A message from Paul R. Lorentz

Firm overview

The continuing evolution of investment stewardship

Stewardship code principles and our practices

Manulife Investment Management

Stewardship report 2023

What you'll *find*

A message from Paul R. Lorentz **3**

Firm overview **4**

The continuing evolution of investment stewardship **7**

Stewardship code principles and our practices **11**

- Purpose, strategy, and culture 12
- Governance, resources, and incentives 20
- Conflicts of interest 29
- Promoting well-functioning markets 33
- Review and assurance 48
- Client and beneficiary needs 51
- Stewardship, investment, and ESG integration 58
- Monitoring managers and service providers 69
- Engagement 78
- Collaboration 85
- Escalation 96
- Exercising rights and responsibilities 101

Appendix **111**

This report covers the activities of the investment management teams of Manulife Investment Management's public and private markets assets. The report does not cover the activities of non-affiliated investment managers who manage client assets on our behalf. All information in this report is as of December 31, 2023, and all dollar amounts are in Canadian currency, unless otherwise indicated. Report published April 2024.

A message from Paul R. Lorentz

Firm overview

The continuing evolution of investment stewardship

Stewardship code principles and our practices

A *message* from Paul R. Lorentz

I'm pleased to share the fourth annual comprehensive stewardship report for Manulife Investment Management. It was a busy year in terms of our stewardship activities, and the full spectrum of our efforts across asset classes and regions is outlined in this report.

There continues to be rapid change across sustainable investment management, with new standards and regulation and more focused collective efforts to address the huge systemic challenges of our time, including climate change and the ongoing loss of nature. We're delighted that this has been underpinned by major progress with the publication of the International Sustainability Standards Board (ISSB) S1 and S2 standards, and we look forward to continuing to contribute, encouraging their rollout globally. In addition, and in light of rapidly evolving regulations, we added roles to manage regulatory change and to consider systemic social risks and opportunities.

In the arena of collective action, we continued to participate in a variety of efforts, including engagements through Climate Action 100+, Climate Engagement Canada, and the Asia Investor Group on Climate Change, where we chaired the Physical Risks and Resilience Working Group and founded and chaired the Energy Transition Working Group. We were invited to participate in the Institutional Limited Partners Association (ILPA) ESG Data Convergence Initiative Private Credit (PC) group to address how to foster a more unified approach to ESG data reporting and benchmarking across the private company capital structures. We also continued our involvement with board diversity-focused 30% Clubs around the world, including in Canada, Hong Kong, and Japan.

Last year, we remained active in product development to continue to meet our clients' evolving sustainability objectives. For example, we successfully converted our Sustainable Asia Bond Strategy to an Article 9 fund under the Sustainability Finance Disclosure Regulation (SFDR). We also launched an equity-focused Global Environmental Transformation Strategy in Asia and established a new client-directed exclusions framework, which formalizes an approach that allows our institutional clients to overlay thematic screens—such as barring investments in thermal coal power generation companies—in their portfolios.

Another notable highlight from the year included our contribution to the ecosystem of nature-related disclosures through the release of our inaugural nature disclosure, in alignment with the Taskforce on Nature-related Financial Disclosures, for our timberland and agriculture businesses.

As ever, we believe a commitment to transparency in disclosure is one of the hallmarks of good stewardship. We hope this report demonstrates this across our global asset management business. We also hope you find it a useful guide to the work we perform on behalf of our clients.

Paul R. Lorentz
President and CEO
Manulife Investment Management

A message from Paul R. Lorentz

Firm overview

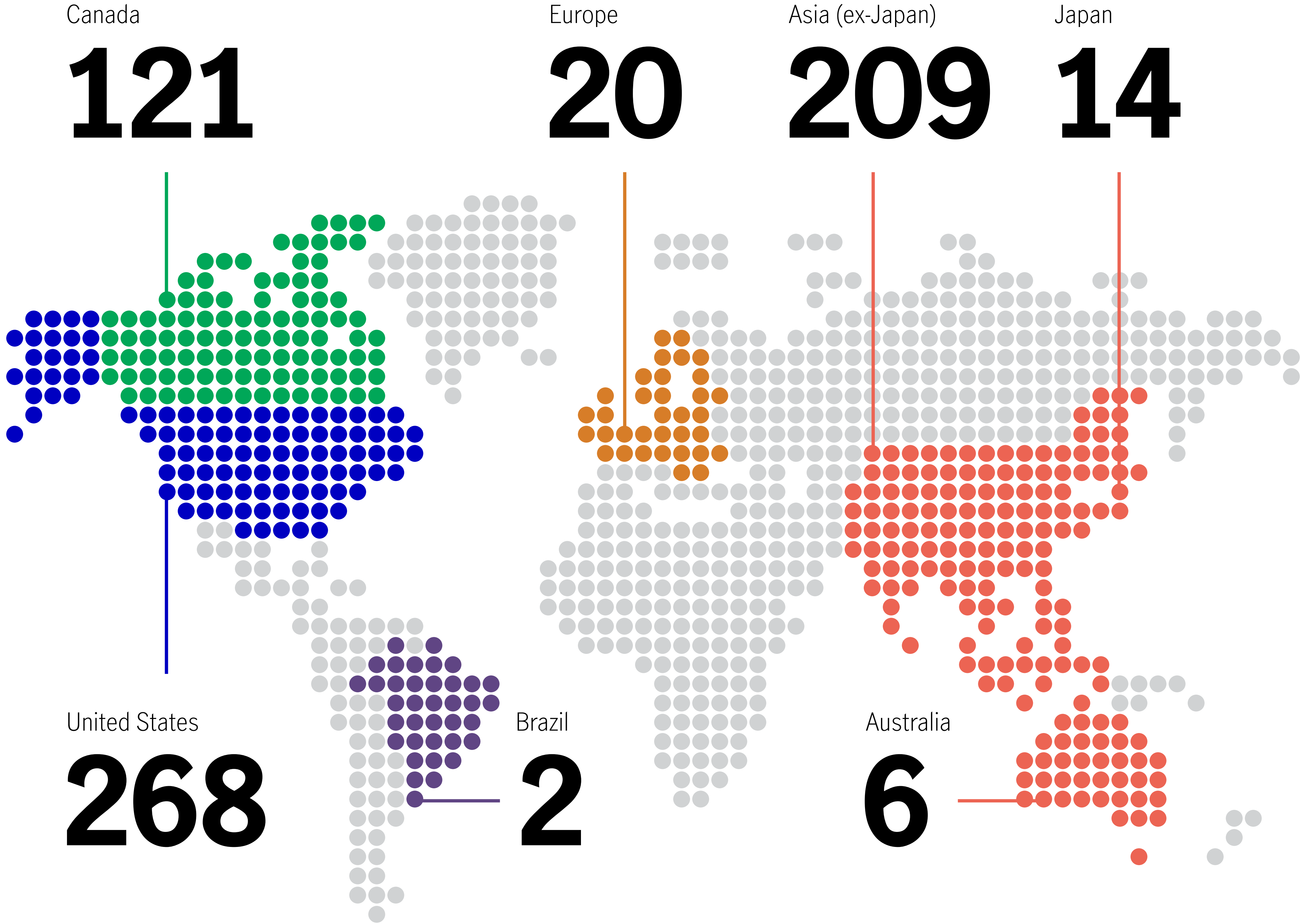
The continuing evolution of investment stewardship

Stewardship code principles and our practices

Firm *overview*

Combining local insight with global reach

640 investment professionals with offices in 20 geographies



Source: Manulife Investment Management, as of December 31, 2023. Manulife Investment Management's team of global investment professionals includes expertise from several Manulife Investment Management affiliates and joint ventures; not all entities represent all asset classes.

$609B

in institutional AUM

1,000+

institutional accounts

Assets under management (AUM) include assets internally managed by Manulife Investment Management on behalf of external clients, the Manulife general account and other affiliated businesses, but excludes assets under management and administration (AUMA). The methodologies used to compile the total AUM are subject to change and may not reflect regulatory AUM as reported on certain affiliates' Form ADV. Manulife Investment Management AUMA is as of December 31, 2023, and includes CAD$607.6 billion in AUM and CAD$1.5 billion in AUA.

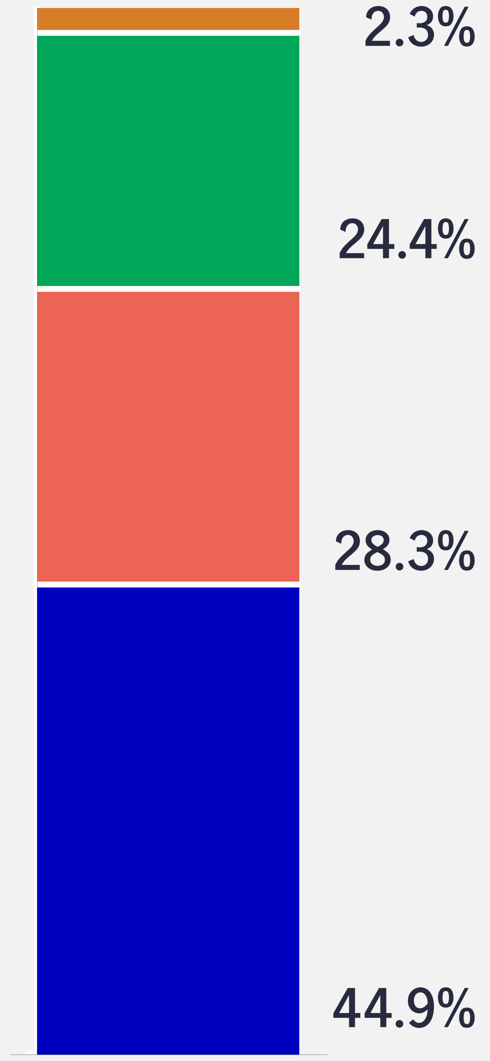
AUM by asset class

AUM in CAD$ millions

Asset class	AUM
Fixed income	225,416
Multi-asset solutions	197,333
Alpha-focused equity	140,453
Real estate	26,397
Private equity and credit	23,183
Infrastructure	21,447
Timberland	14,826
Agriculture	6,287

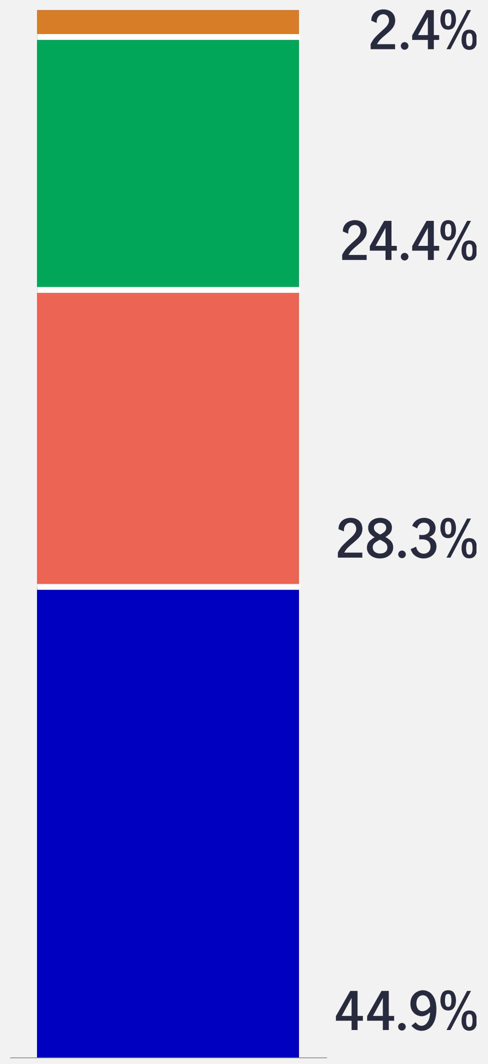
Source: Manulife Financial Corporation, as of December 31, 2023. Excludes subadvised assets under management (AUM). Assets are shown in Canadian dollars. The methodologies used to compile the total AUM are subject to change and may not reflect regulatory AUM as reported on certain affiliates' Form ADV. **Fixed income:** AUM includes certain balanced funds which are mainly fixed income weighted. **Multi-asset solutions:** AUM includes $7.3 billion advised by multi-asset solutions (MAST) index team and managed by other Manulife Investment Management investment teams, and, $47.1 billion allocated to investment strategies managed by other Manulife Investment Management investment teams. **Alpha-focused equities:** AUM includes certain balanced funds, which are mainly equity weighted. **Real estate:** Manulife Investment Management Private Markets (US) LLC (Manulife IM PM (US)) manages $1.8 billion of real estate equity strategies on a discretionary basis and $0.7B on a nondiscretionary basis. **Infrastructure:** The infrastructure team manages renewable energy-related private equity investments on behalf of external clients and the insurance business of Manulife. Total includes $2.29 billion of assets managed on behalf of external clients. **Timberland:** AUM is managed on a discretionary and non-discretionary basis for the Manulife's General Account, its affiliates and third party clients. **Agriculture:** Aggregate fund-level market value.

AUM for private market asset classes: All AUM is calculated on a fair value basis. Data includes assets managed by Manulife Investment Management and our affiliates on behalf of Manulife's Canadian and U.S. general accounts, as well as certain third-party investors. Investment advisory services to third-party investors and certain affiliated investors are offered by Manulife IM PM (US) a U.S. Securities and Exchange Commission registered investment adviser with $54.6 billion in AUM.



Client AUM by market

- Europe (includes EMEA and Barbados)
- Canada
- Asia-Pacific (includes India and Australia)
- United States



Client domicile by market

- Europe (includes EMEA and Barbados)
- Canada
- Asia-Pacific (includes India and Australia)
- United States

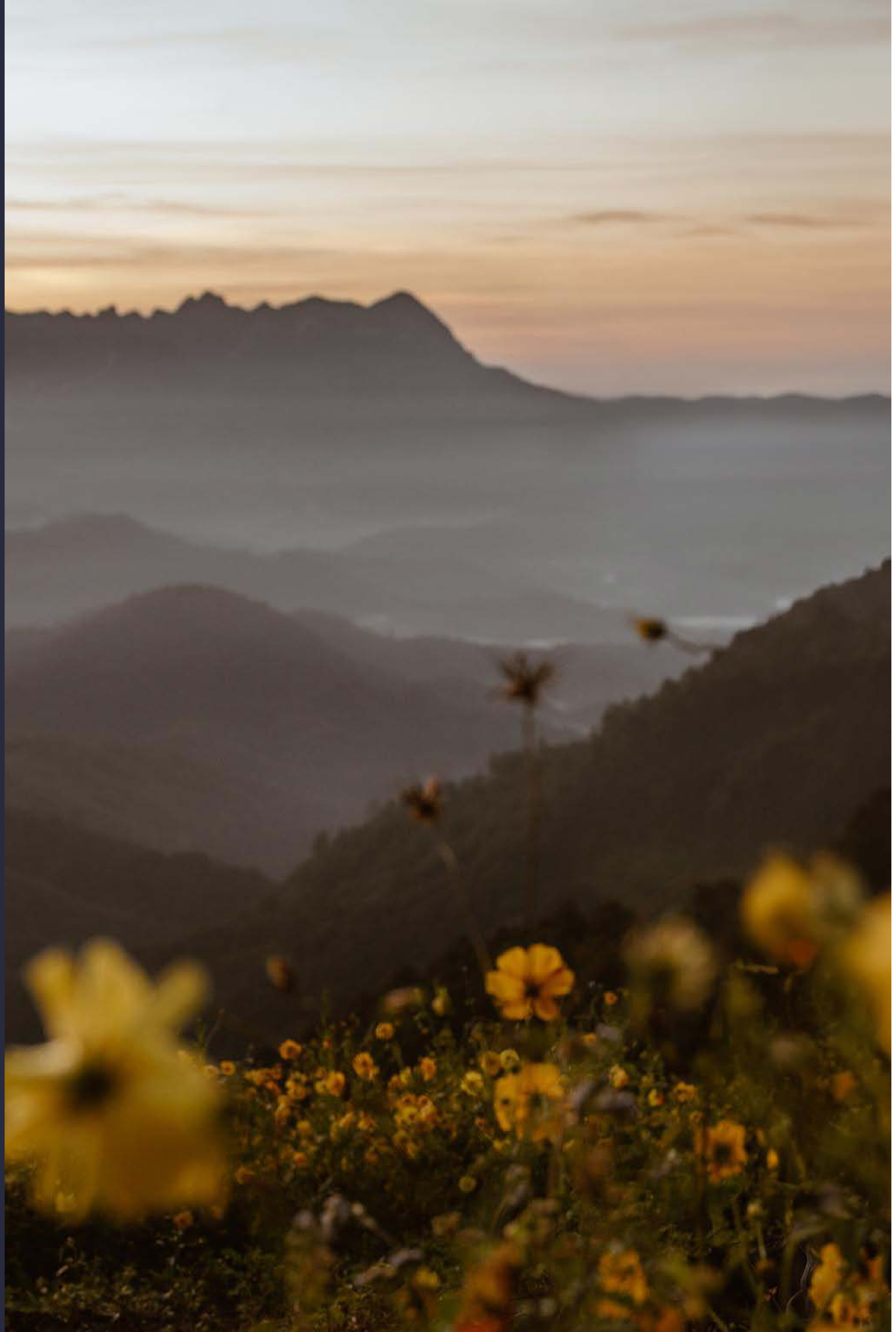
Totals may not sum to 100 due to rounding.

A message from Paul R. Lorentz

Firm overview

The continuing evolution of investment stewardship

Stewardship code principles and our practices



The continuing evolution of investment stewardship

Brian Kernohan
Chief Sustainability Officer, Private Markets
Manulife Investment Management

Peter Mennie, ASIP
Chief Sustainable Investment Officer, Public Markets
Manulife Investment Management

In less than a decade, stewardship has become a central area of investor interest and action. From the Paris Agreement of 2015 to today, questions of stewardship around systemic risks have gone from periodic to practically obligatory. Investment stewardship is now a central factor of asset owner decision-making when entrusting investment managers with their assets.

A message from Paul R. Lorentz

Firm overview

The continuing evolution of investment stewardship

Stewardship code principles and our practices

In today's sustainability headlines, you can find equal parts pessimism and optimism. On the one hand, and not unsurprisingly, we see attention given to catastrophic future climate scenarios, risks of agricultural system collapse, employee and community unrest over social injustice, and a recurrence of apocalypse fatigue. On the other hand, we see news of innovative solutions in renewable investment, the advancement of mitigation and adaptation strategies, and better disclosures to increase transparency into how companies operate and how capital is governed and invested. Regardless of your vantage point on this spectrum, it's important to recognize that we're a long way from a world in which the biggest risks and opportunities for companies were almost universally imagined to be purely economic and where investors defined value exclusively in financial terms.

Indeed, questions of sustainability related to environmental and social factors are now intertwined with questions of financial return. Is a company's emissions accurately reflected in its risk profile and valuation? How should an asset owner prioritize net zero alignment of its portfolio? What does an asset manager's engagement strategy and proxy voting record say about its commitment to mitigate sustainability risks for clients? What are the outcomes attached to these activities, financial or otherwise? These are questions of stewardship, and they're changing the paradigms of how investment success is measured and, ultimately, how markets work.

As we'll discuss, this evolution is evident in the increasing sophistication of asset owners' evaluations of their asset managers on sustainability and investment stewardship. Further, we see asset owner and asset manager perspectives beginning to converge more fully when it comes to nature-related risks, which are demonstrably more complex to disclose than climate-related risks. Consequently, in the long run, we see stewardship becoming central to asset owners' criteria for determining manager selection.

Asset owners want robust stewardship practices from their investment managers

Climate risks are relatively well defined, thanks to frameworks such as the Task Force on Climate-related Financial Disclosures (TCFD) and additional work by the International Sustainability Standards Board (ISSB), and we're getting better—across sectors—at diagnosing and disclosing climate risk exposures. Indeed, asset managers who are paying close attention to their clients' questions know that the interest in and general sophistication around sustainability issues, particularly climate risks, have grown exponentially in recent years.

In client questionnaires in 2023, our firm received more than 1,800 questions on our sustainable investing philosophy, capabilities, and stewardship activities. Approximately 325 of these were highly involved questions requiring more than a standard response, and 13% of these, in turn, focused on climate topics. This marks a big difference from seven years ago, when a similar population of asset owners had only just begun to ask sustainability-oriented questions, the majority of which focused on our Principles for Responsible Investment (PRI) signatory status and process-related topics relative to environmental, social, and governance (ESG) integration.

We've seen a sizable portion of our current and prospective client base move from asking questions on the level of "Do you have a dedicated sustainability staff?" to "How many engagements did you conduct last year, how many of these were successful, and how do you judge success?" Part of this is because of the culture of transparency and accountability that good disclosure practices have fostered in recent years. But the new focus on active stewardship apparent in these questions is testimony to stewardship's recognized significance and influence.

A message from Paul R. Lorentz

Firm overview

The continuing evolution of investment stewardship

Stewardship code principles and our practices

It should be noted that the consultant community's activity in this space has accelerated the knowledge revolution among asset owners—and we've helped fuel consultants' efforts toward being comprehensive.[1] We regularly field questions from consultants who are focused on matching asset owner needs with the right investment manager, and these questions are increasingly focused on sustainable investment and stewardship.

Regulators increasingly expect robust stewardship

Another significant alignment can be found between regulators and investors, which strengthens the voice of asset owners with their asset managers.

The Monetary Authority of Singapore's "Guidelines on environmental risk management," for example, articulates that asset managers should exercise "sound stewardship to help shape the corporate behavior of investee companies positively through engagement, proxy voting and sector collaboration." This feeds directly into the execution of a sustainability strategy that includes engagement as a key pillar. In the United Kingdom, the Sustainability Disclosure Requirements hold stewardship and associated reporting as a key component of any sustainable fund. Funds in the Sustainable Improvers category, for example, must demonstrate a stewardship strategy that supports delivery of a given sustainability objective and accelerates improvements in sustainability over time. Asset owners can look to these frameworks to strengthen their own expectations of their managers on active ownership.

Asset owners are taking increasingly active roles in stewardship

The alignment of regulator, asset owner, and manager perspectives is also evident in how asset owners are signing on to commitments and collaborations and are looking to asset managers to help them fulfill their obligations.

Over 730 asset owners have committed to the PRI, which means they've committed to the organization's outcomes-based principles. These include a commitment to "incorporate ESG issues into investment analysis and decision-making processes," to "be active owners and incorporate ESG issues into … ownership policies and practices," and to "promote acceptance and implementation of the principles within the investment industry."

Consider, as well, how Climate Action 100+ has over 290 asset owner clients who have all committed to working with companies "towards the global goal of halving GHG emissions by 2030 and delivering net zero GHG emissions by 2050, in line with the goals of the Paris Agreement to pursue efforts to limit warming to 1.5°C." Or consider the participation of asset owners in the TNFD. Since the final version of the framework became available in September 2023, 320 companies and financial institutions, including a number of major Europe-based pension funds, have announced their commitment to start TNFD-related corporate reporting.

Navigating nature loss: the convergence of disclosure frameworks

Nature-related questions, like climate-related questions, are beginning to rise in owners' stewardship agendas. In this, we expect to see a similar pattern of increasing sophistication among asset owners, boosted by the development of disclosure frameworks and accelerating expectations from regulators.

At the moment, there are several frameworks to help guide nature-related disclosure, and we see these continuing to sponsor more education among asset owner clients. The good news for investors who want comparable disclosures and companies that are wondering what and how they should disclose, is that these frameworks are coming into alignment. The TNFD and CDP, as well as Finance for Biodiversity, an initiative that

1 The world's largest consultant database, eVestment, has gradually increased the number of sustainability-focused questions it asks for each strategy. From 2021 to 2023, we've observed roughly a tripling of questions, from 56 to 153, and eVestment, notably, has developed a climate-focused line of questions. Other consultants, such as Cambridge and GIMD Mercer, are beginning to use eVestment for data collection to populate their own databases.

A message from Paul R. Lorentz

Firm overview

The continuing evolution of investment stewardship

Stewardship code principles and our practices

seeks to marshal institutional commitments to action, all focus on helping institutions define their nature-related exposures and impacts, diagnose the risks and opportunities associated with those exposures and impacts, and disclose information focused on how this is being managed.

Collaborative efforts will remain significant for robust programs of stewardship, not least because they should help maintain the momentum of recent regulatory action, such as the European Union's Deforestation Regulation. In addition to providing input into Finance for Biodiversity's guidance for setting targets in 2023, we're also participating in the Nature Action 100 and PRI Spring initiatives, which seek to encourage issuers to diagnose their impact on nature loss and set targets to reduce the same while promoting global policies to reverse nature loss.

The implications of investors' rising expectations for investment stewardship

From the perspective of an asset manager, the assignment of new client mandates is now at stake in discussions of stewardship—as well it should be. Clients' sustainability inquiries demonstrate asset owner urgency around sustainability performance. Given the patterns we've observed around discussions of and approaches to managing systemic risks, we expect asset owners' sophistication on nature and biodiversity to increase and to take on greater significance for issuers, asset owners, asset managers, and regulators.

Ultimately, asset owner inquiries, client conversations, asset owner direct stewardship activities, and asset owner public statements indicate that our clients want their managers to facilitate the availability of corporate disclosure, influence the trajectory of corporate sustainability performance, and, more broadly, help determine the contours of regulatory change to address systemic risks. Stewardship, in other words, is becoming more determinative of asset owner/manager connections, and we see this as a positive for clients, the markets in which we invest, and the communities in which we operate and—for better or for worse—leave a lasting impact.

Purpose, strategy, and culture

Governance, resources, and incentives

Conflicts of interest

Promoting well-functioning markets

Review and assurance

Client and beneficiary needs

Stewardship, investment, and ESG integration

Monitoring managers and service providers

Engagement

Collaboration

Escalation

Exercising rights and responsibilities

Stewardship code *principles* and our practices

A message from Paul R. Lorentz

Firm overview

The continuing evolution of investment stewardship

Stewardship code principles and our practices

Purpose, strategy, and culture

Purpose, strategy, and culture

Our purpose as an investment manager is to deliver strong risk-adjusted investment returns for our clients over time while having a positive impact on the environment and society. This purpose is driven by our conviction that the long-term preservation of wealth is best served by addressing the major global systemic challenges of our time, including climate change and nature loss.

In this, we're aligned with the mission of our parent company, Manulife, which has been focused on serving clients for over 155 years. Consequently, our effectiveness as an investment manager is judged by how well we're meeting the needs of our clients, including through our stewardship practices. These practices constitute a major facet of sustainable investing and involve strategies focused on our direct operations, company engagement, proxy voting, and collaborative efforts that seek to:

1. Strengthen how sustainability challenges are being addressed
2. Promote well-functioning markets

These practices are all grounded in, and made more fully possible by, our corporate culture. At Manulife Investment Management, we value and actively support the robust integration of financially material sustainability factors into our active ownership strategies and our investment approaches. This commitment holds true across asset classes and geographies—whether we're acting as asset operators, equity holders, or debt holders.[2]

2 We seek to incorporate material sustainability considerations throughout the stages of our investment and asset ownership lifecycles, taking into account the characteristics of the asset class and investment process in question, as well as industry and geography, among other factors. Each investment team operates in different markets and with different nuances to its approach to investing. Accordingly, each team integrates sustainability factors into its investment process in a manner that best aligns with its investment approach. Exception to this are strategies where sustainability integrated investment approach is impractical or impossible, for example in relation to certain instrument types where sustainable comparable alternatives are unavailable, passive products, funds that invest in derivative instruments, products managed in accordance with specific client objectives, and delegation to third-party investment managers. Refer to Manulife Investment Management's sustainable investing and sustainability risk statement for more detail.

A message from Paul R. Lorentz

Firm overview

The continuing evolution of investment stewardship

Stewardship code principles and our practices

Purpose, strategy, and culture

Our culture, values, and beliefs

As an active global investment manager, in-depth research and analysis drive our investment activities and shape our daily decisions.

With a culture steeped in careful and objective analysis, knowledge sharing, and global collaboration, we understand how sustainability principles should inform our investment practices from the bottom up.

In our view, sustainability is an important driver of financial value, while strong stewardship practices help us build strong relationships with all our stakeholders, from clients and employees to tenants, borrowers, and investment partners.

This belief manifests across the different facets of our global business, as operators of private assets, equity holders, and debt holders. These different facets of our identity enhance our stewardship efforts, as they allow us to leverage fundamentally different perspectives in our daily activities.

Our beliefs support our culture of stewardship

Sustainability factors can have a material impact on financial value

We believe sustainability factors can materially affect financial value; therefore, we integrate financially material ESG risks and opportunities into our investing process.[2]

Active managers have a stewardship advantage

We believe active managers are well placed to manage stewardship effectively, as we're able to bring our experience to work with company management to encourage effective change aimed at enhancing the long-term value of client portfolios.

Where we operate assets, we believe it's our responsibility to pursue the best sustainability processes and standards for our clients, our firm, and our employees.

We believe in offering clients sustainable investing choices

We believe in offering choices to investors, from ESG integration to impact investments. A broad range of products and services enables investors to better meet an equally broad range of goals.

A message from Paul R. Lorentz

Firm overview

The continuing evolution of investment stewardship

Stewardship code principles and our practices

Purpose, strategy, and culture

We strive to build a diverse, equitable, and inclusive culture

Across our global offices—and in alignment with the beliefs and practices of our parent company—we focus on a shared set of six core values that helps engender high employee engagement and define who we are and how we work together:

1. **Own it—**We feel empowered to make decisions and take action to deliver our mission.
2. **Think big—**Anything is possible. We can always find a better way.
3. **Share your humanity—**We build a supportive, diverse, and thriving workplace.
4. **Get it done together—**We're surrounded by an amazing team. We do it better by working together.
5. **Obsess about customers—**We predict their needs and do everything in our power to satisfy them.
6. **Do the right thing—**We act with integrity and do what we say.

We strive to live these values daily and incorporate them into our investment decision-making processes.

We value getting things done together as investment teams and believe collective action offers a powerful model for asset management. Through regular collaboration, including across asset classes and investment disciplines, we collectively work toward establishing a sense of shared and individual ownership, as well as a personal sense of involvement, as we strive to meet the needs of clients. This is how we want to operate our business for the long term: fostering a collaborative culture around meeting the needs of our clients. We're committed to striving to always do the right thing, both by our clients and our broader stakeholders.

We value innovation and thinking big because we believe these modes of thought and action are central to the project of mitigating and adapting to systemic risks such as climate change and biodiversity loss.

We believe our culture is strong, not least because of the value we place on sharing our humanity—which is another way of saying practicing empathy and acting authentically with our colleagues.

Drawing strength from these values, our goals and efforts toward fostering better diversity, equity, and inclusion (DEI) at our firm demonstrate our commitment to our employees' health and professional growth as well as to the strength of the communities in which we live and work. We believe we're stronger when we embrace our differences and that diversity in gender, race, religion, identity, and ability plays a key role in driving innovation and growth within our company.

Our employee resource groups (ERGs), which are founded within the greater Manulife organization and include Manulife Investment Management employees, play an integral role in championing diversity and building an inclusive work environment. These voluntary networks involve employees united by a common identity, trait, or interest and are a much-used resource at the firm. They enable us to work together to address barriers to advancement and provide personal and professional development opportunities.

Our employee resource groups

ERG	Description
Ability	Building a culture of differently abled inclusion (visible and invisible)—for employees, families, and customers
AMP	Association of Multicultural Professionals (AMP) champions member development, promotes cultural awareness, and advocates for unity through open dialogue and events
EMBRACE	For ethnic minorities living and working in the Hong Kong business segment, as well as for their allies, EMBRACE aims to create an environment in which communication and cooperation help members bridge race and culture and support each other in fully living their identities at work and beyond
Family	A community to share family experiences and support member challenges
GenerationNEXT	Mobilizing our young professionals to be the next generation of leaders through education, networking, and volunteerism
GWA	The Global Women's Alliance (GWA) supports and encourages the recruitment, development, and advancement of women throughout our organization by providing a network and opportunities in which women can be mentored, share experiences, and have fulfilling careers
IPTA	Indigenous Peoples and Their Allies (IPTA) aims to better enable our indigenous employees to advance professionally and have open and honest conversations while increasing the awareness of indigenous peoples for all employees
LatinX	Promoting the education and awareness about Latin American diversity and culture while demystifying myths, misinformation, and unconscious bias
Male Allies	Creates safe spaces to discuss gender issues and raise men's understanding of them and to encourage men and women to be vocal, visible role models for change
MiLE	Military Employment Community (MiLE) is building a strong network of support for all employees who are current service members, veterans, their families, and supporters
PACES	The Pan-Asian Community for Employee Success (PACES) builds the presence, influence, and leadership potential of Pan-Asian employees
PROUD	Aims to promote an inclusive workplace for lesbian, gay, bisexual, and transgender employees in order to promote their full and unencumbered contribution
Sustainability Hub	The Manulife Sustainability Hub is a forum for Manulife employees to engage with sustainability. It aims to provide education about sustainability, employee engagement with Manulife's sustainability strategic goals, and a venue for passionate employees to collaborate and propose ideas to make Manulife a more sustainable place to work
VIBE	Valuing the Inclusion of Black Experiences (VIBE) better enables our black employees to advance professionally, support the aspirations of potential employees, and increase awareness of various black cultures

A message from Paul R. Lorentz

Firm overview

The continuing evolution of investment stewardship

Stewardship code principles and our practices

Purpose, strategy, and culture

Manulife maintains a DEI microsite available to all employees. It features DEI news, events, recordings, and other learning resources.

