



# RI TRANSPARENCY REPORT

## 2020

Manulife Investment Management

## About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2020 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

## Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
🔍	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

# Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO TG		🔒	n/a							
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Fixed income AUM breakdown	✓	Public							✓
OO 08	Segregated mandates or pooled funds	🔒	n/a							✓
OO 09	Breakdown of AUM by market	✓	Public							✓
OO 10	Active ownership practices for listed assets	✓	Public							✓
OO 11	ESG incorporation practices for all assets	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓
OO LE 01	Breakdown of listed equity investments by passive and active strategies	✓	Public							✓
OO LE 02	Reporting on strategies that are <10% of actively managed listed equities	🔒	n/a							✓
OO FI 01	Breakdown of fixed income investments by passive and active strategies	✓	Public							✓
OO FI 02	Reporting on strategies that are <10% of actively managed fixed income	🔒	n/a							✓
OO FI 03	Fixed income breakdown by market and credit quality	✓	Public							✓
OO SAM 01	Breakdown of externally managed investments by passive and active strategies	🔒	n/a							✓
OO PE 01	Breakdown of private equity investments by strategy	✓	Public							✓
OO PE 02	Typical level of ownership in private equity investments	✓	Public							✓
OO PR 01	Breakdown of property investments	✓	Private							✓
OO PR 02	Breakdown of property assets by management	✓	Private							✓
OO PR 03	Largest property types	✓	Private							✓
OO INF 01	Breakdown of infrastructure investments	✓	Public							✓
OO INF 02	Breakdown of infrastructure assets by management	✓	Public							✓
OO INF 03	Largest infrastructure sectors	✓	Public							✓
OO HF 01	Breakdown of hedge funds investments by strategies	🔒	n/a							✓
OO End	Module confirmation page	✓	-							

CCStrategy and Governance				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SG 01	RI policy and coverage	✓	Public							✓
SG 01 CC	Climate risk	✓	Public							✓
SG 02	Publicly available RI policy or guidance documents	✓	Public						✓	
SG 03	Conflicts of interest	✓	Public							✓
SG 04	Identifying incidents occurring within portfolios	✓	Public							✓
SG 05	RI goals and objectives	✓	Public							✓
SG 06	Main goals/objectives this year	✓	Public							✓
SG 07	RI roles and responsibilities	✓	Public							✓
SG 07 CC	Climate-issues roles and responsibilities	✓	Public							✓
SG 08	RI in performance management, reward and/or personal development	✓	Public							✓
SG 09	Collaborative organisations / initiatives	✓	Public				✓	✓		
SG 09.2	Assets managed by PRI signatories	🔒	n/a	✓						
SG 10	Promoting RI independently	✓	Public				✓			
SG 11	Dialogue with public policy makers or standard setters	✓	Private				✓	✓	✓	
SG 12	Role of investment consultants/fiduciary managers	✓	Public				✓			
SG 13	ESG issues in strategic asset allocation	✓	Public	✓						
SG 13 CC		✓	Public							✓
SG 14	Long term investment risks and opportunity	✓	Public	✓						
SG 14 CC		✓	Public							✓
SG 15	Allocation of assets to environmental and social themed areas	✓	Public	✓						
SG 16	ESG issues for internally managed assets not reported in framework	✓	Public							✓
SG 17	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
SG 18	Innovative features of approach to RI	✓	Public							✓
SG 19	Communication	✓	Public		✓				✓	
SG End	Module confirmation page	✓	-							

Direct - Listed Equity Incorporation				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEI 01	Percentage of each incorporation strategy	✓	Public	✓						
LEI 02	Type of ESG information used in investment decision	✓	Public	✓						
LEI 03	Information from engagement and/or voting used in investment decision-making	✓	Public	✓						
LEI 04	Types of screening applied	✓	Public	✓						
LEI 05	Processes to ensure screening is based on robust analysis	✓	Public	✓						
LEI 06	Processes to ensure fund criteria are not breached	✓	Public	✓						
LEI 07	Types of sustainability thematic funds/mandates	🔒	n/a	✓						
LEI 08	Review ESG issues while researching companies/sectors	✓	Public	✓						
LEI 09	Processes to ensure integration is based on robust analysis	✓	Public	✓						
LEI 10	Aspects of analysis ESG information is integrated into	✓	Public	✓						
LEI 11	ESG issues in index construction	✓	Public	✓						
LEI 12	How ESG incorporation has influenced portfolio composition	✓	Public	✓						
LEI 13	Examples of ESG issues that affected your investment view / performance	✓	Public	✓						
LEI End	Module confirmation page	✓	-							

Direct - Listed Equity Active Ownership				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEA 01	Description of approach to engagement	✓	Public		✓					
LEA 02	Reasoning for interaction on ESG issues	✓	Public	✓	✓	✓				
LEA 03	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 04	Objectives for engagement activities	✓	Public		✓					
LEA 05	Process for identifying and prioritising collaborative engagement	✓	Public		✓					
LEA 06	Role in engagement process	✓	Public		✓		✓			
LEA 07	Share insights from engagements with internal/external managers	✓	Public	✓	✓					
LEA 08	Tracking number of engagements	✓	Public		✓					
LEA 09	Number of companies engaged with, intensity of engagement and effort	✓	Public		✓					
LEA 10	Engagement methods	✓	Public		✓					
LEA 11	Examples of ESG engagements	✓	Public		✓					
LEA 12	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 13	Percentage of voting recommendations reviewed	✓	Public		✓					
LEA 14	Securities lending programme	✓	Public		✓					
LEA 15	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 16	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 17	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 18	Proportion of ballot items that were for/against/abstentions	✓	Public		✓					
LEA 19	Proportion of ballot items that were for/against/abstentions	✓	Public		✓					
LEA 20	Shareholder resolutions	✓	Public		✓					
LEA 21	Examples of (proxy) voting activities	✓	Public		✓					
LEA End	Module confirmation page	✓	-							

Direct - Fixed Income				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
FI 01	Incorporation strategies applied	✓	Public	✓						
FI 02	ESG issues and issuer research	✓	Public	✓						
FI 03	Processes to ensure analysis is robust	✓	Public	✓						
FI 04	Types of screening applied	✓	Public	✓						
FI 05	Examples of ESG factors in screening process	✓	Public	✓						
FI 06	Screening - ensuring criteria are met	✓	Public	✓						
FI 07	Thematic investing - overview	🔒	n/a	✓						
FI 08	Thematic investing - themed bond processes	🔒	n/a	✓						
FI 09	Thematic investing - assessing impact	🔒	n/a	✓						
FI 10	Integration overview	✓	Public	✓						
FI 11	Integration - ESG information in investment processes	✓	Public	✓						
FI 12	Integration - E,S and G issues reviewed	✓	Public	✓						
FI 13	ESG incorporation in passive funds	✓	Public	✓						
FI 14	Engagement overview and coverage	✓	Public		✓					
FI 15	Engagement method	✓	Public	✓	✓					
FI 16	Engagement policy disclosure	✓	Public	✓	✓					
FI 17	Financial/ESG performance	✓	Public							✓
FI 18	Examples - ESG incorporation or engagement	✓	Public	✓	✓					
FI End	Module confirmation page	✓	-							



Direct – Private Equity				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
PE 01	Description of approach to RI	✓	Private	✓					✓	
PE 02	Investment guidelines and RI	✓	Public		✓					
PE 03	Fund placement documents and RI	✓	Public	✓			✓		✓	
PE 04	Formal commitments to RI	✓	Private				✓			
PE 05	Incorporating ESG issues when selecting investments	✓	Public	✓						
PE 06	Types of ESG information considered in investment selection	✓	Public	✓		✓				
PE 07	Encouraging improvements in investees	✓	Private	✓	✓					
PE 08	ESG issues impact in selection process	✓	Private	✓						
PE 09	Proportion of companies monitored on their ESG performance	✓	Public		✓					
PE 10	Proportion of portfolio companies with sustainability policy	✓	Public		✓					
PE 11	Actions taken by portfolio companies to incorporate ESG issues into operations	✓	Private		✓					
PE 12	Type and frequency of reports received from portfolio companies	✓	Private		✓	✓				
PE 13	Disclosure of ESG issues in pre-exit	✓	Private		✓					
PE 14	ESG issues affected financial/ESG performance	✓	Private	✓	✓					
PE 15	Examples of ESG issues that affected your PE investments	✓	Private	✓	✓					
PE 16	Approach to disclosing ESG incidents	✓	Private						✓	
PE End	Module confirmation page	✓	-							

Direct - Property				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
PR 01	Responsible Property Investment (RPI) policy	✓	Public	✓					✓	
PR 02	Fund placement documents and RI	✓	Public	✓			✓		✓	
PR 03	Formal commitments to RI	✓	Public				✓			
PR 04	Incorporating ESG issues when selecting investments	✓	Public	✓						
PR 05	Types of ESG information considered in investment selection	✓	Public	✓		✓				
PR 06	ESG issues impact in selection process	✓	Public	✓						
PR 07	ESG issues in selection, appointment and monitoring of third-party property managers	✓	Public				✓			
PR 08	ESG issues in post-investment activities	✓	Public		✓					
PR 09	Proportion of assets with ESG targets that were set and monitored	✓	Public		✓	✓				
PR 10	Certification schemes, ratings and benchmarks	✓	Public		✓					
PR 11	Proportion of developments and refurbishments where ESG issues were considered	✓	Public		✓					
PR 12	Proportion of property occupiers that were engaged with	✓	Public		✓					
PR 13	Proportion of green leases or MOUs referencing ESG issues	✓	Private		✓					
PR 14	Proportion of assets engaged with on community issues	✓	Public		✓					
PR 15	ESG issues affected financial/ESG performance	✓	Public	✓	✓					
PR 16	Examples of ESG issues that affected your property investments	-	n/a	✓		✓				
PR End	Module confirmation page	✓	-							

Direct - Infrastructure				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
INF 01	Description of approach to RI	✓	Private	✓					✓	
INF 02	Responsible investment policy for infrastructure	✓	Public	✓					✓	
INF 03	Fund placement documents and RI	✓	Public	✓			✓		✓	
INF 04	Formal commitments to RI	✓	Private				✓			
INF 05	Incorporating ESG issues when selecting investments	✓	Public	✓						
INF 06	ESG advice and research when selecting investments	✓	Private	✓			✓			
INF 07	Examples of ESG issues in investment selection process	✓	Public	✓		✓				
INF 08	Types of ESG information considered in investment selection	✓	Private	✓		✓				
INF 09	ESG issues impact in selection process	✓	Private	✓						
INF 10	ESG issues in selection, appointment and monitoring of third-party operators	⚡	n/a				✓			
INF 11	ESG issues in post-investment activities	✓	Public		✓					
INF 12	Proportion of assets with ESG performance targets	✓	Public		✓					
INF 13	Proportion of portfolio companies with ESG/sustainability policy	✓	Public		✓					
INF 14	Type and frequency of reports received from investees	✓	Private		✓	✓				
INF 15	Proportion of maintenance projects where ESG issues were considered	⚡	n/a		✓					
INF 16	Proportion of stakeholders that were engaged with on ESG issues	✓	Private		✓					
INF 17	ESG issues affected financial/ESG performance	✓	Private	✓	✓					
INF 18	Examples of ESG issues that affected your infrastructure investments	✓	Private	✓		✓				
INF 19	Approach to disclosing ESG incidents	✓	Private						✓	
INF End	Module confirmation page	✓	-							

Confidence building measures				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
CM1 01	Assurance, verification, or review	✓	Public							✓
CM1 02	Assurance of last year's PRI data	✓	Public							✓
CM1 03	Other confidence building measures	✓	Public							✓
CM1 04	Assurance of this year's PRI data	✓	Public							✓
CM1 05	External assurance	⚡	n/a							✓
CM1 06	Assurance or internal audit	⚡	n/a							✓
CM1 07	Internal verification	✓	Public							✓
CM1 01 End	Module confirmation page	✓	-							

# Manulife Investment Management

## Reported Information

### Public version

### Organisational Overview

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Basic information

OO 01

Mandatory

Public

Gateway/Peering

General

OO 01.1

Select the services and funds you offer

Select the services and funds you offer	% of asset under management (AUM) in ranges
Fund management	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%
Fund of funds, manager of managers, sub-advised products	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Other	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Total 100%	

Further options (may be selected in addition to the above)

- ☐ Hedge funds
- ☐ Fund of hedge funds

OO 01.2

Additional information. [Optional]

Manulife Investment Management is the global asset management arm of Manulife Financial Corporation ("Manulife"), tracing our roots and investment management experience back to the 1800s. Manulife Investment Management and our affiliates provide comprehensive asset management solutions for investors.

OO 02

Mandatory

Public

Peering

General

OO 02.1

Select the location of your organisation's headquarters.

Canada

**OO 02.2** Indicate the number of countries in which you have offices (including your headquarters).

- ☐ 1  
☐ 2-5  
☐ 6-10  
☒ >10

**OO 02.3** Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

4730

**OO 02.4** Additional information. [Optional]

Our full time employee (FTE) count includes investment professionals as well as marketing, product, compliance, legal, operations, technology and other shared services.

<b>OO 03</b>	<b>Mandatory</b>	<b>Public</b>	<b>Descriptive</b>	<b>General</b>
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**OO 03.1** Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- ☐ Yes  
☒ No

<b>OO 04</b>	<b>Mandatory</b>	<b>Public</b>	<b>Gateway/Peering</b>	<b>General</b>
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**OO 04.1** Indicate the year end date for your reporting year.

31/12/2019

**OO 04.2** Indicate your total AUM at the end of your reporting year.

Include the AUM of subsidiaries, but exclude advisory/execution only assets, and exclude the assets of your PRI signatory subsidiaries that you have chosen not to report on in OO 03.2

	trillions	billions	millions	thousands	hundreds
Total AUM		409	000	000	000
Currency	USD				
Assets in USD		409	000	000	000

☐ Not applicable as we are in the fund-raising process

**OO 04.4**

Indicate the assets which are subject to an execution and/or advisory approach. Provide this figure based on the end of your reporting year

☒ Not applicable as we do not have any assets under execution and/or advisory approach

**OO 04.5**

Additional information. [Optional]

The figure above includes assets managed by the institutional asset management arm of Manulife Investment Management on behalf of external clients, the Insurance business and other affiliated businesses. The methodologies used to compile the total assets under management are subject to change.

**OO 06**

**Mandatory**

**Public**

**Descriptive**

**General**

**OO 06.1**

Select how you would like to disclose your asset class mix.

☐ as percentage breakdown

☒ as broad ranges

	Internally managed (%)	Externally managed (%)
Listed equity	10-50%	0
Fixed income	10-50%	0
Private equity	<10%	0
Property	<10%	0
Infrastructure	<10%	0
Commodities	0	0
Hedge funds	0	0
Fund of hedge funds	0	0
Forestry	<10%	0
Farmland	<10%	0
Inclusive finance	0	0
Cash	0	0
Money market instruments	<10%	0

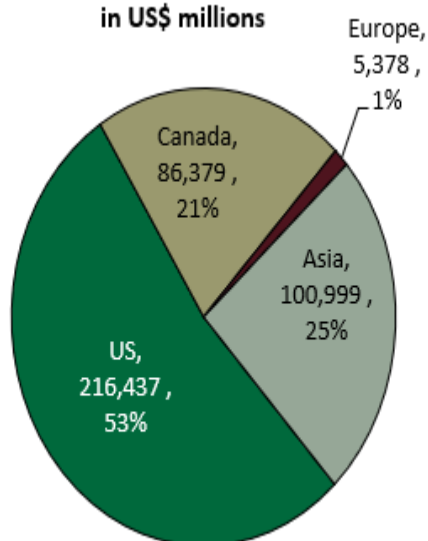
Other (1), specify	<10%	0
Other (2), specify	0	0

	Other (1) specified
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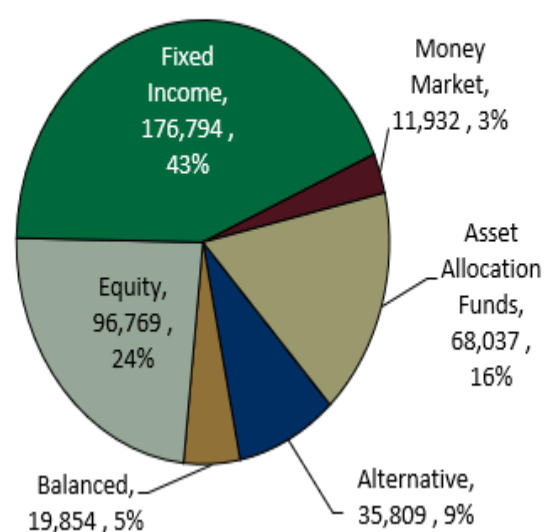
Real Estate Debt

OO 06.2	Publish asset class mix as per attached image [Optional].
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**AUM by Manager Region  
in US\$ millions**



**AUM by Asset Class  
in US\$ millions**



OO 06.3	Indicate whether your organisation has any off-balance sheet assets [Optional].
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- ☐ Yes  
☒ No

OO 06.5	Indicate whether your organisation uses fiduciary managers.
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- ☐ Yes, we use a fiduciary manager and our response to OO 5.1 is reflective of their management of our assets.  
☒ No, we do not use fiduciary managers.

OO 06.6	Provide contextual information on your AUM asset class split. [Optional]
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Please see the attached chart which shows Manulife IM's asset class breakdown and regional breakdown. Please note that the chart shows where the assets are managed, not the location of the clients for whom those assets are managed. The chart is representative of Manulife IM data as of December 31, 2019 with Currency in US\$ millions. Pie charts may not add to 100% due to rounding.

Information shown includes assets managed by the institutional asset management arm of Manulife Investment Management on behalf of external clients, the Insurance business and other affiliated businesses. Manulife IM's



fund-of-fund assets are in private equity and we consider those assets to be internally managed. The methodologies used to compile the total assets under management are subject to change.

OO 07	Mandatory to Report Voluntary to Disclose	Public	Gateway	General
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OO 07.1	Provide to the nearest 5% the percentage breakdown of your Fixed Income AUM at the end of your reporting year, using the following categories.
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Internally managed	SSA	40
	Corporate (financial)	18
	Corporate (non-financial)	34
	Securitised	8
	Total	100%

OO 09	Mandatory	Public	Peering	General
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OO 09.1	Indicate the breakdown of your organisation's AUM by market.
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Developed Markets	99
Emerging Markets	1
Frontier Markets	0
Other Markets	0

	Total 100%
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100%

## Asset class implementation gateway indicators

OO 10	Mandatory	Public	Gateway	General
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OO 10.1	Select the active ownership activities your organisation implemented in the reporting year.
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	Listed equity – engagement
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- ☒ We engage with companies on ESG factors via our staff, collaborations or service providers.
- ☐ We do not engage directly and do not require external managers to engage with companies on ESG factors.

	Listed equity – voting
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- ☒ We cast our (proxy) votes directly or via dedicated voting providers
- ☐ We do not cast our (proxy) votes directly and do not require external managers to vote on our behalf

	Fixed income SSA – engagement
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- ☒ We engage with SSA bond issuers on ESG factors via our staff, collaborations or service providers.
- ☐ We do not engage directly and do not require external managers to engage with SSA bond issuers on ESG factors. Please explain why you do not.

	Fixed income Corporate (financial) – engagement
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- ☒ We engage with companies on ESG factors via our staff, collaborations or service providers.
- ☐ We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

	Fixed income Corporate (non-financial) – engagement
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- ☒ We engage with companies on ESG factors via our staff, collaborations or service providers.
- ☐ We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

	Fixed income Corporate (securitised) – engagement
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- ☒ We engage with companies on ESG factors via our staff, collaborations or service providers.
- ☐ We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

OO 11	Mandatory	Public	Gateway	General
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**OO 11.1**

Select the internally managed asset classes in which you addressed ESG incorporation into your investment decisions and/or your active ownership practices (during the reporting year).

**Listed equity**

- ☒ We address ESG incorporation.
- ☐ We do not do ESG incorporation.

**Fixed income - SSA**

- ☒ We address ESG incorporation.
- ☐ We do not do ESG incorporation.

**Fixed income - corporate (financial)**

- ☒ We address ESG incorporation.
- ☐ We do not do ESG incorporation.

**Fixed income - corporate (non-financial)**

- ☒ We address ESG incorporation.
- ☐ We do not do ESG incorporation.

**Fixed income - securitised**

- ☒ We address ESG incorporation.
- ☐ We do not do ESG incorporation.

**Private equity**

- ☒ We address ESG incorporation.
- ☐ We do not do ESG incorporation.

**Property**

- ☒ We address ESG incorporation.
- ☐ We do not do ESG incorporation.

**Infrastructure**

- ☒ We address ESG incorporation.
- ☐ We do not do ESG incorporation.

**Forestry**

- ☒ We address ESG incorporation.
- ☐ We do not do ESG incorporation.

	Farmland
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- ☒ We address ESG incorporation.
- ☐ We do not do ESG incorporation.

	Money market instruments
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- ☐ We address ESG incorporation.
- ☒ We do not do ESG incorporation.

	Other (1)
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- ☒ We address ESG incorporation.
- ☐ We do not do ESG incorporation.

	`Other (1)` [as defined in OO 05]
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Real Estate Debt

OO 12	Mandatory	Public	Gateway	General
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OO 12.1	Below are all applicable modules or sections you may report on. Those which are mandatory to report (asset classes representing 10% or more of your AUM) are already ticked and read-only. Those which are voluntary to report on can be opted into by ticking the box.
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	Core modules
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- ☒ Organisational Overview
- ☒ Strategy and Governance

	RI implementation directly or via service providers
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	Direct - Listed Equity incorporation
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- ☒ Listed Equity incorporation

	Direct - Listed Equity active ownership
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- ☒ Engagements
- ☒ (Proxy) voting

	Direct - Fixed Income
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- ☒ Fixed income - SSA
- ☒ Fixed income - Corporate (financial)
- ☒ Fixed income - Corporate (non-financial)
- ☒ Fixed income - Securitised

	Direct - Other asset classes with dedicated modules
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☒ Private Equity

☒ Property

☒ Infrastructure

	Closing module
--	----------------

☒ Closing module

## Peering questions

OO LE 01	Mandatory to Report Voluntary to Disclose	Public	Gateway	General
----------	---	--------	---------	---------

OO LE 01.1	Provide a breakdown of your internally managed listed equities by passive, active - quantitative (quant), active - fundamental and active - other strategies.
------------	---

### Percentage of internally managed listed equities

	Passive
--	---------

26

	Active - quantitative (quant)
--	-------------------------------

0

	Active - fundamental and active - other
--	---



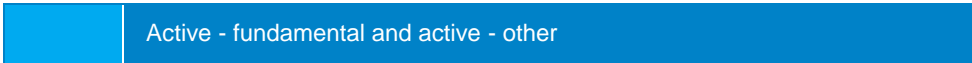



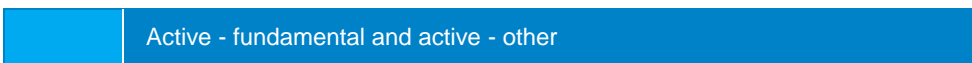



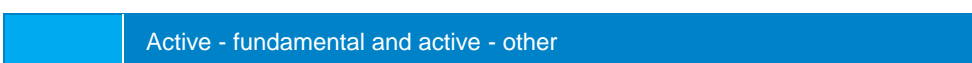

74

	Total
--	-------

100%

OO FI 01	Mandatory to Report Voluntary to Disclose	Public	Gateway	General
----------	---	--------	---------	---------

OO FI 01.1	Provide a breakdown of your internally managed fixed income securities by active and passive strategies
------------	---

<b>SSA</b>	 Passive
	7
	 Active - quantitative (quant)
	0
	 Active - fundamental and active - other
	93
<b>Corporate (financial)</b>	 Total
	100%
	 Passive
	1
	 Active - quantitative (quant)
	0
<b>Corporate (non-financial)</b>	 Active - fundamental and active - other
	99
	 Total
	100%
	 Passive
	2
	 Active - quantitative (quant)
	0
	 Active - fundamental and active - other
	98
	 Total
	100%

Securitised		Passive
	0	
		Active - quantitative (quant)
	0	
		Active - fundamental and active - other
	100	
		Total
	100%	

OO FI 03	Mandatory	Public	Descriptive	General
----------	-----------	--------	-------------	---------

Update: this indicator has changed from "*Mandatory to report, voluntary to disclose*" to "*Mandatory*". **Your response to this indicator will be published in the Public Transparency Report.** This change is to enable improved analysis and peering.

OO FI 03.1	Indicate the approximate (+/- 5%) breakdown of your SSA investments, by developed markets and emerging markets.
------------	---

SSA		Developed markets
	80	
		Emerging markets
	20	
		Total
	100%	

OO FI 03.2	Indicate the approximate (+/- 5%) breakdown of your corporate and securitised investments by investment grade or high-yield securities.
------------	---

Type	Investment grade (+/- 5%)	High-yield (+/- 5%)	Total internally managed
Corporate (financial)	<input type="radio"/> >50% <input checked="" type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%	<input type="radio"/> >50% <input checked="" type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%	<b>100%</b>
Corporate (non-financial)	<input type="radio"/> >50% <input checked="" type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%	<input type="radio"/> >50% <input checked="" type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%	<b>100%</b>
Securitised	<input type="radio"/> >50% <input checked="" type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%	<input type="radio"/> >50% <input checked="" type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%	<b>100%</b>

If you are invested in private debt and reporting on ratings is not relevant for you, please indicate below

☐ OO FI 03.2 is not applicable as our internally managed fixed income assets are invested only in private debt.

OO PE 01	Mandatory	Public	Descriptive	General
<b>OO PE 01.1</b>	Provide a breakdown of your organisation's internally managed private equity investments by investment strategy.			



Investment strategy	Percentage of your internally managed private equity holdings (in terms of AUM)
Venture capital	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Growth capital	<input type="radio"/> >50% <input checked="" type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%
(Leveraged) buy-out	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%
Distressed/Turnaround/Special Situations	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Secondaries	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Other investment strategy, specify (1)	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Other investment strategy, specify (2)	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Total 100%	

OO PE 02	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
----------	---	--------	-------------	---------

<b>OO PE 02.1</b>	Indicate the level of ownership you typically hold in your private equity investments.
-----------------------	--

- ☐ a majority stake (>50%)
- ☐ 50% stake
- ☐ a significant minority stake (between 10-50%)
- ☒ a minority stake (<10%)
- ☐ a mix of ownership stakes

<b>OO PE 02.2</b>	Additional information. [Optional]
-----------------------	------------------------------------

We are often part of a co-investment structure involved in leveraged buyouts. In these limited partnerships we retain a minority stake.

<b>OO INF 01</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Descriptive</b>	<b>General</b>
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<b>OO INF 01.1</b>	Indicate the level of ownership you typically hold in your infrastructure investments.
------------------------	--

- ☐ a majority stake (>50%)
- ☐ a 50% stake
- ☒ a significant minority stake (between 10-50%)
- ☐ a minority stake (<10%)
- ☐ a mix of ownership stakes

<b>OO INF 02</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Gateway/Peering</b>	<b>General</b>
------------------	--	---------------	------------------------	----------------

<b>OO INF 02.1</b>	Provide a breakdown of your organisation's infrastructure assets based on who manages the assets.
------------------------	---

Infrastructure assets managed by	Breakdown of your infrastructure assets (by number)
Managed directly by your organisation/companies owned by you	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Managed via third-party operators appointed by your organisation/companies owned by you	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Managed by other investors/their third-party operators	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%
Total	100%

OO INF 03	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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OO INF 03.1	Indicate up to three of your largest infrastructure sectors by AUM.
-------------	---

Sector	Main infrastructure sectors (by AUM)
Largest infrastructure sector	<input type="radio"/> Transportation <input checked="" type="radio"/> Energy infrastructure <input type="radio"/> Conventional energy <input type="radio"/> Renewable energy <input type="radio"/> Water management <input type="radio"/> Waste management <input type="radio"/> Communication <input type="radio"/> Social infrastructure <input type="radio"/> Other, specify
Second largest infrastructure sector	<input type="radio"/> Transportation <input type="radio"/> Energy infrastructure <input type="radio"/> Conventional energy <input checked="" type="radio"/> Renewable energy <input type="radio"/> Water management <input type="radio"/> Waste management <input type="radio"/> Communication <input type="radio"/> Social infrastructure <input type="radio"/> Other, specify
Third largest infrastructure sector	<input type="radio"/> Transportation <input type="radio"/> Energy infrastructure <input type="radio"/> Conventional energy <input type="radio"/> Renewable energy <input type="radio"/> Water management <input type="radio"/> Waste management <input checked="" type="radio"/> Communication <input type="radio"/> Social infrastructure <input type="radio"/> Other, specify

# Manulife Investment Management

## Reported Information

### Public version

### Strategy and Governance

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Investment policy

SG 01

Mandatory

Public

Core Assessed

General

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

SG 01.1

Indicate if you have an investment policy that covers your responsible investment approach.

☒ Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input type="checkbox"/> Formalised guidelines on environmental factors <input type="checkbox"/> Formalised guidelines on social factors <input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors <input checked="" type="checkbox"/> Fiduciary (or equivalent) duties <input type="checkbox"/> Asset class-specific RI guidelines <input type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input checked="" type="checkbox"/> Engagement policy <input checked="" type="checkbox"/> (Proxy) voting policy <input checked="" type="checkbox"/> Other, specify (1) <b>Memberships/Alignment with PRI/Stewardship Codes</b> <input checked="" type="checkbox"/> Other, specify(2) <b>Asset Operations</b>	<input type="radio"/> Applicable policies cover all AUM <input checked="" type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

**SG 01.3**

Indicate if the investment policy covers any of the following

- ☒ Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- ☒ Your investment objectives that take ESG factors/real economy influence into account
- ☐ Time horizon of your investment
- ☒ Governance structure of organisational ESG responsibilities
- ☒ ESG incorporation approaches
- ☒ Active ownership approaches
- ☒ Reporting
- ☒ Climate change
- ☒ Understanding and incorporating client / beneficiary sustainability preferences
- ☐ Other RI considerations, specify (1)
- ☐ Other RI considerations, specify (2)

**SG 01.4**

Describe your organisation's investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

Manulife IM has several principles and beliefs that drive our sustainable investing practices including the following:

- Evaluation of ESG factors is a natural extension of our fundamental research and investment processes.
- Sustainable investing attunes our key decision makers to major economic shifts that are driven by ESG factors and reverberate through all portfolios.
- Incorporation of ESG/RI into our investment processes supports our client's needs for long-term investment solutions.
- Achieving sustainable outcomes requires asset managers to display leadership and commitment to principles of sustainability. Manulife IM aspires to make positive contributions to society in addition to our financial performance.
- Financial value is impacted by the health of our natural environment and the strength of the social infrastructure in our communities.
- Active investment management is necessary to deeply understand and harvest the value implicit in ESG factors as financial data and analysis automates.
- We hold ourselves to a high standard of stewardship, whether through sustainability processes and oversight for the assets we own or where we influence the sustainability trajectory of companies in which we invest.
- We strive to provide transparency about our processes, including our approach to sustainable investing, in order to support our clients in responding to their own stakeholders.

**SG 01.5**

Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

Manulife IM's Sustainable Investing Statement provides an overview of the approach to sustainable investing at Manulife IM. The Statement outlines our commitment to sustainable investing, describes our core beliefs about sustainability, and describes how environmental, social, and governance (ESG) factors are integrated into our investment processes. The Statement provides a flexible framework that supports implementation across different asset classes and investment teams and applies to all Manulife IM funds in our public and private markets businesses.

The Statement aligns with our fiduciary responsibilities as a manager of client capital and reflects our commitments as a signatory to the Principles for Responsible Investment (PRI), as well as to various stewardship codes that apply in different jurisdictions.

☐ No

**SG 01.6**

Additional information [Optional].

For further detail on our investment principles and overall sustainable investing strategy, interpretation of fiduciary duties, and how we consider ESG factors and real economy impact, please view our full Sustainable Investing Statement available on our website.

**SG 01 CC**

**Mandatory to Report Voluntary to Disclose**

**Public**

**Descriptive**

**General**

**SG 01.6 CC**

Indicate whether your organisation has identified transition and physical climate-related risks and opportunities and factored this into the investment strategies and products, within the organisation's investment time horizon.

☒ Yes

Describe the identified transition and physical climate-related risks and opportunities and how they have been factored into the investment strategies/products.

According to the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations, investment relevant climate-related risks can be classified as physical (i.e. changes in weather patterns) and transitional (i.e. impacts from the transition to a low carbon economy). Some examples of manifestations of physical and transition risks include:

- Direct regulatory costs for companies with Scope 1 carbon-intensive business activities.
- Operational disruptions from more unpredictable or impactful extreme weather events.
- Disruptions to upstream and downstream supply chain.
- Shift in market access or end-user demand for industries that sell carbon-intensive products as customers or regulators shift to "greener" substitutes.
- Stranding of company assets, either due to GHG regulations, rapid technology switching or physical risks (chronic and acute).

The TCFD framework emphasizes that climate change mitigation and adaptation efforts also produce investment opportunities. The following is a non-exhaustive list of growth themes that will emerge:

- Sustainable Agriculture - services, products, seed technology, irrigation, crop protection
- Infrastructure Investment - green buildings, sanitation, electrification of remote areas, smart grids, alternative clean energy, energy storage, digitalization, transportation, financing
- Preservation of Natural Capital - water technologies, biodiversity, sustainable mining technologies
- Sustainable Forestry - forest offsets, voluntary carbon markets, improved forest management, reforestation, high carbon stocks



- Circular Economy - reduction of plastics, biodegradable packaging, mineral recycling from batteries and devices
- Clean Air - reduction of GHG emissions, carbon extraction, methane recapture, carbon capture sequestration

To understand the impact of climate change on investment decisions, asset managers should assess the transition risk, physical risk, and opportunities posed by climate change to the companies in which they are invested. We recognize that climate change could have an economic impact, which will vary from company to company. The varying degree will depend on the exposure level of each sector, industry and geography. We believe that understanding of climate change across the capital markets remains uneven, leading to potential mispricing of assets, and that many companies may be inadequately prepared to respond to the risks and opportunities of this transition.

We may take a variety of actions towards managing climate-related risks and opportunities across our businesses and investments to appropriately price climate risk. Broadly summarized, our available actions relate to asset allocation and selection, investment analysis and research, proxy voting, mitigating direct GHG emissions, deploying best in class sustainability management practices for operated assets, and participating in collaborative industry climate initiatives. While we reserve the right to divest of any investment, our preferred position is company engagement to encourage climate risk mitigation and adaptation strategies.

At Manulife IM, certain asset classes use a model to evaluate climate change risk which includes an assessment of the physical risks, transition risks and associated opportunities. The model creates a numerical output which measures the risk of loss for investments. At a portfolio level this helps identify the underlying companies with the greatest climate change exposure risk and whether the portfolio is more exposed to transition or physical risks. The model also helps identify companies which may be well positioned to benefit from the low carbon transition.

☐ No

**SG 01.7  
CC**

Indicate whether the organisation has assessed the likelihood and impact of these climate risks?

☒ Yes

Describe the associated timescales linked to these risks and opportunities.

The climate risk tool estimates the financial impact of climate change by examining both transition and physical risk and opportunities. Transition is measured over a long time period, approximately 50 years, while physical risk is estimated over the next 15 years, per the climate science of modelling weather hazards.

☐ No

**SG 01.8  
CC**

Indicate whether the organisation publicly supports the TCFD?

☒ Yes

☐ No

**SG 01.9  
CC**

Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

☒ Yes

	Describe
--	----------

Manulife IM has a climate position statement which will be publicly disclosed in 2020.

☐ No

<b>SG 1.10 CC</b>	Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.
-----------------------	---

- ☐ Public PRI Climate Transparency Report
- ☐ Annual financial filings
- ☐ Regular client reporting
- ☐ Member communications
- ☒ Other

	specify
--	---------

We will incorporate TCFD-aligned disclosures into our annual sustainable investing report.

