

# Manulife General Account Thermal Coal Statement

We recognize the link between environmental and financial stewardship and are actively incorporating material climate change considerations into our decision making, including how we manage our operations, how we make investment decisions and how we develop and offer financial products and services. As a global life insurer, we also understand the connection between our environment, our energy systems and public health.

This statement outlines Manulife General Account's approach to new thermal coal investments, in alignment with our commitment to net zero and efforts to manage risks associated with the transition to a low-carbon economy. Manulife will regularly review the approach laid out to reflect developments in climate science, climate policy, and economic conditions and expects the General Account to implement processes to support conformance with the outlined approach over a transition period of several months, during which existing escalation procedures for thermal coal will apply.

## Rationale

Thermal coal is an important energy source in many geographies. The burning of coal for energy is also one of the largest sources of global greenhouse gas emissions, contributing to climate change, and is a known source of particulate matter and other air pollutants, impacting public health. To keep

global temperature rise well below 2°C, a transition to lower emissions energy sources is necessary and viable alternatives are becoming more cost-effective.

As such, we will avoid new investments in unabated thermal coal projects and limit our exposure to companies reliant on thermal coal for revenue, in the absence of credible decarbonization plans. Manulife encourages a swift transition to cleaner and lower carbon sources of energy while also recognizing the importance of our role in remaining a source of capital to companies that are making credible efforts to reduce their reliance on thermal coal. This is a necessary component of contributing to real-world decarbonization.

This policy is informed by the International Energy Agency (IEA) and Intergovernmental Panel on Climate Change (IPCC) recommendations for phase out of coal in OECD countries, with a specific focus on North America and Europe.

## Scope

These restrictions apply to new, direct investments made by Manulife and its wholly owned life insurance companies globally. It does not apply to assets managed on behalf of third parties by Manulife, assets managed by external third-party asset managers, joint ventures, and assets that are indirectly or passively managed. We continue to promote and encourage the use of sustainable practices with third-party managers of Manulife General Account funds and endeavour to engage with them to communicate our specific expectations. For assets managed by Manulife Investment Management on the General Account's behalf, complementary coal restrictions will be negotiated and mutually agreed to, where feasible.

## Thermal Coal Approach

### Project finance restrictions

We will not make direct investments in new projects for the construction and/or expansion of thermal coal mines or unabated thermal coal power plants. Project finance for thermal coal mines and power plants beyond construction and expansion remains permitted where the funds are used to support the issuer's transition away from thermal coal.

### Company restrictions

We will not knowingly make new direct investments in companies that either themselves or through entities they control meet any of the following thresholds:

- >20% of revenue is generated from mining thermal coal,
- >20% of revenue is generated from unabated thermal coal power plants, or
- >20% of share of installed capacity is thermal coal.

In keeping with the principles of a just energy transition, company restrictions do not apply to companies with thermal coal operations solely outside of North America and Europe. Further, to support our objective of contributing to real-world decarbonization, Manulife will consider exceptions to company restrictions, under the following conditions:

- Companies meeting the threshold have disclosed and are making progress against credible decarbonization, phase out, and/or abatement plans; and/or
- The use of proceeds of the investment is to facilitate the transition of the issuer's business away from coal.