Some of the strategic activities focused on talent recruitment, retention, and development include targeted recruitment efforts at diverse post-secondary schools across North America; offering our employees training on allyship, unconscious bias, and inclusive leadership; and an inclusive language initiative that we launched globally for all employees.

Manulife Investment Management embraces the DEI goals adopted by our parent company, Manulife

An inclusive culture and brand with diverse talent that drives high performance until each one of us feels as though we belong

Talent

Diversity at all levels in the organization that's reflective of the communities in which we serve

Culture

Employees thrive because they feel they belong and can bring their authentic selves to work

Community

Strong partnerships and DEI support in the external communities in which we live, work, and serve

Case study—quarterly global research forum

We work to build and maintain a culture that can respond effectively to an increasingly dynamic and complex marketplace. An important aspect of this effort can be found in our continuous effort to expand our investment subject matter expertise. As part of this effort, we hold quarterly global research forum meetings at which we provide a deep dive on critical topics for our investment teams and discuss ways of integrating new insight into our investment decision-making. These meetings represent a vibrant channel for dialogue with internal and external subject matter experts and see participation from across our organization. In 2023, we hosted policy and practitioner experts who led sessions covering:

- Current geopolitical contexts and risks
- The latest in trends in climate policy and sustainable finance
- How the development of artificial intelligence (AI) is changing the landscape of technology and how this can be used in investment decision-making

A message from Paul R. Lorentz

Firm overview

The continuing evolution of investment stewardship

Stewardship code principles and our practices

Purpose, strategy, and culture

How our culture informs our active ownership strategies

Building on our history as a trusted fiduciary, long-term investor, and responsible corporate citizen, we seek input from external and internal stakeholders, reflect on learnings from ongoing engagement with third-party sustainability associations, and evolve our stewardship practices. Our culture of collaboration and innovation allows us to fully leverage the range of knowledge across our platform to drive innovation and enhance our stewardship approach by bringing local knowledge combined with global understanding to engage with companies across the globe.

Our culture of collaboration strengthens and aligns our fiduciary duty to our clients as an asset manager because we seek outcomes that improve portfolio resiliency. For example, when we engage with companies on sustainability issues, it can lead to positive changes in disclosure, more sustainable actions and strategies pursued by company management, and better sustainability actions enhancing longer-term financial performance.

Through collaborative engagement, working with industry partners and sustainability-focused organizations, we seek to amplify our collective impact, reduce the noise of numerous points of view by unifying our message to key corporate management teams, and help companies focus on setting goals with meaningfully positive outcomes.

Through collaboration with stakeholders, we're also able to play an active role in advancing sustainability outcomes not only for the companies and assets in client portfolios, but throughout our industry.

Looking ahead

We believe our culture is strong across the organization, and we continue to strive to have a stewardship program that's well aligned with best practices in the industry. As a component of this work, we launched a thematic engagement program focused on nature, which we'll continue in 2024 to encourage better nature-related disclosure. We look forward to discussions with issuers, portfolio companies, and operating teams on these and other issues and seek to participate with them in crafting stronger disclosures, encouraging better management practices, and developing and executing on their climate and nature loss mitigation action plans. We believe this will ultimately result in benefits for our clients and beneficiaries as well as society at large. We're confident that our focus here will facilitate positive, real-world outcomes while advancing our pursuit of attractive risk-adjusted returns.

A message from Paul R. Lorentz

Firm overview

The continuing evolution of investment stewardship

Stewardship code principles and our practices

Governance, resources, and incentives

Governance, resources, and incentives

Our governance structure comprises sustainable investing committees and working groups that provide oversight, conduct ongoing risk assessments, and help steer our sustainability initiatives across global capital markets.

Our governance approach

Manulife Investment Management has established a governance structure to oversee our investment teams' sustainable investing activities and our ongoing stewardship activities.

We view the involvement of leaders in all asset classes, as well as representatives from functional areas such as operations, legal, compliance, risk, and technology, to be crucial to supporting our sustainable investing activities across the organization and ensuring the buy-in and commitment required for success.

In addition, the sustainability governance structure of Manulife Investment Management is connected to the larger sustainability governance at our parent company, Manulife. The president and CEO of Manulife Investment Management is joined by other senior Manulife leaders on the Manulife executive sustainability council, and the leaders of our sustainable investing teams in Manulife Investment Management work closely with Manulife's chief sustainability officer. In this way, Manulife Investment Management's governance structure is well connected to the broader sustainability community and leadership across Manulife.

A message from Paul R. Lorentz

Firm overview

The continuing evolution of investment stewardship

Stewardship code principles and our practices

Governance, resources, and incentives

Case study—monitoring and managing the regulatory environment

Issue: The proliferation of legislation, regulations, and rules around both sustainable investing and investment stewardship has created an increasingly complex operating environment for investment managers, and the regulatory momentum shows no sign of abating. Our need to manage regulations across multiple jurisdictions and to ensure we're positioned to meet business challenges remains of critical importance.

Action: This ongoing need and continued speed of global developments drive continued review of our internal governance structures and resources needed.

Outcome: In 2023, we established a center of expertise (CoE) for regulatory change management, which further enhances our ability to manage and monitor current and future changes to regulation. This CoE is currently in the process of establishing its membership and onboarding new AI-driven technology to assist with legislative monitoring. This technology is intended to facilitate an end-to-end process for managing regulatory changes.

Our sustainability governance

■ Manulife ■ Manulife Investment Management

Corporate governance and nominating committee	Audit committee	Management resources and compensation committee	Risk committee

Executive sustainability council

General counsel	Chief marketing officer—chair	Chief human resources officer	Chief executive officer	President and CEO, Manulife Investment Management	Chief sustainability officer	Chief financial officer	Chief operations officer	Chief investment officer	Chief risk officer

Sustainability center of expertise

- Composed of sustainability professionals across public markets, private markets, the general account, and the Manulife organization
- Provides a forum for information sharing and consultation on sustainability initiatives, performance, and reporting

Legal and compliance center of expertise

- Composed of legal and compliance members from each business unit and region
- Legal, compliance, and regulatory affairs consultation
- Provides a forum for information sharing and consultation on legal and compliance related to Manulife sustainability matters

Our committees and working groups are convened to enable regular decision-making oversight

ESG regulatory committee

- Composed of functional department heads from public markets sustainable investment, private markets sustainable investment, product, operational risk, legal, compliance, and manager research
- Monitors regulatory implementation
- Provides advice and guidance to sustainability regulatory change initiatives across the global organization

Public markets sustainable investing committee

- Integral to public markets strategic oversight
- Focuses on key sustainability initiatives and strategy
- Comprises senior cross-functional leads and sustainability team members; meets monthly

Proxy voting working group

- Members include cross-functional business heads in public markets
- Reviews escalated voting decisions

Private markets sustainable investing committee

- Supports sustainability integration across private markets
- Led by the global head of private markets
- Includes global heads of private asset classes, sustainability specialists, and representatives from strategy, risk, distribution, legal, and marketing

Source: Manulife Investment Management, as of December 2023. For illustrative purposes only.

A message from Paul R. Lorentz

Firm overview

The continuing evolution of investment stewardship

Stewardship code principles and our practices

Governance, resources, and incentives

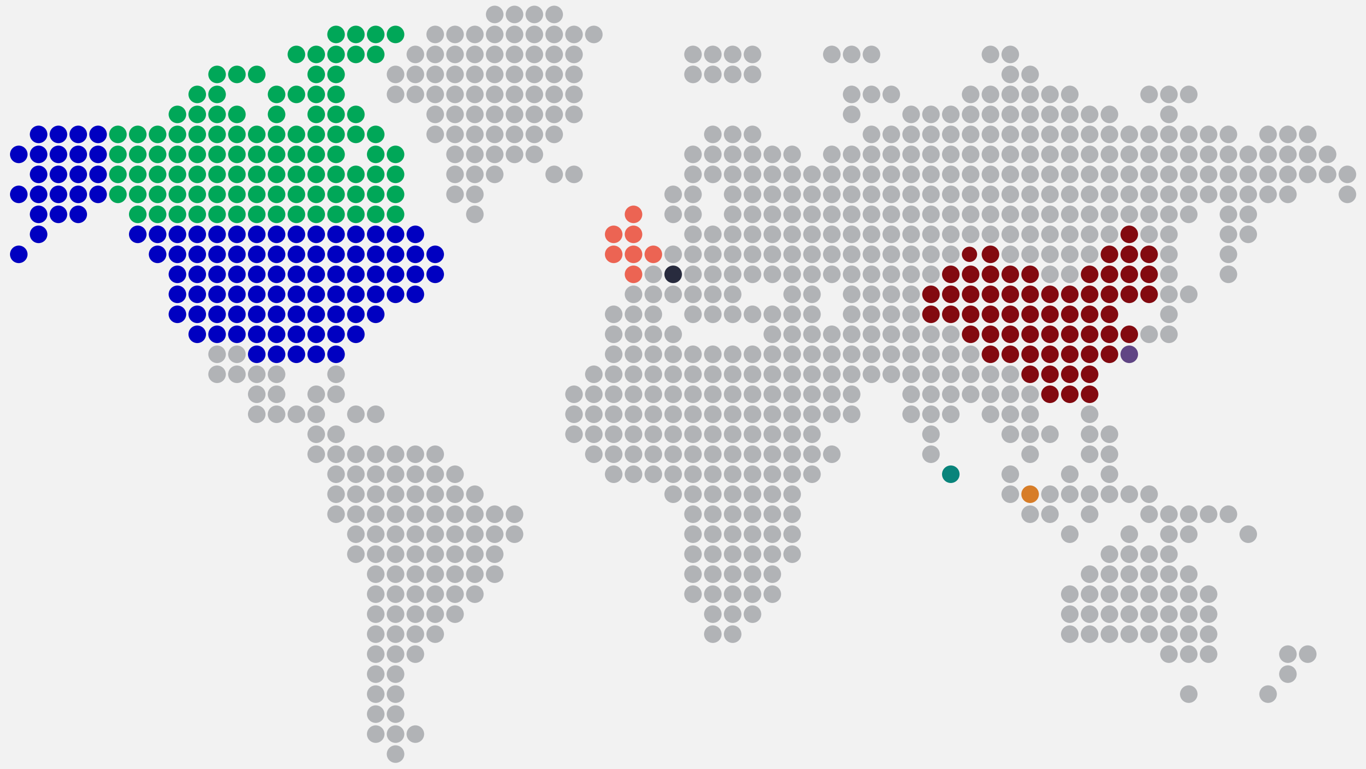
Our governance structure is supported by teams of sustainable investing professionals that facilitate the implementation of Manulife Investment Management's approach to sustainable investing. This occurs through a variety of activities and projects, which include preparing annual business plans, identifying and developing sustainable investing best practices, supporting investment teams to develop tools and methodologies to consider these best practices across the investment lifecycle, advising on product development, and leading the participation in external initiatives or collaborative industry engagement.

Our sustainable investing teams

To better serve our clients, we have two sustainable investing teams—one dedicated to publicly traded securities and asset allocation and another dedicated to supporting private markets asset classes, including real estate, private equity, private credit, timberland, agriculture, and infrastructure. These teams are staffed by professionals with broad and diverse skill sets that make them well suited to address the dynamic and complex requirements of sustainable investing and asset stewardship at a global firm. Some of these professionals have decades of investment experience, while others have worked at sustainable investing data providers, possess legal backgrounds, or bring scientific credentials to their roles.

These skill sets are complemented by varying degrees of tenure and regional expertise. Taken holistically, our teams have the skill and experience to support complex investment research, robust client reporting, product development, financial modeling, proxy voting decision-making, issuer engagement, and collaboration with peers through industry initiatives.

Our sustainable investing teams work across the full spectrum of our investment strategies as well as across geographies. This enables us to ensure that we consistently integrate financially relevant sustainability issues into our investment processes where practical or possible; comprehensively disseminate training, analytical tools, and data resources; and provide support to all investment teams in terms of research and stewardship activities.



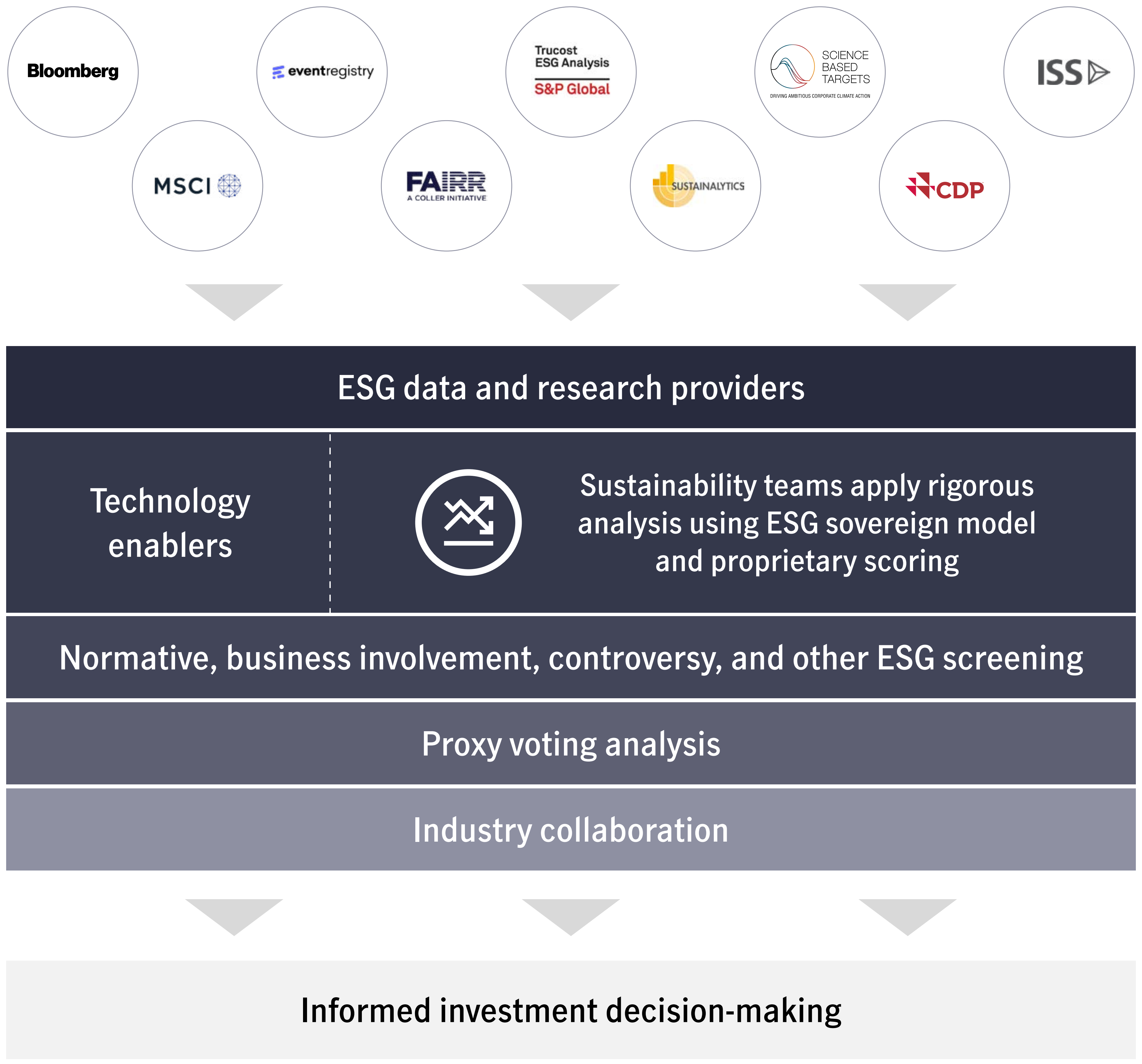
- Canada **16**
- United States **6**
- United Kingdom **1**
- Switzerland **1**[3]
- Singapore **2**
- Hong Kong SAR **2**
- Sri Lanka **2**
- Mainland China **1**

3 Dual reporting role.

Our sustainability professionals conduct periodic training sessions for investment personnel on sustainability themes such as a climate risks, nature-related risks, and ESG integration. The sustainable investing teams also conduct or sponsor training sessions for specific investment teams on request. Investment analysts are expected to participate in these training sessions as part of their ongoing professional development. The heads of each asset class are fully aligned with our approach to sustainable investing and provide clear leadership and direction. In 2023, we continued our bimonthly global engagement research initiative (GERI) meetings in which internal and external speakers provided training and updates on sustainability issues. On a monthly basis, in both North America and Asia, we hold ESG task force meetings that cover, among other topics, sustainability policies, regulatory developments, and sustainable taxonomies. The sustainable investment teams also regularly present to the investment teams on a variety of topics, such as climate change, biodiversity, and data availability.

Our investment teams have access to internal and external data that they can use to assess the potential impact of material sustainability factors on the valuation and risk/return profile of investments and investee companies. External sustainability data is sourced from a multitude of vendors, ranging from third-party global research specialists to ratings and sector/thematic data providers. Given that we operate as a community of specialist investment teams, each team can incorporate these factors into the investment process in a manner that aligns best within its individual investment decision-making approach and with our clients' investment goals. Our sustainable investing professionals act as the primary base of support for our investment teams by helping design sustainable investing processes, providing a range of sustainability-related decision-useful metrics, and working closely on our stewardship activities with the investment teams.

Sustainability data sources



For illustrative purposes only. The logos above are registered trademarks of the respective organizations/firms represented. Illustration of our process and information sources may change over time. This data could include 'scoring' and 'rating' data compiled to help investment teams compare companies. Some data used to compile third party ESG scores and ratings may be subjective. Other data may be objective in principle but are not verified or reliable. Third party scores may also consider or weight ESG criteria differently, meaning that companies can receive widely different scores from different third party providers.

We continue to invest in resources to strengthen the integration of sustainability factors into our investment processes and stewardship practices.

In 2023, we launched a standardized ESG research framework for investments in publicly listed equities and corporate fixed income globally. In addition, we adopted a compliance platform to track and review research processes and reporting for public markets sustainable funds. This new platform aids in monitoring sustainable fund alignment with regulatory requirements; for example, the European Union's SFDR.

We created two new roles within our private markets sustainable investing team, one dedicated to helping our organization better manage, internalize, and engage with regulators on sustainable investing-related regulations and the second focused on social impact across private asset classes. We also created and rolled out new proprietary ESG integration tools for our private equity and credit (PE&C) investment teams. These tools are designed to refine our insight into investment-related risks and opportunities during the due diligence stage of the investment cycle.

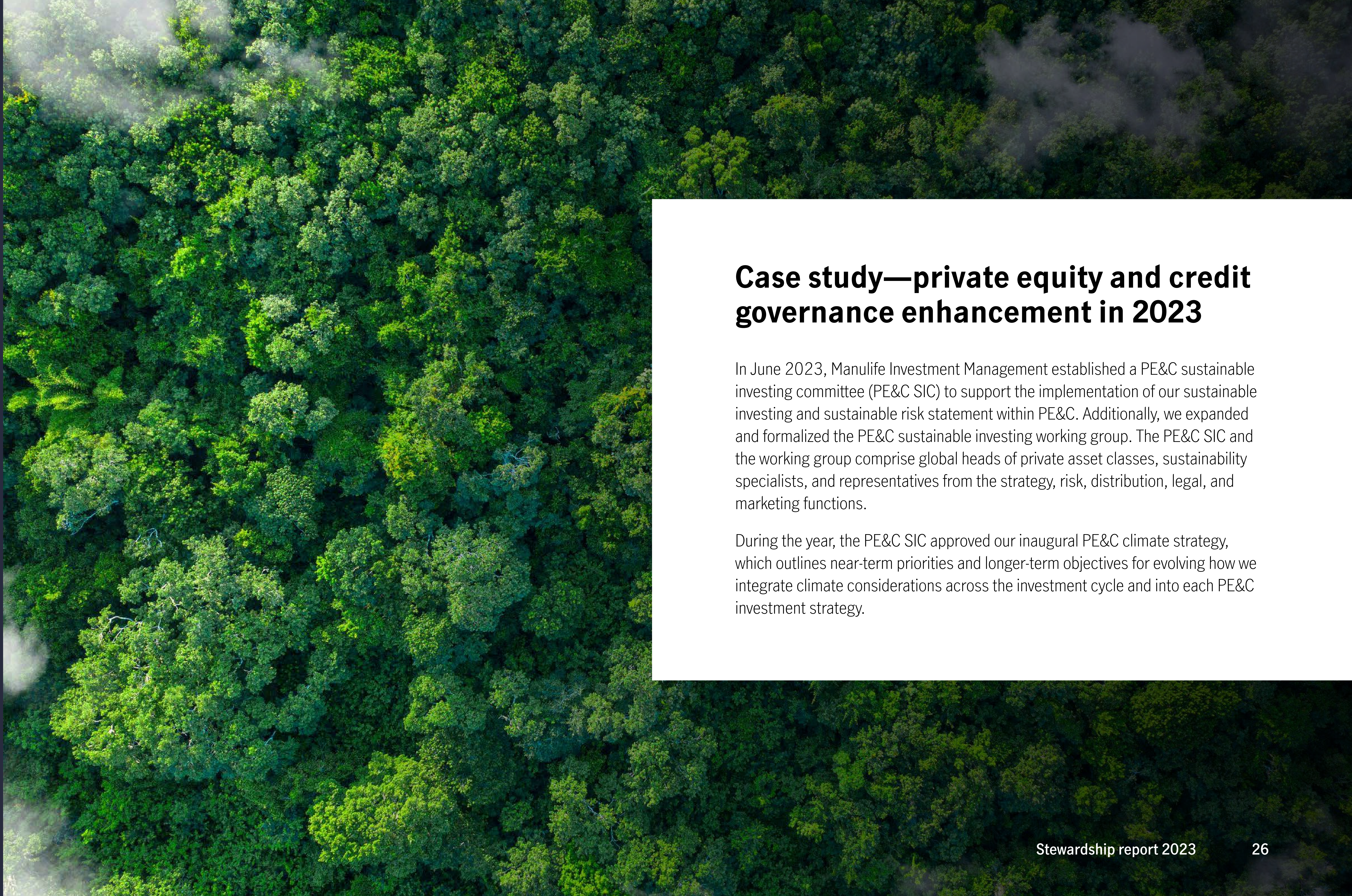
To support investment stewardship activities, the sustainable investing team prepared expected practice statements as an internal resource in relation to stewardship and voting in publicly listed equities. These overviews combined academic studies, notes from the proxy voting decisions, and policies and guidance for the investment professionals. These statements build on the Manulife Investment Management voting principles contained in our global proxy voting policy and procedures and cover topics that include climate targets, reproductive healthcare, and tax management, to name a few.

We overhauled and enhanced our sustainable investing classification framework, which crystalizes sustainable investing strategy types, classification criteria, and terminology, creating more clear and consistent paths to developing new sustainable investing products and solutions across our private markets asset classes.

Our sustainability professionals seek to stay informed at the forefront of developments in their respective areas, participating in engagements where their expertise is particularly relevant and contributing to industry collaborations dedicated to the specific matters on which they can bring their expertise to bear. Specifically, we have dedicated sustainable investing team leads in the following areas:

- Agriculture
- Biodiversity
- Climate change
- Climate innovation
- Data privacy
- Governance, regulations, and ethics
- Health and wellness
- Infrastructure
- Modern slavery
- PE&C
- Real estate
- Timberland
- Transportation
- Water management

Our sustainability professionals collaborate with our investment personnel in engagements with public issuers and portfolio company management and operational teams while also engaging with industry associations, nongovernmental organizations (NGOs), and regulators. For public markets asset classes, these professionals also support investment teams in reviewing proxy voting decisions, conducting research and analysis to advise our portfolio management professionals, and escalating critical matters to the attention of the proxy voting working group. The subject matter and stewardship expertise of our sustainability professionals remains centrally available to all of our investment teams.



Case study—private equity and credit governance enhancement in 2023

In June 2023, Manulife Investment Management established a PE&C sustainable investing committee (PE&C SIC) to support the implementation of our sustainable investing and sustainable risk statement within PE&C. Additionally, we expanded and formalized the PE&C sustainable investing working group. The PE&C SIC and the working group comprise global heads of private asset classes, sustainability specialists, and representatives from the strategy, risk, distribution, legal, and marketing functions.

During the year, the PE&C SIC approved our inaugural PE&C climate strategy, which outlines near-term priorities and longer-term objectives for evolving how we integrate climate considerations across the investment cycle and into each PE&C investment strategy.

Our sustainability-focused professionals support our asset management teams globally

30

dedicated sustainable investing professionals

400+

investment professionals are advised on sustainability

with expertise across regions and asset classes

ESG research and analysis

Implementation of sustainability practices

Training and education sessions

Proxy voting research

Stewardship practices for operation of real assets

Investment teams

Integrating ESG factors and stewardship in their investment activities

- Listed equity
- Fixed income
- Multi-asset solutions
- Real estate
- Infrastructure
- PE&C
- Timberland
- Agriculture

Real asset operation teams

Integration of sustainable investing within assets we operate in real estate, timberland, and agriculture

Source: Manulife Investment Management, as of December 31, 2023.

A message from Paul R. Lorentz

Firm overview

The continuing evolution of investment stewardship

Stewardship code principles and our practices

Governance, resources, and incentives

Sustainability and compensation structures

Across all asset classes, the contribution of investment professionals to sustainable investing and stewardship in relevant portfolios is a consideration in the discretionary bonus decision-making process each year. In addition, senior leaders have goals related to sustainability; our asset class leaders, for example, have clear goals to consistently improve our ESG integration practices. Analysts on our sustainable investing teams for public asset classes are evaluated on a range of annual performance criteria related to the success of our sustainable investing program, including qualitative assessments of the level of ESG integration and awareness across investment teams and the volume, quality, and investment impact of sustainable investing engagements with companies that form part of our stewardship program.

Similarly, the sustainable investing team for private asset classes is evaluated on a range of annual performance criteria related to its sustainable investing program. Furthermore, all employees managing timberland and agriculture assets are evaluated annually, in part, on metrics related to stewardship of people and the environment, such as conformance to third-party certification standards. Real estate employees are encouraged to include sustainability objectives in their annual goals.

Looking ahead

We strive to continuously improve our sustainable investing practices and expand our sustainable investment product suite in the face of a dynamic market and regulatory operating environment. Given these conditions, we'll continue to review our governance of, and resources dedicated to, sustainable investment and investment stewardship.

Learn more about our policies and governance

- Sustainable investing and sustainability risk statement
- Climate change statement
- Cluster munitions policy
- ESG engagement policy
- Global proxy voting policy and procedures
- Nature statement
- Real estate sustainability framework
- Timberland and agriculture sustainable investing framework
- Infrastructure sustainable investing framework
- Private equity and credit sustainable investing framework
- Executive compensation statement
- Responsible contracting statement
- Client exclusion framework

A message from Paul R. Lorentz

Firm overview

The continuing evolution of investment stewardship

Stewardship code principles and our practices

Conflicts of interest

Conflicts of interest

Manulife Investment Management is fully committed to conducting business with integrity and treating customers fairly and consistently. Our obligation extends to managing conflicts between ourselves and our clients, our employees and our clients, and between clients. Conflict management can occur in a number of stewardship activities, including engagement, collaboration, and proxy voting.

Our approach to managing conflicts of interest

We always strive to act in the best interests of our clients and seek to actively avoid, identify, and mitigate material conflicts of interest, whether potential or otherwise, across all our business activities, including active ownership. To that end, the firm has established a framework of policies, training, and governance to address real and potential conflicts of interest and—in adherence to our fiduciary duty—to always put the interests of clients first.

Governance	**Boards and oversight committees**	**Policies and procedures**
Oversight mechanisms	• Public markets risk committee • Global ethics • Trade oversight • Proxy voting	Policies designed to address conflicts of interest tailored to market challenges

Global policy network

Manulife Investment Management includes various affiliated legal entities across the globe. We've established a network of policies that supports our efforts to identify and mitigate real or potential conflicts of interest. These policies are further tailored to each entity according to the different legal and regulatory environments in which the entities operate. For example, Manulife Investment Management (Europe) Limited, our U.K. legal entity, has a stand-alone conflicts of interest policy that's designed to protect the interests of our clients while also meeting the specific expectations of the Financial Conduct Authority Principles for Business and the requirements of the EU Markets in Financial Instruments Directive II.

Individual employee activities related to conflicts of interest inherent in the investment management business are also covered by our code of ethics. The code directs employees to consider situations in which their activities or interactions with clients, vendors, or other employees could present an actual, potential, or perceived conflict and to report such employee conflicts to compliance for further review and action. The code monitors employee conflicts such as personal trading, gifts and entertainment, outside business activities, and U.S. political contributions. The code also emphasizes that potential or actual employee conflicts can often occur within all normal business operations; it's the responsibility of our staff to always act honestly, ethically, and with integrity to protect our clients' interests.

Regarding stewardship specifically, both our global proxy voting policy and procedures and our ESG engagement policy address conflicts in proxy voting and engagement. Employees tasked with engagement and proxy voting responsibilities are required to disclose any real or potential conflicts to their manager and our legal and compliance departments, as needed, to determine appropriate steps to mitigate a given conflict.

We require our teams to follow a program of continual training

Our employees are required to complete training sessions throughout the year as directed by the global code of ethics administration team. These sessions include content on managing conflicts within gifts and business entertainment, participation in business activities that could benefit an associate or close relative, and outside activities.

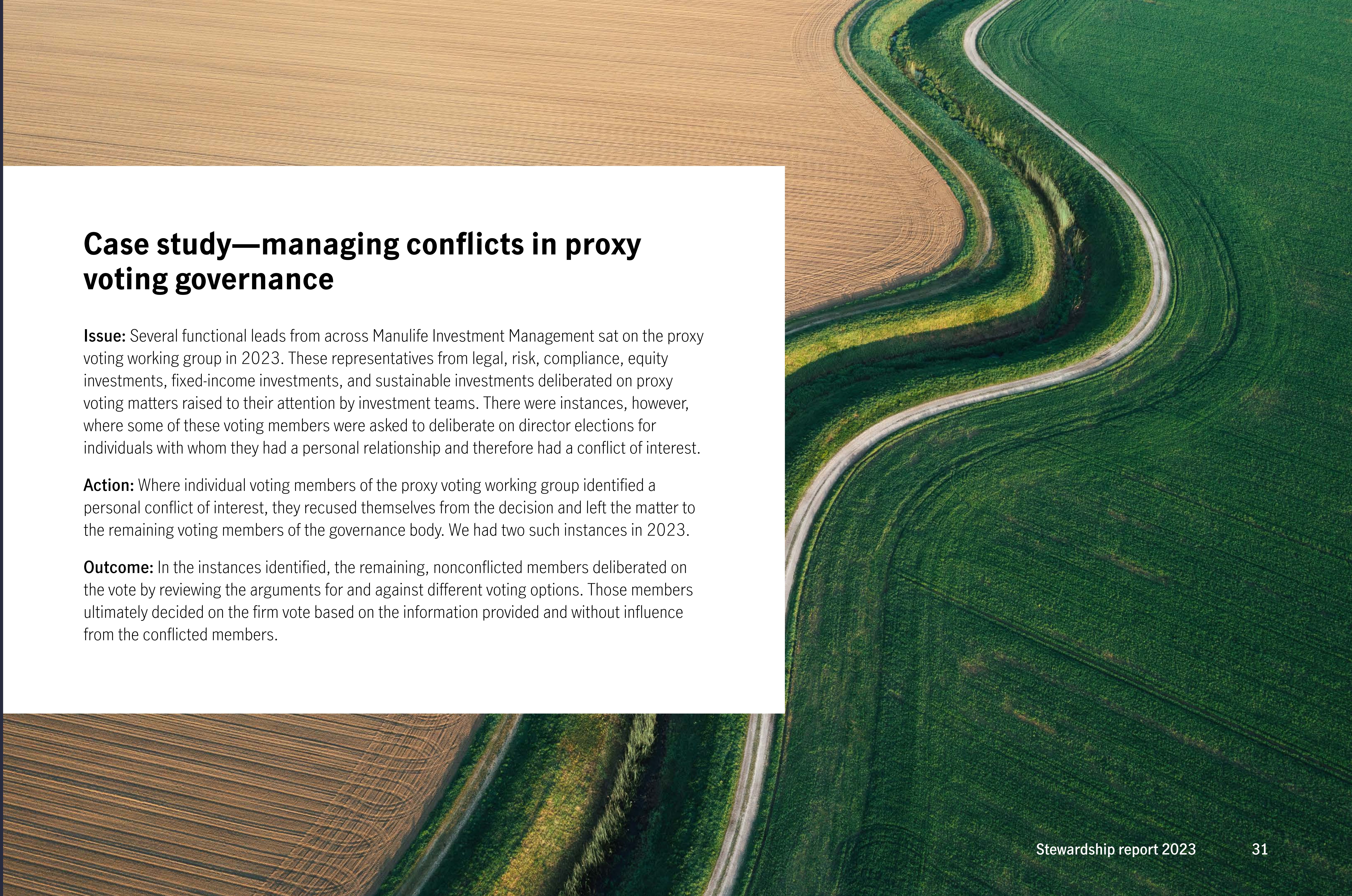
Employees learn both how to identify a real or potential conflict and the steps that they should follow when it's identified. Training sessions then test employees to confirm both their understanding of the training and their responsibility to abide by the code.

