

2018

Sustainability Report and Public Accountability Statement

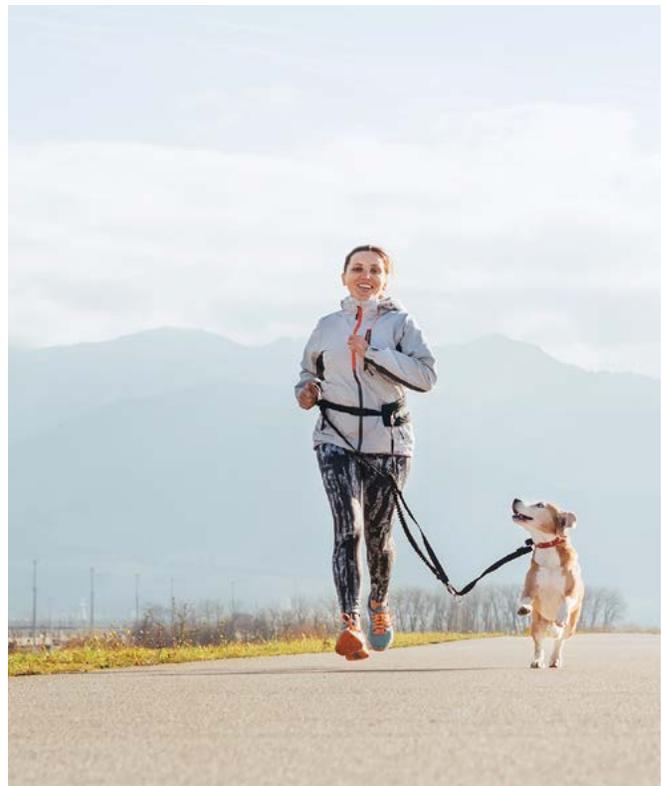


Decisions made *easier*. Lives made *better*.

Manulife's mission is to make decisions easier and lives better. As part of delivering on our mission, we are invested in advancing the health and equity of our customers, employees and communities and protecting our planet. We are committed to creating long-term value by managing the environmental, social and governance (ESG) dimensions of our business.

Table of contents

| | |
|--|----|
| About this report | 3 |
| Message from our President and Chief Executive Officer | 4 |
| About Manulife | 5 |
| 2018 highlights | 6 |
| Sustainability strategic framework | 7 |
| Sustainability governance | 8 |
| Stakeholder engagement | 9 |
| Awards and recognition | 10 |
| Conduct, governance and risk management | 11 |
| Customers | 18 |
| Responsible investment | 24 |
| Environment | 37 |
| Communities | 44 |
| People | 55 |
| Manulife Bank Public Accountability Statement | 64 |
| 2018 GRI content index | 71 |
| Declarations | 73 |



About *this report*

This Sustainability Report and Public Accountability Statement is part of an evolving approach to sustainability reporting intended to make it easier for our diverse stakeholder groups to find what they want to know about our sustainability priorities and performance.

Our suite of related publications and online content includes:

-  [2018 Annual Report](#)
-  [2019 Management Information Circular](#)
-  [2018 Sustainability Report and Public Accountability Statement](#)
-  [Sustainability website \(manulife.com/sustainability\)](http://manulife.com/sustainability)

This Sustainability Report and Public Accountability Statement (PAS) reflects the Global Reporting Initiative (GRI) Standards General Disclosures and is a first step toward reporting in accordance with the Core option, which we intend to do by 2020. A GRI Content Index is provided on [page 71](#).

This report covers the same topics discussed in our Corporate Citizenship Reports and Public Accountability Statements of prior years, which were based on Manulife's strategic priorities, stakeholder consultations and research that included reviews of the reports of our financial services sector peers. In our preparations for meeting the requirements of a Core report, we are conducting a materiality assessment in 2019 that will help us identify and prioritize the topics of greatest importance for our ESG disclosures.

We have published this report for the financial year ended December 31, 2018, and all facts and figures are as of December 31, 2018, unless stated otherwise. All dollar amounts are in Canadian funds, unless stated otherwise. Manulife Financial Corporation and its subsidiaries, including The Manufacturers Life Insurance Company, are referred to herein as "Manulife". See additional declarations on [page 73](#).

Message from our President *and Chief Executive Officer*

In my discussions with employees, one thing I see consistently demonstrated is this: a desire to make the world a better place. Our Mission—Decisions made *easier*. Lives made *better*—is not just a tagline; it's part of our DNA.

This is evident in our commitment and approach to sustainability. I'm always inspired when I see and hear how our employees work together in support of sustainability initiatives and causes that are close to their hearts.

From a company perspective, while I'm pleased with our strategic management of environmental, social and governance factors, we still need to elevate and prioritize the sustainability issues of the future, and be mindful of where we can make the biggest impact.

Here are a few examples of the significant progress we've made in 2018 and how we're building on this momentum.

- We activated a sustainability governance structure led by an Executive Sustainability Council consisting of six senior leaders and overseen by our Board's Corporate Governance and Nominating Committee. We also started to align our ambitions and actions to the United Nations Sustainable Development Goals.
- We made or helped raise \$45 million in community investments and our employees and agents volunteered over 66,000 hours of service to make a difference in their local communities.
- We're establishing ourselves as a global leader in sustainable finance in the investment industry. We manage our real estate, timber and agricultural investments to the highest sustainability standards like the LEED and BOMA BEST green building certifications, and the Sustainable Forestry Initiative forest management certification, to name a few.
- We continue to help nearly 28 million customers live longer and healthier lives, protect what matters most to them, and manage their wealth. Behavioural insurance products like Manulife *Vitality* in Canada, John Hancock *Vitality* in the U.S. and ManulifeMOVE in Asia are continually breaking new ground in helping improve people's physical well-being.



While there's more work to do, I'm incredibly proud of how our employees rally together and the commitment, passion and optimism they show our customers and communities around the world.

I encourage you to read this report to see how this comes to life. I'm excited by the journey we're on and I know that together we can make a positive difference.

Sincerely,

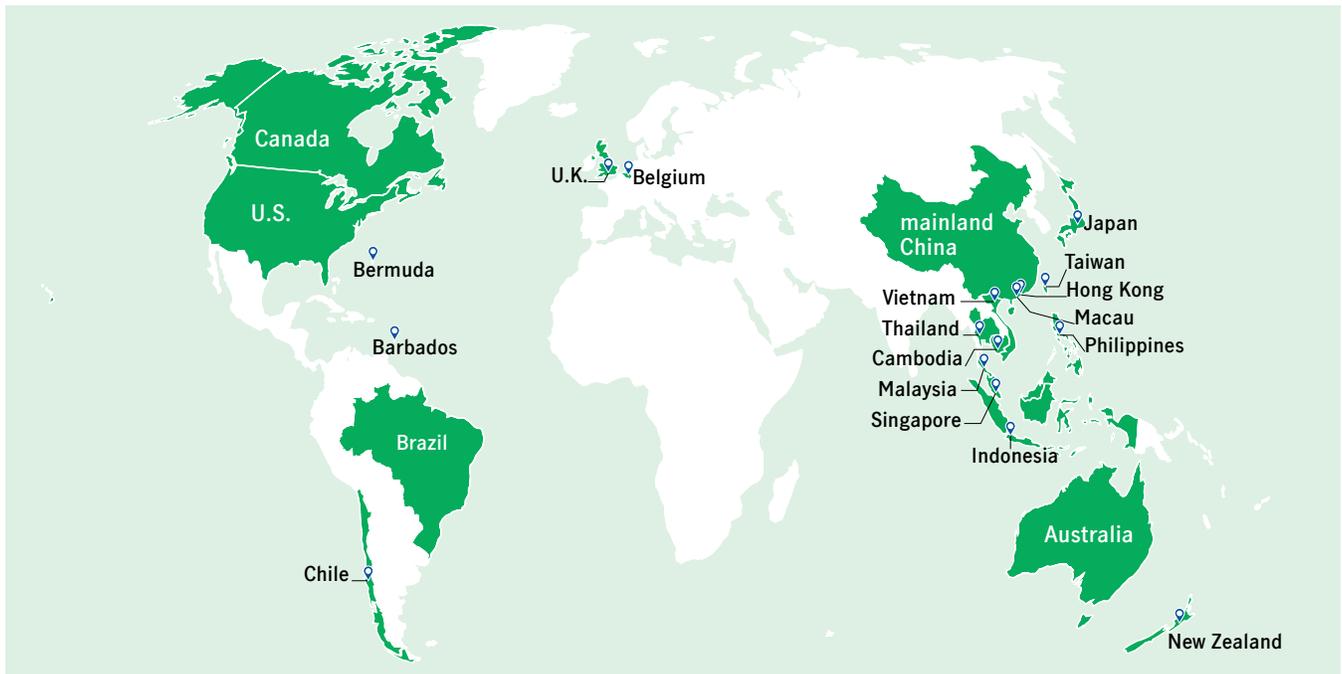
A handwritten signature in black ink, appearing to read 'R. Gori', written in a cursive style.

Roy Gori

About Manulife

Manulife Financial Corporation is a leading international financial services group that helps people make their decisions easier and their lives better. We operate primarily as John Hancock in the United States and as Manulife elsewhere. We provide financial advice and insurance, as well as wealth and asset management solutions, for individuals, groups and institutions. With our global headquarters in Toronto, Canada, we trade as MFC on the TSX, NYSE and PSE, and under “945” on the SEHK.

Where we operate



About Manulife subsidiaries in this report

Manulife Asset Management and our other investment businesses globally are now Manulife Investment Management. Our global asset management arm, a part of Manulife Investment Management, provides comprehensive asset management solutions for pension plans, foundations, endowments, financial institutions and other institutional investors worldwide, as well as for Manulife and John Hancock wealth management and retirement products.

Manulife Investment Management’s Hancock Natural Resource Group (HNRG) is one of the world’s largest managers of natural resource assets for institutional investors, conducting business through two divisions: Hancock Timber Resource Group (HTRG) and Hancock Agricultural Investment Group (HAIG). HNRG manages a diverse global portfolio of farms and forests located in Australia, Canada, Chile, New Zealand and the United States.

Manulife Investment Management, through its Real Estate arm, develops and manages commercial real estate for thousands of customers around the globe. Its portfolio includes millions of square feet of office, industrial, retail and multi-family space. Its Real Estate team also manages the space requirements and corporate use facilities for Manulife’s global operations.

GRI: 102-1, 102-2

2018 *highlights*

Economic

34,000+ employees, as well as more than 82,000 agents and thousands of distribution partners

Almost **28 million** customers served worldwide

\$29.0 billion returned to customers in claims and other benefits paid out

\$10.2 billion in investments and loans authorized to businesses, fuelling development in local economies

\$3.15 billion paid for goods and services purchased from international, national, regional and local suppliers

\$2.3 billion in taxes paid to various levels of government

\$2.0 billion paid out as dividends to shareholders, including individual investors, pension funds and other institutional investors, and our own employees

Social

42% of independent members of our Board of Directors are women

\$45.0 million in donations, sponsorships and other types of community investments

66,000+ employee volunteer hours

Environmental

\$1.0 billion invested in renewable energy and energy efficiency projects

51,000+ MWh of green energy purchased

Issued our **2nd** green bond



Sustainability strategic *framework*

As an insurer and a long-term investor, we always balance the needs of today with the need to honour commitments to customers that are sometimes paid out decades in the future. This perspective compels us to consider the social and environmental impacts of our decisions, and to always look for any further actions we can take that will advance the resilience and sustainability of our customers, our communities and our business.

In 2018, Manulife adopted a new Mission—Decisions made *easier*. Lives made *better*—which applies to our customers and shareholders, but just as importantly to our employees, our communities and society at large.

In keeping with this change, we undertook research and stakeholder consultations focused on strengthening the bridge between our business strategy and our social responsibilities. This led

to the creation of a new sustainability strategy that will be launched in 2019 and will emphasize—and embed across our global business operations—many of the priorities we’ve been focused on since our earliest years: creating economic opportunities; promoting health and wellness; and taking climate action, including support for the transition to a low-carbon economy.

As part of this strategy, we’ll continue to push the envelope in developing *shared value* products; that is, products and services like our Manulife *Vitality* and ManulifeMOVE behavioural life insurance platforms, which deliver financial and social benefits to customers and society, while enhancing our customer relationships and underwriting.

Sustainable Development Goals

In 2015, United Nations member states adopted the 2030 Agenda for Sustainable Development, at the centre of which are 17 Sustainable Development Goals (SDGs) that serve as a universal call to action to end poverty, protect the planet and ensure prosperity for all by 2030.

We at Manulife support the SDGs, and we have been considering the ways in which we can contribute to their achievement as we develop our global sustainability strategy. While there’s more work to be done, we’ve identified six goals for which we believe we can make a difference.



SDG 3 Good health and well-being: Ensure healthy lives and promote well-being for all, at every age



SDG 5 Gender equality: Achieve gender equality and empower all women and girls



SDG 7 Affordable and clean energy: Ensure access to affordable, reliable and sustainable energy for all



SDG 8 Decent work and economic growth: Promote inclusive and sustainable economic growth, full and productive employment and decent work for all



SDG 10 Reduced inequalities: Reduce inequality within and among countries



SDG 13 Climate action: Take urgent action to combat climate change and its impacts

Sustainability *governance*

Our newly adopted sustainability governance framework sets out a structured approach to pursuing and managing sustainability activities across the enterprise, within the context of Manulife’s business model and our short-term and long-term strategic business objectives.



Stakeholder *engagement*

To achieve our ambition of being the most digital, customer-centric global company in our industry, we've established processes for ongoing two-way dialogue with our customers. We're taking a similar approach to engaging with our primary stakeholder groups on ESG topics.

We define our primary stakeholders, or rights holders, as the groups that are likely to have the greatest interest in our organization and are most affected by our actions: customers, employees, shareholders, regulators and the wider communities in which we operate.

In 2019, we are conducting a sustainability materiality assessment, which includes a survey that will improve our understanding of stakeholder expectations regarding Manulife's performance in addressing environmental and social concerns. Its findings will help us identify emerging sustainability issues, balance competing expectations and focus our sustainability efforts in the most appropriate areas. The results will be disclosed in our 2019 Sustainability Report.

Here are the most significant ways in which we engage with our primary stakeholders:

| Stakeholder group | Ways we engage |
|-------------------|--|
| Customers | <ul style="list-style-type: none">• Net Promoter Score system• Quarterly surveys• In-person working sessions• Human-centred design |
| Employees | <ul style="list-style-type: none">• Biannual global employee engagement survey• Biannual pulse survey• Ad hoc polling and surveying |
| Shareholders | <ul style="list-style-type: none">• Annual meeting• Investor events and presentations• Webcasts• Investor Relations website• Annual Report and Management Information Circular• Meetings, phone calls and e-mail correspondence |
| Regulators | <ul style="list-style-type: none">• Mandatory local and regional reporting requirements• Voluntary reporting and engagement on key issues |
| Communities | <ul style="list-style-type: none">• Ongoing dialogue with local and regional non-governmental organizations (NGOs)• Partnerships and collaboration with community organizations |

Awards and recognition



Glassdoor honoured Manulife with the Employees' Choice Award for being one of the best places to work in Canada, as determined by Manulife employees.



Manulife was recognized as one of Canada's Top Employers for Young People.



Asia Pacific Customer Service Consortium (APCSC) has recognized Manulife for our international customer relationship excellence.



Manulife Philippines received the Reader's Digest Asia Trusted Brand Gold Awards in the Investment Fund category.



The Efma–Accenture Innovation in Insurance Awards celebrates the best new ideas that are shaping our industry. Manulife received a silver medal in underwriting innovation.



John Hancock was honoured with a Grand Stevie at the 12th Annual Stevie Awards for Sales & Customer Service.



In 2018 Manulife received the highest positive candidate experience ratings in North America, awarded by Talent Board.



Four Manulife funds were recognized with the 2018 Thomson Reuters Lipper Fund Award. The Manulife Strategic Income Fund, the Manulife Yield Opportunities Fund, the Manulife Global Balanced Fund and the Manulife Global Unconstrained Bond Fund.



Manulife was recognized by The Asset Triple A Awards in Asia for Best Subcustody Mandate.



Manulife was presented with a National Award for Brand of the Year by the World Branding Awards.



Manulife was recognized by the National HR Awards for Best Use of People Analytics.



Since 2012, Manulife has been included in the Dow Jones Sustainability North America Index in recognition of our corporate sustainability performance.



Manulife was a 2018 Gold Recipient for Mental Health at Work from the Canada Awards for Excellence.

Conduct, governance *and risk management*

Exemplary business conduct, robust Board oversight and effective risk management and controls are the foundation of our success and are essential in enabling Manulife's transformation into the most digital, customer-centric global company in our industry. By setting a clear tone at the top and establishing the right frameworks and policies across the enterprise, we empower our people to innovate, while ensuring consistently ethical and responsible conduct.

In this section:

Ethical conduct
Corporate governance
Risk management
Responsible supply chain
Political donations

#1

in *The Globe and Mail's*
ranking of Canada's
corporate boards

42%

of independent members
of our Board of Directors
are women

Ethical *conduct*

Our Code of Business Conduct and Ethics (the Code) affirms our commitment to observing the highest ethical standards in all of our operations, complying with all applicable laws and avoiding any conflicts of interest.

