OCTOBER 2024

# CANADIAN LIFECO NET ZERO PROGRESS

## ASSESSING GREAT-WEST, MANULIFE, & SUN LIFE

INVESTORS *for* PARIS COMPLIANCE

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NOTE: All three companies were given an opportunity to review their company assessments and provide feedback and revisions. Any errors remain that of I4PC. All references to currency are in CDN, unless otherwise noted. Where needed, the 2023 Bank of Canada USD:CDN conversion rate of 1.3497 was used.

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# SUMMARY

In this report, we evaluate where Great-West Lifeco, Manulife, and Sun Life are making progress and where they have work to do in addressing climate risk.

Life insurance companies remain some of the largest fossil fuel investors in the country (see Table 1), despite facing significant and unique climate change risks. In our third year of assessing the net zero progress of Canada's largest life insurers, we have expanded our analysis to include Great-West Lifeco, the parent company of Canada Life, and subsidiary of Power Corporation.[1]

TABLE 1. 2024 FOSSIL FUEL INVESTMENTS BY SUN LIFE, MANULIFE, & GREAT-WEST.[2]

| | Total Fossil Fuel Investments | Rank / CND investors | Coal* | Oil & Gas* |
|---|---|---|---|---|
| **SUN LIFE** | $45.8 B | 2nd | $16.3 B | $42.9 B |
| **MANULIFE** | $26.3 B | 5th | $7.6 B | $26.3 B |
| **GREAT-WEST[3]** | $19.7 B | 9th | $6.2 B | $16.6 B |

* Data from Urgewald's "Investing in Climate Chaos" includes some double counting between the "coal" and "oil and gas" investments, though this doesn't affect the total fossil fuel figure.

We see  some progress this year in terms of expanded financed emissions reporting, nonetheless, significant gaps persist in the net zero plans of all three insurers, including related to their targets, financed emissions reporting, and transition strategies. Great-West clearly lags the pack, while Sun Life and Manulife are ahead, each in their own way.

There continues to be more progress on climate action within the insurer's general accounts, which represents the client premiums they invest on their own accord. However, their general accounts represent a minority of the assets these insurers manage. All three now rely significantly on revenue from assets they manage on behalf of others.

1 Insurancebusinessmag.com, Canada's ten largest insurance companies by assets (April 2023).
2 Urgewald's Investing in Climate Chaos. USD values were converted using the Bank of Canada 2023 average of CAD 1.3497:1 USD.
3 Great-West is not included in the Urgewald's Investing in Climate Chaos scorecard because its parent company, Power Corporation, is listed (ranking 3rd, just after Sun Life). Here we have worked with Urgewald to disaggregate Great-West's fossil fuel investments.

In Part I: Life insurance & climate risk, we explain why Canadian life and health insurers face unique and significant climate transition risks, focusing in particular on the link between climate change and health, as well as the shifting regulatory context. This latter now includes standards for climate risk reporting across the insurers' entire value chains, including their third-party asset management businesses.

In Part 2: Navigating net zero, we outline the steps these insurers are currently taking and gaps remaining to fulfill their 2021 commitments to achieve net zero across their investments.

While Sun Life is the largest financier of fossil fuels of the three, more of its AUM is subject to net zero targets and initial transition policies than Manulife and Great-West.

This year we see Manulife's third party asset management arm, Manulife Investment Management (MIM) starting on its climate journey by disclosing the majority of its financed emissions, though it has yet to commit to net zero or set interim targets.

One of the most prominent areas where Great-West lags is its emissions disclosures. Less than 1% of its general account financed emissions are disclosed, compared to over a third from Manulife and 21% from Sun Life. Additionally, only a small portion of its third-party asset management business has any climate risk and policy disclosure. Finally, Great-West's failure to provide a comprehensive climate report for its shareholders points to a significant shortfall in transparency and accountability.

When assessing the limited, but varied approaches the insurer's third party asset management arms have taken to reporting their climate risks and aligning their investments with net zero, it is clear that action is possible. Examples of actions taken range from reporting scopes 1-3 financed emissions, to commitments to escalate engagement where companies fail to transition their businesses, to exclusions of coal or oil sands investments.

The Appendix includes a detailed assessment of each company.

