

# **APPENDIX V**

## **PRE-CONTRACTUAL DISCLOSURE**

This Appendix comprises the pre-contractual disclosure for those Sub-Funds which fall within the scope of Article 8 or Article 9 of SFDR.

Article 8 Sub-Fund:

- Sustainable Asia Equity Fund

Article 9 Sub-Funds:

- Global Climate Action Fund
- Sustainable Asia Bond Fund

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

Product name: Manulife Global Fund- Sustainable Asia Equity Fund

Legal entity identifier: 54930026MJUHQKVTG034

## Environmental and/or social characteristics

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Does this financial product have a sustainable investment objective?	
<input checked="" type="radio"/> <input type="radio"/> <b>Yes</b>	<input type="radio"/> <input checked="" type="checkbox"/> <b>No</b>
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: ___%</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul>	<input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 35% of sustainable investments <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input checked="" type="checkbox"/> with a social objective</li> </ul>
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: ___%</b>	<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



## What environmental and/or social characteristics are promoted by this financial product?

The Sub-Fund promotes environmental and social characteristics by investing in issuers who demonstrate strong or improving sustainability attributes. Whilst the Sub-Fund does not have a sustainable investment objective, it does invest a proportion of its portfolio in sustainable investments. The environmental and social characteristics promoted by the Sub-Fund include:

- Environmental factors, such as climate change and natural resource use;
- Social factors, such as labour standards and diversity considerations; and
- Governance factors, such as board composition and business ethics.

Issuers with improving sustainability attributes are those that demonstrate awareness and commitment to ESG issues, while issuers with strong sustainability attributes are those that demonstrate stronger performance on and management of ESG issues compared to their peers. Due to the widespread lack of available data, and given the Sub-Fund invests primarily in issuers in Asia which are not subject to the EU Taxonomy, the Sub-Fund is not yet able to confirm the degree of taxonomy alignment of its sustainable investments with an environmental objective and does not commit to making any such investments.

The Sub-Fund has not designated a benchmark for the purpose of determining the attainment of the environmental or social characteristics promoted, as the Investment Manager considers that the sustainability indicators and other measures monitoring the attainment of the environmental or social characteristics promoted by the Sub-Fund are a more appropriate reference.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

### ● *What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?*

The sustainability indicators used by the Investment Manager to measure the attainment of the environmental or social characteristics of the Sub-Fund include:

- Greenhouse gas emissions (“GHG”) Intensity
- Board diversity
- Unadjusted gender pay gap

### ● *What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?*

The sustainable investments of the Sub-Fund may contribute to a sustainable objective through their performance in areas such as climate change mitigation, environmental pollution, diversity and inclusion and improved labour standards.

Although the Sub-Fund does not commit to a minimum level of taxonomy alignment, the Investment Manager expects that the Sub-Fund’s sustainable investments may contribute to the environmental objectives of climate change mitigation and natural resource use. The Sub-Fund also has socially focused investments which are not yet designated under the EU Taxonomy.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to

### ● *How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?*

The Investment Manager has fully integrated ESG considerations into the investment decision making process. As part of the overall approach, the Investment Manager ensures that the sustainable investments made by the Sub-Fund Do No Significant Harm (“DNSH”) to sustainable investment objectives by (a) adhering to a detailed exclusion framework, (b) screening out companies with the lowest ESG rankings while selecting securities that have

environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

higher ESG rankings and (c) identifying and considering the principal adverse impacts (“PAI”) on sustainability factors.

**a) Exclusion Framework**

The Sub-Fund adheres to an exclusion framework where certain companies are not considered permissible for investment. This includes screening out companies, subject to data availability, which are considered by the third party data provider(s) used by the Investment Manager to be in violation of the Ten Principles of the UNGC. This also includes companies with products or within industries that are considered by the Investment Manager to be unsustainable or associated with significant environmental or social risks. These may be updated from time to time depending on the assessment of each product or industry against the abovementioned principles, but currently companies deriving more than 5% of revenue from alcohol, tobacco, gambling operations, adult entertainment, thermal coal production, conventional weapons and any revenue from controversial weapons are automatically eliminated from investment consideration (exclusion framework). This forms a material part of the Sub-Fund’s DNSH test.

Over time companies’ eligibility status may change and some companies who were eligible when purchased by the Sub-Fund may become ineligible. When this occurs, the Investment Manager may engage with companies to have a constructive dialogue in order to improve factors that lead to ineligibility within 90 days. The position in respect of such issuers may be divested at any time or for any reason during this 90-day period.

**b) ESG rankings**

Each potential company will be assigned with an ESG ranking based on the Investment Manager’s assessment of the company’s performance on and management of ESG issues, in consideration of and/or in reference to a number of industry principles and standards including the principles of financial materiality as outlined by the Sustainability Accounting Standards Board (SASB). The ESG rankings will be determined and assigned by the Investment Manager using a proprietary method which aims to incorporate relevant ESG factors, considering and processing third party ratings and scores together with the Investment Manager’s own analysis of raw industry data (such as publicly available ESG reports, assessment reports or case studies) and potential contribution to positive sustainable outcomes. Securities with the lowest ESG rankings based on proprietary assessment will be removed from inclusion.

**c) PAI on sustainability factors**

The Investment Manager has assessed the PAI indicators relevant to the Sub-Fund and which the Investment Manager considers should be taken into account for the purposes of assessing whether sustainable investments otherwise cause significant harm.

— — ***How have the indicators for adverse impacts on sustainability factors been taken into account?***

Based on data availability, the following PAI indicators are taken into consideration for investments in equities and/or fixed income products issued by corporate issuers for the proportion of holdings where data is available:

1. Scope 1 GHG emissions
2. Scope 2 GHG emissions
3. Scope 3 GHG emissions
4. Total GHG emissions
5. Carbon Footprint
6. GHG intensity of investee companies
7. Share of investments in companies active in the fossil fuel sector

8. Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources
9. Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector
10. Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas
11. Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average
12. Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average
13. Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises
14. Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises
15. Average unadjusted gender pay gap of investee companies
16. Average ratio of female to male board members in investee companies
17. Share of investments in investee companies involved in the manufacture or selling of controversial weapons

For investments in sovereign bonds and bonds issued by supranational entities, the following PAI indicators will be considered:

1. GHG intensity of investee countries
2. Absolute number of investee countries subject to social violations
3. Relative number of investee countries subject to social violations
4. Non-cooperative tax jurisdictions

The Investment Manager aims to identify the adverse sustainability impact from the Sub-Fund's investments in several ways, including via general screening criteria, ongoing review of PAIs and where appropriate supplemented by fundamental research during the Investment Manager's investment processes. Subject to data availability, the Investment Manager, with subject matter support from Manulife IM's Sustainable Investment team, is responsible for assessing and monitoring the above PAI indicators for all in-scope assets on an ongoing basis using an internally developed monitoring system, third-party data, company issued data and public information. This assessment may include both fundamental as well as quantitative analysis. Issuers identified as outliers on specific indicators, or which exhibit high adverse impact across several indicators will be subject to further analysis by the Investment Manager and may be reviewed by the Sustainable Investment team.

All specific PAI indicators that are taken into consideration for the Sub-Fund, both at an overall portfolio level and in relation to the DNSH assessment for sustainable investment, are subject to data availability. The Investment Manager monitors data availability on an ongoing basis with the aim to improve both data quality and availability.

PAI value outcomes for the Sub-Fund will be reported to clients on an ongoing basis in the periodic reporting.

— ***How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?***

The exclusionary framework explained above is aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organization on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

Notwithstanding there are no Taxonomy-aligned investments committed to at this time, there is a requirement to disclose the following:

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



### **Does this financial product consider principal adverse impacts on sustainability factors?**



**Yes.** The Sub-Fund considers PAI on sustainability factors. Subject to data availability, the Investment Manager, with subject matter support from the Sustainable Investment team, are responsible for assessing and monitoring the above PAI indicators for all in-scope assets on an ongoing basis using an internally developed monitoring system, third party data, company issued data and public information. The specific PAI indicators that are taken into consideration for the Sub-Fund, both at an overall portfolio level and in relation to the DNSH assessment for sustainable investment, are subject to data availability. The Investment Manager monitors data availability on an ongoing basis with the aim to improve both data quality and availability.