All employees, and members of the Board, must certify their compliance with the Code annually, be well-versed in its provisions, and conduct themselves according to both the letter and the spirit of those provisions. They are also required to comply with all relevant laws and regulations, as well as internal policies, standards and guidelines, which include our:

- Anti-Fraud Policy and related guidelines (which like the Code, include information regarding anti-bribery and anti-corruption measures)
- Anti-Money Laundering and Anti-Terrorist Financing Policy
- Global Privacy Risk Management Policy
- Reputation Risk Policy
- global policies on political contributions and political fundraising
- suite of information protection policies and guidelines for safeguarding corporate, employee and customer data.

We provide compulsory ongoing and supplemental training that includes an annual course on the Code, as well as specialized employee communications campaigns, such as Global Compliance, Fraud, Audit & Risk Awareness Week, and Data Privacy Day, that are intended to reinforce our well-established culture of compliance.

Employees have access to our Global Ethics Hotline, a telephone and online communications channel maintained by a third-party service provider, for reporting on a confidential basis any activities they suspect to be unethical, unprofessional, illegal or fraudulent, while remaining anonymous if they choose.

In 2018, the Code was updated to strengthen the provisions related to human trafficking, freedom of association, and discrimination and harassment.

Related policies and statements

[Code of Business Conduct and Ethics](#)

Values

Our shared values unite our globally diverse company and work as a road map for serving and delighting our customers.

Obsess about customers

We predict their needs and do everything in our power to satisfy them.

Do the right thing

We act with integrity and do what we say.

Think big

Anything is possible. We can always find a better way.

Get it done together

We're surrounded by an amazing team. We can do it better by working together.

Own it

We feel empowered to make decisions and take action to deliver our Mission.

Share your humanity

We build a supportive, diverse and thriving workplace.

Corporate *governance*

We believe that effective corporate governance is critical to our long-term success—for our business, our shareholders and our customers. Our Board of Directors sets the tone at the top, promoting a culture of integrity and ethical behaviour across the enterprise.

Our governance policies and practices are consistent with our shared values and, in all material respects, with the various rules and requirements that apply to us:

- *Insurance Companies Act* (Canada)
- Corporate governance guidelines established by the Office of the Superintendent of Financial Institutions (OSFI) and the Canadian Securities Administrators
- U.S. Securities and Exchange Commission rules and regulations
- TSX corporate governance guidelines
- New York Stock Exchange corporate governance rules for domestic issuers.

The Board regularly reviews and updates our governance practices to keep them in step with regulatory developments and evolving stakeholder expectations.

Governance practices

Independence

- Except for the Chief Executive Officer, all of our directors are independent
- All members of our four Board committees are independent
- Board committees can retain independent advisors
- The roles of Board chair and Chief Executive Officer are separate
- An annual strategic planning meeting is held with the Board and management, in addition to the regular Board meetings
- In-camera sessions are held at every Board and committee meeting without management present to facilitate open and candid discussion
- Independent directors meet separately at every meeting

Ethics and integrity

- We promote a culture of integrity and ethical behaviour
- We require all directors to certify their compliance with our Code of Business Conduct and Ethics every year

Leadership and development

- We provide directors with orientation and continuing education
- The Board has a formal annual assessment process, which is facilitated by an independent advisor and involves peer and management input. The process was enhanced in 2018, with expanded peer assessments and management input
- The Corporate Governance and Nominating Committee retains an independent recruiting firm to assist in recruiting candidates for the Board, continuously monitors Board succession requirements and candidates, and maintains a skills matrix for directors

Corporate governance (*cont'd*)

Governance practices

Diversity and succession

- We have a diversity policy that specifies diversity characteristics such as gender, age, ethnicity, disability, sexual orientation and geographic representation
 - Diversity and inclusion are promoted and embedded in our global talent management, talent acquisition and leadership programs
 - We use a professional recruiting firm to help identify and track a diverse group of Board succession candidates
 - We have an ongoing process to identify Board succession candidates with skills that align with the key competencies and experience necessary to support our operations and strategy
 - Shareholders elect individual directors annually
 - Our majority voting policy is informed by best-in-practice governance standards and complies with the TSX rules
 - We limit directors to a term of 12 years under our tenure policy (unless a director has been grandfathered in accordance with the policy, and the Board chair may serve a term of five years regardless of the number of years served as a director)
-

Shareholder engagement and alignment

- We have a robust shareholder engagement program
 - We require directors and executives to meet equity ownership guidelines that align their interests with those of our shareholders
 - We adopted a proxy access policy in 2017
-

Risk oversight

- We have strong risk oversight, carried out by the Board and supported by the Risk Committee
- The Audit and Risk Committees have joint meetings at least once a year

Related policies and statements

[Statement of Corporate](#)

[Governance Practices](#)

[Management Information Circular](#)

Risk *management*

All of our company's activities involve some form of risk-taking. Our approach to managing risk seeks to balance delivering exceptional experiences for our customers, meeting our policyholder and creditor obligations, providing sustainable long-term growth for our shareholders, and ensuring our employees have the tools and skills they need to excel in their roles.

Sound risk management is a cornerstone of Manulife's success. In 2018, Standard & Poor's reaffirmed its "strong" enterprise risk management rating for Manulife, reflecting a positive assessment of our risk management culture, risk controls and models, as well as our approach to managing emerging and strategic risks.

Manulife's enterprise risk management framework sets out a structured approach to risk-taking and risk management activities across the enterprise, supporting our long-term revenue, earnings and capital growth strategy.

We foster a culture with a strong awareness of risk, in which individuals and groups are encouraged, feel comfortable and are proactive in making transparent, balanced risk-return decisions that are in the long-term interests of the company. Key areas of focus include: aligning individual and company objectives; identifying risks and escalating them for review and mitigation before they become significant issues; adopting a co-operative approach that enables appropriate risk-taking; ensuring

transparency in identifying, communicating and tracking risks; and systematically identifying and addressing material risks.

Our Board of Directors is responsible for risk oversight, and is supported in this exercise by Board committees, primarily the Risk Committee, while the Executive Risk Committee directs our risk management efforts.

Financial strength ratings

| Rating Agency | Rating as at December 31, 2018* | |
|--------------------------------|---------------------------------|--------------------------------------|
| A.M. Best Company | A+ | (Superior: 2nd of 13 ratings) |
| DBRS Limited | AA (low) | (Excellent: 4th of 22 ratings) |
| Fitch Ratings Inc. | AA- | (Very strong: 4th of 19 ratings) |
| Moody's Investors Service Inc. | A1 | (Low credit risk: 5th of 21 ratings) |
| S&P Global Ratings | AA- | (Very strong: 4th of 21 ratings) |

* Financial strength ratings apply to the main operating life insurance companies of Manulife Financial Corporation, which include The Manufacturers Life Insurance Company, John Hancock Life Insurance Co. (U.S.A.), John Hancock Life & Health Insurance Co. and John Hancock Life Insurance Co. of New York. DBRS does not rate the U.S. insurance subsidiaries separately.

Responsible *supply chain*

We expect our partners, including all vendors, to share our commitment to ethical and responsible business practices.

To meet the requirements of Manulife's Vendor Code of Conduct, vendors must:

- Comply fully with all applicable laws and regulations at all times, including anti-money laundering, anti-trust and anti-corruption laws
- Comply with all privacy and non-disclosure agreements and ensure that all information and data provided by Manulife to a vendor remain confidential and secure
- Respect the dignity and human rights of all workers, and make a commitment to fair employment and labour practices, including providing protection against workplace harassment, abuse, discrimination and violence

- Comply with all applicable anti-slavery and human trafficking laws, statutes, regulations and codes, and apply due diligence in their supply chain to ensure no slavery or human trafficking is involved
- Provide healthy and safe workplaces for their employees and have practices in place to minimize or eliminate any hazards
- Proactively minimize or mitigate the environmental impacts associated with their business activities through documented policies and procedures.

We reserve the right to monitor, assess and audit all vendors according to our Vendor Code of Conduct, and we may discontinue business with any vendor that does not comply with its provisions.

Supplier diversity

We support businesses owned by women, members of minorities and persons who identify as LGBTQ, in order to reflect the diversity of the communities in which we operate. Manulife is a member of the Financial Services Roundtable for Supplier Diversity, a non-profit organization comprised of regional, national and global financial services companies with formal supplier diversity initiatives.

In the United States, we are a founding member of the Pacesetters initiative, a partnership established by the Greater Boston Chamber of Commerce in which large and mid-sized companies and anchor institutions use their collective purchasing power to create opportunities at scale for local businesses owned by members of ethnic minorities.



GRI: 102-9

Political *donations*

In Canada, political donations cannot be made on behalf of a corporation. Therefore, we do not make political donations in Canada.

In the United States, federal law prohibits corporations from contributing directly to candidates; however, it does allow corporations to establish Political Action Committees (PAC), funded by voluntary contributions from eligible employees. The John Hancock Political Action Committee (JHPAC) is organized by employees of John Hancock and its subsidiaries. It is a voluntary association of individuals formed in order to make

their collective voice heard in the political process. Because corporations are permitted to pay the administrative costs of a PAC, every dollar contributed to JHPAC is distributed to candidates for elected office.

As a general practice, John Hancock and its subsidiaries do not contribute to ballot initiatives. In 2018, after obtaining approval from the Vice President and Counsel, External Affairs & Investigative Services and the Senior Vice President, Regulatory & Public Affairs, John Hancock made an exception to its general practice by contributing

\$25,000 to a tax-exempt social welfare organization (501c4) seeking to defeat a state ballot initiative in Massachusetts. In this effort, John Hancock joined a host of other local businesses that were working to uphold the state non-discrimination law protecting transgender people.

In Asia, we do not make political donations. Additionally, the General Counsel and Head of Legal & Compliance, Asia notifies Regulatory & Public Affairs when there is contact between the company and a government representative.



Customers

Putting our customers first and leveraging technology to serve and satisfy them is one of our strategic priorities. It's what we're obsessed with—because it will help us deliver on our mission of making their decisions easier and their lives better. And it's changing our culture, our brand, and our customers' experience.

In this section:

- Customer experience
- Life insurance aimed at getting people healthier
- Customer privacy

80+
priority customer interactions with a feedback loop for continuous improvement



Customer *experience*

Companies that consistently satisfy their customers outperform their competitors, and our industry is no different. We need to anticipate our customers' needs and do everything in our power to satisfy them in order to create sustainable, long-term value. That's why *Obsess about customers* is one of our corporate Values, and we have an ambition to transform Manulife into the most digital, customer-centric global company in our industry.

Our approach

Delivering great customer experiences starts with listening closely to our customers and acting on what we learn. We've introduced a number of new methodologies that support continuous

two-way dialogue with customers and provide us with more actionable data—and we hope this will help us turn our customers into advocates.

The Net Promoter Score (NPS) system enables us to collect real-time feedback from customers at all key moments of their transactions with us. This transactional feedback is delivered directly to the teams that are empowered to take steps to fix or change the customer experience. This process of active listening is being rolled out across the enterprise for all key customer moments.

We've also implemented quarterly surveys and reviews of relationship NPS (rNPS) scores, which are more holistic measures of our customers' advocacy to

Manulife. These scores are evaluated through a series of work sessions and are then used to inform our investments in improving the customer experience; for example, a review of certain scores may prompt us to modify a product or add a service. We have set a goal of increasing our enterprise rNPS score by 30 pts.

Manulife is committed to human-centred design throughout our organization. This will ensure all teams incorporate customer feedback throughout the development, delivery and scaling of new products and services. With this process in place, anytime a new product or service goes to market, it will have been iterated and validated repeatedly by end users to ensure that it is the best possible response to their needs.



Customer experience (cont'd)

2018 Highlights

We rolled out a number of products intended to enhance our customers' experience and exceed their expectations:

- **In Asia**, we launched ManulifeMOVE in Singapore and upgraded the program in mainland China. The upgraded MOVE 2.0 program enhances our award-winning health and wellness program for people in mainland China by integrating the fitness and health capabilities of Apple Watch and extending the availability of the mobile app to the general public.
- We also continued to digitize claims submissions in several Asian markets. In Hong Kong, about half of all eligible claims are now being submitted through our new, streamlined eClaims platform. Enhancements to our WeChat eClaims process in mainland China included facial recognition, which allows real-time verification that significantly improves our customers' experience.
- **In Canada**, we were the first life insurer supporting artificial intelligence research in rare event detection, which could apply to disability claims or fraud prediction, and contextual natural language comprehension that could be applied in customer service settings. The whole life insurance market represents more than half of all insurance sales in Canada, and Manulife Par is a new participating whole life insurance product that is not only meeting advisor and client demand, but also breaking new ground in underwriting.
- To support better health outcomes, we announced plans to integrate the Manulife *Vitality* program into our group benefits offering at no additional cost for employers, starting in summer 2019. Employees will be able to choose to participate in the program.
- In a first for retail investors in Canada, we launched an innovative goals-based investing (GBI) tool powered by advanced data analytics and a liability-driven investing strategy focused on making Canadians' decisions easier as they plan for retirement. Manulife GBI uses variables such as age, income, health factors and postal code to give customers a clearer picture of the income they may need at retirement. The GBI tool also includes a built-in investment solution designed to help clients with their retirement income goals.
- **In the United States**, we became the first life insurance company to fully embrace behaviour-based life insurance with our October launch of a John Hancock Vitality program for all life insurance policies. Available at no additional cost, this basic, "be healthy" program provides access to expert fitness and nutritional resources, and sets personalized health goals that unlock rewards and discounts at major brand outlets when they are achieved. Read our [feature](#) on page 22 to learn more.
- Recognizing the importance of mental health for overall wellness, we also enhanced our John Hancock Vitality offering in the United States by launching the HealthyMind initiative, a new feature that rewards customers for meditation and sleep activities.
- Our innovative saving and investing app, [Twine](#), continued to attract significant customer interest and was featured several times as an App Store App of the Day in the United States.

Meeting consumers' health needs

Always attuned to consumers' health needs, in 2016, Manulife became the first Canadian insurer to offer life insurance to people living with HIV. In 2018, we announced a partnership with Canada's largest pharmacy chain, Shoppers Drug Mart, to launch the first medical marijuana program to help customers select the strain and formulation that will best address their condition. In the United States, John Hancock announced a partnership with One Drop to offer an innovative solution for people living with diabetes that combines life insurance with a technology-enabled wellness program.

Customer experience *(cont'd)*

As part of its efforts to provide solutions that make customers' lives easier, Manulife Bank conducted a survey of more than 2,000 Canadians in which two in 10 of the participants who were married or living in a common-law relationship revealed that their significant other does not know how much debt they are carrying. Other survey results:

- Among Canadians in debt, 12 per cent had hidden a large purchase from a loved one.
- Four in 10 Canadians in debt revealed that their level of debt is negatively impacting their mental health.
- Half of Canadians are stressed about their level of debt, and worrying about debt keeps one in three of them awake at night.

Products like Manulife One, an all-in-one mortgage, line of credit, savings and chequing account, are designed to ease this problem by offering Canadians financial flexibility, which could help them save thousands of dollars over the long term.

Digital innovation

People today have embraced technology in most aspects of their lives, and they expect their financial services provider to do the same by offering simple and intuitive products and services that meet their needs. Digital innovation is playing a leading role in helping us enhance our customers' experience.

We have several innovation labs, including the Labs of Forward Thinking (LOFTs) in Boston, Toronto and Singapore, the 3D Innovation Hub in Montreal, and the RED Lab in Waterloo, Ontario, where resources are dedicated to exploring new and emerging technologies and consumer trends, designing customer-centric solutions, and building prototypes to test new ideas.

In the United States, [COIN](#), a newly launched conscious investing platform, was conceived and developed by a John Hancock team that came together at one of our Boston LOFTs' hackathons. COIN provides U.S. retail investors with custom investment portfolios designed around their sustainability values. Acting as an advisor, COIN helps manage each investor's portfolio and offers access to eight impact areas linked to the UN's Sustainable Development Goals: gender equality, climate action, better health, clean water, waste reduction, quality work, modern cities and shared prosperity. Designed with millennials and new investors in mind, COIN is easy to use, impact-driven and transparent in its costs and recommendations.

MassChallenge FinTech program

John Hancock is a founding partner of the inaugural MassChallenge FinTech program, which is matching later-stage fintech start-ups with industry leaders to accelerate the development of products and services that have the power to transform the financial services ecosystem.

"To us, innovation means looking for new tools, technologies and ways of working that can enhance the businesses we're already in or give us insights into new opportunities," says Steve Dorval, Head of Innovation and Advice, John Hancock. "The MassChallenge FinTech program fits perfectly with that—giving us exposure to different start-ups, helping accelerate work we're doing in-house, and building our brand in the fintech ecosystem, which helps us attract talent in the digital space."

The 21 start-ups selected for the program are participating in a six-month accelerator during which they work closely with a leading partner, including John Hancock, on activities that range from co-development and product validation to strategic investment and advisor introductions. At the end of the program, they have the opportunity to win one of a total of US\$250,000 in zero-equity cash prizes to fund their business.

Life insurance aimed at *getting people healthier*



John Hancock took another step toward redefining the life insurance model by including John Hancock Vitality on all of our U.S. life insurance policies. John Hancock Vitality is a technology-enabled wellness program which provides our customers with information, support, incentives and rewards that can help them stay active, eat well and live healthy.

