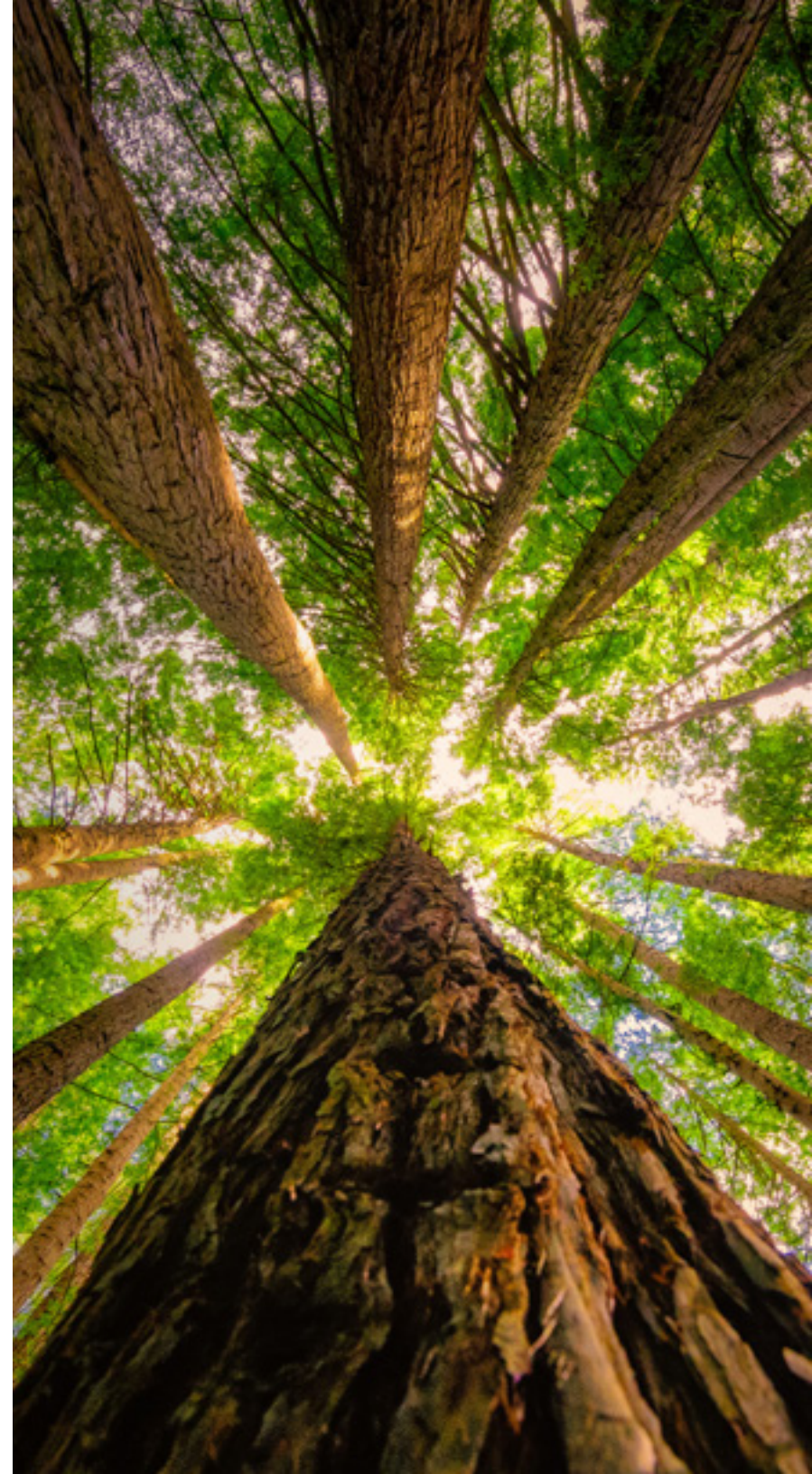


Case studies

# Manulife Climate *Action* Fund

How global companies are finding growth opportunities  
in the fight against climate change

Available on both mutual fund and segregated fund platforms.





## **Profiles in Leadership: Three Case Studies**

Microsoft, Philips and Mastercard are just three of many global companies integrating ESG in every aspect of their operations.