Our governance infrastructure and applicable oversight committees are continually evolving

Several standing bodies throughout Manulife Investment Management are tasked with overseeing the network of conflicts of interest policies, training, and mitigation efforts. Our standing oversight committees, for example, comprise senior management and risk and compliance officers from the various entities that make up our firm.[4]

Related to proxy voting specifically, Manulife Investment Management's proxy voting working group[5] acts as a control against conflicts of interest in the proxy voting process for our publicly traded equities holdings. The working group is made up of functional experts from across the organization, including the investment, investment risk, and sustainable investing teams. It reviews any potential conflict of interest to determine whether it's material and, where a conflict is present, the working group follows one of several actions, including direct review of the relevant proxy voting decisions to ensure a robust rationale that protects shareholder value over the long term, execution in line with the recommendations of a third-party proxy research provider, or abstention from voting.

4 Standing oversight committees include, but are not limited to, those with mandates to oversee areas such as brokerage practices, operations, ethics, compliance, valuation, proxy voting, sustainable investing, distributor oversight and risk management. **5** Relates to publicly listed equities only.



Case study—managing conflicts in proxy voting governance

Issue: Several functional leads from across Manulife Investment Management sat on the proxy voting working group in 2023. These representatives from legal, risk, compliance, equity investments, fixed-income investments, and sustainable investments deliberated on proxy voting matters raised to their attention by investment teams. There were instances, however, where some of these voting members were asked to deliberate on director elections for individuals with whom they had a personal relationship and therefore had a conflict of interest.

Action: Where individual voting members of the proxy voting working group identified a personal conflict of interest, they recused themselves from the decision and left the matter to the remaining voting members of the governance body. We had two such instances in 2023.

Outcome: In the instances identified, the remaining, nonconflicted members deliberated on the vote by reviewing the arguments for and against different voting options. Those members ultimately decided on the firm vote based on the information provided and without influence from the conflicted members.

A message from Paul R. Lorentz

Firm overview

The continuing evolution of investment stewardship

Stewardship code principles and our practices

Conflicts of interest

Addressing potential conflicts in private markets

For private markets assets, we've established a conflicts of interest and investment allocation oversight committee. The primary purpose of this committee is to carry out investment manager duties relating to oversight of the investment allocation process and address conflicts of interest. This includes conflicts of interest (i) between an investment manager and its supervised persons, affiliates, or advisory clients and (ii) between and among an investment manager's advisory clients. The committee reviews actual and potential conflicts of interest and provides advice and recommendations regarding the mitigation of these actual and potential conflicts. Potential material conflicts of interest can include:

- Investments in the same company at different levels of capital structure
- Financially troubled investments
- Loans or additional equity to portfolio companies
- Purchases or sales at different times or in different proportions
- Investment refinancing or liquidation events
- Financing of real estate purchases

In our timberland and agriculture businesses, we have an established conflicts of interest policy designed to address conflicts between Manulife Investment Management and our timberland and agriculture clients as well as conflicts between and among clients themselves. The timberland and agriculture conflicts policy also has an itemized list of potential conflicts that may arise, and our business teams in timberland and agriculture were trained on the policy. One example from this training included a situation in which one client may wish to sell timberland assets to another client. Our teams involved in timberland and agriculture investments are now better positioned to recognize and manage this and other types of potential conflicts of interest.

The timberland and agriculture property management businesses use subsidiary companies (affiliates) to perform services. As these are related party transactions, we have conflict protocols in place to ensure we're not favoring our affiliates to the detriment of our clients. We contract with our subsidiaries to charge at or below market rates for services. These costs vary by region and geography, but our goal is to have one global benchmarking standard for how fees are assessed and charged to our clients.

When conflicts can't be resolved

In exceptional circumstances, an unmanageable material conflict may arise. In these cases, Manulife Investment Management will disclose the conflict to the client in order to agree on the best way forward for the client.

This disclosure is important in circumstances in which other means of conflict management have proved insufficient and provides sufficient detailed information to allow the client to make informed decisions.

Looking ahead

We recognize that our firm is a complex global network of legal entities in which conflicts are inherent, and we operate a wide range of policies and processes, both globally and locally. In 2024, we'll continue our work related to the identification and management of conflicts in the proxy voting process as our operating model and businesses grow, and we'll continue to assess conflicts to ensure we identify new material conflicts and address them accordingly. These improvements will provide more data and information to help mitigate real and potential conflicts as they arise.

A message from Paul R. Lorentz

Firm overview

The continuing evolution of investment stewardship

Stewardship code principles and our practices

Promoting well-functioning markets

Promoting well-functioning markets

We believe investors can play a central role in helping to address systemic risks in financial markets. Systemic risks are non-diversifiable and therefore may have a negative impact on returns across investment portfolios. As sustainable investors, we've established a multilayered risk management structure to help mitigate systemic risk exposure in our portfolios. In addition, as these risks may affect a well-functioning market, we participate in collaborative actions to help protect the integrity of our financial markets.

How systemic risk evaluation fits into our overall risk management framework

Because we operate across numerous asset classes and markets, we've implemented intersecting processes to identify and respond to different types of risk. In turn, our investment teams are empowered to account for the market and systemic risks in their investment process, which are then monitored at an organizational level.

Manulife Investment Management deploys a risk management approach that consists of three layers, beginning with our investment professionals. This is followed by compliance and risk management teams as the second layer, and our internal audit team constitutes the third layer. All three layers have entirely separate management structures and reporting authorities to ensure independence.

While risks—particularly systemic risks such as climate change—can never be entirely guarded against in investment portfolios and business operations, we believe our intersecting risk management processes help us to effectively manage these risks in our clients' portfolios and for the assets we operate.

We rely on both quantitative and qualitative risk management inputs

Portfolio managers

Our frontline risk defense

Investment risk/ESG teams and models

Multilevel risk management functions

Collaborative engagements

Systemic risk identification and mitigation

Different forms of risk are simultaneously addressed and managed

- Liquidity
- Sustainability risks, including climate risks
- Operational
- Market

Across our investment capabilities, portfolio managers are ultimately responsible for managing risks in their portfolios. In connection with a variety of systemic risks commonly defined in terms of sustainability factors, we participate in collaborative efforts, which help us amplify our impact across the global capital markets and seek to minimize the impact of systemic risks.[6] Our public markets teams are aided by an investment risk group, a sustainable investing team, and models that together help monitor market risk. Across all asset classes, our sustainable investment professionals support the portfolio managers with the monitoring of systemic risks arising from issues such as climate change.

6 Even though we may collaborate with other stakeholders in engagement activities, we retain the ultimate and unilateral discretion to make investment decisions and also address those issuers independently.

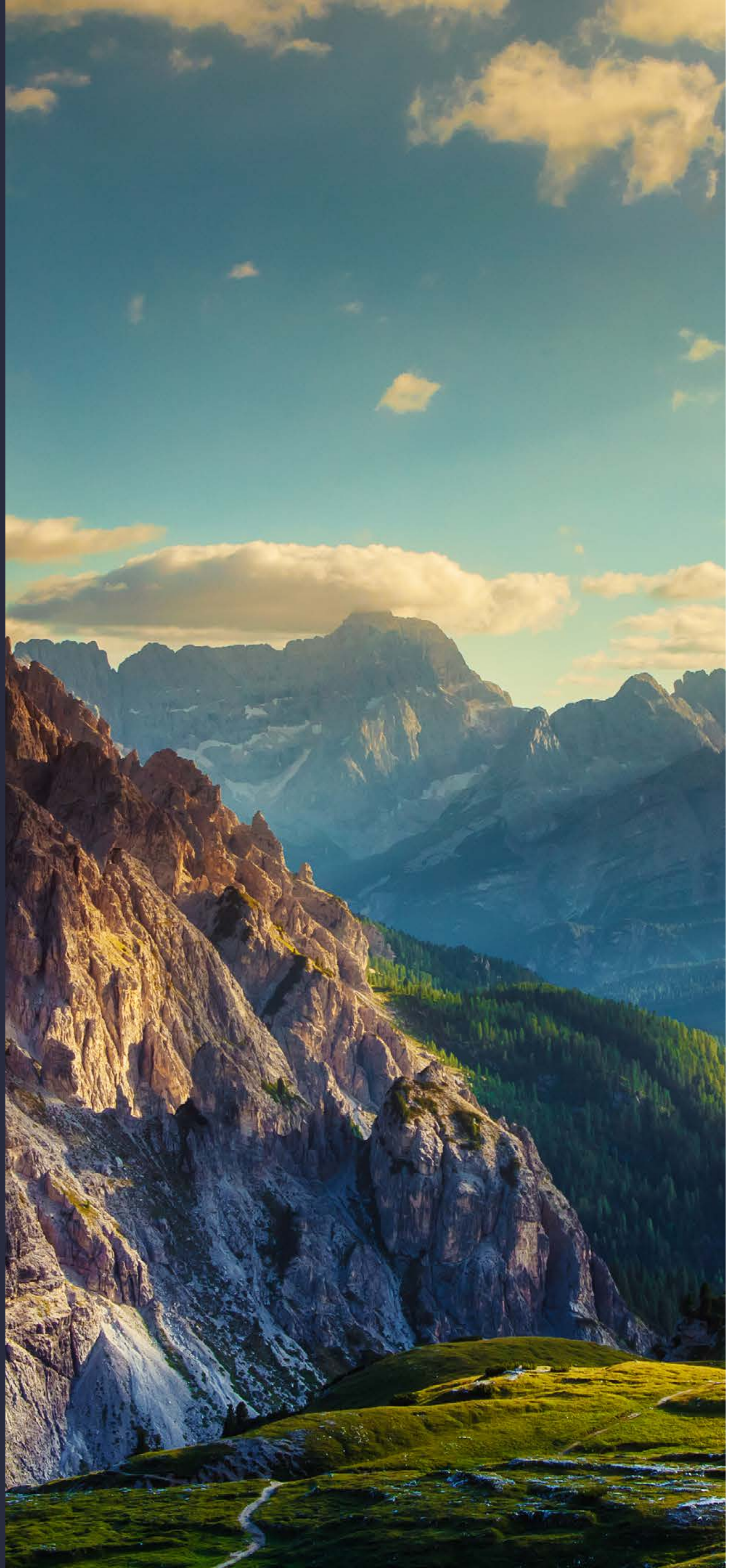
A message from Paul R. Lorentz

Firm overview

The continuing evolution of investment stewardship

Stewardship code principles and our practices

Promoting well-functioning markets



Our governance approach to systemic risks

The SICs for public and private markets provide oversight for our sustainable investing strategies. The sustainable investing teams bring opportunities to address systemic risks to the SICs, which may include enhanced processes, collaborative actions with outside organizations, and engagement with regulatory bodies. Many of these activities are approved by the relevant SIC and generally define an approach to risk mitigation.

Responding to the systemic risk of climate change

We continue to believe that unmitigated climate-related risks present a systemic threat to societal, environmental, and financial stability—and therefore to our businesses, assets, and our clients' financial objectives—over the coming decades. The World Economic Forum has consistently identified failure to mitigate climate change and climate change-linked natural disasters and extreme weather events as the top-most potentially damaging global risks over the next 10 years.[7] To understand the impact of climate change on investment decisions, we believe asset managers should assess the transition risk, physical risk, and opportunities posed by climate change to the companies and assets in which they invest. We recognize that climate change could have an economic impact that will vary from company to company and asset to asset and will depend on the exposure level of each sector, industry, and geography.

We believe that the understanding of climate change across the capital markets remains uneven, leading to potential mispricing of assets, and that many companies may be inadequately prepared to respond to the risks and opportunities of this transition. We may take a variety of actions toward managing climate-related risks and opportunities across our businesses and investments, including through stewardship, investment research, and investment decision activities.

Our climate-related financial disclosure

In 2023, we released our fourth climate-related financial disclosure, which we designed in alignment with recommendations from the TCFD. The report sought to holistically cover Manulife Investment Management's capabilities and included enhanced disclosure in a number of areas across our investments.

7 See World Economic Forum's Global Risks Report 2023 and Global Risks Report 2024.

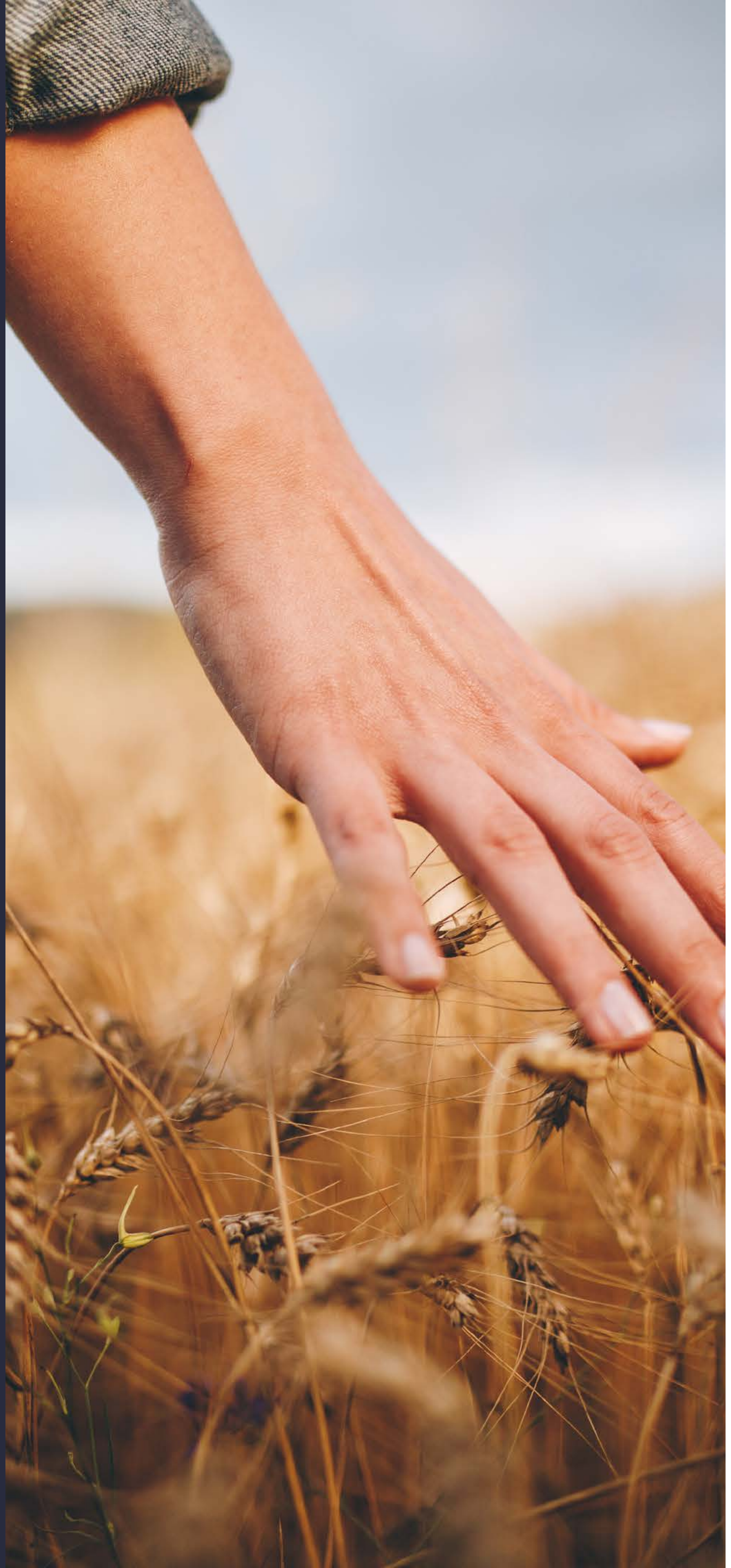
A message from Paul R. Lorentz

Firm overview

The continuing evolution of investment stewardship

Stewardship code principles and our practices

Promoting well-functioning markets



Climate Action 100+: a platform for collaborative change

Manulife Investment Management was a founding member of Climate Action 100+ in 2017. Phase I was a five-year initiative; Phase II has commenced and, as of December 2023, the initiative included more than 700 investors from around the globe representing US$68 trillion in investor capital. Climate Action 100+ focuses on the world's largest corporate greenhouse gas (GHG) emitters. In 2023, notable climate-related actions from investee companies targeted through Climate Action 100+ outreach were achieved, and we continue to encourage additional efforts for all issuers.[8] We continued in 2023 as an engagement leader in conjunction with one of the world's largest chemical firms and a large Canadian oil sands operator. Through these efforts, we seek to influence these companies to adopt more expansive emissions reduction targets, demonstrate climate expertise on the board, and integrate climate incentives into executive compensation. We also support the production of a climate lobbying report, among other objectives.

In 2023, Climate Action 100+ released an updated benchmark with expanded assessments on decarbonization efforts (i.e., offsets, negative emissions technologies, and abatement measures) and historical emissions reductions.

Climate Engagement Canada

We support this initiative's goals to encourage Canadian corporate issuers to manage, and report on, their transition to a net zero economy. As part of this collaboration, we're the co-lead investor for a Canadian mining company; in addition, we provide support to other company engagements, including a Canadian airline, a fertilizer company, and a midstream oil and gas firm.

8 Climate Action 100+ does not require or seek collective decision-making or action with respect to acquiring, holding, disposing and/or voting of securities. Signatories are independent fiduciaries responsible for their own investment and voting decisions and must always act completely independently to set their own strategies, policies and practices based on their own best interests.

Case study—encouraging policy action on methane emissions

Issue: The International Energy Agency estimates that methane is responsible for approximately 30% of the current rise in global temperature. Methane has a significant short-term impact as it can trap over 100 times the heat of carbon dioxide. Because it also breaks down over a decade on average, however, reduction in the near term rapidly reduces overall effective GHG emissions and associated warming while we work to reduce other longer-lived emissions (e.g., carbon dioxide) over the longer term. Some of the highest levels of methane emissions are a by-product of oil and gas production, where methane enters the atmosphere through flaring, venting, and leaks.

Action: Understanding that reducing methane emissions is a vital component of addressing and mitigating climate change, we joined several asset manager peers and asset owners in September 2022 in signing a letter to the Canadian ministry of environment and climate change encouraging action on methane in the oil and gas industry. The letter encouraged increased ambition to reduce and eliminate methane from flaring, venting, and fugitive emissions.

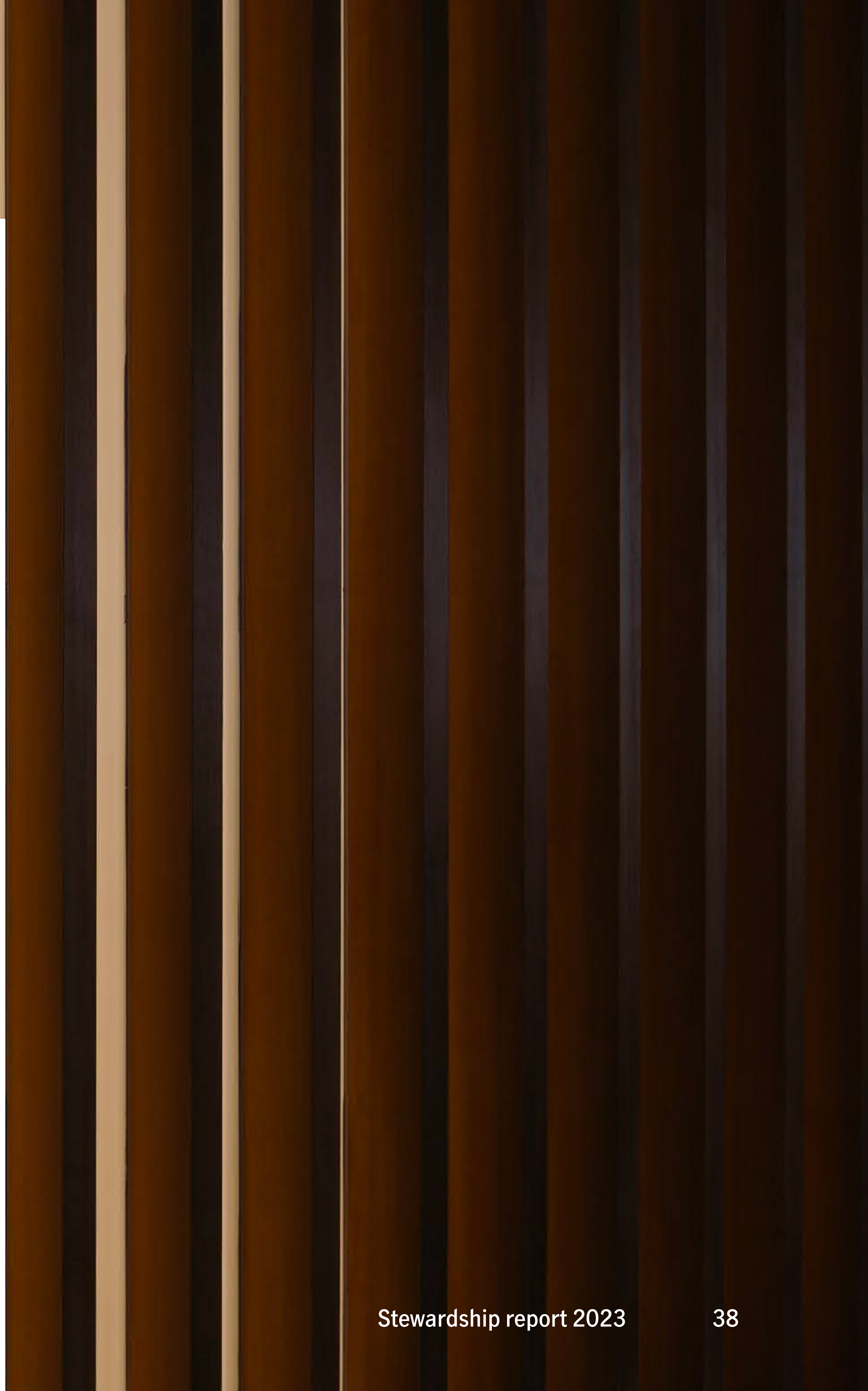
Outcome: In December 2023, at the world's largest annual climate conference—COP 28—the Canadian ministry of environment and climate change announced new draft regulations to cut methane emissions. The release estimates that "from 2027 to 2040, the draft methane regulations will reduce cumulative emissions by 217 megatons (carbon dioxide equivalent). They will also have positive social and economic benefits of $12.4 billion from avoided global damages." This is a significant development in global policy on climate that we support, and we'll monitor the draft regulation as it moves toward its final state.

Case study—fostering the adoption of the TCFD framework in Japan

Issue: Soon after the release of the climate-reporting framework from the TCFD in 2017, we saw the potential for the framework to foster a better understanding of climate risk as both a global and a local issue. We believed that broadly communicating the importance of this dual significance, both for physical and transition (or policy-related) risks, could be a useful facet to emphasize—and that it could be especially beneficial to foreign investors who are less familiar with the local context in Japan. We also believed it might help speed adoption of the disclosure framework by Japanese companies, which we've come to see as paramount for those companies issuing or planning to issue green and transition bonds.

Action: The Japan TCFD Consortium, backed by Japan's Ministry of Economy, Trade and Industry, was convened in 2019 to help Japanese companies incorporate the analysis of climate risks into their business strategies. Manulife Investment Management's Japan credit research team, together with our sustainability professionals in public markets, has been a participant in the consortium since its inception; we're one of the few asset managers that have been a continuous participant from the start.

Our team has viewed the TCFD as a critical tool for better understanding climate risks and opportunities faced by bond issuers, their track records for addressing the same, and enhancing the credibility of various types of sustainability-labeled bonds. Through our participation in the consortium, we also saw the opportunity to help make a broad market impact: Given that nearly a third of all Japanese bond issuers are in GHG-intensive sectors, we believe the proliferation of TCFD reporting among Japanese companies is a potentially powerful lever for improving the overall risk profile of the market and our clients' portfolios.



A message from Paul R. Lorentz

Firm overview

The continuing evolution of investment stewardship

Stewardship code principles and our practices

Promoting well-functioning markets

Case study—fostering the adoption of the TCFD framework in Japan (continued)

Outcome: In the four years since the consortium was convened, participation in its activities has grown more than fivefold, to more than 800 member companies, which is a meaningful share of the approximately 3,900 publicly listed companies in Japan.[9] In addition, we've seen an increasing number of companies announcing their alignments with the Science Based Targets initiative. As of October 2023, among the 6,389 companies that had so far taken action by adopting specific targets or making net zero commitments, Japan-domiciled companies constituted 11% of the total.[10]

Investors have come to expect issuers to be able to articulate how they structure climate governance, the level of ambition in their climate-related targets, and how they develop their sustainability strategy in relation to climate goals at the national level. In our view, many issuers are better able to meet these demands of the marketplace as a result of their participation in the TCFD Consortium, and we see many already preparing to release new disclosures under newer sustainability frameworks, such as that which was finalized in late 2023 by the TNFD. Getting ahead of future regulatory requirements is one of the main benefits of participation in the consortium, and we expect an increasing number of Japanese issuers to realize this benefit by joining this sustainability-focused forum over time.

9 TCFD Consortium and Japan Exchange Group. **10** Science Based Targets initiative.

We have a variety of actions we may pursue to identify and manage climate risks and opportunities

We may take a variety of actions toward managing climate-related risks and opportunities across our businesses and investments to appropriately price climate risk. Broadly summarized, our available actions relate to asset allocation and selection, investment analysis and research, proxy voting, mitigating direct GHG emissions, deploying robust sustainability management practices for operated assets, and participating in collaborative industry climate initiatives. In general, our preferred position is to engage with companies to encourage effective implementation of climate risk mitigation and adaptation strategies, reserving the right to divest from any investment.

Our parent company's decarbonization efforts are outlined in Manulife's climate action implementation plan, which details the implementation steps that are being taken to achieve the firm's targets.[11] While we continue to make progress in achieving these targets on pursuit of scope 1 and scope 2 emissions reductions in our real estate, timberland, and agriculture assets, we're focused on a suite of methods.

Our primary levers of decarbonization include efficiency, electrification and fuel switching, and renewables, as well as advancing natural climate solutions, while we continue to prioritize enhancing our data quality. Opportunities are identified and evaluated on the basis of relative cost and potential impact at the asset class level, and they inform asset-specific plans to support decision-making and ongoing progress monitoring.

In timberland and agriculture, climate change presents material risks—and opportunities—for our clients' investments. Our goal is to mitigate the risks to the extent we're able, adapt to the risks that can't be fully mitigated, and realize as many of the opportunities as we can. To inform this work, we acquired a climate risk tool to assist in carrying out quantitative scenario analyses systematically across our global timberland and agriculture portfolio; in short, the tool allows us to better model how climate-related changes might play out for forests and farms.

Since 2019, our real estate business implemented a specific program to learn more about our portfolio's physical climate change risks and our resilience in the face of these risks. We conducted a climate risk and resilience assessment across our global portfolio[12]; following that effort, we implemented a new building standard required for our properties to address climate risk and resilience.

11 Applies to real estate, timberland, and agriculture assets. **12** Risks and opportunities are subject to change over time and are ultimately addressed on a case-by-case basis depending on the individual characteristics of each property.

A message from Paul R. Lorentz

Firm overview

The continuing evolution of investment stewardship

Stewardship code principles and our practices

Promoting well-functioning markets

Case study—launching our forest climate strategy

As an asset class, timberland provides investors with an opportunity to invest in a manner that contributes to sustainability goals, enables the pursuit of positive outcomes for the environment and local communities, and contributes to solutions to some of the greatest challenges facing the world over the long term, including climate change and nature loss. We launched our forest climate strategy to provide investors with the opportunity to promote climate change mitigation through sustainably managed forests, where carbon sequestration is prioritized over timber production. The strategy seeks to invest in a globally diversified portfolio of sustainably managed timberland assets with strong carbon sequestration potential and high conservation value in the United States, Canada, Australia, New Zealand, and select countries in Europe and South America. The main objectives of the strategy include sequestering carbon, ensuring long-term protection of sensitive habitats, creating additional environmental and social impact through non-timber activities, and providing attractive risk-adjusted returns to investors.

Specifically, the strategy seeks to:

- Generate a durable, high-integrity stream of carbon credits, in addition to implementing sustainable forest management plans
- Pursue conservation easement sales where appropriate
- Prioritize investment in contiguous tracts of land
- Implement sustainable forestry management and value-added services that support ecological and social benefits
- Maintain long-term climate and impact objectives on asset disposition

One of the core features that sets our climate strategy—and investment philosophy—apart is our focus on integrity, which is why the forest climate strategy also aligns with the principles of the GHG Protocol, International Carbon Reduction and Offset Alliance, the Oxford Principles for Net Zero Aligned Carbon Offsetting, and our proprietary Integrity Council for the Voluntary Carbon Market Core Carbon Principles-aligned carbon principles.

Investment strategies may not be available in all markets or to all types of investors.

Case study—translating targets into action

In 2021, we saw carbon reduction targets being set across multiple industries and, for many organizations, 2022 was about implementation and action. In 2022, we undertook several initiatives in our real estate business toward executing on our carbon reduction targets that took shape across two focus areas: updating our internal procedures and standards and conducting a comprehensive GHG emissions inventory.

Updating our standards and policies

As part of our Sustainable Building Standards, we rolled out our GHG management workbook across our global portfolio. The workbook informs colleagues on:

- Educating teams on baseline emissions
- Modeling emissions out to 2035 and 2050
- Planning potential efficiency projects
- Supporting associated capital planning

Due to the technicalities of carbon transition planning, we also developed a standard scope of work for all properties to leverage when procuring consultants. We've also begun to execute net zero carbon transition audits with external consultants at priority assets. As we continue to identify the highest impact properties and opportunities across our portfolio, these audits will provide a list of reduction measures and associated costs that can potentially be capitalized on.

Our updated standards will also support asset managers' understanding of how these various initiatives align with our decarbonization strategy and focus on the direct financial benefits to our clients. For example, our recently developed renewable energy and carbon offset guidance document advises our teams that it's typically better to prioritize capital spending on building efficiency improvements before considering the purchase of renewable energy credits/carbon offsets.

Assessing scope and impact

To better calculate our GHG footprint, we scanned emissions across our real estate business, including scope 1, scope 2, and scope 3 GHG emissions. This helped us to identify the business's largest sources of emissions and identified where we could prioritize our GHG reduction efforts to the greatest effect. It's also allowed us to better understand our scope 3 GHG emissions, which provides a more complete picture of our emissions across both investment lifecycles and business operations.

A message from Paul R. Lorentz

Firm overview

The continuing evolution of investment stewardship

Stewardship code principles and our practices

Promoting well-functioning markets

Thematic strategies

We address systemic risk through our thematic offerings such as our private markets **forest climate strategy**, mentioned earlier, which provides investors with the opportunity to promote climate change mitigation through sustainably managed forests in which carbon sequestration is prioritized over timber production.

For our public markets investments, we continued to offer several thematic strategies while adding new product capabilities and offerings:

- **Climate Equity and Climate Bond Strategies—**These strategies aim to align their portfolios with the overarching goal of reducing GHG emissions and achieving real-world decarbonization while investing in companies we expect to outperform through climate action.
- **Sustainable Asia Bond Strategy—**This strategy's UCITS fund was converted to an Article 9 fund under the SFDR in 2023 and aims to invest predominantly in Asian corporate bond issuers that demonstrate strong sustainability attributes and/or enabling sustainable practices.
- **Sustainable Asia Equity Strategy—**We continue to offer this strategy to clients in Europe and Asia. It integrates sustainability in part through portfolio tilts that aim to promote environmental and social characteristics.
- **Sustainable Pacific Asia Bond Strategy—**This investment-grade fixed-income strategy was repositioned to focus on investments that have been identified as demonstrating strong sustainability attributes in 2023 and is one of the first sustainability-themed offerings provided to Mandatory Provident Fund participants in Hong Kong.
- **Global Environmental Transition Strategy—**We launched this global thematic strategy in the Asian market in 2023. It seeks to achieve long-term capital growth by investing in the equity of companies that positively contribute to environmental transition by providing low-carbon solutions or through products and services that enable energy efficiency, promote electrification, or improve resource utilization.
- **Client-directed exclusions framework—**Our SICs approved a new optional investment exclusions framework in 2023. While this will initially offer clients the option to screen out investments exposed to thermal coal mining and thermal coal power generation, we anticipate adding other thematic exclusion screens in the future to make it easier for clients to align their investments with their preferences.

Our investment strategies may not be available in all markets or to all types of investors.

