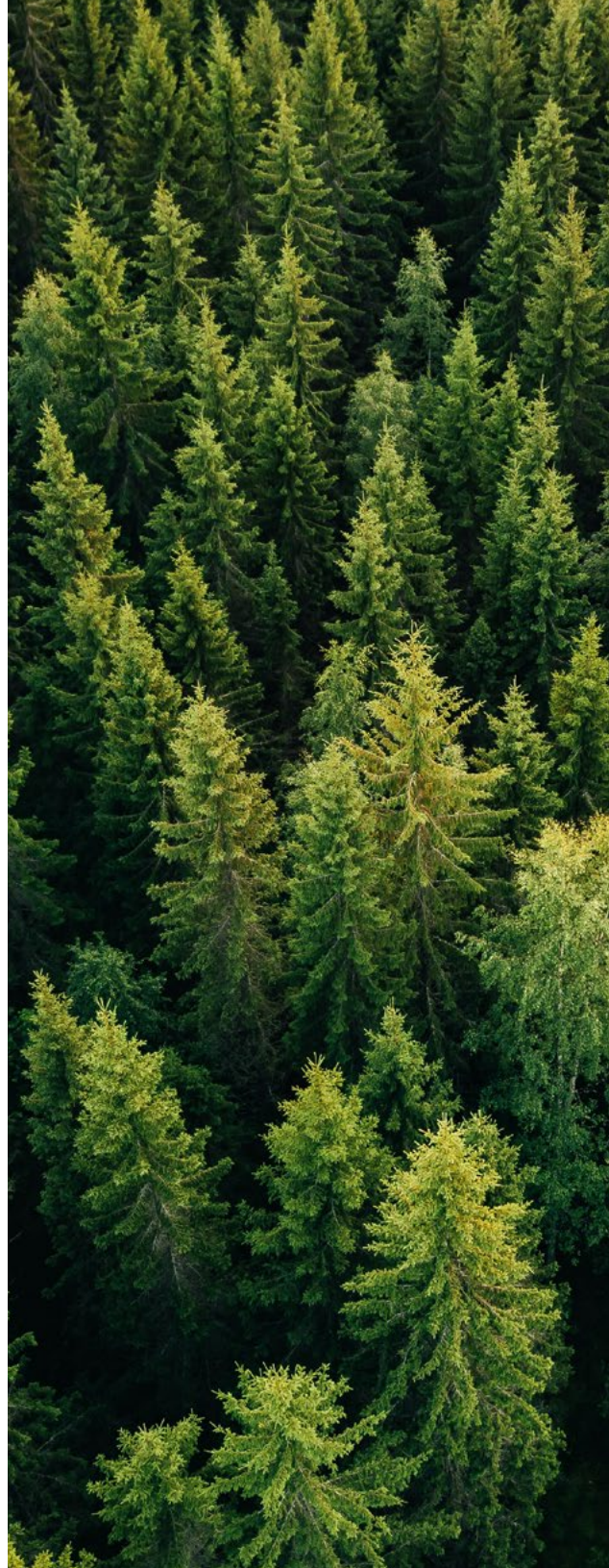


# Our Journey to *Net Zero*

Our journey to net zero builds on our mission: Decisions made *easier*. Lives made *better*. By addressing climate change, we move closer to fulfilling our mission and giving our customers the confidence to plan for the future. We recognize the link between environmental and financial stewardship. Our vast natural resource holdings have enabled us to realize net zero emissions in our operations, and we are uniquely positioned in our sector to accelerate the use of nature-based solutions in the fight against climate change.

We are actively incorporating climate change considerations into our decision making, including how we manage our operations, how we make investment decisions, and how we develop and offer financial products and services. As a business deeply rooted in long-term thinking, we are made stronger when our people and planet thrive.

For more information, read [Manulife's Sustainability Report](#)



## Operations: Substantially reducing emissions to lessen our footprint

To be an active contributor in the transition to a world where net zero carbon emissions is a reality, we will continue to take action to reduce the carbon footprint of our operations.

- We're proud to share we are **net zero in our operations**, uniquely positioned due to the carbon removals from our substantial owned and operated forests and farmland outweighing emissions.
- Manulife is committing to **reduce absolute scope 1 and 2 emissions 35 per cent by 2035**. We will take steps such as enhanced efficiency measures, fuel switching, and use of onsite renewables in our buildings to achieve this target.



