



*Responsible*  
contracting  
statement



## Purpose

Manulife Investment Management<sup>1</sup> recognizes the value that contractors<sup>2</sup> bring to the operation of our investments, as well as the importance of working with responsible partners to maintain sustainable operations. We aim to work with contractors who have a high standard of ethics in both the assets that we operate and those that are third-party operated. We acknowledge that regulatory frameworks have evolved to support best practices in responsible contracting, and our statement is informed by and reflects this evolution.

The diverse nature of our business activities and geographies translates into diverse contracting needs. This statement outlines our commitment to responsible contracting practices for Manulife Investment Management's comprehensive capabilities—private equity and credit, real estate, infrastructure, timber and agriculture, listed equity, and fixed income—and supports differentiated implementation across these asset classes.

In those cases where we operate assets, the Manulife Investment Management procurement teams representing the asset classes listed above oversee the specific activities discussed in this statement. They are supported by sustainable investing professionals who seek to ensure observance of this statement internally and assist in integrating responsible contracting terminology into contracts. These professionals also guide updates to responsible contracting practices and provide training on this approach to procurement professionals, as needed.

This responsible contracting statement aligns with the efforts of Manulife Financial Corporation (Manulife), our parent company, to build a responsible and diverse supply chain, and follows the principles described in Manulife's vendor code of conduct, which outlines Manulife's expectations regarding ethical business practices, human rights and fair employment and labor practices, antislavery and human trafficking, and health and safety.<sup>3</sup>

# Our approach to responsible contracting

This statement defines a responsible contractor as a contractor or subcontractor who pays workers a fair wage and fair benefits (as evidenced by payroll and employee records) and seeks to ensure the health and safety of all workers. What constitutes a fair wage and benefit depends on the wages and benefits paid for comparable work, based on local market factors that include the nature of the project, comparable job or trade classifications, and the scope and complexity of the services provided. Fair benefits may include employer-paid healthcare coverage, pension benefits, training programs, time off and vacation time, among others.

Our approach for both assets managed by Manulife Investment Management and assets operated by third-party managers<sup>4</sup> is as follows:

## **Duty of care and prudence**

At all times, assets shall be managed to seek to enhance the value of investments for the benefit of Manulife Investment Management's investors. Portfolio managers and investment teams are charged with exercising the care, skill, prudence, and diligence appropriate to the task.

## **Competitive bidding**

Manulife Investment Management seeks to promote a competitive bidding process in selecting third-party contractors to provide certain construction, maintenance, operations, and other business-related services. A competitive bidding process encourages fair competition and actively seeks bids from all qualified sources that can demonstrate relevant experience with projects of a similar scale. This shall not apply in cases where Manulife Investment Management (including its affiliates) provides such services directly.

**“At all times, assets shall be managed to seek to enhance the value of investments for the benefit of Manulife Investment Management’s investors.”**

Bid reviews shall include consideration of duty of care, prudence, and competitive risk-adjusted returns. Price is only one factor, with others including worker training, experience, expertise, reputation for honesty and ethical conduct, integrity, timeliness, availability, dependability, quality of services, soundness of work methods and approach, technological capability, worker protections, safety record, insurance, and references. These criteria are not listed in order of importance, nor is the list complete—Manulife Investment Management may add or delete factors, change weightings, or decline to consider one or more factors.

## **Applicable law**

All affiliated entities, property managers, construction/plant managers, contractors, and their subcontractors shall comply with applicable federal, state and local laws, regulations and ordinances, as well as promote best practices, including, without limitation, labor and employment, environmental, tax, and health and safety requirements, including proper maintenance of equipment.



## Our approach to responsible contracting (continued)

### **Assets operated by Manulife Investment Management**

We take the approach described above during the selection and monitoring phases of the contracting procedure for assets we operate. In selecting contractors, we specify our requirements and select firms to participate in a competitive bidding process, when applicable. Our teams evaluate responses on a best-value basis, where value includes, but is not limited to, both financial and nonfinancial factors, as well as responsible contracting considerations. In conducting due diligence on outside agencies prior to officially hiring, we verify that contractors meet Manulife Investment Management standards, specifically in terms of Manulife's definition of responsible contracting. Furthermore, we conduct checks to ensure that employees and contractors comply with all relevant laws and best practices, depending on the country and jurisdiction.

Manulife Investment Management has established individual risk management processes for certain types of service contracts. In construction, for example, we have a contractor safety program in real estate, which is designed to assist contractors and subcontractors in reducing accidents and incidents, as well as in calculating project waste management specifications. In the case of tenant improvements to a leased space, we will communicate to tenants Manulife Investment Management's preference for employing responsible contractors.

### **Assets operated by third parties**

For assets that we do not operate, Manulife Investment Management considers this when choosing partners and communicates our responsible contracting approach to our operating company managers, and we use reasonable efforts to encourage alignment with that approach. We are working to improve our ability to monitor our third-party managers to ensure that fair, responsible contracting practices are in place, that those managers maintain proper records in the contracting process, and that other appropriate risk management and due diligence processes occur.

## Collaborations

We place a strong emphasis on collaboration with industry peers, industry associations, civil society organizations, and other groups that seek fairer conditions and standards for workers everywhere. We will collaborate with other industry stakeholders when we believe that an initiative is in the long-term interests of both our clients and the investment industry.



**1** Manulife Investment Management is the unified global brand for Manulife's Global Wealth and Asset Management (GWAM) business, which serves individual investors and institutional clients in three businesses: retirement, retail, and institutional asset management. **2** Contractor refers to vendors providing on-site services to operate and maintain Manulife Investment Management's assets. **3** This responsible contracting approach applies to contracts entered into by or on behalf of Manulife Investment Management, for the asset classes described above. Please note that this statement is solely for guidance purposes. Contracts existing at the time of an investment in an operating company or at the time this statement goes into effect shall not be subject to this statement until they are evaluated for renewal; voluntary compliance with the spirit of the statement is encouraged. However, note that the preceding paragraphs shall not prevent Manulife Investment Management from making any investment, including follow-on investments, that it would otherwise be permitted to make under a client account's governing documents, or entering into agreements with contractors on an exclusive or preferred basis (for example, on a noncompetitive bid basis) that potentially offer strategic value. **4** In the cases where we do not have a controlling position, we will work with our partners to encourage best practices as applicable.

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.*

The information provided does not take into account the suitability, investment objectives, financial situation, or particular needs of any specific person. You should consider the suitability of any type of investment for your circumstances and, if necessary, seek professional advice.

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#### **Manulife Investment Management**

Manulife Investment Management is the global wealth and asset management segment of Manulife Financial Corporation. We draw on more than a century of financial stewardship to partner with clients across our institutional, retail, and retirement businesses globally. Our specialist approach to money management includes the highly differentiated strategies of our fixed-income, specialized equity, multi-asset solutions, and private markets teams—along with access to specialized, unaffiliated asset managers from around the world through our multimanager model.

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