☐ We currently do not publish TCFD disclosures

SG 02	Mandatory	Public	Core Assessed	PRI 6
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<b>SG 02.1</b>	Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.
----------------	--

☒ Policy setting out your overall approach

	URL/Attachment
--	----------------

☒ URL

	URL
--	-----

<https://www.manulifeim.com/institutional/global/en/sustainability>

☐ Attachment (will be made public)

☒ Formalised guidelines on corporate governance factors

	URL/Attachment
--	----------------

☒ URL

	URL
--	-----

<https://www.manulifeim.com/institutional/global/en/sustainability>

- ☐ Attachment (will be made public)
- ☒ Fiduciary (or equivalent) duties

	URL/Attachment
--	----------------

- ☒ URL

	URL
--	-----

<https://www.manulifeim.com/institutional/global/en/sustainability>

- ☐ Attachment (will be made public)
- ☒ Screening / exclusions policy

	URL/Attachment
--	----------------

- ☒ URL

	URL
--	-----

<https://www.manulifeim.com/institutional/global/en/sustainability>

- ☐ Attachment (will be made public)
- ☒ Engagement policy

	URL/Attachment
--	----------------

- ☒ URL

	URL
--	-----

<https://www.manulifeim.com/institutional/global/en/sustainability>

- ☐ Attachment (will be made public)
- ☒ (Proxy) voting policy

	URL/Attachment
--	----------------

- ☒ URL

URL
-----

<https://www.manulifeim.com/institutional/global/en/sustainability>

- ☐ Attachment (will be made public)
- ☐ Other, specify (1)
- ☐ Other, specify (2)
- ☐ We do not publicly disclose our investment policy documents

<b>SG 02.2</b>	Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.
----------------	---

- ☒ Your organisation's definition of ESG and/or responsible investment and it's relation to investments

URL/Attachment
----------------

- ☒ URL

URL
-----

<https://www.manulifeim.com/institutional/global/en/sustainability>

- ☐ Attachment

- ☒ Your investment objectives that take ESG factors/real economy influence into account

URL/Attachment
----------------

- ☒ URL

URL
-----

<https://www.manulifeim.com/institutional/global/en/sustainability>

- ☐ Attachment

- ☒ Governance structure of organisational ESG responsibilities

URL/Attachment
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- ☒ URL

URL
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<https://www.manulifeim.com/institutional/global/en/sustainability>

- ☐ Attachment

- ☒ ESG incorporation approaches

	URL/Attachment
<input checked="" type="checkbox"/> URL	
	URL
<a href="https://www.manulifeim.com/institutional/global/en/sustainability" style="color: #0070C0; text-decoration: underline;">https://www.manulifeim.com/institutional/global/en/sustainability</a>	
<input type="checkbox"/> Attachment	
<input checked="" type="checkbox"/> Active ownership approaches	
	URL/Attachment
<input checked="" type="checkbox"/> URL	
	URL
<a href="https://www.manulifeim.com/institutional/global/en/sustainability" style="color: #0070C0; text-decoration: underline;">https://www.manulifeim.com/institutional/global/en/sustainability</a>	
<input type="checkbox"/> Attachment	
<input checked="" type="checkbox"/> Reporting	
	URL/Attachment
<input checked="" type="checkbox"/> URL	
	URL
<a href="https://www.manulifeim.com/institutional/global/en/sustainability" style="color: #0070C0; text-decoration: underline;">https://www.manulifeim.com/institutional/global/en/sustainability</a>	
<input type="checkbox"/> Attachment	
<input type="checkbox"/> Climate change	
<input type="checkbox"/> Understanding and incorporating client / beneficiary sustainability preferences	
<input type="checkbox"/> We do not publicly disclose any investment policy components	
<b>SG 02.3</b>	Additional information [Optional].

SG 03	Mandatory	Public	Core Assessed	General
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<b>SG 03.1</b>	Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.
----------------	---

☒ Yes

**SG 03.2**

Describe your policy on managing potential conflicts of interest in the investment process.

Manulife IM is committed to conducting its business in accordance with the highest ethical and professional standards. The firm has developed and implemented a number of policies and procedures designed to address conflicts of interest, including, but not limited to, the Manulife Financial Code of Business Conduct and Ethics, Manulife Investment Management Code of Ethics, and Guidelines for Gifts and Entertainment. The intent of these policies is to create an environment where conflicts of interest are limited where possible, and where conflicts are appropriately disclosed and managed. Additionally, these policies and procedures are monitored, reviewed and tested from time to time to ensure they function as intended.

Manulife IM manages accounts where there are characteristics that create a presumption of heightened conflict. Generally this presumption is most apparent where the Firm is managing accounts the assets of which are owned by one or more affiliates of the Firms ("Affiliated Accounts"), or accounts with a performance fee.

☐ No

**SG 03.3**

Additional information. [Optional]

In addition to the activities of the Firm directly, Manulife IM recognizes that the conflicts, or the appearance thereof, may arise from the reputation, integrity and character of persons and organizations with which we do business. Activities of brokers, custodians and/or counterparties, may impact client views of the Company and is an important consideration in establishing and maintaining relationships with them. To mitigate this potential for conflict or appearance thereof, Manulife IM adheres to the Manulife Financial Securities Counterparty Policy and Securities Counterparty Procedures, which are the guiding principles for the selection and retention of securities dealers and other securities counterparties. In appropriate situations, due diligence is conducted to satisfy itself as to a service provider's reputation for integrity and compliance and its ability to provide the necessary services.

The three most significant conflicts of interest are:

- Client versus Firm Conflicts - Conflicts may arise when Manulife IM or its affiliates purchase or sell, for the accounts of clients, securities in which Manulife IM or its affiliates have a material financial interest.
- Client versus Employee Conflicts - Conflicts may arise (1) when an employee's compensation arrangement is tied to offering a certain product, (2) when an employee engages in outside business activities or (3) when a client is charged a different fee for the same investment strategy.
- Client versus Client Conflicts - Conflicts may arise when multiple clients are interested in acquiring the same assets.

**SG 04**

Voluntary

Public

Descriptive

General

**SG 04.1**

Indicate if your organisation has a process for identifying and managing incidents that occur within investee entities.

☒ Yes

☐ No

<b>SG 04.2</b>	Describe your process on managing incidents
----------------	---

When incidents occur with our portfolio companies, depending on the importance of the position overall to a portfolio and the relevant investment team's intention for the investment, the investment teams will conduct a full analysis of the incident. Subsequently, the investment team may engage with the company or sponsor to understand their perspective and its risk mitigation strategy. In some instances, the investment team will have multiple interactions with the company before making a decision pertaining to position size. Manulife IM is a long-term investor, therefore investment teams generally focus on long-term sustainable capital appreciation rather than near term volatility.

## Objectives and strategies

<b>SG 05</b>	<b>Mandatory</b>	<b>Public</b>	<b>Gateway/Core Assessed</b>	<b>General</b>
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<b>SG 05.1</b>	Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.
----------------	---

- ☐ Quarterly or more frequently
- ☐ Biannually
- ☒ Annually
- ☐ Less frequently than annually
- ☐ Ad-hoc basis
- ☐ It is not set/reviewed

<b>SG 05.2</b>	Additional information. [Optional]
----------------	------------------------------------

On an annual basis, the ESG teams in public and private markets prepare a business plan for the upcoming year. The business plan articulates the ESG goals the teams seek to attain during the year with assignment of projects to individual team members who have oversight and responsibility for the goal accomplishment. For example, goals for our public markets investments include increasing the quantity and impact of engagements, ESG integration success measures, system enhancements and structured training sessions. Goals are prioritized based on the impact to the overall investment processes and the firm's goal to achieve best-in-class integration of ESG. Goals for our private markets investments include the enhancement of tools to incorporate ESG throughout the investment lifecycle (investment decision, monitoring, reporting), and provide support to the development and distribution of new and existing products.

The goals are initially recommended and presented by the ESG teams to the respective public and private markets Sustainable Investing Committees for review and input. These goals are then reviewed continuously through execution of the work plans. The ESG teams report activities and progress of the business plans to their respective Sustainable Investing Committees.

<b>SG 06</b>	<b>Voluntary</b>	<b>Public</b>	<b>Descriptive</b>	<b>General</b>
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<b>SG 06.1</b>	List the main responsible investment objectives that your organisation set for the reporting year.
----------------	--

	Responsible investment processes
--	----------------------------------

- ☒ Provide training on ESG incorporation

	Key performance indicator
--	---------------------------

#### Coverage and Frequency of ESG Portfolio Reviews

	Progress achieved
--	-------------------

We aim to further extend the coverage of periodic ESG portfolio reviews across a greater number investment teams. Each quarter, members of the public markets ESG team strive to meet with each portfolio manager of equity and fixed income strategies to review the ESG risks and opportunities within his or her portfolio. This discussion takes a macro approach by analyzing the overall ESG score of the portfolio relative to its benchmark, and drills down to identify specific investments that may pose high ESG risks relative to position size and specific opportunities for ESG engagement.

- ☒ Provide training on ESG engagement

	Key performance indicator
--	---------------------------

Frequency with which internal teams sought assistance to develop ESG-related questions for meetings, and qualitative feedback from teams about ESG engagements.

	Progress achieved
--	-------------------

Manulife IM views company engagement as a tool to enhance the long-term shareholder value of the companies in which its clients are invested. ESG analysts in our public markets investments are mandated to proactively identify ESG risks in portfolios and to initiate engagements with companies, and as much as possible this is done in collaboration with the active involvement of investment teams.

Investment teams often meet company management as part of their fundamental research process. The meetings provide analysts and portfolio managers with insights into management quality, business drivers and the strategies of the companies in which they invest. In addition, these meetings allow investment teams to assess companies' risk exposure to ESG factors and the companies' management of that exposure to protect shareholder value. ESG analysts may also participate in company management meetings alongside the analysts and portfolio managers from the teams.

- ☒ Improved communication of ESG activities within the organisation

	Key performance indicator
--	---------------------------

#### Establishment of a new sustainable investing governance structure

	Progress achieved
--	-------------------

In 2019, Manulife IM established a governance structure to oversee our teams' sustainable investing activities and support the implementation of the Sustainable Investing Statement. Manulife IM convened parallel sustainable investing committees for public markets and private markets asset classes to enable regular decision-making oversight of the sustainable and responsible investing agenda that is appropriate to those specific asset classes. These committees include representatives from across different business functions who are stakeholders in implementing that agenda.

- ☒ Improved engagement to encourage change with regards to management of ESG issues

	Key performance indicator
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Number of engagements executed, and tracking of company progress using a milestone system.



Progress achieved
-------------------

In our public investments, the number of engagements that include discussion of ESG topics has increased significantly year over year. Engagement notes are now added to Manulife IM's internal research platform as a means to distribute the intelligence gained from ESG engagements internally and consistently to all investment professionals. Further, our ESG engagement note template incorporates several fields to support more accurate tracking of the types and content of ESG engagements. We track the progress of companies towards the objectives we define using a milestone system.

In addition to our bilateral engagements, Manulife IM also participates in collaborative engagements with other investment peers. Company meetings conducted as part of a collaborative engagement are also tracked and company progress on the material issues is monitored using the same milestone system.

- ☒ Improved ESG incorporation into investment decision making processes

Key performance indicator
---------------------------

Assessment of ESG integration stage of each investment team; Depth of integration of ESG data into technology systems.

Progress achieved
-------------------

At Manulife IM, we recognize that sustainable investing is rapidly becoming a critical driver of success within the asset management industry. We have set a clear target to be at the forefront of this industry evolution, further defining our value proposition and strengthening our competitive advantage.

Each investment team is expected to contribute to the firm's advancement in sustainable investing overall, and to adhere to research processes that integrate ESG considerations.

To track our progress on ESG integration, we have implemented an internal ESG integration assessment using a scale from 1 to 5, used to monitor the strength and sophistication of ESG integration by each investment management team in public markets. The assessment of each investment management team and strategy is presented to the CEO of public markets as part of a quarterly investment risk review of all regions, and is also shared with the global equities and fixed income CIOs.

- ☒ Other, specify (1)

Collaborative Engagement activities

Key performance indicator
---------------------------

Number of Collaborative Engagements, level of involvement in the collaborative engagements.

Progress achieved
-------------------

Manulife IM has joined four industry-wide collaborative engagements in recent years, some of which are still ongoing. The ongoing collaborative engagements are the Climate Action 100+ and the Hong Kong Board Diversity Initiative, for which we are founding signatories. In 2019, the PRI-led Methane in the Natural Gas Supply Chain engagement and PRI-led Cybersecurity engagement, in which we had participated, both concluded.

- ☒ Other, specify (2)

other description (2)
-----------------------

Sustainable Investing in Private Markets

Key performance indicator
---------------------------

Definition of the sustainable investing model for Private Markets

Progress achieved
-------------------

In 2019, a sustainable investing team for our private markets investments was created to support sustainable investing efforts across private market asset classes. In addition, a working group with representatives from all private market investment teams was established to share best practices and facilitate collaboration.

- ☐ Other, specify (3)
- ☐ None of the above

Financial performance of investments
--------------------------------------

- ☐ Increase portfolio performance by consideration of ESG factors
- ☐ Other, specify (1)
- ☐ Other, specify (2)
- ☐ Other, specify (3)
- ☐ None of the above

ESG characteristics of investments
------------------------------------

- ☐ Over or underweight companies based on ESG characteristics
- ☒ Improve ESG ratings of portfolio

Key performance indicator
---------------------------

Overall ESG score

Progress achieved
-------------------

For our public markets, we conduct ongoing ESG risk reviews, where a portfolio's overall ESG score is measured at a point in time and across a time series, and is evaluated relative to its investment performance benchmark. Although we do not set minimum ESG scores or thresholds as a goal for each investment strategy, the strategies are monitored for changes. Changes in the overall portfolio ESG score are used to assist managers to better understand the ESG risks and impacts of their investment decisions, and how their individual investment decisions alter the ESG profile of the portfolio.

- ☐ Setting carbon reduction targets for portfolio
- ☐ Other, specify (1)
- ☐ Other, specify (2)
- ☐ Other, specify (3)
- ☐ None of the above

Other activities
------------------

- ☒ Joining and/or participation in RI initiatives

Key performance indicator
---------------------------

Number of investor groups in which we participated, quality and depth of contributions to those groups.

Progress achieved
-------------------

Manulife IM participates in multiple RI-related investor associations, groups and initiatives. In 2019, these included:

- Asia Investor Group on Climate Change (AIGCC)
- Ceres Investor Network on Climate Risk (INCR)
- Asian Corporate Governance Association (ACGA)
- Emerging Market Investors Alliance
- PRI Listed Equities Integration Sub-Committee
- PRI Fixed Income Advisory Group
- PRI Sovereign Working Group
- Carbon Disclosure Project
- Canadian Coalition for Good Governance
- Toronto Responsible Investment Working Group
- Hong Kong Green Finance Association
- UNEP FI TCFD Reporting Pilot Program for Investors (see: <https://www.unepfi.org/investment/tcfd/>)
- SASB Investor Advisory Group

- ☒ Encouraging others to join a RI initiative

Key performance indicator
---------------------------

Influence Participation.

Progress achieved
-------------------

Through our involvement on the Steering Committee of the Climate Action 100+, we have encouraged other investment organizations to become a signatory to the initiative or to share responsibilities associated with leading engagements with Climate Action 100+ focus companies.

We have also been involved in discussions with investment industry peers and with Ceres to consider the potential to extend the reach of Ceres' work to Canada.

Through our role in the Asia Investor Group on Climate Change, we have been advocates to encourage Asian asset owners to more proactively investigate climate change risks and opportunities in investment portfolios. This has included helping to establish and host in the past the Asian Asset Owner Roundtable on climate change (for example, see: <http://aigcc.net/al-gore-joins-unprecedented-asian-investor-climate-change-roundtable>), and co-authoring a report on Asian asset owners' exposure to climate change and water-related investment risks.

- ☒ Documentation of best practice case studies

Key performance indicator
---------------------------

Opportunities to create ESG awareness

	Progress achieved
--	-------------------

We regularly contribute to industry discussions, panels and conferences on ESG integration and highlight best practice.

For example, in September 2019, we organized a Forum on Scenario Analysis in Toronto which brought together asset owners, investment managers and corporates to discuss best practices in the use of scenario analysis and climate stress testing.

Further, we have provided three ESG integration case studies to the PRI and CFA for equities and fixed income in 2018-19.

- ☒ Using case studies to demonstrate engagement and ESG incorporation to clients

	Key performance indicator
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Inclusion of information on ESG integration and engagement in strategy specific client presentation materials.

	Progress achieved
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Manulife IM now regularly includes information regarding ESG integration and engagement in strategy-specific client presentation materials.

- ☒ Other, specify (1)

	other description (1)
--	-----------------------

Manulife IM developed training materials for investment staff showcasing ESG integration best practices across the industry to support awareness raising about the evolution of ESG.

	Key performance indicator
--	---------------------------

Quantity of ESG Educational materials created.

	Progress achieved
--	-------------------

We utilized multiple sources to create industry-specific handbooks that provide analysts an overview of the ESG risks prevalent for that industry. These handbooks are designed to be used as a baseline analytical tool and are available across the firm on the Bloomberg research platform.

- ☐ Other, specify (2)
- ☐ Other, specify (3)
- ☐ None of the above

## Governance and human resources

SG 07	Mandatory	Public	Core Assessed	General
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SG 07.1	Indicate the internal and/or external roles used by your organisation, and indicate for each whether they have oversight and/or implementation responsibilities for responsible investment.
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## Roles

- ☐ Board members or trustees
- ☒ Internal Roles (triggers other options)

## Select from the below internal roles

- ☒ Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Operating Officer (COO), Investment Committee
  - ☒ Oversight/accountability for responsible investment
  - ☒ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Other Chief-level staff or head of department, specify
  - Compliance and Risk**
    - ☒ Oversight/accountability for responsible investment
    - ☒ Implementation of responsible investment
    - ☐ No oversight/accountability or implementation responsibility for responsible investment
  - ☒ Portfolio managers
    - ☒ Oversight/accountability for responsible investment
    - ☒ Implementation of responsible investment
    - ☐ No oversight/accountability or implementation responsibility for responsible investment
  - ☒ Investment analysts
    - ☐ Oversight/accountability for responsible investment
    - ☒ Implementation of responsible investment
    - ☐ No oversight/accountability or implementation responsibility for responsible investment
  - ☒ Dedicated responsible investment staff
    - ☒ Oversight/accountability for responsible investment
    - ☒ Implementation of responsible investment
    - ☐ No oversight/accountability or implementation responsibility for responsible investment
  - ☐ Investor relations
  - ☐ Other role, specify (1)
  - ☐ Other role, specify (2)
- ☐ External managers or service providers

## SG 07.2

For the roles for which you have RI oversight/accountability or implementation responsibilities, indicate how you execute these responsibilities.

Manulife IM has established a governance structure to oversee our teams' sustainable investing activities and support the implementation of the Sustainable Investing Statement. This structure is comprised of a committee for public and private markets, respectively, and allows for oversight and decision-making of the responsible investing agenda at the appropriate levels of the firm. These committees-which meet at least quarterly and more frequently as conditions demand-include representatives from across different business functions who are stakeholders in implementing that agenda.

The committees may authorize the constitution of one or more sub-committees or working groups. These may be standing sub-committees or working groups, or may be special purpose committees or working groups designed to execute on specific issues over a finite period of time.

The committees are supported by staff who specialize in sustainable investing. These individuals support the implementation of the Sustainable Investing Statement through a variety of activities and projects. Their efforts

include preparing annual business plans, identifying and developing sustainable investing best practices, supporting investment teams to develop tools and methodologies to adopt sustainable investing best practices across the investment life cycle, and leading the firm's participation in external initiatives or collaborative engagements.

The sustainable investing specialists work closely with portfolio managers and investment analysts located around the globe on the implementation of these principles. Through this coordinated approach, the sustainable investing business plans and goals are disseminated and the firm's approach to ESG is further developed by the investment teams.

<b>SG 07.3</b>	Indicate the number of dedicated responsible investment staff your organisation has.
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	Number
--	--------

12

<b>SG 07 CC</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Descriptive</b>	<b>General</b>
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<b>SG 07.5 CC</b>	Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.
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	Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee
--	---

- ☒ Oversight/accountability for climate-related issues
- ☐ Assessment and management of climate-related issues
- ☐ No responsibility for climate-related issues

	Other Chief-level staff or heads of departments
--	---

- ☒ Oversight/accountability for climate-related issues
- ☐ Assessment and management of climate-related issues
- ☐ No responsibility for climate-related issues

	Portfolio managers
--	--------------------

- ☒ Oversight/accountability for climate-related issues
- ☒ Assessment and management of climate-related issues
- ☐ No responsibility for climate-related issues

	Investment analysts
--	---------------------

- ☒ Oversight/accountability for climate-related issues
- ☒ Assessment and management of climate-related issues
- ☐ No responsibility for climate-related issues

Dedicated responsible investment staff				
<input checked="" type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues				
<b>SG 08</b>	<b>Voluntary</b>	<b>Public</b>	<b>Additional Assessed</b>	<b>General</b>
<b>SG 08.1</b>	Indicate if your organisation's performance management, reward and/or personal development processes have a responsible investment element.			
Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Operating Officer (COO), Investment Committee				
<b>SG 08.1a</b>	RI in objectives, appraisal and/or reward			
<input checked="" type="checkbox"/> Responsible investment KPIs and/or goals included in objectives <input checked="" type="checkbox"/> Responsible investment included in appraisal process <input checked="" type="checkbox"/> Variable pay linked to responsible investment performance <input type="checkbox"/> None of the above				
<b>SG 08.1b</b>	RI in personal development and/or training plan			
<input checked="" type="checkbox"/> Responsible investment included in personal development and/or training plan <input type="checkbox"/> None of the above				
Other C-level staff or head of department				
Compliance and Risk				
<b>SG 08.1a</b>	RI in objectives, appraisal and/or reward			
<input checked="" type="checkbox"/> Responsible investment KPIs and/or goals included in objectives <input checked="" type="checkbox"/> Responsible investment included in appraisal process <input checked="" type="checkbox"/> Variable pay linked to responsible investment performance <input type="checkbox"/> None of the above				
<b>SG 08.1b</b>	RI in personal development and/or training plan			
<input checked="" type="checkbox"/> Responsible investment included in personal development and/or training plan <input type="checkbox"/> None of the above				
Portfolio managers				

<b>SG 08.1a</b>	RI in objectives, appraisal and/or reward
-----------------	---

- ☒ Responsible investment KPIs and/or goals included in objectives
- ☒ Responsible investment included in appraisal process
- ☒ Variable pay linked to responsible investment performance
- ☐ None of the above

<b>SG 08.1b</b>	RI in personal development and/or training plan
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- ☒ Responsible investment included in personal development and/or training plan
- ☐ None of the above

Investment analysts
---------------------

<b>SG 08.1a</b>	RI in objectives, appraisal and/or reward
-----------------	---

- ☒ Responsible investment KPIs and/or goals included in objectives
- ☒ Responsible investment included in appraisal process
- ☒ Variable pay linked to responsible investment performance
- ☐ None of the above

<b>SG 08.1b</b>	RI in personal development and/or training plan
-----------------	---

- ☒ Responsible investment included in personal development and/or training plan
- ☐ None of the above

Dedicated responsible investment staff
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<b>SG 08.1a</b>	RI in objectives, appraisal and/or reward
-----------------	---

- ☒ Responsible investment KPIs and/or goals included in objectives
- ☒ Responsible investment included in appraisal process
- ☒ Variable pay linked to responsible investment performance
- ☐ None of the above

<b>SG 08.1b</b>	RI in personal development and/or training plan
-----------------	---

- ☒ Responsible investment included in personal development and/or training plan
- ☐ None of the above



**SG 08.3**

Provide any additional information on your organisation's performance management, reward and/or personal development processes in relation to responsible investment.

ESG Integration is a key strategic business goal for the firm. For public markets, contributions to achieving these strategic goals are an input into annual team discretionary bonus pools. Portfolio managers are expected to continually improve and deepen their practice of ESG integration. Investment analysts are expected to participate in ESG training sessions as part of their ongoing professional development.

Analysts in the ESG Team are evaluated on a range of annual performance criteria related to ESG integration, including qualitative assessments of the level of ESG integration and awareness across investment teams, the frequency of ESG analyst interactions with investment teams, and the volume, quality and investment impact of ESG engagements with companies.

The ESG integration team periodically conducts ESG-related trainings for staff in the following departmental areas:

- Investment teams
- Compliance and legal
- Marketing compliance
- Sales/distribution
- Portfolio specialists

For all investment staff, the ESG integration team has commenced periodic trainings on thematic ESG issues for which content and medium can vary, e.g. executive pay analysis, climate change. Trainings are either led by the internal ESG team or leverage external service providers and experts. The ESG integration team also conducts trainings for specific investment teams on an as-needs basis.

## Promoting responsible investment

**SG 09****Mandatory****Public****Core Assessed****PRI 4,5****SG 09.1**

Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

**Select all that apply**

☒ Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☐ Moderate
- ☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Manulife IM participates in PRI through:

- Attendance at PRI in-person global/regional conferences and participation on panels;
- Participation in networking and formal/informal communications with other signatories to share best practice;
- Membership of the PRI Fixed Income Advisory Committee and the PRI Listed Equities Integration Sub-Committee which involved overseeing preparation and execution of a global series of ESG integration workshops organized in collaboration with the CFA;

- Membership of the PRI Sovereign Credit Working Group;
- Participation in PRI-led collaborative engagements, such as methane leaks in the natural gas supply chain and cybersecurity.

As part of our involvement in the PRI, we have contributed ESG integration case studies to PRI and joint PRI-CFA publications. We expect that our involvement and contributions to PRI's publications and knowledge-sharing activities will continue.

☒ Asian Corporate Governance Association

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☒ Moderate
- ☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Manulife IM actively participates in periodic Investor Member calls and semi-annual updates.

- ☐ Australian Council of Superannuation Investors
- ☐ AVCA: Sustainability Committee
- ☐ France Invest – La Commission ESG
- ☐ BVCA – Responsible Investment Advisory Board
- ☒ CDP Climate Change

Your organisation's role in the initiative during the reporting period (see definitions)

- ☒ Basic
- ☐ Moderate
- ☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Manulife IM is a member of CDP and has engaged with CDP staff to better understand and utilize CDP thematic research.

- ☐ CDP Forests
- ☐ CDP Water
- ☐ CFA Institute Centre for Financial Market Integrity
- ☒ Climate Action 100+

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☐ Moderate
- ☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

Manulife IM is a member of the steering committee member of Climate Action 100+. We are collaborating with other investors to shape a global approach to managing climate risks, calling on companies to improve governance on climate change, curb emissions through adopting targets, and strengthen climate-related financial disclosures.

- ☐ Code for Responsible Investment in SA (CRISA)
- ☐ Council of Institutional Investors (CII)
- ☐ Eumedion
- ☐ Extractive Industries Transparency Initiative (EITI)
- ☐ ESG Research Australia
- ☐ Invest Europe Responsible Investment Roundtable
- ☐ Global Investors Governance Network (GIGN)
- ☒ Global Impact Investing Network (GIIN)

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☒ Moderate
- ☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

Our Timber and Agriculture team is a member of the GIIN and contributed to its 2019 "Scaling Impact Investment in Forestry." We draw from the GIIN's wealth of impact investing resources to monitor and measure the social and environmental impacts of its investments, and has participated in the GIIN's sector-specific work stream on forestry.

- ☒ Global Real Estate Sustainability Benchmark (GRESB)

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☒ Moderate
- ☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

Our Real Estate team reports annually to GRESB. In the case of Infrastructure, we are going to report for the first time in 2020.

- ☐ Green Bond Principles
- ☐ HKVCA: ESG Committee
- ☐ Institutional Investors Group on Climate Change (IIGCC)
- ☐ Interfaith Center on Corporate Responsibility (ICCR)
- ☒ International Corporate Governance Network (ICGN)

Your organisation's role in the initiative during the reporting period (see definitions)

- ☒ Basic
- ☐ Moderate
- ☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

Manulife IM will be an active participant at the ICGN 2020 conference in Toronto, and is curating a panel on stewardship.

- ☐ Investor Group on Climate Change, Australia/New Zealand (IGCC)
- ☐ International Integrated Reporting Council (IIRC)
- ☒ Investor Network on Climate Risk (INCR)/CERES

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☒ Moderate
- ☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

Manulife IM participated through:

- Attendance at the annual conference held in Boston, and participation in various conference calls held during the year on topics such as Green Bonds and Deforestation;
- Involvement in the working groups and initiatives convened by Ceres, such as Climate Action 100+; and
- Helped bring Ceres to Canada for Canadian investors.

- ☐ Local Authority Pension Fund Forum
- ☐ Principles for Financial Action in the 21st Century
- ☐ Principles for Sustainable Insurance
- ☒ Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify

We participate in regional forums such as RIA Canada.

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic  
☒ Moderate  
☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

For RIA Canada we are a regular participant and host for the RI working group and a regular speaker for their conferences.

- ☐ Responsible Finance Principles in Inclusive Finance  
☐ Shareholder Association for Research and Education (Share)  
☒ United Nations Environmental Program Finance Initiative (UNEP FI)

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic  
☐ Moderate  
☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

Manulife Financial Corporation has been a member of UNEP FI for over a decade and we sit on its North American Task Force. Manulife IM actively participated in the UNEP FI pilot project on implementing climate risk and scenario analysis for equities, corporate bonds, and real estate investments (phase one), a project which concluded in the first half of 2019.

- ☐ United Nations Global Compact  
☒ Other collaborative organisation/initiative, specify  
Asian Investor Group on Climate Change

Your organisation's role in the initiative during the reporting year (see definitions)

- ☐ Basic  
☐ Moderate  
☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

Manulife IM has participated in the Asian Investor Group on Climate Change since 2016 through:

- Chairmanship of the member working group, involving review of minutes and agendas in advance, and assisting secretariat with strategic vision, and assuring a smooth leadership transition to a new Chair and Vice-Chair;
- Oversight and development of editorial input into 'Integrating Climate Change into Investment Strategy: A Guide for Investors';

- Representation of the AIGCC on the Steering Committee of Climate Action 100+;
- Active involvement in the Asian working group on Climate Action 100+, convened by the AIGCC; and
- Co-authoring a report on Climate Change Risks for Asset Owners, released in 2019.

☒ Other collaborative organisation/initiative, specify

World Business Council for Sustainable Development (WBCSD)

Your organisation's role in the initiative during the reporting year (see definitions)

- ☐ Basic
- ☒ Moderate
- ☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

Our Timber and Agriculture team is a member of WBCSD and contributed to its 2019 "Forest Sector SDG Roadmap." The Chief Executive Officer and Chief Sustainability Officer for our Timber and Agriculture team are active participants in WBCSD's work streams on forest solutions, natural climate solutions, and climate-smart agriculture, and have led the firm in integrating global sustainability priorities (the SDGs) into all aspects of the business.

☒ Other collaborative organisation/initiative, specify

Massachusetts Institute of Technology (MIT) Joint Program on the Science and Policy of Global Change

Your organisation's role in the initiative during the reporting year (see definitions)

- ☐ Basic
- ☐ Moderate
- ☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

As a sponsor of MIT's Joint Program since 2016, our Timber and Agriculture team has gained insights into climate-related risks and opportunities for its farm and forest properties. Through its engagement, the Timber and Agriculture team is advancing climate science, mitigating climate risks, and increasing understanding of the role that forests and farms play in reducing and sequestering GHG emissions from the atmosphere.

☐ Other collaborative organisation/initiative, specify

SG 10	Mandatory	Public	Core Assessed	PRI 4
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SG 10.1

Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

☒ Yes

**SG 10.2**

Indicate the actions your organisation has taken to promote responsible investment independently of collaborative initiatives. Provide a description of your role in contributing to the objectives of the selected action and the typical frequency of your participation/contribution.

- ☒ Provided or supported education or training programmes (this includes peer to peer RI support) Your education or training may be for clients, investment managers, actuaries, broker/dealers, investment consultants, legal advisers etc.)

## Description

The ESG team at Manulife IM regularly participates and contributes to the promotion of responsible investment independent of collaborative initiatives. Further, we often consult with other institutional investors (both asset owners and asset managers) who are considering becoming a PRI signatory. We have been asked by several asset owners in Asia and Canada for insights and advice on how to operationalize ESG integration, and to share insights on the expectations they can set with their service providers. We have also met with several investment consultants to share knowledge and viewpoints on best practice ESG integration.

## Frequency of contribution

- ☒ Quarterly or more frequently
- ☐ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☐ Ad hoc
- ☐ Other

- ☒ Provided financial support for academic or industry research on responsible investment

## Description

Our Timber and Agriculture team is a sponsor of Massachusetts Institute of Technology (MIT)'s Joint Program on the Science and Policy of Global Change since July 2016. Through this partnership, we have gained insight into climate related risks and opportunities for our farm and forest properties and identified adaptation options to reduce GHG emissions. This information has been incorporated into our investment strategy

## Frequency of contribution

- ☐ Quarterly or more frequently
- ☐ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☒ Ad hoc
- ☐ Other

- ☒ Provided input and/or collaborated with academia on RI related work

## Description

Manulife IM consults with academia on various RI related work. For example, Manulife IM has developed a relationship with a Distinguished Research Fellow at Carleton Centre for Community Innovation to begin the dialogue on how to bring technical expertise to Canadian investors on various issues such as climate change,

In Canada, Manulife IM is the first asset manager to work with a university to launch a practicum on sustainable investing. This practicum, offered through Concordia University, is expected to begin in 2020.

Frequency of contribution
---------------------------

- ☐ Quarterly or more frequently
- ☐ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☒ Ad hoc
- ☐ Other

☒ Encouraged better transparency and disclosure of responsible investment practices across the investment industry

Description
-------------

We regularly provide case studies of best practice on responsible investment to the investment industry. For example, we have contributed a case study to the report PRI 'Shifting Perceptions: ESG, Credit Risk and Ratings – Part 2: Exploring the Disconnects', the second of the PRI ESG in Credit Rating Initiative. We also participated in the roundtable discussions with the credit rating agencies to promote further ESG disclosure and consideration in credit rating analysis. We contribute frequently to similar discussions with ESG data and research providers, with whom we actively discuss our data needs and how their data products could be improved to be more investment-relevant. As part of the Investor Advisory Group for the Sustainability Accounting Standards Board, we regularly engage with market participants to promote better transparency and disclosure on material ESG factors. As part of the Investor Advisory Group for the Sustainability Accounting Standards Board, we regularly engage with market participants to promote better transparency and disclosure on material ESG factors.

Frequency of contribution
---------------------------

- ☒ Quarterly or more frequently
- ☐ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☐ Ad hoc
- ☐ Other

☒ Spoke publicly at events and conferences to promote responsible investment

Description
-------------

Manulife IM regularly participates in speaking events and conferences where ESG issues are actively discussed and promoted. In 2019, we presented at 37 seminars and conferences related to sustainable investing topics.



Frequency of contribution
---------------------------

- ☒ Quarterly or more frequently
- ☐ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☐ Ad hoc
- ☐ Other

☒ Wrote and published in-house research papers on responsible investment

Description
-------------

Please refer to our Global Intelligence piece, link provided below, which highlighted ESG investing: sustainability becomes systemic. Environmental, social, and governance (ESG) analysis can help map opportunities for sustainable growth. In light of that, we think large asset owners will increasingly seek investment outcomes that not only deliver long-term wealth, but also leave behind a desirable world for beneficiaries.

<https://www.manulifeim.com/institutional/global/en/viewpoints/sustainability/esg-investing-sustainability-becomes-systemic>

Frequency of contribution
---------------------------

- ☒ Quarterly or more frequently
- ☐ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☐ Ad hoc
- ☐ Other

☒ Encouraged the adoption of the PRI

Description
-------------

We regularly speak with asset owners and asset managers who are considering becoming a PRI signatory.

Frequency of contribution
---------------------------

- ☐ Quarterly or more frequently
- ☒ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☐ Ad hoc
- ☐ Other

☒ Responded to RI related consultations by non-governmental organisations (OECD, FSB etc.)