## Investments: Actively investing for a sustainable future

We acknowledge the important role continued progress on financed emissions will have on our enterprise-wide climate impact.

- We are committed to **steering our investment portfolio to be net zero by 2050**.
- We are taking a sector-based approach to set short-term targets, focusing first on heavy emitting industries like power generation.
- We will continue to **grow our \$39.8B in green investments**, such as renewable energy and energy-efficient real estate.
- Manulife has **committed to the Science Based Targets initiative**, which will guide target setting, measurement, and progress reporting.



## Products and Services: Contributing to climate change mitigation and resilience

As a global life insurer and asset manager, we understand the connection between our environment and human health. We're in a unique position to provide nature-based solutions to mitigate climate change. That's why we're accelerating the pace of innovation around developing products that both solve investor needs and help create a more sustainable future.

- Manulife Investment Management will continue to give clients sustainable investing options such as the Sustainable Asia Bond strategy and Global Climate Pooled strategy.
- Through our capabilities in timberland and agriculture, we will accelerate development of investment strategies for those interested in nature-based solutions that capture even more carbon per dollar invested.
- We are dedicating significant resources to further analyze the impact of climate on morbidity and mortality.

Not all investments available to all investors in all jurisdictions.  
All figures are as at December 31, 2020

# Frequently Asked Questions



## 1. Why is Manulife making these commitments now?

Making sustainable business decisions is more than just the right thing to do — it's the smart thing to do for all of our stakeholders. As a company, we have been on this journey for a long time. For instance, Manulife Investment Management was a founding member of the [Climate Action 100+](#) and Manulife was the first global life insurer to issue a green bond in 2017.

[Hancock Natural Resource Group](#) (HNRG), a Manulife Investment Management company, creates value through the sustainable management of natural resource investments. We manage our assets as good stewards of the land, the environment, and the community on behalf of our investors. With our forestry and farmland businesses, we believe we're in a unique position to continue to provide nature-based solutions to mitigate climate change:

- We manage over 5.8 million acres of forestry and farmland globally — 100% of our managed forests are certified sustainable by third parties.
- HNRG has conserved over 472,000 acres through its Sensitive Lands Program.
- There are ~1.6B trees on our properties in the US, Canada, New Zealand, Australia, and Chile — and we've planted 1.2B over the past 36 years.
- Over the past 5 years we've removed an average of 2.24 million tons of CO2 from the atmosphere annually.

We're actively creating innovative products to contribute to this market. Over the last year, Manulife Investment Management has launched two ESG thematic investment solutions, including Sustainable Asia Bond and Global Climate which we believe will create long-term value for our stakeholders and communities.

Manulife Investment Management's Real Estate platform develops and manages commercial real estate for thousands of customers around the globe. Its over 64 million square foot portfolio includes office, industrial, retail, and multi-family space strategically located in major metropolitan markets. Our employees, in collaboration with our tenants and local communities, work to provide healthy and efficient workplaces — today and into the future. Our approach to sustainability in real estate is based on responsible property investment and aligns with global standards, including the [Global Real Estate Sustainability Benchmark](#) (GRESB). We incorporate ESG considerations into all our investment management and operational practices across the entire real estate value chain, from construction and acquisition of an asset through all aspects of property management. Over 81% of Manulife Investment Management's global real estate portfolio is green certified by either Leadership in Energy and Environmental Design (LEED), Buildings Owners and Managers Association (BOMA Best), or Energy Star.

## 2. How will Manulife measure progress toward these goals? When will Manulife share more about its path to net zero?

To ensure these targets have a meaningful impact, we have committed to the [Science Based Targets initiative](#), to guide and validate our target setting, measurement and progress reporting.

We are taking a sector-based approach to assess our own investments, focusing first on heavy-emitting industries, such as power generation, to establish near term emissions reduction targets.

## 3. What constitutes your green investments?

Manulife is proud to hold \$39.8 billion in green investments that support a net zero future, such as renewable energy and energy-efficient buildings — a portfolio that continues to grow. Guided by the [International Capital Markets Association](#) principles, we have added two new categories to our green investments in 2020: clean transportation and sustainable water management. We have also added green commercial mortgages to the green building category. See pg. 44 of our 2020 Sustainability Report for a detailed breakdown.

