

Manulife

Type of Engagement: Annual Review

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Introduction

In March 2022, Manulife issued a Green Bond (the “2022 Green Bond”) to finance projects that provide positive environmental impacts. In 2024, Manulife engaged Sustainalytics to review the projects financed with proceeds from the 2022 Green Bond (the “Nominated Projects”) and provide an assessment as to whether the projects meet the use of proceeds criteria and the reporting commitments outlined in the Manulife Sustainable Bond Framework (the “Framework”)¹. Sustainalytics provided a Second-Party Opinion on the Framework in February 2022.² This is Sustainalytics’ second annual review of allocation and reporting of the instruments issued under the Framework, following a previous review in March 2023.³

Evaluation Criteria

Sustainalytics evaluated the Nominated Projects based on whether they:

1. Meet the use of proceeds and eligibility criteria defined in the Framework; and
2. Reported on at least one key performance indicator (KPI) for each use of proceeds category defined in the Framework.

Table 1: Use of Proceeds Categories, Eligibility Criteria and Associated KPIs

Use of Proceeds Category	Eligibility Criteria
Renewable Energy	<p>Development, construction, operation, maintenance, and upgrades of:</p> <ol style="list-style-type: none"> i. Facilities and equipment wholly dedicated to the generation of renewable energy as defined by the International Renewable Energy Agency (IRENA) Statute⁴, including: <ol style="list-style-type: none"> a. Wind energy b. Solar energy c. Small-scale run-of-river hydro (under 25 Mega Watts)⁵ d. Bioenergy from waste biomass e. Tidal energy f. Geothermal energy (direct emissions of under 100 gCO₂/kilowatt) ii. Transmission infrastructure and other supporting infrastructure wholly dedicated to renewable energy generation facilities including inverters, transformers, energy storage systems and control systems

¹ Manulife, “Sustainable Bond Framework”, (2022), at:

https://www.manulife.com/content/dam/corporate/global/en/documents/pas/MFC_SBF_2022_EN.pdf

² Sustainalytics, “Second-Party Opinion, Manulife Sustainable Bond Framework”, (2022), at: [https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/manulife-financial-corporation/manulife-sustainable-bond-framework-second-party-opinion-\(2022\)/manulife-sustainable-bond-framework-second-party-opinion-\(2022\)](https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/manulife-financial-corporation/manulife-sustainable-bond-framework-second-party-opinion-(2022)/manulife-sustainable-bond-framework-second-party-opinion-(2022))

³ Sustainalytics, “Annual Review”, (2023), at: https://www.manulife.com/content/dam/corporate/global/en/documents/pas/MFC_GB_LAS_2023_EN.pdf

⁴ IRENA Statute, (2009), at: https://www.irena.org/-/media/Files/IRENA/Agency/About-IRENA/Statute/IRENA_FC_Statute_signed_in_Bonn_26_01_2009_incl_declaration_on_further_authentic_versions.pdf?la=en&hash=635C494208DD405EA8CD2BDB04414FECD40F55F1

⁵ Selection criteria of hydropower plants includes an environmental and social impact assessment undertaken by a credible third party to demonstrate no significant risks or controversy surrounding the respective project.

	<ul style="list-style-type: none"> iii. Production or manufacturing facilities wholly dedicated to equipment, feedstock, or components for renewable energy generation facilities
Green Buildings	<p>Purchase, construction, operation, and maintenance of new or existing commercial or residential buildings that:</p> <ul style="list-style-type: none"> i. Have achieved, based on third-party assessment, greenhouse gas emission performance in the top 15% of their city, or ii. Have received, or expect to receive based on its design, construction and operational plans, certification according to third party verified green building standards, such as: <ul style="list-style-type: none"> a. LEED Gold or Platinum standard b. BOMA BEST/360 Gold or Platinum c. Energy Star score of 85+
Environmentally sustainable management of natural resources and land use	<p>Purchase and operation of sustainably - managed timberland holdings certified by credible third-party forest certification systems, such as:</p> <ul style="list-style-type: none"> i. Forest Stewardship Council (FSC) ii. Programme for the Endorsement of Forest Certification (PEFC) <p>Purchase and operation of sustainably - managed farmland holdings certified by credible third-party forest certification systems, such as:</p> <ul style="list-style-type: none"> i. Leading Harvest Standard
Energy Efficiency	<p>Development, construction, acquisition, installation, operation, and upgrades of projects that reduce energy consumption by at least 20%, including:</p> <ul style="list-style-type: none"> i. Projects involving the installation, maintenance or replacement of efficient heating, ventilation, air conditioning, refrigeration, lighting, and electrical equipment ii. Projects that allow the monitoring and modeling of energy performance such as the design and installation of digital controls, sensors or building information systems iii. Projects that optimize the amount and time of energy consumption by minimizing peak loads, such as design and installation of metering systems, smart grids, load control systems