Information on PAI on sustainability factors will be made available in the annual report to be disclosed as required by SFDR Article 11(2).



**No**



### **What investment strategy does this financial product follow?**

The Sub-Fund seeks to invest at least 80% of its net assets in equity and equity-related securities of companies incorporated, located, listed or with significant business interests in Asia, including Australia and New Zealand, that have been identified as demonstrating strong or improving sustainability attributes. Such equity and equity related securities include common stocks, preferred stocks, REITs and depositary receipts.

Sustainability attributes may include, or may be defined or characterized by the Investment Manager as, but are not limited to, an issuer’s performance on and management of certain environmental

The investment strategy guides investment decisions based on factors such as investment

factors, such as climate change and natural resource use; social factors, such as labour standards and diversity considerations; and governance factors, such as board composition and business ethics (“ESG”). Issuers with improving sustainability attributes are those that the Investment Manager considers demonstrate awareness and commitment to ESG issues, while issuers with strong sustainability attributes are those that the Investment Manager considers demonstrate stronger performance on and management of ESG issues compared to their peers. In order to select securities of companies with strong or improving sustainability attributes, the Investment Manager will adhere to a process of ESG integration, an exclusion framework, applying ESG rankings, and active stewardship.

The Sub-Fund shall adhere to an exclusion framework where certain companies are not considered permissible for investment. This includes screening out companies, subject to data availability, which are considered by the third party data provider(s) used by the Investment Manager to be in violation of the Ten Principles of the United Nations Global Compact. This also includes companies with products or within industries that are considered by the Investment Manager to be unsustainable or associated with significant environmental or social risks. These may be updated from time to time depending on the assessment of each product or industry against the abovementioned principles, but currently companies deriving more than 5% of revenue from alcohol, tobacco, gambling operations, adult entertainment, thermal coal production, conventional weapons and any revenue from controversial weapons are automatically eliminated from investment consideration (exclusion framework). Where no data is available from the third party data provider(s) regarding compliance with the exclusion framework above, issuers will not be excluded from the Sub-Fund’s investment universe provided that they satisfy the positive screen applied by the Investment Manager and any other quantitative or qualitative analysis the Investment Manager considers relevant in order to satisfy the principle of “do no significant harm”.

Each potential company will be assigned one of seven ESG rankings ranging from “Laggard” to “Leader” based on the Investment Manager’s assessment of that company’s performance on and management of ESG issues, in consideration of and/or in reference to a number of industry principles and standards including the principles of financial materiality as outlined by the Sustainability Accounting Standards Board (SASB). The ESG rankings will be determined and assigned by the Investment Manager using a proprietary method which aims to incorporate all relevant ESG factors, considering and processing third party ratings and scores together with the Investment Manager’s own analysis of raw industry data (such as publicly available ESG reports, assessment reports or case studies) and potential contribution to positive sustainable outcomes.

Companies with the two lowest rankings (i.e. “Laggard” or “Very Risky”) are not eligible for investment in the portfolio, while companies with higher rankings will likely have a larger exposure within the portfolio. This allows the Investment Manager to enhance exposure to companies with stronger sustainability attributes in addition to minimizing exposure to those companies with weaker sustainability attributes.

Using the exclusion framework and the ESG rankings, the Investment Manager will (i) screen out companies and remove the issuers in the lowest ranking categories; (ii) select issuers which are determined by the Investment Manager to indicate strong or improving sustainability attributes; and (iii) construct a portfolio with ESG rankings that are better than the ESG rankings of the investment universe after applying (i) above. As part of the investment process of the Sub-Fund, the Investment Manager will then apply active stewardship to the selected securities through engagement and proxy voting to encourage improvement of sustainability attributes.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

- The Sub-Fund, subject to data availability, avoids investing in companies which are in violation of international norms, which are each intended to set standards for responsible business conduct across a range of issues, such as human rights, sound governance, labour rights, and the environment, being OECD Guidelines for Multinational Enterprises and

the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labor Organization on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

- In addition to the international standards set out above, the Investment Manager is also bound to apply the Sub-Fund’s exclusion framework, which is explained in more detail above. This means that the Investment Manager is bound to avoid particular normative, sector- or value-based exclusions to prevent investments into activities that are deemed to be inappropriate for the Sub-Fund and/or harming any of the sustainable investment objective of the Sub-Fund. In particular, the Sub-Fund may not invest in companies deriving more than 5% of revenue from alcohol, tobacco, gambling operations, adult entertainment, thermal coal production, conventional weapons, and any revenue from controversial weapons.
- Direct investments must meet the minimum threshold for ESG rankings. This means that, inter alia, companies with the two lowest rankings (i.e. “Laggard” or “Very Risky”) are not eligible for investment in the portfolio, while companies with higher rankings will likely have a larger exposure within the portfolio.

All of the above elements are binding on the Investment Manager on a continuous basis.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Using the exclusionary framework, and removal of issuers with lowest proprietary ESG rankings from fundamental analysis, the Sub-Fund is committed to removing at least 20% of the investment universe.

● ***What is the policy to assess good governance practices of the investee companies?***

Good governance practices of investee companies of the Sub-Fund are evaluated across various steps of the security selection process. Governance safeguards are inherent in the Investment Manager’s level norms-based screening as well as the Investment Manager’s PAI processes for the Sub-Fund.

Furthermore, at the Sub-Fund level, investee companies are screened for good governance principles at the point of investment and on an ongoing basis. This screening process includes sound management structures, employee relations, remuneration of staff and tax compliance, and is based on third party data, and/or a proprietary assessment.

A proprietary assessment will be used and may take precedence over the third-party data, when the Investment Manager determines to engage with the investee companies or the Investment Manager otherwise evidences the good governance practices of investee companies, or when third party data is lacking, the Investment Manager apply these principles by assessing issues including, but not limited to: companies’ board composition and oversight, executive compensation, labor management and human capital, and tax controversies. The selection of these specific indicators is subject to change from time to time although the overall principles will remain. Where the Investment Manager identifies any areas for improvement, and subject to an overall assessment of good governance, it may engage with the relevant investee company to seek improvements before choosing to divest, which will typically occur within 90 days. The assessment is not applicable to any cash, cash equivalent or derivatives investment or investments in securities issued by sovereigns or government-related entities.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.



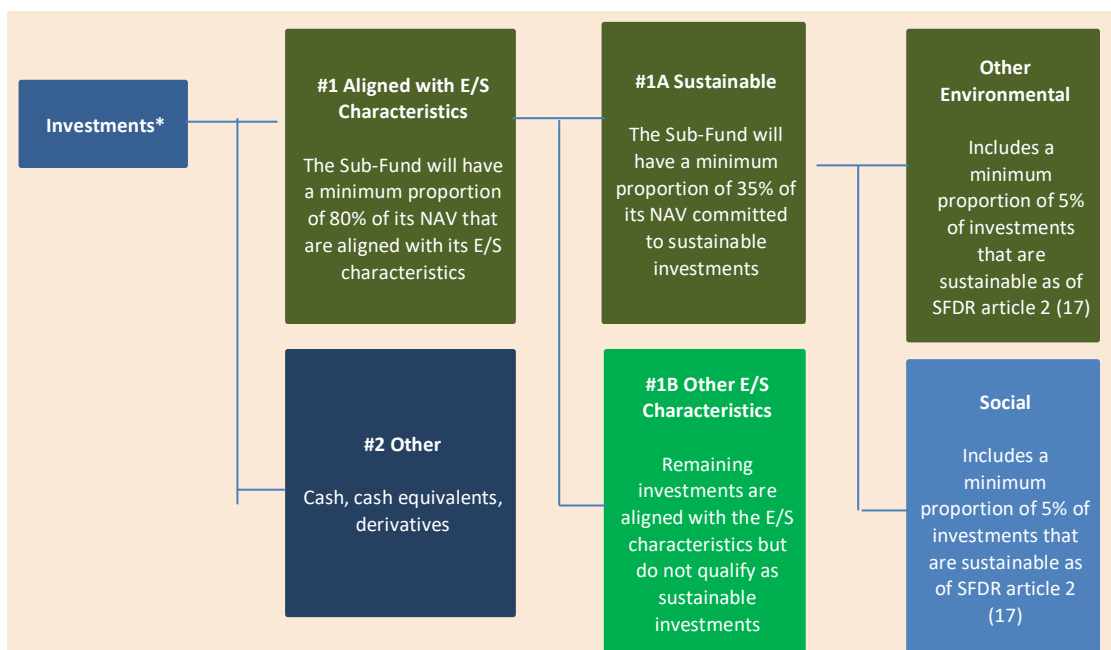


### Asset allocation

describes the share of investments in specific assets.