“For centuries, the insurance model has primarily provided financial protection for families after death, without enhancing the very quality it hinges on: life,” says Marianne Harrison, President and CEO of John Hancock. “We fundamentally believe that life insurers should care about how long and how well their customers live.”

Proven results

We began offering John Hancock Vitality as a rider on life insurance products in 2015 to address a troubling shift in Americans’ health that had led to diseases related to lifestyle becoming the leading cause of death. To face this challenge, we partnered with Vitality to offer a wellness-based program that brings together behavioural science and consumer technology to incentivize and reward our customers for making healthier choices every day.

The results are compelling. John Hancock Vitality policyholders:

- Take nearly twice as many steps as the average American.¹
- Have logged more than three million healthy activities, including walking, swimming and biking.²

“The remarkable results of our John Hancock Vitality offering convinced us this is the only path forward for the industry,” explains Brooks Tingle, President and CEO of John Hancock Insurance. “We have smart phones, smart cars and smart homes. It’s time for smart life insurance that meets the changing needs of consumers. Offering John Hancock Vitality on all life insurance policies, at no additional cost, is the right thing to do for our customers, our business and society.”

Available around the world

Manulife offers similar products around the world. In Canada, we recently extended Manulife *Vitality* to include our group benefits customers, offering it at no additional cost to companies that want to make it available to their employees. In Asia, we continue to expand ManulifeMOVE across the countries in which we operate.

Manulife has signed a global pledge with Vitality to help make 100 million people 20 per cent more active by 2025.

¹ Steps data from BusinessInsider.com, July 2015.

² Data based on policyholder experience since inception in the United States, April 2015.

Customer *privacy*

Manulife has a long history of safeguarding the sensitive personal information of our customers, and we continue to take this responsibility very seriously. As a provider of financial products and services, the collection and use of personal information is fundamental to our business. Equally important is earning and maintaining our customers' trust in the way we handle their personal information.

Our approach

Manulife's [Statement of Corporate Privacy Principles](#) sets out the principles that guide our approach to handling personal information. In many countries in which we do business, our corporate privacy policies are supplemented by more detailed policies that reflect the requirements of those countries and are posted on our corporate website, along with our Corporate Privacy Principles.

We have a global framework for managing the company's privacy risk. This framework is overseen by the Global Chief Privacy Officer, who is accountable to the Global Compliance Chief.

Our global framework is designed to:

- Help ensure compliance with legal and regulatory requirements governing the protection of personal information in all the jurisdictions in which Manulife operates, while also promoting consistency
- Maintain and foster customer and employee trust
- Minimize the occurrence and impact of privacy-related incidents.

As part of our enterprise-wide Information Protection program, our Privacy and Information Risk Management teams work collaboratively to integrate the programs that are focused on protecting information within the Manulife environment. Protocols are in place to ensure privacy concerns are quickly identified, investigated and addressed.

Every business segment and corporate function appoints employees who are responsible for monitoring privacy compliance and helping to ensure personal information is protected. These employees stay abreast of global trends in information protection, privacy legislation and emerging technology to help ensure our programs stay up to date. Privacy risks and related controls are assessed on a regular basis, a process that is overseen by the Global Chief Privacy Officer.

Every employee receives training at least annually on handling and protecting personal information, and quarterly awareness campaigns provide tools for information protection and guidance on emerging risks. Instructions for employees about handling personal information are also included in our Code of Business Conduct and Ethics, Global Privacy Risk Management Policy and Information Security Policy.

Our Audit Services group is responsible for independently reviewing the effectiveness of our privacy framework through its audit and review process.

Related policies and statements

[Statement of Corporate Privacy Principles](#)

2018 Update

In an effort to provide our customers and partners with more meaningful information, we simplified our privacy-related language and added details about our procedures for handling personal information to reflect changes in the global regulatory environment.

Responsible *investment*

As a global investor of our own and our clients' assets, we believe that an effective approach to assessing and managing ESG factors is essential for mitigating risks and achieving sustainable, long-term returns—and for helping to shape a better world for future generations. We consider ESG factors across our many different investment activities, and where we can, we actively manage them to enhance investment outcomes—and our sustainability performance.

In this section:

Responsible investment and ESG integration
General account
Combatting climate change

\$13.6 billion

invested in renewable
energy projects since 2002

203

engagements on ESG
issues with companies held
in our investment portfolios

*An HNRG managed longleaf pine forest in Atmore,
Alabama, United States of America.*

Guide to responsible investment at Manulife

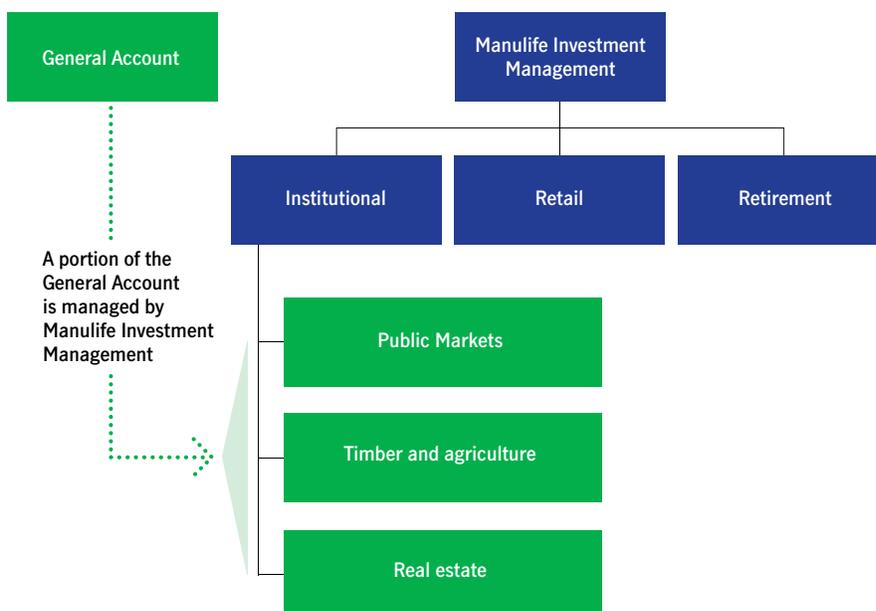
Responsible investment (RI) involves many different entities, asset classes and activities at Manulife. In this report, we focus on activities that best illustrate our approach and matter most to our business and our stakeholders:

Responsible investment and ESG integration: This section discusses Manulife Investment Management’s approach to responsible investment and ESG integration and includes 2018 highlights for three key asset classes—public markets, timber and agriculture, and real estate. See [pages 26 to 32](#).

General Account: This consists of the company’s own assets that support its policyholder liabilities. Key activities related to the General Account include our renewable energy investments and commitments under the Equator Principles, which are discussed on [pages 33 to 34](#).

Combatting climate change: We take action on climate change in many different ways. This section focuses on the ways we are championing climate action in the investment industry, and on our green bond issuances. See [pages 35 to 36](#).

RI focus areas in this report



John Hancock Investments, the Boston-based mutual fund business unit of John Hancock, manages almost \$241 million in assets through four ESG funds. These funds enable retail investors to pursue solid investment returns, while supporting companies with strong and effective governance that are having a positive impact on the environment and society.

Responsible investment *and ESG integration*

Manulife Investment Management Public Markets

We believe that ESG factors—such as climate change, worker health and safety, social licence to operate and corporate board diversity—contribute to the risk of an investment, and effective management of these factors can lead to long-term sustainable returns.

Our approach

Manulife Investment Management is a signatory to the United Nations sponsored Principles for Responsible Investment (PRI)* and has an ESG Policy that applies to public market investments, as well as real estate, timber and agricultural investments. The ESG Policy commits us to integrating ESG considerations into our investment decision-making, which we believe is important for three key reasons:

- Evaluation of performance related to ESG factors is a natural extension of fundamental research and investment processes, and supports well-informed investment decision-making in a fast-changing world.

- Like many institutional investors, Manulife Investment Management has large and diversified holdings, and thus is more likely to be affected by the performance of the global economy as a whole, rather than by the performance of any one holding. ESG research and analysis attune key decision-makers and investment staff to major economic shifts that are driven by these factors, such as climate change and the shift to a low-carbon economy.
- We are a steward of capital on behalf of our clients. Incorporating ESG research and analysis into our investment processes enhances our ability to demonstrate to clients that we're meeting their needs for long-term investment solutions.

Related policies and statements

[Manulife Investment Management Environmental, Social and Governance Policy](#)

[Manulife Investment Management Engagement Policy](#)

The ESG Policy is managed and reviewed annually for effectiveness by the Responsible Investment Committee (RIC) of Manulife Investment Management—a group of senior representatives from across the organization. The RIC also examines key trends in the responsible investment sector, reviews corporate engagement and proxy voting activities by investment teams, and approves public reporting of responsible investment activities.

Manulife Investment Management global commitments*

[Signatory to the United Nations sponsored Principles for Responsible Investment](#)

[Signatory to the Japan Stewardship Code](#)

[Committed to the United Kingdom Stewardship Code](#)

* Signed/committed under the former Manulife Asset Management brand

Manulife Investment Management Public Markets (cont'd)

Key elements of our approach to ESG integration include:

- Robust research into, and consideration of, ESG factors:** We are committed to integrating ESG analysis into our fundamental research processes, and we see ESG research as a natural complement to our strengths as an active investment manager.
- Engagement:** By meeting with companies in which we are invested, we seek to use our influence to encourage companies to adopt sustainable business practices that promote stable long-term growth and reduce material ESG risks over time. Our [ESG Engagement Policy](#) outlines our approach.
- Proxy voting:** We have a fiduciary duty to exercise voting rights responsibly. The right to vote is a basic component of share ownership and is an important control mechanism for ensuring that a company is managed in the best interests of its shareholders.

- Collaboration:** We partner with other investors and industry experts to increase our influence in any shared response to ESG concerns and macroeconomic and systemic issues.
- Dedicated ESG resources:** Our ESG Research and Integration team is responsible for the day-to-day implementation of our responsible investment agenda. The team supports investment analysts and portfolio managers to identify relevant ESG factors that can inform their investment decisions, and to identify investee companies suitable for our ESG engagement program.

2018 Highlights

Our 2018 Engagement Report will be posted on the Manulife Investment Management [website](#) by July 2019. Selected highlights are presented here.

| Year | Total engagements | Companies engaged |
|------|-------------------|-------------------|
| 2017 | 70 | 60 |
| 2018 | 276 | 203 |

* In addition, Manulife Investment Management participated in the PRI-led Methane in the Natural Gas Supply Chain engagement and the PRI-led Cybersecurity engagement. Companies engaged through these additional initiatives are not counted in the numbers provided above.

Top 5 engagement themes

GHG emissions: 13%
Board structure and practices: 12%
ESG disclosure transparency: 10%
Climate change vulnerability: 8%
Human capital development: 6%

A new milestone tracking framework will enable us to track both the number of our engagements and their effectiveness.

Manulife Investment Management Public Markets *(cont'd)*



TCFD pilot project

Manulife Investment Management is participating in a global pilot project convened by the United Nations Environment Programme—Finance Initiative (UNEP FI).

Bringing together 20 of the world's leading investors, the project is developing a methodology to support climate-related investor disclosures that align with the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). The TCFD recommendations are intended to help companies disclose information that enables insurers, investors and lenders to better understand their climate-related financial risks and opportunities. While voluntary for most companies, signatories to the PRI are required to respond to the TCFD recommendations by 2020.

“As a member of the pilot project, we’re helping shepherd the release of an important landmark in reporting on climate change scenarios at the portfolio level,” explains Emily Chew, Global Head of ESG Research and Integration, Manulife Investment Management. “We’re confident that this groundbreaking work will greatly assist the more than 1,900 PRI signatories and the dozens of investors who have already publicly supported the TCFD. We also hope that it will enhance the transparency of asset managers’ climate change exposures against the backdrop of a growing urgency to take climate action.” Publication of the TCFD pilot project report is expected in May 2019.

Timber and agriculture

Hancock Natural Resource Group (HNRG) specializes in global farmland and timberland portfolio development and management through Hancock Timber Resource Group (HTRG) and Hancock Agricultural Investment Group (HAIG).

Sustainability and Responsible Investing (SRI) is our overall commitment to conducting business in a way that recognizes the need to preserve and enhance the quality of the environment and local communities, empowers our people, and provides market-rate returns for our clients. Key elements of our approach include:

- Forest certification:** Through HTRG, we manage all eligible lands, regardless of location or forest products derived, to meet sustainability standards set out by credible standard-setting organizations, such as the Sustainable Forestry Initiative® (SFI) and the Forest Stewardship Council® (FSC), and standards endorsed by the Programme for the Endorsement of Forest Certification (PEFC).
- Sustainable agriculture:** Through HAIG, we adhere to the PRI, and our stewardship principles are certified by various third-party certification systems. To enhance farmland sustainability, we have developed a scorecard that evaluates our practices related to energy, soil, water, chemical use and safety.

- Biodiversity conservation:** Our Biodiversity Policy and program complement our other work and policies in related areas, such as sensitive land management, riparian zones and endangered species. Information on biodiversity, especially threatened and endangered species, is evaluated and monitored at all stages of our management, from acquisition to sale.

Related policies and statements

[Sustainability and Responsibility Statement](#)



Learn more about SRI at HNRG:

[2018 Sustainability and Responsible Investing Report](#)



Fast facts

US\$13.7 billion
of assets under management

5.7 million
acres of forest and 280,000 acres of farmland managed

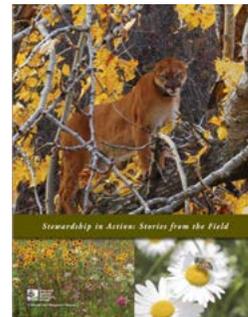
5.7 million
acres of forest certified by a third party

470,000
acres of sensitive lands protected

4.1 million+
tonnes of carbon credits sold

1.1 billion+
trees planted

[Stewardship in Action: Stories from the Field](#)



Timber and agriculture *(cont'd)*

2018 Highlights

In order to formalize our SRI priorities, we conducted a materiality assessment that evaluated the most important sustainability issues facing the business and included input from investors and employees. Five SRI themes were identified in this assessment, and we plan to develop specific initiatives and key metrics for each of them, as well as reporting on annual progress:

- Climate stability: limiting the impacts of climate change by using and managing land responsibly, creating opportunities for carbon sequestration at our forests and farms, and mitigating climate change through investments in renewables and energy efficiency
- People empowerment: offering safe and healthy working environments and the tools, training and support our employees and contractors need to thrive
- Ecosystem resiliency: managing land responsibly and protecting sensitive lands and biodiversity
- Watershed protection: protecting sensitive lands, adhering to strict water and land management policies and best practices, and supporting forest growth
- Community prosperity: supporting and strengthening local and Indigenous communities by providing employment opportunities, allowing public use of our land, engaging with NGOs and supporting local causes.

A step in the right direction

While credible global sustainability standards and certifications exist in forestry, the agricultural sector is lagging in this regard. As a result, many farmland managers develop their own indicators to track, improve and report the sustainability performance of their farmland. Through HAIG, we're trying to standardize this practice, and we've started working with consultants on an agricultural sustainability framework for measuring and managing the sustainability performance of our U.S. farmland, which we hope will lead to an accepted industry standard. To date, we have studied the many different approaches and indicators currently in use, field tested a draft framework with our farm managers, and made adjustments to address what we learned in those tests.

Real estate

As a long-term manager and developer of real estate with a global portfolio of more than 61.9 million square feet, the vision within Manulife Investment Management's Real Estate arm is to drive leadership in sustainable real estate across its global operations.

We have a Sustainable Real Estate Policy, which sets out five key commitments:

- Minimize our environmental impact
- Support health and wellness
- Engage our stakeholders
- Promote responsible business practices
- Be accountable for our performance.

Our approach is based on responsible property investment best practices and aligns with global standards. We incorporate ESG considerations into all of our investment management and operational practices along the real estate value chain, from the construction or acquisition of an asset through to the operation, management and leasing of the property.

Responsible property investment



Real estate life cycle

Development

- Integrate sustainability into development practices
- Apply third-party certification standards
- Partner with sustainability leaders

Investments

- Embed sustainability in investment and due diligence practices
- Support investment teams with in-house sustainability experience
- Provide investment team training on sustainability

Operations

- Embed sustainability in operational procedures and standards
- Validate practices with third-party certifications
- Collaborate with stakeholders
- Provide sustainability training to operations and property teams
- Set targets for sustainability performance

Asset management

- Integrate sustainability into budgeting and planning
- Ensure third-party managers apply sustainability standards
- Provide sustainability training to asset and fund managers

Leasing

- Enhance green leasing practices

Real estate (cont'd)

We have formalized sustainability practices for development, investments, operations, asset management and leasing. These practices are supported by tools such as our *Sustainability in Investment and Due Diligence Checklist*, sustainability clauses in our standard leases, and our Sustainable Building Standards. We also require third-party managers of our properties to adhere to our standard practices and use our property management tools.

Our Sustainable Building Standards program is one of our most important sustainability leadership strategies. Ongoing property operations represent the most significant part of our environmental impact (energy, water, waste and greenhouse gas emissions) and are the focus of our interactions with employees, tenants, community members and other stakeholders. The standards are intended to deliver a consistent and sustainable experience for tenants, employees and visitors; enable benchmarking of sustainability performance and understanding of business outcomes; and provide tools and resources for property teams.