Expanding nature and biodiversity efforts

We continue our work with the Finance for Biodiversity Foundation because we recognize the high systemic risk caused to our planet and economies by the loss of nature. By signing on to the pledge, we're committing to collaborate and engage with companies on biodiversity and assess our own biodiversity impact in order to set targets and disclose appropriate reporting on biodiversity factors by 2024.[13] As an entity with a deep heritage in agriculture and forestry, biodiversity is particularly relevant to our business. The pledge focuses on protecting and restoring biodiversity through finance activities and investments.

We have a variety of actions we may pursue to identify and manage climate risks and opportunities

The climate crisis must be tackled in tandem with the nature crisis. The TNFD is an important initiative that aims to provide a risk management and disclosure framework for organizations to report, and act on, nature-related risks.

Recognizing the nature crisis as relevant to financial institutions, Manulife Investment Management was an early member of the TNFD Forum, a multidisciplinary pool of technical experts who supported the development of the disclosure framework. In 2023, we provided comments to the "TNFD Nature-related Risk and Opportunity Management and Disclosure Framework—Beta v0.4," which shaped the final disclosure framework.

In 2023, our timberland and agriculture businesses launched their inaugural nature disclosure. As a TNFD early adopter, Manulife Investment Management was among the first of this cohort of 239 companies and financial institutions that indicated the intention to publish TNFD-aligned disclosures before or at fiscal year 2025 reporting. As the world's largest manager of natural capital, Manulife Investment Management prioritized issuing this report, which outlines our responsible approach to the stewardship of timberland and agricultural assets.[14]

Working on nature risk assessment methodologies

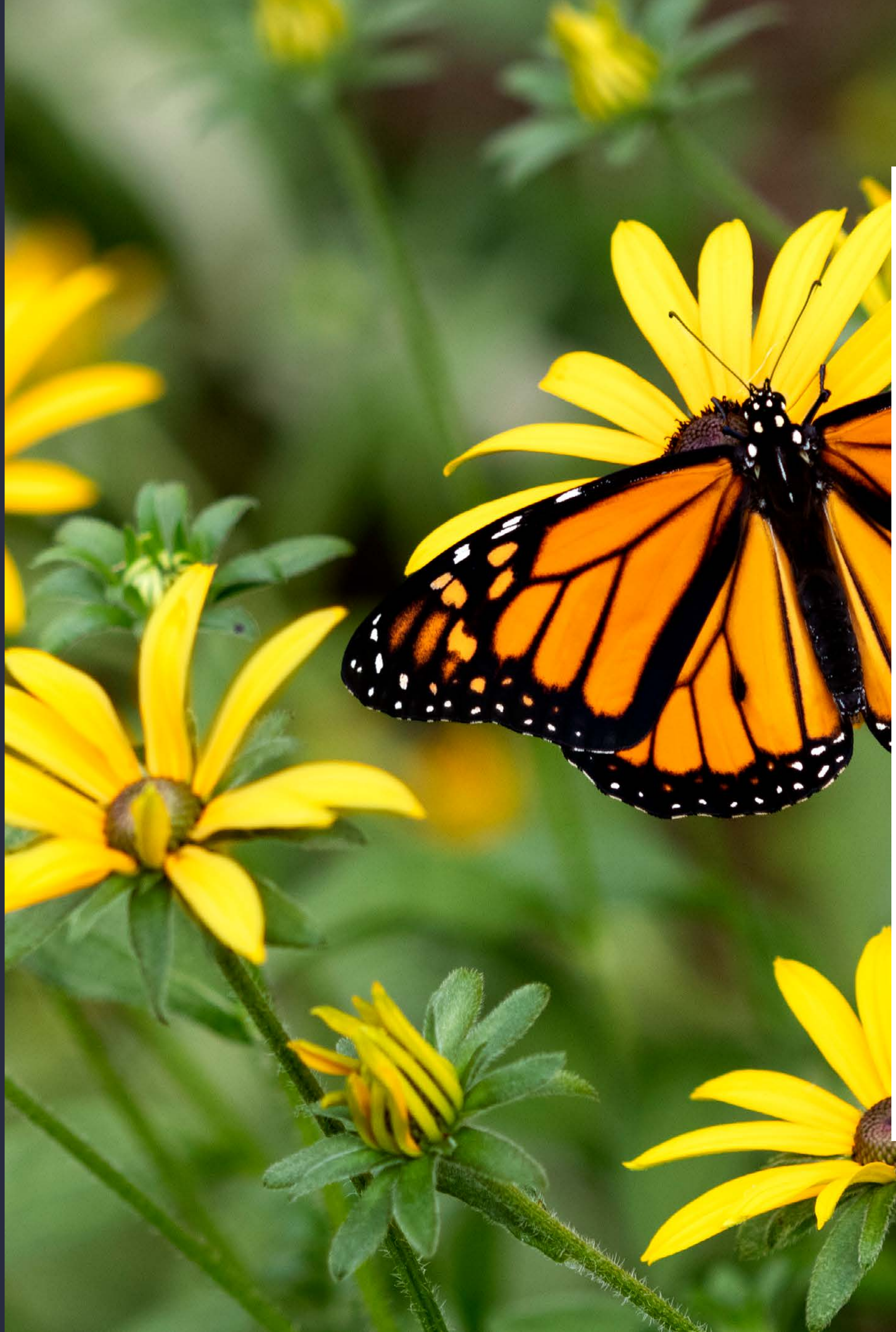
Manulife Investment Management is a member of the Investment Leaders Group at the Cambridge Institute for Sustainability Leadership (CISL). A significant focus of our work with the group involves building subject matter knowledge and methodologies to assess nature-related risks across portfolios. We support the continued development of CISL's "Handbook for Nature-related Financial Risks," which extends the work of the Dasgupta Review to identify various nature and biodiversity risks with resultant financial risks for issuers. This work also contributed to the work of TNFD with CISL as a knowledge partner of that organization, committed to providing the TNFD with "expertise across scientific disciplines, market practice and the development of nature-risk scenarios."

13 Even though we have committed to this pledge, we retain the ultimate and unilateral discretion to make investment decisions and also address those issuers independently. **14** IPE Research, as of January 29, 2024. Ranking is based on total natural capital assets under management, which includes forestry and timberland, and agriculture and farmland assets under management. Firms were asked to provide assets under management for which the as of dates vary from December 31, 2022, through December 31, 2023.

Case study—community collaborations in Wisconsin and Washington

Manulife provides each employee with one paid volunteer day each year. Many employees volunteer, but some band together and take it to the next level, whether during official volunteering time or simply by being good community members and neighbors. Our Washington and Wisconsin farm management teams are two such groups and have accomplished the following:

- The Price Cranberry Lake team helped its local high school with an auditorium renovation, saving the school district $7,500. Our Yellow River team regularly mows the campgrounds for a local wildlife area.
- Our Jackson Crawford Creek team installed a culvert under a road to drain water away from campsites and hauled in infill to raise the campsites above flood levels.
- Our Washington team collaborated with a local high school's science, technology, engineering, and mathematics program to produce raptor boxes that will be placed on properties throughout Central Washington. Working with students in courses on engineering, manufacturing, and robotics, we've helped custom build kestrel and owl boxes that will be placed on the ranches to provide habitat, assist in rodent control, and help minimize the use of rodenticides.



Case study—planting for pollinators in Wisconsin

Many species of birds, bees, bats, and butterflies are pollinators that we depend on for growing food crops. It's troubling that pollinator numbers have declined for decades due to pressures such as a changing climate, exposure to pests and disease, contact with poisonous chemicals, and reduction in their habitats.

On several of our Wisconsin cranberry marshes, our farm managers have taken improving local pollinator community welfare into their own hands. In Jackson Perry Creek marsh, we've built multiple pollinator gardens—both to ensure the sustainability of the cranberry crop and to steward native pollinators that will benefit the local community. We've also been scouting, researching, and photo-documenting the local flowering plant species with the aim of refining a proprietary, cranberry-specific pollinator blend suited to existing pollinators year-round in central Wisconsin's dry sandy soil. Based on information from the Xerces Society for Invertebrate Conservation, our farm managers planted a small experimental plot of milkweed, the preferred food source for Monarch butterflies, in our Juneau Yellow River marsh. If successful, the plan is to plant an additional six to eight plots in various areas around the cranberry marsh.

It's still too early to know how successful the pollinator gardens and milkweed plots will be in their current form, but we believe that our experimental approach, informed by relevant external expertise, will help us to identify the solutions we're seeking.

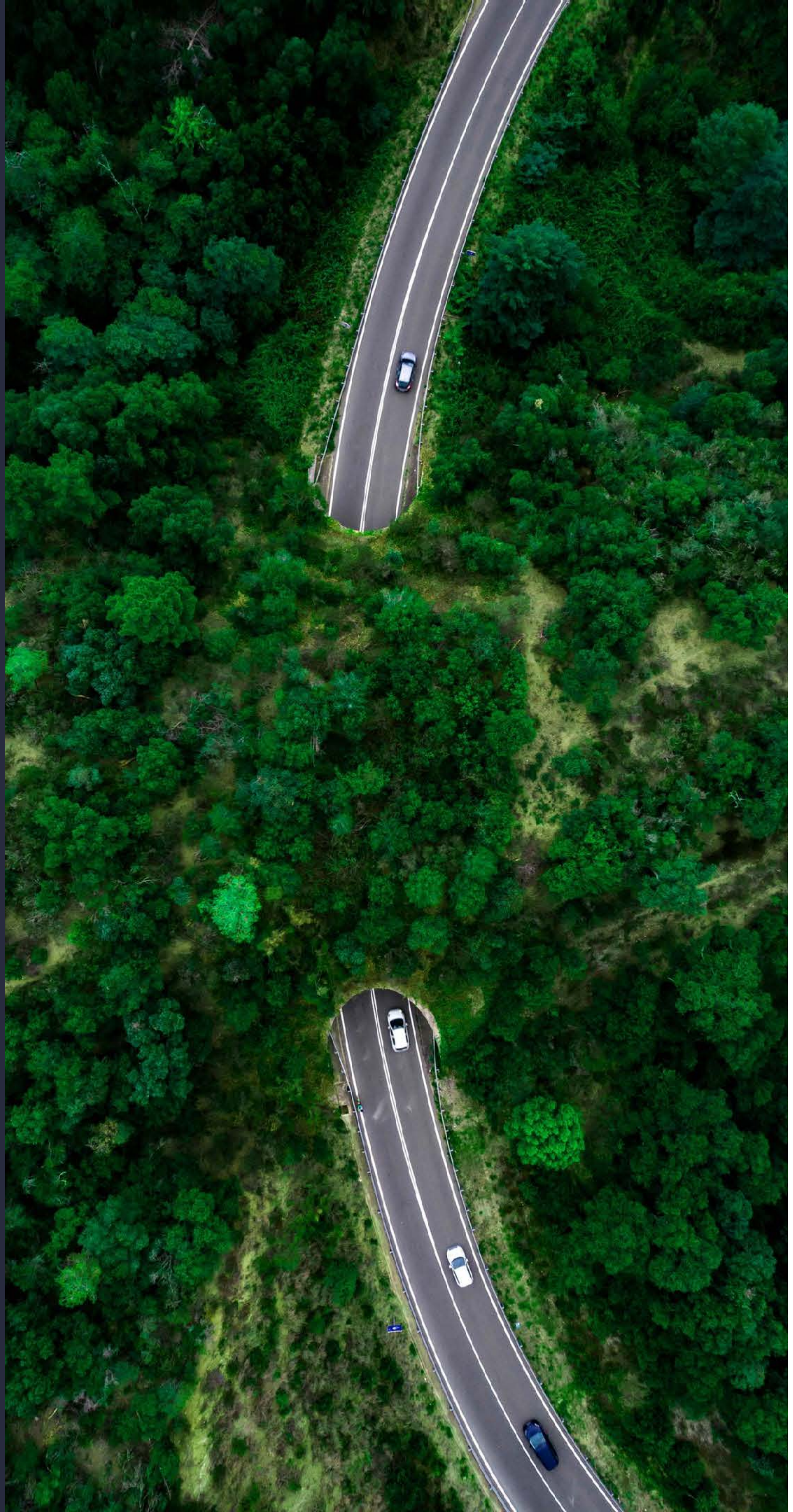
A message from Paul R. Lorentz

Firm overview

The continuing evolution of investment stewardship

Stewardship code principles and our practices

Promoting well-functioning markets



Looking ahead

We're proud of the work we do to identify and address systemic risks to protect and enhance value for our clients' portfolios. In 2024, we'll continue to promote well-functioning markets through various initiatives focused on addressing systemic risks, including climate change and biodiversity loss. In particular, we intend to expand the depth of our TCFD report and focus on engagement related to nature. With respect to the latter, we'll continue to engage with standards setters and regulators, embark on a thematic engagement process with issuers across multiple industries, and explore new tools, practices, and technologies for assessing, managing, and mitigating nature impacts across our global business.

Review and assurance

Manulife Investment Management provides regular updates on improvements to our investment and stewardship processes. We believe that full transparency of our policies and practices ensures that our clients and stakeholders have a clear and accurate understanding of our activities and decisions.

Our approach to review and assurance

In 2023, Manulife Investment Management continued to review stewardship practices, primarily by way of internal working groups with a spectrum of functional expertise, which scrutinized and gave input to improving our stewardship practices over time. For example, with the complex and ever-evolving regulatory environment in which we operate with investment capabilities across the globe serving international clients, we recognized a need for coordination and collaboration in addressing local regulatory requirements while managing a global sustainable investing strategy. This led to our creation of a new CoE for regulatory change management, which supports the ESG regulatory committee to continue improving how we manage and operationalize new regulations and monitor for future regulations.

Internal oversight

The compliance function provides regulatory advice and guidance, monitors our investment activities, and provides independent assessment and testing to validate that we have reasonably designed policies and procedures. Our compliance program is designed to ensure that our disclosures accurately and adequately describe our sustainable investing practices.

The risk function provides independent oversight and challenge of risk-taking and risk mitigation activities with regard to sustainable investment activities primarily through facilitating risk and control self-assessments, incident management, and issues tracking.

The internal audit function provides independent assurance of the effectiveness of controls grounded in a risk-based cycle.

Our internal audit and operational risk management teams each perform reviews on sustainable investment practices and processes in accordance with each oversight function's risk-based review cycle framework. In 2023, the reviews covered such areas as research documentation, recordkeeping, and sustainable investing oversight. Ultimately, their involvement prompted improvements in our sustainable investment practices and processes; for example, we established a common sustainable investment research framework for use across our public equity and corporate fixed-income investments to harmonize our processes among the various teams globally. This approach identifies sustainability issues for consideration at individual issuers depending on the sector and documents consideration of those factors by investment teams.

Moving our policies forward

Manulife Investment Management reviews policies on a formal basis at least every three years as a matter of course; however, our compliance, sustainable investing, and investment teams constantly seek to improve sustainable investing practices. Consequently, our stewardship policies are reviewed more informally on an annual basis to ensure that we hone our best practices in active ownership. We strive to remain aligned with the evolving expectations of the PRI and market-specific stewardship codes of which we're signatories, and we review our stewardship policy framework through the lens of those expectations.

Following these reviews, we may recommend changes to the relevant policies. These changes can be reviewed and approved by working groups, such as the proxy voting working group, before ultimate approval by either our public or private markets SIC for implementation within our business functions.

Policy	Change	Year
Nature statement	**Adopted** to frame our general approach to nature and biodiversity in our investment processes	2022
Executive compensation statement	**Adopted** to articulate our approach to assessing executive compensation for public issuers	2021
Global proxy voting policy and procedures—public markets equities	**Modified** to support more shareholder proposals that address ESG risks	2021
Private equity and credit sustainable investing framework	**Adopted** to support our approach to sustainable investing in our private equity and credit investments	2021
Infrastructure sustainable investing framework	**Adopted** to support our approach to sustainable investing in our infrastructure investments	2021
Responsible contracting statement	**Adopted** to clarify our commitment to responsible contracting practices and support our differentiated approaches across asset classes	2021
Sustainable investing and sustainability risk statement	**Updated** to align with Sustainable Finance Disclosure Regulation (SFDR) requirements	2021

A message from Paul R. Lorentz

Firm overview

The continuing evolution of investment stewardship

Stewardship code principles and our practices

Review and assurance

Leveraging functional expertise for accurate reporting

Manulife Investment Management's major reporting initiatives are supported by working groups comprising functional experts from across the firm. Over the past year, we've created groups to support our PRI assessment, our sustainable investing report, our climate-related financial disclosures, and this stewardship report. These groups are made up of representatives from our compliance, legal, risk, marketing, and sustainable investing teams, among others, to ensure a comprehensive review of drafted content. These groups met regularly during the drafting process to provide feedback, provide additional substance, or recruit additional experts for their input and review of draft materials.

Draft reports are circulated to the firm's leadership through the public and private markets SICs, which comprise executive-level leaders. The respective working groups then incorporate feedback into a final draft before ultimate approval by the public and private markets SICs.

Additional checks to this progress are provided by our internal compliance team, which is trained to assess documents intended for a public audience. With their assistance, the team can work to ensure that materials are fair, transparent, and not misleading, using processes that ensure all data and claims are both valid and verified by internal stakeholders.

Looking ahead

We'll continue leveraging functional expertise across the firm as we report on, and develop, our stewardship and sustainable investment activities. In 2024, we anticipate a particular focus on reviewing and updating our proxy voting policy and procedures.

A message from Paul R. Lorentz

Firm overview

The continuing evolution of investment stewardship

Stewardship code principles and our practices

Client and beneficiary needs

Client and beneficiary needs

We seek to support our clients' needs by leveraging our sustainability and investment expertise across a broad range of geographies and public and private asset classes, as well as by offering multi-asset solutions. We continuously seek to enhance our product offerings and our reporting in line with industry standards and best practices. We take a consultative approach to meeting our clients' sustainability objectives.

Our approach to client and beneficiary needs

One of our core Manulife values is focusing on our customers. This value drives us to collaborate with our clients and beneficiaries to understand and meet their needs and to work with them on accessing that part of our sustainability offering that's most suitable for pursuing their objectives.

A message from Paul R. Lorentz

Firm overview

The continuing evolution of investment stewardship

Stewardship code principles and our practices

Client and beneficiary needs

The spectrum of our sustainability offering

ESG integration (including active ownership)

Consideration and analysis of financially material sustainability factors as part of investment decision-making

Negative (and norms-based) screening[15]

Industry sectors or companies excluded/divested from to avoid risk or to better align with client values

Positive or best-in-class (and norms-based) screening[15]

Investments that target companies or industries with better ESG performance

Thematic/sustainability-themed investments

Investments that specifically target sustainability themes (e.g., clean energy, green property, climate mitigation, Sustainable Development Goals (SDGs) aligned solutions)

For illustrative purposes only. A sustainability risk is any ESG event that, if it occurs, could or will have a material negative impact on the value of investments we make for our clients (sustainability risks). Sustainability or ESG factors include environmental, social, and employee matters; respect for human rights; and anti-corruption and anti-bribery matters (sustainability factors). Please see our sustainable investing and sustainability risk statement for further details.

15 Applicable to public markets strategies.

Regular feedback from clients

We work hard to understand the needs and objectives of our clients through regular interactions. At a minimum, we endeavor to speak directly with each client on an annual basis. In these discussions, we elicit clients' feedback on their investment goals and will specifically review sustainable investment goals as directed by individual clients.

We're a global asset manager investing not only across multiple asset classes, but also serving clients across geographies, and the awareness and understanding of sustainable investing for clients vary. Some clients are very knowledgeable about sustainable investing and integration and may request specific actions or ESG data metrics or ask us to fill out a questionnaire on our sustainable investing practices, including investment stewardship. Others will articulate requirements in an investment policy statement that can cover preferences ranging from investment objectives and time horizons to risk tolerance and asset mix. We use this to better inform our client reporting and ensure that we're continually educating as well as being transparent.

While clients remain keen on understanding how sustainability factors are integrated into our investment decision-making and asset management, clients are increasingly interested in our role as an active steward on their behalf and as a responsible operator of assets. We discuss the engagement activities we undertake with issuers and, where we're owner-operators, the types of improvements we're making to the assets.

We believe active and engaged ownership practices are at the center of good stewardship, helping drive strong risk-adjusted investment return potential for our clients over time. To help clients better understand the outcomes of our active engagements with issuers and operational sustainable investing initiatives and improvements of our assets, in 2023, we continued to add many new case studies to the dedicated sustainable investing case study webpage we created in 2022. These case studies reflect the wide array of sustainability issues our professionals are engaging on across the business in order to drive better investment and sustainability outcomes for our clients and stakeholders.

We also regularly publish thought leadership articles to share our viewpoints and expertise regarding sustainable investing topics and developments. For example, in 2023, we published an article about liability-driven investing (LDI) and climate risk, which has been recognized with an award from the U.S.-based Society of Actuaries, validating our commitment to delivering insight and expertise for our clients' benefit.

In 2023, we conducted outreach to clients at industry events and responded to client and consultant requests to deliver several bespoke trainings on sustainable investing trends, including:

- Sustainable finance training sessions for clients in Indonesia and Malaysia
- Presentations on transition finance at PRI in Person, Asia Investor Group on Climate Change (AIGCC) events, and the Singapore Green Finance Centre
- Webinar on global carbon markets in 2023 and beyond
- Discussion on AI and sustainable investing
- Insight sharing in person and virtually at events such as the Moody's Global ESG Summit, Financial Times Moral Money Summit, CFA & MSCI webinar on biodiversity, and Responsible Investor Asia advanced training on sustainable investing in equity for pension plan members
- Lunch-and-learn session on quantifying sustainability factors in security valuation
- Sharing our insight within real estate through speaking opportunities; for example, at the PRI in Person panel on climate risk, Pension Bridge conference on impact investing, and at our parent company's annual investor conference

A message from Paul R. Lorentz

Firm overview

The continuing evolution of investment stewardship

Stewardship code principles and our practices

Client and beneficiary needs

Case study—review of client requirements around securities lending and proxy voting

In order to continue to ensure we meet our client needs and requirements around proxy voting, we conducted a review of client documentation in 2023 to determine whether any clients currently have requirements prohibiting us from recalling securities to vote or requiring us to recall securities for the purposes of preserving proxy voting rights.[16] Simultaneously, we performed an analysis of our current process, which involves recalling shares to preserve voting rights where we hold longer-term control over 2% or more of an issuer's shares outstanding.

On review, we didn't identify any particular client requirements that Manulife Investment Management recall, or not recall, shares for the purposes of voting proxies. We also determined that the financial cost of our current process is likely immaterial against the overall revenue generated for clients through our securities lending practices. We determined that our current process, therefore, is reasonable as it balances revenue generation from lending against our ability to influence vote outcomes.

We understand, however, that client requirements aren't static, and we're committed to take into account any specific requirements related to proxy voting, where any client wishes to deviate from the current Manulife Investment Management securities lending/recall/proxy voting process.

16 We may lend securities in a portfolio as a form of revenue generation for client assets. If we do not hold securities on a record date (i.e., securities are on loan as part of securities lending activities), voting rights are surrendered.

A message from Paul R. Lorentz

Firm overview

The continuing evolution of investment stewardship

Stewardship code principles and our practices

Client and beneficiary needs

Our clients are advancing on sustainable investment and stewardship

Our clients continue to strengthen their review of sustainable investment and stewardship practices. In terms of operational excellence, we've seen detailed requests within requests for proposals (RFPs) on environmental risk management in relation to assets we operate. Similarly, there's been an operational focus on DEI initiatives and climate strategy: We've seen asset owners conduct a survey on stewardship activity reporting. There's also been more detailed discussion on sustainability metrics and appropriate key performance indicators with clients. Following are samples of some recent client questions.

ESG integration into the investment process

- How are you using sustainability factors to drive better outcomes for your clients?
- How do the sustainable investing team and the investment teams collaborate?
- Can you provide an overview of your strategy for, and governance of, data management through the investment process?
- How do you measure the portfolio's sustainability profile? Provide data on specific performance metrics. (Requests have included carbon footprinting, health and safety, and DEI data.)

Active ownership and stewardship

- How do your active ownership practices affect investment decisions?
- How do you attempt to influence companies to improve their sustainability?
- What's the escalation process with regard to engagement?
- How do you measure if you've met your active ownership objectives? Who's responsible for evaluating if you've met your active ownership objectives?
- What are your future plans for improving the corporate value of your portfolio companies, and what specific measures will you take to achieve them?
- Do you consider biodiversity in your investment screening activities, and what's your approach to the management of threatened and endangered species?

More information about our sustainable investing practices can be found on our institutional website.

Public reporting

We publicly report information about our sustainable investment and stewardship practices through several avenues on an annual basis. These are available to clients and other stakeholders and include:

- **PRI assessment—**As signatories to the PRI, we publish our assessment report in line with the PRI's reporting cycle. Clients will sometimes use this report as a springboard to a deeper dive into our active ownership and investing activities.
- **SRI report—**This annual report provides data and examples of our sustainable investment philosophy, policies, and approach across public and private markets. The report provides a holistic view of Manulife Investment Management's sustainability-focused research capabilities, active and responsible engagement activities, and concrete steps taken to integrate sustainability considerations into investment decision-making, as well as our metrics of success.
- **Asset class-specific sustainability reports—**We publish annual reports for our agriculture, real estate, and timberland asset classes.
- **Climate-related financial disclosure—**This annual public report uses the TCFD framework to report on strategy, governance, risk management, and metrics and targets related to climate change in our business.
- **Nature-related financial disclosure—**Our timberland and agriculture nature disclosure is informed by the recommendations of the TNFD.
- **Case studies website—**We regularly publish new case studies on our corporate website that highlight the impact that we're making through our sustainability and stewardship efforts.

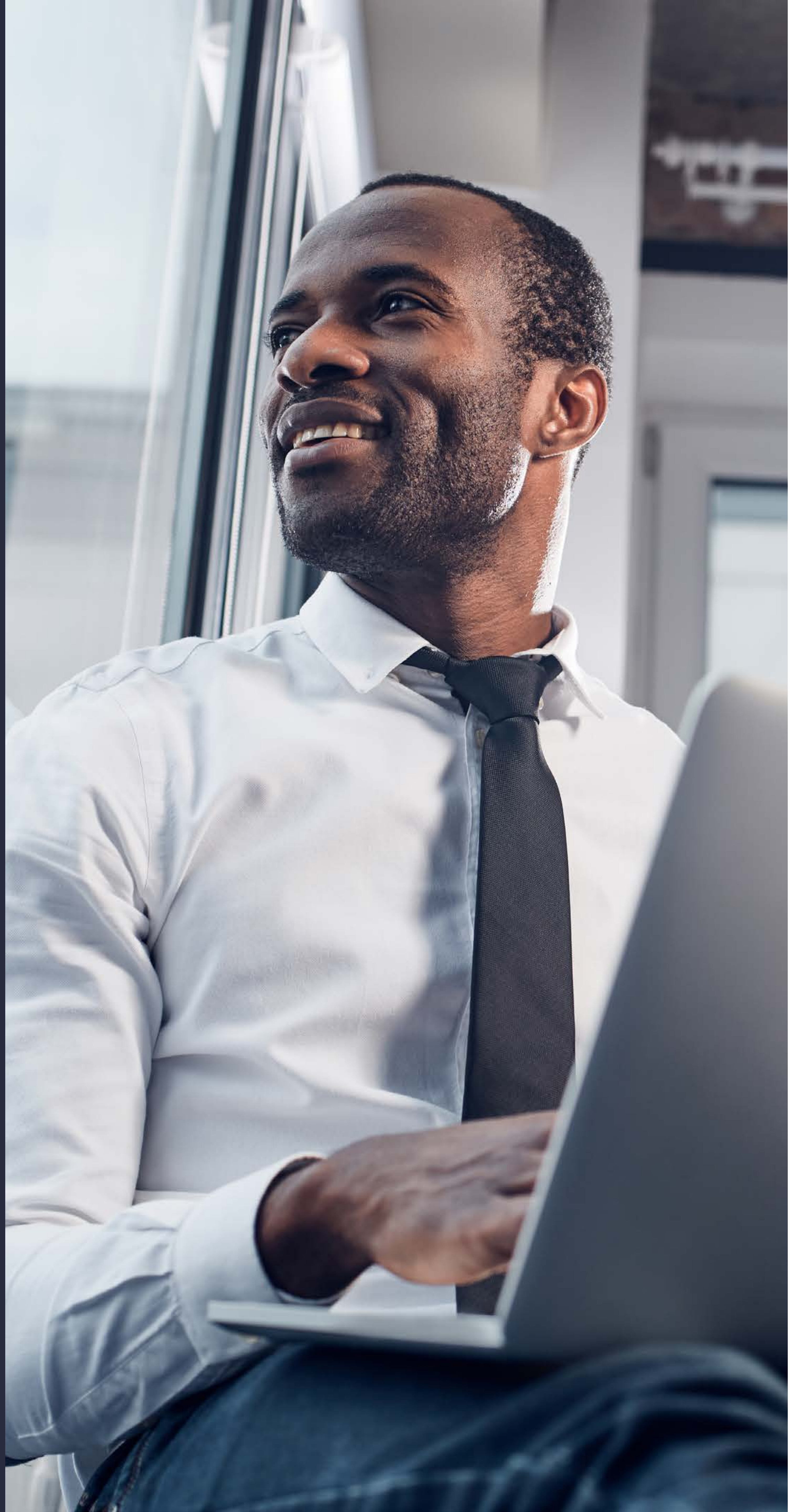
Our clients routinely request customized reporting to supplement our public reports; for example, within public markets assets, on request from a client, we may provide more detailed information of the engagement and/or proxy voting activities we undertake in relation to holdings in that client's portfolio. We may share specific engagement outcomes or a review of votes on shareholder proposals to provide information as to how we practice stewardship on behalf of an asset owner. For private markets assets, we submit sustainability data to industry benchmarks, including GRESB and the ESG Data Convergence Initiative (EDCI), and clients may ask us to share updates or additional details about our activities with them.

Considering investment time horizons for clients

There's no set rule for investment time horizons across all asset classes. For Manulife Investment Management, time spans can change by client mandate, asset class, and the degree of materiality of sustainability factors for a given investment. Some examples include:

- **Pension plans—**We manage pension plan assets that are intended to run in perpetuity.
- **Private infrastructure—**Our private markets infrastructure funds consider up to a 50-year operational time frame, with returns generally expected to mature at about 10 years after investment.[17]
- **Climate risk exposure—**When reviewing investments with particular exposure to transition and physical climate risk, we look at short-, medium-, and long-term time horizons.

17 The investment term of private funds will vary from fund to fund depending on a number of factors, including asset class and fund structure. Offering documentation should be reviewed for full details.



Diligence by clients

Due diligence questionnaires are another vehicle through which our clients articulate what aspects of sustainable investment are critical to their goals. These questionnaires may seek greater detail on sustainable investing efforts and results or inquire about our exposure to specific risks. The frequency of these questionnaires is typically annual; however, we do have some clients who make inquiries more often.

We track the questions we receive in these due diligence questionnaires from clients and use that data to determine whether there are any larger trends in client expectations. Any trends that we identify may help us prioritize our updates for sustainable investment and stewardship over time.

Looking ahead

We'll continue to grow our impact case studies and communicate these to clients, evolve our reporting practices across asset classes, and offer new sustainable investment solutions. Overall, we believe transparency and accountability—which we see as facets of our sustainability efforts—will benefit our clients, strengthen our approach, and contribute to real progress on important sustainability issues.

A message from Paul R. Lorentz

Firm overview

The continuing evolution of investment stewardship

Stewardship code principles and our practices

Stewardship, investment, and ESG integration

Stewardship, investment, and ESG integration

We recognize the critical connection between deciding to invest and maintaining a strong program of stewardship to protect each of our investments. The central objective of our approach is to strengthen the potential risk/reward profile of our clients' portfolios.

Our approach to ESG integration

We seek to incorporate material sustainability considerations throughout the stages of our investment and lending lifecycles, considering the characteristics of the asset class and investment process in question as well as industry and geography, among other factors. In our capacity as stewards of capital, our investment approaches go beyond conventional financial statement analysis. Our investment strategies that have fully integrated ESG analysis consider a company's approach to sustainability; in particular the extent to which they're managing relevant financially material sustainability risks and opportunities on an ongoing basis. In our operating activities, we hold ourselves to a high standard of sustainability. We do this to both protect and grow the value of the assets as we create long-term value for our stakeholders.

