

**Manulife
Investment
Management
ESG
Engagement
Policy**



Executive Summary

Manulife Investment Management (“Manulife IM”) is the global asset management arm of Manulife Financial Corporation (“Manulife”). Manulife IM provides comprehensive asset management solutions for a broad range of clients across the globe with the common aim of generating attractive risk-adjusted returns for clients in accordance with individual client requirements. As stewards of our client’s investments we regularly engage with portfolio companies in order to both monitor the investments and also encourage best-in-class management of financial, environmental, social and governance risks and opportunities.

Our approach to these engagements with portfolio companies is set out in this ESG Engagement Policy (“Policy”). The Policy is also applied by all our asset managers within the scope of the Shareholder Rights Directive II (as transposed by relevant local legislation or regulation).¹ This policy is applicable to the Manulife IM Public Markets business, and the legal entities listed in Appendix A.

We are a signatory to the UN Principles for Responsible Investment (PRI), the UK Stewardship Code, the Japan Stewardship Code and other stewardship codes in various markets where we conduct our business. The principles of these various bodies align with our belief that good stewardship is essential to the long-term sustainability of companies and provides a standard of behavior to protect and enhance the value of our clients’ investments.

In fulfilling our duty as a fiduciary to protect our clients’ assets and to act in their best interests, we understand that our responsibilities of stewardship align with a long-term investment view. Our fundamental investment process goes beyond financial statement analysis and involves ongoing monitoring of a company’s strategy, capital structure, and management of environmental, social and corporate governance (“ESG”) risks and opportunities. We seek to engage with companies both before and after we invest in order to enhance the long-term value of clients’ investments. In employing our investment process, we seek to be active and effective managers on behalf of clients, through company engagement and in execution of our proxy voting responsibilities.

Policy

Engagement provides Manulife IM the opportunity to create 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 issues that underpin a company’s strategy or valuation and provide the opportunity for companies to better understand our investment process and objectives. We believe investors 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 look to support management teams that adopt strong governance structures and have a clear strategic vision to create and protect investment value. Our interaction is designed to mitigate reputational risk and negative issues that could alter the valuation, fundamental standing, or strategy of the portfolio companies.

¹ Directive 2017/828(EU), amending Directive 2007/36/EC.

We also view engagement as a tool to enhance the long-term value of the companies in which our clients are invested. For example, we may engage to enact positive change in a company's disclosure, management strength, and performance in relation to substantive matters, including ESG factors.

Types of Engagement

As a manager with diversified asset classes we engage as both an equity and debt investor. We seek to meet with senior level representatives of investee companies with a focus on board members and executive managers, and we will meet with other representatives as deemed relevant for the context of the given meeting.

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 value. Specialist ESG analysts regularly join these meetings with companies to discuss ESG risks and opportunities. These conversations are leveraged by investment teams in their investment process. In parallel, specialist ESG analysts also arrange company meetings dedicated to discussing ESG risks and opportunities, to which investment staff are invited to participate.

We may engage in both independent activities and engagement activities with other investors ("collaborative engagement"), depending on the approach that is deemed to be in the best interests of our clients, the target company's relevant circumstances, and our engagement objectives. Our approach is constructive, with the belief that over time we will gain a sound understanding of how management of key ESG issues supports a company's business strategy. We will engage with other investors when we believe it will be more effective in achieving the desired outcome for our clients, provided that the collaborative engagement actions are not prohibited by law or regulation.

Manulife IM may also occasionally engage with regulators where we believe it is appropriate and in the best interests of our clients.

Prioritizing Engagement Targets

We prioritize engaging with companies where our assessment suggests that ESG or other factors are potentially material to an investment's risk/reward profile, taking into account the significance of an investment within a given portfolio, Manulife IM's degree of influence, and the expected contribution to long-term value creation from a successful engagement.

We engage with companies on a range of substantive corporate, strategic and ESG matters. The below is a non-exhaustive list of issues which may be the focus of a particular engagement, and should be read in conjunction with Manulife IM's Sustainable Investing Statement:

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- Board structure, diversity, and oversight
- Executive compensation: structure, performance metrics, and oversight
- Minority shareholder rights protection
- Capital management, dividend payouts, and dilution
- Corporate actions (e.g. M&A) and corporate strategy
- Climate change, pollution, natural resources utilization, and other environmental management issues
- Health and safety, labor relations, diversity and other social issues
- Human rights, respect for the community and other stakeholder expectations
- Supply chain oversight and management
- Technological innovation and disruption
- Population demographic shifts
- Resiliency of infrastructure
- Significant ESG related controversies
- Quality of disclosure and transparency
- Issues identified or raised in client requests to Manulife IM

Conflicts of Interest

We have a duty to act in the best interest of our clients at all times. We recognize that conflicts of interest may arise in our engagement activities and we seek to identify, disclose and mitigate potential conflicts in accordance with our fiduciary responsibilities.

