



 **Manulife** Investment Management

Sustainable and responsible investing report 2020

Scroll





A message from Paul R. Lorentz

At Manulife Investment Management, we seek to improve financial outcomes for our clients while having a positive impact on the environment and society. Sustainability is a basic condition underlying this mission. Without it, we'd have little chance of success. I'm pleased to say that in 2020, we made advances in all three areas of our sustainability focus—integration, stewardship, and collaboration. In each case, we believe our efforts support our clients' aims and help bolster the environmental and social foundations that enable the global economy to function.

In this year's sustainable and responsible investing report, we describe a broad range of our sustainability-focused activities, but here I'd like to highlight some key areas of our approach to stewardship.

Reflecting work across our global asset management business, our focus on stewardship has translated into an emphasis on outcomes-based engagement activity with issuers, new sustainable asset certifications in our real estate and agriculture portfolios, a continuing focus with industry peers on reducing emissions at the world's largest greenhouse gas emitters, helping promote the development of standards for biodiversity risk management, and helping

develop a framework to assess general partners' ESG practices. Despite the working challenges created by COVID-19, we've remained focused on helping solve or mitigate systemic risks across our investment portfolios and the markets on which they depend. It's at the core of what good stewardship means to us.

In 2020, we were humbled to be appointed to the [PRI Leaders' Group](#) in recognition of our efforts in climate reporting. We were also pleased to continue our work on several PRI and [SASB](#) advisory committees—work that we believe helps foster more sustainable business practices across sectors. In the quarters ahead, we expect to continue these efforts while expanding our suite of sustainable investing options to meet our clients' evolving needs.

We hope you enjoy the report.

Paul R. Lorentz

President and CEO

Manulife Investment Management

Recognition

- We were 1 of only 20 investment managers included in the 2020 PRI Leaders' Group in recognition of our advanced efforts in climate reporting.
- Our infrastructure team received a 29/30 management score in its first GRESB Infrastructure [Fund Assessment](#).
- We earned a Green Star ranking in all six of our [GRESB real estate submissions](#), including three 5-star ratings for the third straight year.
- [PRI](#) awarded us A+ for ESG strategy and governance and ESG integration in listed equity and fixed-income sovereigns, supranationals, and agency bonds (SSA).²
- Our public markets ESG team won “Best ESG team North America 2020” from [Capital Finance International](#) for the second year in a row.

Award-winning thought leadership

- Our India equity team and ESG team were recognized for their case study, “India Equity: Supply Chain Opportunities in a Global Low-Carbon Transition,” included in the CFA Institute paper, “Climate Change Analysis in the Investment Process,” which won [Savvy Investor's Best ESG Paper 2020](#).
- Our “ESG investing in Asia—an invisible evolution,” article was highly commended in the emerging-market category at the [Savvy Investor Awards 2020](#).

Expansion of our sustainability offerings

- Through 2020 and 2021, we launched a number of strategies that address a range of sustainability objectives:
 - Sustainable Asia Bond Strategy
 - Global Sustainable High Yield Strategy
 - Global Climate Strategy
 - ESG Asian Multi Asset Income Strategy
- We [acquired 89,800 acres of timberland](#) as part of a significant impact-first investment, which can provide an opportunity for clients interested in offsetting carbon emissions as well as those seeking positive environmental or social impact while generating financial returns.

Advancements in ESG integration

- We developed new frameworks to analyze ESG risk in our municipal and securitized fixed-income assets.
- We introduced an internal ESG scoring assessment for corporate issuers and industries.
- We updated and formalized ESG integration practices in our private equity and credit, infrastructure, real estate, timberland, and agriculture asset classes to assess ESG risks and opportunities throughout the investment lifecycle.

² As of December 31, 2019, the most current data available. Please visit the PRI website to learn more about the [assessment methodology](#) or to see our [transparency report](#). The [PRI has notified respondents](#) that the 2021 assessment report will be delayed. Download our [2020 PRI assessment report](#).