We report on sustainability performance using global standards, including the Principles for Responsible Investment (PRI) and the Global Real Estate Sustainability Benchmark (GRESB).

2018 Highlights

- Rolled out the Sustainable Building Standards program across our global real estate portfolio.
- Received the Green Lease Leader silver designation for integrating sustainability clauses into our standard Canadian office leases.
- Continued retrofitting major building systems, including one California property for which replacing boilers, chillers and coils will result in an expected savings of about \$41,000 per year.

- Pursued environmental leadership initiatives at select properties. For example, our property at 980 Howe in Vancouver was recognized as the Best-in-Class building in BOMA Canada's Net Zero Challenge Awards.
- Established a community of 150 property Green Champions who act as point persons for sustainability activities at our properties.

Learn more about Manulife Investment Management's sustainability approach and progress in sustainability in real estate:

[2018 operational footprint performance \(page 38 of this report\)](#)

[2018 Real Estate Sustainability Report](#)

Nearly 49.5 million square feet of our portfolio had been certified under a sustainable building certification program such as LEED, ENERGY STAR or BOMA BEST by the end of 2018, representing 80 per cent of our portfolio.

General *account*

The long-term nature of our liabilities and investments shapes how we view risks and opportunities—and the way we invest. For many years, we have invested in renewable energy projects, and we have also applied the high standards of environmental and social responsibility prescribed by the Equator Principles for project finance transactions.

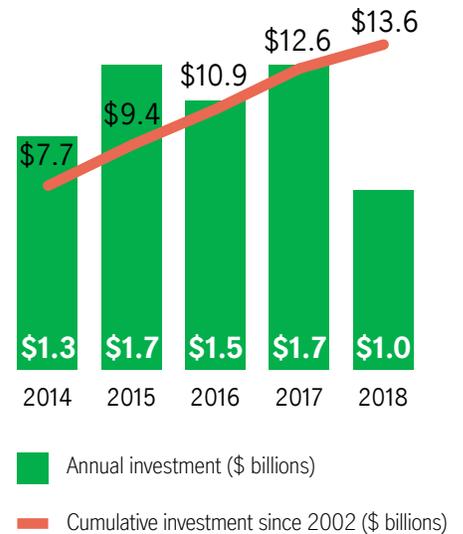
Renewable energy investments

Manulife is a leading arranger and provider of financing for the renewable power sector in Canada and the United States. Our investments span

the spectrum of renewable energy technologies, including wind, photovoltaic solar, hydroelectric, geothermal, landfill gas and biomass waste-to-energy projects, as well as energy efficiency projects.

In 2018, investments in renewable energy and energy efficiency projects totalled \$1 billion. Through one of these investments, John Hancock entered into a partnership with Pine Gate Renewables in which Pine Gate will own and manage 35 solar facilities—located in North Carolina, South Carolina and Oregon, with a total generating capacity of 413 MW—while John Hancock will take an equity interest in the facilities.

Investments in renewable energy and energy efficiency projects



We invested in this 2.6 MW solar array in North Providence, Rhode Island, which is built on a former landfill site.

General account (cont'd)

Equator Principles

The Equator Principles (EP) are a set of voluntary guidelines that help financial institutions identify and manage environmental and social risks in project finance transactions. The principles apply to new project financings in any sector or country with total capital costs exceeding US\$10 million, or project-related corporate loans of at least US\$100 million.

Manulife global commitments

A4S Accounting for Sustainability

A4S aims to work with financial leaders to inspire action to shift towards resilient business models and a sustainable economy.

Equator Principles

Manulife became a signatory to the EP in 2005, and since then we have been committed to reporting at least once a year on our implementation of the principles.

UNEP Finance Initiative

United Nations Environment Programme Finance Initiative (UNEP FI) is a partnership between United Nations Environment and the global financial sector with an aim to promote sustainable finance.

Task Force on Climate-related Financial Disclosures

Manulife Investment Management is participating in a global pilot project convened by the United Nations Environment Programme – Finance Initiative (UNEP FI).

Manulife's 2018 Equator Principles reporting

| | Category | | |
|--|----------------------------|------------------------|-----------------------|
| | A Significant impact | B Limited impact | C No/Low impact |
| Total projects reviewed by category | | 2 | 16 |
| By region | | | |
| North America | – | 1 | 14 |
| Asia | – | – | – |
| Europe | – | 1 | – |
| South America | – | – | 1 |
| Australia | – | – | 1 |
| Total by region | 0 | 2 | 16 |
| By sector | | | |
| Agriculture | – | – | 6 |
| Forestry | – | – | 2 |
| Infrastructure (includes health care, education, etc.) | – | – | 4 |
| Power and utilities (includes transmission) | – | 2 | 4 |
| Total by sector | 0 | 2 | 16 |
| Independent review | | | |
| Yes | – | 2 | 8 |
| No | – | – | 8 |
| Total by review | 0 | 2 | 16 |
| By country designation | | | |
| Designated countries | – | 2 | 15 |
| Non-designated countries | – | – | 1 |
| Total by country designation | 0 | 2 | 16 |

Category A: Projects with potential significant adverse social or environmental impacts that are diverse, irreversible or unprecedented.

Category B: Projects with potential limited adverse social or environmental impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures.

Category C: Projects with minimal or no adverse social or environmental impacts.

An independent review by an environmental consultant is required for Category A projects and, as deemed appropriate, for Category B projects. The independent review consists of a review of environmental and social risk assessment documentation from the project.

Combatting *climate change*



An HNRG managed slash pine forest in Atmore, Alabama, United States of America.

From shifting weather patterns to rising sea levels and increasingly extreme weather events, the impacts of climate change are being felt around the world, and there's growing urgency for collective action on the issue.

At Manulife, we recognize the threats posed by global 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're taking steps to reduce our environmental footprint. Because we also hold large, long-term investments, we pay attention to the risks posed by climate change and recognize that we are in a unique position to help facilitate the transition to a more sustainable economy. Here are several examples of the actions we're taking.

TCFD supporter

Manulife became a supporter of the Financial Stability Board's TCFD recommendations in November 2017 by way of our commitment to Accounting4Sustainability:

- Governance of climate change risk management is provided by our Executive Sustainability Council and the Corporate Governance and Nominating Committee of our Board of Directors.
- Our enterprise-level approach is set out in the Environmental Risk Policy, under which the lines of business and functional units are responsible for observing protocols and exercising due diligence to identify and manage environmental risks.
- Climate scenario analysis, as recommended by the TCFD, is being contemplated and implementation over a multi-year period is being planned.
- We have operational greenhouse gas (GHG) emissions reduction targets, and we are also sizeable investors in renewable energy, green buildings and sustainably managed timber. The estimated environmental benefit of our inaugural green bond was 100 tons of CO₂ emissions avoided for every \$1 million invested.
- We are a supporter of the Global Investor Statement on Climate Change, which calls for the implementation of robust and effective climate policies by governments.

Combatting climate change *(cont'd)*

Climate Action 100+

Manulife Investment Management is a founding member of [Climate Action 100+*](#), a five-year initiative that includes more than 310 asset managers from around the world representing US\$32 trillion in investor capital and is now the largest investor-led collaborative engagement initiative of its kind assembled to date.

One of the primary objectives of Climate Action 100+ is to set new norms for engaging with the world's largest greenhouse gas emitters. A consistent message from such a large and influential group of investors helps ensure that companies take more ambitious action to curb emissions, strengthen climate-related financial disclosures and improve their governance of climate change issues. By late 2018, Climate Action 100+ had already achieved a number of notable successes.

Our green bonds

As a life insurance company with long-term liabilities, Manulife invests in long-duration assets, including those supporting the transition to a low-carbon economy. Having been the first life insurer in the world to issue a green bond, we broke new ground again in 2018 by issuing our first green bond in Canada.

In May 2018, we completed a 3.317% CAD 600 million subordinated green bond offering, the net proceeds of which will be used to finance or refinance new or existing eligible assets as defined in our [Green Bond Framework](#). Our framework is aligned with the International Capital Market Association's Green Bond Principles 2017, overseen by the executive Green Bond Council, and requires that all proceeds be directed toward renewable energy, energy efficiency, sustainably managed forests and other investments that advance ecosystem improvements.

The proceeds of our first green bond certified to the Climate Bonds Standard, a 3% SGD 500 million offering issued in Singapore in 2017, were used for financing wind and solar projects in Canada and the United States. The estimated annual environmental benefit of this green bond is 100 tons of avoided carbon dioxide emissions per SGD 1 million invested, or 52,700 tons annually for the entire SGD 500 million issuance. Details can be found in our first [Annual Green Bond Use of Proceeds Report](#), published in November 2018.

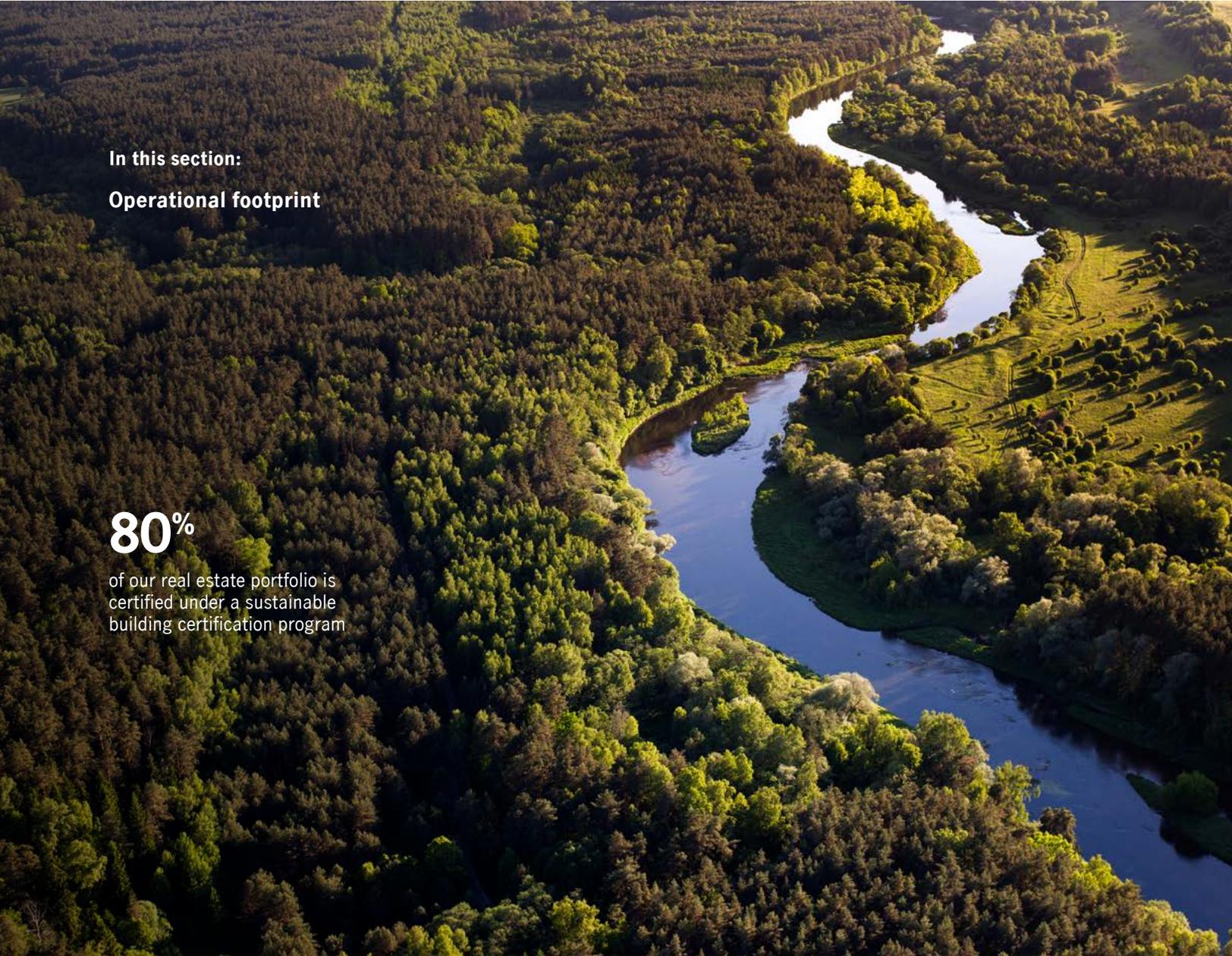
* Signed under the former Manulife Asset Management brand

Environment

A healthy environment is vital to the long-term well-being of our business, our employees and our world. We feel strongly that we must minimize the environmental impacts of our operations and use our influence to generate positive momentum on global issues like climate change.

In this section:
Operational footprint

80%
of our real estate portfolio is certified under a sustainable building certification program



Operational *footprint*

As part of our commitment to climate action, we work to minimize our operational footprint. Our efforts not only lessen our environmental impact, but they're also important in helping us reduce operating costs and futureproof our business.

Our approach

Introduced in 1995, our Environmental Policy commits us to conducting business in a manner that recognizes the need to preserve the health and sustainability of our environment by:

- Promoting environmental responsibility and conservation to all employees
- Distributing the Environmental Policy and all applicable procedures to employees who have relevant job accountabilities, for their guidance and for implementation in our business practices
- Ensuring Manulife's risk analysis and risk management procedures include consideration of environmental matters
- Complying with all applicable environmental laws and regulations and, where possible, participating in an ongoing dialogue with government and industry to establish and promote practical environmental goals
- Maintaining procedures to ensure the effective implementation of the Environmental Policy.

Manulife Investment Management: Real Estate

Our operational footprint policies, programs and initiatives focus on the commercial buildings we own, manage and occupy. Key elements of our approach include:

- **Resource management:** Four of our Sustainable Building Standards directly address energy, water and waste management. We set five-year targets that encourage asset and property managers to manage sustainability as a business issue, identify opportunities to reduce costs and help minimize our environmental footprint. Using 2017 performance as the baseline, the 2022 targets are as follows:
 - Energy: 10 per cent reduction in energy intensity (energy consumption per square foot)
 - Water: 7.5 per cent reduction in water intensity (water consumption per square foot)
 - Waste: 65 per cent landfill diversion rate.
- **Building certifications:** Our buildings are certified under many standards, depending on the market, with the main ones being the Leadership in Energy and Environmental Design (LEED®), Building Owners and Managers Association BOMA BEST® and ENERGY STAR™ certification programs.

- **Climate action:** Improving the energy efficiency of our buildings is the most cost-effective way of reducing our GHG footprint. We also purchase energy from renewable sources and pilot clean technologies, such as photovoltaic solar panels that are installed on the rooftops of buildings.

NAL Resources

Oil and gas company NAL Resources is one of Manulife's wholly owned subsidiaries. All of NAL's assets are located within western Canada, where the energy sector's environmental, social and regulatory standards are amongst the highest in the world. We are committed to environmental protection, and we set annual goals and targets for reductions in our carbon footprint that are tied to Executive and employee compensation. Among our 2018 strategic initiatives:

- Each of the 2,000 chemical pumps at NAL Resources emits between 100 and 150 tonnes of CO₂e per year. We commenced a pilot program employing electrical chemical pumps which when widely deployed will significantly reduce emissions.
- We partnered with a strategic vendor to replace 583 process controllers, effectively reducing emissions by 45,000 tCO₂e per year, or 6.8% of our 2018 total emissions.

Operational footprint *(cont'd)*

- We successfully piloted an operation-by-exception campaign in which on-site sensor technology has been installed on well sites to provide remote visibility and monitor well conditions. Operators only visit sites when there is an operational need, rather than travelling regularly to all locations. This reduces vehicle fuel consumption and emissions.
- As we continue to grow, we're reducing our land use impact by drilling multiple horizontal wells from a common location or "pad", rather than from multiple single locations. This minimizes the surface footprint of our operations, while reducing the material and resources required to capture the available hydrocarbon resource.
- We've incorporated carbon pricing into our economic models. This is influencing our capital investment decisions and promoting the use of lower emission designs and technologies.
- We have set a target to reduce corporate emission intensity by 50%. At the end of 2018, the company has been successful in achieving half of this target.