## What is the asset allocation planned for this financial product?

The Sub-Fund seeks to invest at least 80% of its net assets in equity and equity-related securities of companies incorporated, located, listed or with significant business interests in Asia, including Australia and New Zealand, that have been identified as demonstrating strong or improving sustainability attributes.



“#1 Aligned with E/S characteristics” includes the investments of the Sub-Fund used to attain the environmental or social characteristics promoted by the Sub-Fund.

“#2 Other” includes the remaining investments of the Sub-Fund which are neither aligned with the environmental or social characteristics, nor qualify as sustainable investments.

The category “#1 Aligned with E/S characteristics” covers:

- The Subcategory “#1A Sustainable” covers sustainable investments with environmental or social objectives.
  - The sub-category “Other Environmental” includes sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.
  - The sub-category “Social” includes socially sustainable investments.
- The sub-category “#1B Other E/S characteristics” covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

\*Investments means the Sub-Fund's NAV which is the total market value of the Sub-Fund.

The asset allocation may change over time and percentages should be seen as an average over an extended period of time. Calculations may rely on incomplete or inaccurate company or third party data.

### ● How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Derivatives are not used for the purposes of attaining the environmental or social characteristics promoted by the Sub-Fund.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure (CapEx)** showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure (OpEx)** reflecting green operational activities of investee companies.



## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Sufficient and publicly available reliable data on EU Taxonomy is scarce and the data coverage remains too low to support a meaningful commitment to a minimum proportion of Taxonomy-aligned investments in this Sub-Fund. Any assessment using equivalent data is less reliable. 0% of the Sub-Fund's investments can be classified as aligned with the EU Taxonomy. Disclosures and reporting on taxonomy alignment will develop as the EU framework evolves and data is made available by companies.

The graph below shows in green the minimum percentage of investments that are aligned with the EU Taxonomy.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy#?**

Yes:

In fossil gas

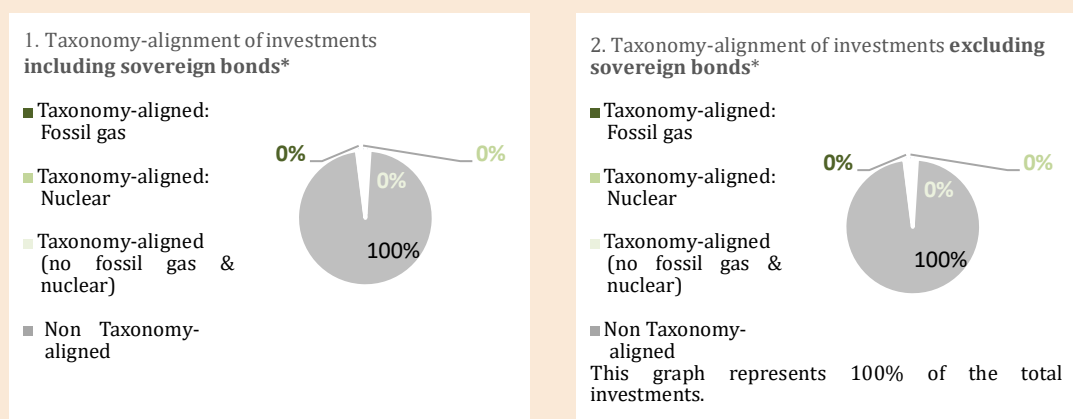
In nuclear energy

No

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# Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

● **What is the minimum share of investments in transitional and enabling activities?**

There is no commitment to a minimum proportion of investments in transitional and enabling activities.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



### **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU taxonomy is 5%.

However, the Sub-Fund has a minimum commitment to 35% of its portfolio being invested in sustainable investments. These sustainable investments may have either an environmental or a social objective. At the time of this disclosure, the Sub-Fund's strategy has no prioritization between environmental and social objectives nor targets any specific allocation. As such, the Sub-Fund's disclosed minimum commitment to each of the environment and social categories is lower than the overall commitment, to allow for the flexibility of the Sub-Fund's sustainable investment strategy. The Sub-Fund may invest in economic activities that are not yet eligible to be environmentally sustainable economic activities or for which technical standards are not yet finalised. As company data of EU Taxonomy alignment is not yet widely available from public disclosures by investee companies, we are unable to determine the allocation between sustainable investments with an environmental objective that are not aligned with the EU Taxonomy and those that are socially sustainable investments.

The investment process accommodates the combination of environmental and social objectives by allowing the Investment Manager the flexibility to allocate between these based on availability and attractiveness of investment opportunities.

Additional information on the actual share of such investments will be included in the Sub-Fund's periodic reporting.



### **What is the minimum share of socially sustainable investments?**

The minimum share of socially sustainable investments is 5%.

However, the Sub-Fund has a minimum commitment to 35% of its portfolio being invested in sustainable investments. These sustainable investments may have either an environmental or a social objective. At the time of this disclosure, the Sub-Fund's strategy has no prioritization between environmental and social objectives nor targets any specific allocation. As such, the Sub-Fund's disclosed minimum commitment to each of the environment and social categories is lower than the overall commitment, to allow for the flexibility of the Sub-Fund's sustainable investment strategy.

The investment process accommodates the combination of environmental and social objectives by allowing the Investment Manager the flexibility to allocate between these based on availability and attractiveness of investment opportunities.

Additional information on the actual share of such investments will be included in the Sub-Fund's periodic reporting.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

Cash or cash equivalents may be held for liquidity purposes. The Sub-Fund may use derivatives and other techniques for hedging and/or efficient portfolio management purposes. However, derivatives instruments will not be used to attain the sustainable investment objective of the Sub-Fund. Given the nature and purpose of the assets within this portion of the Sub-Fund, minimum environmental or social safeguards apply where relevant.



**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

### **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

The reference index, MSCI AC Asia ex-Japan NR USD index, is not a specific index designated as a reference benchmark to determine whether the Sub-Fund is aligned with the environmental and social characteristics promoted by the Sub-Fund, as the Investment Manager considers that the sustainability indicators and other measures monitoring the attainment of the environmental and sustainable characteristics promoted by the Sub-Fund are a more appropriate reference. Thus, MSCI AC Asia ex-Japan NR USD index is used as a benchmark for financial performance comparison purposes only and not as a reference benchmark for SFDR purposes.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***  
N/A
- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***  
N/A
- ***How does the designated index differ from a relevant broad market index?***  
N/A
- ***Where can the methodology used for the calculation of the designated index be found?***  
N/A



### **Where can I find more product specific information online?**

More product-specific information can be found on the website:  
<https://www.manulifeglobalfund.com/asia-sustainable-equity-SFDR.html>

**Pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852**

Product name: Manulife Global Fund - Global Climate Action Fund

Legal entity identifier: 5493008PRDYSWUK5TH37

## Sustainable investment objective

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Does this financial product have a sustainable investment objective?	
<input checked="" type="radio"/> <input checked="" type="radio"/> <input checked="" type="checkbox"/> Yes	<input type="radio"/> <input type="radio"/> <input type="checkbox"/> No
<input checked="" type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: 85%</b>	<input type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments
<input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy	<input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
<input checked="" type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: ___%</b>	<input type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: ___%</b>	<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



## What is the sustainable investment objective of this financial product?

The sustainable investment objective of the Sub-Fund is to invest at least 85% of its net assets in a diversified portfolio of companies who are leaders in making positive contributions to climate change (“Climate Leaders”) as defined by the Sub-Investment Manager or companies which are sustainable investments making a contribution to climate change, but do not fully satisfy the Sub-Investment Manager’s criteria to be a Climate Leader. It is anticipated that at least 80% of the Sub-Fund’s net assets will be invested in Climate Leaders.

The Sub-Fund will contribute to climate change mitigation and climate change adaptation by investing in Climate Leaders or other sustainable investments. These are companies that are considered by the Sub-Investment Manager to be aligned with the principles of the Paris Agreement. Further details on the Sub-Investment Manager’s selection process are included in “What investment strategy does this financial product follow?” below.

