



Manulife Financial Corporation Climate Change Statement



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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, 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."*¹ Additionally, 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."*² 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 biannually. MFC established an Executive Sustainability Council (ESC) in 2018, consisting of members of MFC's Executive Leadership Team. The ESC's mandate is to focus on sustainability risks and opportunities, including climate change. The Chief Risk Officer leads a climate change working group to advise the ESC on climate change-related matters. The climate change working group is comprised of members of our Sustainability Centre of Expertise, a cross-functional business team tasked with integrating sustainability into the MFC business. The Board of Directors' Risk Committee is also briefed on climate change via its quarterly risk reporting.

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 lower-carbon economy. Our strategic approach focuses on reducing greenhouse gas (GHG) emissions from our operations, supporting the growth and evolution of the renewable energy and efficiency sectors, green real estate and managing forestry and agriculture sectors sustainably 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 Agreement³.

¹ <https://www.ipcc.ch/2018/10/08/summary-for-policymakers-of-ipcc-special-report-on-global-warming-of-1-5c-approved-by-governments/>

² <https://www.wri.org/blog/2018/10/8-things-you-need-know-about-ipcc-15-c-report>

³ <https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement>

We look for opportunities to partner with other investors and industry experts to drive greater impact related to climate change. Additional highlights of our approach include:

Examples of our investing in the lower-carbon economy

- Investing over \$13.6B in renewable energy and energy efficiency projects since 2002
- Achieving sustainable certification for 80% of our 58.4 million square feet of owned **real estate**
- First life insurer to issue an SGD \$500 MM **green bond** that is estimated to annually avoid over 100 tons of GHG emissions for every SGD \$1 million invested
- **Sustainably managing** over \$14B in forest and farmland property that offer natural solutions to climate change by sequestering carbon in trees and soil
- Continuing to meet internal targets in our NAL Resources business to reduce its GHG emissions intensity by 50%

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 370 asset managers from around the globe representing US\$35 trillion in investor capital
- 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
- Our **partnership** with the University of Waterloo is exploring the impacts of climate change and severe weather on mental health
- 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. As part of the enterprise-wide design of our sustainability strategy, we are in the process of assessing appropriate climate-related commitments and targets.