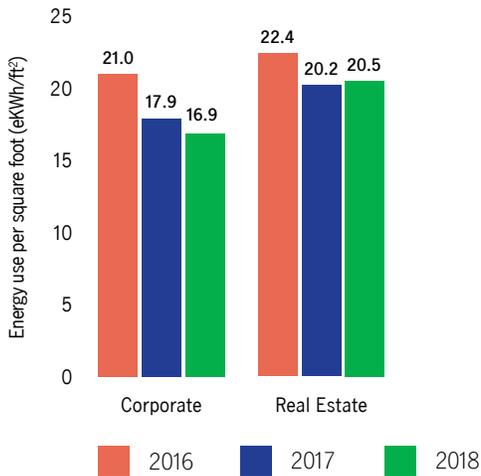
2018 Reporting

We report on the environmental performance of our business in four areas:

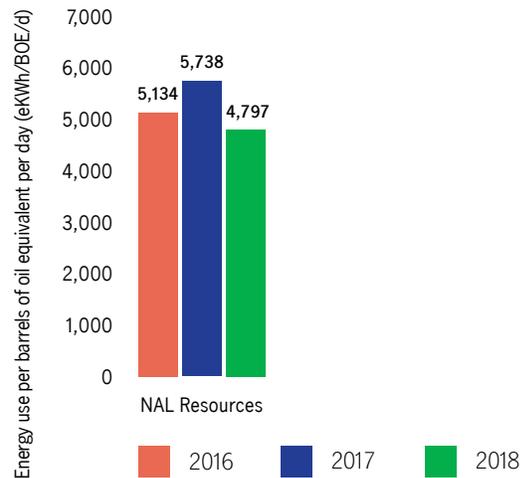
- Our Corporate properties: these are properties leased or owned specifically for Manulife corporate use. Our corporate offices use over 7 million square feet of office space.
- Real Estate: Manulife Investment Management's real estate portfolio consists of space that is occupied both by external tenants and by Manulife corporate users. The majority of our assets are managed by our robust team of real estate professionals, though some of our properties are managed by third-party property management firms. As we do not have operational control of these buildings, we do not include them in our reporting. To avoid duplication of data, if a building space is owned by Manulife Investment Management and is being used for corporate purposes, its data is only included under Corporate properties in this report.
- We manage the environmental performance of our Real Estate operations by using a web-based consumption reporting system. For this report, we have estimated the energy use, GHG emissions and water use for those properties that are not using our reporting system.
- NAL Resources: This is the first year in which we are including NAL Resources in our Sustainability Report in an effort to enhance and expand the scope of our operational footprint reporting.
- HNRG: We have added HNRG operational footprint data in this report where possible, and we have indicated where HNRG data is included.

Operational footprint *(cont'd)*

Energy use intensity: Corporate and Real Estate



Energy use intensity: NAL Resources



Energy use (million ekWh)

| | 2016 | 2017 | 2018 |
|-------------|------|-------|-------|
| Corporate | 162 | 132 | 118 |
| Real Estate | 652 | 573 | 624 |
| NAL | 825 | 1,044 | 1,789 |

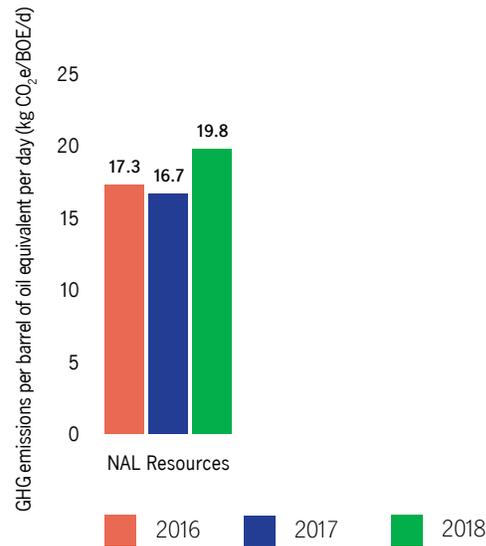
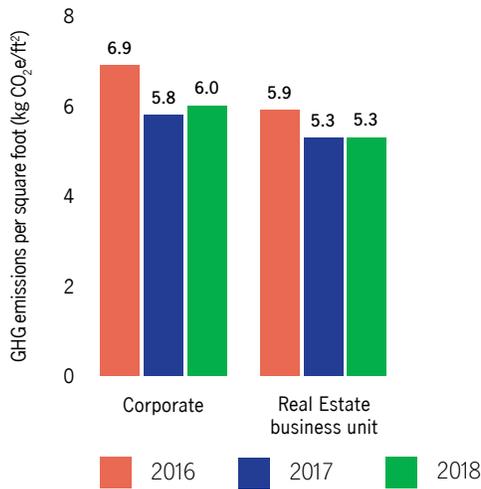
Our Corporate properties continued to implement initiatives to reduce and manage energy use, resulting in a reduction of approximately 10 per cent from 2017. Corporate properties purchased 27,625 MWh of green energy, an 87 per cent increase compared to 2017.

Energy use for Manulife Investment Management's Real Estate arm increased by approximately nine per cent, primarily due to an increase in the real estate portfolio. Green energy purchases totalled 23,779 MWh.

NAL Resources energy use increased by approximately 71 per cent in 2018, primarily due to a major acquisition completed in the last quarter of 2017. NAL is working to restate its 2016 and 2017 baseline to include the acquisitions. This will be reflected in next year's Sustainability Report. As a result of the company's diligent energy management practices, its energy intensity has decreased despite the absolute increase in its total energy use.

Operational footprint *(cont'd)*

Scope 1 and 2 greenhouse gas emissions intensity



GHG emissions scope 1 & 2 (Kt CO₂e)

| | 2016 | 2017 | 2018 |
|-------------|------|------|------|
| Corporate | 54 | 42 | 42 |
| Real Estate | 172 | 151 | 160 |
| HNRG | N/A | N/A | 204 |
| NAL | 450 | 509 | 774 |

For our Corporate properties, total scope 1 and 2 emissions remained the same in 2018, which can be attributed to our focus on managing our energy use. Estimates were used for some leased Corporate properties for which data was not provided by the tenants.

The scope 1 and 2 emissions for Manulife Investment Management’s Real Estate arm increased by approximately six per cent. In step with energy use, this increase is likely due to the increase in the real estate portfolio. GHG emissions intensity remained the same despite the absolute increase in scope 1 and 2 emissions.

NAL Resources recorded a decrease in scope 1 emissions, but had a 52 per cent increase in scope emissions, primarily due to the increased number of operating assets in 2018 compared to 2017. NAL is working to restate its 2016 and 2017 baseline to include the acquisitions. This will be reflected in next year’s Sustainability Report. Emissions intensity decreased despite the absolute increase in total emissions.

Although HNRG has collected data on its energy use for many years, 2018 is the first year that we have included HNRG emissions in this report. HNRG data includes emissions from HAIG, HTRG and Corporate properties not included in Manulife Real Estate or the Corporate properties portfolio.

Operational footprint (cont'd)

Scope 3 emissions



Materials and waste performance

Water use



Business travel

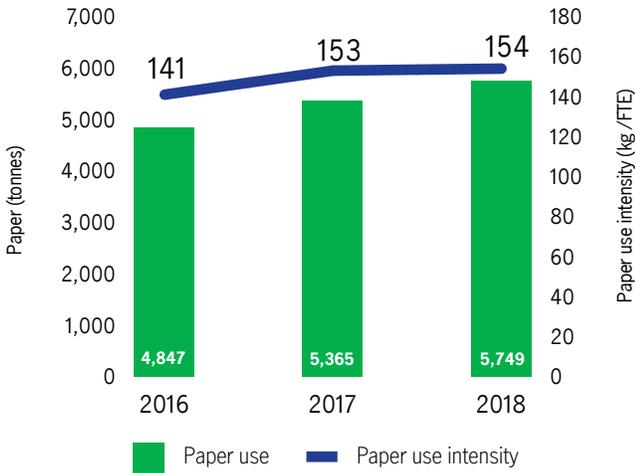


We continue to improve our scope 3 GHG emissions reporting, and we have revised our 2016 and 2017 business travel data based on updates received from our Global Operations and Procurement team. Our business travel data represents our Corporate and Real Estate business units, where certain estimates are calculated where required. Business travel represents all employees. It includes airplane travel, personal car mileage, and rental car mileage. Purchased goods and services include paper use and energy consumption by our cloud-based services.

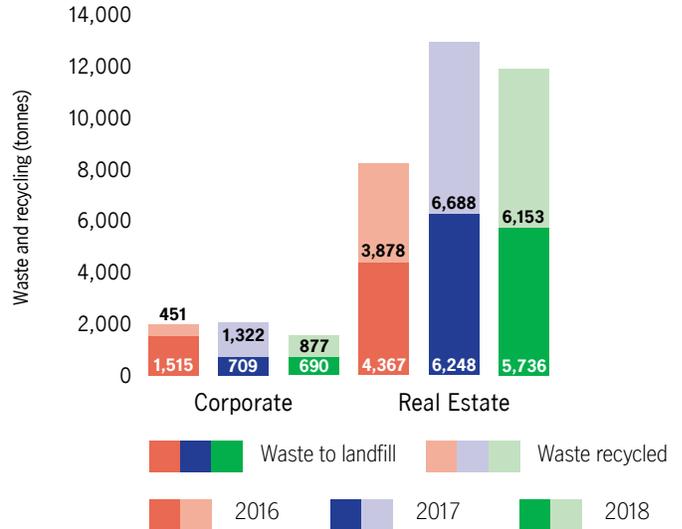
We continue to implement cost-effective measures to reduce water consumption across our overall property portfolio, and these help us reduce both our operating costs and our impacts on the environment. Water consumption at our Corporate properties increased by 11 per cent in 2018 compared to 2017, and total water use across our Real Estate properties increased by approximately four per cent. Again, this increase was due to portfolio growth. In a like-for-like comparison, water use reduced in 2018.

Operational footprint (cont'd)

Paper use

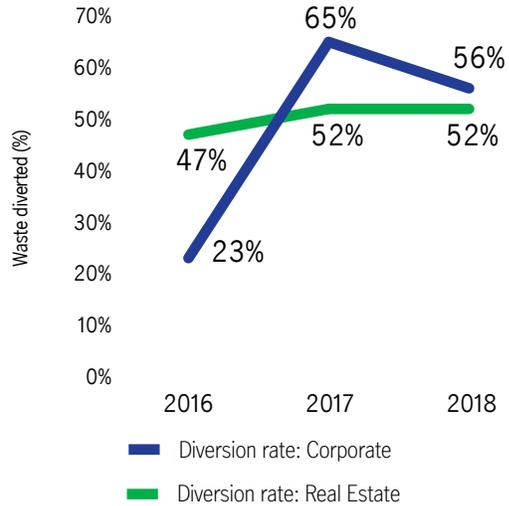


Waste



Like other large financial services companies, we use a significant amount of paper. To address the issue, we implement initiatives aimed at reducing our internal use of paper, as well as that of our customers. In 2018, we worked closely with vendors to incorporate additional data on paper use into our reporting. Despite our best efforts, our total paper consumption rose by about seven per cent in 2018 compared to 2017. This data on paper use represents our Corporate and Real Estate business units, where certain estimates are calculated where required.

Waste diversion continues to be a focus across our property portfolio, resulting in a 23 per cent decrease in total waste generated at our Corporate properties, compared to 2017. In our real estate portfolio, we have a seven per cent decrease in total waste generated compared to 2017 and a consistent 52 per cent waste diversion rate.



Communities

We have a significant social and economic impact in the communities where we live and work. In addition to making our customers' lives better, we open doors to economic opportunity for local residents and businesses, and we partner with non-profit organizations to increase the impact of their efforts. Recognizing that the needs are greater than any single organization can meet on its own, we strive to collaborate with others to build healthier, more equitable communities.

In this section:

- Community investment
- MLK Scholars empowers students
- Economic impact

\$45 million

in donations, sponsorships and other types of community investments

66,000+ hours

volunteered at local charities by employees and agents



Manulife employees volunteering in support of First Book Canada at Rose Avenue Junior Public School in Toronto, Canada.

Community *investment*

We seek to make a positive contribution to society that goes beyond our financial performance. Fundamentally, we believe that our success as a company depends on the success of the communities we serve. We focus on meaningful partnerships with community organizations that can address broad challenges and drive positive change.

Our approach

Community investment provides an opportunity to extend to a wider community the solutions and services we provide to our customers so they can live healthier and more financially secure lives. Our focus is primarily in two areas: improving health and well-being and enabling economic opportunity.

In these areas, we look to partner with innovative charitable organizations and programs that are:

- Empowering people: taking a longer-term view and focusing on the hard and soft skills needed to effect positive behavioural change and prepare people for future success.

- Meeting people where they are: supporting under-served and marginalized communities and working to provide help where the need exists, often with high-touch programs.
- Taking a holistic approach: recognizing the intersections of different aspects of wellness and providing holistic, wraparound support.

The support we provide to these organizations and programs takes many forms, including direct funding, donations made by our employees and funds raised from external sources. For example, our Boston Marathon programs help to raise millions of dollars annually for non-profit organizations.

Our volunteer programs increase the impact of our community investments, while also providing employees with opportunities to hone their skills, network and give back to their communities. For example, the John Hancock Signature Skills program in Boston matches employees with volunteer opportunities based on their skills, and hosts an annual flash consulting event in which internal teams work with non-profit partners to address specific challenges.

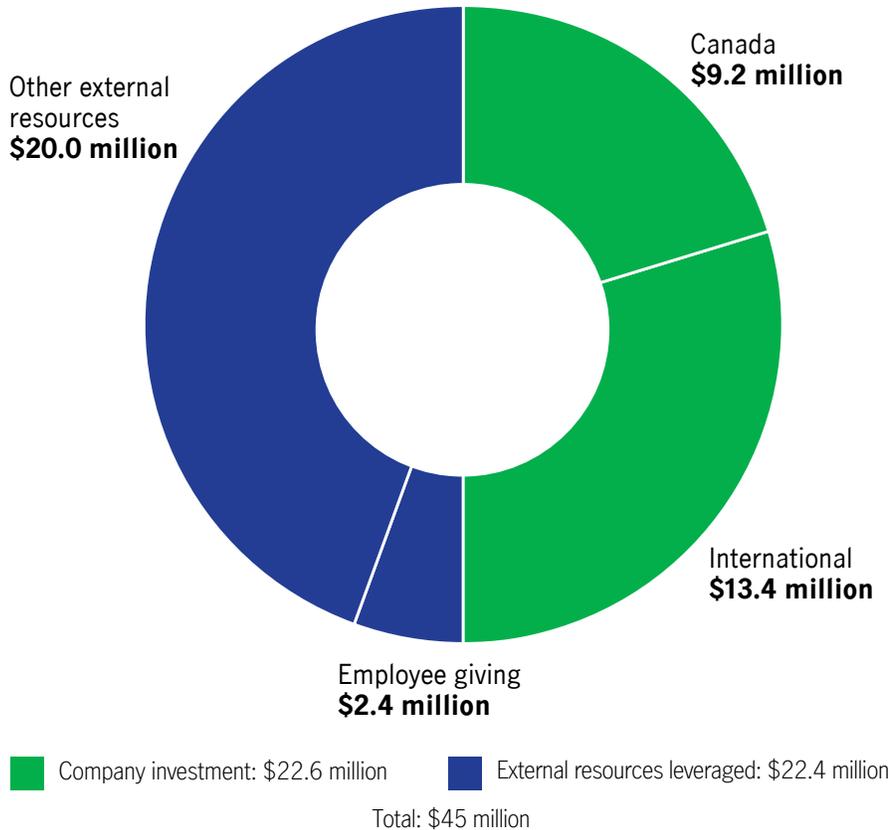


Manulife has been recognized as a Caring Company by Imagine Canada for committing at least one per cent of pre-tax domestic profit to support charitable and non-profit organizations each year.

Community investment (cont'd)

2018 Highlights

Total giving



Employee volunteers

66,848

employee hours volunteered through programs and initiatives supported by Manulife, including:

20,130

hours in Asia (includes employees and agents)

31,117

hours in Canada

15,601

hours in the United States

Manulife is a member of the London Benchmarking Group (LBG), and we use its model to report on our community investments. LBG Canada performs an annual audit of our community investments.

Company investment comprises all of the voluntary cash contributions made by Manulife directly to community organizations that are generating clear and demonstrable value for communities. This figure does not include in-kind contributions, program management costs or the value of our employees' volunteer hours.

External resources leveraged comprises donations made by employees and funds raised from external sources through Manulife's community investment programs.

Community investment *(cont'd)*

Improving health and well-being

We know that simple actions and behavioural changes can improve quality of life—it's the premise underlying life insurance products like John Hancock Vitality, Manulife *Vitality* and ManulifeMOVE, which are helping our policyholders lead longer, healthier lives, while helping reduce the total amount of claims that we pay out. Our community investments are also informed by this insight. Here are some of the programs we support:

Children's Aid Foundation: Cooking Toward Independence

The Cooking Toward Independence program improves the lives of young people leaving foster care across Canada by funding nutrition and cooking skills workshops. Often, young people leaving care have not been adequately educated or exposed to basic culinary and nutrition knowledge, and aren't equipped with the related skills when they transition to independent living. This can present numerous challenges in trying to manage a healthy lifestyle on a limited budget, and can lead to chronic conditions and other ailments later in life. By supporting these young people with skill-building workshops, Cooking Toward Independence helps ease their transition out of care and assists them in building a stable future.

Funding from Manulife enables child welfare agencies across Canada to offer the Cooking Toward Independence program to young people between the ages of 14 and 26 in a way that best suits each agency's needs. Over the three years of our participation, we expect to provide support for 1,500 young people.

Diabetes Canada: Aboriginal Youth Mentorship Program

The Aboriginal Youth Mentorship Program (AYMP) is an after-school, peer-led initiative delivered by Aboriginal high school students that provides physical activity, healthy snacks and games for children in elementary school. The AYMP model incorporates a resilience-based framework called the Circle of Courage, which consists of four elements: belonging, independence, mastery and generosity. It has been proven to be effective in addressing diabetes-related risk factors in Aboriginal communities, as well as improving mental health among traumatized young people.

Boston Medical Center (BMC): Vision 2030

With our US\$3 million commitment, John Hancock became a Vision 2030 Founding Partner of Boston Medical Center (BMC) in 2018.

BMC, a national model for excellence in caring for the urban and working poor, has set an ambitious goal of making Boston the healthiest urban population in the world by 2030. To meet this goal, BMC is developing innovative preventative programs that lie outside the traditional scope of medical practice to directly address the social determinants of health, such as the conditions in which people are born, grow up, live, work and age. Research has shown that approximately 50 per cent of the factors that are associated with the length and quality of life are social determinants of health.