Manulife Investment Management's Real Estate manages 64 million square feet of real estate, in 9 countries across 25 cities. Over 81% of our global real estate portfolio is green certified, with 45% of our waste diverted from landfill, and 45,300 MWh of renewable energy purchased.

# Frequently Asked Questions (continued)



## 4. What does it mean to have net zero operations?

Net zero means achieving a balance between the greenhouse gases emitted into the atmosphere and those removed. We're proud to share we are net zero in our operations, uniquely positioned due to the carbon removals from our substantial owned and operated forests and farmland outweighing emissions. In fact, Manulife removes more carbon from the atmosphere than it emits in its operations.

Our operational emissions include scope 1 and 2 emissions, as well as the following scope 3 emissions: business travel, waste, data centers, leased properties, contractor fuel use, and paper.

In 2020, HNRG, a Manulife Investment Management company, removed 2.24 million metric tons of CO<sub>2</sub> from the atmosphere (five-year trailing average), of which 1.38 million metric tons were removed by assets owned by Manulife's insurance general account. Over the past five years, Manulife-owned and managed farms have removed an average of 103,000 tons of CO<sub>2</sub> from the atmosphere annually. Over the same period, Manulife owned and managed forests have removed an average of 1.28 million tons of CO<sub>2</sub> from the atmosphere annually.

In accounting for these removals, we use a conservative approach by only including direct removals from investments owned by Manulife's insurance general account and not the timber and agriculture investments owned by third-party investors. However, we do include emissions associated with third-party owned timber and agriculture investments in our overall carbon footprint. All emissions and removals are 5-year rolling averages because of the natural variation of biogenic removals and volatility of emissions from year to year. By using a multi-year average, we reflect the activities of our business over time and how we prioritize mitigating our overall climate impact. This is consistent with the Intergovernmental Panel on Climate Change (IPCC) reference to "a specified period" in its definition of net-zero as that point when anthropogenic emissions of greenhouse gases to the atmosphere are balanced by anthropogenic removals over a specified period.

## 5. What climate related products are you planning on offering?

Recognizing the benefits of a transition to a net zero world and a healthier planet, the products Manulife offers can empower customers to make their own sustainable choices and build resilience in the face of climate change.

Through the expertise of its global asset management business, Manulife Investment Management will also continue to work closely with our customers to develop and enhance the integration of ESG through our products and services.

Over the last year, Manulife Investment Management has launched several ESG thematic investments, the first of which was the Sustainable Asia Bond strategy. Most recently introduced was the Manulife Global Climate Strategy which was developed to align with the principles of the Paris Agreement on climate change.<sup>1</sup>

As one of the world's largest timber and agriculture investment managers, Manulife Investment Management believes sustainably managed forests and farms are a critical part of the climate solution, with immense benefits for health and wealth. We will continue our focus on providing nature-based solutions to help mitigate climate change. We continue to develop innovative solutions that amplify the benefits of forests and farms, for investors interested in nature-based solutions that capture even more carbon per dollar invested.

<sup>1</sup>Not all investments available to all investors in all jurisdictions.

# Frequently Asked Questions (continued)



## 6. What baseline year are you using for target setting?

We are using 2019 as our baseline year for our scope 1 and 2 reduction target of 35 per cent by 2035. Our 2019 reflects a typical year for our operations. The COVID-19 pandemic resulted in remote work scenario so 2020 is not representative of a typical year.

## 7. How does Manulife engage within its industry on climate-related action?

Manulife and its affiliates participate in global networks and help steer industry-changing sustainability efforts. Some examples of our global industry engagement include:

- Accounting for Sustainability (A4S) aims to work with financial leaders to inspire action to shift towards resilient business models and a sustainable economy. Manulife's CFO is an active member of A4S.
- The 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 and advance the TCFD recommendations. Manulife participates in the UNEP FI Property Working Group.
- Climate Action 100+ includes more than 545 asset managers from around the globe, including Manulife Investment Management, representing US\$52 trillion in investor capital. It is the largest investor-led collaborative engagement initiative of its kind ever assembled.

We also engage with stakeholders in the Canadian financial services industry, including the Principles for Sustainable Insurance (PSI) Canadian Sustainable Insurance Taskforce. Along with other industry players, Manulife participates in the Office of the Superintendent of Financial Services (OSFI) and Bank of Canada climate pilot to conduct scenario analysis related to a transition to a low-carbon economy.