Description
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Manulife IM contributed to Manulife Financial Corporation's response to the Expert Panel on Sustainable Finance in Canada.

Frequency of contribution
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- ☐ Quarterly or more frequently
- ☒ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☐ Ad hoc
- ☐ Other

☒ Wrote and published articles on responsible investment in the media

Description
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Manulife IM regularly contributes to media articles on responsible investing.

Frequency of contribution
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- ☐ Quarterly or more frequently
- ☒ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☐ Ad hoc
- ☐ Other

☒ A member of PRI advisory committees/ working groups, specify

Description
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In Q1 2018, the Head of Credit research in our Toronto office was appointed a member of the PRI's Fixed Income Advisory Committee for the 2018-2019 term. Our Global Head of ESG Research and Integration continued to sit on the PRI's Listed Equities Integration Sub-Committee in 2019. We also participated in the PRI Sovereign Credit Working Group.

Frequency of contribution
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- ☒ Quarterly or more frequently
- ☐ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☐ Ad hoc
- ☐ Other

☐ On the Board of, or officially advising, other RI organisations (e.g. local SIFs)

☐ Other, specify

☐ No

SG 10.3	Describe any additional actions and initiatives that your organisation has taken part in during the reporting year to promote responsible investment [Optional]
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Our Timber and Agriculture team, through its ongoing leadership of the Sustainable Agriculture Working Group, has demonstrated the global agriculture sector's commitment to employing and assuring sustainable agricultural practices are used in the management and operation of farmland investments. In 2019, we became the first company to have farm properties certified to the emerging Leading Harvest Farmland Management Standard, a third-party, performance-based, industry-wide sustainability standard for agriculture. The audit, conducted by K.Coe Isom, a leading consulting and CPA firm in the food and agriculture industry, certified conformance of our almond, pistachio, apple, and cranberry farms in California, Washington, and Wisconsin to the new standard.

## Outsourcing to fiduciary managers and investment consultants

SG 12	Mandatory	Public	Core Assessed	PRI 4
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

SG 12.1	Indicate whether your organisation uses investment consultants.
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- ☐ Yes, we use investment consultants
- ☒ No, we do not use investment consultants.

SG 12.7	Additional information [Optional].
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Our ESG policy only covers those assets which are internally managed, therefore we do not outsource to fiduciary managers and investment consultants.

## ESG issues in asset allocation

SG 13	Mandatory	Public	Descriptive	PRI 1
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<b>SG 13.1</b>	Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).
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- ☐ Yes, in order to assess future ESG factors
- ☒ Yes, in order to assess future climate-related risks and opportunities

	Describe
--	----------

Manulife IM's public markets and real estate teams participated in the pilot working group on climate scenario analysis organized through the UNEP FI. Following this pilot, we have rolled out scenario analysis tools to our investment teams in public markets.

- ☐ No, our organisation does not currently carry out scenario analysis and/or modelling

<b>SG 13.2</b>	Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.
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	We do the following
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- ☐ Allocation between asset classes
- ☐ Determining fixed income duration
- ☐ Allocation of assets between geographic markets
- ☐ Sector weightings
- ☒ Other, specify

We are in the early states of integrating scenario analysis into asset allocation decisions.

- ☐ We do not consider ESG issues in strategic asset allocation

<b>SG 13.3</b>	Additional information. [OPTIONAL]
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The models available for climate scenario analysis are still being developed and, as such, the output and analysis will take time to vet and attain a satisfactory level of confidence. In the meantime, we are pursuing several discussions with internal stakeholders to create feedback loops to improve and hone the scenario analysis, and explore ways to meaningfully integrate ESG factors into asset allocation work.

<b>SG 13 CC</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Descriptive</b>	<b>General</b>
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<b>SG 13.4 CC</b>	Describe how your organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, its results, and any future plans.
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- ☒ Initial assessment

## Describe

Our real estate group participated with eleven other institutional investors from eight countries, convened by UNEP FI and supported by Carbon Delta, have worked throughout 2018-2019 to analyze, evaluate, and test, state-of-the-art methodologies to enable 1.5°C, 2°C, and 3°C scenario-based analysis of their direct property investment portfolios in line with the recommendations of the FSB's Task Force on Climate-related Financial Disclosures (TCFD). The outputs and conclusions of this Pilot are captured in the "Changing Course" report and aim to enhance the understanding and ease adoption of the TCFD recommendations by real estate investors across the wider investment industry. Further, two of our private real estate funds have completed a Climate Value-at-Risk Real Estate Portfolio Analysis.

<https://www.unepfi.org/publications/changing-course-real-estate-tcfd-pilot-project-report-and-investor-guide-to-scenario-based-climate-risk-assessment-in-real-estate-portfolios/>

Further to this example, our public markets division participated in a year-long pilot program convened by the United Nations Environment Programme Finance Initiative (UNEP FI). The pilot involved 20 investment institutions from around the world and focused on developing guidance for implementing the Financial Stability Board's Task Force on Climate-Related Financial Disclosures recommendations. The group's objective was to operationalize a methodology of climate risk assessment developed in collaboration with Carbon Delta, a data analytics firm that quantifies investment risks for more than 30,000 companies under numerous climate change scenarios by modelling vast amounts of data, including weather projections and operational locations, among others. The output is used to identify, and rank companies based on exposure to climate-related risks or adaptive capacity to mitigate that risk. The pilot demonstrated, for the first time ever in a coordinated manner, how a group of institutional asset managers can effectively collaborate to create a new bottom-up method of fundamental analysis on an ESG theme of critical importance.

## ☒ Incorporation into investment analysis

## Describe

After participating in the UNEP FI pilot on scenario analysis, we have rolled out the use of scenario analysis to our public markets investment teams globally over the course of 2019. Using Carbon Delta's Climate Value-at-Risk (CVaR) model, our aim for Manulife IM was to understand how climate risks can be assessed at the level of individual securities and at the aggregate portfolio level to inform portfolio construction and how distinct geographical exposures can be identified and managed through asset allocation.

We believe that the scenario analysis will continue to improve over time and become more meaningful in terms of the output provided. Our current analysis is limited to Scope 1 carbon emissions of the underlying companies, which measures direct carbon emissions from operations. Scope 2, which includes indirect emissions from the consumption of energy-e.g., electricity-is not included in the analysis. Future analyses may be developed to incorporate Scope 2 and Scope 3 carbon emissions.

## ☒ Inform active ownership

## Describe

We seek to identify opportunities for growth among companies that are positioning themselves for industry disruption and the promotion of smoother transition to lower-carbon-emission models. We also support engagement activities through company dialogue and collaborative engagement initiatives, and seek to support proxy items that are intended to mitigate climate risks or support company adaptation to climate change, whether through management proposals or shareholder resolutions.

Manulife IM serves on the Steering Committee of the Climate Action 100+, a five-year initiative led by investors to engage systemically important greenhouse gas emitters and other companies across the global economy that have significant opportunities to drive the clean energy transition and help achieve the goals of the Paris Agreement. Investors are calling on companies to improve governance on climate change, curb emissions and strengthen climate-related financial disclosures. Refer to: <http://www.climateaction100.org/>.

Our involvement in company engagement groups via the Climate Action 100+ is being recorded and insights shared internally to inform our investment processes for the impact investment teams.

☐ Other

**SG 13.5  
CC**

Indicate who uses this analysis.

- ☐ Board members, trustees, C-level roles, Investment Committee
- ☒ Portfolio managers
- ☒ Dedicated responsible investment staff
- ☐ External managers
- ☐ Investment consultants/actuaries
- ☐ Other

**SG 13.6  
CC**

Indicate whether your organisation has evaluated the potential impact of climate-related risks, beyond the investment time horizon, on its investment strategy.

☒ Yes

Describe

This is under way for Manulife IM, and has been supported by our participation in the UNEP FI TCFD pilot program for investors and real estate. The Scenario Analysis tool we use has a time horizon which goes out 15 years.

☐ No

**SG 13.7  
CC**

Indicate whether a range of climate scenarios is used.

- ☒ Analysis based on a 2°C or lower scenario
- ☒ Analysis based on an abrupt transition, consistent with the Inevitable Policy Response
- ☐ Analysis based on a 4°C or higher scenario
- ☐ No, a range is not used

**SG 13.8  
CC**

Indicate the climate scenarios your organisation uses.

Provider	Scenario used	
IEA	<input type="checkbox"/> Beyond 2 Degrees Scenario (B2DS)	
IEA	<input type="checkbox"/> Energy Technology Perspectives (ETP) 2 Degrees scenario	
IEA	<input checked="" type="checkbox"/> Sustainable Development Scenario (SDS)	
IEA	<input checked="" type="checkbox"/> New Policy Scenario (NPS)	
IEA	<input checked="" type="checkbox"/> Current Policy Scenario (CPS)	
IRENA	<input type="checkbox"/> RE Map	
Greenpeace	<input type="checkbox"/> Advanced Energy [R]evolution	
Institute for Sustainable Development	<input type="checkbox"/> Deep Decarbonisation Pathway Project (DDPP)	
Bloomberg	<input type="checkbox"/> BNEF reference scenario	
IPCC	<input type="checkbox"/> Representative Concentration Pathway (RCP) 8.5	
IPCC	<input type="checkbox"/> RPC 6	
IPCC	<input checked="" type="checkbox"/> RPC 4.5	
IPCC	<input checked="" type="checkbox"/> RPC 2.6	
Other	<input checked="" type="checkbox"/> Other (1)	<div>Other (1) please specify:</div> <div>MSCI's Climate Value-at-Risk</div>
Other	<input type="checkbox"/> Other (2)	
Other	<input type="checkbox"/> Other (3)	

SG 14	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1
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**SG 14.1**

Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

- ☒ Changing demographics
- ☒ Climate change
- ☒ Resource scarcity
- ☒ Technological developments
- ☒ Other, specify(1)

other description (1)

Cybersecurity

- ☐ Other, specify(2)
- ☐ None of the above

**SG 14.2**

Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- ☐ Established a climate change sensitive or climate change integrated asset allocation strategy
- ☐ Targeted low carbon or climate resilient investments
- ☐ Phase out your investments in your fossil fuel holdings
- ☒ Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- ☒ Used emissions data or analysis to inform investment decision making
- ☒ Sought climate change integration by companies
- ☒ Sought climate supportive policy from governments
- ☒ Other, specify

other description

Climate Action 100+ Steering Committee/Lead. Co-launched Investor Agenda on Climate Change at GCAS. MIT Joint Program Global Change sponsor. Hosted scenario analysis forum.

- ☐ None of the above



**SG 14.3**

Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- ☒ Scenario analysis
- ☐ Disclosures on emissions risks to clients/trustees/management/beneficiaries
- ☒ Climate-related targets
- ☒ Encouraging internal and/or external portfolio managers to monitor emissions risks
- ☒ Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- ☐ Weighted average carbon intensity
- ☒ Carbon footprint (scope 1 and 2)
- ☒ Portfolio carbon footprint
- ☒ Total carbon emissions
- ☒ Carbon intensity
- ☒ Exposure to carbon-related assets
- ☐ Other emissions metrics
- ☐ Other, specify
- ☐ None of the above

**SG 14 CC****Voluntary****Public****General****SG 14.6  
CC**

Provide further details on the key metric(s) used to assess climate-related risks and opportunities.

Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
<b>Climate-related targets</b>	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	<p>Our primary strategy to reduce greenhouse gas emissions is to increase energy and water efficiencies. We invest in clean technology, including energy storage systems and photovoltaic solar energy.</p> <p>The below metrics are used to monitor building efficiency and are used to assess environmental footprint of the real estate portfolio:</p> <ol style="list-style-type: none"> <li>1. Normalized energy use intensity</li> <li>2. Normalized water use intensity</li> <li>3. Waste diversion rate</li> </ol>	<ol style="list-style-type: none"> <li>1. Equivalent megawatt hours per square foot per year</li> <li>2. Litres per square foot per year</li> <li>3. The percentage of total waste that is diverted away from landfill disposal through recycling or composting.</li> </ol>	<p>These metrics are all available publicly in our Real Estate Sustainability Report.</p> <p>Normalized energy use decreased by 0.5% to 24.0 in 2018. Normalized water intensity decreased by 5.9% to 68.6. Our average waste diversion rate was steady year over year at 53%.</p>
<b>Carbon footprint (scope 1 and 2)</b>	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	To measure the carbon footprint of our real estate portfolio and monitor changes year over year.	Metric tonnes of carbon dioxide equivalent	This metric is available publicly in our Real Estate Sustainability Report. In 2018, our scope 1 emissions were 140,400 and our scope 2 emissions were 27,500.
<b>Portfolio carbon footprint</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	For our public market portfolio's ESG quarterly risk reviews, we use MSCI's ESG rating methodology which includes a key issue analysis on product carbon footprint. This issue evaluates the extent to which companies may face higher input or production costs for carbon-intensive products due to volatile energy costs in a carbon-constrained world. Scores are based on companies' reliance on carbon-intensive products; and efforts to measure and reduce the carbon footprint of their supply chains.	Exposure Metrics Management Metrics	<p>Exposure Metrics:</p> <ul style="list-style-type: none"> <li>• Extent to which companies' product portfolio consists of carbon-intensive products, based on life-cycle assessment model estimating total GHG emissions in the supply chain.</li> </ul> <p>Management Metrics:</p> <ul style="list-style-type: none"> <li>• Efforts to reduce exposure through measurement and reduction of carbon emissions associated with raw materials production, product manufacturing, distribution and retail.</li> </ul>
<b>Total carbon emissions</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	For our public market portfolio's ESG quarterly risk reviews, we use MSCI's ESG rating methodology which includes a key issue analysis on carbon emissions. This issue evaluates the extent to which companies may face increased costs linked to carbon pricing or regulatory caps. Scores are based on exposure to GHG-intensive businesses and emerging regulations; carbon reduction targets and mitigation programs; and carbon intensity over time and vs. peers. We also look at carbon emissions for our real estate, and Timber and	Exposure Metrics Management Metrics	<p>Exposure Metrics:</p> <ul style="list-style-type: none"> <li>• Extent to which companies operate in jurisdictions where regulations on carbon emissions are stringent or becoming more stringent;</li> <li>• Extent to which companies' main business activities are carbon-intensive based on economic input-output model estimating total GHG emissions relative to sales</li> </ul> <p>Management Metrics:</p> <ul style="list-style-type: none"> <li>• Efforts to reduce exposure through comprehensive carbon</li> </ul>

		Agriculture portfolios.		policies and implementation mechanisms, including carbon reduction targets, production process improvements, and installation of depollution or emissions capture equipment, and/or switch to cleaner energy sources.
<b>Carbon intensity</b>	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	To measure the carbon intensity of our real estate portfolio and monitor changes year over year.	kgCO2e per square foot per year	In 2018, the metric increased from 5.1 to 5.2 due to an increase in natural gas and steam consumption, and the electricity grid in select regions having greater carbon intensity. These metrics are shared publicly in our Real Estate Sustainability Report.
<b>Exposure to carbon-related assets</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	To model potential future cost of GHG emissions regulation.	Carbon Price Estimate	MSCI ESG Research's climate policy risk modelling quantifies each country's greenhouse gas (GHG) emission reduction targets embedded within national pledges, called Nationally Determined Contributions (NDCs), which are part of the Paris Agreement. Country emission reduction targets are further broken down into sector level targets which are linked up with MSCI ESG Research's production facilities database by assigning sector emission reduction targets to companies' production facilities. This provides insights into the emission reduction requirements for facilities owned and operated by companies globally. Using estimates of future carbon prices under specific policy scenarios, MSCI ESG Research then calculates the costs associated with such emissions reductions targets and computes "Policy Climate Value-at-Risk" metrics for over 22,000 companies.

SG 14.7  
CC

Describe in further detail the key targets.

Targettype	Baseline year	Target year	Description	Attachments
<input type="checkbox"/> Absolute target <input checked="" type="checkbox"/> Intensity target	2018	2019	Our real estate portfolio has an annualized energy intensity target of 2%.	
<input type="checkbox"/> Absolute target <input checked="" type="checkbox"/> Intensity target	2017	2022	Our real estate portfolio has an annualized water use intensity reduction target of 1.5% and 5-year of 7.5%.	
<input type="checkbox"/> Absolute target <input checked="" type="checkbox"/> Intensity target	2017	2022	Our real estate portfolio's goal for average diversion of waste is 65% by 2022.	
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				

**SG 14.8  
CC**

Indicate whether climate-related risks are integrated into overall risk management and explain the risk management processes used for identifying, assessing and managing climate-related risks.

- ☒ Processes for climate-related risks are integrated into overall risk management

Please describe

We consider regulatory developments as part of our approach to integrating climate-related risks into our overall risk management process. For example, we held an extensive internal consultation in order to respond to Canada's Expert Panel on Sustainable Finance, noting among other points, that clear policy signals are needed for investors.

In addition, our public markets' ESG Team partners closely with our investment risk management function and is responsible for the roll out of scenario analysis across our public markets' investment teams. The ESG team incorporates the review and discussion of scenario analysis results into the ongoing ESG risk monitoring program, which occurs at least quarterly with each investment team.

- ☐ Processes for climate-related risks are not integrated into overall risk management

**SG 14.9  
CC**

Indicate whether your organisation, and/or external investment manager or service providers acting on your behalf, undertake active ownership activities to encourage TCFD adoption.

- ☒ Yes

Please describe
-----------------

We seek to identify opportunities for growth among companies that are positioning themselves for industry disruption and the promotion of smoother transition to lower-carbon-emission models. We also support engagement activities through company dialogue and collaborative engagement initiatives, and seek to support proxy items that are intended to mitigate climate risks or support company adaptation to climate change, whether through management proposals or shareholder resolutions.

Manulife IM serves on the Steering Committee of the Climate Action 100+, a five-year initiative led by investors to engage systemically important greenhouse gas emitters and other companies across the global economy that have significant opportunities to drive the clean energy transition and help achieve the goals of the Paris Agreement. Investors are calling on companies to improve governance on climate change, curb emissions and strengthen climate-related financial disclosures. Refer to: <http://www.climateaction100.org/>.

- ☐ No, we do not undertake active ownership activities.
- ☐ No, we do not undertake active ownership activities to encourage TCFD adoption.

SG 15	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
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<b>SG 15.1</b>	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
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☒ Yes

<b>SG 15.2</b>	Indicate the percentage of your total AUM invested in environmental and social themed areas.
----------------	--

	%
--	---

8.3

<b>SG 15.3</b>	Specify which thematic area(s) you invest in, indicate the percentage of your AUM in the particular asset class and provide a brief description.
----------------	--

	Area
--	------

- ☐ Energy efficiency / Clean technology
- ☒ Renewable energy

	Asset class invested
--	----------------------

- ☐ Listed equity
- ☐ Fixed income - SSA
- ☐ Fixed income - Corporate (financial)
- ☐ Fixed income - Corporate (non-financial)
- ☐ Fixed income - Securitised
- ☐ Private equity
- ☐ Property
- ☒ Infrastructure

Percentage of AUM (+/-5%) per asset class invested in the area
--

1

- ☐ Forestry
- ☐ Farmland
- ☐ Other (1)

Brief description and measures of investment
--

We are 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.

- ☒ Green buildings

Asset class invested
----------------------

- ☐ Listed equity
- ☐ Fixed income - SSA
- ☐ Fixed income - Corporate (financial)
- ☐ Fixed income - Corporate (non-financial)
- ☐ Fixed income - Securitised
- ☐ Private equity
- ☒ Property

Percentage of AUM (+/-5%) per asset class invested in the area
--

80

- ☐ Infrastructure
- ☐ Forestry
- ☐ Farmland
- ☐ Other (1)

Brief description and measures of investment
--

We manage climate change through mitigation and adaptation efforts that starts with reducing our GHG emissions, followed by investing in clean technology, including energy storage systems, photovoltaic solar energy and implementing practices that foster adaptation and resilience. Third-party green building certification is a critical component of our sustainability program; depending on the market, we certify to different standards, such as LEED®, BOMA BEST® and ENERGY STAR™ or regional standards best suited to the local market, including CASBEE in Japan, Green Star and NABERS in Australia.

- ☒ Sustainable forestry

Asset class invested
----------------------

- ☐ Listed equity
- ☐ Fixed income - SSA
- ☐ Fixed income - Corporate (financial)
- ☐ Fixed income - Corporate (non-financial)
- ☐ Fixed income - Securitised
- ☐ Private equity
- ☐ Property
- ☐ Infrastructure
- ☒ Forestry

Percentage of AUM (+/-5%) per asset class invested in the area
--

100

- ☐ Farmland
- ☐ Other (1)

Brief description and measures of investment
--

We offer fully integrated, global, sustainable timber investment solutions that capitalize on our size and strong regional relationships to build a risk-efficient portfolio across tree species, age classes, and products.

- ☒ Sustainable agriculture

Asset class invested
----------------------

- ☐ Listed equity
- ☐ Fixed income - SSA
- ☐ Fixed income - Corporate (financial)
- ☐ Fixed income - Corporate (non-financial)
- ☐ Fixed income - Securitised
- ☐ Private equity
- ☐ Property
- ☐ Infrastructure
- ☐ Forestry
- ☒ Farmland

Percentage of AUM (+/-5%) per asset class invested in the area
--

100

- ☐ Other (1)

## Brief description and measures of investment

We offer vertically integrated, sustainable agricultural investment solutions leveraging our strong regional relationships to gain access to a variety of crop types, commodity types, geographies, and operating structures.

- ☐ Microfinance
- ☐ SME financing
- ☐ Social enterprise / community investing
- ☐ Affordable housing
- ☐ Education
- ☐ Global health
- ☐ Water
- ☐ Other area, specify

☐ No

## Asset class implementation not reported in other modules

SG 16	Mandatory	Public	Descriptive	General
SG 16.1	Describe how you address ESG issues for internally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.			



Asset Class	Describe what processes are in place and the outputs or outcomes achieved
Forestry	<p>As steward and investment manager of major timberland holdings throughout the world, and an active member of the communities in which it operates, we recognize the importance of sustainable timberland management. As a timberland manager, we understand the importance of ESG integration for achieving market-rate financial returns.</p> <p>In 2018, our timber and agriculture group conducted a materiality assessment to form its five Sustainability and Responsible Investing themes: Climate Stability, People Empowerment, Ecosystem Resiliency, Watershed Protection, and Community Prosperity. We developed Metrics for each theme and these are measured for reporting annually in our sustainability report.</p> <p>We integrate ESG considerations into our investment processes by adhering to the PRI, Equator Principles, and internal processes to ensure all relevant material ESG factors are addressed in potential acquisitions. We consider ESG in property management through adherence to our internal Stewardship Program. All eligible lands are managed to meet sustainability standards set forth by credible standard-setting organizations that incorporate ESG factors and performance, as verified by independent third-party forest certification bodies (e.g. Sustainable Forestry Initiative®).</p>
Farmland	<p>As a steward and investment manager of major farmland holdings throughout the world, and an active member of the communities in which it operates, we recognize the importance of sustainable farmland management. As a real asset manager of land-based investments, we understand the importance of ESG integration for achieving market-rate financial returns.</p> <p>In 2018, our timber and agriculture group conducted a materiality assessment that led to formation of its five Sustainability and Responsible Investing themes: Climate Stability, People Empowerment, Ecosystem Resiliency, Watershed Protection, and Community Prosperity. Metrics for each theme have been developed and measured for reporting annually in our sustainability report.</p> <p>We integrate ESG considerations into our investment processes by adhering to the PRI, Equator Principles, and internal processes to ensure all relevant material ESG factors are addressed in potential acquisitions. We consider ESG in property management through adherence to our internal Stewardship Program. As part of ongoing efforts to manage clients' assets sustainably, all eligible lands are in the process of being managed to meet the emerging Leading Harvest Farmland Management Standard, which incorporates ESG factors and performance, as verified by independent third-party certification bodies.</p>
Other (1) [as defined in Organisational Overview module]	<p>We incorporate ESG issues into our investment analysis and decision-making processes. To ensure that we do not knowingly finance a property with potential for significant environmental risk, thorough due diligence and analysis are conducted for every loan we make and that includes the following:</p> <ul style="list-style-type: none"> <li>• A Phase I Environmental Site Assessment ('ESA') must be obtained prior to funding a new loan, restructuring an existing loan, renewing a maturing loan, or when foreclosing on a property</li> <li>• A Phase II ESA must be performed if a Phase I ESA reveals suspected contamination</li> <li>• ESAs must be performed by qualified environmental consultants and be compliant with the most current American Society for Testing and Materials (ASTM) or CSA standards, as well as our requirements and reliance language</li> </ul> <p>An environmental indemnity is provided by the loan borrower/sponsor on every loan to indemnify Manulife IM should an environmental concern arise during the loan term.</p>

## Innovation

SG 18	Voluntary	Public	Descriptive	General
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<b>SG 18.1</b>	Indicate whether any specific features of your approach to responsible investment are particularly innovative.
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☒ Yes

<b>SG 18.2</b>	Describe any specific features of your approach to responsible investment that you believe are particularly innovative.
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In our public markets investing Manulife IM has developed an ESG data management process that allows all investment teams to access ESG data directly in their front-office investment tools. This has allowed each investment team to develop ESG analysis for pre-investments and post-investments. Further, we have rolled out a research note function which allows all teams to store their ESG research analysis in the front-office system which is shared globally. To further enhance ESG credit risk assessments, the ESG team has provided an ESG credit risk assessment template to help credit analysts determine ESG risks and compensation requirements, and has also developed an appropriate research template for equities investment teams across our Asian offices.

Further, Manulife IM has developed a quarterly ESG portfolio review process for public markets asset classes (equities and fixed income), which has involved designing a customized template that leverages third party ESG research data for monitoring the ESG profile of individual portfolios against their relevant performance benchmark. This regular ESG review is becoming increasingly embedded in the Investment Risk and Quantitative Analytics team's processes. Through this discussion, the dedicated ESG Integration team of analysts engage with investment managers in thoughtful discussion regarding ESG risks and opportunities inside the portfolio. From this conversation, further integration activities can be developed or enhanced, e.g. identification of potential engagement targets.

Manulife IM has also developed a Sustainable Development Goals Assessment Methodology (SDG Assessment Methodology) that provides a transparent and scalable process for assessing companies' commitments and contributions towards achieving the SDGs, comparing a broad universe of companies against one another, and identifying corporate leaders in a given universe based on the relative strength of their commitments and contributions. The SDG Methodology uses key performance indicators to measure and quantify the degree of SDG alignment of a company by focusing on that company's goals, business revenues, and corporate conduct. A group affiliated company, John Hancock Digital Advice, has leveraged the SDG Assessment Methodology in its Conscious Investing (COIN) platform.

The COIN platform enables retail customers to make their investment decisions in a way that expresses their values and supports the SDGs. We apply the SDG Assessment Methodology to define investment recommendations that are offered to COIN customers. COIN investors can signal through their investments a preference that companies measure and report on the social and environmental impact of their products and services. See: <https://www.investwithcoin.com>

☐ No

## Communication

SG 19	Mandatory	Public	Core Assessed	PRI 2, 6
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<b>SG 19.1</b>	Indicate whether your organisation typically discloses asset class specific information proactively. Select the frequency of the disclosure to clients/beneficiaries and the public, and provide a URL to the public information.
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	Listed equity - Incorporation
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#### Do you disclose?

- ☐ We do not proactively disclose it to the public and/or clients/beneficiaries
- ☐ We disclose to clients/beneficiaries only.
- ☒ We disclose it publicly

#### The information disclosed to clients/beneficiaries is the same

- ☐ Yes
- ☒ No

Disclosure to public and URL	Disclosure to clients/beneficiaries
<div>Disclosure to public and URL</div> <p><input type="radio"/> Broad approach to ESG incorporation</p> <p><input checked="" type="radio"/> Detailed explanation of ESG incorporation strategy used</p>	<div>Disclosure to clients/beneficiaries</div> <p><input type="radio"/> Broad approach to ESG incorporation</p> <p><input checked="" type="radio"/> Detailed explanation of ESG incorporation strategy used</p>
<div>Frequency</div> <p><input type="checkbox"/> Quarterly or more frequently</p> <p><input type="checkbox"/> Biannually</p> <p><input checked="" type="checkbox"/> Annually</p> <p><input type="checkbox"/> Less frequently than annually</p> <p><input type="checkbox"/> Ad-hoc/when requested</p>	<div>Frequency</div> <p><input type="checkbox"/> Quarterly or more frequently</p> <p><input type="checkbox"/> Biannually</p> <p><input type="checkbox"/> Annually</p> <p><input type="checkbox"/> Less frequently than annually</p> <p><input checked="" type="checkbox"/> Ad-hoc/when requested</p>
<div>URL</div> <p><a href="https://www.manulifeim.com/institutional/global/en/sustainability">https://www.manulifeim.com/institutional/global/en/sustainability</a></p>	

#### Listed equity - Engagement

#### Do you disclose?

- ☐ We do not disclose to either clients/beneficiaries or the public.
- ☐ We disclose to clients/beneficiaries only.
- ☒ We disclose to the public

#### The information disclosed to clients/beneficiaries is the same

- ☐ Yes
- ☒ No

Disclosure to public and URL	Disclosure to clients/beneficiaries
<div data-bbox="256 331 1031 398">Disclosure to public and URL</div> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Details on the overall engagement strategy</li> <li><input checked="" type="checkbox"/> Details on the selection of engagement cases and definition of objectives of the selections, priorities and specific goals</li> <li><input checked="" type="checkbox"/> Number of engagements undertaken</li> <li><input checked="" type="checkbox"/> Breakdown of engagements by type/topic</li> <li><input checked="" type="checkbox"/> Breakdown of engagements by region</li> <li><input type="checkbox"/> An assessment of the current status of the progress achieved and outcomes against defined objectives</li> <li><input checked="" type="checkbox"/> Examples of engagement cases</li> <li><input type="checkbox"/> Details on eventual escalation strategy taken after the initial dialogue has been unsuccessful (i.e. filing resolutions, issuing a statement, voting against management, divestment etc.)</li> <li><input type="checkbox"/> Details on whether the provided information has been externally assured</li> <li><input checked="" type="checkbox"/> Outcomes that have been achieved from the engagement</li> <li><input type="checkbox"/> Other information</li> </ul>	<div data-bbox="1056 331 1447 416">Disclosure to clients/beneficiaries</div> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Details on the overall engagement strategy</li> <li><input checked="" type="checkbox"/> Details on the selection of engagement cases and definition of objectives of the selections, priorities and specific goals</li> <li><input checked="" type="checkbox"/> Number of engagements undertaken</li> <li><input type="checkbox"/> Breakdown of engagements by type/topic</li> <li><input type="checkbox"/> Breakdown of engagements by region</li> <li><input type="checkbox"/> An assessment of the current status of the progress achieved and outcomes against defined objectives</li> <li><input checked="" type="checkbox"/> Examples of engagement cases</li> <li><input type="checkbox"/> Details on eventual escalation strategy taken after the initial dialogue has been unsuccessful (i.e. filing resolutions, issuing a statement, voting against management, divestment etc.)</li> <li><input type="checkbox"/> Details on whether the provided information has been externally assured</li> <li><input checked="" type="checkbox"/> Outcomes that have been achieved from the engagement</li> <li><input checked="" type="checkbox"/> Other information</li> </ul> <p>We disclose to clients how engagements have influenced investment decisions</p>
<div data-bbox="256 1525 1031 1592">Frequency</div> <ul style="list-style-type: none"> <li><input type="checkbox"/> Quarterly or more frequently</li> <li><input type="checkbox"/> Biannually</li> <li><input checked="" type="checkbox"/> Annually</li> <li><input type="checkbox"/> Less frequently than annually</li> <li><input type="checkbox"/> Ad-hoc/when requested</li> </ul>	<div data-bbox="1056 1525 1447 1592">Frequency</div> <ul style="list-style-type: none"> <li><input type="checkbox"/> Quarterly or more frequently</li> <li><input type="checkbox"/> Biannually</li> <li><input checked="" type="checkbox"/> Annually</li> <li><input type="checkbox"/> Less frequently than annually</li> <li><input type="checkbox"/> Ad-hoc/when requested</li> </ul>
<div data-bbox="256 1845 1031 1912">URL</div> <p><a href="https://www.manulifeim.com/institutional/global/en/sustainability">https://www.manulifeim.com/institutional/global/en/sustainability</a></p>	

URL
<a href="https://www.manulifeim.com/institutional/global/en/sustainability">https://www.manulifeim.com/institutional/global/en/sustainability</a>

	Listed equity – (Proxy) Voting
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	Do you disclose?
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- ☐ We do not disclose to either clients/beneficiaries or the public.  
☐ We disclose to clients/beneficiaries only.  
☒ We disclose to the public

	The information disclosed to clients/beneficiaries is the same
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- ☐ Yes  
☒ No

Disclosure to public and URL	Disclosure to clients/beneficiaries				
<table border="1" style="background-color: #0070c0; color: white;"> <tr> <td style="width: 20%;"></td> <td>Disclosure to public and URL</td> </tr> </table> <p> <input type="radio"/> Disclose all voting decisions  <input checked="" type="radio"/> Disclose some voting decisions  <input type="radio"/> Only disclose abstentions and votes against management         </p>		Disclosure to public and URL	<table border="1" style="background-color: #0070c0; color: white;"> <tr> <td style="width: 20%;"></td> <td>Disclosure to clients/beneficiaries</td> </tr> </table> <p> <input type="radio"/> Disclose all voting decisions  <input checked="" type="radio"/> Disclose some voting decisions  <input type="radio"/> Only disclose abstentions and votes against management         </p>		Disclosure to clients/beneficiaries
	Disclosure to public and URL				
	Disclosure to clients/beneficiaries				
<table border="1" style="background-color: #0070c0; color: white;"> <tr> <td style="width: 20%;"></td> <td>Frequency</td> </tr> </table> <p> <input type="checkbox"/> Quarterly or more frequently  <input type="checkbox"/> Biannually  <input checked="" type="checkbox"/> Annually  <input type="checkbox"/> Less frequently than annually  <input type="checkbox"/> Ad hoc/when requested         </p>		Frequency	<table border="1" style="background-color: #0070c0; color: white;"> <tr> <td style="width: 20%;"></td> <td>Frequency</td> </tr> </table> <p> <input type="checkbox"/> Quarterly or more frequently  <input type="checkbox"/> Biannually  <input type="checkbox"/> Annually  <input type="checkbox"/> Less frequently than annually  <input checked="" type="checkbox"/> Ad hoc/when requested         </p>		Frequency
	Frequency				
	Frequency				
<table border="1" style="background-color: #0070c0; color: white;"> <tr> <td style="width: 20%;"></td> <td>URL</td> </tr> </table> <p><a href="https://www.manulifeim.com/institutional/global/en/sustainability">https://www.manulifeim.com/institutional/global/en/sustainability</a></p>		URL			
	URL				

	Fixed income
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#### Do you disclose?