A message from Paul R. Lorentz

Firm overview

The continuing evolution of investment stewardship

Stewardship code principles and our practices

Stewardship, investment, and ESG integration

Centralized support from sustainable investment professionals

Our group of 30 sustainability professionals reinforces and strengthens ESG integration and stewardship activities across our investment teams and in all asset classes. This support extends across the investment, product, and asset class lifecycles and includes:

- **Analysis of sustainability risks and opportunities—**Our public markets investment teams integrate sustainability factors into their valuation strategies across portfolios through both ESG datasets and qualitative analysis of the firm's reports and governance mechanisms. The sustainable investment teams work with investment professionals to assist them in understanding and leveraging this information in their investment analysis.
- **Development of tools to aid sustainable investment—**Our sustainability professionals identify tools that help investment teams assess ESG risks and opportunities, and we develop new tools where we see an opportunity to add value. In 2023, for example, the public markets sustainable investing professionals developed a tool to aggregate third-party climate risk data at a portfolio and issuer level. This tool is housed on a central global research platform to which all investment teams and professionals have access. We also launched a standardized ESG research framework for the public markets investment teams. For real estate, we use Measurabl, a tool that provides a portfolio view of our sustainability data, updated to our sustainable building standards framework for real estate, which defines requirements and best practices for our third-party property managers and encourages improvement while addressing the need for advancement, guidance, tools, and consistency. We've also added a physical climate risk tool within our infrastructure, timberland, and agriculture businesses and rolled out new ESG integration tools across all our global PE&C businesses.
- **Frequent communication on sustainable investing information—**We've established regional ESG task forces; for example, the Asia equity ESG task force, North America ESG fixed-income task force, and Asia fixed-income ESG task force—to discuss ESG-related research, news, and ideas; similarly, ESG themes, emerging trends, and salient topics are shared with investment teams. For example, for our public markets teams, we convene recurrent GERI meetings, which enable us to coordinate research efforts and promote idea generation that leads with ESG factors. Our sustainable investing professionals in private markets have recurring and ad hoc meetings with investment teams to disseminate sustainable investing-related updates and to communicate updates to sustainable investing business plans.
- **Engagement with management teams—**Today, engagements between Manulife Investment Management and issuers and investments consistently involve discussions of material sustainability factors. Our sustainability professionals support these engagements by identifying and informing on these material issues. This group also supports our investment teams in working to influence company management to pursue outcomes that we believe will improve companies' risk/return profile.
- **Training and education—**The sustainable investing teams provide training for our investment professionals throughout the year. In 2023, training included topics in sustainability materiality, emerging sustainability regulation, nature and biodiversity, and climate science and policy. The sustainable investment teams also support an internal sustainable investing information hub in which they collect research and related discussions of sustainability topics.
- **Guidance on exercising rights—**As our investment teams review the exercise of certain rights associated with an asset class, our sustainability professionals will advise our investment colleagues on the intersection of sustainability factors and the exercise of their rights. Support can range from research in proxy voting decisions for equity to the identification of sustainability factors that may help us exert influence through a credit event in our fixed-income holdings. To support decision-making in these areas, we've published our guiding principles and statements, including our proxy voting principles, our climate change statement, our nature statement, and our executive compensation statement.

Enhancing ESG integration in 2023

Since joining the PRI in 2015, we've worked to continuously improve integration of sustainability factors into investment decision-making with iterative improvements each year. In 2023, we launched an ESG research framework for public markets investments that prompts analysis of the following indicators for an issuer where we've identified that indicator is likely to be financially material to that issuer:

Category	Indicator
Environmental	• Climate change—physical risk • Climate—transition (including energy management) • Resource management (air, water, pollution, and waste) • Biodiversity
Social	• Product quality and safety • Labor practices (including occupational safety, labor rights, development and training, and DEI) • Community relations • Privacy and security
Governance	• Track record, culture, and ownership considerations • Related party transactions and audit • Board and management structure • Executive compensation

To support investment analysis through this framework, we're also building a library of proprietary research on various sustainability topics.

ESG analysis in our investment process

For more information on our ESG integration processes, please see our sustainable and responsible investing report.

A message from Paul R. Lorentz

Firm overview

The continuing evolution of investment stewardship

Stewardship code principles and our practices

Stewardship, investment, and ESG integration

Public asset classes

Each investment team operates in different markets and with different nuances to its approach to investing. Accordingly, each team integrates ESG factors into its investment process in a manner that best aligns with its investment approach and their clients' investment goals. Each team bears responsibility for the evaluation of ESG factors throughout the due diligence and decision-making processes in the pursuit of risk-adjusted returns and capital preservation.

How we use third-party ESG data

ESG integration across different public asset classes includes the integration of third-party vendor data; this is a preliminary step in our process. Manulife Investment Management receives and reviews ESG scores, ratings, and data from a number of external data vendors. While this data isn't determinative of investment decisions, it helps create a more comprehensive assessment of actual and potential portfolio constituents.

Decisions to include or terminate positions are driven by our overall assessment of the financial risk and reward profile of a particular investment. Issuer sustainability data, or assessments such as ratings by third parties, may form one part of that overall picture of an investment opportunity. We find the most effective use of third-party sustainability ratings is as research, allowing us to review the drivers of those ratings and therefore determine our evaluation of the issuer. We may also engage with companies to understand the underlying sustainability characteristics of their businesses better.

In emerging-market third-party ESG data, gaps are quite common, and company-specific ESG disclosure is relatively poor. We think our long history in investing in emerging markets enables us to engage with those companies efficiently to close the data gap. In 2023, we continued to interact with emerging-market issuers and investors as a member of the Emerging Markets Investors Alliance (EMIA).

Internal assessments of our ESG integration efforts

Manulife Investment Management has developed a proprietary, internal system to assess and monitor the level of each team's ESG integration efforts. As of end December 2023, over 90% of our assets under management (AUM) in public equity and public fixed-income strategies were fully integrating ESG factors under our proprietary assessment framework. Understanding that sustainable investing requires ongoing change, we adopted the ESG research framework in 2023 to support investment team integration across several public markets asset classes. While that framework applies to both public equity and public fixed income, there can be differences across asset classes.

Fixed income

Our approach to fixed-income ESG integration is adapted to identify the material issues within each industry. In addition to the materiality of ESG risks, our investment professionals seek to assess the timing of likely impact. Credit analysts are responsible for completing an ESG risk assessment and can use the ESG risk profile to adjust the relative value ranking of names within a given industry.

For sovereign debt, we have a proprietary sovereign ESG risk model that's the product of collaborative work between our global ESG research and integration team and veteran sovereign debt and multi-sector fixed-income professionals.

Listed equity

In addition to using internal and external ESG data to identify higher- and lower-risk stocks, our teams actively engage with company management to assess a company's exposure—and potentially help enhance its resiliency—to different types of ESG risks. This insight can help shape the teams' modeling and define sensitivities around their estimates of fair value. Examples of ESG integration in listed equity include:

- Using known or perceived ESG risks to identify potential risk over- or understatements
- Using carbon risk data to flag the level of climate risk exposure for an individual issuer and to develop a range of potential risk outcomes for the company in question
- Adjusting company valuations (e.g., through cost of capital assumptions) based on quantitative ESG risks/opportunity profiles

Multi-asset solutions

Generally speaking, the industry has been slower to integrate ESG factors in multi-asset versus public equity or fixed-income asset classes separately; we believe, however, that value can be attained through targeted integration. Our Multi-Asset Solutions Team (MAST) has achieved our highest level of ESG integration and uses a framework for evaluating aspects of ESG risk and opportunity that aligns with its investment process that consists of the following:

- Partnership with the internal sustainable investing team
- Coordination across the equity and fixed-income teams and MAST to share sustainable investment views, enabling MAST to develop fundamental top-down viewpoints of risks and opportunities across industries
- Collaboration with the internal global manager research (GMR) team to assess depth and quality of ESG integration for managers of individual actively managed asset classes used in multi-asset solutions
- Research into, and publication of, macroeconomic analyses on ESG topics and their potential impact on the capital markets
- Incorporation of ESG adjustments and scenarios into economic and fundamental market inputs driving asset class forecasts
- Enhancement of data aggregation and analysis, quantitative approaches, and portfolio construction tools to incorporate ESG considerations

ESG integration into multi-asset is different

Notable differences between security selection and asset allocation

Security selector ESG integration

- Bottom-up security analysis
- Analysis of disclosed financial and sustainability-related statements
- Analysts directly engage with corporate management related to ESG intiatives
- Ability to affect investments through active ownership
- ESG impact incorporated into relevant price targets/discount rates

Asset allocator ESG integration

- Incorporation of ESG factors within top-down macro research and forecasting
- Build-out of ESG data infrastructure for cross-asset analysis
- Inclusion of ESG factors into MAST's research framework
- Stewardship of capital through engagement with underlying managers
- Portfolio construction that incorporates ESG factors

Case study—counseling good governance and sustainability disclosure

Issue: We engage with issuers across different stages of the business lifecycle. For newly public companies, we can collaborate with their management teams as they identify sustainable best practices and develop their reporting capabilities on those practices; for example, we met with a Canadian issuer in 2022 that had gone public in 2021. As a specialty pet supply company with what we believe to be an authentic interest in sustainability principles, its management team proved receptive to guidance from stakeholders regarding best practices in board composition and sustainability reporting as it looked to publish its first sustainability report and data in 2023.

Action: Our sustainable investing team collaborated with one of our equity teams that held shares in the newly public company to engage with its management and provided feedback on its concerns. We noted through our proxy voting process that the company was below 30% gender diversity on its board of directors. As a member of the 30% Club Canada, we encourage issuers across industries to achieve a standard of at least 30% board representation of women. We shared our thoughts on the financial materiality of this standard with the issuer.

We also welcomed the opportunity to discuss the reporting standards of the SASB and the TCFD and why we, as investors, find information reported through those frameworks valuable. We appreciate the industry-specific data of SASB as it allows for normalization of data and comparison across companies, while the TCFD framework provides a robust overview of firm governance, strategy, risk assessment, and metrics and targets related to climate risk.

Outcome: Since our conversations with the company, a new female director with significant brand and marketing experience was appointed to the board, and we believe she'll add depth to the leadership of this consumer-facing company. The company also released its first annual sustainability report with SASB-aligned data points on employee diversity, human capital management, energy consumption, and data privacy, among other factors. The company also committed in this report to release a TCFD-aligned report in 2024.

We consider this a fruitful collaboration, one that sets the stage for future work with the company to continue making advances in its reporting.

A message from Paul R. Lorentz

Firm overview

The continuing evolution of investment stewardship

Stewardship code principles and our practices

Stewardship, investment, and ESG integration

Private asset classes

In our private markets portfolios, we're frequently investors in and simultaneously operators of assets, which we believe gives us a unique perspective on sustainable business practices and concerns. For example, where we invest and operate assets in our real estate, timberland, and agriculture portfolios, we seek to enhance the value of our assets and have a positive impact on all our stakeholders. In our infrastructure and PE&C investments, we focus on building strong relationships with companies, sponsors, and co-investors, which enables us to take a meaningful approach to sustainability and enhances our influence over key assets and portfolio companies.

Moreover, as long-term investors and as a steward of our clients' capital, we're able to use our broad experience with sustainability implementation, research, governance, and collaboration to manage sustainability risks and opportunities over extended time horizons in all our asset classes.

Infrastructure

The importance of sustainable investing in infrastructure is particularly apparent due to the long-term nature of the assets and investment horizon. As such, we believe that good management of sustainability risks and opportunities in our infrastructure investments can lead to long-term sustainable returns.

Our team's ESG integration practices include the following key steps and are applicable to all of our investments across geographies:

- We use an ESG due diligence process focused on materiality that was developed using a combination of external resources from SASB, the PRI, and our own expertise.
- We document the outcomes of our ESG due diligence in the investment memorandum that's evaluated during the investment committee approval process.
- Once an investment is made, the infrastructure team continues to monitor all material aspects that might affect an asset or company, including sustainability factors. The infrastructure team typically seeks board representation, strong protective controls, and/or strong protective governance positions in its portfolio companies. This enables the team to exert influence or veto power regarding key decisions made with respect to a company's commercial or financial operations and, at times, the management of relevant ESG factors.

Real estate

As building owners and asset managers, we follow five sustainable real estate commitments:

1 Minimize our environmental impact
2 Support health and wellness
3 Engage our stakeholders on sustainability
4 Promote responsible business practices
5 Be accountable for our performance

Our approach to sustainability in real estate is based on responsible property investment and aligns with global standards and benchmarks, including GRESB.

We incorporate material sustainability considerations into all of our investment management, asset management, and operational practices across the real estate value chain, from development and acquisition of an asset through all aspects of asset management and, finally, divestment. In addition, we've formalized sustainability practices for investments, operations, property management, and leasing.

These practices are all summarized in our real estate sustainability program guidebook and are supported by resources such as our sustainability in investment and due diligence tool, sustainability clauses in our standard lease, and our building operations' proprietary Sustainable Building Standards. In cases in which third-party managers are responsible for managing properties on our behalf, we require them to adhere to our standard practices.

Across our global portfolio, we set energy reduction targets, as well as targets for water use and waste diversion; in 2020, we set a GHG emissions reduction target.[18] We report on progress toward these targets annually in our publicly available real estate sustainability report.

Private equity and credit

Within PE&C, the ability to analyze potentially material sustainability issues prior to making an investment allows us to properly account for potential downside risks.

For all investments across geographies, the PE&C teams conduct an ESG assessment of each investment during due diligence and incorporate findings into their fundamental analysis; for our co-investments, secondaries, senior credit, and junior credit, an ESG assessment is done of the sponsor as well. To inform their assessments, the teams use an internally developed ESG due diligence tool, which is based on external resources from SASB and the PRI as well as our own expertise.

The outcomes of ESG due diligence are documented in the final investment memorandum, which is presented during the investment committee approval process. Sustainable investing documentation in the investment memorandum includes a summary of material sustainability factors, identification and discussion of red flags, areas for improvement, the sponsor's plans to address any gaps, and areas in which the portfolio company is already well advanced.

Once an investment is made, the teams work closely with their investment partners to monitor all material items that might affect the investment or company, including sustainability factors. The investment teams leverage a variety of tools such as shareholder rights, board seats, and our broader relationships with investment partners, who typically control the underlying portfolio companies, to ensure material sustainability issues aren't overlooked.

18 Target is an intensity-based reduction of scope 1 and scope 2 emissions (from a 2018 baseline) for the properties that are within our operational control.

Timberland and agriculture

The guiding principle of our timberland and agriculture businesses is that good stewardship is good business. As managers of major forest and agricultural holdings throughout the world, we have an opportunity to contribute to solutions to global sustainability challenges.

We consider all factors that we believe may have material financial implications for those investments—including sustainability factors. Sustainability factors are particularly salient for land-based real asset investments, and our timberland and agriculture businesses are built around five pillars of sustainability:

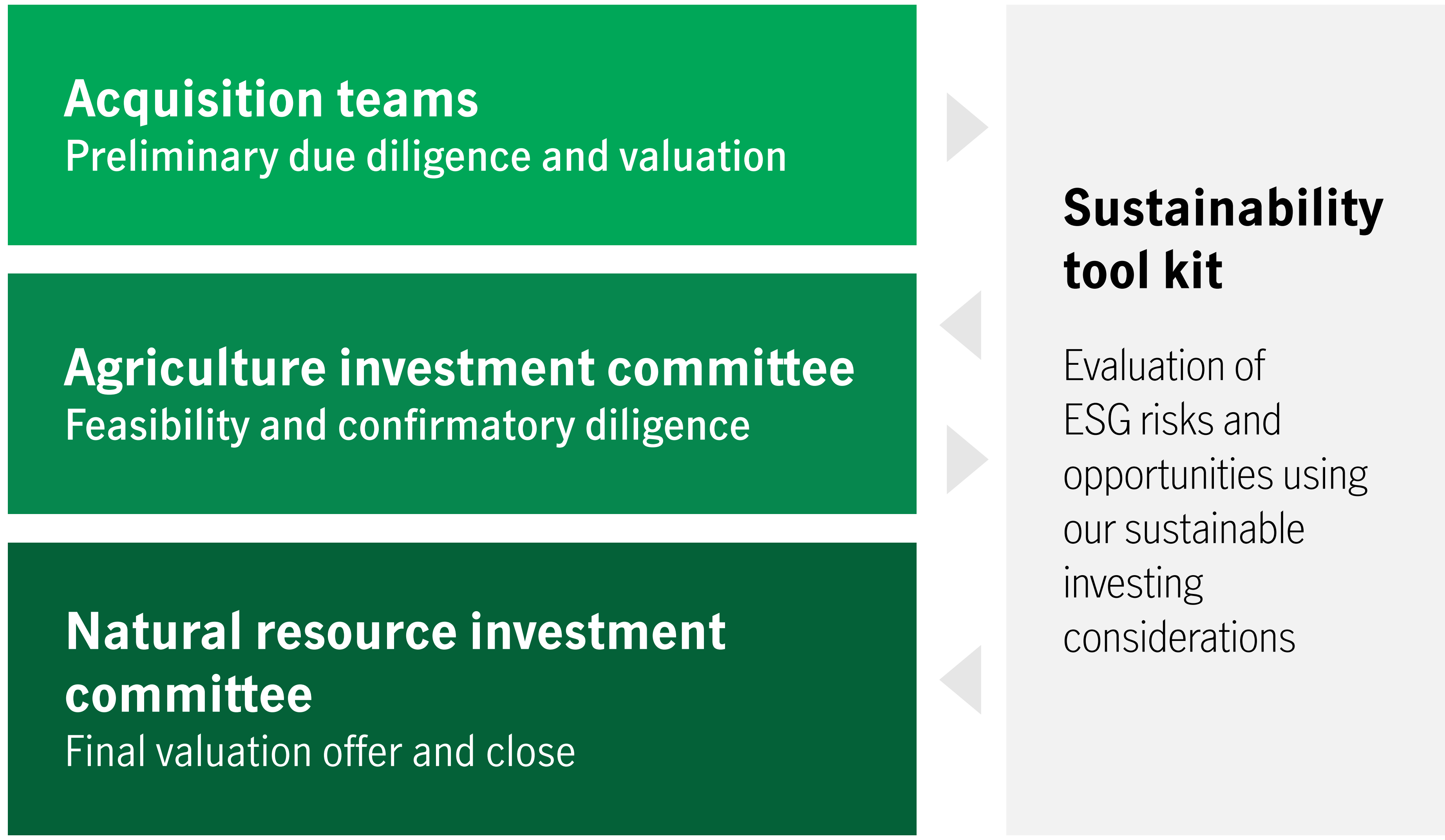
1 Climate stability
2 Ecosystem resiliency
3 Watershed protection
4 People empowerment
5 Community prosperity

To ensure that relevant sustainability risks and opportunities are considered in a standardized way across every possible deal, our acquisition teams have been using our sustainability tool kit since 2021, which was developed to enable a consistent and structured approach to assessing the characteristics of an investment opportunity. The tool kit is structured based on our five pillars of sustainability and documents relevant assessments undertaken to address each of them.

We manage our forests and farms not only to secure competitive financial returns, but also to achieve key environmental and social objectives set out by third-party sustainability standards. In forestry, this includes the Sustainable Forestry Initiative and the Forest Stewardship Council, and in agriculture, this includes Leading Harvest and others; for example, GlobalG.A.P., USDA Good Agricultural Practices, LODI RULES, and SAI-FSA.

In order to ensure that we operate consistently with the standards, we follow a comprehensive set of stewardship principles that integrates the development, management, and operation of working lands for useful products with a commitment to conserve soil, air, and water quality; biological diversity; wildlife habitats; and participation in vibrant, healthy communities. These principles inform more granular stewardship policies that guide our property management professionals in day-to-day asset management decisions.

Timberland and agriculture sustainability tool kit



A message from Paul R. Lorentz

Firm overview

The continuing evolution of investment stewardship

Stewardship code principles and our practices

Stewardship, investment, and ESG integration

Connecting investing and stewardship

Active ownership is a key component of our investment and ESG integration processes. Through our stewardship activities, we exemplify sustainable management—or influence the management—of assets to preserve and unlock value within our portfolios.

As investors, we exercise our rights and engage with stakeholders to influence the adoption of best practices in operations, reporting, oversight, and governance of material sustainability risks and opportunities. Our investment teams execute active ownership rights and responsibilities in collaboration with partners in and outside the firm.

In the case of proxy voting, to take an important example, multiple functional areas collaborate with our investment and sustainability teams to carry out voting rights in accordance with voting policies that seek to arrive at decisions that serve the best interests of clients. Active ownership for our private markets investments looks different but is no less important. As an example, we directly operate a majority of our timberland and agriculture investments, meaning that we have farmers and foresters on staff to actively manage these assets in a way that creates value for our investors while maintaining or enhancing the sustainability of the assets themselves. These stewardship practices are vital to the successful performance of our portfolios.

Looking ahead

Since adopting our inaugural sustainable investing policy in November 2015, we've rapidly embedded sustainability factors into our investment processes and operations and demonstrated innovation and commitment in what continues to be an evolving field. We'll continue to roll out training resources, including video trainings and proprietary research, in 2024 to support our ESG research framework, and we anticipate publishing further statements to assist clients in understanding our approach to a number of sustainability issues.

Monitoring managers and service providers

Manulife Investment Management is committed to ethical business practices and good governance, both of which are integral to how we want to do business and to our long-term success. Achieving this requires a commitment to integrity and consistent high standards from all partners, including our vendors and external managers.

Our approach to working with providers

A vendor code promoting integrity and performance

To best ensure that our vendors act with integrity and meet our high standards consistently, we ask them to adhere to the requirements of Manulife's vendor code of conduct:

- **Full compliance with applicable laws and regulations at all times,** including anti-money laundering, antitrust, and anti-corruption laws
- **Act with integrity and ethical behavior in business dealings,** and conduct business in an openly competitive environment that's in compliance with applicable anti-money laundering, antitrust, and anti-corruption laws
- **Robust security of firm and client data through adherence** to privacy and nondisclosure agreements and policies, processes, and controls to ensure that information provided by Manulife Investment Management remains confidential and secure
- **Commitment to its employees** through fair employment and labor practices, a culture that treats associates with dignity and respect, and a workplace that provides protection against workplace harassment, abuse, discrimination, and violence

- **Processes to identify human rights violations in the supply chain,** first through compliance with applicable antislavery and human trafficking laws, statutes, regulations, and codes, and then through due diligence processes across its operations
- **Safe workplaces** that provide healthy environments for employees, with practices to minimize or eliminate any hazards
- **Limited impact on the environment** through documented policies and procedures that minimize, or mitigate, the environmental impacts associated with business activities

Ongoing evaluation and oversight

We monitor vendor risk and performance throughout the life of a partnership with a vendor through both formal and informal avenues. Our procurement team partners with local business units to conduct regular reviews of service provider capabilities. Each review provides a snapshot of a vendor's performance at a specific moment. Aggregated over time, these snapshots reveal performance trends over the term of the business relationship. We score vendors through these assessments on:

- Quality of products and services
- Knowledge and technical expertise
- Data integrity
- Billing and invoicing
- Focus on generating efficiencies
- Timeliness of services and reporting
- Incident response
- Relationship management
- Adequacy of staffing and resources
- Commitment to collaboration

We also communicate with our vendors regularly regarding their products and services, and we frequently share best practices and, as necessary, offer suggestions to help our vendors make improvements to products and services. This communication creates more dynamic partnerships that allow us to respond quickly to the changing business environment and our clients' needs.

We reserve the right to monitor, assess, and audit all vendors according to our vendor code of conduct, and we may discontinue business with any vendor that doesn't comply with our code's provisions.

Supplier diversity

An important aspect of vendor procurement is supplier diversity. We're in a world in which historically underrepresented groups and their allies are challenging the status quo, and we believe more equitable wealth generation opportunities will help pave the way toward a sustainable future. Manulife's commitment to supplier diversity is embedded in its procurement practices, actively supporting minority owned businesses. This commitment aligns with our impact agenda and the business pillar of our DEI strategy. Through our supplier diversity program in North America, Manulife continues to support businesses owned by women, racially and ethnically diverse communities, persons who identify as LGBTQ+, veterans, persons with disabilities, and indigenous peoples as part of our efforts to reflect the diversity of the communities in which we operate.

In cases in which we operate assets in real estate, timberland, and agriculture, Manulife Investment Management's procurement teams that represent each asset class oversee the specific procurement activities. They're supported by sustainable investing professionals who seek to ensure observance of responsible contracting practices 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.

A message from Paul R. Lorentz

Firm overview

The continuing evolution of investment stewardship

Stewardship code principles and our practices

Monitoring managers and service providers

We remain focused on the integrity of ESG data

Where relevant and appropriate to do so, we use sustainability data and research across our products and services.[19] The dynamic nature of sustainable investing requires us to identify and partner with vendors that provide robust data and research today and that also demonstrate the ability to innovate and anticipate the needs of tomorrow.

We regularly assess new products, emerging datasets, and tools to ensure that we continue to engage providers that best match the needs of our clients, our firm, and our stakeholders. In 2023, we continued to see emerging data providers in the sustainable investing space, especially around biodiversity. We also expect to see more data disclosed by companies in relation to the EU taxonomy, and we continue to seek further data to enhance our ability to review against the SFDR framework and other emerging standards.

We also work regularly with our existing ESG research and data providers to help them improve their services; we've generally found, for example, that ESG data and research are more widely available for publicly listed equities than for public debt. We're working with our providers to expand debt issuer coverage, especially for smaller issuers, emerging-market issuers, and issuers that don't have equity shares listed on a public exchange. We perform regular data-quality assessments of our vendors and provide input on proposed methodology changes.

Confronting data errors

As data providers rely on a number of sources of information to generate their data, and with corporate disclosures still evolving with respect to sustainability reporting, we may find that some data is inaccurate or incomplete. When we identify such issues with third-party information, we may engage with the vendor to have the data updated or corrected. We may also seek assurance from the service provider that its processes are improved to prevent similar issues in the future. We track vendor engagements and requests for improvement for regular review so that we can address any substantial issues during the contract renewal process. In 2023, we had 38 interactions with service providers, some of which included requests for data updates, coverage expansion, or corrections.

Due diligence of our proxy voting vendor

Manulife Investment Management holds a due diligence review of our proxy voting vendor on an annual basis. Functional specialists from across the firm attend this meeting, including leaders from procurement, compliance, legal, operations, information security, and investments, to ensure that various aspects of the proxy voting vendor's operations and business are closely scrutinized. We review ethics and conflicts of interest policies, regulatory updates, holdings management, vote execution, research, policy development, information security, service updates, and material changes to the vendor business over the past year. Items from this meeting can drive dialogue between Manulife Investment Management and the proxy voting vendor over the following months as we gather relevant information and work toward service enhancements. In addition to our annual due diligence, in 2023, we, along with other clients of the proxy voting vendor, met with the vendor to specifically discuss their sustainability-themed voting policy. We, with peers, provided feedback on the proxy voting policy development process and enhanced climate and nature data within issuer reports, among other matters.

19 Unless where such ESG integration doesn't apply to a specific product or service, or at a client's request.

A message from Paul R. Lorentz

Firm overview

The continuing evolution of investment stewardship

Stewardship code principles and our practices

Monitoring managers and service providers

Centralized ESG materiality framework

At Manulife Investment Management, we have a central research platform that our public markets investment teams may use to track issuers, keep research and engagement notes, and review relative performance, among other functions. We partnered with the vendor that provides the platform to create a custom application within the research platform that houses our proprietary ESG materiality framework into our central research database. In collaboration with our vendor, we launched this application on our research platform. This enhances our ESG integration by highlighting material ESG risks and opportunities for specific issuers.

Requirements for our real estate managers

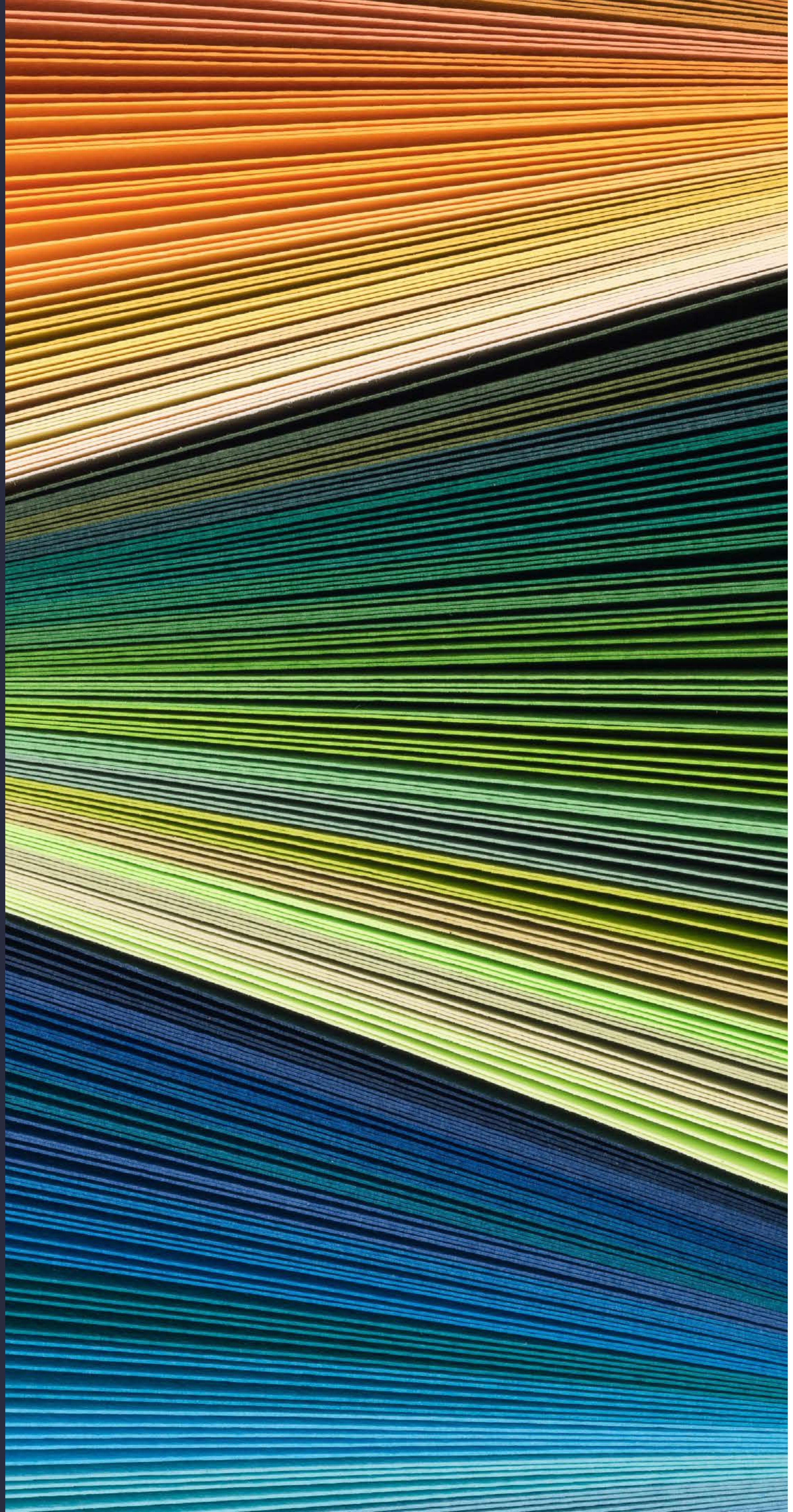
Over the course of 2021 and 2022, we migrated our North American real estate platform to third-party property managers, transitioning from being a property owner and asset manager to a pure-play real estate investment manager. As a result, we've taken on a different role and now work collaboratively with third-party property managers to advance sustainability together; for example, we've updated our Sustainable Building Standards to ensure property managers have the guidance they need to succeed.

Included in both the RFPs and the property management agreements are sustainable investing requirements and sustainability reporting. We require our third-party property managers to adhere to our own sustainability policies, to provide updates annually according to our own Sustainable Building Standards, to provide utility bills on a monthly basis, and to provide requested ESG metrics for information on, for example, waste audits and diversion reports, energy audits, refrigerant or diesel consumption, tenant engagement activities, and occupancy counts.

Selection and oversight of third-party managers

Our public markets GMR team is responsible for investment evaluation, decision-making, and oversight of assets where Manulife Investment Management has delegated some, or most, investment management functions to a third-party manager. This team applies a combination of quantitative and qualitative processes to monitor and assess our delegated management of client assets. The GMR team responded to industry demands by continuing to expand and refine its ESG oversight process. This included conducting an industry survey of stewardship practices to enhance oversight of how the delegated investment managers vote proxies on behalf of our investors; additionally, the team developed tools to keep up with the rapidly changing global climate risk disclosure environment. The team has conducted a review of its processes to ensure it's able to provide the same rigorous standard of investment manager oversight to all delegated managers.

- **ESG-dedicated sessions—**Held with portfolio teams during annual due diligence meetings; for larger strategic partners, the team will also meet with dedicated ESG-focused roles where applicable
- **Quarterly calls—**Coverage of ESG integration in the context of fundamental drivers of portfolio positioning during quarterly calls with investment teams
- **Due diligence questionnaire—**ESG-specific questions in the annual due diligence questionnaire sent to managers
- **Access to ESG data—**Team analysts have access to ESG reporting tools and data through several vendors and sources
- **Formal internal assessments—**Holds formal ESG assessment discussions between analysts and the regional heads in which the regional heads check analyst reviews against a broader market perspective



Within private markets, our PE&C group maintains a rigorous process for selecting, evaluating, and monitoring third-party managers. The investment teams have developed a robust process and set of tools for evaluating third-party manager sustainable investing practices and performance throughout the investment cycle. The approach leverages industry-leading practices, including resources from the SASB and the PRI. In 2023, we developed and rolled out a brand-new proprietary manager maturity assessment framework for evaluating the sustainable investing practices of our sponsors and general partners (GPs). The framework looks at the following areas:

- ESG governance and oversight
- Culture, capacity building, and training
- ESG policy, standards, and best practices
- Due diligence
- Value creation and risk management
- Incident reporting
- Investment exit
- Sustainability reporting and communications and contractual commitments
- Limited partner (LP) engagement
- Approaches to DEI and climate change

Case study—overcoming challenges in scope 3 emissions estimates

Issue: Estimating a company's scope 3 emissions[20] can be a challenging task, as these estimates involve calculating indirect emissions from the company's supply chain, investments, and sold products over which the company may not have direct control or insight. Furthermore, many companies currently don't disclose or only partially disclose their scope 3 emissions.

