

Conduct Risk Framework Policy Statement

Managing conduct risk is central to Manulife's values. Our values underpin our commitment to treating customers fairly and ensuring good customer interactions and outcomes. This commitment extends across the business lifecycle, including product development, distribution, claims, addressing complaints, investigating potential misconduct and assessing product performance.

We believe that embedding a strong risk culture and fostering ethical conduct across Manulife is essential to upholding our reputation and the trust of our customers.

As stated in Manulife's Code of Business Conduct and Ethics, we must treat customers with high standards of honesty, fairness, and courtesy. Customers must be able to voice their concerns easily, and we must deal with complaints and disputes fairly and quickly.

We seek competitive advantage through superior performance, never through unethical or illegal business practices. In short, we seek to outperform our competitors fairly and honestly. The materials we provide to prospects, customers, investors and other stakeholders must meet high standards of professionalism. Advertising and sales materials must be factual, easy to understand and based on the principles of fair dealing and good faith. All promotional efforts, illustrations of products and marketing concepts must be factual.

We must be careful not to mislead customers, investors or other stakeholders about the financial status, products or services of the Company or its competitors. We must never make statements about competitors that are untrue. We must never make promises the Company cannot keep.

No director, officer, employee, representative or other associate of the Company should take unfair advantage of anyone, including customers, investors, other stakeholders, suppliers, or competitors. Taking unfair advantage includes: manipulation, concealment, abuse of Confidential Information, misrepresentation of material facts and any other unfair dealing. Manulife's Conduct Risk Framework defines conduct risk as the risk of financial loss, reputational loss or other adverse consequences from Manulife and/or its Distributors, including agents, conducting their business in a way that treats customers unfairly or results in harm to customers.

Manulife's Conduct Risk Framework has been developed to ensure that:

1. Conduct risk and its implications, both regulatory and reputational, are given sufficient priority;
2. Conduct-related risks are adequately understood, documented, and controlled;
3. Manulife business units establish adequate infrastructure to control and monitor conduct risk; and
4. Management has sufficient data, including both quantitative and qualitative risk and performance indicators, to understand whether the business is effectively managing conduct risk.

Guiding principles

In broad terms, our Conduct Risk Framework's guiding principles include but are not limited to the following:

- a. **Product Development and Design:** All products and services are reasonably designed, developed, and reviewed to meet the needs of identified target customer groups. This includes a rigorous and clearly documented process to govern the development and implementation of all products to ensure that risks have been properly identified, assessed, and addressed. Appropriate Legal and Compliance review of products to ensure compliance with applicable laws and regulations, and to mitigate potential misconduct and fraud risks.

Target Market Assessments should also be performed for each new product, to determine which customers the product is and is not suitable for. The assessment should articulate what a good outcome would be for the target market client. It should also include robust consideration of scenarios in which there might be poor customer outcomes to inform product disclosures, sales and training materials.

All product-related marketing materials, disclosures, and advertisements must be fair, balanced, and not misleading. They should provide a fair description of the product's benefits and comply with local regulations. All disclosures and marketing materials should be reviewed by relevant subject matter experts and functions.

- b. **Product Distribution:** Distribution of all products and services takes place through distributors (whether affiliated or not affiliated) who have the requisite licensing, skill, knowledge and understanding of the products. Distributors should be appropriately monitored to reasonably ensure that sales practices are ethical and compliant with relevant laws and regulations. Distributors should also be appropriately trained on product features, risks, and target markets, with appropriate processes to track and document the completion of training.
- c. **Point of Sale:** The sales process should be driven by customer needs, and only suitable products should be presented to the customer.
- d. **Compensation Structures and Supervision:** Compensation structures should be designed to effectively mitigate and manage conflicts of interest including potential incentives to engage in inappropriate behavior.
- e. **Post Sales and Product Servicing:** Processes and procedures for servicing products and providing services should be accessible, transparent, and communicated appropriately throughout the product lifecycle. Processes of direct post-sales contact between Manulife and the end customer should be implemented for the purposes of assessing customer satisfaction and maintaining quality of sales best practice upon completing a sales transaction. In addition, processes should be implemented to reasonably ensure complaints are handled in a professional, fair, and transparent manner with a view to the end customer in mind, and to ensure significant or material complaints escalated appropriately.
- f. **Monitoring and Issue Remediation:** Assess the effectiveness of conduct risk mitigants and controls, which includes proactively monitoring for misconduct to enable timely remediation of issues.

Governance and oversight

There should be appropriate governance and periodic oversight of the Conduct Risk Framework to ensure we meet our mission to align our culture with the principle of treating customers fairly and ensuring good customer outcomes.