The Sub-Fund has not designated a benchmark for the purpose of attaining the sustainable objective of the Sub-Fund, as the Sub-Investment Manager considers that the sustainability indicators and other measures monitoring the attainment of the sustainable investment objective are a more appropriate reference.

### Sustainability

**indicators** measure how the sustainable objectives of this financial product are attained.

### ● *What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?*

The sustainability indicators used by the Sub-Investment Manager to measure the attainment of the sustainable investment objective of the Sub-Fund include:

- Green House Gas (“GHG”) emissions intensity
- Proportion of companies with Science Based Targets from the Science Based Target Initiative
- Water intensity
- Waste intensity
- Clean Technology Revenue

### Principal adverse

**impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

### ● *How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?*

The Sub-Investment Manager has fully integrated ESG considerations into the investment decision making process. As part of their overall approach, the Sub-Investment Manager ensures that the sustainable investments made by the Sub-Fund Do No Significant Harm (“DNSH”) to sustainable investment objectives by (a) adhering to a detailed exclusion framework and (b) identifying and considering the principal adverse impacts (“PAI”) on sustainability factors.

#### a) **Exclusion Framework**

The Sub-Fund adheres to an exclusion framework where certain companies are removed from the investment universe. This includes screening out companies, subject to data availability, which are considered by the third-party data provider(s) used by the Sub-Investment Manager to be in violation of the Ten Principles of the UNGC. This also includes companies with products or within industries that are considered by the Sub-Investment Manager to be unsustainable or associated with significant environmental or social risks. These may be updated from time to time depending on the assessment of each product or industry against the abovementioned principles, but currently companies deriving more than 25% of revenue from fossil fuel based power generation, more than 5% of revenue from alcohol, tobacco, adult entertainment, gambling operations or conventional weapons; and any revenue from controversial weapons, oil and gas extraction and

production or thermal coal mining and sales are automatically eliminated from investment consideration (exclusion framework).

Where no data is available from the third party data provider(s) regarding compliance with the exclusion framework above, issuers will not be excluded from the Sub-Fund's investment universe provided that they satisfy the positive screen applied by the Sub-Investment Manager and any other quantitative or qualitative analysis the Sub-Investment Manager considers relevant in order to satisfy the principle of "do no significant harm".

The Sub-Fund will also consider other sustainability and/or ESG-related attributes of companies when choosing whether to invest. These attributes may include, but are not limited to, a company's performance on and management of certain environmental factors, such as natural resource use, social factors such as labour standards and diversity considerations, and governance factors such as board composition and business ethics.

Over time issuers' eligibility status may change and some issuers who were eligible when purchased by the Sub-Fund may become ineligible. When this occurs, the Sub-Investment Manager may engage with issuers to have a constructive dialogue in order to improve factors that lead to ineligibility within the next 90 days. The position in respect of such issuers may be divested at any time or for any reason during this 90-day period.

**b) PAI on sustainability factors:**

The Sub-Investment Manager has assessed the PAI indicators relevant to the Sub-Fund and which the Sub-Investment Manager considers should be taken into account for the purposes of assessing whether sustainable investments otherwise cause significant harm to the sustainable investment objectives.

***How have the indicators for adverse impacts on sustainability factors been taken into account?***

The following PAI indicators are taken into consideration for investments in equities and/or fixed income products issued by corporate issuers for the proportion of holdings where data is available and reliable:

1. Scope 1 GHG emissions
2. Scope 2 GHG emissions
3. Scope 3 GHG emissions
4. Total GHG emissions
5. Carbon Footprint
6. GHG intensity of investee companies
7. Share of investments in companies active in the fossil fuel sector
8. Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources
9. Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector
10. Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas
11. Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average
12. Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average
13. Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises
14. Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or



grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises

15. Average unadjusted gender pay gap of investee companies
16. Average ratio of female to male board members in investee companies
17. Share of investments in investee companies involved in the manufacture or selling of controversial weapons

For investments in sovereign bonds and bonds issued by supranational entities, the following PAI indicators will be considered:

1. GHG intensity of investee countries
2. Absolute number of investee countries subject to social violations
3. Relative number of investee countries subject to social violations
4. Non-cooperative tax jurisdictions

The Sub-Investment Manager aims to identify the adverse sustainability impact from the Sub-Fund's investments in several ways, including via general screening criteria, ongoing review of PAIs and where appropriate supplemented by fundamental research during the Sub-Investment Manager's investment processes. Subject to data availability, the Sub-Investment Manager, with Manulife IM's subject matter support from the Sustainable Investment team, are responsible for assessing and monitoring the above PAI indicators for all in-scope assets on an ongoing basis using an internally developed monitoring system, third-party data, company issued data and public information. This assessment may include both fundamental as well as quantitative analysis. Issuers identified as outliers on specific indicators, or which exhibit high adverse impact across several indicators will be subject to further analysis by the Sub-Investment Manager and may be reviewed by the Sustainable Investment team.

All specific PAI indicators that are taken into consideration for the Sub-Fund, both at an overall portfolio level and in relation to the DNSH assessment for sustainable investment, are subject to data availability. The Sub-Investment Manager monitors data availability on an ongoing basis with the aim to improve both data quality and availability.

PAI value outcomes for the Sub-Fund will be reported to clients on an ongoing basis.

— ***How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?***

The exclusionary framework explained above is aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labor Organization on Fundamental Principles and Rights at Work and the International Bill of Human Rights.



## Does this financial product consider principal adverse impacts on sustainability factors?



**Yes.** The Sub-Fund considers PAI on sustainability factors. Subject to data availability, the Sub-Investment Manager, with subject matter support from the Sustainable Investment team, is responsible for assessing and monitoring the above PAI indicators for all in-scope assets on an ongoing basis using an internally developed monitoring system, third-party data, company issued data and public information. The specific PAI indicators that are taken into consideration for the Sub-Fund, both at an overall portfolio level and in relation to the DNSH assessment for sustainable investment, are subject to data availability. The Sub-Investment Manager monitors data availability on an ongoing basis with the aim to improve both data quality and availability.

Information on PAI on sustainability factors will be made available in the annual report to be disclosed as required by SFDR Article 11(2).



**No**



## What investment strategy does this financial product follow?

The Sub-Fund seeks to build a globally diversified portfolio of Climate Leaders and other sustainable investments, which aims to align with the principles of the Paris Agreement while also utilising a proprietary method to identify companies whose economic earnings and cash-based return on capital demonstrate the potential for delivering long-term growth and attractive risk-adjusted returns.

In order to select companies that are Climate Leaders, the Sub-Investment Manager will consider companies that have: (i) committed to Science-Based Targets with the Science Based Targets initiative (SBTi); or (ii) lower relative carbon intensity that is within the lowest 35% of their given industry; or (iii) a portion of revenues (a minimum of 20%) resulting from climate solutions including, but not limited to, renewable energy, energy efficiency or electric vehicles.

To select companies which are sustainable investments contributing to climate change but do not fully satisfy the Sub-Investment Manager's criteria to be a Climate Leader, the Sub-Investment Manager will consider companies that have: (i) lower relative carbon intensity relative to the Sub-Fund's benchmark; or (ii) lower water intensity relative to the Sub-Fund's benchmark; or (iii) lower waste intensity relative to the Sub-Fund's benchmark.

The Climate Leaders and other sustainable investments evaluation will be determined by the Sub-Investment Manager using a proprietary methodology which aims to incorporate all relevant environmental factors, considering and processing third-party data.

The investment strategy and selection process are applied to all assets of the Sub-Fund, except for cash and cash equivalents or derivatives, but there may be a small proportion of companies which are sustainable investments making a contribution to climate change but that do not fully satisfy the Sub-Investment Manager's criteria to be a Climate Leader.

Further details on the wider investment strategy used to attain the sustainable investment objective of the Sub-Fund are included in the investment policy.

Please also see the Sub-Investment Manager's Sustainable Investing and Sustainability Risk Statement for further details on how the Sub-Investment Manager integrates sustainability into its investment process to ensure that it is applied on a continuous basis.