We have identified the following potential conflicts of interest related to our engagement activities:

- Potential engagement with a company which is the sponsor of one of our institutional clients, or where the company otherwise has a commercial relationship with either Manulife Financial Corporation or another member of the Manulife group, and Manulife IM could be unduly influenced by the relationship;
- Manulife IM employees could have a material relationship with a company, which could affect engagement activities.

Manulife IM has implemented procedures to prevent and mitigate identified potential conflicts including:

- Each Manulife IM employee adheres to the Global Code of Ethics and General Principles of Business Conduct outlined therein to always put the interests of our clients first. Where a material conflict is identified between an employee and a company, the conflict should be disclosed to the employee's manager and our Legal/Compliance departments as needed to determine if it is appropriate for such employee to engage with that company;

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- The ESG Team also attends some engagements. The Global Head of the ESG Team reports, independently from the investment teams, directly to the Chief Executive Officer. The ESG Team is empowered to notify relevant parties in the event that a potential conflict of interest is detected;
- Engagement priorities and objectives are identified independently of our parent, Manulife, or any of its related entities; and,
- Engagement with a portfolio company will not be affected by any commercial relationship a company has with Manulife or Manulife IM.

Material Non-public Information (Becoming an Insider)

It is not our purpose to conduct engagement with a portfolio company in order to receive material non-public information (“MNPI”). If engagement activities result in the receipt of MNPI, Manulife IM will act in accordance with internal compliance policies and procedures relevant to MNPI.

Exercising Voting Rights

Where Manulife IM has been granted proxy voting authority by its clients, we have adopted and implemented policies and procedures to seek to ensure proxies are voted in the best interests of its clients. As stewards of our client’s assets we value the right to vote as a natural component of share ownership and as an important control mechanism to ensure that a company is managed in the best interests of its investors.

Alongside engagement, we see proxy voting as another invaluable tool for investors to influence portfolio companies to adopt sustainable business practices that promote stable long-term growth and reduce material ESG risks faced by entities over time. In voting on behalf of our clients, we look to support management teams who adopt strong governance structures and have a clear strategic vision to create and protect value.

Through engagement Manulife IM may request certain changes of a portfolio company to mitigate risks or maximize opportunities. In the context of a shareholder meeting, Manulife IM will review progress on requested changes for those portfolio companies engaged on behavior. In those instances where Manulife IM determines that the portfolio company has not made sufficient improvements on an issue, or issues, then we may take voting action to demonstrate our concerns.

Governance

Manulife IM’s ESG Team has direct responsibility for the implementation of this policy, with actions taken under the policy being regularly reported to Manulife IM’s Public Markets Sustainable Investing Committee (SIC), a group of senior representatives drawn from various functions within Manulife IM, which reports to the Manulife IM Operating Committee.

This policy is subject to periodic review by the SIC.

Monitoring and Reporting

- The ESG Team, with the support of the investment teams where relevant, will document ESG-related engagement meetings including tracking of the discussion points, feedback and action items, if applicable.
- On an annual basis we will publicly report on our website regarding the implementation of our Engagement Policy and voting activities, in compliance with our regulatory responsibilities and as a signatory to the PRI and various stewardship codes. Also, upon request by a client, Manulife IM will provide more detailed information of the engagement activities undertaken in relation to holdings in the client's portfolio.

APPENDIX A – Manulife IM Advisory Affiliates in Scope of Policy

+Investment management business only.

Manulife Investment Management Limited

Manulife Investment Management (North America) Limited

Manulife Investment Management (Hong Kong) Limited

PT Manulife Aset Manajemen Indonesia*

Manulife Investment Management (Japan) Limited

Manulife Investment Management (Malaysia) Bhd.

Manulife Investment Management and Trust Corporation

Manulife Investment Management (Singapore) Pte. Ltd.

Manulife IM (Switzerland) LLC

Manulife Investment Management (Taiwan) Co., Ltd.*

Manulife Investment Management (Europe) Limited

Manulife Investment Management (US) LLC

Manulife Investment Fund Management (Vietnam) Company Limited*

*By reason of certain local regulations and laws with respect to voting, e.g.: manual/physical voting processes or the absence of a third-party proxy voting service provider for those jurisdictions, Manulife Investment Fund Management (Vietnam) Company Limited, and PT Manulife Aset Manajemen Indonesia do not engage a third-party service provider to assist in their proxy voting processes. Manulife Investment Management (Taiwan) Co., Ltd. uses the third-party proxy voting service provider to execute votes for non-Taiwanese entities only.