- ☐ We do not disclose to either clients/beneficiaries or the public.
- ☐ We disclose to clients/beneficiaries only.
- ☒ We disclose to the public

#### The information disclosed to clients/beneficiaries is the same

- ☐ Yes
- ☒ No

Disclosure to public and URL	Disclosure to clients/beneficiaries
<div>Disclosure to public and URL</div> <p><input type="radio"/> Broad approach to RI incorporation</p> <p><input checked="" type="radio"/> Detailed explanation of RI incorporation strategy used</p>	<div>Disclosure to clients/beneficiaries</div> <p><input type="radio"/> Broad approach to RI incorporation</p> <p><input checked="" type="radio"/> Detailed explanation of RI incorporation strategy used</p>
<div>Frequency</div> <p><input type="checkbox"/> Quarterly</p> <p><input type="checkbox"/> Biannually</p> <p><input checked="" type="checkbox"/> Annually</p> <p><input type="checkbox"/> Less frequently than annually</p> <p><input type="checkbox"/> Ad hoc/when requested</p>	<div>Frequency</div> <p><input type="checkbox"/> Quarterly</p> <p><input type="checkbox"/> Biannually</p> <p><input checked="" type="checkbox"/> Annually</p> <p><input type="checkbox"/> Less frequently than annually</p> <p><input type="checkbox"/> Ad hoc/when requested</p>
<div>URL</div> <p><a href="https://www.manulifeim.com/institutional/global/en/sustainability">https://www.manulifeim.com/institutional/global/en/sustainability</a></p>	

#### Private equity

#### Do you disclose?

- ☐ We do not disclose to either clients/beneficiaries or the public.
- ☒ We disclose to clients/beneficiaries only.
- ☐ We disclose to the public

	<b>Disclosure to clients/beneficiaries</b>
	<div>Disclosure to clients/beneficiaries</div> <div> <input type="checkbox"/> ESG information in relationship to our pre-investment activities  <input type="checkbox"/> ESG information in relationship to our post-investment monitoring and ownership activities  <input checked="" type="checkbox"/> Information on our portfolio companies' ESG performance  <input type="checkbox"/> Other </div>
	<div>Frequency</div> <div> <input type="checkbox"/> Quarterly or more frequently  <input type="checkbox"/> Biannually  <input type="checkbox"/> Annually  <input type="checkbox"/> Less frequently than annually  <input checked="" type="checkbox"/> Ad-hoc/when requested </div>

Property

Do you disclose?

- ☐ We do not disclose to either clients/beneficiaries or the public.  
☐ We disclose to clients/beneficiaries only.  
☒ We disclose to the public

The information disclosed to clients/beneficiaries is the same

- ☒ Yes  
☐ No

<b>Disclosure to public and URL</b>	
	<div>Disclosure to public and URL</div> <input checked="" type="checkbox"/> ESG information on how you select property investments <input checked="" type="checkbox"/> ESG information on how you monitor and manage property investments <input checked="" type="checkbox"/> Information on your property investments' ESG performance <input type="checkbox"/> Other
	<div>Frequency</div> <input type="checkbox"/> Quarterly or more frequently <input type="checkbox"/> Biannually <input checked="" type="checkbox"/> Annually <input type="checkbox"/> Less frequently than annually <input type="checkbox"/> Ad-hoc/when requested
	<div>URL</div> <a href="https://manuliferealestate.com/sites/default/files/downloads/2019-real-estate-sustainability-report.pdf">https://manuliferealestate.com/sites/default/files/downloads/2019-real-estate-sustainability-report.pdf</a>

Infrastructure

Do you disclose?

- ☐ We do not disclose to either clients/beneficiaries or the public.  
☒ We disclose to clients/beneficiaries only.  
☐ We disclose to the public



	<b>Disclosure to clients/beneficiaries</b>
	<div>Disclosure to clients/beneficiaries</div> <input checked="" type="checkbox"/> ESG information on how you select infrastructure investments <input checked="" type="checkbox"/> ESG information on how you monitor and manage infrastructure investments <input type="checkbox"/> Information on your infrastructure investments' ESG performance
	<div>Frequency</div> <input type="checkbox"/> Quarterly or more frequently <input type="checkbox"/> Biannually <input type="checkbox"/> Annually <input type="checkbox"/> Less frequently than annually <input checked="" type="checkbox"/> Ad-hoc/when requested

# Manulife Investment Management

## Reported Information

### Public version

#### Direct - Listed Equity Incorporation

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## ESG incorporation in actively managed listed equities

### Implementation processes

LEI 01	Mandatory	Public	Gateway	PRI 1
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#### LEI 01.1

Indicate which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities; and the breakdown of your actively managed listed equities by strategy or combination of strategies.

#### ESG incorporation strategy (select all that apply)

- ☐ Screening alone (i.e., not combined with any other strategies)
- ☐ Thematic alone (i.e., not combined with any other strategies)
- ☐ Integration alone (i.e., not combined with any other strategies)
- ☒ Screening and integration strategies

Percentage of active listed equity to which the strategy is applied — you may estimate +/- 5%	<div> <div></div> <div>%</div> </div> <div>100</div>
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- ☐ Thematic and integration strategies
- ☐ Screening and thematic strategies
- ☐ All three strategies combined
- ☐ We do not apply incorporation strategies

#### Total actively managed listed equities

100%

#### LEI 01.2

Describe your organisation's approach to ESG incorporation and the reasons for choosing the particular strategy/strategies.

#### Our Approach to ESG Integration:

Manulife Investment Management (Manulife IM) believes that Environmental, Social and Governance (ESG) factors can contribute to the overall profile of an investment, and that strong management of ESG risks and opportunities can support long-term sustainable returns. We are committed to integrating ESG analysis into our existing fundamental research processes and see ESG as a natural complement to our strengths as a boutique active investment manager. As our investment teams operate in a boutique environment, each team bears the ultimate responsibility for the evaluation of ESG factors throughout the due-diligence and decision-making processes in the pursuit of risk-adjusted returns and capital preservation. Our ESG Research and Integration Team (ESG Team) supports investment analysts and portfolio managers to better identify relevant ESG factors in making investment decisions, and to identify investee companies suitable for our ESG engagement program.

We provide our investment teams with access to specialized ESG research, training, data and proxy research analysis. Our dedicated ESG analysts partner with investment teams to review ESG risks and opportunities and to engage with issuer management teams where appropriate.

During periodic ESG portfolio reviews, the ESG Team assesses investment management teams on the depth of their ESG integration by evaluating:

- Knowledge of ESG issues relevant to portfolio names;
- Rationale for holding portfolio companies with low ESG ratings;
- Examples of investment decisions influenced by ESG factors; and
- Engagements with companies on ESG risks or opportunities

In addition, ESG factors are monitored at the portfolio level and ESG data is provided in a daily risk report circulated firm-wide. The risk report helps both portfolio managers and the CEO/CIO identify potential ESG exposures, and highlights investments with the worst ESG ratings. This report also helps identify the issuers that require additional due diligence.

#### **Our Approach to Screening:**

Manulife IM applies an exclusionary screen for manufacturers of cluster munitions. Manulife Financial Corporation, Manulife IM's parent company, has a Cluster Munitions Policy that prohibits Manulife IM from knowingly making direct investments in companies that manufacture cluster munitions where Manulife IM has discretion to do so. This policy applies to Manulife's policyholder funds and the third-party client funds of Manulife IM. This policy does not apply to investments where we do not have investment discretion, such as index investments, unaffiliated fund mandates and client-directed managed accounts. Manulife IM uses an independent third-party to maintain an exclusion list of companies that manufacture cluster munitions. The exclusion list is updated annually, if not more frequently, and automatically flows into our internal trading system to prevent trades on the securities of flagged companies.

Manulife IM also manages funds that screen based on Shariah requirements. One fund, for example, defines its universe of potential securities using an index that holds Shariah-compliant firms identified by the Shariah Advisory Council of the Securities Commission of Malaysia (SACBNM). During index rebalancing periods, our Investment Compliance Team works closely with the portfolio manager to divest where required. Beyond the Shariah-compliant universe screening for these strategies, we apply our standard research-driven, materiality-focused ESG integration approach to the security selection and portfolio construction process.

Manulife IM also manages separate accounts with specific values-based or compliance-driven screening criteria and we have worked with some of our clients to implement such screening requirements. For example, we currently manage separate institutional account portfolios with client-driven screening criteria including ex-tobacco and fossil fuel-free, among others.

Where the client includes socially responsible investing considerations or screening requirements in their investment guidelines or mandate, Manulife IM will evaluate their parameters and determine if we are able to offer a version of the strategy customized to those guidelines.

**LEI 01.3**

If assets are managed using a combination of ESG incorporation strategies, briefly describe how these combinations are used. [Optional]

See above response to LEI 01.2

LEI 02	Voluntary	Public	Additional Assessed	PRI 1
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**LEI 02.1**

Indicate what ESG information you use in your ESG incorporation strategies and who provides this information.

#### **Type of ESG information**

☒ Raw ESG company data

#### **Indicate who provides this information**

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☒ Company-related analysis or ratings

**Indicate who provides this information**

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☒ Sector-related analysis or ratings

**Indicate who provides this information**

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☒ Country-related analysis or ratings

**Indicate who provides this information**

- ☒ ESG research provider
- ☒ Sell-side
- ☐ In-house – specialised ESG analyst or team
- ☐ In-house – analyst or portfolio manager
- ☒ Screened stock list

**Indicate who provides this information**

- ☒ ESG research provider
- ☒ Sell-side
- ☐ In-house – specialised ESG analyst or team
- ☐ In-house – analyst or portfolio manager
- ☒ ESG issue-specific analysis or ratings

**Indicate who provides this information**

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☐ Other, specify

<b>LEI 02.2</b>	Indicate whether you incentivise brokers to provide ESG research.
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☒ Yes

<b>LEI 02.3</b>	Describe how you incentivise brokers.
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There are various ways that Manulife Investment Management influences sell-side ESG research. For example, we identify ESG issues for which we would like to see continued, or enhanced, ESG research and encourage brokers and other investment research providers to undertake this work. In 2019, we engaged with a small/mid-cap broker urging it to adopt an ESG research capability in order to add fuller value to us as a client. We engaged with another small/mid-cap broker and encouraged it to provide an ESG panel at its conference.

Finally, we often invite sell-side ESG research analysts to meet with our ESG and investment staff as part of our ongoing training program. Our meetings may influence the provision of ESG sell-side research.

☐ No

<b>LEI 03</b>	<b>Voluntary</b>	<b>Public</b>	<b>Additional Assessed</b>	<b>PRI 1</b>
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<b>LEI 03.1</b>	Indicate whether your organisation has a process through which information derived from ESG engagement and/or (proxy) voting activities is made available for use in investment decision-making.
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☒ Engagement

- ☒ We have a systematic process to ensure the information is made available.
- ☐ We occasionally make this information available.
- ☐ We do not make this information available.

☒ (Proxy) voting

- ☒ We have a systematic process to ensure the information is made available.
- ☐ We occasionally make this information available.
- ☐ We do not make this information available.

<b>LEI 03.2</b>	Additional information. [Optional]
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Consistent with our ESG policy, Manulife IM views engagement on material ESG factors as a tool to enhance the long-term shareholder value delivered by investee companies. The investment teams and The ESG Research and Integration Team (ESG Team) maintain an engagement record and engagement notes are available to all investment teams globally through a shared research platform.

Portfolio managers receive proxy voting research and advice prior to company shareholder meetings. This information includes reports and voting recommendations from an independent third-party proxy research provider. The investment teams seek to vote proxies in the best economic interests of our clients for whom the firm has proxy voting authority and responsibility. Due to limitations of the voting infrastructure in certain markets like Vietnam and Indonesia Manulife IM does not use the third-party proxy voting research provider in those markets.

## (A) Implementation: Screening

<b>LEI 04</b>	<b>Mandatory</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 1</b>
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**LEI 04.1**

Indicate and describe the type of screening you apply to your internally managed active listed equities.

**Type of screening**

☒ Negative/exclusionary screening

**Screened by**

- ☒ Product
- ☒ Activity
- ☒ Sector
- ☒ Country/geographic region
- ☒ Environmental and social practices and performance
- ☐ Corporate governance

**Description**

Manulife IM manages funds which have negative screening components, such as our Shariah-Compliant Funds.

Our exclusions based on other business activities (e.g. tobacco production, fossil fuel-based business activities, cryptocurrency assets) are specific to certain client accounts and mandates at the request of those clients.

Our policy to exclude firms associated with cluster munitions applies group-wide (i.e. also applies to asset management activities of the corporate parent of Manulife IM).

☐ Positive/best-in-class screening

☐ Norms-based screening

**LEI 04.2**

Describe how you notify clients and/or beneficiaries when changes are made to your screening criteria.

Manulife IM manages funds which have negative screening components, such as our Shariah-Compliant Funds. Manulife IM provides ongoing communications to clients through updated fund documentation including prospectuses. These reports include information regarding any changes in screening criteria.

Our exclusions based on other business activities (e.g. tobacco production, fossil fuel-based business activities, cryptocurrency assets) are specific to certain client accounts and mandates at the request of those clients. Adjustments to these criteria are done in extensive consultation with clients as needed from time-to-time.

Our policy to exclude firms associated with cluster munitions applies group-wide (i.e. also applies to asset management activities of the corporate parent of Manulife IM). The rationale for introducing this exclusion and the transition process for affected portfolios was extensively communicated to clients when introduced in 2016.

Manulife IM has also developed the capability to screen companies based on positive factors. Manulife IM recently collaborated with our group affiliate company, John Hancock Personal Financial Services (JHPFS), to support their Conscious Investing, or COIN, platform. Manulife IM developed a Sustainable Development Goals Assessment Methodology (SDG Assessment Methodology) that uses key performance indicators to measure and quantify a company's SDG alignment by focusing on that firm's goals, business revenues and corporate conduct. The COIN platform uses the SDG Methodology to allow JHPFS clients to customize their investments in alignment with specific SDG-related themes.

**LEI 05****Mandatory****Public****Core Assessed****PRI 1**

**LEI 05.1**

Indicate which processes your organisation uses to ensure ESG screening is based on robust analysis.

- ☐ Comprehensive ESG research is undertaken or sourced to determine companies' activities and products.
- ☒ Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies.
- ☐ External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar.
- ☒ Third-party ESG ratings are updated regularly to ensure that portfolio holdings comply with fund policies.
- ☒ Trading platforms blocking / restricting flagged securities on the black list.
- ☒ A committee, body or similar with representatives independent of the individuals who conduct company research reviews some or all screening decisions.
- ☐ A periodic review of internal research is carried out.
- ☒ Review and evaluation of external research providers.
- ☒ Other; specify  
The investment team researches companies for inclusion in funds but can only purchase shares once externally approved.
- ☐ None of the above

**LEI 05.3**

Indicate how frequently third party ESG ratings are updated for screening purposes.

- ☒ Quarterly or more frequently
- ☐ Bi-Annually
- ☐ Annually
- ☐ Less frequently than annually

**LEI 05.5**

Additional information. [Optional]

Manulife IM manages separate accounts with specific values-based or compliance-driven screening criteria and works with clients to implement their screening requirements (such as screening on tobacco, fossil fuels, crypto currencies and so on). For specific account restrictions, the Investment Compliance Team codes the account into our trading system in accordance with the investment restrictions and guidelines (which may also include a third-party sourced list). The trading system will then automatically flag trades that are entered into the system which potentially breach those restrictions/guidelines.

For Manulife IM's Shariah-Compliant funds, reference for investments is based on a list of Shariah-compliant securities which have been classified as Shariah-compliant by the Shariah Advisory Council of Securities Commission Malaysia (SACBNM). The investment team does track stocks which are not classified as Shariah-compliant for consideration as potential future non-benchmark holdings. The investment team must undertake a formal approval process before purchasing any such securities. Manulife IM's Shariah Adviser, the Islamic Banking and Finance Institute Malaysia (IBFIM) reviews the instruments and opines as to whether these instruments are designated as Shariah-compliant. IBFIM reviews the funds' investments on a monthly basis to ensure Shariah compliance at all times. Beyond the Shariah-compliant universe screening for these strategies, we apply our standard research-driven, materiality-focused ESG integration approach to the security selection and portfolio construction process.

Manulife IM's parent company, Manulife Financial Corporation, has a firmwide cluster munitions policy that applies to Manulife IM investments. Manulife IM uses an independent third-party to maintain an exclusion list of companies that manufacture cluster munitions. The exclusion list automatically flows into our internal trading system to prevent trades on the securities of flagged companies. Trades are automatically blocked once coded into the system.

**LEI 06****Voluntary****Public****Additional Assessed****PRI 1**



**LEI 06.1**

Indicate which processes your organisation uses to ensure fund criteria are not breached.

- ☒ Systematic checks are performed to ensure that stocks meet the fund's screening criteria
- ☒ Automated IT systems prevent investment managers from investing in excluded stocks or those that do not meet positive screening criteria
- ☐ Audits of fund holdings are undertaken regularly by internal audit function
- ☒ Periodic auditing/checking of the organisations RI funds by external party
- ☒ Other; specify  
Investment teams review portfolio holdings to ensure screening compliance and submit for external review.
- ☐ None of the above

**LEI 06.2**

If breaches of fund screening criteria are identified, describe the process followed to correct those breaches.




For our group-wide Cluster Munitions Policy, our internal trading systems are automatically blocked from any trades in these restricted securities. A breach should not generally occur given the automation rule. In the unlikely event that a trade executes on a restricted name, the rule functionality and workflow would stop the trade and notify the local compliance officer. The compliance officer would then review the alert note and trade details and review the matter with the Investment Compliance Team. Situations may occur where the rule does not function as it should. This can happen if, for example, there is a system outage. In these situations, the Investment Compliance Team works with the investment team to resolve the breach.

For specific account restrictions, the Investment Compliance Team will code the account on our trading system in accordance with the client's investment restrictions and guidelines. Alerts are generated if trades are entered into the system which potentially breach those restrictions and guidelines. The investment team must then liaise with the Investment Compliance Team to resolve any breaches.

For our Shariah-compliant Funds, the investment team does have the ability to add securities that are screened outside of the official Shariah-compliant list described under LEI 05.5. The investment team undertakes a formal approval process before purchasing any such securities. Manulife IM's Shariah Adviser, the Islamic Banking and Finance Institute Malaysia (IBFIM), reviews the instruments and opines as to whether these instruments are Shariah-compliant. The IBFIM reviews the Shariah-compliant portfolios monthly to ensure continued compliance and that any potential breaches are addressed during this review. From time-to-time, new stocks are added or deleted from this list and the funds adjust holdings accordingly.

**(C) Implementation: Integration of ESG factors****LEI 08****Mandatory****Public****Core Assessed****PRI 1****LEI 08.1**

Indicate the proportion of actively managed listed equity portfolios where E, S and G factors are systematically researched as part of your investment analysis.

ESG issues	Proportion impacted by analysis
Environmental	 <p> <input type="radio"/> &lt;10%  <input type="radio"/> 10-50%  <input checked="" type="radio"/> 51-90%  <input type="radio"/> &gt;90% </p>
Social	 <p> <input type="radio"/> &lt;10%  <input type="radio"/> 10-50%  <input checked="" type="radio"/> 51-90%  <input type="radio"/> &gt;90% </p>
Corporate Governance	 <p> <input type="radio"/> &lt;10%  <input type="radio"/> 10-50%  <input type="radio"/> 51-90%  <input checked="" type="radio"/> &gt;90% </p>

#### LEI 08.2 Additional information. [Optional]

Manulife Investment Management views ESG factors from the standpoint of risk and opportunity. ESG analysis is integrated into both equity and fixed income analysis in three broad stages of the investment process:

**ESG Due Diligence:** Investment teams consider ESG factors which may be material to their investment thesis during initial and ongoing due diligence. They leverage third-party ESG research and the expertise of our internal ESG Team through this process.

**ESG Risk Monitoring:** ESG data is leveraged in daily and periodic risk processes, including:

- Daily reports highlighting positions with low ESG scores; and
- Periodic meetings between the investment teams and ESG analysts to discuss portfolio-level ESG exposures or company-level ESG issues

**Active Ownership:** Through the above processes we identify companies as targets for engagement. The investment team or the ESG team may initiate engagement with an issuer. Engagement gives the investment team insight into the quality of ESG management and performance. We use a milestone system to track company responses to engagement over time. Regarding equities, engagement may also inform the investment team's approach to proxy voting decisions.

Our processes seek to ensure robust screening based on ESG factors and encourages issuer transparency regarding management of ESG risks and opportunities.

LEI 09	Mandatory	Public	Core Assessed	PRI 1
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#### LEI 09.1

Indicate which processes your organisation uses to ensure ESG integration is based on robust analysis.

- ☒ Comprehensive ESG research is undertaken or sourced to determine companies' activities and products
- ☒ Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- ☒ Third-party ESG ratings are updated regularly
- ☒ A periodic review of the internal research is carried out
- ☒ Structured, regular ESG specific meetings between responsible investment staff and the fund manager or within the investments team
- ☒ ESG risk profile of a portfolio against benchmark
- ☒ Analysis of the impact of ESG factors on investment risk and return performance
- ☒ Other; specify  
Industry-specific ESG training is provided and meetings with our global CIO and equities CIO include reporting on investment team's use of ESG analysis.
- ☐ None of the above

#### LEI 09.2

Indicate the proportion of your actively managed listed equity portfolio that is subject to comprehensive ESG research as part your integration strategy.

- ☐ <10%
- ☐ 10-50%
- ☒ 51-90%
- ☐ >90%

#### LEI 09.3

Indicate how frequently third party ESG ratings that inform your ESG integration strategy are updated.

- ☒ Quarterly or more frequently
- ☐ Bi-Annually
- ☐ Annually
- ☐ Less frequently than annually

#### LEI 09.4

Indicate how frequently you review internal research that builds your ESG integration strategy.

- ☐ Quarterly or more frequently
- ☐ Bi-Annually
- ☒ Annually
- ☐ Less frequently than annually

**LEI 09.5**

Describe how ESG information is held and used by your portfolio managers.

- ☒ ESG information is held within centralised databases or tools, and it is accessible by all relevant staff
- ☒ ESG information or analysis is a standard section or aspect of all company research notes or industry/sector analysis generated by investment staff
- ☒ Systematic records are kept that capture how ESG information and research were incorporated into investment decisions
- ☒ Other; specify

ESG information is also distributed via risk reports and ad-hoc emails from the ESG Research and Integration Team.

- ☐ None of the above

**LEI 09.6**

Additional information. [Optional]

Manulife IM operates in a boutique investment environment. Investment teams may, therefore, systematically include ESG information or analysis as a standard aspect of company research notes each team generates. The degree of implementation varies across investment teams.

We have a global research platform where we systematically share research and engagement notes, including information on ESG risks and opportunities. As a result of this initiative, our investment teams have accelerated their systematic integration of ESG factors into the investment process.

We have also developed a proprietary rating system that scores our investment professionals on the integration of ESG factors into their investment process. Our goal is to have all investment professionals at the top rating by the end of 2021.

**LEI 10****Mandatory to Report Voluntary to Disclose****Public****Core Assessed****PRI 1**

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**LEI 10.1**

Indicate which aspects of investment analysis you integrate material ESG information into.

- ☐ Economic analysis
- ☒ Industry analysis

Proportion of actively managed listed equity exposed to investment analysis

- ☐ <10%
- ☐ 10-50%
- ☒ 51-90%
- ☐ >90%
- ☒ Quality of management

Proportion of actively managed listed equity exposed to investment analysis

- ☐ <10%
- ☐ 10-50%
- ☐ 51-90%
- ☒ >90%

☒ Analysis of company strategy

Proportion of actively managed listed equity exposed to investment analysis

- ☐ <10%
- ☐ 10-50%
- ☒ 51-90%
- ☐ >90%

☒ Portfolio weighting

Proportion of actively managed listed equity exposed to investment analysis

- ☒ <10%
- ☐ 10-50%
- ☐ 51-90%
- ☐ >90%

☒ Security sensitivity and/or scenario analysis

Proportion of actively managed listed equity exposed to investment analysis

- ☐ <10%
- ☐ 10-50%
- ☒ 51-90%
- ☐ >90%

☒ Fair value/fundamental analysis

Proportion of actively managed listed equity exposed to investment analysis

- ☐ <10%
- ☒ 10-50%
- ☐ 51-90%
- ☐ >90%

☐ Other; specify

**LEI 10.2**

Indicate which methods are part of your process to integrate ESG information into fair value/fundamental analysis.

- ☒ Adjustments to forecasted company financials (sales, operating costs, earnings, cash flows)
- ☐ Adjustments to valuation-model variables (discount rates, terminal value, perpetuity growth rates)
- ☐ Valuation multiples
- ☒ Other adjustments; specify

We have investment teams that will adjust their proprietary investment model based on an assessment of management quality through the lens of executive compensation.

**LEI 10.3**

Describe how you integrate ESG information into portfolio weighting.

Investment teams may decide to invest, or divest, certain holdings based on an ESG risk or opportunity.

**LEI 10.4**

Describe the methods you have used to adjust the income forecast/valuation tool.

Our investment teams have flexibility to determine the methods of ESG integration that work best for their investments. There is not a firm-wide approach and, therefore, the following examples are illustrative of some methods the investment teams might apply to integrate ESG.

Generally, investment teams have modelled costs associated with changing or new regulations, required rehabilitation of physical sites used in operations (e.g. tailings dams), or implementation of an emissions trading scheme. In each of these instances, compliance increases costs, reduces cash flow and results in a lower intrinsic value.

This past year, some investment teams adjusted their expected return models to account for direct costs (carbon pricing) and indirect costs (reduced demand) for oil & gas companies. Their work significantly increased the potential downside of an investment in oil & gas firms.

Other teams used known, or perceived, ESG risks to identify potential investment opportunities where those risks may be overstated by the market. This work can involve significant research into company filings and policies, review of third-party research and certifications, and engagement with company management to assess the risk that is potentially causing a firm to trade at a discount.

**LEI 10.5**

Describe how you apply sensitivity and /or scenario analysis to security valuations.

At a high-level, our investment teams are using carbon-risk data to flag the level of climate risk exposure an individual issuer may have. Our analysts may also consider a range of potential risk outcomes when developing their investment theses. In 2019, for example, several teams built carbon pricing into their models for carbon intensive firms. This included an estimate of the cost of carbon per barrel of oil in oil & gas firm models. In another instance, an investment team modelled the worst-case cost scenario for a European cement manufacturer should the EU move forward with the most stringent regulation of carbon emissions proposed.

## ESG incorporation in passively managed listed equities

LEI 11	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
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<b>LEI 11.1</b>	Indicate if you manage passive listed equity funds that incorporate ESG factors in the index construction methodology.
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- ☐ Yes  
☒ No

<b>LEI 11.4</b>	Additional information. [Optional]
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The index portfolios managed by Manulife Investment Management do not have any active positioning and currently no ESG tilt or construction criteria.

## Outputs and outcomes

<b>LEI 12</b>	<b>Voluntary</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 1</b>
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<b>LEI 12.1</b>	Indicate how your ESG incorporation strategies have influenced the composition of your portfolio(s) or investment universe.
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- ☐ Screening  
☒ Integration of ESG factors

Select which of these effects followed your ESG integration.

- ☐ Reduce or prioritise the investment universe  
☒ Overweight/underweight at sector level  
☒ Overweight/underweight at stock level  
☒ Buy/sell decisions  
☒ Engagement / Voting  
☒ Other; specify

Review of, and engagement with, other companies in the same or analogous industries.

- ☐ None of the above

<b>LEI 12.2</b>	Additional information.[Optional]
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Manulife IM primarily views ESG factors from the standpoint of risk and opportunity. Our boutique investment environment empowers each team to make decisions in line with its investment philosophy and clients' objectives. Each team is directly responsible for integrating ESG information into its portfolio management process. The degree to which an ESG incorporation strategy may influence the composition of the portfolio or investment universe will vary from team to team. Broadly, each team has a distinct investment process and the consideration of ESG factors compliments its existing process. For some teams integration may involve pricing certain ESG risks as costs in a discounted cash flow model. Other teams may extensively review an ESG risk or opportunity to determine whether the market has overstated that ESG factor. All teams, however, have access to a range of resources to support ESG integration including company reports, third-party ESG research reports, Carbon Disclosure Project data, Bloomberg access, Sustainable Accounting Standards Board (SASB) tools and data, internal training and an internal dedicated ESG Research and Integration Team. This mix of ESG information continuously influences the investment process and, thereby, the composition of the portfolios whether directly, or indirectly.

<b>LEI 13</b>	<b>Voluntary</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 1</b>
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LEI 13.1

Provide examples of ESG factors that affected your investment view and/or performance during the reporting year.

☒ ESG factor 1

ESG factor and explanation
<p><b>ESG Issue:</b> Executive Compensation</p> <p><b>Explanation:</b> Our financials team engaged extensively with firms on executive compensation in 2019. Many U.S. banks had significant increases in profitability in 2018 after the passage of the Tax Cuts and Jobs Act and this led to maximum payouts under the executive compensation plans for these firms. Our team generally felt that executives should not be rewarded for a one-time boost to profits due to factors outside of the control of management, particularly in cases where the firm seemingly underperformed otherwise.</p> <p>This team engaged with one particular bank where executives received the maximum payout possible under the executive compensation scheme though its pre-tax fundamental performance was lagging. The firm acknowledged the analysis but refused to make any changes to the payout.</p>
<p>ESG incorporation strategy applied</p> <p>Integration</p> <p><input type="checkbox"/> Screening</p> <p><input checked="" type="checkbox"/> Integration</p>
<p>Impact on investment decision or performance</p> <p>Based on the firm's poor defense of its practices, its unwillingness to make a change, and the misalignment between executive and shareholder interests embedded in the executive compensation plan, the investment team decided to vote against the proposal on executive compensation at the company's annual meeting. The engagement and the governance risk were significant factors in the decision to exit the position in that firm.</p>

☒ ESG factor 2



	ESG factor and explanation
<p><b>ESG Issue:</b> Carbon Risk</p> <p><b>Explanation:</b> Our Global Equity Team reviewed a firm in 2019 that is a European heavy producer of carbon emissions primarily due to its cement manufacturing business. The firm was attractive in part, however, because it offers climate-friendly building materials such as lower carbon cements, warm-mix asphalt and recycled aggregates. The firm also aligned with Sustainable Development Goal #9 given its focus on building resilient and sustainable infrastructure. The firm was a founding member of an industry association dedicated to the carbon transition and committed a significant amount of current expenditures to emissions reduction.</p> <p>The investment team set out to model a scenario where credits were no longer available to offset emissions and the company would have to absorb the full cost of carbon. The model was based on the current EU carbon allowance and demonstrated that even in a worst-case scenario where the firm must pay the full price for emissions, the firm remains a top performer in its industry.</p>	
	ESG incorporation strategy applied
<p>Integration</p> <p><input type="checkbox"/> Screening</p> <p><input checked="" type="checkbox"/> Integration</p>	
	Impact on investment decision or performance
<p>Based on the carbon modelling and the qualitative review of carbon risk management the firm is a significant position in the portfolio.</p>	

☒ ESG factor 3

	ESG factor and explanation
<p><b>ESG Issue:</b> Human Capital Management and Supply Chain Risk</p> <p><b>Explanation:</b> Our Core Value Team identified a European consumer product and retail company as a competitively advantaged global business with a history of high and consistent returns on invested capital. The firm's retail operation is the primary growth driver for the company and the firm is one of the leaders in the fast fashion industry. Most recently, however, the retail assets have been under-earning with a sizeable decline in revenues per store.</p> <p>The team attributed this decline, in part, to fast fashion's association with worker exploitation and poor working conditions. The investment team collaborated with the internal ESG Research and Integration Team to identify these risks and analyze internal policies, procedures and firm record related to these risks. After review, the investment team determined that the issuer was a leader in areas including worker engagement, worker training and safety advancements. The team also engaged with management and developed a belief that management can change the perception of the company with the consumer base.</p>	
	ESG incorporation strategy applied
<p>Integration</p> <p><input type="checkbox"/> Screening</p> <p><input checked="" type="checkbox"/> Integration</p>	
	Impact on investment decision or performance
<p>Based on the review of ESG risk management at the firm, engagement with company representatives, and the firm's strong operational competitive advantage, the team acquired shares for the portfolio.</p>	

☒ ESG factor 4

	ESG factor and explanation
<p><b>ESG Issue:</b> Corporate Governance</p> <p><b>Explanation:</b> Management at Indian banks must be approved by the Reserve Bank of India (RBI). Manulife IM investment teams monitor this approval process as part of their due diligence of their holdings and/or potential investment opportunities.</p> <p>Last year, for example, one of our investment teams noted a delay by the regulator in the renewal of the CEO mandate at a particular bank. The team also identified accounting irregularities in the reported financials, and this, combined with the management renewal delay, led the investment team to exit their position in this firm.</p>	
	ESG incorporation strategy applied
<p>Integration</p> <p><input type="checkbox"/> Screening</p> <p><input checked="" type="checkbox"/> Integration</p>	
	Impact on investment decision or performance
<p>It was later announced that the CEO for this bank was required to step down from his position as the bank was found to be under-reporting non-performing assets. The bank was also fined by the regulator and the equity price fell significantly. The Manulife IM team avoided this loss in value by reading a strong governance signal correctly and exiting the position.</p>	

☒ ESG factor 5

	ESG factor and explanation
<p><b>ESG Issue:</b> Pollution</p> <p><b>Explanation:</b> The 'Beautiful China' initiative began 2016 and 2017 as a government campaign to address significant pollution in the country. Amid increasing regulation of steel production under this initiative, steel manufacturers are shifting toward using electric arc furnaces which, in turn, require graphite electrodes to operate.</p> <p>After researching the regulatory momentum in China and studying the downstream impacts, several Manulife IM analysts identified major firms in India that manufacture graphite electrodes and chose to invest. The increased demand for these products in China caused a shortage to develop and increased the value of the manufacturing firms. Moreover, these firms were not covered by more mainstream ESG ratings and research providers which may result in exclusion from passive indices and thematic funds.</p>	
	ESG incorporation strategy applied
<p>Integration</p> <p><input type="checkbox"/> Screening</p> <p><input checked="" type="checkbox"/> Integration</p>	
	Impact on investment decision or performance
<p>Our investment team's in-house analysis into the downstream impacts of environmental regulation in China led them to a significant opportunity to buy into manufacturers in India that were not widely covered.</p>	

# Manulife Investment Management

## Reported Information

### Public version

#### Direct - Listed Equity Active Ownership

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Overview

LEA 01	Mandatory	Public	Core Assessed	PRI 2
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

### LEA 01.1

Indicate whether your organisation has an active ownership policy (includes engagement and/or voting).

☒ Yes

### LEA 01.2

Attach or provide a URL to your active ownership policy.

☐ Attachment provided:

☒ URL provided:

URL

<https://www.manulifeim.com/institutional/global/en/sustainability>

### LEA 01.3

Indicate what your active engagement policy covers:

#### General approach to Active Ownership

- ☒ Conflicts of interest
- ☒ Alignment with national stewardship code requirements
- ☒ Assets/funds covered by active ownership policy
- ☒ Expectations and objectives
- ☒ Engagement approach

#### Engagement

- ☒ ESG issues
- ☒ Prioritisation of engagement
- ☒ Methods of engagement
- ☒ Transparency of engagement activities
- ☒ Due diligence and monitoring process
- ☒ Insider information
- ☒ Escalation strategies
- ☐ Service Provider specific criteria
- ☐ Other; (specify)
- ☒ (Proxy) voting approach

## Voting

- ☒ ESG issues
  - ☒ Prioritisation and scope of voting activities
  - ☒ Methods of voting
  - ☒ Transparency of voting activities
  - ☒ Regional voting practice approaches
  - ☒ Filing or co-filing resolutions
  - ☐ Company dialogue pre/post-vote
  - ☒ Decision-making processes
  - ☒ Securities lending processes
  - ☐ Other; (specify)
  - ☐ Other
  - ☐ None of the above
- ☐ No

### LEA 01.4

Do you outsource any of your active ownership activities to service providers?

- ☒ Yes

### LEA 01.5

Where active ownership activities are conducted by service providers, indicate whether your active ownership policy covers any of the following:

- ☒ Outline of service provider's role in implementing your organisation's active ownership policy
- ☒ Description of considerations included in service provider selection and agreements
- ☐ Identification of key ESG frameworks which service providers must follow
- ☒ Outline of information sharing requirements of service providers
- ☒ Description of service provider monitoring processes
- ☒ Other; (specify)

**Conflicts of interest**

- ☐ None of the above

- ☐ No

### LEA 01.6

Additional information [optional]

Active ownership is a core component of Manulife Investment Management's (Manulife IM's) sustainable investment strategy. Manulife IM considers both issuer engagement and, in the case of equity ownership, proxy voting as fundamental components of the investment research and due diligence processes. Engagement and proxy voting are valuable mechanisms that we use to monitor our investments and promote best-in-class management of environmental, social and governance (ESG) risks and opportunities.