Community investment *(cont'd)*

BMC's strategy includes collaborating with community partners on programs that empower individuals to improve their health, while working to address the economic and social conditions that can often lead to differences in individual and group health outcomes. The strategy also seeks to reduce avoidable healthcare utilization through the work of community wellness advocates, who help connect patients with appropriate community resources outside of the hospital.

Massachusetts General Hospital: John Hancock Raising Healthy Hearts Program

Massachusetts General Hospital (MGH) is John Hancock's largest partner in the Boston Marathon program. As a way to deepen our support for MGH's innovative work in its Children's Hospital, we made a three-year, US\$3.3 million commitment to its preventative cardiology and metabolic program in 2018, which is named the John Hancock Raising Healthy Hearts Program.

The goal of the program is to help children who are facing challenges and health conditions related to weight or elevated cholesterol levels or who have a family history of heart disease. A team of practitioners works with these high-risk patients and their families to improve the diets and lifestyles of the children and create individualized programs that reduce the risk of cardiovascular disease.

In addition to our financial donation, John Hancock supports MGH through the John Hancock Boston Marathon Non-Profit Program, which gives non-profits guaranteed invitational entries to the race. Runners pledge to raise money for these non-profits in exchange for their coveted entries.

Tufts Friedman School Jean Mayer Prize

In 2018, the Friedman School of Nutrition Science and Policy at Tufts University awarded its first Jean Mayer Prize. This new biannual award, supported by John Hancock as part of its collaboration with

the Friedman School to improve diet and health, recognizes outstanding efforts and achievements in science or policy related to food and nutrition. Named for Dr. Jean Mayer, the tenth president of Tufts University and a leading nutrition scientist, the award honours leaders who continue his legacy of advocating for policies and programs that effectively address hunger and poor nutrition and improve diet quality for all.

IRIS: Your Escape with ManulifeMOVE

In 2018, we continued our mission of getting Hong Kong moving by once again presenting the city's largest health and wellness festival—IRIS: Your Escape with ManulifeMOVE. More than 5,500 health and fitness enthusiasts attended the two-day festival, which offered a choice of more than 80 yoga and fitness classes, as well as workshops, talks and live performances related to yoga, meditation, music, the arts, and health and wellness education.

As participants in the Creative Day for Social Good, Manulife marketing professionals volunteered more than 100 hours to coach Conestoga College students in a 24-hour creation blitz in Guelph, Ontario. As a result, free design, marketing and communication solutions were generated to raise the profiles of 21 Canadian non-profit organizations.

Community investment *(cont'd)*

World Heart Day events

Our global partnership with the World Heart Federation (WHF) includes support for activities intended to raise awareness of heart health on World Heart Day (September 29) and World Hypertension Day (May 17). In Hong Kong, we kicked off 2018 World Heart Day activities with a forest bathing trip for employees. Adapted from the Japanese practice of “shinrin-yoku”, forest bathing is a slow and mindful walk through the woods that allows people to connect with the natural world, awaken their senses and detach themselves from the stress of their daily routine—which in turn helps improve heart health. We also collaborated with the Children’s Heart Foundation to provide an Eat Smart cooking class for the families of children with heart disease, and we organized a seminar on healthy lifestyle tips and mindful wellness practices for our employees.

Enabling economic opportunity

We believe that enabling economic opportunity is critical in improving people’s lives, and helps create a future in which both our business and local communities can thrive.

With our products and services, the emphasis is on simplifying complexities to make it easier for our customers to make good financial decisions. With our community investments, we seek to enhance the financial capabilities and career readiness of young people and under-served or marginalized communities and individuals so they can break out of the cycle of poverty and improve their economic resiliency. Here are some of the programs we support:

CivicAction: Connecting youth to jobs in tech

CivicAction: a Canadian non-profit based in Toronto—seeks to level the playing field for vulnerable young people who are trying to enter the workforce. Recognizing a growing opportunity in the technology sector to help young people in Toronto become career ready, CivicAction launched new TechConnect streams within its SkillsConnect and HireNext programs.

The SkillsConnect program: a digital learning environment for young people that includes curated content focused on the foundational and technical skills needed to find a place in the workforce—will use funding from Manulife to conduct research on the skills in demand for entry-level roles in the technology and financial services sectors; help youth workers equip young people with the skills needed for entry into technology roles; provide a new online curriculum; and create a virtual tour of Manulife to profile technology roles and functions within our company.

John Hancock received the 2018 Financial Capability Innovation Award from EVERFI, Inc., an educational technology innovator, for My Learning Center, the online financial education platform that is offered to all John Hancock retirement plan participants, and for our work to raise the level of financial literacy among teenage students through the Michigan Scholars and MLK Scholars programs.

Community investment *(cont'd)*

Funding for the HireNext program—which provides resources to employers for the implementation of best practices to more equitably recruit, select and bring on board vulnerable young people—will also support training for HR professionals on youth-inclusive best practices for the technology sector.

JobStart: Manulife Empowering Women to Employment Program

JobStart supports adults, newcomers to Canada, persons with disabilities, seniors, students, women and youth, at three locations in Toronto as they address the barriers that prevent them from reaching their full potential, so they can enter a career in which they can reach their full potential.

We're supporting the new Manulife Empowering Women to Employment Program, which is specifically designed to prepare immigrant and refugee women for employment. The program provides individual needs assessment, counselling and coaching; group workshops; skills training; referrals to other services; and job placement and retention support.

With our financial assistance, JobStart will empower 75 women per year to address the many barriers they face by providing group sessions and one-on-one support.



Manulife employees volunteering with Habitat for Humanity in the Toronto, Canada area.

Manulife's four-year, \$400,000 partnership with the Waterloo Artificial Intelligence Institute at the University of Waterloo is supporting research into the use of artificial intelligence in rare event detection, which could be applied in predicting disability claims or fraud, as well as research into contextual natural language comprehension, which could be applied in customer service settings.

MLK Scholars *empowers students*



Carrie Mays, a multi-year MLK Scholar, performed an original piece at an MLK Scholars Forum after sharing her experience in the program.

The MLK Scholars program is a unique cross-sector collaboration in which John Hancock partners with the City of Boston, Boston University, *The Boston Globe* and Partners HealthCare to empower Boston's next generation of community and business leaders. It's one of the largest, most comprehensive corporate-based summer job programs of its kind in the United States.

For the 11th consecutive year, we awarded more than US\$1 million in grants through the MLK Scholars program in 2018 to provide 650 Boston teenagers with summer jobs at 65 non-profit organizations and at our own Boston offices. Students worked across the city, gaining valuable real-world work skills and engaging with others on issues that affect their community. Throughout

the summer, all of the scholars participated in Leadership Forums, which offer hands-on leadership development training at Boston University. Each scholar was also required to complete digital financial literacy training with EVERFI, Inc., another partner in the program.

In 2018, we extended access to the financial literacy curriculum to all Boston teens participating in other summer job programs outside of the MLK program. The curriculum is a series of 11 modules, each with five minutes of bite-size content covering basics such as the difference between debit and credit, starting emergency savings, and banking.

As part of the expanded program, EVERFI also surveyed 2018 participants to gather baseline data related to financial management attitudes and behaviours. The findings revealed that participating students experienced higher levels of preparedness for financial transactions and confidence in practicing healthy financial habits, compared to Massachusetts teenagers who weren't involved in the summer program. The survey also revealed that the primary goal for participants is to avoid taking on new debt, with 60 per cent making it a financial goal for the next five years.

Economic *impact*

Through the normal course of our business, our economic impact in the countries and communities in which we operate ranges from generating employment, purchasing goods and services, and providing financing and group benefits plans to businesses, to investing in infrastructure development projects and paying taxes.

Here's a snapshot of some of our 2018 economic contributions. See our [2018 Annual Report](#) to learn more.

Creating jobs

We have a global workforce of more than 37,400 people, with over 12,600 in Canada alone. The following tables provide details of our global workforce.

2018 Workforce data by employment type and country

| Country | Employment type | | | Total |
|----------------|-----------------|--------------------------|--------------|---------------|
| | Regular | Temporary/ fixed term | Contractor | |
| Australia | 20 | – | 1 | 21 |
| Barbados | 17 | – | – | 17 |
| Belgium | 27 | – | – | 27 |
| Bermuda | 9 | – | – | 9 |
| Brazil | 2 | – | – | 2 |
| Cambodia | 355 | – | 5 | 360 |
| Canada | 11,696 | 102 | 803 | 12,601 |
| mainland China | 504 | 1,996 | 180 | 2,680 |
| Hong Kong | 2,281 | 63 | 203 | 2,547 |
| India | 1 | – | 11 | 12 |
| Indonesia | 1,306 | 58 | 1 | 1,365 |
| Japan | 1,503 | 117 | 57 | 1,677 |
| Macau | 22 | – | – | 22 |
| Malaysia | 453 | 20 | 31 | 504 |
| New Zealand | 101 | – | – | 101 |
| Philippines | 6,740 | 2 | 226 | 6,968 |
| Singapore | 689 | 11 | 105 | 805 |
| Switzerland | 2 | – | – | 2 |
| Taiwan | 78 | 4 | – | 82 |
| Thailand | 85 | 23 | 21 | 129 |
| United Kingdom | 55 | 2 | – | 57 |
| United States | 5,386 | – | 215 | 5,601 |
| Vietnam | 804 | 15 | 1,078 | 1,897 |
| Total | 32,136 | 2,413 | 2,937 | 37,486 |

Note: Includes active regular/temporary employees, contractors and employees on paid leave.

Excludes employees on unpaid leave, contingent worker types and consultants.

2018 Workforce data in Canada by employment type and province

| Province | Employment type | | Total |
|---------------------------|-----------------|------------|---------------|
| | Full-time | Part-time | |
| Alberta | 468 | 14 | 482 |
| British Columbia | 225 | 6 | 231 |
| Manitoba | 65 | 3 | 68 |
| New Brunswick | 8 | – | 8 |
| Newfoundland and Labrador | 3 | – | 3 |
| Nova Scotia | 1,057 | 19 | 1,076 |
| Ontario | 8,655 | 169 | 8,824 |
| Prince Edward Island | 2 | – | 2 |
| Quebec | 1,797 | 64 | 1,861 |
| Saskatchewan | 44 | 2 | 46 |
| Total | 12,324 | 277 | 12,601 |

Note: Includes active regular/temporary employees, contractors and employees on paid leave.

Excludes employees on unpaid leave, contingent worker types and consultants.

Economic impact *(cont'd)*

Debt financing for business

Manulife is a long-term investor in the countries in which we do business, and our activities help support the growth and development of local economies. Through loans and investments, for example, we inject capital into important infrastructure projects and extend credit to businesses. In 2018, Manulife provided nearly \$10.2 billion in financing to help businesses grow.

Amount of debt financing authorized in 2018 (C\$ 000s)

| | \$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 | Grand total |
|--|-------------------|------------------------|--------------------------|--------------------------|--------------------------|------------------------------|----------------------------|----------------------|
| British Columbia | \$ 25 | \$ 299 | \$ 610 | \$ 2,024 | \$ 5,945 | \$ 19,459 | \$ 913,623 | \$ 941,985 |
| Alberta | 24 | 83 | 372 | 1,158 | 3,429 | 8,044 | 350,309 | 363,419 |
| Saskatchewan and Manitoba* | 24 | 123 | 274 | 1,682 | 3,316 | 11,466 | 133,599 | 150,484 |
| Ontario | – | 671 | 2,458 | 5,703 | 11,706 | 76,610 | 1,554,197 | 1,651,345 |
| Quebec | 20 | 727 | 405 | 4,313 | 6,725 | 14,567 | 462,300 | 489,057 |
| Nova Scotia, New Brunswick, Newfoundland and Labrador, and Prince Edward Island* | – | 107 | – | 2,184 | 4,789 | 19,460 | 500,410 | 526,950 |
| Total Canada | \$ 93 | \$ 2,010 | \$ 4,119 | \$ 17,064 | \$ 35,910 | \$ 149,606 | \$ 3,914,438 | \$ 4,123,240 |
| Total U.S. | – | – | – | – | – | 69,165 | 6,031,875 | 6,101,040 |
| Total Asia | – | – | – | – | – | – | – | – |
| Grand total | \$ 93 | \$ 2,010 | \$ 4,119 | \$ 17,064 | \$ 35,910 | \$ 218,771 | \$ 9,946,313 | \$ 10,224,280 |

* Data for certain provinces have been consolidated to protect the privacy of individual borrowers who might otherwise be identifiable.

Note: Yukon, Northwest Territories and Nunavut have been excluded from the table above as the amount of debt financing authorized in 2018 was nil.

Number of customers for whom debt financing was authorized in 2018

| | \$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 | Grand total |
|--|-------------------|------------------------|--------------------------|--------------------------|--------------------------|------------------------------|----------------------------|-------------|
| British Columbia | 2 | 6 | 5 | 6 | 10 | 8 | 35 | 72 |
| Alberta | 1 | 2 | 3 | 4 | 5 | 4 | 15 | 34 |
| Saskatchewan and Manitoba | 1 | 3 | 2 | 5 | 5 | 5 | 5 | 26 |
| Ontario | 0 | 15 | 17 | 15 | 18 | 35 | 60 | 160 |
| Quebec | 1 | 14 | 3 | 12 | 9 | 7 | 14 | 60 |
| Nova Scotia, New Brunswick, Newfoundland and Labrador, and Prince Edward Island* | 0 | 2 | 0 | 7 | 6 | 10 | 16 | 41 |
| Total Canada | 5 | 42 | 30 | 49 | 53 | 69 | 145 | 393 |
| Total U.S. | 0 | 0 | 0 | 0 | 0 | 12 | 147 | 159 |
| Total Asia | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grand total | 5 | 42 | 30 | 49 | 53 | 81 | 292 | 552 |

* Data for certain provinces have been consolidated to protect the privacy of individual borrowers who might otherwise be identifiable.

Note: Yukon, Northwest Territories and Nunavut have been excluded from the table above as the amount of debt financing authorized in 2018 was nil.

Economic impact *(cont'd)*

Paying taxes

Globally, Manulife incurred nearly \$1.3 billion in income and capital taxes in 2018, as well as another \$1.0 billion in other taxes, paid or payable to all levels of government.

Taxes paid

Globally, Manulife incurred \$2,315 million in taxes paid or payable to all levels of government, of which \$1,269 million was paid or payable in income taxes and capital taxes, and \$1,046 million in other taxes.

For the year ended December 31, 2018

| (C\$ thousands) | Income taxes | Capital taxes | Total income and capital taxes |
|---|-------------------|-----------------|--------------------------------|
| Federal | \$ 351,213 | \$ - | \$ 351,213 |
| Provincial and territorial: | | | |
| British Columbia | 48,814 | - | 48,814 |
| Alberta | 42,019 | - | 42,019 |
| Saskatchewan | 6,433 | 62 | 6,495 |
| Manitoba | 8,169 | - | 8,169 |
| Ontario | 134,498 | - | 134,498 |
| Quebec | 7,188 | 67 | 7,255 |
| New Brunswick | 5,069 | - | 5,069 |
| Nova Scotia | 9,166 | 2,629 | 11,795 |
| Prince Edward Island | 1,698 | - | 1,698 |
| Newfoundland and Labrador | 4,286 | - | 4,286 |
| Yukon | 141 | - | 141 |
| Nunavut | 114 | - | 114 |
| Northwest Territories | 147 | - | 147 |
| Total provincial and territorial | \$ 267,742 | \$ 2,758 | \$ 270,500 |
| Total Canada | | | 621,713 |
| Total United States | | | 352,132 |
| Total Asia | | | 294,980 |
| Total income and capital taxes | | | 1,268,825 |
| Other taxes¹ | | | 1,046,247 |
| Total taxes | | | \$ 2,315,072 |

¹ Other taxes include property taxes, business taxes, payroll taxes, premium taxes, investment income taxes and commodity taxes.

People

Fundamental to the success of Manulife's transformation is fostering a culture that is inclusive, engages every employee, and offers talented people a compelling reason to join us and build a career with our company.

In this section:

- Employee engagement
- Career learning and development
- Employee health and wellness
- Diversity and inclusion
- Share your humanity

9,000+

employees are members of our employee resource (diversity) groups

81,000+

hours of Global Leadership and Organizational Effectiveness training

Employee *engagement*

High-performing team is one of Manulife's five strategic priorities. We know that our transformation into a digital, customer-centric market leader will not succeed if we do not foster a culture that can drive it.

Our approach

Our focus is on recruiting, developing and retaining the best talent wherever we do business—by engaging employees with impactful, transformative and rewarding work, meaningful opportunities to develop and succeed, and an enjoyable, productive and supportive environment.

We deepen our engagement with employees by listening to their feedback. They are invited to share their views through a variety of formal and informal channels. Formal channels include employee engagement and pulse surveys. A global employee engagement survey is conducted biannually, with pulse surveys carried out in alternate years. In addition to these formal channels, we use informal channels to listen to our employees, including innovative new tools and technology that allow us to poll, survey, gather better feedback and take the pulse of employees on a continuous basis across our company.