Estimations, therefore, have to navigate these inherent difficulties and are at risk of making overly broad assumptions. For example, data providers may assume that companies across an entire industry may engage in the same activities even though actual operations and business segments can vary significantly by issuer.

In reviewing scope 3 estimates from one of our data providers for the heavy electrical equipment industry, we realized that a producer of wind energy equipment had a much bigger scope 3 emissions profile than many more traditional producers of fossil fuel-based energy.

Action: We engaged further with the data provider to explore their scope 3 estimates for this wind equipment producer and determined that, due to a general lack of disclosure, estimates were based on scope 3 data from only five other global, heavy electrical equipment companies. This wasn't only a small sample set, but the business activities of that small sample didn't match up well to the operations of the wind equipment manufacturer in question.

We suggested that the data provider should update their methodology to make estimates more closely based on actual business activities conducted.

Outcome: After discussions with the data provider on this issue over several months, they confirmed that they'll change the methodology to better reflect actual business activities. Ultimately, they'll provide data that distinguishes downstream scope 3 emissions by business activity across issuers.

We continue to monitor the progress of scope 3 estimate methodologies and to engage with our data providers on such issues. Simultaneously, we may also engage with issuers directly on their scope 3 emissions to understand challenges they face while acting as a bridge between companies and data aggregators to provide meaningful feedback in both directions.

20 Scope 3 emissions are all indirect emissions not included in scope 2 that occur in the value chain of the reporting company, including both upstream and downstream emissions. Please see GHG Protocol for more details.

A message from Paul R. Lorentz

Firm overview

The continuing evolution of investment stewardship

Stewardship code principles and our practices

Monitoring managers and service providers

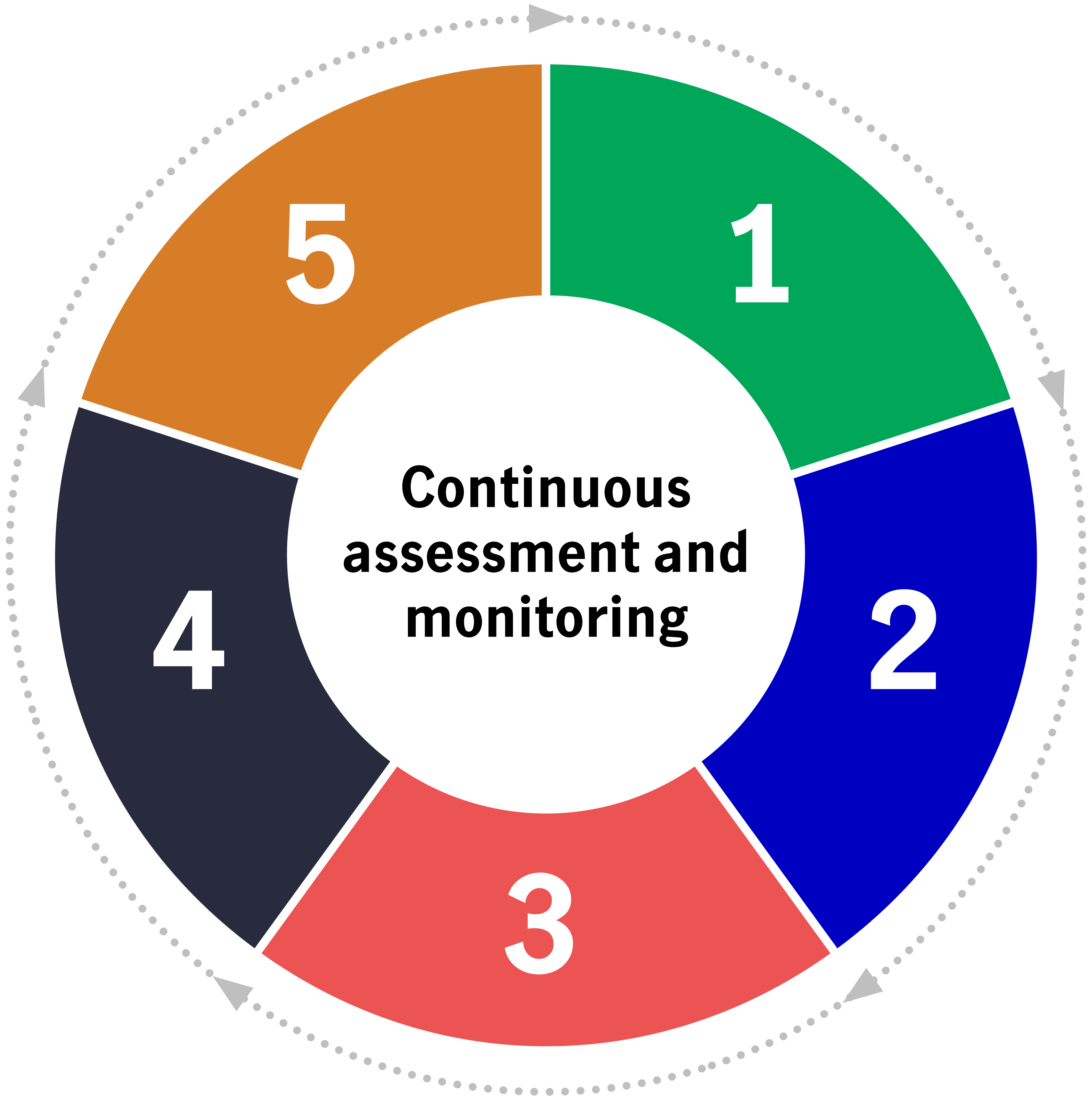
Case study—collaborating with an asset manager partner to adopt a sustainable proxy voting policy

Issue: Our public markets GMR team is responsible for oversight of asset managers to whom Manulife Investment Management has delegated some, or most, investment management functions. In the course of its annual review cycle, the GMR team noted that one of our large asset management partner's stewardship practices led to a dispersion between its stated sustainability goals and its proxy voting outcomes. This asset manager withheld support for individual directors to express concerns with management of sustainability factors rather than support shareholder proposals—even when those proposals aligned with the asset manager's own sustainability policy. On review, the GMR team found that this approach, while it may have been novel in the industry, was ineffective at driving change or advancing sustainable outcomes consistent with the asset manager's sustainability policy.

Action: Working together with our asset management partner, the GMR team identified an alternative implementation process used by this asset manager in portfolios offered elsewhere. This alternative process included supporting sustainable shareholder proposals when they aligned with the asset management partner's sustainability policy.

Outcome: Manulife and the asset management partner have executed a letter of instruction changing the voting policy for all Manulife Investment Management-associated portfolios from the asset manager's standard policy to the alternative policy that offers more flexibility to support shareholder proposals. This new strategy is expected to better align the asset manager's voting with its sustainability statement and to increase its support for shareholder proposals encouraging issuer adoption of best practices related to management of ESG factors.

Robust manager oversight process



1 Daily
- Monitor performance and positioning
- Ad hoc interactions with managers

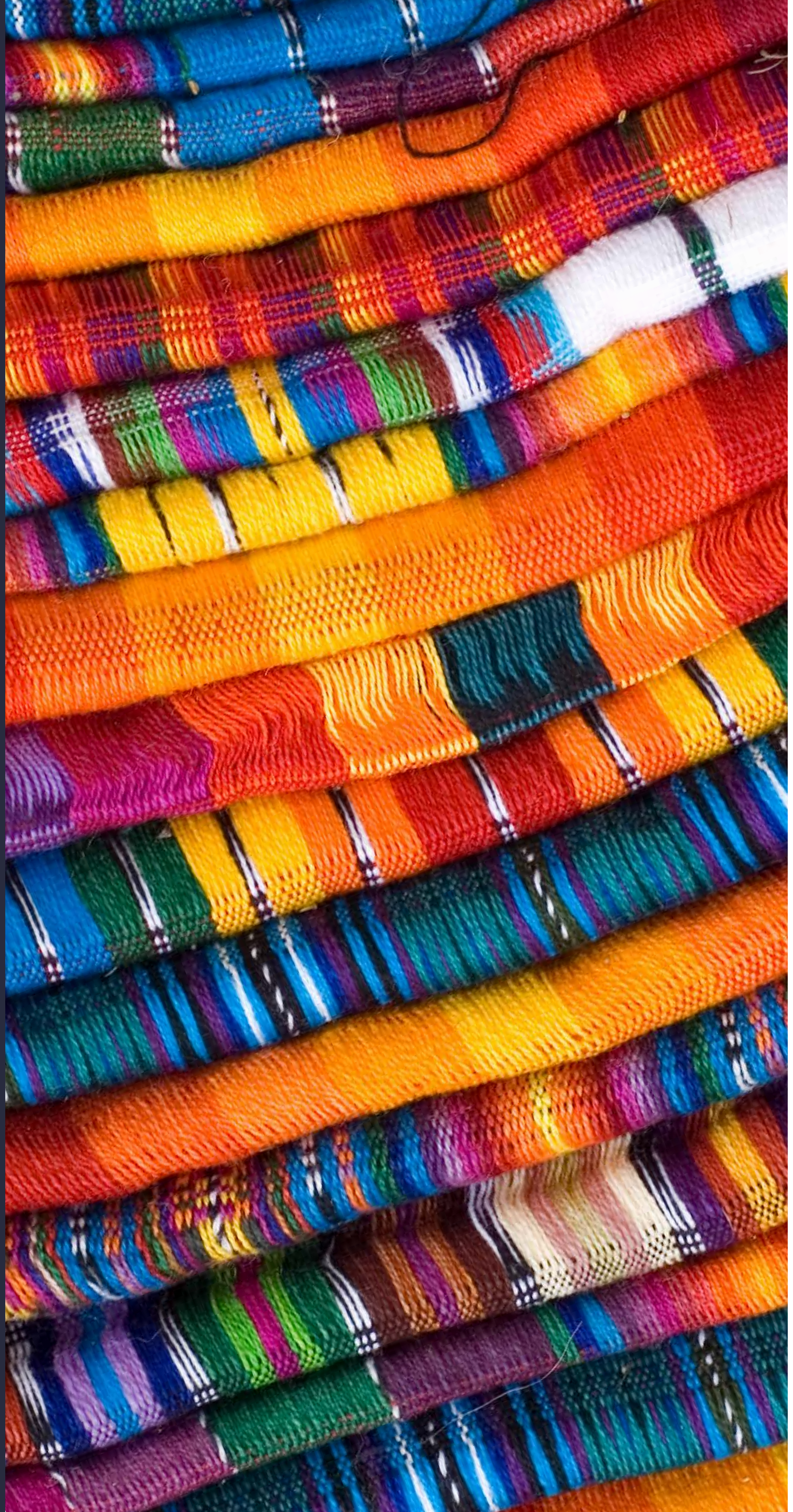
2 Weekly
- Team meetings
- Sharing of best practices

3 Monthly
- Global research meetings
- Investment risk oversight committee meetings

4 Quarterly
- Board and investment committee meetings
- Strategy investment reviews

5 Annually
- Due diligence meetings with portfolio managers, risk managers, and key executives
- Manager risk questionnaire

Relates to public markets manager oversight processes.



Looking ahead

The ESG data, research, and ratings provider space is highly fragmented. No one company provides the coverage, quality, and solutions that meet the diverse investment exposures that Manulife Investment Management has through our portfolios. At the same time, vendor and data service offerings continue to evolve at a rapid pace, and we look forward to evaluating new vendor capabilities and functionality over the coming year. We hope to identify new features and providers that will help us best integrate biodiversity data into our investment processes and support our product suite. Regarding engagement, in particular, we hope to onboard an engagement database provider in 2024 to enable increasingly sophisticated reporting of activity.

A message from Paul R. Lorentz

Firm overview

The continuing evolution of investment stewardship

Stewardship code principles and our practices

Engagement

Engagement

We believe that engaging with companies on their most material sustainability issues can enhance their long-term competitiveness and profitability while also generating collective prosperity for investors and companies and benefiting society as a whole.

Reflecting on our ability to mitigate sustainability risks, we believe we've met with some success while we also recognize that more work needs to be done. In 2023, our public markets investment teams continued to engage with two issuers within their portfolios that were identified as most exposed to either physical or transition risk associated with climate change. It's early days in this initiative, and it's primarily focused on due diligence and garnering an in-depth understanding of how these issuers are addressing climate risks and opportunities specific to their own operations. Over time, as we continue to work with these issuers, we hope to see improvements in practices. Through this engagement process, we hope to influence issuers to increase their public disclosures, which will in turn reduce risks to the companies while increasing our portfolios' resilience to climate change risk. We've also begun to engage with a subset of issuers on deforestation risk to understand our exposure across portfolios and company progress on the issue.

Our approach to engagement

We use engagement as a tool to both gather information and influence other stakeholders to adopt best practices. Engagement with companies helps to deepen our understanding of the sustainability issues underpinning their strategies while providing opportunities for them to better understand our investment process and objectives. As investors, we also play a key role in encouraging companies to adopt sustainable business practices that promote stable long-term growth and reduce the potential impact of material sustainability risks over time. We engage with companies on a range of substantive corporate, strategic, and sustainability matters that could alter their valuation, fundamental standing, or strategy.

The diversity of our engagement approach

Given our boutique structure, engagement priorities will differ from investment team to investment team depending on their portfolios' focus and/or holdings profile. The size of a holding within portfolios and the varied nature of any given emerging risk or severe controversy are among the factors that can prompt and shape these engagements.

Goals can also change by region; for example, disclosure of ESG information might be a focus for emerging markets where this regular disclosure isn't common practice, whereas improvements in sustainable investing and performance may be more commonly scrutinized in developed markets, given their stronger record on sustainability disclosure. Given the varied composition of both our portfolios and assets, each investment team drives its engagement priorities alongside consideration of any of these relevant factors in consultation with our sustainability professionals.

Engaging partners in public markets

We're aware that, in our engagements within public markets, we may be having similar conversations across portfolios but with representatives that vary by asset class; in listed equities and corporate bonds, for example, we seek to interact with senior management teams. When engaging sovereign bond issuers, we look to speak with a government representative in an environmental or financial role. In the case of municipal bonds, we open a dialogue with local finance and elected officials.

A message from Paul R. Lorentz

Firm overview

The continuing evolution of investment stewardship

Stewardship code principles and our practices

Engagement

Case study—improving employee safety governance at an integrated oil and gas company

Issue: One of our investment teams held a position in a large North American integrated oil and gas company. In addition to ongoing monitoring of climate risk, the investment team was concerned that the issuer had several worker accidents in its operations over the past several years. Many of the safety issues revolved around contracted employees. The CEO was relieved in 2022 in response to another safety incident, but it was generally unclear as to how the company planned to improve its safety management practices to prevent further incidents.

Action: Our team reviewed safety practices versus peers and consulted with our internal sustainable investing team to identify engagement points and suggestions to offer the company. We then engaged with the company to identify our concerns around its culture of safety and reporting, as well as to encourage the company to review compensation incentives around employee safety throughout the organization.

Outcome: This remains an ongoing engagement and we're monitoring progress. The company reported in July 2023 that the numbers of their contracted employees declined year over year. Their expectation is that the risk associated with those employees would be reduced and, by bringing expertise back in house, control and oversight over employee safety would improve. The company also doubled the weighting of the worker safety metric in the annual bonus portion of the executive compensation scheme.

Engaging partners in private markets

Where we own and operate assets and businesses, we have a direct line into the business and can influence it directly through our board seats and management teams. For private investments in which we don't have control or board seats, we seek to interact with the sponsor or GP.

Throughout the investment lifecycle of all private asset classes, we continuously engage with our co-investors, investees, and business partners to encourage adoption of best practices, and we monitor the ESG-related data available to help ensure the efficacy of our approach. Where we directly operate our assets, we weave sustainability into our operational strategies and execution.

Where we don't operate assets ourselves, we build meaningful partnerships with leading operators and sponsors. Once we invest, our team maintains a close relationship with the management teams of companies and our investment partners to continue monitoring material aspects of the investment, including sustainability factors. In some cases, we may take a position on a board; in other cases, we may request protective governance rights and controls.

In-house engagements focused on outcomes

Manulife Investment Management conducts all direct issuer engagements using internal staff; we don't delegate the responsibility of engagement to a third party.[21] We take this approach because we believe that what we learn from our engagement efforts is an important component for determining intrinsic valuation, which results in an improved risk/reward profile for our portfolios. We prioritize individual engagement with companies when our assessment suggests that sustainability factors are potentially material to an investment's risk/reward profile. We may also consider the significance of the investment within a given portfolio, our degree of influence, or the expected contribution to long-term value creation derived from successful engagements.

We often establish objectives in our engagement efforts. Once we've identified a material issue, we aim to collaborate with the company to address it. We then track that company's progress toward resolving the issue over a reasonable timeline, regularly evaluate improvement, and, in the event that we're unsatisfied with the progress, may escalate any given issue.

Public markets investment staff contribute to a centralized recordkeeping and tracking system maintained by the sustainable investing team. Using this system, we track requests to companies to check that management progress is meeting our outcome expectations against a defined time frame. This internal portal is open and collaborative to encourage discussion among investment staff across strategies.

Highlighting engagements for clients through the year—Our case studies webpage is populated with examples of engagements and their associated outcomes. We believe this provides clients and other stakeholders with insight into our activities in a dynamic format as we update the page through the year.

21 Note that where we support collaborative engagements, for example, CDP and the Canadian Coalition for Good Governance, these entities may also engage with issuers on the same matter.

From engagement volume to a focus on outcomes

Both the investment professionals and sustainable investing team members at Manulife Investment Management have conversations with issuers across our holdings. We shifted our focus from scaling up the volume of conversations to outcome-oriented engagement and seeking to influence firms to enhance their practices and mitigate the impact of material sustainability risks.

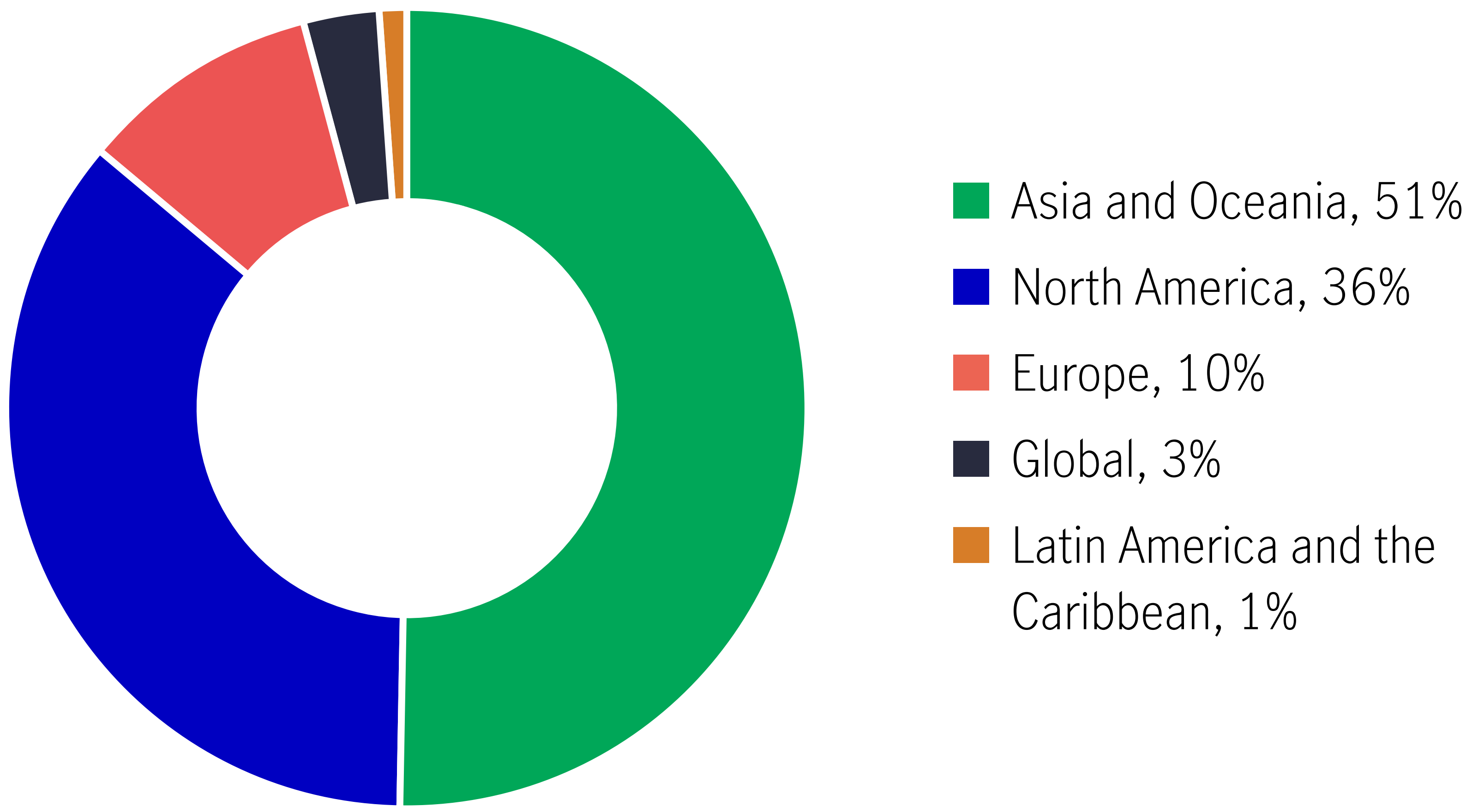
Although we recognize that this focus on outcome-based engagements can take months—if not longer—to achieve our desired results, we believe our focus on collaboration with firms to mitigate risk is beneficial to our portfolios and clients over the longer term.

800+ unique issuers

25+ vendors, NGOs, governments and industry bodies

1,250+ unique interactions

Unique entities engaged by region



NGO refers to nongovernmental organization. The global category includes vendors, NGOs, and influencers with a worldwide focus and coverage. Mexico is included in the Latin America and Caribbean category. Percentages may not add up to 100% due to rounding.

Case study—investigating one of the world's largest pulp producer's approach to biodiversity

Issue: The issuer is one of the world's largest producers of pulp, which is a key component for paper packaging as well as consumer goods such as tissues.

Pulp producers can potentially make a positive contribution to sustainability issues because trees sequester carbon and downstream pulp products could displace carbon-intensive alternatives or those with pollution/recycling problems, such as plastics. However, pulp plantations typically consist of a single species, also known as a monoculture, and in South America, eucalyptus trees are favored for their growth and fiber characteristics.

Monocultures can lack the plant and animal species diversity that's of foundational importance to local ecosystems. Biodiversity is gaining prominence as a sustainability focus area, and this issue is especially pertinent for Brazil given its history of deforestation and habitat loss. It's likely that pulp producers' end customers will begin to require higher biodiversity standards.

For these reasons, we believed that it was important to engage with the issuer on this topic.

Action: To assess the company's biodiversity efforts, our investment team participated in a dedicated call with members from the issuer's sustainability team. Having consulted with 50 outside experts, the issuer's flagship commitment is to connect 0.5 million hectares of priority areas for the conservation of biodiversity by 2030.

Our investment team wanted assurance that the issuer was taking steps to honor this commitment and, more generally, operate in a way that respected local biodiversity. Since engagement on efforts to preserve and restore biodiversity is relatively new, this was also an opportunity for us to learn about biodiversity reporting. Companies and investors need to decide which biodiversity metrics are important for certain industries and be aware that there are limitations on the tools and data currently available.

Outcome: Through this engagement, our investment team gained a better understanding of the biodiversity issues confronting pulp producers.

The issuer was able to demonstrate that a considerable amount of thought informed its approach to biodiversity and its impact on the environment. Having identified connectivity as a key area in which it could positively contribute, the issuer has begun to create biodiversity corridors and is trialing several different ways to best achieve the 0.5 million hectare commitment while operating its commercial forest operations.

Through various means (e.g., satellites, drones, sound recorders), the issuer will be collecting data on connectivity and other biodiversity indicators such as local animal populations and has assured our investment team of continued disclosure efforts. Our team will monitor the progress being made on the issuer's various commitments and continue to engage with the company.

Top sustainability engagement discussion topics 2023

Discussion topics	Total interactions
GHG emissions	21%
Energy management	17%
Human capital management, employee engagement, and DEI	9%
Collective bargaining and labor relations	8%
Sustainable sourcing practices	7%
Management of the legal and regulatory environment	5%
Board diversity (gender/ethnicity)	5%
Executive compensation	5%
Physical impacts of climate change	5%
Biodiversity	4%
Water and wastewater management	3%
Product design, lifecycle management, and/or packaging	3%
Human rights	3%
Product complaints, litigation, and recalls	3%
Employee health and safety	3%
Waste and hazardous materials management (e.g., tailings, effluents)	2%
Net zero/decarbonization targets and strategy	2%
Data security	2%
Customer privacy and rights	2%
Board chair/CEO independence	2%
Access and affordability	2%
Transition business opportunities	2%

Source: Manulife Investment Management, as of December 31, 2023. This list relates to engagements with public markets issuers and was compiled using data from our proprietary engagement tracker. A single engagement may be represented across multiple topics as a single engagement often covers a range of issues. The list above reflects topics that we track that were discussed in at least 2% of our total engagements.

Looking ahead

We'll continue to focus on outcome-based engagements and setting goals for investment teams that ensure sufficient outcome-focused engagements are always in progress. We'll continue reviewing our tracking and recordkeeping tools and processes associated with engagements with a view to enhancing our data analytics and reporting capabilities.

Collaboration

Around the globe, we participate in a wide variety of collaborative efforts with industry peers, nonprofits, NGOs, and supranational entities. This work allows us to expand the scope of our sustainability-focused activity while helping us build more resilient portfolios. Our collaborative efforts may focus on individual investments or systemic risks—and sometimes both.

Our approach to collaborative efforts

Collaborative efforts allow us to share perspectives with, and to learn from, peers and third parties while also amplifying our influence as we encourage improvements across issuers, markets, and policymakers to build investment resiliency. These collaborative efforts have proven to be a valuable aspect of our stewardship activities.

Our collaborative efforts take various forms but typically focus on the identification and mitigation of systemic risks that are likely to have an impact on performance across our portfolios over a longer time frame. Common topics for collaboration include climate change, governance, risk management, human rights, diversity, and appropriate sustainability disclosures. The collaborative action we may take to address these risks can be an effective pathway to leverage influence and enact change with the goal of reducing risk and capturing opportunities. Our activities may target change at a systemic level through our influence with standards setters as they create and update frameworks, or we may engage with issuers through collaborations to encourage best practices in management of sustainability issues. Through either avenue, we're working to build iterative resiliency across our portfolios.

We also work through peer collaborations to encourage the development of sustainability standards. Rather than focus on a single issuer in a given engagement, we work through these initiatives to encourage entire industries or markets to adopt best practices in governance, operating, or disclosure standards. We find that these initiatives help us articulate what practices and information we find most valuable in our investments while learning from peers and third parties about the most recent research and thinking on current and emerging risks.

Amplifying our impact through collaboration

Market education
We engage with a wide range of industry participants and seek to be a leading voice

Regulator/policy focus
We support regulators' efforts to formalize the sustainable investing industry

Issuer focus
Our collaborative leadership helps us steer markets and the economy

While participating in a variety of collaborative engagements, we retain discretion and make unilateral and independent investment decision.

Case study—the global engagement research initiative

An example of one of our research, development, and training initiatives is the GERI. This program consists of bimonthly meetings with equity, fixed-income, and sustainable investment professionals. Each GERI meeting has a sector theme, and internal professionals as well as outside speakers are invited to present pertinent research for a given sector. Relevant investment topics in 2023 included:

- Deforestation regulations and data sources
- Sustainability scoring within the industrials sector
- U.S. Inflation Reduction Act
- Climate disclosure in the financials sector
- Nuclear energy

These meetings provide a dynamic learning environment in which decision makers are exposed to, and can challenge, new investment ideas and enhance their active ownership practices. It's particularly important to us that we provide a holistic perspective across the capital structure; for this reason, we regularly involve equity and fixed-income points of view in these sessions. That, in turn, can help sponsor a higher vantage point from which our investment personnel are able to analyze topically related companies.

Engaging on systemic risks one investment at a time

We continued to participate in collaborative efforts through which we believe we can make a positive impact. Several initiatives to which we belong work to address systemic risks by working toward singular outcomes at individual companies that are systemically influential. We believe that addressing some risks through focused action will gradually lead to a strong sustainability profile across our client portfolios.

As part of our evaluation of various initiatives, we consider the size of our investments covered by the initiative, the materiality of a given issue, and the resources we'd need to dedicate to the collaboration, among other factors. Once we decide to collaborate, we often look to lead discussions with those issuers in which our holdings are most affected. Apart from outcomes achieved through our efforts in engaging individual management teams, we also deepen our expertise on issues by learning from our peers and other market participants across a range of sustainability issues and stewardship practices.

2023 collaborative activity

We continued to participate in collaborative initiatives in which we believe we can have a substantial impact. Our work with Climate Action 100+ and Climate Engagement Canada (CEC) continued as we conducted conversations with an oil and gas company, an industrial chemicals manufacturer, and a mining firm seeking iterative improvements to their climate risk profile. Through the AIGCC, we continued to work with peers in encouraging responsible phaseout of coal for power generation at Asian utilities. At AIGCC, we also chaired the Physical Risks and Resilience Working Group and founded and chaired the Energy Transition Working Group. Having achieved 30% board diversity at an issuer, we decided to roll off of an engagement through 30% Club Canada and focus our efforts elsewhere; for example:

- We were active as a member of EMIA in engaging with sovereign debt issuers to improve transparency and management of sustainability matters.
- We started executing an engagement under the Ceres' Valuing Water Finance initiative to address water risk at a restaurant operator.
- We continued our commitment to the PRI Infrastructure Advisory Committee by taking on the committee chair role.

The following examples of collaborative engagements provide additional context of our involvement in the intended benefits.

Real estate: sponsorship and working groups

In 2022 through 2023, we sponsored a collaborative industry initiative led by the Urban Land Institute (ULI) to review the use and coverage of the available ESG certifications and reporting frameworks across the real estate investment value chain to create more transparency and enhance understanding and sharing of market practice. The outcome of this sponsorship was a report published jointly by ULI, the European Association for Investors in Non-Listed Real Estate Vehicles (INREV), and PRI, in collaboration with a committee of leading industry experts and supported by PricewaterhouseCoopers. The "Mapping ESG" report embarked on a journey to map, compare, and assess the most important global ESG-related regulations, standards, and certifications in relation to the E, S, and G components.

In 2023, we chaired the Zero Carbon Working Group of the Real Property Association of Canada (REALPAC), which convenes Canadian real estate owners and managers to advance industry knowledge on carbon reduction in real estate.

A message from Paul R. Lorentz

Firm overview

The continuing evolution of investment stewardship

Stewardship code principles and our practices

Collaboration

PE&C—Institutional Limited Partners Association working groups

During the year, Manulife Investment Management was invited to participate in the ILPA ESG Data Convergence Initiative PC group alongside 11 other global LPs and GPs to address how EDCI can engage with private credit investors with the aim of creating a single, more unified approach to ESG data reporting and benchmarking across the private company capital structure.

We believe that these efforts, once implemented, will substantially contribute to creating better alignment, more efficiencies, and more robust benchmarks with respect to ESG data and sustainability performance for the PE&C industry.

ILPA ESG Assessment Framework

ILPA released its ESG Assessment Framework as a resource for LPs looking to build a tool to evaluate and understand the various stages of ESG integration that peers are observing among GPs in the market today. It was designed to help LPs evaluate and benchmark GP responses to due diligence efforts, inform goal-setting conversations with GPs, and measure ESG integration progress over time. Manulife Investment Management was part of the group that helped develop and launch the initial ESG Assessment Framework and, in 2023, we were invited to help update the framework to ensure that it continued to reflect the evolving practices and needs of the market. As ESG conversations continue to evolve and with best practices still being developed, the expectation is that LPs will adapt this framework as appropriate.

A partnership with Climate Action 100+

We joined Climate Action 100+ as a founding member in 2017 to encourage firms to improve climate-related governance and disclosure and to reduce emissions across the value chain. We've led, and continue to lead, several issuer engagements. Over the past year, we continued to engage a large oil sands producer in Canada in collaboration with several asset manager and asset owner peers. After several years of engagement with the issuer and associated requests for assurance and robust targets, the issuer demonstrated some progress in 2022 by conducting a third-party audit of emissions data and by setting new scope 1 and scope 2 targets. In 2023, the company disclosed more details around board oversight of climate risk and indicated, in its latest annual report, more specific areas of its board's expertise in carbon policy and emissions.