From the way they consume energy to how they select suppliers, their leadership on environmental issues is helping mitigate climate change and rewarding investors.

# Microsoft

## Environmental issues are central to Microsoft's growth strategy



### Company

Microsoft, a multinational technology company, is building the Planetary Computer to provide greater access to the world's environmental datasets, artificial intelligence and digital technology.



### Why

Microsoft believes its most important contribution to carbon reduction lies in technology. The company is leveraging its strengths to help its customers better understand and manage the environmental impact of their operations.<sup>1</sup>



### Target

Microsoft aims to be carbon negative by 2030, including its entire supply and value chains. By 2025, 100% of the company's electricity consumption will be derived from renewable power generation.

<sup>1</sup> Microsoft 2020 Environmental Sustainability Report: <https://query.prod.cms.rt.microsoft.com/cms/api/am/binary/RWyG1q>





## Microsoft's achievements

The software giant acted early to reduce its climate footprint.<sup>2</sup> While the company has been carbon neutral since 2012,<sup>3</sup> Microsoft now seeks to be carbon negative by 2030 (including supply and value chains). In the summer of 2021, the company will start to incentivize suppliers to cut their own emissions.

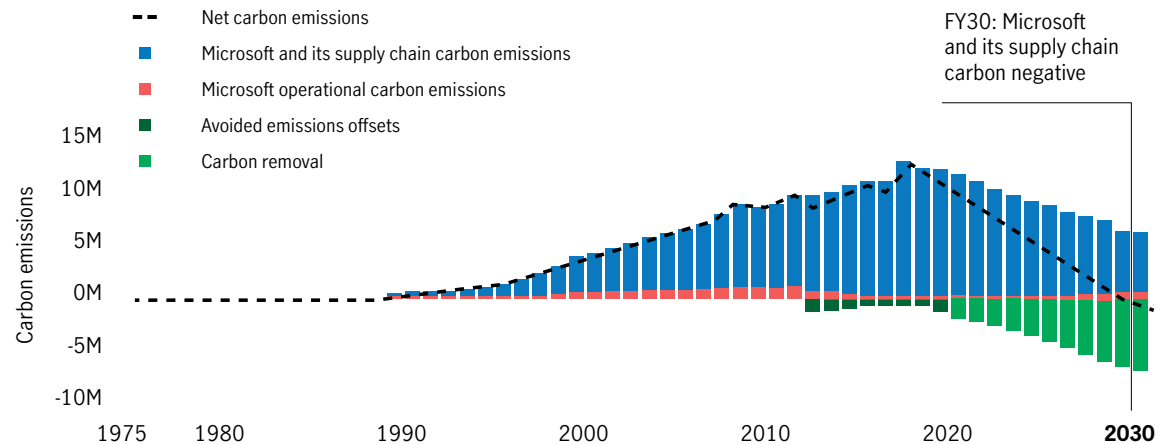
While the Planetary Computer is still some years away, Microsoft is rolling out additional products that serve customers today. This includes a sustainability calculator to help companies manage carbon emissions relating to their cloud operations. Microsoft's Azure Internet of things and artificial intelligence tools are being used by customers to monitor, model and

manage emissions generated from suppliers and assets outside their organizations.

The expansion of Microsoft Teams, a business communications platform, is another tool helping consumers lower their carbon footprint. It allows users to work-from-home and conduct virtual presentations, lowering their carbon footprint by reducing the need to commute.

Beyond internal efforts, Microsoft has committed US\$1 billion over the next four years to its Climate Innovation Fund to develop carbon capture technologies and reforestation initiatives.

## Microsoft's pathway to being carbon negative by 2030.



Source: Microsoft, <https://blogs.microsoft.com/blog/2020/01/16/microsoft-will-be-carbon-negative-by-2030/>. For illustrative purposes only.

<sup>2</sup> [https://www.microsoft.com/en-us/corporate-responsibility/sustainability?activetab=pivot\\_1:primaryr3](https://www.microsoft.com/en-us/corporate-responsibility/sustainability?activetab=pivot_1:primaryr3)

<sup>3</sup> [https://www.microsoft.com/en-us/corporate-responsibility/sustainability?activetab=pivot\\_1:primaryr3](https://www.microsoft.com/en-us/corporate-responsibility/sustainability?activetab=pivot_1:primaryr3)

# Philips

## Going carbon-neutral across the supply chain



### Company

Philips is a leader in diagnostic imaging, patient monitoring and health informatics, as well as in consumer health and home care.



