such as disruption resulting from extreme weather conditions or increased mortality or morbidity. MFC’s internal policies and guidelines provide enterprise-wide protocols for managing environmental risks, including climate change. Business and functional units are responsible for observing protocols and exercising due diligence to identify and manage environmental risks in accordance with these policies.

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 greenhouse gas (GHG) emissions from our operations, integrating climate change considerations in our investments, supporting the growth of the renewable energy and efficiency sectors, green real estate, and sustainable forestry and farmland, while promoting environmental sustainability in the communities where we operate. 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 change risk and align their business models with the lower carbon future envisaged in the Paris Agreement.

3 https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement
Additional highlights of our approach include:

**Examples of our investment in the low-carbon economy**

- Total inventory of green investments as of YE2020 amounting to $39.8B (renewable energy, green buildings, and sustainably-managed forests and farmland)
- Achieving sustainable certification for over 80% of our 61.9 million square feet of owned real estate
- First insurer to issue a green bond. Environmental benefit of $1B of our GA’s low-carbon investments that underpin two MFC Green Bond issuances amount to 150,000+ tons of carbon dioxide avoidance.
- Managing over 5.4M acres of forestry and nearly 470,000 acres of farmland globally that offer natural solutions to climate change by sequestering carbon in trees and soil – 100% of HNRG-managed forests are certified sustainable by third parties.

**Examples of our climate change engagement and advocacy**

- Manulife Investment Management is a founding member of the Climate Action 100+, a five-year initiative that encourages reduction of GHG emissions by the world’s biggest polluters and now includes more than 570 investor asset managers from around the globe representing US$52 trillion in investor capital
- The world’s leading proponent of responsible investment, the Principles for Responsible Investment (PRI), included Manulife Investment Management in their PRI Leaders’ Group 2020¹, recognizing our efforts to advance the Leaders’ Group theme for 2020: climate reporting
- MFC is a supporter of the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD), and Manulife Investment Management participated in a United Nations Environment Programme Finance Initiative (UNEP FI) pilot project on implementing the TCFD recommendations for investors
- Hancock Natural Resources Group (HNRG) supports the Joint Program on the Science and Policy of Global Change at the Massachusetts Institute of Technology (MIT) which focuses on climate change and its impacts using state-of-the-art economic and earth system models

**Climate Change Disclosure, Metrics and Targets**

MFC tracks and reports on our key ESG performance metrics and targets in our annual Sustainability Report. This includes data related to GHG emissions, energy use, green buildings, water consumption, waste management, products and services that support the lower carbon transition, and ESG risk management. MFC has been reporting multi-year data on absolute and intensity-based GHG emissions (Scopes 1, 2 and 3) calculated according to the GHG Protocol. We have publicly reported our operational emissions since 2005 and have been participating in the CDP since 2010. MFC has received third-party verification of our emissions performance since 2017.

We are actively incorporating climate change considerations into how we manage our operations, how we make investment decisions, and how we develop and offer financial products and services through the following commitments:

- **Operations**
  - We are net zero in our operations, uniquely positioned due to the carbon removals from our substantial owned and operated forests and farmland outweighing emissions.
  - We are committed to reducing absolute scope 1 and 2 emissions 35 per cent by 2035.

- **Investments**
  - We are committed to steering our investment portfolio to be net zero by 2050.
  - We are taking a sector-based approach to set short-term targets, focusing first on heavy emitting

¹ [https://www.unpri.org/showcasing-leadership/the-pri-leaders-group/4771.article](https://www.unpri.org/showcasing-leadership/the-pri-leaders-group/4771.article)
industries like power generation.

- We will continue to grow our $39.8B in green investments, such as renewable energy and energy-efficient real estate.
- Manulife has committed to the Science Based Target initiative, which will guide target setting, measurement, and progress reporting.

Products & Services

- As a global life insurer and asset manager, we understand the connection between our environment and human health.
- Through our capabilities in timberland and agriculture, we will accelerate development of investment strategies for those interested in nature-based solutions that capture even more carbon per dollar invested.
- Manulife Investment Management continues to give clients sustainable investing options such as the Sustainable Asia Bond strategy and Global Climate Pooled strategy.