We also continued to work on a collaboration with a large North American industrial chemicals company and were pleased to see improvements to their disclosure around decarbonization strategy and capital expenditure related to decarbonization.

Forest sector nature-positive road map

As a member of the World Business Council for Sustainable Development (WBCSD), we collaborate with other members to advance sustainable development. We've previously co-led a project with other forest sector companies to develop the Forest Sector Nature-Positive Roadmap.

Case study—collaborative efforts with CDP

Issue: Manulife Investment Management supports issuers to report on the management and performance of sustainability issues through the CDP platform. The CDP data platform provides investors with climate, water, and forest/biodiversity data that enables comparison of issuers around the globe.

We believe the importance of CDP reporting will likely grow as the reporting platform is incorporating new standards from the ISSB. While the number of issuers reporting to CDP has grown annually, there are many issuers that have yet to report using the platform.

Action: In 2023, Manulife Investment Management supported a collaborative effort through CDP alongside 287 other financial institutions representing nearly US$29 trillion in assets. Manulife Investment Management was a signatory to over 1,600 letters to issuers encouraging disclosure; for 22 issuers, we were a lead signatory and sent letters directly.

These letters strongly encouraged issuers to disclose data on climate, water, and forest/biodiversity or a combination of those three modules to CDP.

Outcome: The campaign met with some success. Of the companies contacted for climate reporting, 20% responded; for forests/biodiversity, 14% responded; and for water reporting, 14% responded to the CDP questionnaire.

We see these as positive rates of response that demonstrate the iterative progress made on a global set of sustainability data for the benefit of investors globally.

We also continued as co-lead on an engagement with a large global chemicals company. We focused in particular on reviewing third-party standards with the company and encouraging improved transparency across those frameworks.

A message from Paul R. Lorentz

Firm overview

The continuing evolution of investment stewardship

Stewardship code principles and our practices

Collaboration

Ecosystem Services Market Consortium for Southern cotton farmers

In 2023, we continued our partnership with the Ecosystem Services Market Consortium (ESMC) as well as the U.S. Cotton Trust Protocol and Forum for the Future to launch the Eco-Harvest pilot project in Alabama, Arkansas, Texas, and Tennessee. The project works with cotton farmers, including some of our own tenants, to generate high-quality carbon credits for corporate buyers.

Trillion Trees initiative

Through a partnership with the World Economic Forum, Manulife has made a pledge to 1t.org and the Trillion Trees community to provide nature-based solutions to mitigate climate change, partner to scale financial investments, and preserve the social and environmental benefits of forests, agriculture, and biodiversity. We pledge to conserve and restore trees and forest landscapes both directly through sustainable forest management, reforestation, assisted natural regeneration, and permanent conservation and indirectly through nursery and seedling development, education and capacity building, and data collection and technology tools.

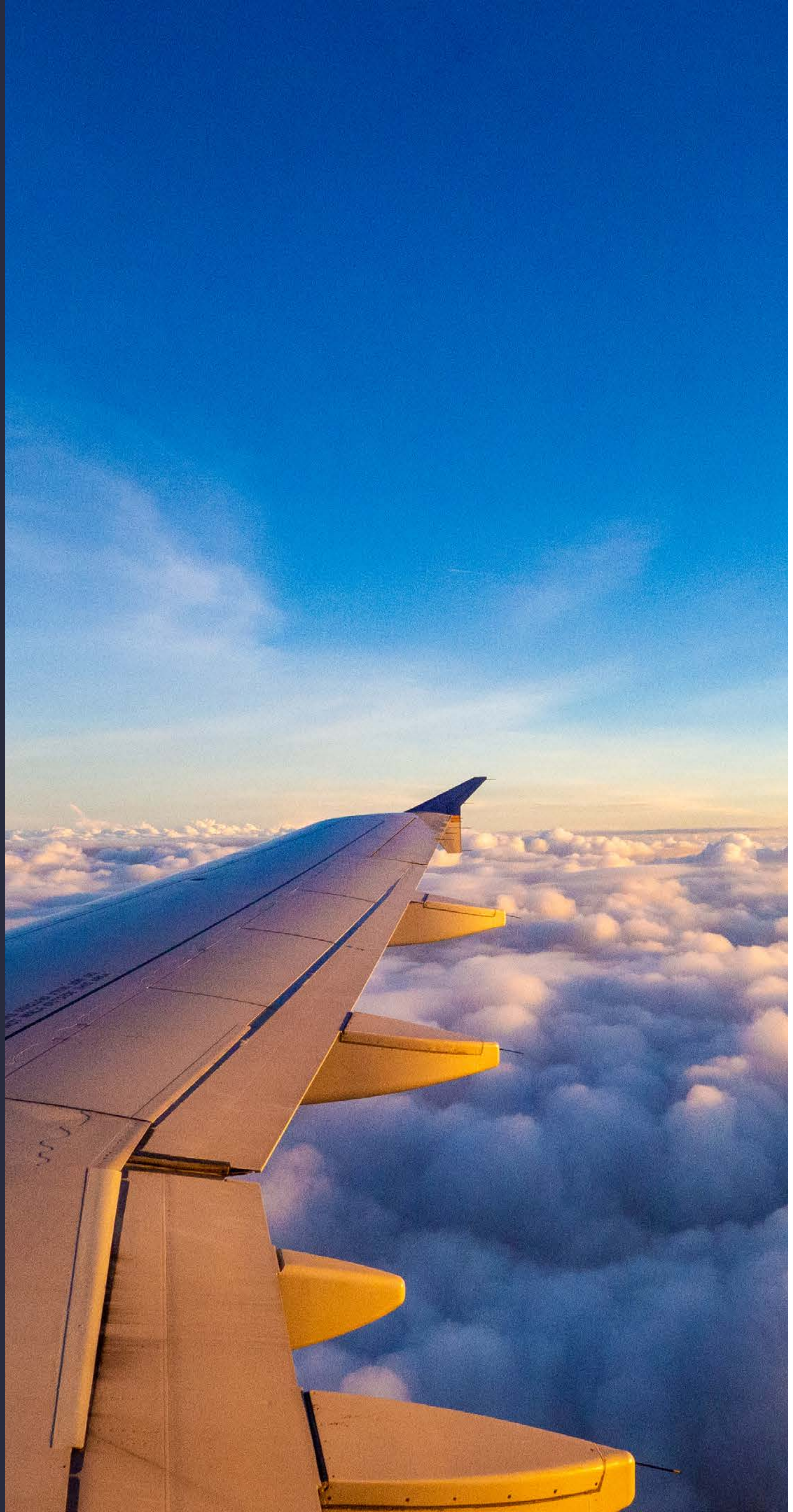
Encouraging board gender diversity

We continued our involvement with 30% Clubs around the world in 2023 across several engagements, notably in Canada, Hong Kong, and Japan. The 30% Club Canada seeks to encourage greater gender diversity on boards and in executive leadership at issuers across Canada as well as encouraging racial and ethnic diversity across positions of leadership. Over the year, we worked with peers to update an engagement guide for 30% Club participants to better align with these recent changes. We also concluded our role in an engagement with one issuer after achieving 30% diversity on the board while continuing to engage with a second issuer to achieve that goal. Through the 30% Club Japan, we organized an event with 27 corporate representatives to discuss gender pay gap to exchange best practices. We look forward to continuing these discussions in 2024.

Focusing on climate change in Asia

We strongly value our collaboration with peers through the AIGCC as this partnership allows us to work with peers on both physical and transition climate risks and opportunities in Asia. Our activities through AIGCC in 2023 included:

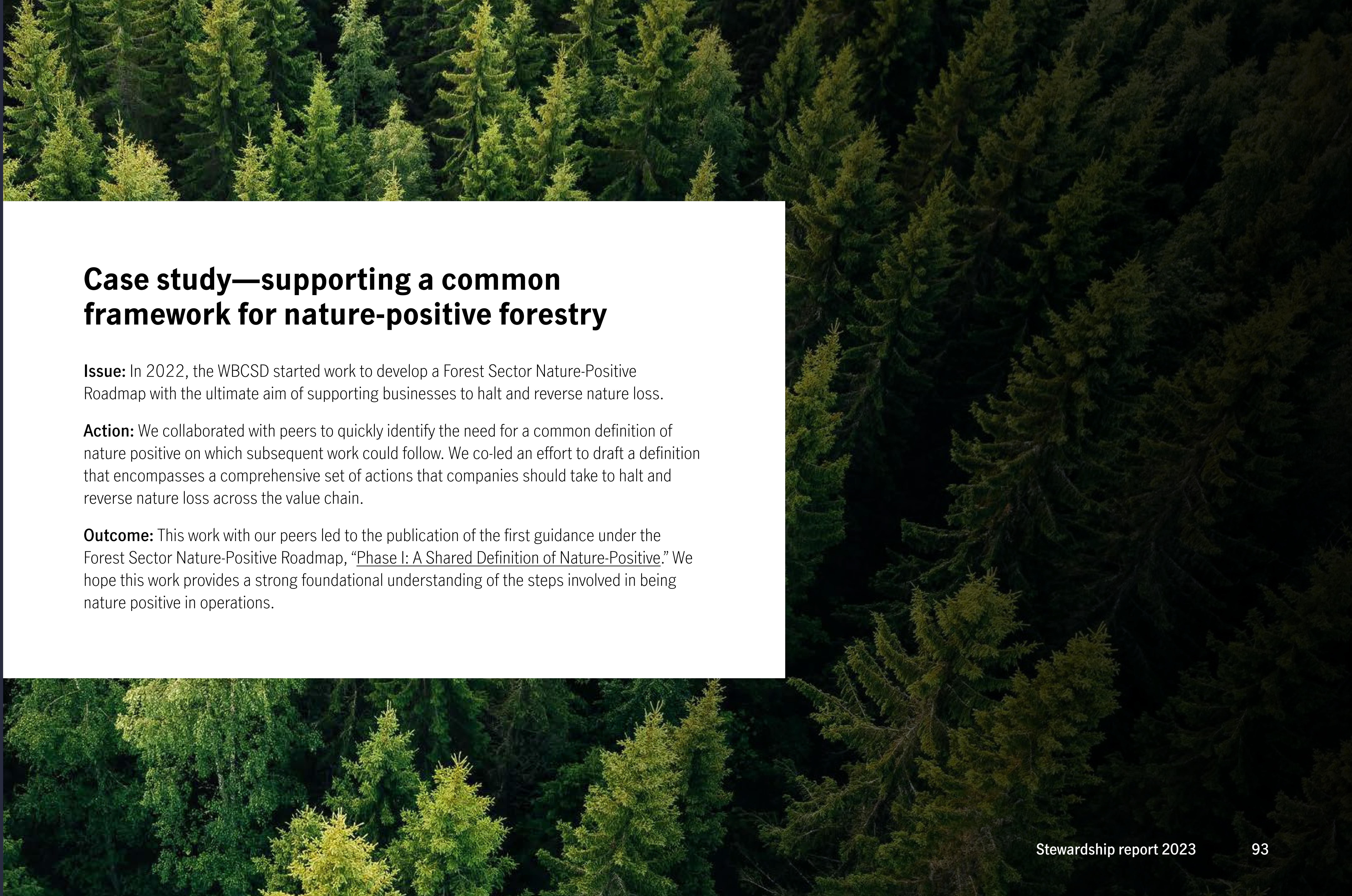
- **Establishment of the Energy Transition Working Group—**We helped to launch, and now chair, this working group called to examine the role of emerging markets in the transition to a lower-carbon economy through consideration of policy, technology, and financial developments.
- **Continued progress through the Asian Utilities Engagement Program—**We continued to engage with utilities on responsible coal phaseout, renewable energy commitments, and improved decarbonization strategies among other topics. The group also held policy engagement sessions in several markets to discuss national transition road maps and managed coal phaseout ultimately in support of a policy environment supportive of a transition.
- **Physical Risk & Resilience Working Group—**Chairing this group, we collaborated on issues that included climate resilience and physical risk assessment methodologies, investor expectations for National Adaptation Plans (NAPs), and Asian bank exposure to sea-level-rise risks. We held a roundtable discussion at the Asia Pacific Adaptation Network (APAN) Forum during the Korean Global Adaptation Week in 2023 with the United Nations Climate Change and the United Nations Environment Programme as a key event to discuss regional NAPs before COP 28. The AIGCC then represented the group's work at COP 28, contributing to the Call for Collaboration on finance for adaptation and resilience. We look forward to continuing this work in 2024.



Taking climate action in Canada

We're a founding participant of the CEC, a finance-led initiative that facilitates dialogue between the financial community and Canadian corporate issuers to promote a just transition to a net zero economy. The CEC is akin to Climate Action 100+, with the purpose of driving more substantial conversations with issuers on the risks and opportunities deriving from the climate transition. As a global asset manager headquartered in Canada, we feel confident that we can bring a wide range of viewpoints and suggestions to this critical topic for the benefit of issuers and investors.

In 2023, we continued participating in several engagements through the initiative. We discussed trade association policy engagement, disclosure of a net zero-aligned scenario analysis, and biodiversity rehabilitation with a mining company; climate targets in executive compensation, carbon credits, and emissions tracking with a fertilizer manufacturer; and sustainable aviation fuel, efficiency gains in new planes, and longer-term targets with an airlines operator. We look forward to continuing this engagement throughout 2024.



Case study—supporting a common framework for nature-positive forestry

Issue: In 2022, the WBCSD started work to develop a Forest Sector Nature-Positive Roadmap with the ultimate aim of supporting businesses to halt and reverse nature loss.

Action: We collaborated with peers to quickly identify the need for a common definition of nature positive on which subsequent work could follow. We co-led an effort to draft a definition that encompasses a comprehensive set of actions that companies should take to halt and reverse nature loss across the value chain.

Outcome: This work with our peers led to the publication of the first guidance under the Forest Sector Nature-Positive Roadmap, "Phase I: A Shared Definition of Nature-Positive." We hope this work provides a strong foundational understanding of the steps involved in being nature positive in operations.

A message from Paul R. Lorentz

Firm overview

The continuing evolution of investment stewardship

Stewardship code principles and our practices

Collaboration

Working with peers on policy

The regulatory environment and momentum around sustainable investing have shifted significantly over the last several years. As we navigate these regulatory developments, we work to influence policymakers and advocate for an operating environment that encourages sustainable business operations, protects and enhances investor rights, and encourages better disclosure of material nonfinancial data and information. We find that our views on these matters often align with those of our peers, and we've found significant benefits in partnering through investment manager associations, including the Securities Industry and Financial Markets Association (SIFMA), European Fund and Asset Management Association (EFAMA), the UK Investment Associations (IA), the Investment Funds Institute of Canada (IFIC), and the Investment Company Institute (ICI).

Our industry associations facilitate peer dialogue on developing regulations and disclosure frameworks that provide a forum to deliberate over the potential impact of certain proposed policies and ultimately provide constructive feedback to regulators and other standards-setting bodies through comment letters and related engagement. We also engage directly with policymakers, where appropriate, ensuring that we're participating with the development of legislation and representing our group and underlying investor needs. We also engage, indirectly or directly, with global standard setters such as the International Organization of Securities Commission (IOSCO), which has become more important over the past few years in trying to create minimum global standards and ensure interoperability of regulation. Although sustainability policy is starting to bed in and become more mainstream, there's still significant work to be done, and it's vital that, as the regulations are implemented, we continuously engage to improve or clarify where needed.

During the year, Manulife Investment Management demonstrated support for responsible investment activities as investors with other asset managers and asset owners. We continued contributing to several working groups organized by the aforementioned trade associations and industry groups, including the Investors for a Sustainable Digital Economy (ISDE). We also responded directly to several key policy developments, such as SFDR II, the U.K. government's consultation on the "Future regulatory regime for Environmental, Social, and Governance (ESG) ratings providers," and the ISSB Investor Advisory Group's (IIAG's) public statement, "Canadian Securities Administrators—Board Diversity Consultation," to name a few.

We also contributed to and supported many collaborative efforts in our capacity as lead investor, founding member, supporting member, or group participant. Following is a nonexhaustive list.

Climate

- **Climate Action 100+—**Founding member, co-lead several engagements across North America and Asia
- **Asia Investor Group on Climate Change (AIGCC)—**Member and chair of the Physical Risks and Resilience Working Group; member of the Asian Utilities Engagement Program
- **Ceres Paris Aligned Investment Initiative—**Working group participant
- **Hong Kong Green Finance Association (HKGFA)—**Member
- **Japan Task Force on Climate-related Financial Disclosures (TCFD) Consortium—**Member
- **Climate Engagement Canada (CEC)—**Founding participant
- **CDP—**CDP investor signatory
- **Climate Smart Land Network (CSLN)—**Member

Corporate governance

- **Asian Corporate Governance Association (ACGA)—**Member and participant in the China and Korea working groups
- **Canadian Coalition for Good Governance (CCGG)—**Member with representation on the environmental and social committee
- **International Corporate Governance Network (ICGN)—**Active member of the stewardship committee

Nature and biodiversity

- Sustainable Forestry Initiative (SFI)—Member, engaged on the resources committee
- Leading Harvest—Board of directors
- Finance for Biodiversity Pledge—Signatory
- Ceres' Valuing Water Finance Initiative—Member, engagement participant
- Farm Animal Investment Risk and Return (FAIRR) initiative—Network member
- National Alliance of Forest Owners (NAFO), United States—Representation on the board of directors, operating committee, and climate change and environment task groups
- Taskforce on Nature-related Financial Disclosures (TNFD)—Member, TNFD Forum
- Programme for the Endorsement of Forest Certification (PEFC)—Involvement on the board of directors
- World Business Council for Sustainable Development (WBCSD)—Member, involved in the Nature Action and Scaling Positive Agriculture programs and the Forest Solution Group
- Australia Forest Products Association (AFPA)—Member
- New Zealand Forest Owner Association (FOA)—Member
- The Longleaf Alliance—Member

Policy development

- Securities Industry and Financial Markets Association (SIFMA)—Member
- Investment Company Institute (ICI)—Member
- Investment Funds Institute of Canada (IFIC)—Member and representation on the board of directors
- Real Estate Roundtable—Member of the Sustainability Policy Advisory Committee (SPAC)
- Real Property Association of Canada (REALPAC)—Member of the ESG Committee
- The Investment Association (IA)—Member
- European Fund and Asset Management Association (EFAMA)—Member
- International Sustainability Standards Board (ISSB)—Member of the ISSB Investor Advisory Group (IIAG)
- Principles for Responsible Investment (PRI) Infrastructure Advisory Committee—Chair

A full list of our collaborative initiatives can be found in our annual sustainable and responsible investing report.

Looking ahead

In 2024, we'll continue to participate in collaborative efforts that we believe will achieve a lasting impact. We may join a collaborative effort on nature and biodiversity to work toward reversing nature loss while continuing engagements on climate-related issues and board diversity as we lead and participate in engagements with peers across related initiatives.

Escalation

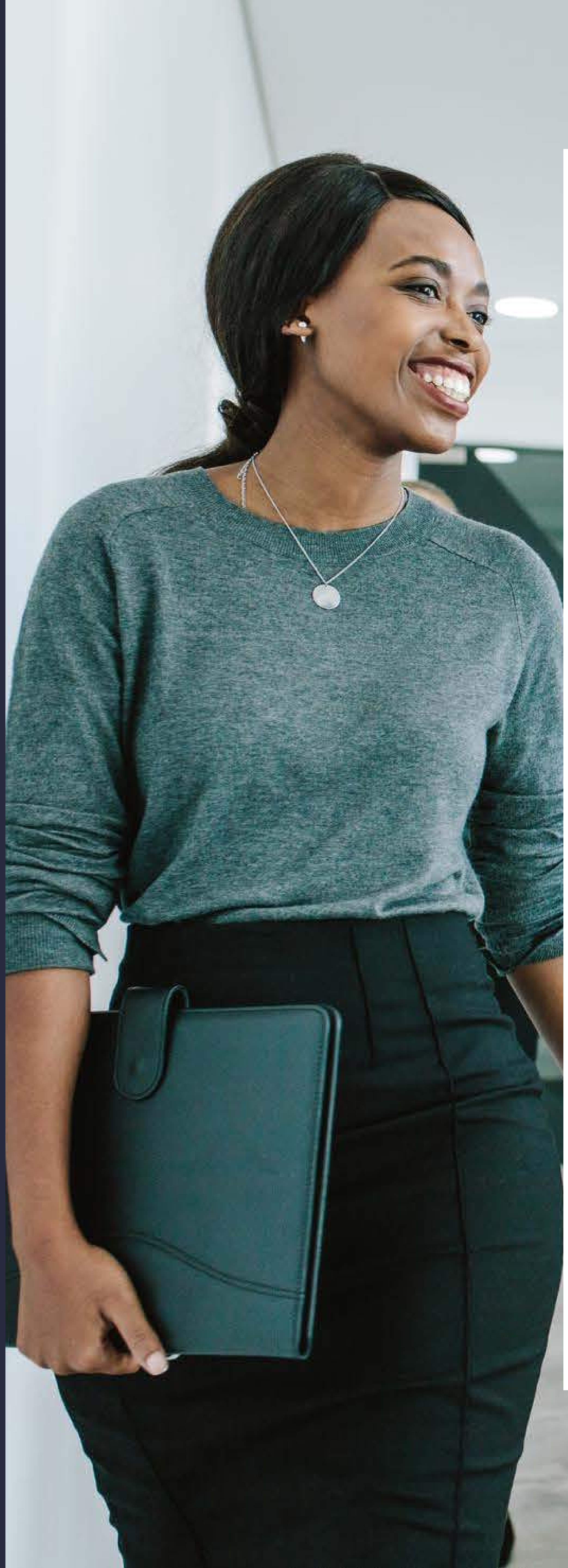
Manulife Investment Management encourages issuers to adopt best practices in relation to their management of sustainable risks and opportunities. We may escalate a given issue where management isn't meeting a best-practices expectation or standard.

Our approach to escalation

Encouraging best practices and opportunity maximization

Through our stewardship practices, we collaborate with stakeholders to work toward best practices in management of financial and nonfinancial risks, in addition to capturing opportunities. We do this because we believe it's the best way to protect and enhance the value of our clients' investments. As a natural extension of that work, we may need to escalate our efforts on a given front where we believe the current mechanisms in place to mitigate risk or maximize opportunity are unsatisfactory.

Throughout our escalation processes, we seek the views of our investment professionals as well as those of representatives from legal and compliance, as necessary. The escalation process, and the stakeholders involved, differs across asset classes in relation to the rights associated with each investment. We have a responsive approach to escalation and continually seek to strengthen the program, whether in terms of interaction efficacy, timing, or collaboration opportunities. We continue to realize positive and tangible outcomes from our efforts.



Case study—encouraging diversity of leadership at a large Canadian retailer

Issue: Manulife Investment Management considers diversity of leadership (senior management and board directors) a material issue for all issuers across all business sectors globally. Homogenous boards are at risk of groupthink, and diversity in all forms is an inherent good that improves the quality of boards overall and expands the candidate pool to ensure the best possible talent is engaged.

At one Canadian issuer, diversity of leadership wasn't adequately reflected in the composition of the board and senior management, to the detriment of overall board quality, with only 19% of board members being women, lagging the company's own self-identified peers and the S&P/TSX 60 Index, which generally exceeded 30% of women on their boards at the time.

Action: Manulife Investment Management is a signatory to the 30% Club Canada and committed to working with issuers to ensure 30% women representation on boards and among senior management. We joined several other investors to engage with the Canadian retailer between 2021 and 2023 to point out the benefits of striving toward greater diversity of leadership, developing a strategy and targets, and reporting results publicly. With little progress visible by early 2023, the investor group wrote a letter to the chair of the governance committee that described the benefits of diverse leadership, the firm's status as lagging peers, and concrete actions the company could take to remedy the situation.

Outcome: At the 2023 annual general meeting, the company fielded two new female directors who were elected by shareholders, bringing the total to 5 women out of 16 members, bringing the company to just over the 30% minimum standard.

In 2022, the 30% Club expanded its statement of intent to exceed the 30% gender diversity target and to enhance the presence of other underrepresented groups on their boards and at the executive management level, including, but not limited to, black, indigenous, other visible minorities, members of the LGBTQ+ community, and persons with disabilities. Manulife Investment Management welcomed the Canadian retailer's hire of a chief diversity officer in 2023 and the momentum toward building out a diversity program for senior leadership and beyond.

We escalate to preserve and unlock value for our clients

We fundamentally believe in active ownership while recognizing that not all engagements will meet our predetermined objectives. Escalation is an important instrument in our active ownership tool kit that enables us to influence the management teams and other stakeholders in our investments. Ultimately, escalation can preserve and unlock value to benefit our clients and investors by encouraging best practices of sustainability factors in management.

We escalate on case-specific time frames

As we monitor our investments, we identify issues that, if left unaddressed, may affect the value of individual investments—or entire portfolios. We collaborate with management teams and other stakeholders to address these risks over time. Depending on the progression of the issue, the actions taken by an issuer, and whether our engagement objectives are met within a reasonable time frame, we may choose to escalate a matter. The preferred time frame for seeing substantial, demonstrable action is generally 24 months, but we may set a longer or shorter interval conditional on the specific issue. We schedule semiannual check-ins to assess progress and may decide to escalate before the time frame ends if, for example, a management team is nonresponsive to outreach or rejects our viewpoint entirely.

We tailor escalations based on the facts and circumstances

The levers at our disposal for escalating issues of concern vary by asset class and market. For that reason, it's necessary to evaluate the appropriate course of action for a given escalation on a case-by-case basis. Regardless of asset class or geography, however, we prioritize escalations based on the materiality of the issue, time horizon of the risk assumed by the company, and size of our investment exposure.

The first step in escalation with public equity and public fixed-income issuers is usually through direct engagement with a management team or stakeholders. We may request to speak with board leaders (including the chair of the board), the lead independent director, or the chair of the audit committee; we may also send private letters to the board or executive leadership. Where bilateral engagement with the company is ineffective, or where we own a small position, we may determine that collaboration with other like-minded investors is the appropriate avenue. Finally, if we're unable to gain traction and the company remains inactive on the issue, we reserve the right to divest.

Case study—reaching out to the compensation committee to discuss executive compensation

Issue: We identified several concerns regarding executive compensation at a large information technology company. The company had a practice of granting large portions of executive compensation to executives purely in time-vesting equity where we preferred incentive pay tied to rigorous performance goals. The investment team particularly wished to see performance targets set against return on invested capital (ROIC) targets. For several years, we voted against the advisory vote on executive compensation, and despite consistently low voting support for the program, the company didn't make significant amendments to the executive compensation program.

Action: The team had historically engaged with representatives from management on the compensation matter. They decided that they also wanted a conversation with the compensation committee. The team, therefore, sent a letter directly to the compensation committee requesting a conversation on executive compensation structure and performance metrics.

Outcome: The company responded positively to the letter request, and our team held a meeting with the members of the compensation committee to discuss executive compensation. We stressed our preference for rigorous performance metrics in the compensation program and the importance we place on ROIC as an indicator of financial health and performance for this particular issuer. The compensation committee took on our comments, and we're hopeful that we'll see some changes to compensation when their annual report is released ahead of their shareholder meeting in 2024.

A message from Paul R. Lorentz

Firm overview

The continuing evolution of investment stewardship

Stewardship code principles and our practices

Escalation

Escalation through our proxy voting rights

We may use our responsibility to vote shares on behalf of clients as a tool to escalate our concerns with an issuer's progress if needed; for example, we may vote contrary to management recommendations on the following proposals:

- **Advisory vote on executive compensation—**We may vote against the advisory say-on-pay vote if a company isn't responsive to our concerns across a range of executive compensation issues. These may include misalignment between firm performance and executive remuneration, weak targets for executive bonus, or our wish to see executive performance benchmarked against different metrics.
- **Director vote—**We may vote against directors if the board is unresponsive to requests made through our engagement with them or if we see significant failures relative to executive compensation, board composition, audit oversight, or general governance.
- **Shareholder proposals—**Where we engaged with a company on a topic covered in a shareholder proposal, we may choose to escalate the matter by supporting a shareholder proposal on the same issue.

Fixed-income escalation

For publicly issued fixed income, our escalation requires a different approach given that bond investing carries unique ownership rights and responsibilities. Aside from bilateral engagement, we may take a collaborative engagement approach. One example of this is our membership of the Credit Roundtable, an association of corporate bond market participants focused on education, outreach, and advocacy designed to give debt holders a stronger voice with debt-issuing companies.

Our fixed-income team in Asia has developed a unique approach to escalation given that this market has a primary rating agency. This team will negatively notch issuer credit ratings for failure to address material ESG risks, ultimately implying a lower valuation.

Influence in private asset classes

Our approach to escalation in private markets is on a case-by-case basis and is situation specific. In some instances, we own, or own in partnership with others, substantial equity interests in these companies. Alternatively, we're the companies' largest lender, which also gives us significant leverage in decision-making. In other cases, our control over escalating issues may be limited: When we become aware of an issue requiring management, we engage with our investment partners to discuss the situation and voice our concerns. In our fund investments, these discussions may lead to an LP advisory committee (LPAC) vote.

We enter into our infrastructure investments having performed significant due diligence on the other owners and management teams of these investments. As a result of that due diligence and planning, we seek to have clear expectations set across these parties and alignment of interests within the shareholder group. In the infrequent instances of meaningful misalignment across stakeholders, we then work to propose and implement solutions. If other stakeholders aren't willing, or able, to address our concerns, we consider strategies to exit the investment and may limit the future business we engage in with those parties.

Looking ahead

We continuously review the most effective means to achieving our goals in relation to the engagements we undertake, including that of escalation. We'll continue to explore fresh, multipronged approaches to the framework of our escalation, remaining steadfast in our belief that escalation must be evaluated and executed on a case-by-case basis.

A message from Paul R. Lorentz

Firm overview

The continuing evolution of investment stewardship

Stewardship code principles and our practices

Exercising rights and responsibilities

Exercising rights and responsibilities

Asset manager rights and responsibilities differ across asset classes, but the central goal remains the same as we execute across our portfolios: We seek to enhance value for our clients and instill resilience across our investments.

Our approach to exercising our rights and responsibilities

Ownership rights vary significantly across asset classes. Equities carry perhaps the most prominent of investment rights in proxy voting, but voting rights can also accrue to fixed-income investments through convertible bond instruments. Indeed, with fixed-income rights, influence and leverage change significantly depending on timing of economic activity, market liquidity, and the investment cycle. In private markets asset classes, our influence runs a spectrum, from the right to sit on a board to the responsibility to operate assets sustainably.

Asset manager rights and responsibilities

Fixed income

- Monitoring
- Issuer engagement
- Collaborative/bondholder engagement

Listed equity

- Monitoring
- Issuer engagement
- Collaborative engagement
- Proxy voting

Externally managed

- Selection
- Appointment
- Monitoring

Real estate

- Sustainable operations
- Engagement

Timberland and agriculture

- Sustainable operations
- Engagement

Infrastructure

- Monitoring
- Engagement
- Board seats

Private equity

- Monitoring
- Engagement
- Board seats

Private credit

- Monitoring
- Engagement

For illustrative purposes only.

A message from Paul R. Lorentz

Firm overview

The continuing evolution of investment stewardship

Stewardship code principles and our practices

Exercising rights and responsibilities

Encouraging best practices through proxy voting

Our global proxy voting policy and procedures outlines the processes and governance structures we have for public markets investments to help guide our execution of proxy voting rights while also providing broad principles on our expectations regarding corporate governance, shareholder rights, and management of material sustainability risks and opportunities. As we vote proxies, we're ultimately attempting to preserve and enhance shareholder value over the long term by encouraging issuers to adopt what we've identified as best practices.

We use a third-party proxy voting research, vote execution, and vote disclosure provider to aid us in our proxy voting efforts. This vendor provides us with initial proxy voting research reports and voting recommendations that consider sustainability factors and align with our voting policy. While we'll most often use the initial recommendation of the proxy voting advisor, we can—and will—override the initial recommendation where we believe substantive information wasn't considered in forming the recommendation, where there's new information or action from the issuer, and/or in cases in which there are substantial and convincing reasons that support voting contrary to the recommendation.

Considering all the information available, the exercise of our voting rights is always completed with our clients' best interests in mind. We have a global proxy operations group that oversees the proxy voting execution and account maintenance in coordination with investment professionals, the public markets sustainable investing team, and our proxy voting vendor, among other stakeholders. Proxy operations ensure that proxies are executed in a timely manner and maintain appropriate records of votes cast and records of proxy statements received in connection with annual general meetings. The proxy operations team performs various administrative functions associated with voting and supports reporting of proxy voting activities. Ultimately, it's through this team and its daily collaboration with the proxy voting vendor that we track our voting rights and ensure that we're executing our voting rights wherever we can and are doing so as efficiently as possible.

Monitoring proxy voting rights and executing votes

As a high-level overview of proxy voting administration, when an account or fund is onboarded, proxy operations provides a signed letter of authorization (LOA) to the custodian. The LOA directs the custodian to forward ballots to our proxy voting vendor. Proxy operations works with the vendor to set up the accounts and connect our voting policy to those ballots. On a daily basis, proxy operations generates a positions report and sends that report directly to the proxy vendor's secure server. The vendor reviews that report to identify securities with an upcoming meeting and reconcile holdings against ballots received from the custodian. We receive daily reports to highlight any reconciliation issues and take action accordingly to ensure we can execute voting instructions across portfolios.