### Why

With approximately 82,000 employees with sales and services in more than 100 countries<sup>4</sup>, the company consumes a lot of energy. Considering energy production is a major contributor to global greenhouse gas (GHG) emissions, switching to renewable energy is one of the more effective ways a company like Philips can lower its overall carbon footprint.



### Target

Philips is committed to sourcing over 75% of its total energy consumption (i.e., its industrial and non-industrial sites, business travel and logistics) from renewable sources by 2025 and 90% by 2040, compared to their 2015 emissions.<sup>5</sup> The company has also pledged to reduce its indirect GHGs across its entire value chain by 4% by 2025 and 11% by 2040, compared to their 2017 emissions.<sup>6</sup> This will mean Philips will be able to put pressure on its suppliers to ensure total supply-chain compliance.

<sup>4</sup> Philips Annual Report 2020, <https://www.results.philips.com/publications/ar20/downloads/pdf/en/PhilipsFullAnnualReport2020-English.pdf?v=20210325135957>

<sup>5</sup> <https://www.philips.com/a-w/about/news/archive/standard/news/press/2018/20181206-philips-sets-new-co2-emission-targets-for-the-2020-2040-period-approved-by-the-science-based-targets-initiative.html>

<sup>6</sup> <https://www.philips.com/a-w/about/news/archive/standard/news/press/2018/20181206-philips-sets-new-co2-emission-targets-for-the-2020-2040-period-approved-by-the-science-based-targets-initiative.html>





## Philips' achievements

As of 2020, 100% of the electricity consumed at all Philips' sites comes from renewable sources.<sup>7</sup> The majority of that energy is produced by windfarms Philips helped to build in both the United States and the Netherlands.

To reach 100% renewable electricity globally, Philips purchases renewable electricity within the markets or via local utility companies. To further reach its carbon neutrality commitment, the company forged a partnership with EcoAct, an internationally recognized group of experts founded in 2005.

Investment in eco-friendly products is part of the company's overall environmental, social and governance strategy. In 2019, Philips issued its first Green Innovation Bond under the Philips Green & Sustainability Innovation Bond Framework, which it developed with Rabobank. The bond proceeds will be used as an alternative means to finance its expenditures on green innovation, transition to the circular economy and achieve carbon neutrality.



**100% of the electricity consumed at all Philips' sites comes from renewable sources.**

<sup>7</sup> <https://www.philips.com/a-w/about/sustainability/climate-action>

# Mastercard

## Helping consumers lower their carbon footprint



### Company

Mastercard is a multinational financial services company that aims to reshape the digital economy.



### Why

With more than 2.6 billion corporate and consumer cards in circulation worldwide,<sup>8</sup> Mastercard is uniquely positioned to help cardholders manage their impact and make better choices. The company recognizes that by providing a service that helps consumers buy goods, it plays a part in the continued production of greenhouse gasses.



### Target

Mastercard has committed to a 38% absolute reduction in direct and indirect greenhouse gas emissions from sources it owns or controls by 2025 from the 2016 base year. It aims to achieve a 20% reduction in emissions from sources it doesn't own or directly control over the same period.<sup>9</sup>

<sup>8</sup> Mastercard Corporate Sustainability Report 2019, <https://www.mastercard.us/content/dam/mccom/global/aboutus/Sustainability/mastercard-sustainability-report-2019.pdf>

<sup>9</sup> Mastercard Corporate Sustainability Report 2019.

