Manulife
Investment Management

Timberland and agriculture

# *Sustainable* investing framework

## Philosophy

Our timberland and agriculture businesses create value through the sustainable management of natural capital investments. Our guiding principle is that good stewardship is good business. As managers of major forest and agriculture holdings throughout the world, we see responsible stewardship of people and the environment as central to how we create value.

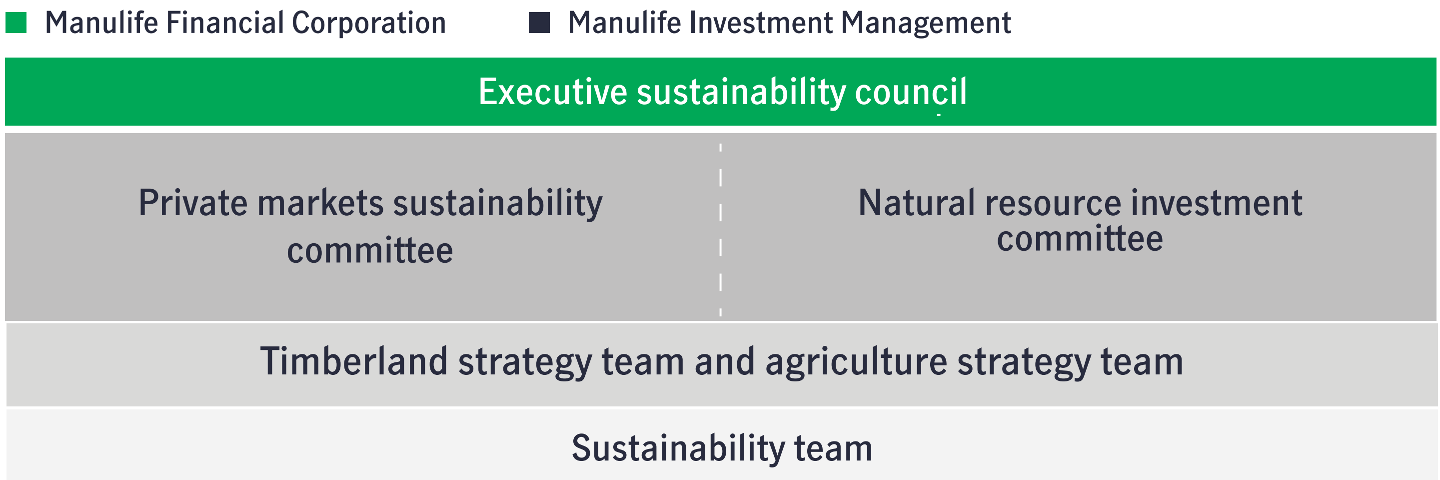
We have a duty to manage investments in the best interests of our clients. This requires due consideration of all factors that may have material financial implications for those investments. We believe sustainability factors are particularly salient for natural capital investments, which is why sustainability is core to our investment strategy.

This framework outlines our approach to sustainable investing in natural capital and provides an overview of how we incorporate material sustainability considerations into the investment lifecycle through governance, investment processes, policies, and external collaboration.

## Governance—roles and responsibilities

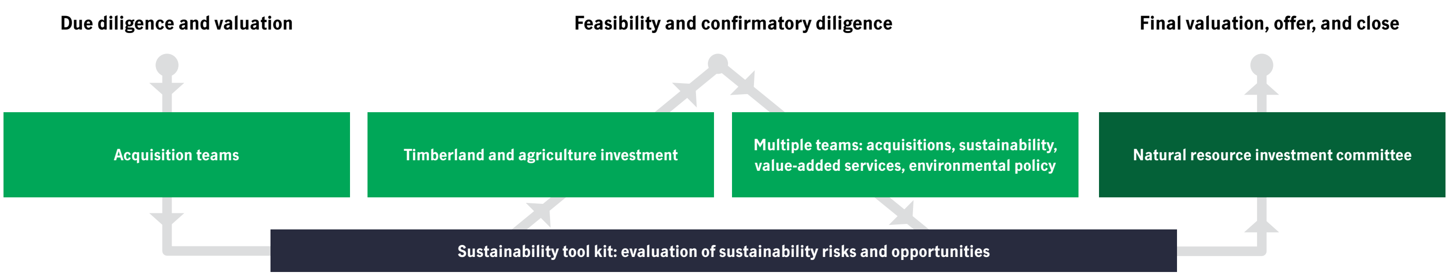
Several teams and committees have a responsibility to ensure that sustainability is properly considered in investment decisions. Our timberland and agriculture strategy teams are responsible for developing investment strategies and overseeing the implementation of those strategies by the operations teams, supported by the sustainability team. Our natural resource investment committee reviews all potential acquisitions against specific sustainability criteria to ensure relevant risks and opportunities are appropriately accounted for in valuations, while our private markets sustainability committee steers regular decision-making within the sustainable investing agenda appropriate to each asset class. At a higher organizational level, the Manulife executive sustainability council oversees key sustainability priorities across the global enterprise.

## Organizational structure of sustainability governance across timberland and agriculture




## ESG integration in the investment process

Our sustainability framework applies a materiality-based approach to the investment process. Assessing factors such as carbon sequestration, climate and nature risks, soil health, and the health of local communities helps to ensure we're making sound investments.




| **Sustainability theme** | **Climate** | **Nature** | | **People** | |
|---|---|---|---|---|---|
| **Material risks and opportunities** | • Climate change impacts<br>• Emissions<br>• Deforestation<br>• $CO_2$ sequestration<br>• Waste diversion | • Sensitive lands<br>• Protected areas<br>• Biodiversity<br>• T&E species<br>• Mitigation banking | • Water quantity/quality<br>• Flood, drought risk<br>• Groundwater depletion<br>• Water banking | • Health and safety<br>• Training and development<br>• Labor practices<br>• Human rights | • Community relations<br>• Indigenous peoples<br>• Job creation<br>• Research, internships |

## Exclusion policies

In our role as stewards of financial, human, and natural capital, our fiduciary duty demands that we pursue our clients' best interests. We strive to do so in ways that avoid significant harm to society or the environment—both of which are essential to the long-term health of our clients' investments. To support this commitment, we apply two exclusion policies across all our investments:

**1** Policy on deforestation—We believe it's our responsibility to protect forests that are particularly environmentally or socially valuable. These include, but aren't limited to:

- High conservation value forests
- Forests of exceptional conservation value
- Forests that are home to threatened and endangered species
- Forests that hold special cultural value

We won't engage in or encourage deforestation of such forests; however, we may purchase recently deforested land for the purpose of ecological restoration and conservation.

**2** Tobacco exclusion—We won't grow tobacco or allow it to be grown on our properties unless for specific nonconsumptive purposes (e.g., use in building materials).

## Collaboration and engagement

We seek to establish mutually beneficial relationships with organizations and companies that can complement our strengths. We support, actively participate in, or are members of several sustainability organizations, including:

- The UN Principles for Responsible Investment
- World Business Council for Sustainable Development
- Leading Harvest
- Sustainable Forestry Initiative®
- Forest Stewardship Council®
- Programme for the Endorsement of Forest Certification
- Finance for Biodiversity Initiative
- Our long-standing collaboration with the Taskforce on Climate-related Financial Disclosures lays a strong foundation for our transition to the International Sustainability Standard Board's IFRS Sustainability Disclosure Standards
- Taskforce on Nature-related Financial Disclosures
- Taskforce on Inequality and Social-related Financial Disclosures

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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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