Stewardship

- We had 1,122 engagement interactions with equity and fixed-income issuers globally in 2020.⁷
- We launched our [proxy voting dashboard](#) in 2020, which discloses our quarterly proxy voting records.⁸
- Our entire diversified 70,000-acre directly operated U.S. agriculture platform became the first farmland certified under the new [Leading Harvest Farmland Management Standard](#).
- In early 2021, we achieved our commitment to be 100% certified to the Leading Harvest Farmland Management Standard for our U.S. farmlands.
- We currently manage 5.4 million acres of timberland, of which 100% is third-party certified, and have protected over 472,000 acres of sensitive lands.⁹
- We achieved an 81% global green building certification rate, including 6 new LEED® and 11 new BOMA BEST® certifications for our [real estate portfolio](#).¹⁰

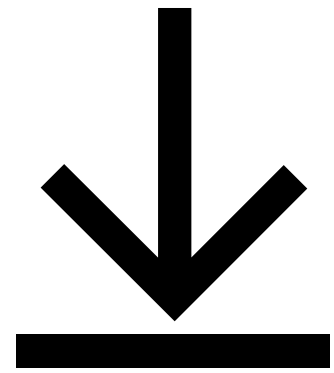
Global collaboration

- Appointed to the [PRI Infrastructure Advisory Committee](#)
- Participating member of the UNEP FI pilot project Phase II
- Active participant in the Informal Working Group for the TNFD
- Active member and participant of [30% Club Investor Group, Canada](#)
- Participating member of [Investment Leaders Group \(Cambridge University\)](#)

Climate action

- We published our [climate change statement](#), outlining our views and approach to the challenges posed by climate change.
- We set an 80% target reduction in greenhouse gas (GHG) emissions across our real estate portfolio by 2050.¹¹
- We published our first climate disclosure reports aligned with recommendations from the Task Force on Climate-related Financial Disclosures (TCFD). One [report](#) covered our broad investment capabilities across asset classes; the other covered our [timber and agriculture](#) businesses.
- Our managed [forests and farms](#) removed an estimated 2.2 million MtCO₂ from the atmosphere (5-year rolling average), roughly 4x more CO₂ than the emissions associated with managing them.
- Our parent company committed to reducing scope 1 and scope 2 emissions¹² by 35% by 2035 and making its investment portfolio net zero by 2050.¹³

⁷ The full report is not publicly available. More information is available on request. ⁸ Proxy voting activities are completed for public markets investments managed by Manulife Investment Management public markets. ⁹ “2020 Report on Sustainability and Responsible Investing in Timber and Agriculture,” Hancock Natural Resource Group, June 2021. ¹⁰ Calculated based on square footage of the gross floor area of properties in the global portfolio. Totals from different certification standards do not sum as properties with multiple certifications are only counted once. ¹¹ Intensity-based target of scope 1 and scope 2 emissions for assets under our operational control. ¹² Scope 1 emissions measure direct GHG emissions from operations. Scope 2 includes indirect emissions from the consumption of energy. ¹³ See Manulife’s [2020 Public Accountability Statement](#).



Download the full 2020 report

Learn about our approach to sustainable investing, our capabilities across public and private markets, and how our strategy can make a difference for our clients and the world at: manulifeim.com/institutional/global/en/sri-report

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A widespread health crisis such as a global pandemic could cause substantial market volatility, exchange-trading suspensions and closures, and affect portfolio performance. For example, the novel coronavirus disease (COVID-19) has resulted in significant disruptions to global business activity. The impact of a health crisis and other epidemics and pandemics that may arise in the future, could affect the global economy in ways that cannot necessarily be foreseen at the present time. A health crisis may exacerbate other preexisting political, social, and economic risks. Any such impact could adversely affect the portfolio's performance, resulting in losses to your investment

Investing involves risks, including the potential loss of principal. Financial markets are volatile and can fluctuate significantly in response to company, industry, political, regulatory, market, or economic developments. These risks are magnified for investments made in emerging markets. Currency risk is the risk that fluctuations in exchange rates may adversely affect the value of a portfolio's investments.

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