- ***What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?***

The **investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

- The Sub-Fund, subject to data availability, avoids investing in companies which are in violation of international norms, which are each intended to set standards for responsible business conduct across a range of issues, such as human rights, sound governance, labour rights, and the environment, being OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labor Organization on Fundamental Principles and Rights at Work and the International Bill of Human Rights.
- In addition to the international standards set out above, the Sub-Investment Manager is also bound to apply the Sub-Fund’s exclusion framework, which is explained in more detail above. This means that the Sub-Investment Manager is bound to avoid particular normative, sector- or value-based exclusions to prevent investments into activities that are deemed to be inappropriate for the Sub-Fund and/or harming any of the sustainable investment objective of the Sub-Fund. In particular, the Sub-Fund may not invest in companies deriving more than 25% of revenue from fossil fuel generation, more than 5% of revenue from alcohol, tobacco, adult entertainment, gambling operations or conventional weapons, and any revenue from controversial weapon, oil and gas extraction and production or thermal coal mining and sales.
- The Sub-Fund has committed to a minimum level (85%) of sustainable investments. In order to achieve this, the Sub-Investment Manager is bound by the selection process for investments in companies who are leaders in making positive contributions to climate change (“Climate Leaders”) as defined by the Sub-Investment Manager or companies which are sustainable investments making a contribution to climate change, but which do not fully satisfy the Sub-Investment Manager’s criteria to be a Climate Leader. Further detail on the selection process by which the Sub-Investment Manager is bound is set out in the investment strategy section above. The Sub-Investment Manager is bound to apply this selection process to all potential assets of the Sub-Fund with the exception of cash, cash equivalents and derivatives.

All of the above elements are binding on the Sub-Investment Manager on a continuous basis.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

● ***What is the policy to assess good governance practices of the investee companies?***

Good governance practices of investee companies of the Sub-Fund are evaluated across various steps of the security selection process. Governance safeguards are inherent in the Sub-Investment Manager’s level norms-based screening as well as the Sub-Investment Manager’s PAI processes for the Sub-Fund.

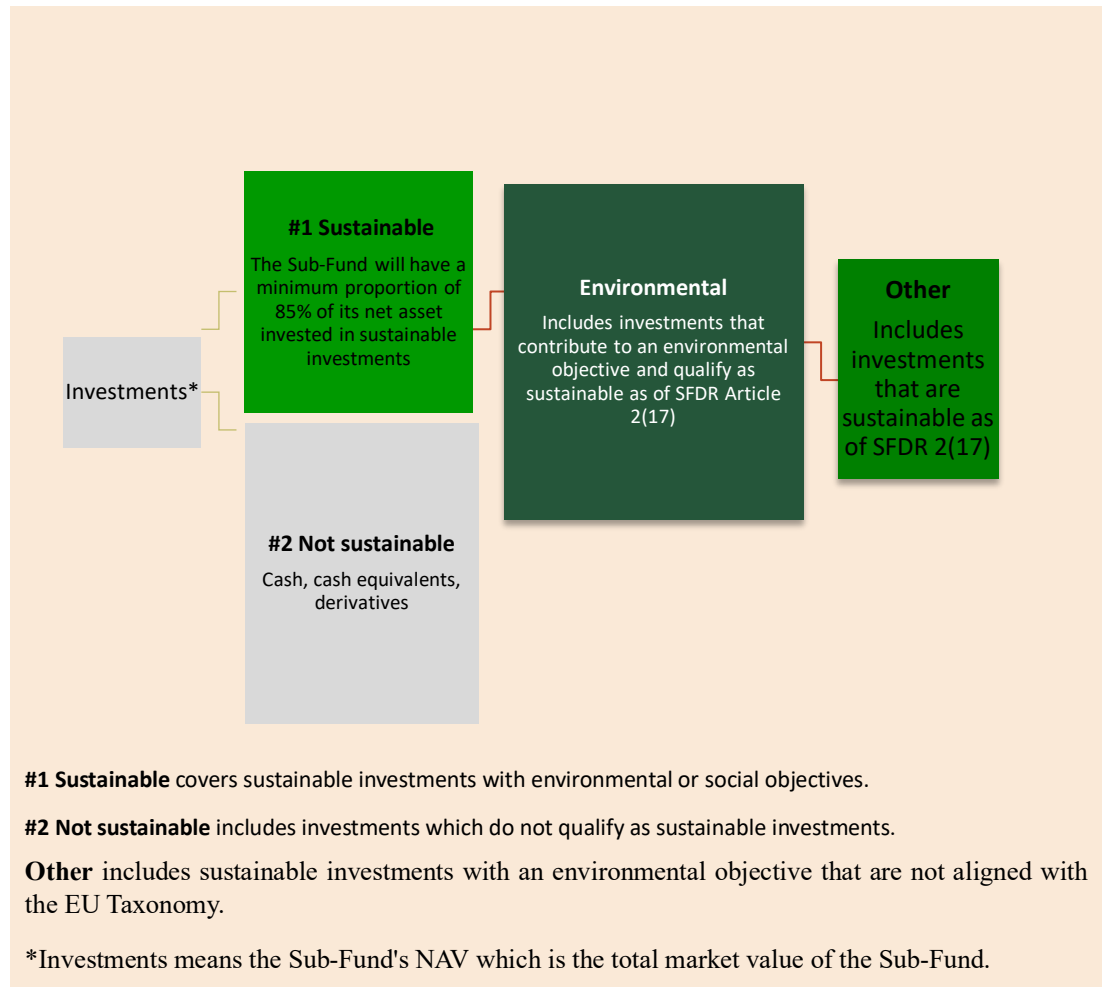
Furthermore, at the Sub-Fund level, investee companies are screened for good governance principles at the point of investment and on an ongoing basis. This screening process includes sound management structures, employee relations, remuneration of staff and tax compliance, and is based on third party data, and/or a proprietary assessment. A proprietary assessment will be used and may take precedence over the third-party data, when the Sub-Investment Manager determines to engage with the investee companies or the Sub-Investment Manager otherwise evidences the good governance practices of investee companies, or when third party data is lacking, the Sub-Investment Manager applies these principles by assessing issues including but not limited to: companies’ board composition and oversight, executive compensations, labor management and human capital, and tax controversies. The selection of these specific indicators is subject to change from time to time although the overall principles will remain. Where the Sub-Investment Manager identifies any areas for improvement, and subject to an overall assessment of good governance, it may engage with the relevant investee company to seek improvements before choosing to divest, which will typically occur within 90 days. The assessment is not applicable to any cash, cash equivalent or derivatives investment or investments in securities issued by sovereigns or government-related entities.



### Asset allocation

describes the share of investments in specific assets.

## What is the asset allocation and the minimum share of sustainable investments?



The asset allocation may change over time and percentages should be seen as an average over an extended period of time. Calculations may rely on incomplete or inaccurate company or third-party data.

### ● *How does the use of derivatives attain the sustainable investment objective?*

The Sub-Fund may use derivatives for hedging and/or efficient portfolio management purposes. However, derivatives instruments will not be used to attain the sustainable investment objective of the Sub-Fund.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Currently publicly available company data is scarce and any assessment using equivalent data is less reliable. In addition, companies outside of the EU are, generally, not required to provide data on their taxonomy alignment. As such, based on currently available data and estimates, 0% of the Sub-Fund's investments can be classified as aligned with the EU Taxonomy. Disclosures and reporting on taxonomy alignment will develop as the EU framework evolves and data is made available by investee companies.

The graph below shows in green the minimum percentage of investments that are aligned with the EU Taxonomy.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy#?**

**Yes:**



In fossil gas



In nuclear energy

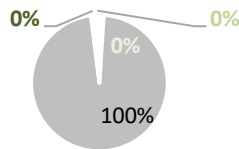


**No**

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*

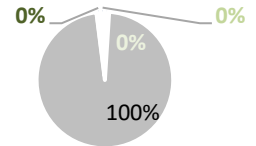
### 1. Taxonomy-alignment of investments including sovereign bonds\*

- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned (no fossil gas & nuclear)
- Non Taxonomy-aligned



### 2. Taxonomy-alignment of investments excluding sovereign bonds\*

- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned (no fossil gas & nuclear)
- Non Taxonomy-aligned



This graph represents 100% of the total investments.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to

- **What is the minimum share of investments in transitional and enabling activities?**

There is no commitment to a minimum proportion of investments in transitional and enabling activities.

# Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



are environmentally sustainable investments that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

85%.

The Sub-Fund may invest in economic activities that are not yet eligible to be environmentally sustainable economic activities or for which the technical standards are not yet finalised. Company data of EU Taxonomy alignment is not yet widely available from public disclosures by investee companies.



### What is the minimum share of sustainable investments with a social objective?

0%. There is no commitment to a minimum proportion of sustainable investments with a social objective.



### What investments are included under “#2 Not sustainable”, what is their purpose and are there any minimum environmental or social safeguards?

Cash or cash equivalents may be held for liquidity purposes. The Sub-Fund may use derivatives and other techniques for hedging and/or efficient portfolio management purposes. However, derivatives instruments will not be used to attain the sustainable investment objective of the Sub-Fund. Given the nature and purpose of the assets within this portion of the Sub-Fund, minimum environmental or social safeguards apply where relevant.



**Reference benchmarks** are indexes to measure whether the financial product attains the sustainable investment objective.

### Is a specific index designated as a reference benchmark to meet the sustainable investment objective?

The reference index, MSCI World Index NR USD Index, is not a specific index designated as a reference benchmark to determine whether the Sub-Fund meets the sustainable investment objective, as the Sub-Investment Manager considers that the sustainability indicators and other measures monitoring the attainment of the sustainable investment objective are a more appropriate reference. Thus, MSCI World Index NR USD Index is used as a benchmark for financial performance comparison purposes only and not as a reference benchmark for SFDR purposes.

- ***How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?***  
N/A
- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***  
N/A
- ***How does the designated index differ from a relevant broad market index?***  
N/A
- ***Where can the methodology used for the calculation of the designated index be found?***  
N/A



## **Where can I find more product specific information online?**

More product-specific information can be found on the website:

*<https://www.manulifeglobalfund.com/global-climate-action-SFDR.html>*



**Pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852**

Product name: Manulife Global Fund – Sustainable Asia Bond Fund

Legal entity identifier: 549300SP599YKR9X7V34

## Sustainable investment objective

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Does this financial product have a sustainable investment objective?	
<input checked="" type="radio"/> <input checked="" type="radio"/> <input checked="" type="checkbox"/> Yes	<input type="radio"/> <input type="radio"/> <input type="checkbox"/> No
<input checked="" type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: 5%</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input checked="" type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul>	<input type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with a social objective</li> </ul>
<input checked="" type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: <u>5</u>%</b>	<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



## What is the sustainable investment objective of this financial product?

The sustainable investment objective of the Sub-Fund is to invest at least 85% of its net assets in a portfolio of fixed income securities issued by governments, agencies, supnationals and corporations in Asia (which shall include Australia and New Zealand), with the issuers and/or the securities demonstrating strong environmental and/or social sustainability attributes and/or enabling sustainable practices.

Further details on the Sub-Investment Manager's selection process are included in "What investment strategy does this financial product follow?" below.

The Sub-Fund has not designated a benchmark for the purpose of attaining the sustainable objective of the Sub-Fund, as the Sub-Investment Manager considers that the sustainability indicators and other measures monitoring the attainment of the sustainable investment objective are a more appropriate reference.

**Sustainability indicators** measure how the sustainable objectives of this financial product are attained.

### ● *What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?*

The sustainability indicators used by the Sub-Investment Manager to measure the attainment of the sustainable investment objective of the Sub-Fund include:

- Greenhouse Gas Emissions ("GHG") Intensity;
- Carbon Footprint;
- Alignment with Climate Bond Initiative or other labelled bond principles, such as with a combination of one or more of the International Capital Market Association (ICMA) Green Bond Principles, ICMA Social Bond Principles and/or the ICMA Sustainability Bond Guidelines, amongst others;
- Board Diversity; and
- Percentage of investment in Green Bonds and other labelled bonds, such as Sustainable Bond, Sustainability Linked Bond, and/or Social Bond.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

### ● *How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?*

The Sub-Investment Manager has fully integrated ESG considerations into the investment decision making process. As part of this overall approach, the Sub-Investment Manager ensures that the sustainable investments made by the Sub-Fund Do No Significant Harm ("DNSH") to sustainable investment objectives by (a) adhering to a detailed exclusion framework and (b) identifying and considering the principal adverse impacts ("PAI") on sustainability factors.

#### **a) Exclusion Framework**

In relation to its investment in both Sustainable Issuers and ESG bonds, the Sub-Fund adheres to an exclusion framework where certain issuers are removed from the investment universe. This includes screening out issuers, where possible, who are considered by the third-party data provider(s) used by the Sub-Investment Manager to be in violation of the Ten Principles of the UNGC. This also includes issuers with products or within industries that are considered by the Sub-Investment Manager to be unsustainable or associated with significant environmental or social risks.

These may be updated from time to time depending on the assessment of each product or industry against the abovementioned principles, but currently issuers and/or bonds are automatically eliminated from investment consideration (exclusion framework) if the issuer of that bond derives:

- a) more than 5% of revenue from thermal coal power generation. (However, the Sub-Investment Manager may make exceptions in the case of ESG bonds that support sustainable purposes in line with the Sub-Fund's sustainable investment objective. Any such exception will be considered by the Sub-Investment Manager on a case by case basis, carrying out a qualitative and/or quantitative assessment to determine that the issuance is a sustainable investment);
- b) more than 5% of revenue from alcohol, tobacco, adult entertainment, gambling operations or conventional weapons, and to the extent only that such revenue results from by-products or captive use, thermal coal mining and sales, or oil and gas extraction and production; and
- c) any revenue from controversial weapons.

Where no data is available from the third party data provider(s) regarding compliance with the exclusion framework above, issuers will not be excluded from the Sub-Fund's investment universe provided that they satisfy the positive screen applied by the Sub-Investment Manager and any other quantitative or qualitative analysis the Sub-Investment Manager considers relevant in order to satisfy the principle of "do no significant harm".

The Sub-Fund will also consider other sustainability and/or ESG-related attributes of Sustainable Issuers when choosing whether to invest. These attributes may include, but are not limited to, an issuer's performance on and management of certain environmental factors, such as climate change and natural resource use, social factors such as labour standards and diversity considerations, and governance factors such as board composition and business ethics.

Over time issuers' eligibility status may change and some issuers who were eligible when purchased by the Sub-Fund may become ineligible. When this occurs, the Sub-Investment Manager may engage with issuers to have a constructive dialogue in order to improve factors that lead to ineligibility within the next 90 days. The position in respect of such issuers may be divested at any time or for any reason during this 90-day period.

**b) PAI on sustainability factors:**

The Sub-Investment Manager has assessed the PAI indicators relevant to the Sub-Fund by means of assessing whether sustainable investments made by the Sub-Fund otherwise cause significant harm to the sustainable investment objectives.

**— — *How have the indicators for adverse impacts on sustainability factors been taken into account?***

Based on data availability, the following PAI indicators are taken into consideration for investments in equities and/or fixed income products issued by corporate issuers for the proportion of holdings where data is available:

1. Scope 1 GHG emissions
2. Scope 2 GHG emissions
3. Scope 3 GHG emissions
4. Total GHG emissions
5. Carbon Footprint
6. GHG intensity of investee companies
7. Share of investments in companies active in the fossil fuel sector
8. Share of non-renewable energy consumption and non-renewable energy production of

- investee companies from non-renewable energy sources
9. Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector
  10. Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas
  11. Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average
  12. Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average
  13. Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises
  14. Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises
  15. Average unadjusted gender pay gap of investee companies
  16. Average ratio of female to male board members in investee companies
  17. Share of investments in investee companies involved in the manufacture or selling of controversial weapons

For investments in sovereign bonds and bonds issued by supranational entities, the following PAI indicators will be considered:

1. GHG intensity of investee countries
2. Absolute number of investee countries subject to social violations
3. Relative number of investee countries subject to social violations
4. Non-cooperative tax jurisdictions

The Sub-Investment Manager aims to identify the principal adverse impact on sustainability factors from the Sub-Fund's investments in several ways, including via general screening criteria, ongoing review of PAIs and where appropriate supplemented by fundamental research during the Sub-Investment Manager's investment processes. Subject to data availability, the Sub-Investment Manager, with subject matter support from the Manulife IM Sustainable Investment team, is responsible for assessing and monitoring the above PAI indicators for all in-scope assets on an ongoing basis using an internally developed monitoring system, third party data, company issued data and public information. This assessment may include both fundamental as well as quantitative analysis. Issuers identified as outliers on specific indicators, or which exhibit high adverse impact across several indicators will be subject to further analysis by the Sub-Investment Manager and may be reviewed by the Sustainable Investment team.