Engagement provides Manulife IM the opportunity for an open dialogue with companies in which we invest and to discuss matters that we believe are material to a firm's long-term success. Engagements help to deepen our understanding of the ESG factors that underpin a company's strategy or valuation. We believe we can play a critical role in influencing companies to adopt sustainable business practices that promote stable long-term growth and reduce material ESG risks faced by entities over time. We can achieve this through one-on-one dialogue with company management or through collaborative engagement efforts with investment manager peers.

Proxy voting is, like engagement, a form of dialogue with a company. We have adopted proxy voting policies and procedures that we believe generally encourage best practices in corporate governance, protection of shareholder rights, and management of environmental and social risks and opportunities. We may also sometimes use proxy voting to encourage a change in behavior at an issuer that has not been responsive to our engagement efforts.

Finally, we use a third-party proxy voting research vendor to provide voting research, recommendations and workflow management to support our fulfilment of our proxy voting obligations. We always retain the ability to instruct votes in a manner we believe is best for the long-term value of an investment.

Please note that we answered this question based on policies that we developed in 2019 that became active in early 2020.

## Engagement

LEA 02	Mandatory	Public	Core Assessed	PRI 1,2,3
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**LEA 02.1** Indicate the method of engagement, giving reasons for the interaction.

Type of engagement	Reason for interaction
Individual / Internal staff engagements	<input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence it) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> To gain an understanding of ESG strategy and/or management <input type="checkbox"/> We do not engage via internal staff
Collaborative engagements	<input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence it) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> To gain an understanding of ESG strategy and/or management <input type="checkbox"/> We do not engage via collaborative engagements
Service provider engagements	<input type="checkbox"/> To influence corporate practice (or identify the need to influence it) on ESG issues <input type="checkbox"/> To encourage improved/increased ESG disclosure <input type="checkbox"/> To gain an understanding of ESG strategy and/or management <input checked="" type="checkbox"/> We do not engage via service providers

**LEA 02.4** Additional information. [Optional]

Manulife Investment Management (Manulife IM) engages with companies on ESG factors in three ways:

- **Company Meetings:** Manulife IM investment teams and ESG research analysts meet regularly with firms to discuss management quality and corporate strategy. These discussions include reviews of company management of ESG factors and Manulife IM may request public disclosure or other changes in issuer behavior related to those factors.
- **Written Correspondence:** Manulife IM may also engage with firms through written communication. These may include requests for updates on ESG management or requests for in-person meetings.
- **Collaborative Engagement:** Manulife IM will also engage collaboratively with other investors, industry experts and issuers to discuss systemic issues that are long-term in nature. These initiatives leverage the



signalling power of multiple organizations in order to support improvements to issuer management of ESG factors and promote preservation and creation of shareholder value.

LEA 03	Mandatory	Public	Core Assessed	PRI 2
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

LEA 03.1	Indicate whether your organisation has a formal process for identifying and prioritising engagements.
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☒ Yes

LEA 03.2	Indicate the criteria used to identify and prioritise engagements for each type of engagement.
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Type of engagement	Criteria used to identify/prioritise engagements
Individual / Internal staff engagements	<div data-bbox="539 311 1449 374">Individual / Internal staff engagements</div> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Geography/market of the companies</li> <li><input checked="" type="checkbox"/> Materiality of the ESG factors</li> <li><input checked="" type="checkbox"/> Exposure (size of holdings)</li> <li><input checked="" type="checkbox"/> Responses to ESG impacts that have already occurred</li> <li><input type="checkbox"/> Responses to divestment pressure</li> <li><input checked="" type="checkbox"/> Consultation with clients/beneficiaries</li> <li><input checked="" type="checkbox"/> Consultation with other stakeholders (e.g. NGOs, trade unions, etc.)</li> <li><input type="checkbox"/> Follow-up from a voting decision</li> <li><input type="checkbox"/> Client request</li> <li><input checked="" type="checkbox"/> Breaches of international norms</li> <li><input checked="" type="checkbox"/> Other; (specify)</li> </ul> <div data-bbox="539 891 1449 954">specify</div> <p>Manulife Investment Management's (Manulife IM's) level of ownership, length of holding, or opportunity to engage on emerging ESG issues may also drive engagement.</p> <p><input type="checkbox"/> We do not outline engagement criteria for our individual engagements</p>
Collaborative engagements	<div data-bbox="539 1151 1449 1214">Collaborative engagements</div> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Potential to enhance knowledge of ESG issues through other investors</li> <li><input checked="" type="checkbox"/> Ability to have greater impact on ESG issues</li> <li><input checked="" type="checkbox"/> Ability to add value to the collaboration</li> <li><input checked="" type="checkbox"/> Geography/market of the companies targeted by the collaboration</li> <li><input checked="" type="checkbox"/> Materiality of the ESG factors addressed by the collaboration</li> <li><input checked="" type="checkbox"/> Exposure (size of holdings) to companies targeted by the collaboration</li> <li><input checked="" type="checkbox"/> Responses to ESG impacts addressed by the collaboration that have already occurred</li> <li><input type="checkbox"/> Responses to divestment pressure</li> <li><input type="checkbox"/> Follow-up from a voting decision</li> <li><input checked="" type="checkbox"/> Alleviate the resource burden of engagement</li> <li><input checked="" type="checkbox"/> Consultation with clients/beneficiaries</li> <li><input checked="" type="checkbox"/> Consultation with other stakeholders (e.g. NGOs, trade unions, etc.)</li> <li><input checked="" type="checkbox"/> Other; (specify)</li> </ul> <div data-bbox="539 1845 1449 1908">specify</div> <p>Manulife IM also will join collaborations that address significant systemic risks such as, for example, Climate Action 100+.</p>

	<input type="checkbox"/> We do not outline engagement criteria for our collaborative engagement providers
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☐ No

<b>LEA 03.3</b>	Additional information. [Optional]
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Manulife IM prioritizes the impact of climate change on the economy in our company engagements. Manulife IM is, for example, a lead investor for a collaborative engagement with an Oil/Gas company through Climate Action 100+ and is also a member of the steering committee for that initiative. We have also prioritized certain thematic engagement through participation in PRI-led engagement efforts in the past as, in our assessment, these initiatives amplify our influence across the capital markets, allow us to reach several companies that are broadly held across several portfolios, and increase the likelihood of behaviour change at those firms.

Beyond issuer engagement, we may also seek to influence markets through membership in broader initiatives. Manulife IM seeks to improve governance practices in several Asian markets, for example, through membership in the Asian Corporate Governance Association. In 2019, Manulife IM joined the Sustainability Accounting Standards Board Investor Advisory Group to help guide the ongoing conversation around materiality and reported ESG metrics.

<b>LEA 04</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 2</b>
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

<b>LEA 04.1</b>	Indicate whether you define specific objectives for your organisation's engagement activities.
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Individual / Internal staff engagements	<input checked="" type="radio"/> All engagement activities <input type="radio"/> Majority of engagement activities <input type="radio"/> Minority of engagement activities <input type="radio"/> We do not define specific objectives for engagement activities carried out by internal staff
Collaborative engagements	<input checked="" type="radio"/> All engagement activities <input type="radio"/> Majority of engagement activities <input type="radio"/> Minority of engagement activities <input type="radio"/> We do not define specific objectives for engagement activities carried out through collaboration

<b>LEA 04.2</b>	Additional information. [Optional]
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The Manulife IM investment teams will identify material issues for discussion ahead of all engagements. The ESG Research and Integration Team (ESG Team) often supports this preparation process and will join engagements in order to highlight significant ESG risks or opportunities directly with issuers. Engagement notes are housed on a global research platform, which is available to all internal investment research teams and the ESG team. This platform also allows for reference to prior engagements which may inform the direction of future issuer meetings.

We may choose to join collaborative engagements as a means of learning about and addressing systemic risks, like climate change, across a broad swath of a market or sector. We may also join a collaborative engagement to learn more about a specific risk or opportunity from our peers or an issuer and to better assess issuer management of those challenges.

<b>LEA 05</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 2</b>
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**LEA 05.1**

Indicate whether you monitor and/or review engagement outcomes.

Individual / Internal staff engagements	<input type="radio"/> Yes, in all cases <input checked="" type="radio"/> Yes, in a majority of cases <input type="radio"/> Yes, in a minority of cases <input type="radio"/> We do not monitor, or review engagement outcomes when the engagement is carried out by our internal staff.
Collaborative engagements	<input checked="" type="radio"/> Yes, in all cases <input type="radio"/> Yes, in a majority of cases <input type="radio"/> Yes, in a minority of cases <input type="radio"/> We do not monitor, or review engagement outcomes when the engagement is carried out through collaboration.

**LEA 05.2**

Indicate whether you do any of the following to monitor and/or review the progress of engagement activities.

Individual / Internal staff engagements	<input checked="" type="checkbox"/> Define timelines/milestones for your objectives <input checked="" type="checkbox"/> Track and/or monitor progress against defined objectives and/or KPIs <input checked="" type="checkbox"/> Track and/or monitor the progress of action taken when original objectives are not met <input checked="" type="checkbox"/> Revisit and, if necessary, revise objectives on a continuous basis <input type="checkbox"/> Other; specify
Collaborative engagements	<input checked="" type="checkbox"/> Define timelines/milestones for your objectives <input checked="" type="checkbox"/> Track and/or monitor progress against defined objectives and/or KPIs <input checked="" type="checkbox"/> Track and/or monitor the progress of action taken when original objectives are not met <input checked="" type="checkbox"/> Revisit and, if necessary, revise objectives on a continuous basis <input type="checkbox"/> Other; specify

**LEA 05.3**

Additional information. [Optional]

When engaging with issuers we will review notes on our global platform regarding prior engagements to determine changes we requested in the past and raise those issues again if necessary. We also regularly receive written communication from some companies where they wish to update us on their progress on a certain issue. In the case of collaborative engagements we will define outcomes that will indicate success to us ahead of the collaboration so we can monitor progress through the initiative.

Given the volumes of engagement, the nature of qualitative behavioral change, and other limitations, it is not practical for us to monitor changes in behavior on an annual basis at all companies with whom we engage. We will often prioritize monitoring outcomes for companies with whom we have a longer engagement track record.

**LEA 06****Mandatory****Public****Additional Assessed****PRI 2,4**

**LEA 06.1**

Indicate whether your organisation has an escalation strategy when engagements are unsuccessful.

☒ Yes

**LEA 06.2**

Indicate the escalation strategies used at your organisation following unsuccessful engagements.

- ☒ Collaborating with other investors
- ☐ Issuing a public statement
- ☐ Filing/submitting a shareholder resolution
- ☒ Voting against the re-election of the relevant directors
- ☒ Voting against the board of directors or the annual financial report
- ☐ Submitting nominations for election to the board
- ☐ Seeking legal remedy / litigation
- ☒ Reducing exposure (size of holdings)
- ☒ Divestment
- ☐ Other; specify

☐ No

**LEA 06.3**

Additional information. [Optional]

Manulife IM may decide to take action where engagement with an issuer, or issuers, is not fruitful. In some circumstances, particularly where systemic ESG risk is involved, we may join a collaborative engagement initiative. At the issuer level we may decide to vote against relevant directors, a say-on-pay proposal, or a shareholder proposal or may support dissident director nominees in a proxy contest. Depending on the facts and circumstances Manulife IM may also decrease its position in a holding.

In 2019, for example, one of our teams engaged extensively with an issuer regarding executive compensation as our investment professionals felt executives received a windfall due to changes to the tax code while the company fundamentally underperformed peers. The company was unresponsive which led to votes against directors and say-on-pay. The lack of responsiveness from that firm was a major factor in a decision to exit the position.

**LEA 07**

Voluntary

Public

Additional Assessed

PRI 1,2

**LEA 07.1**

Indicate whether insights gained from your organisation's engagements are shared with investment decision-makers.

Type of engagement	Insights shared
<b>Individual / Internal staff engagements</b>	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No
<b>Collaborative engagements</b>	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No

<b>LEA 07.2</b>	Indicate the practices used to ensure that information and insights gained through engagements are shared with investment decision-makers.
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- ☒ Involving investment decision-makers when developing an engagement programme
- ☒ Holding investment team meetings and/or presentations
- ☒ Using IT platforms/systems that enable data sharing
- ☐ Internal process that requires portfolio managers to re-balance holdings based on interaction and outcome levels
- ☒ Other; specify  
The ESG team uses engagements to inform thematic research briefs for the investment teams to foster knowledge-sharing.
- ☐ None

<b>LEA 07.3</b>	Indicate whether insights gained from your organisation's engagements are shared with your clients/beneficiaries.
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Type of engagement	Insights shared
<b>Individual/Internal staff engagements</b>	<input type="radio"/> Yes, systematically <input checked="" type="radio"/> Yes, occasionally <input type="radio"/> No
<b>Collaborative engagements</b>	<input type="radio"/> Yes, systematically <input checked="" type="radio"/> Yes, occasionally <input type="radio"/> No

<b>LEA 07.4</b>	Additional information. [Optional]
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The ESG Team often collaborates with investment professionals on issuer engagement which provides those investment decision-makers direct access to ESG insights and information. The ESG Team will also share engagement information with investment professionals through notes on a shared global research platform, through a thematic research brief, or simply by speaking with them.

On an annual basis, Manulife IM will publicly report high-level summary data on its active ownership activities in addition to the annual public reporting required as a PRI signatory. Upon request by a client, Manulife IM will provide more detailed information of the engagement activities undertaken in relation to holdings in that client's portfolio. Manulife IM may share specific engagement outcomes with clients through responses to client annual due diligence questionnaires, RFPs, direct communication or through other means.

<b>LEA 08</b>	<b>Mandatory</b>	<b>Public</b>	<b>Gateway</b>	<b>PRI 2</b>
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<b>LEA 08.1</b>	Indicate whether you track the number of your engagement activities.
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Type of engagement	Tracking engagements
Individual/Internal staff engagements	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> We do not track
Collaborative engagements	<input checked="" type="radio"/> Yes, we track the number of collaborative engagements in full <input type="radio"/> Yes, we partially track the number of our collaborative engagements <input type="radio"/> We do not track

**LEA 08.2** Additional information. [Optional]

Manulife IM tracks, in an internal database, all ESG engagements that are led by the ESG Team or where we participate in collaborative discussions. In 2019 we implemented a process to identify where ESG matters arise in ongoing and regular company meetings initiated by the investment teams. Our investment teams meet with hundreds of companies on an annual basis and various ESG topics are regularly discussed as part of the risk analysis or opportunity evaluation through these discussions.

## Outputs and outcomes

LEA 09	Mandatory to Report Voluntary to Disclose	Public	Core Assessed	PRI 2
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**LEA 09.1** Indicate the proportion of companies in your listed equities portfolio with which your organisation engaged during the reporting year.

	We did not complete any engagements in the reporting year.	Number of companies engaged (avoid double counting, see explanatory notes)	Proportion of companies engaged with, out of total listed equities portfolio
Individual / Internal staff engagements	<input type="checkbox"/>	608	25.2
Collaborative engagements	<input type="checkbox"/>	6	1

**LEA 09.2** Indicate the breakdown of engagements conducted within the reporting year by the number of interactions (including interactions made on your behalf).

No. of interactions with a company	% of engagements
One interaction	<input checked="" type="radio"/> >76% <input type="radio"/> 51-75% <input type="radio"/> 11-50% <input type="radio"/> 1-10% <input type="radio"/> None
2 to 3 interactions	<input type="radio"/> >76% <input type="radio"/> 51-75% <input checked="" type="radio"/> 11-50% <input type="radio"/> 1-10% <input type="radio"/> None
More than 3 interactions	<input type="radio"/> >76% <input type="radio"/> 51-75% <input type="radio"/> 11-50% <input checked="" type="radio"/> 1-10% <input type="radio"/> None
Total	<b>100%</b>

**LEA 09.3**

Indicate the percentage of your collaborative engagements in which you were the leading organisation during the reporting year.

Type of engagement	% leading role
Collaborative engagements	<input type="radio"/> >50% <input checked="" type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> None

**LEA 09.5**

Additional information. [Optional]

Manulife IM has participated in collaborative engagements since 2017. These engagements are an excellent opportunity to learn from our peers and amplify the impact of our efforts. Two PRI collaborative engagement initiatives, related to cybersecurity and methane emissions respectively, concluded in 2019.

Manulife IM's ESG analysts will generally represent the firm in collaborative meetings or phone calls with other investment institutions where we choose to join. We will engage collaboratively on systemic issues that are long-term in nature (e.g. climate change, cybersecurity, diversity), and where this approach will be most effective in encouraging improvements to corporate behavior.

<b>LEA 10</b>	<b>Voluntary</b>	<b>Public</b>	<b>Additional Assessed</b>	<b>PRI 2</b>
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**LEA 10.1**

Indicate which of the following your engagement involved.

- ☒ Letters and emails to companies
  - ☐ In a minority of cases
  - ☒ In a majority of cases
  - ☐ In all cases
- ☒ Meetings and/or calls with board/senior management
  - ☐ In a minority of cases
  - ☒ In a majority of cases
  - ☐ In all cases
- ☒ Meetings and/or calls with the CSR, IR or other management
  - ☐ In a minority of cases
  - ☒ In a majority of cases
  - ☐ In all cases
- ☒ Visits to operations
  - ☒ In a minority of cases
  - ☐ In a majority of cases
  - ☐ In all cases
- ☐ Visits to supplier(s) in supplier(s) from the company's supply chain
- ☒ Participation in roadshows
  - ☒ In a minority of cases
  - ☐ In a majority of cases
  - ☐ In all cases
- ☒ Other

(specify)

Manulife IM will also engage with companies at investor, sell-side or ESG conferences.

- ☒ In a minority of cases
- ☐ In a majority of cases
- ☐ In all cases

**LEA 10.2**

Additional information. [Optional]

Manulife IM investment teams are accelerating their integration of ESG content into company engagements. The teams have several resources to help this integration including ongoing training on significant ESG risks and opportunities as well as industry handbooks created by the ESG Research and Integration Team (ESG Team) that help facilitate identification of issuer-specific issues.

The investment teams and the ESG Team also often collaborate to determine the best approach to engaging with a company and will cooperate to develop questions and topics of interest.

**LEA 11****Voluntary****Public****Descriptive****PRI 2**

**LEA 11.1**

Provide examples of the engagements that your organisation or your service provider carried out during the reporting year.

☒ Add Example 1

ESG Topic	<p>Executive Remuneration, Company leadership issues, Other governance</p> <p><input checked="" type="checkbox"/> Executive Remuneration</p> <p><input type="checkbox"/> Climate Change</p> <p><input type="checkbox"/> Human rights</p> <p><input checked="" type="checkbox"/> Company leadership issues</p> <p><input type="checkbox"/> Pollution</p> <p><input type="checkbox"/> General ESG</p> <p><input type="checkbox"/> Diversity</p> <p><input type="checkbox"/> Shareholder rights</p> <p><input type="checkbox"/> Health and Safety</p> <p><input type="checkbox"/> Sustainability reporting</p> <p><input type="checkbox"/> Water risks</p> <p><input type="checkbox"/> Labour practices and supply chain management</p> <p><input type="checkbox"/> Anti-bribery and corruption</p> <p><input type="checkbox"/> Deforestation</p> <p><input type="checkbox"/> Aggressive tax planning</p> <p><input type="checkbox"/> Cyber security</p> <p><input checked="" type="checkbox"/> Other governance</p> <p><input type="checkbox"/> Plastics</p> <p><input type="checkbox"/> Other</p>
Conducted by	<p><input checked="" type="checkbox"/> Individual / Internal</p> <p><input type="checkbox"/> Collaborative</p>
Objectives	<p>A US-based equities team was concerned with the rigor of executive compensation metrics and engaged with the target company to discuss those concerns to learn more and persuade the company to better align executive pay with shareholder interests.</p>
Scope and Process	<p>The Manulife IM team was disappointed that the executives at the target firm received a maximum award under the short-term incentive plan. In our team's view, this payout occurred not because of factors under the control of management, but due to a one-time tax windfall. In our team's analysis they determined that the target firm actually underperformed on fundamental measures.</p> <p>The target company's board refused to adjust the executive compensation metrics to improve the rigor of the compensation plan. The team believed this misalignment of shareholder and executive interests was significant enough to warrant a vote against directors and on the advisory vote on compensation at the firm's annual meeting. This misalignment was also a significant factor in the ultimate decision to exit the position.</p>
Outcomes	<p><input type="checkbox"/> Company changed practice</p> <p><input type="checkbox"/> Company committed to change</p> <p><input type="checkbox"/> Disclosure / report published</p> <p><input checked="" type="checkbox"/> Divestment</p> <p><input type="checkbox"/> Failed/no outcome</p>

	<input type="checkbox"/> Increased understanding / information <input type="checkbox"/> Invested in company <input type="checkbox"/> Ongoing <input type="checkbox"/> Voting <input type="checkbox"/> Other
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☒ Add Example 2

ESG Topic	<p><b>Climate Change</b></p> <p><input type="checkbox"/> Executive Remuneration</p> <p><input checked="" type="checkbox"/> Climate Change</p> <p><input type="checkbox"/> Human rights</p> <p><input type="checkbox"/> Company leadership issues</p> <p><input type="checkbox"/> Pollution</p> <p><input type="checkbox"/> General ESG</p> <p><input type="checkbox"/> Diversity</p> <p><input type="checkbox"/> Shareholder rights</p> <p><input type="checkbox"/> Health and Safety</p> <p><input type="checkbox"/> Sustainability reporting</p> <p><input type="checkbox"/> Water risks</p> <p><input type="checkbox"/> Labour practices and supply chain management</p> <p><input type="checkbox"/> Anti-bribery and corruption</p> <p><input type="checkbox"/> Deforestation</p> <p><input type="checkbox"/> Aggressive tax planning</p> <p><input type="checkbox"/> Cyber security</p> <p><input type="checkbox"/> Other governance</p> <p><input type="checkbox"/> Plastics</p> <p><input type="checkbox"/> Other</p>
Conducted by	<p><input type="checkbox"/> Individual / Internal</p> <p><input checked="" type="checkbox"/> Collaborative</p>
Objectives	<p>The transition to a lower carbon environment has begun, with some industries that are high carbon emitting caught in the crosshairs of this transition. Carbon pricing mechanisms exist in various forms in many markets, which results in direct costs to companies through compliance payments. Therefore, companies in these industries that recognize such transition risks and are taking actions to mitigate them will be better positioned over the longer-term.</p> <p>Manulife IM sees significant risk ahead for firms in sectors that historically emitted, and continue to emit, large amounts of carbon/greenhouse gases. Manulife IM believes in working with these firms to recognize and manage this risk through the process of transitioning to a lower carbon economy. One of the ways in which Manulife IM has chosen to address climate and carbon pricing risks is by joining the Climate Action 100+. This is a global collaborative investor engagement initiative focused on engaging with the world's systemically significant greenhouse gas emitters to ensure their long-term alignment with the net zero carbon goals of the Paris Agreement.</p>
Scope and Process	<p>The Climate Action 100+ initiative seeks commitments from the boards and senior management of target companies to take three actions:</p> <ol style="list-style-type: none"> <li>1. Implement a strong governance framework that clearly articulates the board's accountability and oversight of climate change risks and opportunities;</li> <li>2. Reduce greenhouse gas emissions across the value chain, consistent with the Paris Agreement's goal of limiting global average temperature increase to well below 2°C above pre-industrial levels; and,</li> </ol>

	<p>3. Enhance corporate disclosure in line with the final recommendations of the Task Force on Climate-related Financial Disclosures.</p> <p>In 2019 Manulife IM co-led engagement efforts with an oil and gas company to work toward the three goals above. Multiple discussions included the CEO, senior management, the Director of Sustainability and members of the board. Over the course of the year, the company moved from a position of having no publicly stated GHG reduction target and reticence about adopting one - a position held for many years despite ongoing investor engagement - to disclosing a time-bound and quantified reduction target. Discussions are ongoing, and Manulife IM continues to collaborate with other investors to support the company to increase its commitment to GHG emissions reduction, improved disclosure, and strengthened targets.</p>
Outcomes	<p><input checked="" type="checkbox"/> Company changed practice</p> <p><input type="checkbox"/> Company committed to change</p> <p><input type="checkbox"/> Disclosure / report published</p> <p><input type="checkbox"/> Divestment</p> <p><input type="checkbox"/> Failed/no outcome</p> <p><input type="checkbox"/> Increased understanding / information</p> <p><input type="checkbox"/> Invested in company</p> <p><input type="checkbox"/> Ongoing</p> <p><input type="checkbox"/> Voting</p> <p><input type="checkbox"/> Other</p>

☒ Add Example 3

ESG Topic	Pollution, General ESG, Sustainability reporting <input type="checkbox"/> Executive Remuneration <input type="checkbox"/> Climate Change <input type="checkbox"/> Human rights <input type="checkbox"/> Company leadership issues <input checked="" type="checkbox"/> Pollution <input checked="" type="checkbox"/> General ESG <input type="checkbox"/> Diversity <input type="checkbox"/> Shareholder rights <input type="checkbox"/> Health and Safety <input checked="" type="checkbox"/> Sustainability reporting <input type="checkbox"/> Water risks <input type="checkbox"/> Labour practices and supply chain management <input type="checkbox"/> Anti-bribery and corruption <input type="checkbox"/> Deforestation <input type="checkbox"/> Aggressive tax planning <input type="checkbox"/> Cyber security <input type="checkbox"/> Other governance <input type="checkbox"/> Plastics <input type="checkbox"/> Other
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative
Objectives	Through our internal research process, Manulife IM determined that significant ESG risks existed at the target company. The Investment Team and the ESG Team set out to determine through engagement whether the firm lacked a sustainability report and whether the risks were indeed as substantial as they appeared.
Scope and Process	Manulife IM conducted an initial engagement with the company to discuss the significant risks we identified across each pillar of ESG. Company representatives declined to provide satisfactory responses to those questions. The company then proactively contacted Manulife IM to organize an opportunity to discuss ESG management with the company's CEO. The conversation revealed that the company was taking actions to address its carbon footprint and water stress levels, but had not documented those actions through formal policies. The CEO agreed to reconvene the discussion six months from the initial meeting to provide an update on the firm's sustainability reporting strategy, risk mitigation activities and general strategy to improve sustainable practices.
Outcomes	<input type="checkbox"/> Company changed practice <input checked="" type="checkbox"/> Company committed to change <input type="checkbox"/> Disclosure / report published <input type="checkbox"/> Divestment <input type="checkbox"/> Failed/no outcome <input type="checkbox"/> Increased understanding / information

	<input type="checkbox"/> Invested in company <input type="checkbox"/> Ongoing <input type="checkbox"/> Voting <input type="checkbox"/> Other
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☒ Add Example 4



ESG Topic	Climate Change, General ESG, Diversity <input type="checkbox"/> Executive Remuneration <input checked="" type="checkbox"/> Climate Change <input type="checkbox"/> Human rights <input type="checkbox"/> Company leadership issues <input type="checkbox"/> Pollution <input checked="" type="checkbox"/> General ESG <input checked="" type="checkbox"/> Diversity <input type="checkbox"/> Shareholder rights <input type="checkbox"/> Health and Safety <input type="checkbox"/> Sustainability reporting <input type="checkbox"/> Water risks <input type="checkbox"/> Labour practices and supply chain management <input type="checkbox"/> Anti-bribery and corruption <input type="checkbox"/> Deforestation <input type="checkbox"/> Aggressive tax planning <input type="checkbox"/> Cyber security <input type="checkbox"/> Other governance <input type="checkbox"/> Plastics <input type="checkbox"/> Other
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative
Objectives	This past year we engaged with a Japanese steel company across several ESG topics in an effort to learn more about its risk mitigation techniques, encourage better disclosure and seek other behavioral changes.
Scope and Process	<p>The steel industry is one of the highest emitting industries and so we focused on environmental topics in our conversation with the issuer. The company completed a TCFD report and for its scenario analysis used both a 2°C and 4°C scenario. The company also identified significant potential to reduce carbon emissions in the future by utilizing hydrogen in the ferro coke process.</p> <p>Manulife IM also discussed human capital development efforts with specific attention to diversity. The firm noted that they are working on improving gender diversity in the workplace and have already achieved three times their 2014 baseline.</p> <p>Finally, we raised the issue of crossholdings - a governance risk systemic to the Japanese market. We encouraged the company to ensure any crossholdings were relevant to the business and to avoid an inefficient lock-up of capital.</p>
Outcomes	<input type="checkbox"/> Company changed practice <input type="checkbox"/> Company committed to change <input type="checkbox"/> Disclosure / report published <input type="checkbox"/> Divestment

	<input type="checkbox"/> Failed/no outcome <input checked="" type="checkbox"/> Increased understanding / information <input type="checkbox"/> Invested in company <input type="checkbox"/> Ongoing <input type="checkbox"/> Voting <input type="checkbox"/> Other
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☒ Add Example 5

ESG Topic	<p>General ESG, Diversity, Health and Safety, Sustainability reporting</p> <p><input type="checkbox"/> Executive Remuneration</p> <p><input type="checkbox"/> Climate Change</p> <p><input type="checkbox"/> Human rights</p> <p><input type="checkbox"/> Company leadership issues</p> <p><input type="checkbox"/> Pollution</p> <p><input checked="" type="checkbox"/> General ESG</p> <p><input checked="" type="checkbox"/> Diversity</p> <p><input type="checkbox"/> Shareholder rights</p> <p><input checked="" type="checkbox"/> Health and Safety</p> <p><input checked="" type="checkbox"/> Sustainability reporting</p> <p><input type="checkbox"/> Water risks</p> <p><input type="checkbox"/> Labour practices and supply chain management</p> <p><input type="checkbox"/> Anti-bribery and corruption</p> <p><input type="checkbox"/> Deforestation</p> <p><input type="checkbox"/> Aggressive tax planning</p> <p><input type="checkbox"/> Cyber security</p> <p><input type="checkbox"/> Other governance</p> <p><input type="checkbox"/> Plastics</p> <p><input type="checkbox"/> Other</p>
Conducted by	<p><input checked="" type="checkbox"/> Individual / Internal</p> <p><input type="checkbox"/> Collaborative</p>
Objectives	<p>Manulife IM engaged with a Russian oil company on various sustainability topics as we had not previously engaged with the firm on ESG issues and wished to use the opportunity to learn more about the firm's approach to risk.</p>
Scope and Process	<p>During a face-to-face meeting with the firm, the company provided a clear overview of the actions taken, and planned, to transition to a lower carbon environment. This plan included the implementation of certain U.N. Sustainable Development Goals, a GHG emissions reduction target of 5%, and reduction of oil spill volumes by 20% all by 2022.</p> <p>The company noted that 'peak oil' is a significant concern given only 20% of reserves are tied to natural gas. The company also recognized the value of the Oil &amp; Gas Climate Initiative and indicated that it may join as an observer.</p>
Outcomes	<p><input type="checkbox"/> Company changed practice</p> <p><input type="checkbox"/> Company committed to change</p> <p><input type="checkbox"/> Disclosure / report published</p> <p><input type="checkbox"/> Divestment</p> <p><input type="checkbox"/> Failed/no outcome</p> <p><input checked="" type="checkbox"/> Increased understanding / information</p> <p><input type="checkbox"/> Invested in company</p>

	<input type="checkbox"/> Ongoing <input type="checkbox"/> Voting <input type="checkbox"/> Other
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- ☐ Add Example 6
- ☐ Add Example 7
- ☐ Add Example 8
- ☐ Add Example 9
- ☐ Add Example 10

## (Proxy) voting and shareholder resolutions

LEA 12	Mandatory	Public	Descriptive	PRI 2
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### LEA 12.1    Indicate how you typically make your (proxy) voting decisions.

#### Approach

- ☐ We use our own research or voting team and make voting decisions without the use of service providers.
- ☐ We hire service providers who make voting recommendations and/or provide research that we use to guide our voting decisions.
- ☒ We hire service providers who make voting decisions on our behalf, except in some pre-defined scenarios where we review and make voting decisions.

#### Based on

- ☒ The service-provider voting policy we sign off on
- ☐ Our own voting policy
- ☐ Our clients' requests or policies
- ☐ Other (explain)
- ☐ We hire service providers who make voting decisions on our behalf.

### LEA 12.2    Provide an overview of how you ensure that your agreed-upon voting policy is adhered to, giving details of your approach when exceptions to the policy are made.

In 2019 Manulife IM's Investments Operations Group administered and implemented the Proxy Voting Policy while also overseeing the third-party proxy voting research provider's execution. The Operations Group implemented the applicable domestic and global proxy voting guidelines and provided periodic reports to Manulife IM's Brokerage Practices Committee, Operating Committee, Chief Compliance Officer, and its advisory clients to ensure that the voting policy was executed as required.

Manulife IM investment teams retained the authority to vote differently than the voting guideline recommendations. Where an investment team recommended a vote different from the guideline recommendation, they provided rationale for that decision which was reviewed by our Chief Administrative Officer.

Manulife IM generally refrained from voting a proxy due to logistical considerations and unique market barriers to voting. For example, we refrained from voting in cases where market practices make it expensive to vote compared with the benefits of doing so, or where shares are restricted from trading for a period around the meeting date (i.e. shareblocking).

<b>LEA 12.3</b>	Additional information.[Optional]
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Manulife IM significantly amended the Proxy Voting Policy and related processes at the end of 2019 and those amendments came into effect in early 2020. As part of those changes, Manulife IM established a Proxy Voting Working Group that is composed of professionals from equity investment, legal, compliance, operations and the ESG Team. The Proxy Voting Working Group will review reports on shareholder proposal votes, votes different from the voting guideline recommendations, proxy research vendor due diligence, operational issues and other matters.

The investment teams are required to provide robust rationale when they choose to deviate from a voting recommendation under the Proxy Voting Policy and that rationale is reviewed by the Proxy Voting Working Group. The ESG Research and Integration Team is also scrutinizing shareholder proposals related to environmental and social risks and opportunities.

Manulife IM will continue to refrain from voting due to logistical considerations and unique market barriers to voting (e.g. shareblocking).

<b>LEA 13</b>	<b>Mandatory</b>	<b>Public</b>	<b>Additional Assessed</b>	<b>PRI 2</b>
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<b>LEA 13.1</b>	Of the voting recommendations that your service provider made in the reporting year, indicate the percentage that was reviewed by your organisation, giving the reasons.
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	Percentage of voting recommendations your organisation reviewed
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- ☐ 100-75%,
- ☐ 74-50%,
- ☐ 49-25%,
- ☒ 24-1%
- ☐ None

	Reasons for review
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- ☒ Specific environmental and/or social issues
- ☒ Votes concerning significant holdings
- ☒ Votes against management and/or abstentions
- ☐ Conflicts of interest
- ☒ Corporate action, such as M &As, disposals, etc.
- ☒ Votes concerning companies with which we have an active engagement
- ☐ Client requests
- ☐ Ad-hoc oversight of service provider
- ☒ Shareholder resolutions
- ☐ Share blocked securities
- ☐ Other (explain)

<b>LEA 13.2</b>	Additional information. [Optional]
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The information provided above relates to all investment operations that are currently supported by a third-party proxy voting services provider, which as of year-end 2019 was the vast majority but not all of Manulife IM's operations. Voting operations in Thailand, Vietnam and Indonesia are excluded, for example, due to limitations of the voting infrastructure in those markets.