Table 2: Key Performance Indicators

Use of Proceeds	Key Performance Indicators
Renewable Energy	<ul style="list-style-type: none"> i. Renewable energy generated capacity (MWh) ii. Avoided/reduced carbon emissions (metric tonnes CO₂)
Green Buildings	<ul style="list-style-type: none"> i. Green building certifications and certified area (square footage) ii. Avoided/reduced carbon emissions (metric tonnes CO₂)
Environmentally sustainable management of natural resources and land use	<ul style="list-style-type: none"> i. Sustainable forestry certification and certified area (square footage) ii. Removed/sequestered carbon emission (metric tonnes CO₂)
Energy Efficiency	<ul style="list-style-type: none"> i. Annual energy savings (MWh) ii. Avoided/reduced carbon emissions (metric tonnes CO₂)

Issuer’s Responsibility

Manulife is responsible for providing accurate information and documentation relating to the details of the funded projects, including descriptions of projects, amounts allocated and project impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of the use of proceeds from the 2022 Green Bond. The work undertaken as part of this engagement included collection of documentation from Manulife and review of said documentation to assess conformance with the Framework.

Sustainalytics relied on the information and the facts presented by Manulife. Sustainalytics is not responsible nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by Manulife.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight of the review.

Conclusion

Based on the limited assurance procedures conducted,⁶ nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the reviewed projects do not conform with the use of proceeds criteria and reporting commitments in the Framework. Manulife has disclosed to Sustainalytics that the net proceeds from the 2022 Green Bond were fully allocated as of December 2022.

⁶ Sustainalytics’ limited assurance process includes reviewing documentation relating to details of projects, as provided by the issuing entity, which is responsible for providing accurate information. These may include descriptions of projects, estimated and realized costs, and reported impact. Sustainalytics has not conducted on-site visits to projects.

Detailed Findings

Table 3: Detailed Findings

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the Nominated Projects to determine alignment with the use of proceeds criteria outlined in the Framework.	All projects reviewed complied with the use of proceeds criteria.	None
Reporting Criteria	Verification of the Nominated Projects to determine if impact was reported in line with the KPIs outlined in the Framework.	All projects reviewed reported on at least one KPI per use of proceeds category.	None

Appendix

Appendix 1: Allocation and Reported Impact

Use of Proceeds Category	Sub-Sector	Pro-rated Net Proceeds Allocated (USD million) ⁷	Environmental Impact Reported
Renewable Energy	Wind Energy	166.45	i. Renewable energy generated: 601,214 MWh ii. Avoided/reduced carbon emissions: 138,317 metric tonnes of CO ₂
	Solar Energy	117.31	
	Hydropower	66.10	
Green Buildings		172.48	i. LEED Gold Certified area: 48,132 sqft (US) ii. BOMA BEST Platinum Certified area: 530,825 sqft (CAD)
Environmentally Sustainable Management of Living Natural Resources & Land Use		213.39	i. Sustainable Forestry Initiative certified forests: 183,705 acres ⁸
Energy Efficiency ⁹		10.30	i. Annual energy savings: 54,986 MWh ii. Avoided/reduced carbon emissions: 49,430 metric tonnes of CO ₂
Net Proceeds Allocated (USD million)		746.03	
Total Proceeds Raised (USD million)		750 ¹⁰	

⁷ The amounts have been rounded off to the nearest million.

⁸ Manulife has confirmed to Sustainalytics that the financed forestry projects are certified by the Sustainable Forest Initiative (SFI) endorsed by the Programme for the Endorsement of Forest Certification (PEFC).

⁹ Manulife has confirmed to Sustainalytics that assets financed under the Energy Efficiency category adhere to the Framework's criterion of a minimum 20% reduction in energy consumption.

¹⁰ Manulife has informed Sustainalytics that USD 3.97 million were incurred as transactional costs.

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