We also recognize employees' accomplishments. Stars of Excellence is our premier employee recognition program. Every year, we honour our top achievers from around the world—employees whose contributions and dedicated efforts have kept us moving forward as we work to exceed the expectations of our customers, create a

dynamic and inclusive workplace and generate value for our shareholders. In the spirit of Manulife's corporate commitment to giving back, we also honour three exceptional individuals who have gone above and beyond for their communities by volunteering time to important causes in a significant and sustained way.

2018 Highlights

Refreshing our corporate values

We revisited our long-standing corporate values and asked our employees what we should keep and what we needed to change, in order to enable us to deliver on our mission of making decisions and lives better.

Close to 10,000 employees and leaders provided feedback through focus groups and leader sessions. They told us that being obsessed about our customers was an essential value, and that it was also essential to encourage people to think big and challenge the status quo. They also emphasized the significance of teamwork, confirming that doing rewarding work together is what makes our company a special place, where people care about one another and the communities we serve.

As a result, we rolled out a set of six refreshed values that are simple and authentic, and serve to empower every employee in alignment with our mission: Obsess about customers, Do the right thing, Think big, Get it done together, Own it, and Share your humanity.

We're now focused on bringing our values to life, in everything from the redesign of our workplace to the way we work together, the way we develop our employees, and the way we recognize and reward their accomplishments.

75%

Manager effectiveness has become an area of strength thanks to a disciplined, multi-year effort. The score in our 2018 employee engagement survey was 75 per cent, well above the average for our global peer group.

One of the Best Companies to Work For in Asia

Manulife Philippines was one of 15 companies to be recognized by HR Asia Best Companies to Work For in Asia, a survey that covered eight markets, including the Philippines, mainland China, Singapore, Hong Kong, Malaysia, Taiwan, Vietnam and Thailand.

Career learning *and development*

We invest in the development of our people so that they can take ownership of their careers and work to reach their full potential. This includes offering internal programs that build our employees' skills, as well as support that helps them with their educational plans, enabling them to move ahead in their careers.

Our approach

Our Continuous Learning Policy provides all Manulife employees with opportunities for learning and development. As our industry and our company evolve, it's essential that our employees continue to develop and grow in order to realize Manulife's strategic priorities. In addition to on-the-job training, mentoring, coaching, in-house instructor-led programs and online learning resources, Manulife subsidizes the cost of continuous learning and examinations as employees develop their own learning and development plans.

Manulife's Global Leadership and Learning Centre of Expertise is committed to furthering employees' success by providing professional development courses that focus on business needs. This involves bringing in expert world-class facilitators trained in both leadership and specific skills; offering more than 50 programs for employees at all levels, including our award-winning Building a High-Performing Team program, recognized by both the Hong Kong Management Association and Brandon Hall Group; and enabling employees to take courses at work or at home.

Developing leaders

To equip our people leaders with the tools and support they need to lead, motivate, provide feedback and coach their team members, Manulife delivers leadership learning programs that focus on building high-performing teams.

We also invest in development programs designed to reflect real-life scenarios as a way of retaining top talent and adding to our leadership pipeline.

Our global Senior Leadership Development program prepares our top talent for more senior roles, offering them a multi-faceted learning and development experience.

Our change management module, one of the components of our Leadership as a Profession program, has been well received by employees and leaders looking to learn not only how to cope with change within our company, but also how to effectively energize their teams through periods of change. We have also refreshed our leadership goal for every leader. This refreshed goal emphasizes our leaders' accountability for ensuring we can realize our strategic priorities, deliver value to our customers and shareholders, and become a best-in-class employer.

Investing in young people

We invest in young people through our student programs, which offer work experience, financial support and academic resources for professional designations, opportunities for mentorship and networking, and social activities. Programs include:

- A Leadership Development Program for high-performance MBA graduates
- Recruitment programs, including programs for new graduates that offer a rotational component across a variety of functions, such as finance and accounting, actuarial analysis and investment management
- A variety of paid internships and co-op programs that give students real-world work experience
- A partnership with Northeastern University in the United States for hosting undergraduate co-ops, thereby providing "hands-on" work experiences and learning opportunities for later employment.

In recognition of our efforts, we were named one of Canada's Top Employers for Young People in 2018 and 2019. Standout initiatives included our Co-op Council, which gathers feedback from students about their work experiences with Manulife.

Career learning and development *(cont'd)*

2018 Highlights

In 2018, we focused on digitizing learning, exploring a variety of learning models, and creating tools and resources that can be accessed on demand and in micro-learning modules.

- MyCareer is a collection of tools, resources and information that support career development. Since its launch in the fall of 2017, MyCareer resources have attracted more than 34,904 visits.
- 68 per cent of our leaders participated in our award-winning Leadership as a Profession program.
- Employees spent more time than ever taking online learning classes, with 54 per cent taking at least one online course.

We have a strong focus on building new skills. As an example, thousands of our employees have learned how to adopt more agile ways of working, which positions our company to more rapidly capture new opportunities and drive change.



Employee health *and wellness*

Research shows that the benefits of a healthier lifestyle include greater productivity and better performance in all areas of our lives. We want our employees to make their health a priority, and we take a holistic approach that supports their physical, emotional, social and financial well-being.

Our approach

Benefits plans

RealChoice is our North American and Hong-Kong benefits and wellness program, which covers a wide array of benefits plans with options that employees can tailor to their individual needs. The program provides health, dental, vision, short-term disability, long-term disability, and life and accident insurance coverage, as well as wellness options, employee and family assistance plans, and retirement savings and share purchase plans.

Outside of North America, market practices vary. Accordingly, our benefits programs in these countries also vary, but they are aligned as permitted globally and with local markets. They typically include life and accident, health, dental and disability insurance coverage, wellness programs, and employee and family assistance programs. We also offer retirement savings and other savings programs.

Mental health

According to the Canadian Mental Health Association, almost half (49 per cent) of people who feel they have suffered from depression or anxiety have never seen a doctor to talk about this problem. In order to remove any cost barriers that prevent people from going to a doctor when they need help, we offer a mental health support benefit to our Canadian employees of up to \$10,000 per person per year, including family members. This benefit is fully funded by Manulife, and is among the highest support benefits for mental health offered by Canadian employers. In the United States, coverage for mental health is included in our medical benefits plans.

Physical fitness

We encourage our employees to be active, and for many years our company has celebrated long-distance running, in part through John Hancock's 30-years-plus sponsorship of the Boston Marathon. Our Work Your Way to a 5K program helps employees in the United States make progress toward the goal of running a five-kilometre race by providing them with lunchtime group training.

For a third year in 2018, our annual Global Walk encouraged all employees to take a walk at some point during their workday.

John Hancock is a platinum-level employer in the American Heart Association's Fit-Friendly Worksites program and has been recognized for offering employees physical activity options in the workplace; adding healthy eating options at the worksite; promoting a wellness culture in the workplace; implementing at least nine criteria outlined by the American Heart Association in the areas of physical activity, nutrition and culture; and achieving measurable outcomes that indicate workplace wellness.

Health and safety

Our Health and Safety program is intended to protect employees from injury and occupational disease, promote wellness efforts and prevent violence and harassment in the workplace. It also involves education, training, monitoring and enforcement procedures. All contractors and sub-contractors and their employees are also expected to comply with its provisions.

WorkSmart

Our flexible work program is a win-win for both our employees and our company. For employees, it means less commuting, improved work/life balance and the ability to work when and where they are most productive. For the company, providing flexibility supports our objectives for recruitment and retention, as well as employee engagement. At the end of 2018, 30 per cent of Manulife employees across North America were participating in the program.

Employee health and wellness (cont'd)

2018 Highlights

Excellence Canada awarded us gold certifications for both Mental Health in the Workplace and Healthy Workplace, in recognition of our efforts to transform our workplace into an engaging and healthy environment, and to support our employees' mental health.

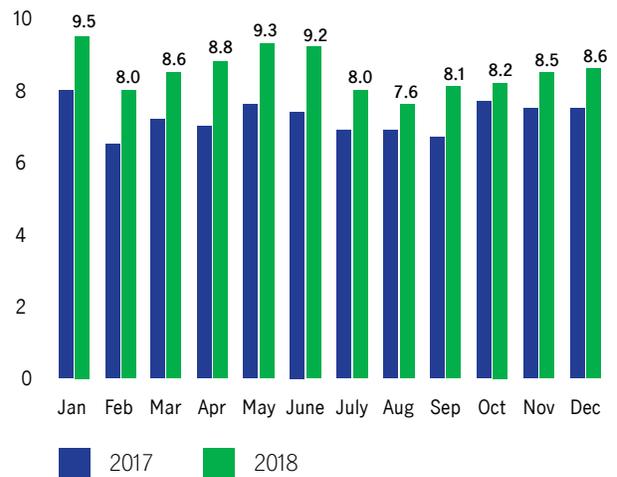
In North America, there were high levels of participation in our Mental Health Month events, which focused on learning about ways to practice self-care, as well as discussing mental health awareness and ways to overcome stigma.

Our 2018 wellness theme was *Living intentionally... it's all about the choices*. Each month throughout the year, we offered different programs related to the theme. Topics included finding your motivation, identifying your risks, adopting healthy habits, being well-rested and improving productivity, among others.

Approximately 64 per cent of our U.S. workforce completed at least one of the activities in the John Hancock Vitality Employee Wellness Program, such as buying healthy food, attending educational seminars or participating in a workout, sports league or athletic event.

Activity counts for our U.S. employees were higher in every month of 2018 compared to 2017.

Average activities* per employee



* Monthly activity counts exclude VHR completions, verified biometrics, and self-reported activities.

Diversity *and inclusion*

Fostering a culture that is diverse and inclusive helps us create an environment in which all of our employees can thrive and different perspectives and ideas are not only welcomed, but encouraged and expected. This kind of culture nurtures innovation and attracts and retains the best talent, which will help us deliver better customer solutions.

Our approach

Our global diversity and inclusion (D&I) aspiration is to cultivate a diverse and inclusive workplace, in which all employees are encouraged to bring their authentic and whole self to work, enabling and inspiring them to thrive personally and professionally so that they can best serve our customers, business partners and communities.

Launched in 2017, our D&I strategy focuses on three pillars:

- **Building leadership accountability:** with initiatives such as requiring executive leadership team members to report D&I actions undertaken in their respective divisions and functions to the CEO; creating an Inclusion Index and measuring inclusion in employee engagement surveys; embedding D&I accountability in leaders' performance goals; creating in-depth D&I dashboards that track and measure progress; and embedding D&I in leadership and talent development programs.

- **Creating a diverse and inclusive culture:** with initiatives such as unconscious bias training; creating a D&I Sharepoint site for educating and informing employees; conducting global D&I awareness and engagement campaigns; and collaborating with internal stakeholders to embed D&I in key customer and talent initiatives.
- **Engaging with employees and community partners:** with initiatives such as creating standards and guidelines to support our Employee Resource Groups (ERG); launching new ERGs; collaborating on external D&I thought leadership and best practice research; and sponsoring and partnering with external organizations to advance D&I in the community.

Our overarching goal is to be authentic and transparent about our D&I challenges and the steps we're taking to address them. We know we're making progress, but we still have work to do in this area and we are pushing hard to tighten our focus and strengthen our efforts.

We regularly evaluate and adjust our D&I strategy, based on our performance as measured against our objectives and the company's evolving business strategy. With Manulife's sights set on being a digital, customer-centric market leader, and with our refreshed corporate values unveiled in 2018, we have been working to more effectively align our D&I strategy with the company's bold ambitions.

Manulife is a member of the 30% Club, a global group committed to gender balance in business leadership. Women represent 42 per cent of the independent members of our Board of Directors.

Diversity and inclusion (cont'd)

2018 Highlights

In 2018, we set out to accelerate our D&I progress while continuing to build greater accountability and awareness. Key accomplishments included the following:

- Incorporated D&I into all people leadership goals and introduced quarterly D&I scorecards and dashboards, with key talent movement and representation metrics for each executive leadership team (ELT) member. The metrics are reviewed at quarterly ELT meetings.
- Implemented a requirement for diverse slates to raise the hiring and promotion rates of diverse candidates focused on increasing the diversity efforts in recruitment. To support this objective, we introduced technology that minimizes biased language in job postings, and we hired two dedicated diversity sourcers to help us find more diverse candidates globally.
- All of our divisions and functions developed their own D&I plans, in which they identified at least two new actions they would take to improve workplace diversity and inclusion.
- Launched online *Inclusion Starts with You* unconscious bias training in 10 languages, which was completed by 89 per cent of people leaders and 77 per cent of individual contributors (employees who do not manage a team) by the end of the year.
- Launched a Women in Leadership Program and a Male Ally Program in Asia.

- More than 130 events organized by our eight ERGs.
- Supported the launch of a new ERG, GenerationNext, which is mobilizing the next generation of leaders within our organization.
- Partnered on Tech for All's white paper, Tech for All: Breaking Barriers in Toronto's Innovation Community, and Ascend's white paper, "Fitting in at work": Why corporate Canada needs to talk about covering.

Employee gender mix by region

| Region | Female | Male |
|---------------|------------|------------|
| Asia* | 58% | 42% |
| Canada | 58% | 42% |
| Other** | 33% | 67% |
| United States | 43% | 57% |
| Total | 56% | 44% |

* Asia: Cambodia, mainland China, Hong Kong, India, Indonesia, Japan, Macau, Malaysia, Philippines, Singapore, Taiwan, Thailand and Vietnam

**Other: Australia, Caribbean, Europe, Latin America and New Zealand

Employee gender mix by level

| Level grouping | Female | Male |
|--|--------|------|
| Vice President and above | 24% | 76% |
| Manager, Director and Assistant Vice President | 43% | 57% |

Awards and recognition



2018 Canada's Best Diversity Employer



Mercer Award for Excellence in Diversity & Inclusion



2018 Parity Certification from Women in Governance



Score of 100% for the fourth consecutive year on the Human Rights Campaign's Corporate Equality Index



TRIEC Leadership in Immigrant Inclusion Award

Share your *humanity*



Share your humanity is one of Manulife's corporate values. It's about building a supportive, diverse and thriving workplace, where people are encouraged to bring their authentic and whole self to work and are inspired to thrive personally and professionally.

As part of the rollout of our company's refreshed values, we created tips for employees on how to bring our *Share your humanity* value to life for each other and for our customers. Many of the tips related to acknowledging our biases and avoiding assumptions that act as barriers to building great relationships. More than 26,000 of our employees had participated in unconscious bias training by the end of 2018.

The training started in 2017 with senior executives (vice-presidents and above) completing the *Inclusion Drives Innovation: Beyond Unconscious Bias* program. In 2018, we rolled out two new unconscious bias training programs: a two-hour, actively facilitated program for people leaders that provided practical tools for managing their own biases and leading diverse teams in an inclusive way; and an online program for individual participants, which included a bias mitigation tool developed in-house.

More than 4,000 people leaders and 22,000 individual participants completed the training. Based on feedback from the online program, the training was well worth the investment:

- 87 per cent agreed that it helped them identify their own biases
- 91 per cent agreed it helped them learn to manage their biases and be more inclusive at work
- 87 per cent would recommend the training to their colleagues

"You can hire as many women as you want, and as many people of colour, but if your culture isn't going to sustain them, you've got a big challenge," says Sandeep Tatla, Assistant Vice President, Global Head of Diversity & Inclusion. "There needs to be a focus on inclusion, and unconscious bias training is one way that we're working to shift our culture."

Manulife Bank *Public Accountability Statement*

Since its inception in 1993, Manulife Bank has been guided by the conviction that banking plays a central role in the financial health of Canadians. We offer innovative, flexible banking solutions designed to help make decisions easier and lives better for our customers. And, because everyone's financial situation is unique, we work closely with independent financial professionals who understand our customers' overall financial objectives and can help ensure they find the banking solutions that are right for them.

In this section:

Public Accountability Statement
ABMs added and removed
Debt financing
Taxes
Employees



Manulife Bank Public Accountability Statement (*cont'd*)

Innovative, flexible banking solutions

Manulife Bank encourages Canadians to simplify their banking and make their money work harder so that they can achieve their financial goals and get more out of life. In addition to offering competitive rates on all of our products, Manulife Bank helps Canadians bank more efficiently with innovative, flexible banking solutions:

Manulife One allows our customers to combine nearly all of their banking needs within a single, efficient account. This can result in significant savings compared to traditional banking and empowers customers to take control of their finances. Manulife One for Business provides flexible financing for the commercial properties of Canadian small business owners.

Manulife Bank Select combines a traditional mortgage with a high-interest chequing account to simplify the banking experience for Canadians.

Customers can customize their mortgage and could mitigate the risk of rising interest rates by dividing their debt among a variety of fixed and variable-rate options.

To help ensure our products are affordable for those who may have retired, we offer a discounted monthly fee for seniors on both Manulife One and Manulife Bank Select.

Advantage Account, Manulife Bank's high-interest chequing account, pays a high rate of interest on every dollar and features no-fee everyday banking when customers maintain a minimum balance. Early in 2018, the minimum balance required for no-fee everyday banking was reduced from \$5,000 to \$1,000.

In 2018, Manulife Bank increased the frequency of processing for preauthorized transactions from one to four times a day, to help our customers send or receive money in a timelier fashion.

Personalized, local advice

Manulife Bank leverages a network of more than 35,000 independent advisors and mortgage brokers across Canada to refer or distribute its banking products. This approach allows our customers to access objective, personalized advice in their community and at their convenience.