<b>LEA 14</b>	<b>Voluntary</b>	<b>Public</b>	<b>Additional Assessed</b>	<b>PRI 2</b>
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<b>LEA 14.1</b>	Does your organisation have a securities lending programme?
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☒ Yes

<b>LEA 14.3</b>	Indicate how the issue of voting is addressed in your securities lending programme.
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- ☐ We recall all securities for voting on all ballot items
- ☐ We maintain some holdings, so that we can vote at any time
- ☐ We systematically recall some securities so that we can vote on their ballot items (e.g., in line with specific criteria)
- ☒ We recall some securities so that we can vote on their ballot items on an ad-hoc basis
- ☐ We empower our securities-lending agent to decide when to recall securities for voting purposes
- ☐ We do not recall our securities for voting purposes
- ☐ Other (specify)

☐ No

<b>LEA 15</b>	<b>Mandatory</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 2</b>
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<b>LEA 15.1</b>	Indicate the proportion of votes participated in within the reporting year in which where you or the service providers acting on your behalf raised concerns with companies ahead of voting.
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- ☐ 100%
- ☐ 99-75%
- ☐ 74-50%
- ☐ 49-25%
- ☒ 24-1%
- ☐ Neither we nor our service provider(s) raise concerns with companies ahead of voting

<b>LEA 15.2</b>	Indicate the reasons for raising your concerns with these companies ahead of voting.
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- ☒ Vote(s) concerned selected markets
- ☐ Vote(s) concerned selected sectors
- ☒ Vote(s) concerned certain ESG issues
- ☒ Vote(s) concerned companies exposed to controversy on specific ESG issues
- ☒ Vote(s) concerned significant shareholdings
- ☐ Client request
- ☐ Other

LEA 16	Mandatory	Public	Core Assessed	PRI 2
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<b>LEA 16.1</b>	Indicate the proportion of votes where you, and/or the service provider(s) acting on your behalf, communicated the rationale to companies for abstaining or voting against management recommendations. Indicate this as a percentage out of all eligible votes.
-----------------	---

- ☐ 100%
- ☐ 99-75%
- ☐ 74-50%
- ☐ 49-25%
- ☒ 24-1%
- ☐ We do not communicate the rationale to companies
- ☐ Not applicable because we and/or our service providers did not abstain or vote against management recommendations

<b>LEA 16.2</b>	Indicate the reasons why your organisation would communicate to companies, the rationale for abstaining or voting against management recommendations.
-----------------	---

- ☐ Vote(s) concern selected markets
- ☐ Vote(s) concern selected sectors
- ☒ Vote(s) concern certain ESG issues
- ☒ Vote(s) concern companies exposed to controversy on specific ESG issues
- ☒ Vote(s) concern significant shareholdings
- ☐ Client request
- ☐ Other

<b>LEA 16.3</b>	In cases where your organisation does communicate the rationale for abstaining or voting against management recommendations, indicate whether this rationale is made public.
-----------------	--

- ☐ Yes
- ☒ No

<b>LEA 16.4</b>	Additional information. [Optional]
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Outside of the systematic notifications to companies provided by the third-party proxy research vendor, Manulife IM often raises our voting decisions for the most recent shareholder meeting as a talking point in engagement with issuers. We may discuss, for example, our vote on a shareholder proposal requesting disclosure of ESG metrics.

LEA 17	Mandatory	Public	Core Assessed	PRI 2
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<b>LEA 17.1</b>	For listed equities in which you or your service provider have the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.
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- ☒ We do track or collect this information

	Votes cast (to the nearest 1%)
--	--------------------------------

	%
--	---

99

	Specify the basis on which this percentage is calculated
--	--

- ☐ Of the total number of ballot items on which you could have issued instructions
- ☒ Of the total number of company meetings at which you could have voted
- ☐ Of the total value of your listed equity holdings on which you could have voted
- ☐ We do not track or collect this information

<b>LEA 17.2</b>	Explain your reason(s) for not voting on certain holdings
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- ☒ Shares were blocked
- ☐ Notice, ballots or materials not received on time
- ☐ Missed deadline
- ☒ Geographical restrictions (non-home market)
- ☐ Cost
- ☒ Conflicts of interest
- ☐ Holdings deemed too small
- ☒ Administrative impediments (e.g., power of attorney requirements, ineligibility due to participation in share placement)
- ☐ Client request
- ☐ Other (explain)

<b>LEA 17.3</b>	Additional information. [Optional]
-----------------	------------------------------------

The vast majority of our non-voted shares were not voted due to share blocking restrictions around the meeting date. We may choose to preserve liquidity in these situations rather than lock-up our holdings.

This response relates to all investment operations that are currently supported by the third-party proxy voting services provider, which as of year-end 2019 was the majority, but not all, of Manulife IM's operations. Voting operations in Thailand, Vietnam and Indonesia are excluded, for example, due to limitations of the voting infrastructure in those markets.

<b>LEA 18</b>	<b>Voluntary</b>	<b>Public</b>	<b>Additional Assessed</b>	<b>PRI 2</b>
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<b>LEA 18.1</b>	Indicate whether you track the voting instructions that you or your service provider on your behalf have issued.
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- ☒ Yes, we track this information

<b>LEA 18.2</b>	Of the voting instructions that you and/or third parties on your behalf have issued, indicate the proportion of ballot items that were:
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Voting instructions	Breakdown as percentage of votes cast
For (supporting) management recommendations	<div> <div></div> <div>%</div> </div> 89
Against (opposing) management recommendations	<div> <div></div> <div>%</div> </div> 10
Abstentions	<div> <div></div> <div>%</div> </div> 1

100%

☐ No, we do not track this information

<b>LEA 18.3</b>	In cases where your organisation voted against management recommendations, indicate the percentage of companies which you have engaged.
-----------------	---

2.5

<b>LEA 18.4</b>	Additional information. [Optional]
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The information provided in this question relates to all investment operations that are currently supported by a third-party proxy voting services provider, which as of year-end 2019 was the majority, but not all, of Manulife IM's operations. The third-party proxy voting services provider does not support voting operations in Thailand, Vietnam and Indonesia due to limitations of the voting infrastructure in those jurisdictions. Voting operations in those markets are conducted by local Manulife IM operations teams.

<b>LEA 19</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 2</b>
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<b>LEA 19.1</b>	Indicate whether your organisation has a formal escalation strategy following unsuccessful voting.
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☐ Yes

☒ No

<b>LEA 20</b>	<b>Voluntary</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 2</b>
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<b>LEA 20.1</b>	Indicate whether your organisation, directly or through a service provider, filed or co-filed any ESG shareholder resolutions during the reporting year.
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☐ Yes

☒ No

LEA 21	Voluntary	Public	Descriptive	PRI 2
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LEA 21.1	Provide examples of the (proxy) voting activities that your organisation and/or service provider carried out during the reporting year.
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☒ Add Example 1

ESG Topic	<p>Executive Remuneration, Company leadership issues</p> <p><input checked="" type="checkbox"/> Executive Remuneration</p> <p><input type="checkbox"/> Climate Change</p> <p><input type="checkbox"/> Human rights</p> <p><input checked="" type="checkbox"/> Company leadership issues</p> <p><input type="checkbox"/> Pollution</p> <p><input type="checkbox"/> General ESG</p> <p><input type="checkbox"/> Diversity</p> <p><input type="checkbox"/> Shareholder rights</p> <p><input type="checkbox"/> Health and Safety</p> <p><input type="checkbox"/> Sustainability reporting</p> <p><input type="checkbox"/> Water risks</p> <p><input type="checkbox"/> Labour practices and supply chain management</p> <p><input type="checkbox"/> Anti-bribery and corruption</p> <p><input type="checkbox"/> Deforestation</p> <p><input type="checkbox"/> Aggressive tax planning</p> <p><input type="checkbox"/> Cyber security</p> <p><input type="checkbox"/> Political spending / lobbying</p> <p><input type="checkbox"/> Other governance</p> <p><input type="checkbox"/> Plastics</p> <p><input type="checkbox"/> Other</p>
Conducted by	<p><input checked="" type="checkbox"/> Individual/Internal</p> <p><input type="checkbox"/> Service provider</p>
Objectives	<p>Manulife IM equity teams initially considered voting against the Advisory Vote on Executive Compensation at a firm because the CEO's annual bonus did not have quantifiable metrics while the long-term incentive opportunity increased by \$10m.</p>
Scope and Process	<p>The investment teams conducted due diligence of the full compensation plan of all senior management for this company. In addition, they conducted a peer group analysis for the value of the compensation and found it to be within an acceptable range. Through a pay-for-performance analysis the team also found that pay aligned with Total Shareholder Return having outperformed the S&amp;P 500 and the technology sector over the previous 3-year period.</p> <p>Based on this analysis, the team chose to support the vote on executive compensation at the firm.</p>
Outcomes	<p><input type="checkbox"/> Company changed practice</p> <p><input type="checkbox"/> Company committed to change</p> <p><input type="checkbox"/> Disclosure / report published</p> <p><input type="checkbox"/> Divestment</p> <p><input type="checkbox"/> Failed/no outcome</p> <p><input type="checkbox"/> Increased understanding / information</p>

	<input type="checkbox"/> Invested in company <input type="checkbox"/> Ongoing <input checked="" type="checkbox"/> Voting <input type="checkbox"/> Other
--	--

☒ Add Example 2

ESG Topic	<p>Executive Remuneration, Company leadership issues, Diversity</p> <p><input checked="" type="checkbox"/> Executive Remuneration</p> <p><input type="checkbox"/> Climate Change</p> <p><input type="checkbox"/> Human rights</p> <p><input checked="" type="checkbox"/> Company leadership issues</p> <p><input type="checkbox"/> Pollution</p> <p><input type="checkbox"/> General ESG</p> <p><input checked="" type="checkbox"/> Diversity</p> <p><input type="checkbox"/> Shareholder rights</p> <p><input type="checkbox"/> Health and Safety</p> <p><input type="checkbox"/> Sustainability reporting</p> <p><input type="checkbox"/> Water risks</p> <p><input type="checkbox"/> Labour practices and supply chain management</p> <p><input type="checkbox"/> Anti-bribery and corruption</p> <p><input type="checkbox"/> Deforestation</p> <p><input type="checkbox"/> Aggressive tax planning</p> <p><input type="checkbox"/> Cyber security</p> <p><input type="checkbox"/> Political spending / lobbying</p> <p><input type="checkbox"/> Other governance</p> <p><input type="checkbox"/> Plastics</p> <p><input type="checkbox"/> Other</p>
Conducted by	<p><input checked="" type="checkbox"/> Individual/Internal</p> <p><input type="checkbox"/> Service provider</p>
Objectives	<p>Our investment team reviewed executive compensation because the compensation committee did not disclose targets and metrics used to measure CEO performance.</p> <p>In addition, the meeting agenda contained two shareholder resolutions regarding the disclosure of gender pay gap figures and an amendment to the existing proxy access by-law. The investment teams wanted to consider whether support of these resolutions was warranted.</p>
Scope and Process	<p>Though the firm did not disclose metrics and targets for measuring CEO pay in the short-term, the investment team determined that pay was justified given the continued strong operating performance of the firm. The compensation committee also demonstrated good judgement in the past having adjusted the rigor of long-term incentive targets to account for certain windfalls outside the control of management and generally maintained challenging hurdles.</p> <p>Manulife IM generally supports the disclosure of diversity information including information on the gender pay gap. The investment team determined in this case, however, that the requested disclosure could provide misleading information because the formulation of the metric would not account for the complex, global nature of the firm's business and be a fair reflection of the pay trends among employees.</p> <p>Finally, the investment team reviewed the proposed amendments to the proxy access right and compared the proposal against the general hurdles of the market. The investment team determined that the subject firm's hurdle to nominate a director was already lower than the market generally and so decided not to support this amendment.</p>

Outcomes	<input type="checkbox"/> Company changed practice <input type="checkbox"/> Company committed to change <input type="checkbox"/> Disclosure / report published <input type="checkbox"/> Divestment <input type="checkbox"/> Failed/no outcome <input type="checkbox"/> Increased understanding / information <input type="checkbox"/> Invested in company <input type="checkbox"/> Ongoing <input checked="" type="checkbox"/> Voting <input type="checkbox"/> Other
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☒ Add Example 3

ESG Topic	<p>Company leadership issues</p> <p><input type="checkbox"/> Executive Remuneration</p> <p><input type="checkbox"/> Climate Change</p> <p><input type="checkbox"/> Human rights</p> <p><input checked="" type="checkbox"/> Company leadership issues</p> <p><input type="checkbox"/> Pollution</p> <p><input type="checkbox"/> General ESG</p> <p><input type="checkbox"/> Diversity</p> <p><input type="checkbox"/> Shareholder rights</p> <p><input type="checkbox"/> Health and Safety</p> <p><input type="checkbox"/> Sustainability reporting</p> <p><input type="checkbox"/> Water risks</p> <p><input type="checkbox"/> Labour practices and supply chain management</p> <p><input type="checkbox"/> Anti-bribery and corruption</p> <p><input type="checkbox"/> Deforestation</p> <p><input type="checkbox"/> Aggressive tax planning</p> <p><input type="checkbox"/> Cyber security</p> <p><input type="checkbox"/> Political spending / lobbying</p> <p><input type="checkbox"/> Other governance</p> <p><input type="checkbox"/> Plastics</p> <p><input type="checkbox"/> Other</p>
Conducted by	<p><input checked="" type="checkbox"/> Individual/Internal</p> <p><input type="checkbox"/> Service provider</p>
Objectives	<p>Our investment teams questioned the independence of the company's lead director due to a potential conflict of interest. The director in question was associated with a law firm that conducted business with the issuer. Such a conflict could have been problematic for this director who sat on the nomination, compensation and audit committees.</p>
Scope and Process	<p>The investment team conducted an analysis of the director's business relationships which mitigated concerns with the subject director's continued participation on these committees and voted for the re-election.</p> <p>The director was an employee at a law firm that received a significant payment from the company which caused the initial concern. Through further research, however, the investment team learned that the board did not directly choose the law firm or otherwise influence the decision, the company utilized four other outside law firms, the issuer conducted business with the law firm in the normal course of its operations, and certain bank regulators determined that there was no conflict of interest between the director and the company.</p>
Outcomes	<p><input type="checkbox"/> Company changed practice</p> <p><input type="checkbox"/> Company committed to change</p> <p><input type="checkbox"/> Disclosure / report published</p> <p><input type="checkbox"/> Divestment</p>

	<input type="checkbox"/> Failed/no outcome <input type="checkbox"/> Increased understanding / information <input type="checkbox"/> Invested in company <input type="checkbox"/> Ongoing <input checked="" type="checkbox"/> Voting <input type="checkbox"/> Other
--	--

☒ Add Example 4



ESG Topic	<p>Company leadership issues, Other governance</p> <p><input type="checkbox"/> Executive Remuneration</p> <p><input type="checkbox"/> Climate Change</p> <p><input type="checkbox"/> Human rights</p> <p><input checked="" type="checkbox"/> Company leadership issues</p> <p><input type="checkbox"/> Pollution</p> <p><input type="checkbox"/> General ESG</p> <p><input type="checkbox"/> Diversity</p> <p><input type="checkbox"/> Shareholder rights</p> <p><input type="checkbox"/> Health and Safety</p> <p><input type="checkbox"/> Sustainability reporting</p> <p><input type="checkbox"/> Water risks</p> <p><input type="checkbox"/> Labour practices and supply chain management</p> <p><input type="checkbox"/> Anti-bribery and corruption</p> <p><input type="checkbox"/> Deforestation</p> <p><input type="checkbox"/> Aggressive tax planning</p> <p><input type="checkbox"/> Cyber security</p> <p><input type="checkbox"/> Political spending / lobbying</p> <p><input checked="" type="checkbox"/> Other governance</p> <p><input type="checkbox"/> Plastics</p> <p><input type="checkbox"/> Other</p>
Conducted by	<p><input checked="" type="checkbox"/> Individual/Internal</p> <p><input type="checkbox"/> Service provider</p>
Objectives	<p>Our investment team was concerned with risk associated with the board's allowance of excessive pledging of stock by executives and was considering voting against directors on the audit committee.</p>
Scope and Process	<p>The investment team conducted a thorough analysis and determined that a significant liquidity risk existed at the issuer as, at the time of the release of the proxy statement, a total value of 5% of shares outstanding was pledged as collateral by executives. The investment team voiced concern through a vote against the audit committee.</p>
Outcomes	<p><input type="checkbox"/> Company changed practice</p> <p><input type="checkbox"/> Company committed to change</p> <p><input type="checkbox"/> Disclosure / report published</p> <p><input type="checkbox"/> Divestment</p> <p><input type="checkbox"/> Failed/no outcome</p> <p><input type="checkbox"/> Increased understanding / information</p> <p><input type="checkbox"/> Invested in company</p> <p><input type="checkbox"/> Ongoing</p>

	<input checked="" type="checkbox"/> Voting <input type="checkbox"/> Other
--	--

- ☐ Add Example 5
- ☐ Add Example 6
- ☐ Add Example 7
- ☐ Add Example 8
- ☐ Add Example 9
- ☐ Add Example 10

# Manulife Investment Management

## Reported Information

### Public version

#### Direct - Fixed Income













## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.













## ESG incorporation in actively managed fixed income

### Implementation processes

FI 01	Mandatory	Public	Gateway	PRI 1
FI 01.1	Indicate (1) Which ESG incorporation strategy and/or combination of strategies you apply to your actively managed fixed income investments; and (2) The proportion (+/- 5%) of your total actively managed fixed income investments each strategy applies to.			

SSA	 Screening alone	0
	 Thematic alone	0
	 Integration alone	0
	 Screening + integration strategies	100
	 Thematic + integration strategies	0
	 Screening + thematic strategies	0
	 All three strategies combined	0
	 No incorporation strategies applied	0
		100%
Corporate (financial)	 Screening alone	0
	 Thematic alone	0
	 Integration alone	0
	 Screening + integration strategies	100

	<div> <div></div> <div>Thematic + integration strategies</div> </div> <div>0</div>
	<div> <div></div> <div>Screening + thematic strategies</div> </div> <div>0</div>
	<div> <div></div> <div>All three strategies combined</div> </div> <div>0</div>
	<div> <div></div> <div>No incorporation strategies applied</div> </div> <div>0</div>
	100%

Corporate (non-financial)	 Screening alone	0
	 Thematic alone	0
	 Integration alone	0
	 Screening + integration strategies	100
	 Thematic + integration strategies	0
	 Screening + thematic strategies	0
	 All three strategies combined	0
	 No incorporation strategies applied	0
		100%
Securitised	 Screening alone	0
	 Thematic alone	0
	 Integration alone	0
	 Screening + integration strategies	100

	<div>Thematic + integration strategies</div> <div>0</div>
	<div>Screening + thematic strategies</div> <div>0</div>
	<div>All three strategies combined</div> <div>0</div>
	<div>No incorporation strategies applied</div> <div>0</div>
	100%

#### FI 01.2

Describe your reasons for choosing a particular ESG incorporation strategy and how combinations of strategies are used.

##### Our Approach to ESG Integration:

Manulife Investment Management (Manulife IM) believes that Environmental, Social and Governance (ESG) factors can contribute to the overall profile of an investment, and that strong management of ESG risks and opportunities supports long-term sustainable returns. We are committed to integrating ESG analysis into our existing fundamental research processes and see ESG as a natural complement to our strengths as a boutique active investment manager. As our investment teams operate in a boutique environment, each team bears responsibility for evaluation of ESG factors throughout the due-diligence and decision-making processes. Our ESG Research and Integration Team supports investment professionals to better identify relevant ESG factors when making investment decisions, and to identify investee companies suitable for our ESG engagement program. Manulife IM also supports ESG integration by providing investment teams with access to specialized ESG research, training, and data.

During periodic ESG portfolio reviews, the ESG Team assesses investment management teams on the depth of their ESG integration by evaluating:

- Knowledge of ESG issues relevant to portfolio names;
- Rationale for holding portfolio companies with low ESG ratings;
- Examples of investment decisions influenced by ESG factors; and
- Engagements with companies on ESG risks or opportunities.

#### FI 01.3

Additional information [Optional].

In addition, ESG factors are monitored at the portfolio level and ESG data is provided in a daily risk report circulated firm-wide. The risk report helps both portfolio managers and the CEO/CIO identify potential ESG exposures, and highlights investments with the worst ESG ratings. This report also helps identify the issuers that require additional due diligence.

##### Our Approach to Screening:

Manulife IM applies an exclusionary screen for manufacturers of cluster munitions. Manulife Financial Corporation, Manulife IM's parent company, has a Cluster Munitions Policy that prohibits Manulife IM from knowingly making direct investments in companies that manufacture cluster munitions where Manulife IM has discretion to do so. This policy applies to Manulife's policyholder funds and the third-party client funds of Manulife IM. This policy does not apply to investments where we do not have investment discretion, such as index investments, unaffiliated fund mandates and client-directed managed accounts. Manulife IM uses an independent



third-party to maintain an exclusion list of companies that manufacture cluster munitions. The exclusion list is updated annually, if not more frequently, and automatically flows into our internal trading system to prevent trades on the securities of flagged companies.

Manulife IM also manages funds that screen based on Shariah requirements. One fund, for example, defines its universe of potential securities using an index that holds Shariah-compliant firms identified by the Shariah Advisory Council of the Securities Commission of Malaysia (SACBNM). During index rebalancing periods, our Investment Compliance Team works closely with the portfolio manager to divest where required. Beyond the Shariah-compliant universe screening for these strategies, we apply our standard research-driven, materiality-focused ESG integration approach to the security selection and portfolio construction process.

Manulife IM also manages separate accounts with specific values-based or compliance-driven screening criteria and we have worked with some of our clients to implement such screening requirements. For example, we currently manage separate institutional account portfolios with client-driven screening criteria including ex-tobacco and fossil fuel-free, among others.

Where the client includes socially responsible investing considerations or screening requirements in their investment guidelines or mandate, Manulife IM will evaluate their parameters and determine if we are able to offer a version of the strategy customized to those guidelines.

FI 02	Mandatory to Report Voluntary to Disclose	Public	Core Assessed	PRI 1
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FI 02.1	Indicate which ESG factors you systematically research as part of your analysis on issuers.
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Select all that apply

	SSA	Corporate (financial)	Corporate (non-financial)	Securitised
Environmental data	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Social data	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Governance data	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

FI 02.2	Indicate what format your ESG information comes in and where you typically source it
---------	--

☒ Raw ESG company data

#### Indicate who provides this information

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – FI analyst, PM or risk team
- ☒ Other, specify

	specify description
--	---------------------

We will reach out to issuers directly for raw ESG company data.

☒ ESG factor specific analysis

**Indicate who provides this information**

- ☒ ESG research provider
  - ☒ Sell-side
  - ☒ In-house – specialised ESG analyst or team
  - ☒ In-house – FI analyst, PM or risk team
  - ☐ Other, specify
- ☒ Issuer-level ESG analysis

**Indicate who provides this information**

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – FI analyst, PM or risk team
- ☒ Other, specify

specify description

We will reach out to issuers directly for ESG information when conducting an analysis.

- ☒ Sector-level ESG analysis

**Indicate who provides this information**

- ☒ ESG research provider
  - ☒ Sell-side
  - ☒ In-house – specialised ESG analyst or team
  - ☒ In-house – FI analyst, PM or risk team
  - ☐ Other, specify
- ☒ Country-level ESG analysis

**Indicate who provides this information**

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – FI analyst, PM or risk team
- ☐ Other, specify

FI 02.3	Provide a brief description of the ESG information used, highlighting any differences in sources of information across your ESG incorporation strategies.
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Our ESG integration strategy is an extension of our fundamental research process and leverages third-party ESG data and research providers. Manulife IM evaluates and selects providers after review against their industry peers. When selecting a provider, we consider the breadth of data and sources, the quality of analysis, and the depth of dedicated resources to maintaining product quality. Each investment team has access to third-party ESG analysis platforms that provide data and background information on each pillar at the company/issuer and sovereign level. In addition, the ESG Team monitors ESG factors using research from an array of sources including sell side firms and non-profit thought leaders, and then disseminates the applicable information to investment teams.

All credit teams have access to a proprietary ESG credit risk analysis template which draws on various sources of ESG data and research. This tool enables credit teams to better discern and analyze areas of risk, and, in turn, potential valuation impacts on investments. Our investment teams also have access to ESG industry handbooks that we have developed to identify industry-specific ESG key performance indicators and their potential impact on financial drivers.

FI 02.4	Additional information. [Optional]
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Manulife IM actively participates in industry dialogue to expand our knowledge and capabilities related to ESG integration across fixed income as an asset class. We participated in the PRI Working Group on Sovereigns and the PRI-led collaborative engagements that completed in 2019 and integrated what we learned into our investment approach.

We gain insight into regional differences in ESG integration and information through membership in local organizations including the Responsible Investment Association in Canada. As a foreign investor, Manulife IM participates in the TCFD Consortium of Japan whose main purpose is to facilitate discussion for TCFD related matters among local issuers and investors with support from that country's Ministry of Economy, Trade and Industry, Financial Services Agency, and Ministry of Environment. Most recently, Manulife IM participated in a speaking engagement on a panel discussing TCFD disclosure trends in Asia at the TCFD Summit which The Consortium hosted.

FI 03	Mandatory	Public	Additional Assessed	PRI 1
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FI 03.1	Indicate how you ensure that your ESG research process is robust:
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- ☒ Comprehensive ESG research is undertaken internally to determine companies' activities; and products and/or services
- ☒ Issuers are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- ☒ Issuer information and/or ESG ratings are updated regularly to ensure ESG research is accurate
- ☒ Internal audits and regular reviews of ESG research are undertaken in a systematic way.
- ☒ A materiality/sustainability framework is created and regularly updated that includes all the key ESG risks and opportunities for each sector/country.
- ☒ Other, specify

	specify description
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Through detailed portfolio reviews, we identify errors/gaps in external third party ESG research and verify with our own research and/or engaging our providers.

- ☐ None of the above

**FI 03.2**

Describe how your ESG information or analysis is shared among your investment team.

- ☒ ESG information is held within a centralised database and is accessible to all investment staff
- ☒ ESG information is displayed on front office research platforms
- ☒ ESG information is a standard item on all individual issuer summaries, research notes, 'tear sheets', or similar documents
- ☐ Investment staff are required to discuss ESG information on issuers as a standard item during investment committee meetings
- ☒ Records capture how ESG information and research was incorporated into investment decisions
- ☒ Other, specify

The ESG Team and the credit teams meet regularly to review ESG research and data.

☐ None of the above

**FI 03.3**

Additional information. [Optional]

Manulife IM investment teams operate in a boutique environment, empowered to make investment decisions in line with their singular philosophy and their clients' long-term objectives. All investment teams have access to third-party ESG research at the issuer and sovereign level. Many of our investment teams systematically include ESG information or analysis as a standard aspect of corporate credit research notes in order to identify material ESG risks and opportunities.

The ESG Team also created an ESG credit risk analysis template that is available to all credit teams globally. This tool uses raw data to create a ranking that adjusts the credit opinion of a specific issuer to varying degrees depending on the analyst's input and view. More specifically, the template:

- Assesses ESG risks versus credit spread/rating and the potential for ESG factors to have an impact on spreads/ratings and possible default risks; and,
- Draws on various sources of data and research, including Bloomberg, MSCI, and ISS.

**(A) Implementation: Screening**
**FI 04**
**Mandatory**
**Public**
**Gateway**
**PRI 1**
**FI 04.1**

Indicate the type of screening you conduct.

Select all that apply

	SSA	Corporate (financial)	Corporate (non-financial)	Securitised
Negative/exclusionary screening	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Positive/best-in-class screening	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Norms-based screening	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

FI 04.2	Describe your approach to screening for internally managed active fixed income
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Manulife IM manages funds which have negative screening components, such as our Shariah-Compliant Funds. Our exclusions based on other business activities (e.g. tobacco production, fossil fuel-based business activities, cryptocurrency assets) are specific to certain client accounts and mandates at the request of those clients. Adjustments to these criteria are done in extensive consultation with clients as needed from time-to-time.

Our exclusion of cluster munitions manufacturers is group-wide (i.e. also applies to asset management activities of the corporate parent of Manulife IM) and applies to 100% of the funds where we have investment discretion.

Starting in 2020 Manulife IM will also manage funds using norms-based screening which align with international conventions including the United Nations Global Compact, the Universal Declaration of Human Rights, International Labor Organization conventions, and the UN Convention on Corruption.

FI 04.3	Additional information. [Optional]
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In addition to the screening processes described above, some of the investment teams use positive screening. For example, the Canadian and Asian fixed income teams will likely prioritize a green bond if given the choice between two bonds of similar profiles.

Manulife IM has also developed a proprietary framework for assessing company alignment with the Sustainable Development Goals. Currently, this methodology is leveraged by an affiliated service, John Hancock Personal Financial Services, for certain equity portfolio solutions. This methodology could also be applied, however, to corporate debt issuers.

FI 05	Voluntary	Public	Additional Assessed	PRI 1
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FI 05.1	Provide examples of how ESG factors are included in your screening criteria.
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☒ Example 1

	Type of fixed income
<input type="checkbox"/> SSA <input checked="" type="checkbox"/> Corporate (financial) <input checked="" type="checkbox"/> Corporate (non-financial) <input type="checkbox"/> Securitised	
	ESG factors
<input checked="" type="checkbox"/> Environmental <input checked="" type="checkbox"/> Social <input checked="" type="checkbox"/> Governance	
	Screening
<input checked="" type="checkbox"/> Negative/ exclusionary	
	Description of how ESG factors are used as the screening criteria
<p>Manulife IM manages separate accounts with specific values-based or compliance-driven screening criteria and we have worked with some of our clients to implement their ESG requirements. For example, we currently manage a number of separate account portfolios with client-driven ESG criteria such as ex-tobacco and fossil fuel free strategies.</p> <p>The environmental screening for these mandates can relate to a client's goals of mitigating climate change or managing water risk as examples. We retain discretion to compose the portfolio in these instances, and work with the client to set parameters. These limits are then incorporated into our research process. The parameters may result in decisions to avoid, or sell, a certain security.</p> <p>Finally, we will apply research driven exclusions in some portfolios. For example, in Asia ex-Japan we will screen for certain governance characteristics as a starting point for the investable universe.</p>	

☒ Example 2

	Type of fixed income
<input type="checkbox"/> SSA <input checked="" type="checkbox"/> Corporate (financial) <input checked="" type="checkbox"/> Corporate (non-financial) <input type="checkbox"/> Securitised	
	ESG factors
<input checked="" type="checkbox"/> Environmental <input checked="" type="checkbox"/> Social <input checked="" type="checkbox"/> Governance	
	Screening
<input type="checkbox"/> Negative/ exclusionary	
	Description of how ESG factors are used as the screening criteria
<p>Manulife IM's fixed income team in Japan includes ESG factors in their process for monitoring their investment universe. They monitor their portfolio by categorizing issuers into three buckets:</p> <ol style="list-style-type: none"> <li>1) Issuers with high credit rating and low ESG scores;</li> <li>2) Issuers with low credit rating and high ESG scores; and,</li> <li>3) Issuers with low credit rating and low ESG scores.</li> </ol> <p>These categorizations determine whether further due diligence is done on ESG exposures of the issuers and which issuers are prioritized for ESG engagement.</p> <p>The Japan team finds that most issuers are categorized as issuers with high credit ratings and low ESG scores. Moreover, it is generally governance issues that are driving the low ESG rating. The team considers the fact that Japanese corporate governance norms diverge from those of other westernized OECD economies. Such accepted practices as cross shareholdings with lenders and the appointment of directors from those lenders are generally assessed as negative governance factors. In this context, our Japan team standardized a due diligence assessment of these relationships for inclusion in issuer engagements.</p>	

- ☐ Example 3  
☐ Example 4  
☐ Example 5

FI 06	Mandatory	Public	Core Assessed	PRI 1
FI 06.1	Indicate which systems your organisation has to ensure that fund screening criteria are not breached in fixed income investments.			

Type of screening	Checks
Negative/exclusionary screening	<input checked="" type="checkbox"/> Analysis is performed to ensure that issuers meet screening criteria <input checked="" type="checkbox"/> We ensure that data used for the screening criteria is updated at least once a year. <input checked="" type="checkbox"/> Automated IT systems prevent our portfolio managers from investing in excluded issuers or bonds that do not meet screening criteria <input checked="" type="checkbox"/> Audits of fund holdings are undertaken yearly by internal audit or compliance functions <input checked="" type="checkbox"/> Other, specify <div>other description</div> <p>Portfolio managers oversee investment decisions for strategies with specific screening criteria. The ESG Team also conducts quarterly portfolio reviews.</p> <input type="checkbox"/> None of the above

#### FI 06.2

#### Additional information. [Optional]

For our firm-wide screen on cluster munitions, our internal trading systems are automatically blocked from any trades in these restricted securities. A breach should not generally occur given the automation rule. In the unlikely event that a trade executes on a restricted name, the rule functionality and workflow would stop the trade and notify the local compliance officer. The compliance officer would then review the alert note and trade details and review the matter with the Divisional Compliance Team. Situations may occur where the rule does not function as it should. This can happen if, for example, there is a system outage. In these situations, the Divisional Compliance Team works with the Investment Team to resolve the breach.

For specific account restrictions, the Investment Compliance Team will code the account on our trading system in accordance with the client's investment restrictions and guidelines. Alerts are generated if trades are entered into the system which potentially breach those restrictions and guidelines. The Investment Team must then liaise with the Investment Compliance Team to resolve any breaches.

For our Shariah-Compliant funds, the investment team does have the ability to add securities that are screened outside of the official Shariah-Compliant list. The Investment Team undertakes a formal approval process before purchasing any such securities. Manulife Investment Management's Shariah Adviser, the Islamic Banking and Finance Institute Malaysia (IBFIM), reviews the instruments and opines as to whether these instruments are Shariah-Compliant. The IBFIM reviews the Shariah-compliant portfolios monthly to ensure continued compliance and that any potential breaches are addressed during this review. From time-to-time, new stocks are added or deleted from this list and the funds adjust holdings accordingly.

### (C) Implementation: Integration

FI 10	Mandatory	Public	Descriptive	PRI 1
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**FI 10.1****Describe your approach to integrating ESG into traditional financial analysis.**

Manulife IM provides all investment teams with access to specialized ESG research, industry ESG handbooks, corporate governance analysis and sovereign-level ESG research and analysis. Credit analysts are responsible for completing an ESG risk assessment and can use the ESG risk profile to adjust the relative value ranking of names within a given industry. Our dedicated ESG Team partners with portfolio management teams to review specific ESG issues, provide company-specific research and thematic research, and to engage with management where appropriate. In addition, ESG factors are monitored at the portfolio level in a risk report circulated daily. This report helps both portfolio managers and the CIO identify potential ESG exposures, and highlights investments with poor ESG ratings. This report also helps identify the issuers that require additional due diligence. Further, we view company engagement as an indispensable part of our ESG integration process. We engage with companies to enhance our due diligence and to communicate our expectations around best practice management of ESG issues. Engagement notes are available firm-wide through a shared research platform.

**FI 10.2****Describe how your ESG integration approach is adapted to each of the different types of fixed income you invest in.****SSA**

Manulife IM provides all investment teams with access to specialized ESG research on sovereigns. Generally, teams monitor changes in a government's approach to governance and whether social and/or environmental factors impact economic activity. Manulife IM will also join industry groups and collaborations. Manulife IM was, for example, a member of the PRI Fixed Income Advisory Committee and of the Working Group on ESG Integration and Sovereigns that concluded in 2019.

See question FI 12 for a more detailed description of our approach across different types of Fixed Income holdings.

**Corporate (financial)**

Our ESG integration approach aims to identify the material key issues within an industry, which includes industries in the finance sector such as Diversified Banks, Diversified Financials, Life and Health Insurance, Property and Casualty Insurance, Thrifts and Mortgage. We recognize that ESG risks and opportunities also arise in the projects and companies that these institutions finance.

See question FI 12 for a more detailed description of our approach across different types of Fixed Income holdings.

**Corporate (non-financial)**

Our ESG integration approach for non-financial corporate bonds is adapted to identify the material key issues within an industry. For non-financial issuers, we seek to identify issuers where corporate behavior and objective ESG exposures raise risk profiles. We assess the materiality of the risks in the applicable industry as well as the firm's management of those factors.

See question FI 12 for a more detailed description of our approach across different types of Fixed Income holdings.

**Securitized**

Our ESG integration approach for securitized debt is evolving to consider how to systematically integrate ESG factors into structured credit analysis, recognizing that ESG data is less readily available in this space.

See question FI 12 for a more detailed description of our approach across different types of Fixed Income holdings.