## Mastercard's achievements

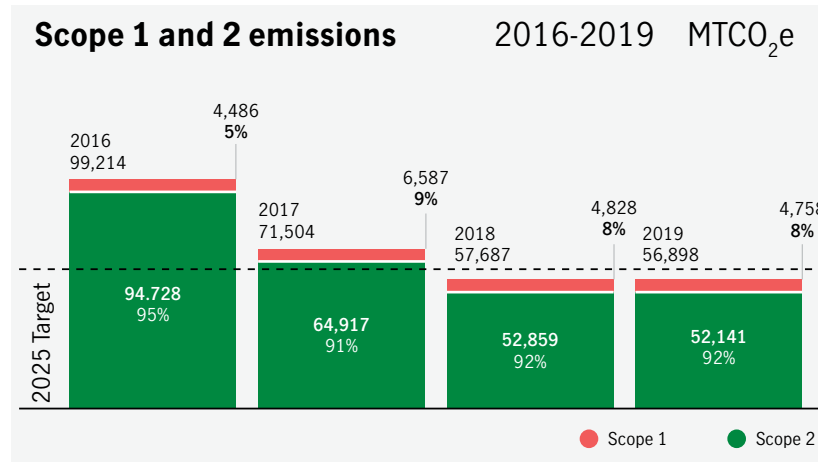
Despite setting aggressive goals, Mastercard exceeded its stated targets in 2019. The company achieved this goal by using 100% renewable energy in its global operations as part of the RE100 initiative. In 2019, 87% of the company's renewable load consisted of unbundled Renewable Energy Certifications, while only 10% was direct renewable procurement (PPAs) and 3% onsite renewables.<sup>10</sup>

In the coming years, the company wants to lessen its dependence on Renewable Energy Certifications by investing in renewable power projects. The company is expanding its onsite solar footprint at its own data centers.

To help its customers become better stewards of the environment, Mastercard partnered with Swedish fintech Doconomy to create the Åland Index Solution. This platform offers consumers insight into their carbon footprint by tapping into an ever-growing database to report on the impact of each transaction made with a specially issued Mastercard. The same card allows users to offset their carbon use by donating to UN-certified climate projects. The success of the project has led to an investment in Doconomy to expand sustainability solutions to additional markets.

Mastercard has taken a similar approach with its suppliers, who account for 70% of its overall carbon footprint. A new sustainability element has been added to their supplier onboarding process, encouraging potential partners to address their own environmental sustainability. The result is a carry-on effect that will lead to lower emissions for suppliers, which will help Mastercard reach its own emission targets.

These emission targets align with the 1.5-degree Celsius trajectory and have earned approval from the Science Based Targets initiative (SBTi).

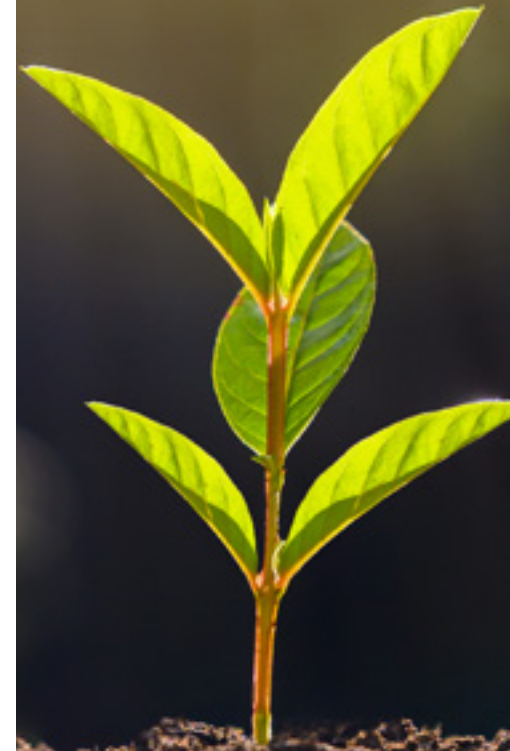


Source: Mastercard Sustainability Report 2019. For illustrative purposes only.



Mastercard has already exceeded its 2025 targets to reduce its Scope 1 (direct) and Scope 2 (indirect) emissions.

Mastercard achieved its 2019 goal by using 100% renewable energy in its global operations.



<sup>10</sup> Mastercard Corporate Sustainability Report 2019. RE100 is a global initiative bringing together the world's most influential businesses driving the transition to 100% renewable electricity. PPAs are financial agreements between an energy buyer and a renewable energy project developer. In these contracts, the buyer guarantees the developer a fixed price for energy from a project that hasn't been built yet.



To learn more about Manulife Investment Management and Manulife Climate *Action* Fund, please contact your advisor and visit **[manulifeim.ca/climate](https://manulifeim.ca/climate)**

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