We support our customers through a nationwide team of more than 160 retail lending specialists and business development consultants, who are available to meet locally with customers, and the advisors and mortgage brokers who support them.

We have three branches that offer select services to our Private Banking clients, by appointment only. The branches are located in Montreal, Toronto and Vancouver:

- 900 Maisonneuve O., Suite 16, Montreal, Quebec
- 250 Bloor Street East, Main Floor, Toronto, Ontario
- 550 Burrard Street, Suite 728, Vancouver, British Columbia

Mobile, online and telephone access

Manulife Bank makes it easy for customers to manage their day-to-day finances through mobile, online and telephone banking. Manulife Bank's interactive voice response (IVR) system features natural language recognition and voice biometrics in both official languages, simplifying the customer experience by allowing them to validate their identity using only their voiceprint and navigate the IVR system with spoken requests. In 2018, our public website was reimagined to make it easier for customers to learn about our products and get financial planning insights and tips.

In 2018, we made numerous enhancements to our mobile banking app to make it easier for customers to bank with us, including a redesign that makes it easier for customers to navigate and the introduction of Apple Face ID®.

Manulife Bank leverages online application systems for mortgage brokers, independent advisors and retail lending specialists. These systems allow our customers to get up and running with many of Manulife Bank's deposit and loan products quickly and efficiently. In 2018, Manulife Bank launched an online application that makes it easy for customers to open a chequing/savings account from the comfort of their homes.

We continue to develop our two customer service centres in Waterloo, Ontario, and Halifax, Nova Scotia. This dual centre model helps us provide seamless operations in the event of a business disruption. Starting January 1, 2018, our Customer Service Centre is now open 365 days a year, making it even easier for customers to reach us when it's convenient for them.

Manulife Bank Public Accountability Statement (cont'd)

Automated Banking Machine (ABM) access

Manulife Bank has 807 publicly accessible ABMs across Canada. In addition, Manulife Bank is a member of THE EXCHANGE® Network¹, one of Canada's largest networks of ABMs. Our membership allows Manulife Bank customers to use any EXCHANGE ABM without being charged a convenience fee.

Corporate giving and social responsibility

Manulife Bank shares Manulife's commitment to volunteerism, community development and corporate giving as described in Manulife's 2018 Public Accountability Statement, and its data is fully integrated into the information provided for those initiatives.

Manulife Bank employees are frequent and strong supporters of Manulife's philanthropic initiatives. In 2018, employees played a prominent role in activities such as a Habitat for Humanity build in Kitchener, and the Manulife Dragon Boat Festival in Halifax, in support of amateur sport in Nova Scotia.

In 2018, Manulife Bank offered relief programs for customers impacted by spring flooding in various regions of Canada, wildfires in British Columbia and a tornado in the Ottawa region. These programs allowed impacted customers to defer loan payments and access locked-in money.

¹ Fiserv EFT is the owner of THE EXCHANGE® trademark and its associated rights. Fiserv EFT has granted FICANEX® the exclusive right to use, market and sublicense THE EXCHANGE® trademark and the intellectual property rights associated with the operation of THE EXCHANGE® Network throughout Canada. Manulife Bank is an authorized user of the mark.

Our corporate structure

Manulife Bank of Canada (MBC or Manulife Bank) is a Schedule I federally chartered bank and a wholly owned subsidiary of The Manufacturers Life Insurance Company, which is a wholly owned subsidiary of Manulife Financial Corporation. Manulife Trust Company (Manulife Trust), a subsidiary of Manulife Bank, is a federally incorporated trust company licensed to operate as a trust company in Canada.

Manulife Trust Company

Manulife Trust leverages the brand, technology, operational and customer service platforms and processes, products, distribution network and management expertise of Manulife Bank.

Manulife Trust offers simple deposit products that are available electronically, as well as fixed-term residential mortgages, available through Manulife Bank's nationwide network of retail lending specialists. Data provided for Manulife Bank includes Manulife Trust data.

Complaint handling

At Manulife Bank and its subsidiary Manulife Trust, we place a high value on complaint resolution and are committed to responding to complaints promptly, accurately and with the utmost courtesy. The Manulife Bank Ombudsman Office provides our customers with accessible

means with which to communicate any complaints, and we employ our best efforts to respond to and resolve them. All complaints and personal information collected by the Manulife Bank Ombudsman Office, whether written or verbal, are handled in a fair, timely, professional and confidential manner.

In 2018, the Manulife Bank Ombudsman Office received and addressed 12 complaints. Of those, three were not escalated through our standard complaint-handling process and were directed back to the appropriate business areas for resolution. The nine remaining cases were dealt with by the Manulife Bank Ombudsman Office to the complainants' satisfaction. The average time taken to resolve these complaints was 33 days.



By working together with Bullfrog Power®, every Manulife Bank ABM is powered with 100 per cent green energy.

Automated Banking Machines (ABMs) *added and removed in 2018*

Manulife Bank has 807 publicly accessible ABMs across Canada. In addition, Manulife Bank is a member of THE EXCHANGE® Network¹, one of Canada's largest network of ABMs. Our membership allows Manulife Bank customers to use any EXCHANGE ABM without being charged a convenience fee.

ABMs added by Manulife Bank in 2018

| Address | City | Province |
|-------------------------------------|----------------|----------|
| 8408 Resources Road | Grande Prairie | Alberta |
| 6005 Derry Road West | Milton | Ontario |
| 11075 Creditview Road | Brampton | Ontario |
| 78 rue de Martigny Ouest, Suite 200 | St-Jerome | Quebec |

ABMs removed by Manulife Bank in 2018

| Address | City | Province |
|------------------------------|-------------|------------------|
| 22645 Dewdney Trunk Road | Maple Ridge | British Columbia |
| 103 Haddow Close Northwest | Edmonton | Alberta |
| 461 Main Street | Bloomfield | Ontario |
| 5959 Jeanne d'Arc Boulevard | Orleans | Ontario |
| Unit 1 – 25 Tapiola Crescent | Ottawa | Ontario |
| 60 Main Street West | Beeton | Ontario |
| 119 Herkimer Street | Hamilton | Ontario |
| 234 Sheppard Avenue West | Toronto | Ontario |
| 135 Muskoka Road North | Gravenhurst | Ontario |
| 685 River Park Road | Timmins | Ontario |

¹ Fiserv EFT is the owner of THE EXCHANGE® trademark and its associated rights. Fiserv EFT has granted FICANEX® the exclusive right to use, market and sublicense THE EXCHANGE® trademark and the intellectual property rights associated with the operation of THE EXCHANGE® Network throughout Canada. Manulife Bank is an authorized user of the mark.

Debt financing *for business*

Manulife Bank provides loans to businesses, helping to fuel their growth.

Amount of debt financing authorized in 2018 (C\$ 000s)

| | \$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 | Grand total |
|--|-------------------|------------------------|--------------------------|--------------------------|--------------------------|------------------------------|----------------------------|-------------------|
| British Columbia | \$ 25 | \$ 299 | \$ 610 | \$ 2,024 | \$ 5,945 | \$ 15,959 | \$ 10,934 | \$ 35,796 |
| Alberta | 24 | 83 | 372 | 1,158 | 3,429 | 5,119 | – | 10,185 |
| Saskatchewan and Manitoba* | 24 | 123 | 274 | 1,682 | 3,316 | 5,781 | – | 11,200 |
| Ontario | – | 671 | 2,458 | 5,703 | 11,706 | 59,928 | 56,630 | 137,096 |
| Quebec | 20 | 727 | 405 | 4,313 | 6,725 | 14,567 | – | 26,757 |
| Nova Scotia, New Brunswick, Newfoundland and Labrador, and Prince Edward Island* | – | 107 | – | 2,184 | 4,788 | 12,361 | 12,082 | 31,522 |
| Total Canada | \$ 93 | \$ 2,010 | \$ 4,119 | \$ 17,064 | \$ 35,910 | \$ 113,715 | \$ 79,646 | \$ 252,556 |
| Grand total | \$ 93 | \$ 2,010 | \$ 4,119 | \$ 17,064 | \$ 35,910 | \$ 113,715 | \$ 79,646 | \$ 252,556 |

Number of customers to whom debt financing was authorized in 2018

| | \$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 | Grand total |
|--|-------------------|------------------------|--------------------------|--------------------------|--------------------------|------------------------------|----------------------------|-------------|
| British Columbia | 2 | 6 | 5 | 6 | 10 | 7 | 2 | 38 |
| Alberta | 1 | 2 | 3 | 4 | 5 | 3 | – | 18 |
| Saskatchewan and Manitoba* | 1 | 3 | 2 | 5 | 5 | 3 | – | 19 |
| Ontario | – | 15 | 17 | 15 | 18 | 31 | 5 | 101 |
| Quebec | 1 | 14 | 3 | 12 | 9 | 7 | – | 46 |
| Nova Scotia, New Brunswick, Newfoundland and Labrador, and Prince Edward Island* | – | 2 | – | 7 | 6 | 8 | 2 | 25 |
| Total Canada | 5 | 42 | 30 | 49 | 53 | 59 | 9 | 247 |
| Grand total | 5 | 42 | 30 | 49 | 53 | 59 | 9 | 247 |

* Data for certain provinces have been consolidated to protect the privacy of individual borrowers who might otherwise be identifiable.

Note: Yukon, Northwest Territories and Nunavut have been excluded from the table above as the amount of debt financing authorized in 2018 was nil.

Taxes

The tables below outline taxes paid or payable for Manulife Bank and Manulife Trust to federal and provincial governments.

Manulife Bank

| Provinces and territories | Capital taxes | Income taxes | Total taxes |
|----------------------------------|---------------------|----------------------|----------------------|
| Newfoundland and Labrador | \$ - | \$ - | \$ - |
| Prince Edward Island | - | - | - |
| Nova Scotia | 2,469,401 | 561,862 | 3,031,263 |
| New Brunswick | - | - | - |
| Quebec | - | - | - |
| Ontario | - | 8,644,234 | 8,644,234 |
| Manitoba | - | - | - |
| Saskatchewan | - | - | - |
| Alberta | - | - | - |
| British Columbia | - | - | - |
| Yukon | - | - | - |
| Northwest Territories | - | - | - |
| Nunavut | - | - | - |
| Provinces and territories | \$ 2,469,401 | \$ 9,206,096 | \$ 11,675,497 |
| Federal | - | 11,802,688 | 11,802,688 |
| Total taxes | \$ 2,469,401 | \$ 21,008,784 | \$ 23,478,185 |

Manulife Trust

| Provinces and territories | Capital taxes | Income taxes | Total taxes |
|----------------------------------|-------------------|---------------------|---------------------|
| Newfoundland and Labrador | \$ - | \$ - | \$ - |
| Prince Edward Island | - | - | - |
| Nova Scotia | 159,503 | 10,855 | 170,358 |
| New Brunswick | - | - | - |
| Quebec | - | - | - |
| Ontario | - | 808,015 | 808,015 |
| Manitoba | - | - | - |
| Saskatchewan | - | - | - |
| Alberta | - | - | - |
| British Columbia | - | - | - |
| Yukon | - | - | - |
| Northwest Territories | - | - | - |
| Nunavut | - | - | - |
| Provinces and territories | \$ 159,503 | \$ 818,870 | \$ 978,373 |
| Federal | - | 1,064,109 | 1,064,109 |
| Total taxes | \$ 159,503 | \$ 1,882,979 | \$ 2,042,482 |

Employees

Manulife Bank workforce data in Canada by employment type

| Province | Employment type | | Total |
|---------------------------|-----------------|-----------|------------|
| | Full-time | Part-time | |
| British Columbia | 34 | - | 34 |
| Alberta | 14 | - | 14 |
| Saskatchewan | 5 | - | 5 |
| Manitoba | 8 | - | 8 |
| Ontario | 561 | 5 | 566 |
| Quebec | 65 | 2 | 67 |
| New Brunswick | 5 | - | 5 |
| Nova Scotia | 210 | 8 | 218 |
| Newfoundland and Labrador | 2 | - | 2 |
| Total | 904 | 15 | 919 |

2018 GRI

content index

GRI Standards Indicator

GENERAL DISCLOSURE

| Organizational Profile | | |
|------------------------|--|--|
| 102-1 | Name of the organization | See page 5 of this report: About Manulife |
| 102-2 | Activities, brands, products, and services | See page 5 of this report: About Manulife |
| 102-3 | Location of headquarters | Global Headquarters: 200 Bloor Street East, Toronto, ON M4W 1E5 |
| 102-4 | Location of operations | See map on page 5 of this report: About Manulife |
| 102-5 | Ownership and legal form | Manulife Financial Corporation (“MFC”) is a publicly traded company and the holding company of The Manufacturers Life Insurance Company (“MLI”), a Canadian life insurance company. For further information see page 108 of AR: Reporting Entity |
| 102-6 | Markets served | MFC and its subsidiaries (collectively, “Manulife” or “the Company”) is a leading financial services group with principal operations in Asia, Canada and the United States. For further information see page 108 of AR: Reporting Entity |
| 102-7 | Scale of the organization | See page 6 of this report: Highlights |
| 102-8 | Information on employees and other workers | See page 52 of this report: Workforce Data |
| 102-9 | Supply chain | See pages 6, 16 of this report: Highlights, Responsible Supply Chain |
| 102-10 | Significant changes to the organization and its supply chain | None |
| 102-11 | Precautionary Principle or approach | See page 15 of this report: Risk Management. For further information see page 36 of AR: Risk Management |
| 102-12 | External initiatives | CDP, Equator Principle, PRI, A4S |
| 102-13 | Membership of associations | Asia Investor Group on Climate Change, Ceres Investor Network, Asia Corporate Governance Association, Emerging Market Investors Alliance, PRI, CDP, The Credit Round Table, Canadian Coalition for Good Governance, Toronto Responsible Investment Working Group, Hong Kong Green Finance Association, Hong Kong Financial Development Council's ESG working group |
| Strategy | | |
| 102-14 | Statement from senior decision-maker | See page 4 of this report: Message from CEO |
| Ethics and Integrity | | |
| 102-16 | Values, principles, standards, and norms of behaviour | See page 12 of this report: Ethical Conduct |
| Governance | | |
| 102-18 | Governance structure | See page 13 of this report: Corporate Governance |
| Stakeholder Engagement | | |
| 102-40 | List of stakeholder groups | See page 9 of this report: Stakeholder Engagement |
| 102-41 | Collective bargaining agreements | N/A |
| 102-42 | Identifying and selecting stakeholders | See page 9 of this report: Stakeholder Engagement |
| 102-43 | Approach to stakeholder engagement | See page 9 of this report: Stakeholder Engagement |
| 102-44 | Key topics and concerns raised | List of priority topics will be released next year, upon completion of our Materiality Assessment |

2018 GRI content index *(cont'd)*

| GRI Standards | Indicator | |
|----------------------|--|---|
| Reporting Practice | | |
| 102-45 | Entities included in the consolidated financial statements | See page 73 of this report: Declarations |
| 102-46 | Defining report content and topic Boundaries | See page 3 of this report: About This Report |
| 102-47 | List of material topics | See page 9 of this report: Performance Summary |
| 102-48 | Restatements of information | There are no restatements of information in this report |
| 102-49 | Changes in reporting | See page 3 of this report: About This Report |
| 102-50 | Reporting period | Manulife's Sustainability Report and PAS covers January 1, 2018 to December 31, 2018 |
| 102-51 | Date of most recent report | Our most recent previous report is our 2017 Corporate Citizenship Report and Public Accountability Statement, published in May 2018 |
| 102-52 | Reporting cycle | This report is published annually |
| 102-53 | Contact point for questions regarding the report | Contact us at manulife.com or johnhancock.com |
| 102-54 | Claims of reporting in accordance with the GRI Standards | GRI General Disclosure only. GRI Core Standards Disclosure planned for 2019 report |
| 102-55 | GRI content index | This table is Manulife's 2018 GRI Index |
| 102-56 | External assurance | None |

Declarations



Manulife’s 2018 Sustainability Report and Public Accountability Statement is published by, and in respect of, Manulife Financial Corporation, The Manufacturers Life Insurance Company and the following prescribed affiliates:

- First North American Insurance Company
- Manulife Asset Management Limited
- Manulife Securities Incorporated
- Manulife Securities Investment Services Inc.
- Manulife Asset Management (North America) Limited
- Manulife Securities Insurance Inc.

- Manulife Asset Management Investments Inc.
- Manulife Assurance Company of Canada

The 2018 Manulife Bank Public Accountability Statement is published by, and in respect of, Manulife Bank and its prescribed affiliate, Manulife Trust Company.

This Sustainability Report and Public Accountability Statement is published for the financial year ended December 31, 2018 and all facts and figures are as of December 31, 2018, unless stated otherwise. Our 2017 Corporate Citizenship Report and Public Accountability Statement was released in May 2018.

All dollar amounts are in Canadian funds, unless stated otherwise. Manulife Financial Corporation and its subsidiaries, including The Manufacturers Life Insurance Company, are referred to herein as “Manulife”.

Manulife, Manulife & Stylized M Design, and Stylized M Design are trademarks of The Manufacturers Life Insurance Company and are used by it, and by its affiliates, including Manulife Financial Corporation, under licence.



Ways to *contact us*

manulife.com

johnhancock.com



Manulife

Attention: Corporate Citizenship
200 Bloor Street East
Toronto, ON M4W 1E5
Canada