All specific PAI indicators that are taken into consideration for the Sub-Fund, both at an overall portfolio level and in relation to the DNSH assessment for sustainable investment, are subject to data availability. The Sub-Investment Manager monitors data availability on an ongoing basis with the aim to improve both data quality and availability.

PAI value outcomes for the Sub-Fund will be reported on an ongoing basis in the Sub-Fund's periodic reporting.

— ***How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?***

The exclusionary framework explained above is aligned with the OECD Guidelines for

Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labor Organization on Fundamental Principles and Rights at Work and the International Bill of Human Rights.



## Does this financial product consider principal adverse impacts on sustainability factors?



**Yes.** The Sub-Fund considers PAI on sustainability factors. Subject to data availability, the Sub-Investment Manager, with subject matter support from the Sustainable Investment team, is responsible for assessing and monitoring the above PAI indicators for all in-scope assets on an ongoing basis using an internally developed monitoring system, third-party data, company issued data and public information. The specific PAI indicators that are taken into consideration for the Sub-Fund, both at an overall portfolio level and in relation to the DNSH assessment for sustainable investment, are subject to data availability. The Sub-Investment Manager monitors data availability on an ongoing basis with the aim to improve both data quality and availability.

Information on PAI on sustainability factors will be made available in the annual report to be disclosed as required by SFDR Article 11(2).



**No**



## What investment strategy does this financial product follow?

The Sub-Fund seeks to invest at least 85% of its net assets in fixed income and fixed income-related securities of companies domiciled in, traded in and/or with substantial business interests in Asia (which shall include Australia and New Zealand) and/or governments and government-related issuers located in Asia, with the issuers and/or the securities demonstrating strong environmental and/or social sustainability attributes and/or enabling sustainable practices.

To meet its objective, the Sub-Fund will invest in securities where:

- 1) Those issuers demonstrate strong environment and/or social sustainability attributes and/or enable sustainable practices (“**Sustainable Issuers**”); and/or
- 2) The securities are bonds labelled as “green”, “sustainable” or “sustainability-linked”, which align with a combination of one or more of the relevant bond standards, including but not limited to the International Capital Market Association (ICMA) Green Bond Principles, ICMA Social Bond Principles and/or the ICMA Sustainability Bond Guidelines, amongst others (“**ESG bonds**”).

The Sub-Fund will invest a minimum of 25% of net assets in ESG bonds.

Environment and/or social sustainability attributes of Sustainable Issuers may include but are not limited to sustainability factors with respect to an issuer’s performance on and management of certain environmental factors, such as climate change and natural resource use; social factors, such as labor standards and diversity considerations; and governance factors, such as board composition and business ethics.

Sustainable Issuers are those that demonstrate stronger performance on practices and management of sustainability issues compared to their peers. Enabling sustainable practices refers to issuers that provide products and services to help other companies improve their environmental and/or social performance.

In selecting Sustainable Issuers, the Sub-Fund's investment process combines bottom-up fundamental credit analysis with a ranking process for sustainability attributes, where each potential issuer will be assessed on each category of environmental, social and governance factors, based on the Sub-Investment Manager’s evaluation of that issuer’s performance on and management of such factors. The issuers with the lowest sustainability rankings will be removed from the eligible investment universe.

The Sub-Fund also applies a positive screen in selecting Sustainable Issuers, which captures issuers that demonstrate strong sustainable practices and/or which enable sustainable practices. The positive screening is quantitative and qualitative driven. Third party data providers’ relevant data at company

The **investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

level will be used as primary inputs for the quantitative assessment. Data used can be both products or services related (e.g., revenue contribution from products or services with positive impact), or business practices related (e.g., adoption of carbon emission reduction targets or product safety management program). With regards to the limited data availability, missing data or lack of coverage from raw datapoint sets will be supplemented with company reported information and/or findings from proprietary credit analysis, and/or ESG research for qualitative assessment and the Sub-Investment Manager's own analysis of raw industry data (such as publicly available ESG reports, assessment reports or case studies).

The investments of the Sub-Fund may include debt securities that are issued or guaranteed by governments, agencies, supra-nationals and corporate issuers incorporated in Mainland China but which are issued and distributed outside Mainland China. The Sub-Fund may also invest up to 10% of its net assets in RMB-denominated debt securities that are circulated in the CIBM via Bond Connect.

The Sub-Fund may invest up to 15% of its net assets in the fixed income securities of Sustainable Issuers outside of Asia, and/or cash, cash equivalents and derivatives.

Please also see the Sub-Investment Manager's Sustainable Investing and Sustainability Risk Statement for further details on how the Sub-Investment Manager integrates sustainability into its investment process to ensure that it is applied on a continuous basis.

● ***What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?***

- The Sub-Fund, subject to data availability, avoids investing in companies which are in violation of international norms, which are each intended to set standards for responsible business conduct across a range of issues, such as human rights, sound governance, labour rights, and the environment, being OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labor Organization on Fundamental Principles and Rights at Work and the International Bill of Human Rights.
- In addition to the international standards set out above, the Sub-Investment Manager is also bound to apply the Sub-Fund's exclusion framework, which is explained in more detail above. This means that the Sub-Investment Manager is bound to avoid particular normative, sector- or value-based exclusions to prevent investments into activities that are deemed to be inappropriate for the Sub-Fund and/or harming any of the sustainable investment objective of the Sub-Fund. In particular, the Sub-Fund may not invest in issuers which derive more than 5% of revenue from thermal coal power generation (however, the Sub-Investment Manager may make exceptions in the case of ESG bonds that support sustainable purposes in line with the Sub-Fund's sustainable investment objective. Any such exception will be considered by the Sub-Investment Manager on a case by case basis, carrying out a qualitative and/or quantitative assessment to determine that the issuance is a sustainable investment); more than 5% of revenue from alcohol, tobacco, adult entertainment, gambling operations or conventional weapons, and to the extent only that such revenue results from by-products or captive use, thermal coal mining and sales, or oil and gas extraction and production; and any revenue from controversial weapons.
- The Sub-Fund has committed to a minimum level (85%) of sustainable investments. In order to achieve this, the Sub-Investment Manager is bound by the selection process for investments in fixed income securities issued by governments, agencies, supranationals and corporations in Asia (which shall include Australia and New Zealand), with the issuers and/or the securities demonstrating strong environmental and/or social sustainability attributes and/or enabling sustainable practices. Further detail on the selection process by which the Sub-Investment Manager is bound is set out in the investment strategy section above.
- The Sub-Investment Manager is bound to apply this selection process to all potential assets of the Sub-Fund with the exception of cash, cash equivalents and derivatives.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

All of the above elements are binding on the Sub-Investment Manager on a continuous basis.

● ***What is the policy to assess good governance practices of the investee companies?***

Good governance practices of investee companies of the Sub-Fund are evaluated across various steps of the security selection process. Governance safeguards are inherent in the Sub-Investment Manager's level norms-based screening as well as the Sub-Investment Manager's PAI processes for the Sub-Fund.

