

## **MANULIFE TAX STRATEGY**

Manulife Financial Corporation (“MFC”) and its subsidiaries are collectively referred to herein as “the Company”, “Manulife”, “we” and “our”.

Manulife is a leading international financial services provider headquartered in Toronto, Canada. We provide financial services, including asset management and insurance, to our clients. Manulife operates in numerous countries around the world, each with its own taxation system and tax rates. Many of these countries, such as the United States, have tax rates that are lower than those of Canada. Consequently, the company’s effective tax rate will typically be lower than the Canadian statutory rate and the variability of that rate from year to year depends on the level of our profitability on a country-by-country basis.

Manulife is committed to being a responsible global tax citizen and meeting our tax obligations in the jurisdictions in which we operate. The taxes we pay around the world are published annually in our Sustainability Report and Public Accountability Statement at <https://www.manulife.com/en/about/sustainability.html>.

Our Tax Strategy applies to all Manulife group companies and is reviewed by Manulife’s Global Tax department and our Executive Leadership Team (“ELT”) on an annual basis. Certain subsidiaries also publish their own Tax Strategy, as required under United Kingdom law (e.g. <https://www.manulife.com/content/dam/corporate/global/en/documents/legal/Manulife-UK-Tax-2023.pdf>).

Our Tax Strategy reflects a global approach to the management of Manulife’s tax affairs to ensure we consistently comply with the letter and spirit of applicable tax laws.

Manulife’s tax strategy is based on the following principles:

- Complete honesty and integrity
- Compliance with all applicable laws and regulations, including transfer pricing guidelines
- Contributing to shareholder value
- Customer-centric client service
- Protection of the Company’s brand and reputation
- Operational efficiency and effectiveness
- Openness and cooperation with tax authorities

### **Manulife’s approach to effective tax risk management and governance**

Tax falls within the scope of the Chief Financial Officer’s responsibilities. Ultimate responsibility is with our ELT and Manulife’s Board of Directors. Operational responsibility for tax strategy and risk management resides with Manulife’s Global Tax department. The policies, procedures and internal controls employed for tax in this framework align with the Company’s Risk Management Framework.

Manulife has established formal committees to review and approve significant transactions and structures. Such committees are accountable to the ELT and/or Manulife’s Board of Directors as is deemed appropriate. Manulife’s Global Tax department participates in these committees and Global Tax’s approval is required for transactions and structures with significant tax implications.

## **Manulife's appetite for tax risk**

Our appetite for tax risks depends in part on the nature of the particular risk, that is:

- Manulife manages and plans its affairs legally and responsibly and seeks certainty, where possible, with respect to the tax consequences of transactions and positions. In the absence of certainty, Manulife takes positions it expects to be sustained. We may, however, choose to forgo a transaction or planning opportunity regardless of certainty where it could reasonably be expected to negatively affect the company's brand or reputation.
- Manulife conducts its affairs to minimize transactional, compliance and other operating tax risks through cost-effective operational risk management and a commitment to comply with all applicable laws and regulations.

## **Manulife's approach to tax planning**

Manulife undertakes transactions and establishes structures only when there is an underlying business purpose with commercial and economic substance aligned with Manulife's business strategy. Tax planning opportunities will be evaluated within clear risk parameters by applying diligent professional care and judgement and will be undertaken only when the tax strategy aligns with Manulife's business strategy.

Tax planning opportunities will only be pursued if they can be reasonably supported by economic substance, they comply with both the letter and spirit of the relevant tax laws, they are properly documented, and they are approved by the appropriate management level as well as Global Tax. In evaluating tax planning opportunities, Manulife may consult with external parties, such as law and accounting firms, for advice and guidance.

## **Manulife's approach to dealings with tax authorities**

Manulife seeks to comply with all tax filing, tax reporting and tax payment obligations, and looks to maintain open and transparent relationships with the tax authorities in the jurisdictions in which we operate. From time to time, situations may arise where Manulife's views on the appropriate tax treatment of a matter might differ from those of the tax authorities. Where such circumstances arise, Manulife will work constructively and proactively with the tax authorities in question with a view to achieving an early resolution.

## **Manulife's approach to transfer pricing**

Manulife and its affiliates regularly enter into cross-border intercompany transactions. Our Tax Strategy requires that prices charged between affiliates reflect economic and commercial reality. To manage tax risk related to these transactions, Manulife complies with transfer pricing legislation and guidelines established by the countries in which we operate, along with OECD transfer pricing guidelines, to ensure that the "arm's-length" principle is observed in pricing cross-border transactions between Manulife entities. Also, in accordance with the OECD's Base Erosion and Profit Shifting initiative (BEPS) to enhance tax transparency, Manulife produces country-by-country reporting on our global operations to facilitate the audit work of tax authorities around the world.

Formal documentation and review processes exist to ensure that jurisdictional transfer pricing requirements are met in all countries where Manulife operates.