A message from Paul R. Lorentz

Firm overview

The continuing evolution of investment stewardship

Stewardship code principles and our practices

Exercising rights and responsibilities

Case study—engaging our proxy voting research provider and an issuer on executive compensation

Issue: Our proxy voting research provider recommended voting against the advisory vote on executive compensation at a U.S. regional bank. The provider's recommendation was based on what they identified as potentially high payouts to executives under new severance agreements. Specifically, the vendor read the arrangements as including equity gains in the base amount of any severance that could inflate the ultimate cash payout in the event of a termination.

Severance arrangements are an important compensation mechanism to assist in attracting and retaining talent in high-level roles. If payout structures are outsize, arrangements may result in large payouts in the event of underperformance or otherwise skew executive incentives to pursue mergers and acquisitions.

Action: As part of our proxy voting decision-making process, we reviewed the primary documents that were publicly filed by the issuer and contacted the company for their input on the severance arrangements.

We interpreted the severance structure through the primary documents as providing a lower level of severance than identified by our proxy voting vendor. Direct engagement with the company confirmed our interpretation that the base level for severance didn't include equity gains.

We then contacted the proxy voting vendor with our understanding of the severance arrangements.

Outcome: After our inquiry, the proxy voting research vendor amended their research assessment and voting recommendation and recommended a vote for the advisory vote on executive compensation. In alignment with our stated proxy policy, we voted for the management proposal based on our own research and found no other issues with the executive compensation structure and deemed it aligned with shareholder interests.

The goals of our proxy voting working group

Manulife Investment Management established a proxy voting working group to leverage functional expertise across the organization as we scrutinize voting decisions and strive for continuous improvement of our processes, policies, and practices.

Representatives from investments, the business office, and the sustainable investing team are members of this group, which, among its other duties, reviews situations in which an equity investment team believes we should vote differently relative to how our proxy voting policy would dictate. These reviews have improved communication across the investment function regarding voting decisions, led to more consistent decision-making, and built subject matter expertise related to proxy voting analysis across multiple functional areas.

Special arrangements with clients and securities lending considerations

Manulife Investment Management and our clients shape the proxy voting relationship by agreement. Generally, our clients delegate proxy voting decision-making to us, and client shares are therefore voted in line with our global voting policy. We may also agree with clients to other proxy voting arrangements in which we don't assume proxy voting responsibility or will only vote in limited circumstances.

We also take action through our share-lending program to better preserve proxy voting rights. Shareholders can lose voting rights if shares are on loan during a certain period before a shareholder meeting. To preserve our influence through voting rights, we follow a process that, on a best-efforts basis, instructs our lending agents to restrict and recall shares from loans for issuers where we own 2% of shares outstanding or more. We believe this is in clients' best interests as it strikes a balance between generating additional revenue from lending for our client funds and ensuring we hold our rights where we have significant influence.

Periodic review of proxy voting principles

We periodically review the proxy voting principles that drive our voting decisions. We keep pace with the evolution of proxy voting and expectations regarding corporate governance, and we work to keep current with best practices. We also engage with our proxy voting research and services vendor to aid us in our effort to encourage outcomes that preserve and enhance share value over the long term. We consistently evaluate if amendments are necessary for our proxy voting policy.

Expected practice statements

Our investment teams review sustainability risks and opportunities across their portfolios on a daily basis. To aid in decision-making around ESG matters, our sustainable investment team established a library of expected practice statements. These proprietary tools outline the financial impacts a sustainability issue might have, summarize research on the matter, and identify how it may come up in proxy voting considerations. These are resources for our investment teams not only as they integrate sustainability factors into their investment decisions, but also to supplement proxy voting decisions.

Our current library includes, but is not limited to, expected practice statements on:

- Climage disclosure
- Climate targets
- Diversity
- Plastics
- Dual class shares with differential voting rights
- Financed emissions
- Political engagement

A message from Paul R. Lorentz

Firm overview

The continuing evolution of investment stewardship

Stewardship code principles and our practices

Exercising rights and responsibilities

Selected proxy voting data

In 2023, Manulife Investment Management voted on over 99,000 proposals across more than 10,400 shareholder meetings globally. We voted at over 99% of meetings where shares were held in our internally managed portfolios.

The following voting records are provided for illustrative purposes only. They include internally managed funds only and exclude subadvised assets. Classification of proposals is based on judgment and methodologies used to compile and classify voting data and is subject to change.

Management proposals

Proposal category	Number of proposals	Votes contrary to management	Some reasons we voted contrary to management
Director elections	55,087	12%	• Poor attendance • Lack of independence • Diminishment of shareholder rights • Lack of gender diversity • Problematic executive remuneration practices • Apparent lack of oversight of environmental and/or social risk
Remuneration (say on pay, say-on-pay frequency, equity plans, equity grants)	11,485	18%	• Misalignment between pay and performance • Lack of performance-based remuneration • Short vesting periods • Lack of rigor in performance metrics • Outsize pay versus peers • Discretionary payments • Problematic severance arrangements • Potentially dilutive equity authorizations

Environmental shareholder proposals

Shareholder proposal category	Number of proposals	Votes contrary to management	Some reasons we voted contrary to management
Reporting on climate change	50	92%	Disclosure would help shareholders assess governance and strategy related to the management of physical and transition risks associated with climate change
GHG emissions	46	92%	Adoption of robust mid- and long-term targets encourages emissions reductions and reduces risk
Recycling/plastics use	12	92%	• Encouraging innovation in packaging reduces pollution and potentially brings commercial opportunity • Reduction in exposure to plastic in the value chain reduces negative impacts while potentially making a firm more resilient in the face of potential regulation

Social shareholder proposals

Shareholder proposal category	Number of proposals	Votes contrary to management	Some reasons we voted contrary to management
DEI	49	90%	• Disclosure on pay gap allows investor assessment of retention/recruitment risk and opportunities • Reporting could help investors assess human capital management and community engagement risk
Policy engagement	65	92%	Disclosure would help investors assess the congruency of political spending, trade association work, and policy engagement with public statements and positions
Human rights	53	47%	• Conducting human rights assessments helps surface potential issues before they materialize • More robust reporting on human rights management helps investors assess the risk
Health and safety	30	46%	• Information on employee safety aids investor assessment of labor risk and regulatory action • Information on the management of product safety helps investors assess regulatory and consumer risk • Information on benefits helps investors assess retention opportunity and risk

Governance shareholder proposals

Shareholder proposal category	Number of proposals	Votes contrary to management	Some reasons we voted contrary to management
Board related	190	53%	• Support separation of board chair and CEO roles • Believe in enhanced ability of shareholders to nominate directors • Support majority voting standard for elections
Shareholder rights	80	78%	• Support elimination of dual-class shares with differential voting rights • Support right to call special meetings and written consent • Support removal of poison pills
Compensation	151	54%	• Support increased disclosure around the executive compensation structure • Support creation of provisions to claw back executive compensation in certain instances • Support the requirement for shareholder vote on severance agreements

Timing of rights in fixed income

As fixed-income investors, our rights differ depending on when we hold a bond within its lifecycle. Our global fixed-income teams regularly review prospectuses and transaction documents as part of their initial due diligence, ongoing risk monitoring, and credit research processes. This provides them with an evolving view on which improvements to instrument characteristics might benefit debt holders.

As an example, in the syndication process, our teams offer feedback on terms, conditions, and covenants that would make the investment offer more attractive for our clients, and this dialogue can result in covenant changes. By engaging with companies when they need to fund-raise, we can also influence those issuers to commit to adopting best practices in sustainable risk mitigation. Finally, through credit events, we may also have the opportunity to renegotiate terms or may emerge from the event with equity and voting rights that we exercise to protect our interests. Ultimately, we aim to strategically time our engagements in order to maximize our influence.

We continue to build our influence over debt issuers and are finding that bondholders may be underusing their rights to advance sustainable outcomes. We've heard from some issuers, for example, that they're generally not engaged by debt holders on sustainability risks and opportunities and can be appreciative when we approach them. This feedback is encouraging to us, and we've learned that firms are receptive to our feedback as debt holders.

A message from Paul R. Lorentz

Firm overview

The continuing evolution of investment stewardship

Stewardship code principles and our practices

Exercising rights and responsibilities

Case study—collaborating with debt holders to engage with a North American internet provider

Issue: While reviewing the financials of a North American internet provider, our fixed-income professionals noticed that the firm's quarterly free cash flow was lower than they had expected. Investment analysts often use free cash flow generation to gauge whether a firm can continue to service its debt, which is why it's a key metric for bondholders. The team also noted that larger-than-expected capital expenditure for the quarter drove and could continue to drag the company's free cash flow performance.

Action: Our professionals convened with other debt holders to engage with the company to request a detailed breakdown of capital expenses and an update on management's strategy moving forward. Through discussions, the group encouraged the company to improve transparency and investor access to management.

Outcome: The company subsequently released more details about its capital expenditure plans, explicitly noting that a large portion of the capital expenditures for the quarter consisted of nonrecurring expenses carried over from the previous year. Additionally, the company indicated that having concluded its multi-year fiber optic network buildup, it expected capital expenditure intensity to be more subdued, enabling a gradual increase in free cash flow generation. The company also improved transparency, allocating appropriate time for a Q&A at the following earnings calls. Our investment team subsequently determined that the bonds had been oversold and offered attractive returns.

A message from Paul R. Lorentz

Firm overview

The continuing evolution of investment stewardship

Stewardship code principles and our practices

Exercising rights and responsibilities

Partnerships in private markets

Our rights and responsibilities in private markets can range from direct management of an asset, as with timberland, agriculture, and real estate, to the establishment of partnerships with fellow investors, lenders, sponsors, and management to seats on boards. We tailor our activities to each asset class and, more specifically, to each role we hold.

Considering our infrastructure investments as an example, our investment team typically seeks to monitor and influence an investment through a board seat, protective controls, or governance—or a combination of these. These rights enable the investment team to exert influence or veto power regarding key decisions made with respect to a company's commercial or financial operations, as well as management and oversight of relevant sustainability risks and opportunities. Board seats, in particular, allow us to engage directly in the activities of a given investment.

In some of our investments that don't have boards, we participate in key decisions as a member of the investment company or as a member of the LPAC; this gives our team access to all key decisionmakers at the ownership and management levels. When holding a seat on an LPAC, we may specifically review certain matters, including conflicts of interest and waivers of LP restrictions. Although we may be one investor as part of a consortium, most significant decisions are made at the board or member level with the full support of all parties.

Looking ahead

We'll continue to evaluate our proxy voting process and policy approach in 2024 and plan on continuing development of our expected practice statements on complex sustainability issues. These won't only continue to serve as educational pieces for the proxy working group members but also as supplements to our newly amended ESG research framework to assist ESG integration; in addition, they may help guide proxy voting decisions on ESG matters across our teams. We'll continue to engage with our proxy service provider to influence their capabilities to meet our needs against the backdrop of continuous market change.

A message from Paul R. Lorentz

Firm overview

The continuing evolution of investment stewardship

Stewardship code principles and our practices

Appendix

Global codes that guide our stewardship

Stewardship principle	Canada Last updated in 2020	Hong Kong Last updated in 2016	Japan Last updated in 2020	Taiwan Last updated in 2020	U.K. Last updated in 2020
Purpose, strategy, and culture	Not explicitly referenced	Not explicitly referenced	Not explicitly referenced	✓	✓
Governance, resources, and incentives	✓	Not explicitly referenced	✓	✓	✓
Conflicts of interest	✓	✓	✓	✓	✓
Promoting well-functioning markets	✓	Implied	Implied	Partially referenced	✓
Review and assurance	Not explicitly referenced	Not explicitly referenced	✓	✓	✓
Client and beneficiary needs	✓	✓	✓	✓	✓
Stewardship, investment, and ESG integration	✓	✓	✓	✓	✓
Monitoring managers and service providers	Not explicitly referenced	Partially referenced	Partially referenced	Partially referenced	✓
Engagement	✓	✓	✓	✓	✓
Collaboration	✓	✓	✓	✓	✓
Escalation	✓	Implied	Implied	Implied	✓
Exercising rights and responsibilities	✓	✓	✓	✓	✓

Source: Stewardship codes by location, Manulife Investment Management, as of March 2024. Manulife Investment Management is a signatory to these global codes.

Global collaboration

Below are examples of current sustainability/ESG industry groups and initiatives with which we're engaged.

Organization	Year joined	Region	Focus	Manulife Investment Management's involvement
30% Club Canadian Investor Group	2019	Canada	A group of asset owners and asset managers committed to exercising their ownership rights to encourage increased representation of women on corporate boards and in executive positions	We have a target list of Canadian companies established annually; we engage with select companies from this list.
30% Club Japan Investor Group	2021	Asia	A group of investors committed to achieving a minimum of 10% female representation on TOPIX 100 boards around 2020 and 30% female representation on TOPIX 100 boards around 2030	We participate regularly in working groups.
American Bird Conservancy (ABC)	2020	North America	Dedicated to conserving wild birds and their habitats throughout the Americas; with an emphasis on achieving results and working in partnership, they take on the greatest problems facing birds today	We're a stewardship partner, provide annual funding in support of ABC's missions. ABC is a conservation-minded supporter of bird habitat in working lands.
Asia Investor Group on Climate Change (AIGCC)	2016	Asia	Works with Asian asset owners and financial institutions to create awareness about the risks and opportunities associated with climate change and low-carbon investing	We're an active member of the group and chair the physical risk and resilience working group.
Asian Corporate Governance Association (ACGA)	2016	Asia	Promotes implementation of effective governance practices in Asian companies on behalf of institutional investors and regulators	We're an active member in the association in addition to participating in the China and Korea working groups.
Australian Forest Products Association (AFPA)	2010	Australia	Represents forest owners and the forest products manufacturing sector in Australia	We're a member of this initiative.
Board Diversity Hong Kong Initiative	2018	Asia	Commits to an ongoing engagement on diversity at all levels with listed companies in Hong Kong, starting with the board of directors	We're one of the founding members of this initiative. We believe diversity on boards encourages better leadership and better corporate governance, and it ultimately increases corporate performance and global competitiveness for both companies and their shareholders.
Building Owners and Managers Association (BOMA) Canada	2018	Canada	Implements timely, responsible, and consistent policy positions on important issues to the Canadian real estate industry; acts as the voice representing the industry by advocating on members' behalf on a national or provincial platform	We attend quarterly meetings and aid in developing tools and standards for the commercial real estate industry on how to integrate resilience best practices and adapt to changing climate conditions.

Organization	Year joined	Region	Focus	Manulife Investment Management's involvement
Cambridge Institute for Sustainability Leadership (CISL)—Investment Leaders Group	2020	United Kingdom	A global network of pension funds, insurers, and asset managers with over £14 trillion under management and advice; the group is committed in its mission to advance the practice of responsible investment	We're an active member of this group, striving to create an investment chain that prioritizes economic, social, and environmental sustainability.
Canada Green Building Council (CAGBC)	2017	Canada	Sister organization to the U.S. Green Building Council	We're involved on the board of directors and chair the real estate owners and developers advisory group.
Canadian Coalition for Good Governance (CCGG)	2012	Canada	Focused on corporate governance organization in Canada	We have representation on the E&S (environmental and social) Committee.
Canadian Sustainability Standards Board (CSSB)	2023	Canada	Mandated to facilitate the implementation of ISSB standards in the Canadian context	We're a member of this initiative.
CDP	2018	Global	Advocates for disclosure of company data to measure and manage the environmental impact (carbon, water, forestry); one of the first ESG disclosure initiatives in the financial industry	We're a member of CDP and participate in various initiatives such as the Science Based Targets initiative (SBTi).
Center for Advancement of Social Entrepreneurship & Impact Frontiers—strengthening Impact Management	2022	United States	Strengthening program is a cohort-based program designed to support investors who are looking to establish or improve on their current impact management practice, helping managers to fully integrate impact into investment frameworks, processes, and systems	We're currently participating in the strengthening Impact Management 12-month cohort program.
CEO Action for Diversity and Inclusion	2020	United States	Mission is to identify, develop, and promote scalable and sustainable public policies and corporate engagement strategies that will advance racial equality, address social injustice, and improve societal well-being	We're signatories to the initiative.
Ceres Investor Network	2016	Global	Promotes discussion and collaboration on how to address climate risk and other sustainability challenges among institutional investors	We participate in discussions and initiatives brought forward by Ceres. We're also a member of the Investor Water Hub, Private Equity Working Group, and founding member of the Valuing Water Investor Working Group.
Ceres Investor Network Private Equity Working Group	2023	Global	Largest in the work based on its members' collective AUM; Ceres supports GPs and LPs to transition private equity portfolios toward a sustainable net zero economy	We participate in quarterly discussions alongside a larger group of LPs and GPs.
Ceres' Valuing Water Finance Initiative	2022	Global	An initiative calling on companies to meet Ceres Corporate Expectations for Valuing Water that align with the U.N. 2030 Sustainable Development Goal for Water (SDG6)	We're signatories to the initiative.

A message from Paul R. Lorentz

Firm overview

The continuing evolution of investment stewardship

Stewardship code principles and our practices

Organization	Year joined	Region	Focus	Manulife Investment Management's involvement
Climate Action 100+	2018	Global	Collaborative engagement with the largest corporate GHG emitters	We're a founding member of Climate Action 100+. We co-lead several engagements across North America and Asia.
Climate Engagement Canada (CEC)	2021	Canada	A finance-led initiative that drives dialogue between finance and industry to promote a just transition to a net zero economy	We're a founding participant.
Climate Smart Land Network (CSLN)	2015	North America	Provides forest landowners and managers with direct access to forest and climate experts and the opportunity to benefit from other forest landowners in the network	Our timber and agriculture teams have been a member since CSLN's inception. We continue to share information at their annual member gatherings as well as through emails and monthly calls aimed to support the acceleration of natural climate solutions.
Concordia University	2020	Canada	Sustainable Investing Practicum (SIP) enables undergraduate business students to better understand the principles of ESG investing in a capital market environment; students make fund management recommendations to a supervisory committee based on sustainable investing criteria	Concordia's John Molson School of Business (JMSB) signed a partnership agreement with Manulife Investment Management that established the first sustainable investing practicum at a Canadian university.
Ducks Unlimited		North America	The world's leader in wetlands and waterfowl conservation	We're a supporter of this initiative.
Ecosystems Services Market Consortium (ESMC)	2022	United States	Aims to reduce GHG, improve water quality, and increase other ecosystem services to benefit society through improved agriculture practices	We partnered with ESMC and the U.S. Cotton Trust Protocol and Forum for the Future to launch the Eco-Harvest pilot project in Alabama, Arkansas, Texas, and Tennessee.
Emerging Markets Investors Alliance (EMIA)	2015	Global	A central hub for information, education, and networking for investors in emerging markets	We're active members of the agriculture, debt and fiscal governance, ESG, and extractive industries working groups.
ESG Assessment Framework Update Working Group, Institutional Limited Partners Association (ILPA)	2023	Global	Framework is a resource for LPs looking to build a tool to evaluate and understand the various stages of ESG integration that peers are observing among GPs in the market today; designed to help LPs evaluate and benchmark GP responses to due diligence efforts, inform goal-setting conversations with GPs, and measure ESG integration progress over time	We're a member of this initiative.
ESG Data Convergence Initiative	2022	Global	Aims to streamline the private investment industry's historically fragmented approach to collecting and reporting ESG data in order to create a critical mass of meaningful, performance-based, comparable ESG data from private companies	We're a supporter, and within our PE&C and infrastructure business, we've aligned our annual ESG questionnaires with this initiative.
Farm Animal Investment Risk and Return (FAIRR) Initiative	2022	Global	Focused on sustainability issues within the food supply chain, including the protein producer industry and consumer-facing food companies	We're a network member with access to FAIRR data and indexes.

Organization	Year joined	Region	Focus	Manulife Investment Management's involvement
Farmland Capital Alliance	2021	United States	National advocacy organization committed to advancing federal policies that ensure sustainable practices and strong markets of farmland investments	We have representation on the board of directors, the policy committee, and the legal committee.
Finance for Biodiversity Pledge and Foundation	2021	Global	Commitment of financial institutions to protect and restore biodiversity through their financing activities and investments	We're a signatory to the pledge, a member of the advisory board, and an active member of the engagement, impact assessment, and public policy working groups.
Forest Investor Club	2022	United States	Accelerating the deployment of capital into conservation, restoration, and the sustainable management of forests and nature	We're a member of this initiative.
Forest Stewardship Council (FSC)	1999	Global	International nonprofit, multistakeholder organization established in 1993 that promotes responsible management of the world's forests	We're a member of this initiative.
Global Forum for Sustainability, Association of Chartered Certified Accountants (ACCA)	2023	Global	Forum goal is to articulate and communicate the relevance of sustainability issues for the business community and the accountancy profession; monitors international trends and developments in sustainability and leads ACCA's contribution to policy development in this area	We're a member of this initiative.
Global Impact Investing Network (GIIN)	2018	Global	Organization dedicated to increasing the scale and effectiveness of impact investing	We're a member and contributor to sector-specific databases and reports and a participant in the sustainable agriculture working group.
GRESB	2015	Global	Validates, scores, and benchmarks ESG performance data for real assets, providing business intelligence and engagement tools to investors and managers	We report to the GRESB real estate and infrastructure assessments on an annual basis.
Hong Kong Green Finance Association	2018	Hong Kong	Promotes adoption of green finance and investment by gathering industry experts to provide policy suggestions to the Hong Kong government and other regulators	We contribute to the working groups, including on green bonds and product innovation as well as external collaborations.
ICI Europe Regulatory and Policy Committee (IPC)	2023	Europe	Addresses key European regulatory, legislative, and policy issues affecting regulated funds, their management companies, and their investors, as well as retail investors more broadly	We're a member of this initiative.
ICI Global Asia Regulatory and Policy Committee	2023	Asia	Addresses key regulatory, legislative, and policy issues affecting regulated funds, their management companies, and their investors, as well as retail investors more broadly	We're a member of this initiative.

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ICI Global SFDR Working Group	2023	Global	Monitors developments around the SFDR review throughout the commission's assessment, legislative proposal, and final adoption	We're a member of this initiative. We develop policy positions, talking points, and position papers to inform these debates.
Institutional Limited Partner Association (ILPA)	2014	Global	Engages, empowers, and connects LPs to maximize their performance on an individual, institutional, and collective basis	We're a member of the ILPA ESG Working Group and Diversity in Action Initiative.
International Corporate Governance Network (ICGN)	2019	Global	Promotes effective standards of corporate governance and investor stewardship to advance efficient markets and sustainable economies worldwide	We're a member of the Stewardship Committee.
International Emissions Trading Association (IETA)	2023	Global	Global nonprofit group with the mission to empower businesses to engage in climate action, advancing the objectives of the United Nations Framework Convention on Climate Change and the Paris Agreement and to establish effective market-based trading systems for GHG emissions and removals	We're a participant of this initiative.
International Sustainability Standards Board (ISSB)—ISSB Investment Advisory Group (IIAG)	2019	Global	A group of leading asset owners and asset managers in various markets who are committed to improving the quality and comparability of sustainability-related financial disclosures	We're a member of the IIAG.
Investment Company Institute (ICI)	2015	Global	Encouraging adherence to high ethical standards by all industry participants; advancing the interests of funds, their shareholders, directors, and investment professionals; and promoting public understanding of mutual funds and other investment companies	We're involved in calls and discussions on sustainability-related disclosures for asset managers.
Investors for a Sustainable Digital Economy (ISDE)	2023	Global	Convened by Creating Future Us, a U.K.-based nonprofit organization, aims to equip participating investors with the knowledge and tools to ensure companies are developing and implementing technology responsibly	We're a member of this initiative and an advisory board member.
Leading Harvest	2020	United States	Advancing sustainable agriculture, providing assurance programs comprising standards, audit procedures, training and education, and reporting and claim offerings	Our timber and agriculture businesses were founding members of Leading Harvest; in addition, our global head of agriculture is current chair of the board of directors.
Long-term infrastructure Investors Association (LTIIA)	2017	United States	Works with a wide range of stakeholders—infrastructure investors, policymakers, and academics, among others—to enable the long-term, responsible deployment of private capital in public infrastructure projects around the world	Recep Kendircioglu, VP, senior managing director for infrastructure, sits on the board.

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Massachusetts Institute of Technology (MIT) Joint Program on the Science and Policy of Global Change	2016	Global	Studying interactions among human and earth systems to provide a sound foundation of scientific knowledge	We're a sponsor and project representative.
Michigan State Forest Carbon and Climate Program (FCCP)	2020	United States	Established to connect professionals, natural resource managers, decision makers, students, and the broader public with the value of forested lands and forest products in addressing climate change; extensive expertise in forest conservation guides the programs focus, in addition to local, regional, and international relationships with entities engaged in the use and protection of forests and related ecosystems	We're a supporter of the program's mission to increase the understanding and implementation of climate-smart forest management.
National Council for Agriculture Employers (NCAE)	2019	United States	National association focusing exclusively on agricultural labor issues from the agricultural employers viewpoint	We're a member of this initiative.
National Council for Air and Stream Improvement (NCASI)	2021	United States	Mission is to help members cost-effectively meet environmental and sustainability goals through basic and applied research, technical support, and education	We're a member of this initiative and benefit directly and indirectly from research that NCASI conducts on behalf of the forest sector. We also participate in working groups and provide technical leadership when needed to further advance new science in managed forests.
New Zealand Forest Owner Association (FOA)	2006	New Zealand	Represents the owners of New Zealand's commercial plantation forests; set up in 1926, and is now one of the country's most influential primary sector organizations	We're a member of this initiative.
National Alliance of Forest Owners—United States	2008	United States	National advocacy organization committed to advancing federal policies that ensure sustainable practices and strong markets for our working forests	We have representation on the board of directors, operating committee, climate change, and environment task groups.
Pollinator Partnership	2021	Global	Mission is to promote the health of pollinators critical to food and ecosystems through conservation, education, and research	We're a supporter of this initiative.
Principles for Responsible Investment (PRI)	2015	Global	United Nations-supported international organization that works to promote the incorporation of ESG factors into investment decision-making	We're a signatory and an active member of various working groups, including the fixed-income advisory group and sovereign bond working group, as well as chairs of the Infrastructure Advisory Committee, Real Estate Advisory Committee, and the listed equity integration subcommittee.

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Principles for Responsible Investment (PRI) Spring	2023	Global	Stewardship initiative through the PRI that aims to use its influence to halt and reverse global biodiversity loss by 2030	We're a member of the Signatory Advisory Committee and a member of the initiative.
Private Credit Working Group, ESG Data Convergence Initiative (EDCI), Institutional Limited Partners Association (ILPA)	2023	Global	Aims to streamline the private investment industry's historically fragmented approach to collecting and reporting ESG data in order to create a critical mass of meaningful, performance-based, comparable ESG data from private companies	We're a member of this initiative.
Programme for the Endorsement of Forest Certification (PEFC)	2007	Global	Global alliance of national forest certification systems	We're involved on the board of directors.
Real Estate Roundtable Sustainability Policy Advisory Committee (SPAC)	2019	United States	Seeks to educate policymakers and the public about real estate and its significance to the economy	We participate in monthly meetings and engagement on federal or state policy and regulations affecting commercial real estate.
Real Estate Roundtable Sustainable Property Action Committee (SPAC)	2019	North America	Comprising real estate ownership, development, lending, and management firms, seeks to educate policymakers and the public about real estate and its significance to the economy	We're a participant of this initiative.
REALPAC Canada ESG Committee	2017	Canada	Members include publicly traded real estate companies, real estate investment trusts (REITs), pension funds, private companies, fund managers, asset managers, developers, government real estate agencies, lenders, investment dealers, brokerages, consultants/data providers, large general contractors, and international members	We participate in monthly meetings and engagement on federal, provincial, or municipal policy. We're also chair of the zero carbon working group.
RIA Canada	2019	Canada	Promotes responsible investing and ESG integration into the investment process in Canada	We participate in initiatives and roundtables organized by the RIA.
Singapore Standards Council (SSC) Enterprise Singapore	2019	Asia	Facilitates the development, promotion, and review of standards and technical references in Singapore	We're a member of the working group, providing input on the development of an ISO standard for sustainable finance.
Securities Industry and Financial Markets Association (SIFMA)	2015	United States	Industry trade group representing securities firms, banks, and asset management companies that advocates on legislation, regulation, and business policy affecting retail and institutional investors, equity and fixed-income markets, and related products and services	We've engaged in the IOSCO consultation on sustainability-related disclosures for asset managers and the UK FCA climate disclosure consultation with SIFMA.
Sustainable Forestry Initiative (SFI)	2002	North America	Collaborates with a diverse network to provide forest-based solutions to local and global sustainability challenges	We've engaged on the Resources Committee.

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Task Force on Nature-related Financial Disclosures (TNFD)	2020	Global	Focused on redirecting flows of finance at scale toward nature-positive activities to allow nature and people to flourish	We were members of the Informal Working Group developing the scope for TNFD.
TCFD Consortium (Japan)	2019	Asia	Has corporate and investor members and aims to foster best practice in TCFD reporting	We're a member of the investor group to support companies to provide decision-useful disclosure.
The Longleaf Alliance	2022	United States	Mission is to ensure a sustainable future for longleaf pine ecosystems	We're a member of this initiative.
Transition Pathway Initiative	2021	Global	A global, asset owner-led initiative that assesses companies' preparedness for the transition to a low-carbon economy	We're a supporter of this initiative.
Triangle T Water District	2017	United States	An agricultural water supplier in Madera County, includes more than 14,000 acres	We hold board seats on the district board (majority) as representatives for client investment interest. The largest landowner within the district is Manulife's general account.
ULI Carbon Risk Real Estate Monitor (CRREM) sponsorship	2022	Global	Oldest and largest network of cross-disciplinary real estate and land use experts in the world, CRREM provides the real estate industry with transparent, science-based decarbonization pathways aligned with the Paris Climate Goals of limiting global temperature rise to 2°C, with ambition toward 1.5°C; considers both operational carbon and energy intensities	We're a sponsor of this initiative.
Urban Land Institute (ULI)	2021	Americas and EMEA	The oldest and largest network of cross-disciplinary real estate and land use experts in the world; through members' dedication to the mission and their shared expertise, the institute has been able to set standards of excellence in development practice	We're a member of the Mapping ESG Steering Committee.
UNEP FI Property Working Group (PWG)	2019	Global	Drives innovation in responsible property investment by facilitating access to relevant information and best practices for systematically applying and integrating ESG criteria into investment and lending decisions	We attend and contribute to the quarterly working group meetings.
World Benchmark Alliance (WBA)	2018	Global	Seeks to increase the private sector's sustainability impact; creates benchmarks to incentivize and accelerate companies' efforts toward achieving the UN's SDGs	We're a supporter of this initiative.
World Business Council for Sustainable Development (WBCSD)	2019	World	CEO-led organization of over 200 leading businesses working together to accelerate the transition to a sustainable world	We're a council member and liaison delegate. Our timber and agriculture teams actively participate in the WBCSD's Forest Solutions Group, Scaling Positive Agriculture, and Nature Action projects in collaboration with industry partners focused on scaling forestry and agriculture as natural climate solutions.

Manulife Investment Management

The case studies shown here are for illustrative purposes only, do not represent all of the investments made, sold, or recommended for client accounts, and should not be considered an indication of the ESG integration, performance, or characteristics of any current or future Manulife Investment Management product or investment strategy.

Manulife Investment Management conducts many ESG engagements each year but does not engage on all issues or with all issuers in our portfolios. We also frequently conduct collaborative engagements in which we do not set the terms of engagement but lend our support in order to achieve a desired outcome. Where we own and operate physical assets, we seek to weave sustainability into our operational strategies and execution. The case studies shown are illustrative of different types of engagements across our in-house investment teams, asset classes and geographies in which we operate. While we conduct outcome-based engagements to enhance long term-financial value for our clients, we recognize that our engagements may not necessarily result in outcomes which are significant or quantifiable. In addition, we acknowledge that any observed outcomes may be attributable to factors and influences independent of our engagement activities. The case studies shown are a sampling across issues and geographies. Our approach to ESG investing and incorporation of ESG principles into the investment process differs by investment strategy and investment team. It should not be assumed that an investment in the company discussed herein was or will be profitable. Actual investments will vary and there is no guarantee that a particular fund or client account will hold the investments or reflect the characteristics identified herein. Please see our ESG policies for details. We consider that the integration of sustainability risks in the decision-making process is an important element in determining long-term performance outcomes and is an effective risk mitigation technique. Our approach to sustainability provides a flexible framework that supports implementation across different asset classes and investment teams. While we believe that sustainable investing will lead to better long-term investment outcomes, there is no guarantee that sustainable investing will ensure better returns in the longer term. In particular, by limiting the range of investable assets through the exclusionary framework, positive screening and thematic investment, we may forego the opportunity to invest in an investment which we otherwise believe likely to outperform over time.

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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