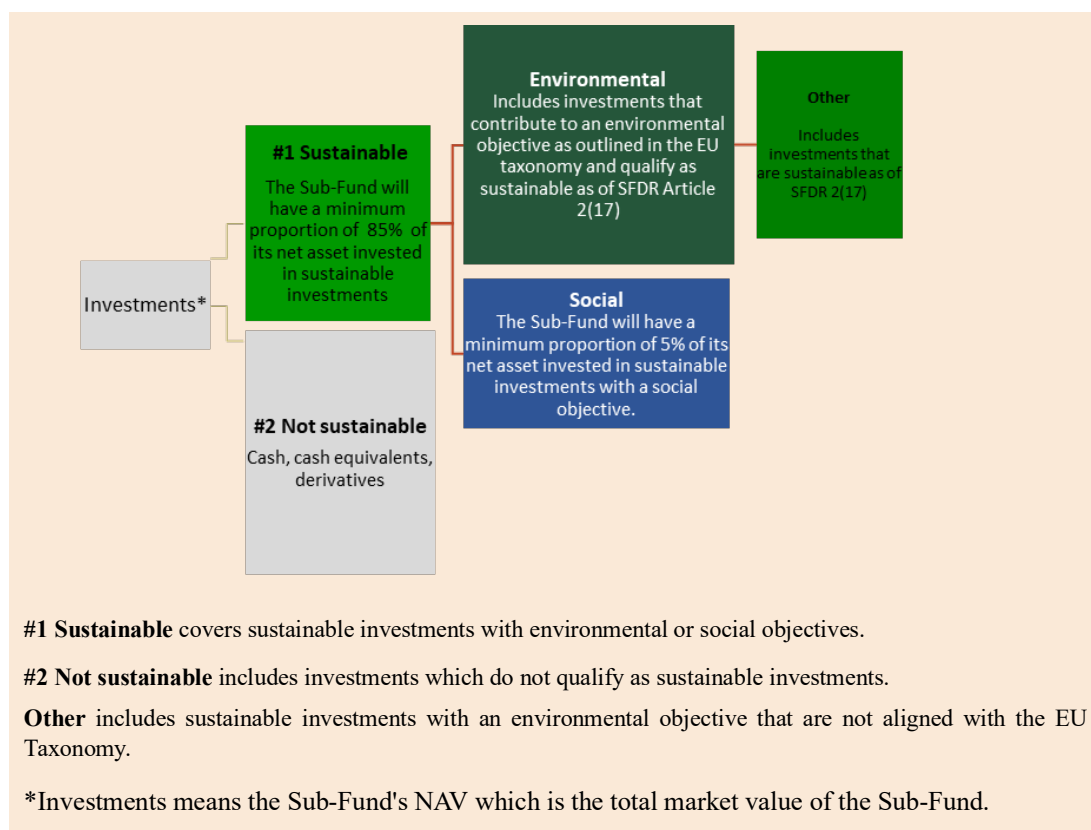
Furthermore, at the Sub-Fund level, investee companies are screened for good governance principles at the point of investment and on an ongoing basis. This screening process includes sound management structures, employee relations, remuneration of staff and tax compliance, and is based on third party data, and/or a proprietary assessment. A proprietary assessment will be used and may take precedence over the third-party data, when the Sub-Investment Manager determines to engage with the investee companies or the Sub-Investment Manager otherwise evidences the good governance practices of investee companies, or when third party data is lacking, the Sub-Investment Manager applies these principles by assessing issues including but not limited to: companies' board composition and oversight, executive compensations, labor management and human capital, and tax controversies. The selection of these specific indicators is subject to change from time to time although the overall principles will remain. Where the Sub-Investment Manager identifies any areas for improvement, and subject to an overall assessment of good governance, it may engage with the relevant investee company to seek improvements before choosing to divest, which will typically occur within 90 days. The assessment is not applicable to any cash, cash equivalent or derivatives investment.





## What is the asset allocation and the minimum share of sustainable investments?

**Asset allocation** describes the share of investments in specific assets.



The asset allocation may change over time and percentages should be seen as an average over an extended period of time. Calculations may rely on incomplete or inaccurate company or third-party data.

### ● *How does the use of derivatives attain the sustainable investment objective?*

The Sub-Fund may use derivatives for hedging and/or efficient portfolio management purposes. However, derivatives instruments will not be used to attain the sustainable investment objective of the Sub-Fund.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies



## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Currently publicly available company data is scarce and any assessment using equivalent data is less reliable. In addition, companies outside of the EU are, generally, not required to provide data on their taxonomy alignment. As such, based on currently available data and estimates, 0% of the Sub-Fund's investments can be classified as aligned with the EU Taxonomy. Disclosures and reporting on taxonomy alignment will develop as the EU framework evolves and data is made available by investee companies.

The graph below shows in green the minimum percentage of investments that are aligned with the EU Taxonomy.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that**

- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.

- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

**comply with the EU Taxonomy#?**

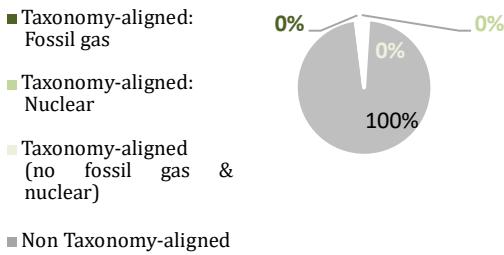
**Yes:**

In fossil gas       In nuclear energy

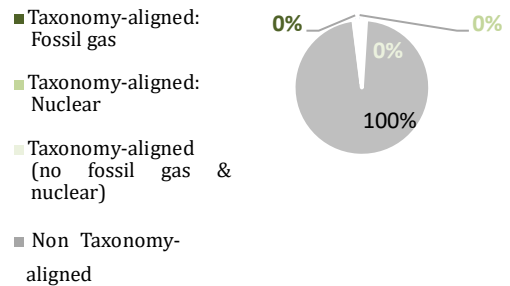
**No**

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*

**1. Taxonomy-alignment of investments including sovereign bonds\***



**2. Taxonomy-alignment of investments excluding sovereign bonds\***



This graph represents 100% of the total investments.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end

- **What is the minimum share of investments in transitional and enabling activities?**
- There is no commitment to a minimum proportion of investments in transitional and enabling activities.

# Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



are environmentally sustainable investments that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



### **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU taxonomy is 5%.

However, the Sub-Fund has a minimum commitment to 85% of its portfolio being invested in sustainable investments. These sustainable investments may have either an environmental or a social objective. At the time of this disclosure, the Sub-Fund’s strategy has no prioritization between environmental and social objectives, nor targets any specific allocation. As such, the Sub-Fund’s disclosed minimum commitment to each of the environment and social categories is lower than the overall commitment, to allow for the flexibility of the Sub-Fund’s sustainable investment strategy. The Sub-Fund may invest in economic activities that are not yet eligible to be environmentally sustainable economic activities or for which technical standards are not yet finalized. As company data of EU Taxonomy alignment is not yet widely available from public disclosures by investee companies, we are unable to determine the allocation between sustainable investments with an environmental objective that are not aligned with the EU Taxonomy and those that are socially sustainable investments.

The investment process accommodates the combination of environmental and social objectives by allowing the Sub-Investment Manager the flexibility to allocate between these based on availability and attractiveness of investment opportunities.

Additional information on the actual share of such investments will be included in the Sub-Fund’s periodic reporting.



### **What is the minimum share of sustainable investments with a social objective?**

5%

The Sub-Fund has a minimum commitment to 85% of its portfolio being invested in sustainable investments. These sustainable investments may have either an environmental or a social objective and at least 5% of these will have a social objective.

Additional information on the actual share of such investments will be included in the Sub-Fund’s periodic reporting.



### **What investments are included under “#2 Not sustainable”, what is their purpose and are there any minimum environmental or social safeguards?**

Cash or cash equivalents may be held for liquidity purposes. The Sub-Fund may use derivatives and other techniques for hedging and/or efficient portfolio management purposes. However, derivatives instruments will not be used to attain the sustainable investment objective of the Sub-Fund. Given the nature and purpose of the assets within this portion of the Sub-Fund, minimum environmental or social safeguards apply where relevant.



### **Is a specific index designated as a reference benchmark to meet the sustainable investment objective?**

The reference index, JPMorgan ESG Asia Credit Index TR USD index, is not a specific index designated as a reference benchmark to determine whether the Sub-Fund meets the sustainable investment objective, as the Sub-Investment Manager considers that the sustainability indicators and other measures monitoring the attainment of the sustainable investment objective are a more appropriate reference. Thus, JPMorgan ESG Asia Credit Index TR USD index is used as a benchmark

**Reference benchmarks** are indexes to measure whether the financial

product attains the sustainable investment objective.

for performance comparison purposes only and not as a reference benchmark for SFDR purposes.

- ***How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?***  
N/A
- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***  
N/A
- ***How does the designated index differ from a relevant broad market index?***  
N/A
- ***Where can the methodology used for the calculation of the designated index be found?***  
N/A



### **Where can I find more product specific information online?**

More product-specific information can be found on the website:

<https://www.manulifeglobalfund.com/sustainable-asia-bond-SFDR.html>