FI 11	Mandatory	Public	Core Assessed	PRI 1
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FI 11.1	Indicate how ESG information is typically used as part of your investment process.
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Select all that apply

	SSA	Corporate (financial)	Corporate (non- financial)	Securitised
ESG analysis is integrated into fundamental analysis	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG analysis is used to adjust the internal credit assessments of issuers.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG analysis is used to adjust forecasted financials and future cash flow estimates.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
ESG analysis impacts the ranking of an issuer relative to a chosen peer group.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
An issuer's ESG bond spreads and its relative value versus its sector peers are analysed to find out if all risks are priced in.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
The impact of ESG analysis on bonds of an issuer with different durations/maturities are analysed.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Sensitivity analysis and scenario analysis are applied to valuation models to compare the difference between base-case and ESG-integrated security valuation.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ESG analysis is integrated into portfolio weighting decisions.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Companies, sectors, countries and currency and monitored for changes in ESG exposure and for breaches of risk limits.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
The ESG profile of portfolios is examined for securities with high ESG risks and assessed relative to the ESG profile of a benchmark.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Other, specify in Additional Information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

FI 11.2	Additional information [OPTIONAL]
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Throughout the course of 2019, Manulife IM improved its coverage and support for ESG integration across fixed income strategies. The following tools are now available to our investment professionals:

- **ESG Industry Handbooks:** These proprietary ESG Industry Handbooks provide industry-specific ESG key performance indicators; connect those indicators to financial drivers such as revenue, operating expenses, non-operating expenses, and assets and liabilities; highlight case studies that demonstrate the connection between the ESG indicators and company performance; and provide a detailed list of due diligence questions focusing on environmental, social and governance factors.
- **ESG Analysis for Credit Recommendation Notes:** This tool draws on external ESG data and research to provide context for proprietary ESG credit analysis.
- **Sovereign Assessment Model:** This tool incorporates a wide range of data for each of the ESG factors as they relate to various sovereign issuers. Countries are classified by development status and ESG assessments are generated relative to that peer group.
- **Engagements and Collaborative Engagements:** Manulife IM participated in several industry-wide thematic collaborative engagements in an effort to increase our knowledge of subject matter and influence corporations to improve their sustainability strategies and disclosure. Topics included climate action and cybersecurity. Investment teams also participate in engagements directly with companies and notes are available to all teams through a global research platform.
- **Quarterly ESG Portfolio Reviews:** Manulife IM leverages external ESG data to produce a proprietary internal report for the majority of portfolios that identifies ESG risk and opportunity relative to the applicable benchmark. Teams can also monitor their ESG risk/opportunity profile through a global platform.
- **Periodic ESG Trainings:** The ESG Team organizes training for the investment teams that covers current ESG integration trends and thought leadership on ESG risks and opportunities.
- **ESG Assessments of Investment Teams:** Manulife IM assesses each investment team on their ESG Integration practices using a proprietary rubric that grades teams on a scale from 1 to 5. The assessment of each investment management team and strategy is presented to the CIO/CEO as part of a quarterly CIO review of all regions and is also made available and transparent to the investment teams themselves.

FI 12	Mandatory	Public	Additional Assessed	PRI 1
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FI 12.1	Indicate the extent to which ESG issues are reviewed in your integration process.
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	Environment	Social	Governance
SSA	<div>Environmental</div> <input checked="" type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<div>Social</div> <input checked="" type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<div>Governance</div> <input checked="" type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all
Corporate (financial)	<div>Environmental</div> <input checked="" type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<div>Social</div> <input checked="" type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<div>Governance</div> <input checked="" type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all
Corporate (non-financial)	<div>Environmental</div> <input checked="" type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<div>Social</div> <input checked="" type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<div>Governance</div> <input checked="" type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all
Securitized	<div>Environmental</div> <input type="radio"/> Systematically <input checked="" type="radio"/> Occasionally <input type="radio"/> Not at all	<div>Social</div> <input type="radio"/> Systematically <input checked="" type="radio"/> Occasionally <input type="radio"/> Not at all	<div>Governance</div> <input type="radio"/> Systematically <input checked="" type="radio"/> Occasionally <input type="radio"/> Not at all

#### FI 12.2

Please provide more detail on how you review E, S and/or G factors in your integration process.

#### SSA

Manulife IM provides all investment teams with access to specialized ESG research on sovereigns. Given that we operate as a community of boutique investment teams, each team incorporates ESG factors into the investment process in a manner that suits its individual investment decision-making approach. To further the integration efforts with respect to sovereigns, Manulife IM was a member of the PRI's Working Group on ESG Integration and Sovereigns.

Manulife IM launched a proprietary sovereign ESG model, which the credit investment teams use as an input into their credit assessment models. The sovereign ESG model uses statistical, reported, and demographic data to produce a baseline view on environmental, social, and political (governance) issues for countries, which are adjusted using a momentum factor based on our views on country reforms and long-term climate change risk exposures. The environmental, social, and political (governance) pillars in the model include inputs that capture key risk exposures at a country level and represent our real-time view on ESG performance as influenced by our engagement efforts. The proprietary model assesses each sovereign according to a five-tier category system, ranging from very strong to very weak, and provides near-term/long-term assessments that account for the increasing relevance of environmental factors to sovereign debt as time passes.

Manulife IM incorporates a wide range of data for each of the ESG factors on sovereigns. Our data sources include The World Governance Indicators from the World Bank, Wealth Equality data from Credit Suisse, The Global Innovation Index from The World Intellectual Property Organization, and The Gender Development Index from the United Nations among others. Teams also have the flexibility, however, to use qualitative assessments to adjust for information which may not be captured in public sources or otherwise considered in our models.

In 2019, for example, our model showed a weak score on the environmental pillar for Taiwan sovereigns due to the nation's limited natural resources relative to its dense population. Our investment teams determined, however, that the sovereign's developed economy status, technological capabilities, and infrastructure mitigated these risks. Conversely, Hong Kong rated high in our modelling tool due to its economic and fiscal position, but we underweighted the sovereign to reflect social risks related to rising tension between mainland China and Hong Kong as well as high wealth inequality, and a shortage of affordable housing.

#### Corporate (financial)

Manulife IM provides all investment teams with access to specialized ESG and corporate governance research on corporate instruments. Generally, the investment teams conduct a similar analysis for financials corporate bonds as for non-financials corporate bonds discussed below. While performing fundamental research of financials corporate bond issuers we identify corporate behavior and ESG factors that are material to a firm's financial performance. Some risks we have identified in the past include sanctions for certain transactions, violations of local industry laws or regulations, allegations of involvement in money laundering, and evidence of corruption. These issues all may potentially harm the brand image along and result in fines, penalties, and loan losses.

Manulife IM's Japan credit team assesses the regulator's position as that view strongly affects the governance style of the issuer. The regulatory position also differs across countries as well as sub-sectors (banks, securities firms and insurance companies).

#### Corporate (non-financial)

Our ESG integration approach for corporate bonds seeks to identify the material key issues within an industry that may have an impact on financial performance. At the issuer level our teams then assess corporate behavior and a firm's efforts to manage relevant ESG factors. Significant resources including data, research, and training are available to our investment teams to perform these reviews, though these teams have the flexibility to integrate the information in the way that works best for their portfolios.

Our Asia (ex-Japan) credit research team, for example, developed an ESG review framework for its internal risk ratings whereby firm exposure to ESG factors is categorized into four risk intensity rankings based on various qualitative attributes. This framework focuses on the ESG risks that the Asian credit research team considers impactful to the credit profile of a company. Each intensity ranking corresponds to an adjustment to the internal risk rating of an issuer after considering potential mitigating factors such as government support, business diversification, and financial strength. The internal risk rating in turn is utilized to judge the relative merits of issuers, the fair value of their bonds, and their overall potential as an investment.

Manulife IM's Japan credit team similarly developed their own approach to integrating ESG factors in credit analysis. That team's process includes a credit quality assessment that identifies critical ESG factors and adjustments to the investment valuation where the investment team determines that there is a high likelihood that a significant ESG risk will materialize. In such cases, liquidity of the bonds is not always guaranteed as local bond markets are composed of investment grade instruments only. The team will also consider possible improvements in long-term sustainability through assessment of whether the issuer has business opportunities and risks related to environmental and social factors which are not incorporated into credit rating.

## Securitised

Manulife IM considers ESG factors in our review of securitized instruments based on the nature of the underlying collateral assets, the investment capital stack position, and other characteristics. As the level to which a team considers ESG factors varies based on the investment risk profile, the specific factors considered will also differ by instrument. For instruments where real estate is the underlying asset, for example, we will look for, among other factors, LEED certification, capital expenditure dedicated to energy efficiency, and limitations on insurance coverage due to exposure to weather events. Regarding loan assets, we will review social factors including, but not limited to, the ability of borrowers to repay loans and preserve collateral value and the overall servicing reputation of the lenders. From a governance standpoint, we generally encourage as much disclosure as possible regarding the underlying deal structures; we consider third-party or government asset performance ratings; and we engage with management teams, investment bankers, and rating agencies, among others, to assess the overall management supporting the instruments.

As a specific example, last year we raised several topics in engagements with issuers of automobile finance securitizations, including the potential transformation of automobile ownership, access to finance, discriminatory lending practices, and governance of financial products with a focus on risks associated with high loan-to-value profiles.

## ESG incorporation in passively managed fixed income

FI 13	Voluntary	Public	Descriptive	PRI 1
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FI 13.1	Describe your RI approach for passively managed fixed income assets.
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This is not applicable

## Fixed income - Engagement

FI 14	Mandatory to Report Voluntary to Disclose	Public	Core Assessed	PRI 2
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FI 14.1	Indicate the proportion of your fixed income assets on which you engage. Please exclude any engagements carried out solely in your capacity as a shareholder.
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Category	Proportion of assets
<b>SSA</b>	<p> <input type="radio"/> &gt;50%  <input type="radio"/> 26-50%  <input type="radio"/> 5-25%  <input checked="" type="radio"/> More than 0%, less than 5% </p> <div> <b>FI 14.2</b> Indicate your motivations for conducting engagement (SSA fixed income assets). </div> <p> <input checked="" type="checkbox"/> To gain an understanding of ESG strategy and/or management  <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure  <input checked="" type="checkbox"/> To influence issuer practice (or identify the need to influence) on ESG issue </p>
<b>Corporate (financial)</b>	<p> <input type="radio"/> &gt;50%  <input type="radio"/> 26-50%  <input checked="" type="radio"/> 5-25%  <input type="radio"/> More than 0%, less than 5% </p> <div> <b>FI 14.2</b> Indicate your motivations for conducting engagement (Corporate, Financial fixed income assets) </div> <p> <input checked="" type="checkbox"/> To gain an understanding of ESG strategy and/or management  <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure  <input checked="" type="checkbox"/> To influence issuer practice (or identify the need to influence) on ESG issue </p>
<b>Corporate (non-financial)</b>	<p> <input type="radio"/> &gt;50%  <input type="radio"/> 26-50%  <input checked="" type="radio"/> 5-25%  <input type="radio"/> More than 0%, less than 5% </p> <div> <b>FI 14.2</b> Indicate your motivations for conducting engagement (Corporate, non-financial fixed income assets) </div> <p> <input checked="" type="checkbox"/> To gain an understanding of ESG strategy and/or management  <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure  <input checked="" type="checkbox"/> To influence issuer practice (or identify the need to influence) on ESG issue </p>
<b>Securitised</b>	<p> <input type="radio"/> &gt;50%  <input type="radio"/> 26-50%  <input type="radio"/> 5-25%  <input checked="" type="radio"/> More than 0%, less than 5% </p> <div> <b>FI 14.2</b> Indicate your motivations for conducting engagement (Securitised fixed income assets). </div> <p> <input checked="" type="checkbox"/> To gain an understanding of ESG strategy and/or management  <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure </p>

	<input type="checkbox"/> To influence issuer practice (or identify the need to influence) on ESG issue
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<b>FI 14.3</b>	<b>Additional information.[OPTIONAL]</b>
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Engagement with issuers during the pre-investment phase is highly informative for Manulife IM credit research teams as these meetings help build a holistic view of the risk/return profile of the company. Most engagements conducted by Manulife IM are not specific to any one asset class. Manulife IM's fixed income teams conduct engagement as part of the initial due diligence, ongoing risk monitoring, and active ownership responsibilities. Although the fixed income teams do not own voting shares in their holdings, Manulife IM believes fixed income can still take an active management approach and use ESG engagements to gain greater insight into a management's performance and encourage improvement of risk profiles over time.

As an example, our Japan Fixed Income Team implemented an ESG engagement campaign for major electric power companies because electric utilities are carbon intensive and their bonds make up a significant portion of the bond universe in Japan. Through this, and other engagement initiatives, the Japan Fixed Income Team observed challenges and efforts that many Japanese issuers share:

- (1) The concept of ESG isn't well dispersed across organizations and ESG issues are often discussed in the context of medium-term management strategies,
- (2) the degree of senior-level commitment remains unclear,
- (3) disclosure in English and for nonfinancial data on a consolidated basis remains a challenge, and
- (4) appropriate contact with all stakeholders (e.g., several issuers don't consider bondholders as ESG stakeholders).

The team shares these observations with issuers to raise ESG awareness among Japanese issuers and as a baseline to identify best-in-class behavior. In this regard, the team strives to take top-down (engagement with the top-management) and bottom-up (engagement with middle management ESG staff) approaches to the target issuers based on their needs. Through such engagement activities, the team observed some positive outcomes in 2019. An engaged electric power company, for example, issued its first integrated report while a separate power company issued their first green bond in early 2020. Another engaged issuer acted on our suggestion to hold its first ESG dedicated meeting. The team also communicates investor views to companies regarding ESG as firms prepare their ESG annual reports to encourage disclosure of investor useful information. More broadly the Japan team communicated their views through a speaking engagement at the sub-committee of Global Compact Network Japan and engagement with regulators such as Ministry of Economy, Trade and Industry, Financial Services Agency, and Ministry of Environment.

<b>FI 15</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Additional Assessed</b>	<b>PRI 1,2</b>
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

<b>FI 15.1</b>	Indicate how you typically engage with issuers as a fixed income investor, or as both a fixed income and listed equity investor. (Please do not include engagements where you are both a bondholder and shareholder but engage as a listed equity investor only.)
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Select all that apply

Type of engagement	SSA	Corporate (financial)	Corporate (non-financial)	Securitized
Individual/Internal staff engagements	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Collaborative engagements	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Service provider engagements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



**FI 15.2**

Indicate how your organisation prioritises engagements with issuers.

Select all that apply

	SSA	Corporate (financial)	Corporate (non-financial)	Securitised
Size of holdings	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Credit quality of the issuer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Duration of holdings	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Quality of transparency on ESG	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Specific markets and/or sectors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Specific ESG themes	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Issuers in the lowest ranks of ESG benchmarks	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Issuers in the highest ranks of ESG benchmarks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Specific issues considered priorities for the investor based on input from clients and beneficiaries	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

If 'other' has been selected, please give a description

We may engage based on where we have an opportunity to influence issuer behavior or where the issuer seeks our advice on ESG strategy.

**FI 15.3**

Indicate when your organisation conducts engagements with issuers.

Select all that apply

	SSA	Corporate (financial)	Corporate (non-financial)	Securitised
We engage pre-investment.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
We engage post-investment.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
We engage proactively in anticipation of specific ESG risks and/or opportunities.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
We engage in reaction to ESG issues that have already affected the issuer.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
We engage prior to ESG-related divestments.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other, describe	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

If 'other' has been selected, please give a description

We may engage based on where we have an opportunity to influence issuer behavior or where the issuer seeks our advice on ESG strategy. For securitized investments we will have more broad ESG specific discussions with industry trade associations and investment banks as part of the structured finance industry's ESG process development which may influence issuer behavior.

#### FI 15.4

Indicate what your organisation conducts engagements with issuers on.

Select all that apply

	SSA	Corporate (financial)	Corporate (non-financial)	Securitised
We engage on ESG risks and opportunities affecting a specific bond issuer or its issuer.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
We engage on ESG risks and opportunities affecting the entire industry or region that the issuer belongs to.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
We engage on specific ESG themes across issuers and industries (e.g., human rights).	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Other, describe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

#### FI 15.5

Indicate how your organisation ensures that information and insights collected through engagement can feed into the investment decision-making process.

Select all that apply

	SSA	Corporate (financial)	Corporate (non-financial)	Securitised
Ensuring regular cross-team meetings and presentations.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Sharing engagement data across platforms that is accessible to ESG and investment teams.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Encouraging ESG and investment teams to join engagement meetings and roadshows.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Delegating some engagement dialogue to portfolio managers/credit analysts.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Involving portfolio managers when defining an engagement programme and developing engagement decisions.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Establishing mechanisms to rebalance portfolio holdings based on levels of interaction and outcomes of engagements.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Considering active ownership as a mechanism to assess potential future investments.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Other, describe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We do not ensure that information and insights collected through engagement can feed into the investment decision-making process.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

FI 15.6

Additional information.[OPTIONAL]

See our response to FI 12.2 for additional information on our engagement activities.

FI 16

Mandatory to Report Voluntary to Disclose

Public

Additional Assessed

PRI 1,2

FI 16.1

Indicate if your publicly available policy documents explicitly refer to fixed income engagement separately from engagements in relation to other asset classes.

☒ Yes

FI 16.2

Please attach or provide a URL to your fixed income engagement policy document. [Optional]

URL

<https://www.manulifeim.com/institutional/global/en/sustainability>

☐ No

**FI 16.3**

Additional information [OPTIONAL]

Our Engagement policy specifies that, as a manager with diversified asset classes, we engage as both an equity and debt investor. Investment teams often meet company management as part of their fundamental research process. The meetings provide analysts and portfolio managers with insights into management quality, business drivers, and the strategies of the companies in which they invest. In addition, these meetings allow investment teams to assess a company's exposure to ESG risks and opportunities as well as a firm's management of that exposure to protect or enhance shareholder value.

Specialist ESG analysts also initiate and lead meetings with companies specifically focused on ESG engagement. These meetings, and information from these meetings, are leveraged by investment teams in their investment processes. Manulife IM may engage with companies both independently and collectively with other shareholders or third-parties and will choose the approach that is in the best interests of our clients, considering the target company's relevant circumstances and our engagement objectives. Our approach is constructive, with the belief that, over time, we will build a relationship of trust and gain a sound understanding of how management of key ESG issues supports a company's business strategy.

## Outputs and outcomes

**FI 17**

**Mandatory to Report Voluntary to Disclose**

**Public**

**Additional Assessed**

**General**

**FI 17.1**

Indicate whether your organisation measures how your incorporation of ESG analysis in fixed income has affected investment outcomes and/or performance.

Select all that apply

	SSA	Corporate (financial)	Corporate (non-financial)	Securitised
We measure whether incorporating ESG impacts portfolio risk.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
We measure whether incorporating ESG impacts portfolio returns.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
We measure the ESG performance/profile of portfolios (relative to the benchmark).	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<b>FI 17.2</b>	Describe how your organisation measures how your incorporation of ESG analysis in fixed income has affected investment outcomes and/or ESG performance. [OPTIONAL]
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To measure the impact of ESG integration on portfolio returns, we perform qualitative assessments regularly at the portfolio level and quantitative assessments at the security level. Manulife IM's proprietary ESG tools and models enable credit teams to assess whether additional compensation is needed for elevated ESG risks at the issuer level. We also review fixed income portfolios on a quarterly basis using external ESG data to produce a proprietary internal report that measures portfolio ESG risk and opportunities against the applicable benchmark.

<b>FI 18</b>	<b>Voluntary</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 1,2</b>
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<b>FI 18.1</b>	Provide examples of how your incorporation of ESG analysis and/or your engagement of issuers has affected your fixed income investment outcomes during the reporting year.
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☒ Example 1

	Type of fixed income
<input checked="" type="checkbox"/> SSA <input type="checkbox"/> Corporate (financial) <input type="checkbox"/> Corporate (non-financial) <input type="checkbox"/> Securitised	
	ESG issue and explanation
<p>Manulife IM credit teams identified rising social and governance risks in Sri Lanka. These related to religious clashes in the country and governance issues related to constitutional instability.</p>	
	RI strategy applied
<input type="checkbox"/> Screening <input checked="" type="checkbox"/> Integration <input type="checkbox"/> Engagement <input type="checkbox"/> ESG incorporation in passively managed funds	
	Impact on investment decision or performance
<p>Manulife IM sold the Sri Lankan sovereign credit holdings in late 2018. These governance issues and tensions culminated in the 2019 Easter bombings which resulted in hundreds of casualties and deterioration in the tourism sector, which is important to the Sri Lankan economy. The debt issuances recovered, however, in mid-2019. Manulife IM chose, at that time, to avoid the credit due to ongoing concerns regarding the nation's stability. The sovereign again faced volatility in late 2019 after a contentious election. The initial sale of our holdings reduced the social risk in our portfolios, and the continued avoidance reduced the volatility of the fund.</p>	

☒ Example 2

	Type of fixed income
<input type="checkbox"/> SSA <input checked="" type="checkbox"/> Corporate (financial) <input type="checkbox"/> Corporate (non-financial) <input type="checkbox"/> Securitised	
	ESG issue and explanation
<p>Manulife IM engaged with a Chinese insurance company on their ESG disclosure, TCFD alignment, and climate change strategy. We shared our view that climate change was a key risk for the company and outlined the additional information that they could provide to help our investment analysis. We also highlighted best practices from other global insurance companies in an effort to encourage changed behavior at the firm.</p>	
	RI strategy applied
<input type="checkbox"/> Screening <input type="checkbox"/> Integration <input checked="" type="checkbox"/> Engagement <input type="checkbox"/> ESG incorporation in passively managed funds	
	Impact on investment decision or performance
<p>The company subsequently joined PRI and Climate Action 100+. They further developed a low carbon strategy and began preparing their first TCFD report. This became the first TCFD report in China and they aim to be a leader in ESG standards in the country. We believe our engagement was a contributing factor to these changes. These actions by the company also bolstered our investment thesis by demonstrating that climate risks are being addressed. Our teams have since shared this firm's TCFD report as a model for other companies in China.</p>	

☒ Example 3

	Type of fixed income
<input type="checkbox"/> SSA <input type="checkbox"/> Corporate (financial) <input checked="" type="checkbox"/> Corporate (non-financial) <input type="checkbox"/> Securitised	
	ESG issue and explanation
<p>Through our internal research process, Manulife IM determined that significant ESG risks existed at a U.S. company related to human capital management, carbon footprint, and water stress among others. The Investment Team and the ESG Team set out to determine through engagement whether the firm lacked robust disclosure regarding management of those risks and whether the risks were indeed as substantial as they appeared.</p>	
	RI strategy applied
<input type="checkbox"/> Screening <input type="checkbox"/> Integration <input checked="" type="checkbox"/> Engagement <input type="checkbox"/> ESG incorporation in passively managed funds	
	Impact on investment decision or performance
<p>Manulife IM conducted an initial engagement with the company to discuss the significant risks we identified across each pillar of ESG. Company representatives declined to provide satisfactory responses to those questions. The company then proactively contacted Manulife IM to discuss ESG risk with the CEO. The conversation revealed that the company was taking actions to address its carbon footprint and water stress levels, but had not documented those actions through formal policies. The CEO agreed to reconvene the discussion six months from the initial meeting to provide an update on the firm's sustainability reporting strategy, risk mitigation activities, and general strategy to improve sustainable practices.</p>	

☒ Example 4

	Type of fixed income
<input type="checkbox"/> SSA <input checked="" type="checkbox"/> Corporate (financial) <input type="checkbox"/> Corporate (non-financial) <input type="checkbox"/> Securitised	
	ESG issue and explanation
Manulife IM engaged with a multi-national West African bank to learn more about their credit offerings.	
	RI strategy applied
<input type="checkbox"/> Screening <input type="checkbox"/> Integration <input checked="" type="checkbox"/> Engagement <input type="checkbox"/> ESG incorporation in passively managed funds	
	Impact on investment decision or performance
Through the engagement, the bank explained that they were offering a bond that would have 68% of its loan books dedicated to infrastructure projects, including road maintenance and construction, sanitation and water delivery and hygiene. The bank itself was in the process of establishing a regional center on climate and they demonstrated a sophisticated understanding of the physical risks posed by climate change in their region. The bank also had a system to monitor human rights practices through its funded operations. Based in large part of this engagement, the firm's proactive approach to climate change, and the opportunities provided by infrastructure development, a Manulife IM team invested in the bond issuance from this bank.	

☒ Example 5



	Type of fixed income
<input type="checkbox"/> SSA <input type="checkbox"/> Corporate (financial) <input type="checkbox"/> Corporate (non-financial) <input checked="" type="checkbox"/> Securitised	
	ESG issue and explanation
<p>Manulife IM credit teams see the automotive ecosystem transforming significantly due to shifts in the individual ownership model over the coming decades. Our teams are also concerned with the current lending practices to buyers with below-average credit and the potential for fines related to discriminatory lending practices.</p>	
	RI strategy applied
<input type="checkbox"/> Screening <input checked="" type="checkbox"/> Integration <input type="checkbox"/> Engagement <input type="checkbox"/> ESG incorporation in passively managed funds	
	Impact on investment decision or performance
<p>Our credit teams continue to understand the impact of these risks in auto financing securitizations and integrate that analysis into their investment analysis. We expect this integration will reduce risk and volatility in our securitized portfolios over time.</p>	

<b>FI 18.2</b>	<b>Additional information.</b>
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As a further example of ESG incorporation at Manulife IM our Japan credit team identifies opportunity investing in hybrid subordinated bonds which may be treated as part of equity by regulators and/or rating agencies. The team considers long-term sustainability indicated by ESG factors when reviewing these bonds as their contractual maturity is normally extended over 30 years - a term which external credit ratings may not fully cover. Governance factors also weigh into an assessment of the likelihood that an issuer will exercise its call option at the first call option date (usually between 5-10 years from issue). The Japan team developed a standardized approach that incorporates these considerations into credit research activities across industries and analysts. The team supplemented research with insight gained from issuer engagement. The team expects that this approach will reduce risk and volatility in the portfolios over time by enhancing the team's capability to assess individual overall creditability over a longer time period.

This approach, for example, led to additional investment in hybrid subordinated bonds issued by a pharmaceutical company which boosted the fund outperformance significantly. The team has also seen an increase in assets under management for their hybrid fixed income fund.

# Manulife Investment Management

## Reported Information

### Public version

#### Direct – Private Equity

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Overview

PE 02	Mandatory	Public	Core Assessed	PRI 2
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**PE 02.1** Indicate whether your organisation's investment activities are guided by a responsible investment policy / follow responsible investment guidelines.

- ☒ Our investment activities are guided by a responsible investment policy

**PE 02.2** Describe how your organisation outlines expectations on staff and portfolio companies' approach towards ESG issues in investment activities.

In 2019, Manulife Investment Management's ESG Policy covered the public markets, real estate, farmland and timberland asset classes and was publicly available. This year, we are replacing the ESG Policy with the Sustainable Investing Statement which provides an overview of Manulife Investment Management's ("Manulife IM") approach to sustainable investing. It includes an assertion of our commitment to sustainable investing, describes our core beliefs about sustainability, and outlines how ESG factors are integrated into our investment processes. The statement aims to provide a flexible framework that supports implementation across different asset classes and investment teams and applies to all Manulife IM funds in our public and private markets businesses. The updated statement is available publicly on our website: <https://www.manulifeim.com/content/dam/mim-institutional/global/documents/policies/Manulife-IM-Sustainable-Investing-Statement-External-3-23-2020.pdf>

- ☐ Our investment activities are not guided by a responsible investment policy
- ☐ We do not have a responsible investment policy

## Fundraising of private equity funds

PE 03	Mandatory	Public	Core Assessed	PRI 1,4,6
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**PE 03.1** Indicate if your most recent fund placement documents (private placement memorandums (PPM) or similar) refer to responsible investment.

- ☐ Yes
- ☒ No
- ☐ Not applicable as our organisation does not fundraise

## Pre-investment (selection)

PE 05	Mandatory	Public	Gateway	PRI 1
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**PE 05.1** During due-diligence indicate if your organisation typically incorporates ESG issues when selecting private equity investments.

- ☒ Yes

**PE 05.2**

Describe your organisation's approach to incorporating ESG issues in private equity investment selection.

As part of the due diligence process, our private equity investment teams assess ESG issues material to an investment and incorporate these factors into fundamental analysis, which may in turn influence transaction underwriting. To inform their assessments, the teams utilize ESG research, data, and support from the various dedicated in-house ESG teams across public and private markets. Our teams also consider the response of investee company management teams and financial sponsors to inquiries regarding their ability and willingness to manage ESG issues. Conclusions about the materiality of ESG factors are then documented in investment research.

Our due diligence process entails considering material factors such as operations (business practices), compliance, and sustainability. We review guidelines that the company has in place, when they are available. Changes or additions to these guidelines may be made in concert with our investment partners, if necessary.

☐ No

**PE 06****Mandatory****Public****Core Assessed****PRI 1,3****PE 06.1**

Indicate what type of ESG information your organisation typically considers during your private equity investment selection process.

- ☒ Raw data from target company
- ☐ Benchmarks against other companies
- ☐ Sector level data/benchmarks
- ☐ Country level data/benchmarks
- ☒ Reporting standards, industry codes and certifications
- ☐ International initiatives, declarations or standards
- ☒ Engagements with stakeholders (e.g. customers and suppliers)
- ☒ Advice from external resources
- ☒ Other, specify

Information provided by sponsors

- ☐ We do not track this information

**PE 06.2**

Describe how this information is reported to, considered and documented by the Investment Committee or similar.

In the investment approval memoranda, the private equity investment team will include a summary of its analysis of material ESG factors that may involve identifying and discussing red flags, areas of improvement and a sponsor's plans to address gaps, as well as areas where the company is already well advanced.

## Post-investment (monitoring)

**PE 09****Mandatory****Public****Gateway/Core Assessed****PRI 2****PE 09.1**

Indicate whether your organisation incorporates ESG issues in investment monitoring of portfolio companies.

☒ Yes

**PE 09.2**

Indicate the proportion of portfolio companies where your organisation included ESG performance in investment monitoring during the reporting year.

- ☐ >90% of portfolio companies
- ☒ 51-90% of portfolio companies
- ☐ 10-50% of portfolio companies
- ☐ <10% of portfolio companies

(in terms of total number of portfolio companies)

**PE 09.3**

Indicate ESG issues for which your organisation typically sets and monitors targets (KPIs or similar) and provide examples per issue.

**ESG issues**

- ☐ Environmental
- ☐ Social
- ☐ Governance
- ☒ We do not set and/or monitor against targets
- ☐ No

**PE 09.4**

Additional information. [Optional]

For our Fund of Funds, we have developed a framework based on the PRI DDQ to assess a GP's approach to integrating material ESG factors into their investment practices and understanding where responsibilities for doing so lies.

We work together with our investment partners to monitor material ESG issues relating to our portfolio companies. Given our minority co-investment role and degree of participation in our portfolio companies, we typically are not in a position to set KPIs/targets for our portfolio companies.

**PE 10**

**Mandatory**

**Public**

**Core Assessed**

**PRI 2**

**PE 10.1**

Indicate if your organisation tracks the proportion of your portfolio companies that have an ESG/sustainability-related policy (or similar guidelines).

- ☒ Yes

**PE 10.2**

Indicate what percentage of your portfolio companies has an ESG/sustainability policy (or similar guidelines).

- ☐ >90% of portfolio companies
- ☒ 51-90% of portfolio companies
- ☐ 10-50% of portfolio companies
- ☐ <10% of portfolio companies
- ☐ 0% of portfolio companies

(in terms of total number of portfolio companies)

- ☐ No

**PE 10.3**

## Additional information. [Optional]

In 2019, we piloted our monitoring tool with our Fund of Funds, and we are rolling out our monitoring process to other private equity functions which will assist with tracking for the coming year.

# Manulife Investment Management

## Reported Information

### Public version

#### Direct - Property

## PRI disclaimer

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## Overview

PR 01	Mandatory	Public	Core Assessed	PRI 1-6
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**PR 01.1** Indicate if your organisation has a Responsible Property Investment (RPI) policy.

☒ Yes

**PR 01.2** Provide a URL or attach the document

☒ URL

<https://www.manuliferealestate.com/sites/default/files/downloads/2016-manulife-sustainable-real-estate-policy.pdf>

☐ Attach Document

☐ No

**PR 01.3** Provide a brief overview of your organisation's approach to responsible investment in property, and how you link responsible investment in property to your business strategy. [Optional]

In 2019, Manulife Investment Management's ESG Policy covered the public markets, real estate, farmland and timberland asset classes and was publicly available. This year, we are replacing the ESG Policy with the Sustainable Investing Statement which provides an overview of Manulife Investment Management's ("Manulife IM") approach to sustainable investing. It includes an assertion of our commitment to sustainable investing, describes our core beliefs about sustainability, and outlines how ESG factors are integrated into our investment processes. The statement aims to provide a flexible framework that supports implementation across different asset classes and investment teams and applies to all Manulife IM funds in our public and private markets businesses. The updated statement is available publicly on our website: <https://www.manulifeim.com/content/dam/mim-institutional/global/documents/policies/Manulife-IM-Sustainable-Investing-Statement-External-3-23-2020.pdf>

Manulife IM's real estate group has a Sustainable Real Estate Policy to supplement the organizational statement. We integrate ESG considerations into investment and due diligence practices to identify and manage risks and opportunities. We also integrate ESG considerations into our ongoing portfolio management practices. We track and report on ESG integration in our portfolio, including properties managed by third parties and disclose performance publicly. We promote responsible investing in the real estate industry through participation in industry initiatives such as the Global Real Estate Sustainability Benchmark (GRESB) Assessment.

As long-term owners of real estate properties, we seek to generate attractive returns for Manulife and third-party investors through current income and long-term capital appreciation. We recognize that ESG factors can significantly influence long-term returns and the assessment of the risk and opportunities of ESG factors is a key part of our business strategy. We continue to update our sustainability strategy to further integrate ESG opportunities and risks into our business strategy. The Global Head of Asset Management for real estate chairs the Real Estate Executive Sustainability Steering Committee, which consists of senior real estate representatives from all real estate departments. This Committee oversees our sustainability strategy progress and aims to further integrate ESG considerations into all areas of our business and business strategy.

## Fundraising of property funds

PR 02	Mandatory	Public	Core Assessed	PRI 1,4,6
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**PR 02.1**

Indicate if your most recent fund placement documents (private placement memorandums (PPMs) or similar) refer to responsible investment aspects of your organisation.

☒ Yes

**PR 02.2**

Indicate how your fund placement documents (PPMs or similar) refer to the following responsible investment aspects of your organisation:

- ☒ Policy and commitment to responsible investment
- ☒ Approach to ESG issues in pre-investment processes
- ☒ Approach to ESG issues in post-investment processes

**PR 02.3**

Describe how your organisation refers to responsible investment for property funds in fund placement documents (PPMs or similar). [Optional]

We are committed to responsible investing and sustainable management of our assets. Manulife's commitment to environmental, social and governance ("ESG") integration and sustainable investment practices are outlined in Manulife's Sustainable Real Estate Policy and Manulife Investment Management's ("Manulife IM") Environmental, Social, and Governance Statement.

Manulife IM real estate incorporates evaluation of ESG risks and opportunities in the investment and due diligence process. ESG considerations in the investment process include, but are not limited to: transportation, building safety and materials, contamination, indoor environmental quality, regulatory compliance, flooding, natural hazards, climate change risks, energy efficiency, energy supply, water efficiency, waste management, water supply, tenant engagement programs, and green leasing.

Manulife IM real estate believes that ESG analysis is a complement to investment analysis and due diligence and provides more information about risks and opportunities that can be factored into the investment decision. Manulife Real Estate addresses ESG aspects in the ongoing management of its real estate assets. In addition, Manulife Real Estate has Building Operations Sustainability Procedures which include tracking and reporting of ESG performance indicators such as environmental risks, energy and water consumption, waste diversion and greenhouse gasses where available. Where appropriate, assets are certified green by third parties, indicating that they have passed certain environmental, efficiency and management metrics.

Manulife's Sustainable Real Estate Policy describes how ESG factors are considered by the Acquisitions Team in connection with the sourcing, evaluation, and management of real estate investments. The Acquisitions Team believes that good management of ESG factors can help minimize the risk of an investment and contribute to long-term sustainable return.

☐ No

☐ Not applicable as our organisation does not fundraise

**PR 03**

Voluntary

Public

Additional Assessed

PRI 4

**PR 03.1**

Indicate whether your organisation makes formal commitments in fund formation contracts, Limited Partnership Agreements (LPAs) or in side letters relating to responsible investment in property when requested by clients.

- ☐ We always make formal commitment to responsible investment in fund formation contracts, LPAs or side letters
- ☐ In a majority of cases we make formal commitment to responsible investment in fund formation contracts, LPAs or side letters
- ☐ In a minority of cases we make formal commitment to responsible investment in fund formation contracts, LPAs or side letters
- ☐ We do not make formal commitment to responsible investment in fund formation contracts, LPAs or side letters
- ☒ We do not make formal commitments to responsible investment in fund formation contracts, LPAs or side letters because our clients do not request us to do so

## Pre-investment (selection)

PR 04	Mandatory	Public	Gateway/Core Assessed	PRI 1
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PR 04.1

Indicate if your organisation typically incorporates ESG issues when selecting property investments.

☒ Yes

PR 04.2

Provide a description of your organisation's approach to incorporating ESG issues in property investment selection.

Manulife IM's real estate team incorporates ESG risk and opportunity evaluation in the investment and due diligence process. Our practices include examining environmental risks such as contamination, natural hazards, health and safety, building sustainability performance and climate risks.

Manulife IM's real estate Engineering and Technical Services group has dedicated specialists that provide expertise in building engineering, sustainability and environmental and safety hazards to investment managers during the investment process. Examples of ESG issues identified during standard due diligence include energy efficiency capital upgrades and environmental hazards, such as asbestos and underground storage tanks. Initiatives to address ESG issues are integrated into capital plans and budgets.

Manulife IM's real estate investment professionals are provided resources such as procedures and training to ensure that our ESG management practices are followed in our investment activities. We provide training to investment professionals and will be providing a refresher training session this year. We are also updating tools and resources to ensure systematic integration of additional ESG considerations, such as climate risks, in our investment process.

PR 04.3

Indicate which E, S and/or G issues are typically considered by your organisation in the property investment selection process, and list up to three examples per issue.

☒ Environmental

Environmental example 1, select one

- ☐ Climate change adaptation
- ☒ Contamination
- ☐ Energy efficiency
- ☐ Energy supply, Flooding, GHG emissions
- ☐ Indoor environmental quality
- ☐ Natural hazards
- ☐ Resilience
- ☐ Transportation
- ☐ Water efficiency
- ☐ Waste management
- ☐ Water supply
- ☐ Other
- ☐ Other
- ☐ Flooding
- ☐ GHG emissions

	Environmental example 1, description
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Contamination (e.g. asbestos in building materials, underground and above ground storage tanks).

	Environmental example 2, select one
--	-------------------------------------

- ☐ Climate change adaptation
- ☐ Contamination
- ☒ Energy efficiency
- ☐ Energy supply, Flooding, GHG emissions
- ☐ Indoor environmental quality
- ☐ Natural hazards
- ☐ Resilience
- ☐ Transportation
- ☐ Water efficiency
- ☐ Waste management
- ☐ Water supply
- ☐ Other
- ☐ Other
- ☐ Flooding
- ☐ GHG emissions

	Environmental example 2, description
--	--------------------------------------

Energy efficiency (Building energy performance compared to known benchmarks, inefficient plant and equipment requiring investment to improve efficiency).

	Environmental example 3, select one
--	-------------------------------------

- ☐ Climate change adaptation
- ☐ Contamination
- ☐ Energy efficiency
- ☐ Energy supply, Flooding, GHG emissions
- ☐ Indoor environmental quality
- ☒ Natural hazards
- ☐ Resilience
- ☐ Transportation
- ☐ Water efficiency
- ☐ Waste management
- ☐ Water supply
- ☐ Other
- ☐ Other
- ☐ Flooding
- ☐ GHG emissions

#### Environmental example 3, description

Natural Hazards (insurance reports including natural hazards, environmental reports e.g. floodplain maps, wind hazards).

☒ Social

#### Social example 1, select one

- ☒ Building safety and materials
- ☐ Health, safety and wellbeing
- ☐ Socio-economic
- ☐ Accessibility
- ☐ Affordable Housing
- ☐ Occupier Satisfaction
- ☐ Other
- ☐ Other
- ☐ Other

#### Social example 1, description [OPTIONAL]

Building safety and materials (building condition reports examine elements such as emergency equipment, lighting, materials with negative health impacts, unsafe/unlawful structures).

#### Social example 2, select one

- ☐ Building safety and materials
- ☐ Health, Safety and wellbeing
- ☐ Socio-economic
- ☒ Accessibility
- ☐ Affordable Housing
- ☐ Occupier Satisfaction
- ☐ Other
- ☐ Other
- ☐ Other

#### Social example 2, description [OPTIONAL]

Accessibility (building accessibility by disabled persons e.g. elevators, ramps).

Social example 3, select one

- ☐ Building safety and materials
- ☐ Health, Safety and wellbeing
- ☐ Socio-economic
- ☐ Accessibility
- ☐ Affordable Housing
- ☐ Occupier Satisfaction
- ☒ Other
- ☐ Other
- ☐ Other

Social example 3, description [OPTIONAL]

Other: Engagement (e.g. tenants and community practices in place).

- ☒ Governance

Governance example 1, select one

- ☒ Anti-bribery & corruption
- ☐ Board structure
- ☐ Conflicts of interest
- ☐ Governance structure
- ☐ Regulatory
- ☐ Shareholder structure & rights
- ☐ Supply chain governance
- ☐ Other
- ☐ Other
- ☐ Other

Governance example 1, description

Anti-bribery and corruption (e.g. procedures to ensure transaction is not used for money laundering).

	Governance example 2, select one
--	----------------------------------

- ☐ Anti-bribery & corruption
- ☐ Board structure
- ☐ Conflicts of interest
- ☐ Governance structure
- ☐ Regulatory
- ☐ Shareholder structure & rights
- ☐ Supply chain governance
- ☒ Other
- ☐ Other
- ☐ Other

	Governance example 2, description
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Other: Green buildings certifications (sustainability management practices).

	Governance example 3, select one
--	----------------------------------

- ☐ Anti-bribery & corruption
- ☐ Board structure
- ☐ Conflicts of interest
- ☐ Governance structure
- ☐ Regulatory
- ☐ Shareholder structure & rights
- ☐ Supply chain governance
- ☒ Other
- ☐ Other
- ☐ Other

	Governance example 3, description
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Other: Sustainability practices of third-party management company (if applicable).

☐ No

PR 05	Voluntary	Public	Additional Assessed	PRI 1,3
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<b>PR 05.1</b>	Indicate what type of ESG information your organisation typically considers during your property investment selection process.
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- ☒ Raw data from the target property asset/company
- ☒ Appraisals/audits
- ☒ Benchmarks/ratings against similar property asset
- ☒ Country level data/benchmarks
- ☒ Data aligned with established property reporting standards, industry codes and certifications
- ☐ International initiatives, declarations or standards
- ☒ Data from engagements with stakeholders (e.g. tenants and local community surveys)
- ☒ Information from external advisers
- ☐ Other, specify
- ☐ We do not track this information

<b>PR 05.2</b>	Provide a brief description of how this ESG information was incorporated into your investment selection process.
----------------	--

Examples of ESG information Manulife IM real estate considers during the investment selection process include:

- Raw data - e.g. utility bills
- Appraisals/audits - e.g. phase 1 audits
- Benchmarks/ratings against similar property assets - e.g. Energy Star ratings (where available), Walkability score
- Country level data/benchmarks - e.g. Energy Star ratings (where available)
- Data aligned with established green building certifications e.g. LEED, Energy Star
- Data from engagements with stakeholders - e.g. presence of tenant engagement programs
- Information from external advisors - e.g. Consultant reports, market reports, guidance from third party asset managers if applicable

<b>PR 06</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 1</b>
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<b>PR 06.1</b>	Indicate if ESG issues impacted your property investment selection process during the reporting year.
----------------	---

- ☒ ESG issues helped identify risks and/or opportunities for value creation
- ☒ ESG issues led to the abandonment of potential investments
- ☒ ESG issues impacted the investment in terms of price offered and/or paid
- ☐ ESG issues impacted the terms in the shareholder/purchase agreements and/or lending covenants
- ☒ ESG issues were considered but did not have an impact on the investment selection process
- ☐ Other, specify
- ☐ Not applicable, our organisation did not select any investments in the reporting year
- ☐ We do not track this potential impact

<b>PR 06.2</b>	Indicate how ESG issues impacted your property investment deal structuring processes during the reporting year.
----------------	---

- ☒ ESG issues impacted the investment in terms of price offered and/or paid
- ☐ ESG issues impacted the terms in the shareholder/purchase agreements and/or lending covenants
- ☒ ESG issues were considered but did not have an impact on the deal structuring process
- ☐ Other, specify
- ☐ Not applicable, our organisation did not select any investments in the reporting year
- ☐ We do not track this potential impact

<b>PR 06.3</b>	Additional information.
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ESG issues are integrated as a part of Manulife IM's real estate investment and due diligence process as described above. Examples of ESG issues identified during standard due diligence include energy efficiency capital upgrades and hazards, such as asbestos and underground storage tanks. These ESG issues are integrated into capital plans and budgets.

Manulife IM's real estate Sustainability in Investment and Due Diligence Summary Form is a checklist to ensure ESG issues are aggregated and reviewed by the investment team before closing. Therefore, we are able to report on how frequently ESG factors have materially impacted selection/deal structuring. We track ESG impacts on investment selection and deal structuring using this system.

## Selection, appointment and monitoring third-party property managers

<b>PR 07</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 4</b>
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<b>PR 07.1</b>	Indicate if your organisation includes ESG issues in your selection, appointment and/or monitoring of third-party property managers.
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☒ Yes

<b>PR 07.2</b>	Indicate how your organisation includes ESG issues in your selection, appointment and/or monitoring of third party property managers.
----------------	---

- ☒ Selection process of property managers incorporated ESG issues

	Types of actions
--	------------------

- ☒ Request explanation of how ESG is effectively integrated, including inquiries about governance and processes
- ☒ Request track records and examples of how the manager implements ESG in their asset and property management
- ☒ Discuss property level out-performance opportunities through greater integration of ESG criteria
- ☐ Request explanation of engaging stakeholders on ESG issues
- ☐ Other, explain



Coverage
----------

- ☒ >75% to 100%
- ☐ >50% to 75%
- ☐ <50%

☒ Contractual requirements when appointing property managers includes ESG issues

Types of actions
------------------

- ☒ Include clear and detailed expectations for incorporating ESG
- ☐ Require dedicated ESG procedures in all relevant asset and property management phases
- ☐ Clear ESG reporting requirements
- ☐ Clear ESG performance targets
- ☐ Other, explain

Coverage
----------

- ☒ >75% to 100%
- ☐ >50% to 75%
- ☐ <50%

☒ Monitoring of property managers covers ESG responsibilities and implementation

Types of actions
------------------

- ☒ Performance against quantitative and material environmental / resource targets over specified timeframe.
- ☒ Performance against quantitative and material environmental / resource targets against relevant benchmarks
- ☒ Performance against quantitative and qualitative targets to address social impacts of the portfolio/investment,
- ☐ Other, explain

Coverage
----------

- ☒ >75% to 100%
- ☐ >50% to 75%
- ☐ <50%

☐ No

PR 07.3	Provide a brief description of your organisations selection, appointment and monitoring of third party property managers and how they contribute to the management of ESG issues for your property investments.
---------	---

Third-party managers are contractually obliged to manage certain ESG aspects such as safety, environmental risks and energy and water performance. Third-party management companies have continual contact with the Manulife Investment Management real estate team asset and fund managers and discuss ESG management considerations such as energy management and green building certifications.

Annually, we monitor third-party managers' sustainability performance in several areas including energy, water and waste performance, renewable energy, certifications and tenant engagement through GRESB. Manulife IM's real estate group has set five-year targets for energy, water and waste that managers are assessed against annually.

Managers' performance is also benchmarked against other portfolio performance and benchmarks such as GRESB. Our Sustainable Building Standards program applies to third-party and internal managers. Our expectation is that all properties in all asset classes achieve at least level 1 (out of 5 levels) and report on performance semi-annually. In 2019, we increased our Sustainable Building Standards targets up to an average level 3, 2 and 1 for offices, residential and industrial/retail, respectively.

Third-party property managers are integral to the management of ESG issues as they are present in many Manulife IM owned properties. The day to day operations and maintenance of properties has a large impact on ESG performance and third-party managers engage directly with key stakeholders such as tenants.

## Post-investment (monitoring and active ownership)

### Overview

PR 08	Mandatory	Public	Gateway	PRI 2
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#### PR 08.1

Indicate if your organisation, and/or property managers, considers ESG issues in post-investment activities relating to your property assets.

☒ Yes

#### PR 08.2

Indicate whether your organisation, and/or property managers, considers ESG issues in the following post-investment activities relating to your property assets.

- ☒ We consider ESG issues in property monitoring and management
- ☒ We consider ESG issues in property developments and major renovations.
- ☒ We consider ESG issues in property occupier engagements
- ☒ We consider ESG issues in community engagements related to our properties
- ☐ We consider ESG issues in other post-investment activities, specify

#### PR 08.3

Describe how your organisation, and/or property managers, considers ESG issues in post-investment activities related to your property assets.

The Manulife Investment Management real estate team has Building Operation Sustainability Procedures and Asset Management Sustainability Procedures, to guide ESG management in post-investment activities. Procedures include, but are not limited to energy, water and waste management, occupier engagement, community engagement, renewable energy and indoor environmental quality. Property managers (Manulife IM real estate team and third-party managers) are responsible for ESG or sustainability management on an ongoing basis.

Manulife IM's real estate team Sustainable Building Standards provide guidance to our property managers on material ESG initiatives such as energy, water and waste management and tenant and community engagement. Property managers are expected to achieve at least level 1 (out of 5 levels) for all properties in all asset classes.

Manulife IM's real estate team monitors sustainability practices at our properties through our Engineering and Technical Services department. Sustainability data is used for performance management, public disclosure and participating in benchmarking initiatives (e.g., GRESB).

☐ No

## Property monitoring and management

PR 09	Mandatory	Public	Core Assessed	PRI 2,3
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<b>PR 09.1</b>	Indicate the proportion of property assets for which your organisation, and/or property managers, set and monitored ESG targets (KPIs or similar) during the reporting year.
----------------	--

- ☒ >90% of property assets
- ☐ 51-90% of property assets
- ☐ 10-50% of property assets
- ☐ <10% of property assets

(in terms of number of property assets)

<b>PR 09.2</b>	Indicate which ESG targets your organisation and/or property managers typically set and monitor
----------------	---

☒ Environmental

Target/KPI	Progress Achieved
Manulife Real Estate sets an energy consumption reduction target of 10% over 5 years (avg. 2% /year) in corporate and investment real estate.	In progress - In 2018 energy use intensity reduced by 0.5%, slightly below our 2% annual target. 2019 figures are not finalized yet.
Manulife Real Estate sets a water consumption reduction target of 7.5% over 5 years (avg 1.5%/year ) in corporate and investment operations.	Achieved - In 2018 water intensity reduced by 6% surpassing out 1.5% annual target. 2019 figures are not finalized yet.
Manulife Real Estate sets a waste diversion target of 65% by 2022 for corporate and investment real estate operations.	In progress - In 2018 the portfolio waste diversion was 53%. 2019 figures are not finalized yet.

☒ Social

Target/KPI	Progress Achieved
Launch an annual tenant engagement program, with a monthly campaign calendar, and track participation.	Achieved – In 2019, our real estate team rolled-out a tenant engagement calendar across global operations. Tracked participation using our annual Green Champion Survey.
Pursue Fitwel certification at 5 buildings.	Achieved – In 2019, we pursued Fitwel at 5 corporate owned buildings. 1 building achieved certification in 2019 and remaining are expected to in 2020.

☒ Governance

Target/KPI	Progress Achieved
Improve or maintain GRESB scores across all funds	Achieved – Our real estate team prepared 5 GRESB submissions in 2019 for external funds, US REIT, and investments funded by MFC. All scores increased.
Create an internal sustainability recognition program	Achieved – In 2019, Manulife Investment Management's real estate team launched our internal Real Estate Sustainability Awards Program.

☐ We do not set and/or monitor against targets

PR 10	Voluntary	Public	Descriptive	PRI 2
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PR 10.1	Indicate whether your property assets are assessed against certification schemes, ratings and/or benchmarks
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☒ Yes

PR 10.2	List the certification schemes, ratings and/or benchmarks your property assets are assessed against and what proportion of your property assets they apply to.
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☒ Add certification scheme, rating and benchmark 1

Specify	LEED
Proportion of property assets these apply to	<input type="radio"/> >90% of property assets <input type="radio"/> 51-90% of property assets <input type="radio"/> 10-50% of property assets <input checked="" type="radio"/> <10% of property assets  (in terms of number of property assets)

☒ Add certification scheme, rating and benchmark 2

Specify	BOMA BEST
Proportion of property assets these apply to	<input checked="" type="radio"/> >90% of property assets <input type="radio"/> 51-90% of property assets <input type="radio"/> 10-50% of property assets <input type="radio"/> <10% of property assets  (in terms of number of property assets)

☒ Add certification scheme, rating and benchmark 3

Specify	Global Real Estate Sustainability Benchmark
Proportion of property assets these apply to	<input checked="" type="radio"/> >90% of property assets <input type="radio"/> 51-90% of property assets <input type="radio"/> 10-50% of property assets <input type="radio"/> <10% of property assets  (in terms of number of property assets)

☐ No

<b>PR 10.3</b>	Indicate if your organisation uses property specific reporting standards to disclose information related to your property investments' ESG performance.
----------------	---

- ☐ Global Reporting Initiative (GRI) Construction & Real Estate Sector Supplement (CRESS)
- ☒ Other property reporting standards, specify
- GRI Standard - Annual Sustainability Reports
- ☐ No property specific reporting standards are used

<b>PR 10.4</b>	Additional information.
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Manulife Investment Management's 2019 Real Estate Sustainability Report is informed by the Global Real Estate Sustainability Benchmark (GRESB) and reports select indicators using Global Reporting Initiative Standards reference claims.

## Property developments and major renovations

<b>PR 11</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 2</b>
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<b>PR 11.1</b>	Indicate the proportion of active property developments and major renovations where ESG issues have been considered.
----------------	--

- ☒ >90% of active developments and major renovations
- ☐ 51-90% of active developments and major renovations
- ☐ 10-50% of active developments and major renovations
- ☐ <10% of active developments and major renovations
- ☐ N/A, no developments and major renovations of property assets are active

(by number of active property developments and refurbishments)

<b>PR 11.2</b>	Indicate if the following ESG considerations are typically implemented and monitored in your property developments and major renovations.
----------------	---

- ☒ Environmental site selection requirements
- ☒ Environmental site development requirements
- ☒ Sustainable construction materials
- ☒ Water efficiency requirements
- ☒ Energy efficiency requirements
- ☐ Energy generation from on-site renewable sources
- ☒ Waste management plans at sites
- ☒ Health and safety management systems at sites
- ☐ Health and wellbeing of residents
- ☐ Construction contractors comply with sustainability guidelines
- ☒ Resilient building design and orientation
- ☐ Other, specify

PR 11.3	Additional information. [Optional]
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The majority of office developments and refurbishments are built to LEED standards and often certified. In these instances, all ESG indicators noted in 11.2 (with the exception of on-site renewable) are implemented. In residential developments, we build to LEED Silver level (as aligned with local building codes) but do not certify the development. As such, some of the ESG indicators noted in 11.2 are implemented on our residential developments.

## Occupier engagement

PR 12	Mandatory	Public	Core Assessed	PRI 2
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PR 12.1	Indicate the proportion of property occupiers your organisation, and/or your property managers, engaged with on ESG issues during the reporting year.
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- ☐ >90% of occupiers
- ☒ 50-90% of occupiers
- ☐ 10-50% of occupiers
- ☐ <10% of occupiers

(in terms of number of occupiers)

PR 12.2	Indicate if the following practises and areas are typically part of your, and/or your property managers', occupier engagements.
---------	---

- ☒ Distribute a sustainability guide to occupiers
- ☒ Organise occupier events focused on increasing sustainability awareness
- ☒ Deliver training on energy and water efficiency
- ☒ Deliver training on waste minimisation
- ☒ Provide feedback on energy and water consumption and/or waste generation
- ☒ Provide feedback on waste generation
- ☒ Carry out occupier satisfaction surveys
- ☒ Health and wellbeing of residents
- ☒ Offer green leases
- ☒ Other, specify

Tenant engagement meetings.

PR 12.3	Additional information. [Optional]
---------	------------------------------------

Tenant engagement is monitored annually for the Global Real Estate Sustainability Benchmark (GRESB). The percentage reported above represents the percent of properties that reported tenant engagement programs. Not all practices noted in 12.2 are implemented at all properties; however, the practices selected are those that were reported to be in place at numerous properties.

The proportion noted above is as of January 1, 2019. Manulife Investment Management's real estate team surveys our global portfolio annually on sustainability practices and aligns property reporting with the GRESB assessment. This includes the sustainability information noted in this PRI question. The GRESB reporting period is April-June and some sustainability data is not available until the end of Q1 for the previous year. As such, the PRI reporting period occurs before our global portfolio survey is completed. The response above reflects our most recent portfolio survey.

## Community engagement

PR 14	Voluntary	Public	Additional Assessed	PRI 2
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### PR 14.1

Indicate what proportion of property assets your organisation, and/or your property managers, engaged with the community on ESG issues during the reporting year.

- ☐ >90% of property assets
- ☐ 50-90% of property assets
- ☒ 10-50% of property assets
- ☐ <10% of property assets

(in terms of number of property assets)

### PR 14.2

Indicate if the following areas and activities are typically part of your, and/or your property managers', community engagement.

- ☒ ESG education programmes for the community
- ☒ ESG enhancement programmes for public spaces
- ☐ Research and networking activities focusing on ESG issues
- ☒ Employment creation in communities
- ☒ Supporting charities and community groups
- ☒ Other, specify

Health and well-being programs

### PR 14.3

Additional information.

Community engagement is monitored annually as part of the Global Real Estate Sustainability Benchmark (GRESB) reporting. The percentage reported above represents the percent of properties who reported community engagement. Not all practices noted in 14.2 are implemented at all properties, however the practices selected are those that were reported by more than 10% of properties.

The proportion noted above is as of January 1, 2019. Manulife Investment Management's Real Estate team surveys our global real estate portfolio annually on sustainability practices and align property reporting with the GRESB assessment. This includes the sustainability information necessary to respond to this question. The GRESB reporting period is April-June and some sustainability data is not available until the end of Q1 for the previous year, our global portfolio survey takes place after the PRI reporting period. For this reason, the response above reflects our most recent portfolio survey.

## Outputs and outcomes

PR 15	Voluntary	Public	Additional Assessed	PRI 1,2
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**PR 15.1**

Indicate whether your organisation measures how your approach to responsible investment in property investments has affected financial and/or ESG performance.

- ☐ We measure whether our approach to ESG issues impacts funds' financial performance
- ☒ We measure whether our approach to ESG issues impacts funds' ESG performance

**PR 15.2b**

Describe the impact on the following.

Describe the impact on:	Impact
Funds' ESG performance	<input checked="" type="radio"/> Positive <input type="radio"/> Negative <input type="radio"/> No impact

- ☐ None of the above

**PR 15.3**

Describe how you are able to determine these outcomes.

Manulife Investment Management's real estate team has had strong energy, water and waste management practices in place for many years and has a five-year 10% energy reduction, 7.5% water reduction and 65% waste diversion target. Tracking of energy and water performance over time has shown consistent decreases in energy and water use intensities and resulted in average energy and water intensities that are below industry benchmarks for the properties we have owned and managed for many years. For newer properties and funds, programs have not been in place long enough to realize the same positive impact.

Manulife IM's real estate team has participated in the Global Real Estate Sustainability Benchmark (GRESB) since 2015. GRESB assesses the ESG performance of our funds/portfolios and corporate practices. All funds/portfolios have improved their score in the GRESB Assessment each year and in 2019, all five GRESB submissions achieved a Green Star ranking.



# Manulife Investment Management

## Reported Information

### Public version

#### Direct - Infrastructure

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Overview

INF 02	Mandatory	Public	Core Assessed	PRI 1-6
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**INF 02.1** Indicate if your organisation has a responsible investment policy for infrastructure.

☒ Yes

**INF 02.2** Provide a URL if your policy is publicly available.

<https://www.manulifeim.com/content/dam/mim-institutional/global/documents/policies/Manulife-IM-Sustainable-Investing-Statement-External-3-23-2020.pdf>

☐ No

**INF 02.3** Additional information. [Optional]

The URL provided above is at the Manulife IM level and is for the updated statement. In 2019, Manulife Investment Management's ESG Policy covered public markets, and selected assets classes within private markets (real estate, and timber and agriculture). The Policy was publicly available. Our infrastructure program has a separate ESG Statement which is available to existing investors upon request.

This year, we are replacing the ESG Policy with the Sustainable Investing Statement which provides an overview of Manulife IM's approach to sustainable investing. It includes an assertion of our commitment to sustainable investing, describes our core beliefs about sustainability, and outlines how ESG factors are integrated into our investment processes. The statement aims to provide a flexible framework that supports implementation across different asset classes and investment teams and applies to all Manulife IM funds in our public and private markets businesses.

## Fundraising of infrastructure funds

INF 03	Mandatory	Public	Core Assessed	PRI 1,4,6
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**INF 03.1** Indicate if your most recent fund placement documents (private placement memorandums (PPMs) or similar) refer to responsible investment aspects of your organisation.

☒ Yes

**INF 03.2** Indicate how your fund placement documents (PPMs or similar) refer to the following responsible investment aspects of your organisation:

- ☒ Policy and commitment to responsible investment
- ☒ Approach to ESG issues in pre-investment processes
- ☒ Approach to ESG issues in post-investment processes

**INF 03.3**

Describe how your organisation refers to responsible investment for infrastructure funds in fund placement documents (PPMs or similar). [Optional]

The following text is extracted from the Environmental, Social, and Governance section of the Private Placement Memorandum for the John Hancock Infrastructure Fund which closed to new investors in June 2018:

"Manulife and John Hancock recognize that beyond financial measures, managing its operations with integrity and delivering results in a number of economic, environmental and social areas that affect its stakeholders are important measures of success.

Manulife has been rated in the top quartile of all Life and Health Insurance companies that carry ESG ratings and is the top-rated company among the ten largest Life and Health Insurance companies. Manulife has received an ESG rating of A from ESG specialist rating agency MSCI ESG Research in their rating report of July 2017, and this rating report also included the benchmarking to peers referred to above.

In addition to adhering to a comprehensive Code of Business Conduct and Ethics, John Hancock includes consideration of ESG issues into its investment decision-making processes by carefully evaluating investment partners and management teams and completing due diligence in areas such as legal, regulatory and environmental compliance. As a long-term investor, John Hancock recognizes that companies that adhere to strong environmental, health, safety and social practices can improve financial performance and reduce risks. The Investment Team frequently discusses these factors in the ordinary course of evaluating and monitoring investments.

Manulife is a member of the United Nations Environment Programme Finance Initiative ("UNEP FI") and is a signatory to the Equator Principles. The Equator Principles are a set of voluntary guidelines that help financial institutions identify and manage environmental and social risks in project finance transactions. These global standards of due diligence have now been adopted by 89 financial institutions in 37 countries, with Manulife having become a signatory in 2005."

☐ No

☐ Not applicable as our organisation does not fundraise

## Pre-Investment (Selection)

**INF 05**

**Mandatory**

**Public**

**Gateway**

**PRI 1**

**INF 05.1**

Indicate if your organisation typically incorporates ESG issues when selecting infrastructure investments.

☒ Yes

**INF 05.2**

Describe your organisation's approach to incorporating ESG issues in infrastructure investment selection.

The investment approach for our infrastructure team when reviewing a potential transaction is to incorporate multiple layers of diligence including, but not limited to, financial, commercial, environmental, legal and tax reviews.

The infrastructure investment team will review all available third-party diligence reports and assess the controls around ESG, if applicable and available. The infrastructure investment team has an ESG checklist that sets forth an array of issues for consideration in connection with an investment opportunity, and selects the most relevant issues, as determined on an investment-by-investment basis, to be evaluated and reported to its investment committee. This checklist is reviewed and always subject to update and revision.

☐ No

**INF 07**

**Mandatory**

**Public**

**Core Assessed**

**PRI 1,3**

**INF 07.1**

Indicate which E, S and/or G issues are typically considered by your organisation in the investment selection process and list up to three typical examples per issue.

**ESG issues**

☒ Environmental

List up to three typical examples of environmental issues

Climate change

Carbon emissions impact

Local environment - i.e. animal habitats (endangered species)

☒ Social

List up to three typical examples of social issues

Community relations and local community support

☒ Governance

List up to three typical examples of governance issues

Anti-corruption

## Post-investment (monitoring and active ownership)

### Overview

INF 11

Mandatory

Public

Gateway

PRI 2

**INF 11.1**

Indicate whether your organisation and/or operators consider ESG issues in post-investment activities relating to your infrastructure assets.

☒ Yes

**INF 11.2**

Indicate how your organisation, and/or operators, considers ESG issues in the following post-investment activities relating to your infrastructure assets.

- ☒ We consider ESG issues in the monitoring and operation of infrastructure
- ☐ We consider ESG issues in infrastructure maintenance
- ☒ We consider ESG issues in stakeholder engagements related to our infrastructure
- ☒ We consider ESG issues in other post-investment activities, specify

We typically hold minority stakes, however, due to our close relationships with our partners, we would be alerted to any ESG issues identified post-investment.

**INF 11.3**

Describe how your organisation, and/or operators, considers ESG issues in post-investment activities related to your infrastructure investments. [Optional]

The investment approach of the Manulife IM infrastructure team is to build meaningful partnerships with leading operators and sponsors within the industry to execute on high quality transactions. The investment strategy looks to ensure proper protective governance rights are negotiated and agreed upon when completing a transaction.

Since we typically hold minority stakes in businesses or assets, the infrastructure team does not manage the day-to-day operations of the assets or businesses and relies on capable management teams and majority owners to monitor and raise any ESG issues, as applicable.

☐ No

## Infrastructure Monitoring and Operations

**INF 12****Mandatory****Public****Core Assessed****PRI 2****INF 12.1**

Indicate the proportion of infrastructure assets for which your organisation and/or operators included ESG performance in investment monitoring during the reporting year.

- ☐ >90% of infrastructure assets
- ☐ 51-90% of infrastructure assets
- ☒ 10-50% of infrastructure assets
- ☐ <10% of infrastructure assets

(in terms of number of infrastructure assets)

**INF 12.2**

Indicate ESG issues for which your organisation, and/or operators, typically sets and monitors targets (KPIs or similar) and provide examples per issue.

- ☐ Environmental
- ☒ Social

List up to three example targets per issue

Health and Safety - Total Recordable Incident Rate YTD (based on number of injuries)

Health and Safety - Days Away, Restricted, or Transferred YTD (based on number of injuries that required employee to miss work or perform restricted work activities)

Air Quality Violations

- ☐ Governance
- ☐ We do not set and/or monitor against targets

**INF 12.3**

Additional information. [Optional]

Please note that the above KPIs are not uniform across portfolio companies.

We served as an advisor to the Edison Electric Institute (EEI), an association that represents investor-owned electric utilities in the United States. In 2018, the EEI launched a sustainability template to help investors track companies' ESG initiatives including sustainability governance and strategy, greenhouse gas emissions, power

generation portfolio and workforce diversity. This framework enables analysts to assess quantitative data and qualitative information, as well as to compare progress and priorities among peer companies.

More information the EEI ESG Sustainability initiative is available at:

<https://www.eei.org/issuesandpolicy/finance/Pages/ESG-Sustainability.aspx>

INF 13	Mandatory	Public	Additional Assessed	PRI 2
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<b>INF 13.1</b>	Indicate whether you track the proportion of your infrastructure investees that have an ESG/sustainability-related policy (or similar guidelines).
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☒ Yes

<b>INF 13.2</b>	Indicate the proportion of your infrastructure investees that have an ESG/sustainability-related policy (or similar guidelines).
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- ☐ >90% of infrastructure investees
- ☐ 51-90% of infrastructure investees
- ☒ 10-50% of infrastructure investees
- ☐ >0% and <10% of infrastructure investees
- ☐ 0% of infrastructure investees

(in terms of number of infrastructure investees)

☐ No

# Manulife Investment Management

## Reported Information

### Public version

### Confidence building measures

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Confidence building measures

CM1 01	Mandatory	Public	Additional Assessed	General
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**CM1 01.1** Indicate whether the reported information you have provided for your PRI Transparency Report this year has undergone:

- ☐ Third party assurance over selected responses from this year's PRI Transparency Report
- ☐ Third party assurance over data points from other sources that have subsequently been used in your PRI responses this year
- ☐ Third party assurance or audit of the correct implementation of RI processes (that have been reported to the PRI this year)
- ☐ Internal audit of the correct implementation of RI processes and/or accuracy of RI data (that have been reported to the PRI this year)
- ☒ Internal verification of responses before submission to the PRI (e.g. by the CEO or the board)
  - ☒ Whole PRI Transparency Report has been internally verified
  - ☐ Selected data has been internally verified
- ☒ Other, specify  
Reviewed by Marketing, Compliance, Finance and Accounting, Legal, Manulife Financial Corporation Corporate Citizenship Department, Head of Public Markets, Head of Private Markets, and the CEO.
- ☐ None of the above

CM1 02	Mandatory	Public	Descriptive	General
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**CM1 02.1** We undertook third party assurance on last year's PRI Transparency Report

- ☐ Whole PRI Transparency Report was assured last year
- ☐ Selected data was assured in last year's PRI Transparency Report
- ☒ We did not assure last year's PRI Transparency report
- ☐ None of the above, we were in our preparation year and did not report last year.

CM1 03	Mandatory	Public	Descriptive	General
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**CM1 03.1** We undertake confidence building measures that are unspecific to the data contained in our PRI Transparency Report:

- ☐ We adhere to an RI certification or labelling scheme
- ☐ We carry out independent/third party assurance over a whole public report (such as a sustainability report) extracts of which are included in this year's PRI Transparency Report
- ☐ ESG audit of holdings
- ☒ Other, specify  
ESG professionals draft the report which a sub-committee reviews and the Global Heads of public and private markets and the Manulife IM CEO approve.
- ☐ None of the above

CM1 04	Mandatory	Public	Descriptive	General
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<b>CM1 04.1</b>	Do you plan to conduct third party assurance of this year's PRI Transparency report?
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- ☐ Whole PRI Transparency Report will be assured
- ☐ Selected data will be assured
- ☒ We do not plan to assure this year's PRI Transparency report

<b>CM1 07</b>	<b>Mandatory</b>	<b>Public</b>	<b>Descriptive</b>	<b>General</b>
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<b>CM1 07.1</b>	Indicate who has reviewed/verified internally the whole - or selected data of the - PRI Transparency Report . and if this applies to selected data please specify what data was reviewed
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**Who has conducted the verification**

- ☒ CEO or other Chief-Level staff

	Sign-off or review of responses
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- ☒ Sign-off
- ☒ Review of responses
- ☐ The Board
- ☒ Investment Committee

	Sign-off or review of responses
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- ☒ Sign-off
- ☒ Review of responses
- ☒ Compliance Function
- ☒ RI/ESG Team
- ☒ Investment Teams
- ☒ Legal Department
- ☐ Other (specify)