Below is a summary table of the net zero progress of each insurer.

TABLE 2. 2024 NET ZERO PROGRESS AT MANULIFE, SUN LIFE, AND GREAT-WEST.
[Note: see Appendix, Table 4, for a more detailed version of this table, as well as individual company assessments.]

| | SUN LIFE | MANULIFE | GREAT-WEST |
|---|---|---|---|
| COMPANY PROFILE | $1.4 tn in AUM<br>GA ≈ 15% of AUM<br>3rd party AM ≈ 85% of AUM | $1.2 tn in AUM<br>GA ≈ 35% of AUM<br>3rd party AM ≈ 65 % of AUM | $1.1 tn in AUM<br>GA ≈ 26% of AUM<br>3rd party AM ≈ 74% of AUM |
| NET ZERO TARGET | 100% of AUM | 100% of AUM | 100% |
| | Most AUM covered | None | Minority of AUM |
| REPORT ABSOLUTE FINANCED EMISSIONS | A fifth, *New* including downstream scope 3 | Over a 3rd; no downstream scope 3 | less than 1% |
| | Most | *New* reports ⅔ of AUM, scopes 1-3 | ≈ ⅕ |
| INTERIM TARGETS | ≈50% AUM subject to interim targets | ≈13% AUM subject to interim targets[4] | ≈17-23% AUM subject to interim targets |
| **IMPLEMENT STRATEGIES TO MEET TARGETS** | | | |
| FOSSIL FUEL PHASE-OUT POLICIES | None | Limited coal exclusions | Relatively stringent coal screen policy for a portion of AUM |
| | One smaller subsidiary has a fossil fuel exclusion | None | One smaller subsidiary with coal and oil sands exclusion |
| ESCALATING ENGAGEMENT POLICY | Listed debt portfolio alignment target, but lacks timelines and consequences for failure to progress | *New* Commitment to escalating engagement – no details provided | None |
| | Majority open to divestment, but no timelines | No escalation strategy beyond proxy voting | Minority has a robust escalation strategy – but no timeline |
| CLIMATE SOLUTIONS INVESTMENT | Vague "sustainable investments" target | *New* $690 million in to transition-related equity investments | Reports joint renewable energy and "environmentally-minded" (undefined) private equity investments |
| | One smaller subsidiary has a climate solutions target | None | One smaller subsidiary has 1.5°C pathway fund valued at $247 million |
| CLIMATE LOBBYING | Limited disclosure of public positions on key climate issues. Does not show up in support of major climate policy. | Says advocates for supportive climate policy, but unclear on scope. Mostly absent from major climate policy debates. | No commitment. No activity. |

General account
Third party asset management
Combined AUM

4 Based on the fact that about 36% of GA is covered, and that the GA represents 35% of Manulife's total AUM.

# PART I: LIFE INSURANCE & CLIMATE RISK

## THE SECTOR'S UNIQUE ROLE – CLIMATE & HEALTH

### CANADA LIFE: "improving the financial, physical and mental well-being of Canadians"[5]

### MANULIFE: "make decisions easier and customers' lives better"[6]

### SUN LIFE: "helping clients live healthier lives"[7]

Unlike other financial companies, life insurance companies have a unique relationship to the climate crisis: human health is already adversely affected, with impacts expected to accelerate. This will show up in mortality and morbidity rates and shape the life insurance claims environment. This is particularly true in less resilient emerging markets that Canada's life insurance companies are targeting for growth, and health impacts are already mounting in the Canadian home market.

Because of wildfires, Canada is issuing a record number of air quality advisories – including a new type that surpasses any global air quality standards.[8] Heatwaves, such as the one recently visited upon the Northwest Territories, exacerbate chronic conditions such as cardiovascular and respiratory diseases, mental health issues, and diabetes-related complications, particularly among the elderly and low-income earners who lack access to cooling.[9] In Quebec alone, the impact of heat is linked to 470 deaths, 225 hospitalizations, 36,000 ER visits, 7,200 ambulance trips, and 15,000 calls to the Info-santé health-care hotline.[10] With Canada warming at more than twice the global rate, Canadian insurers in particular face an increasing liability from climate-induced health crises.[11]

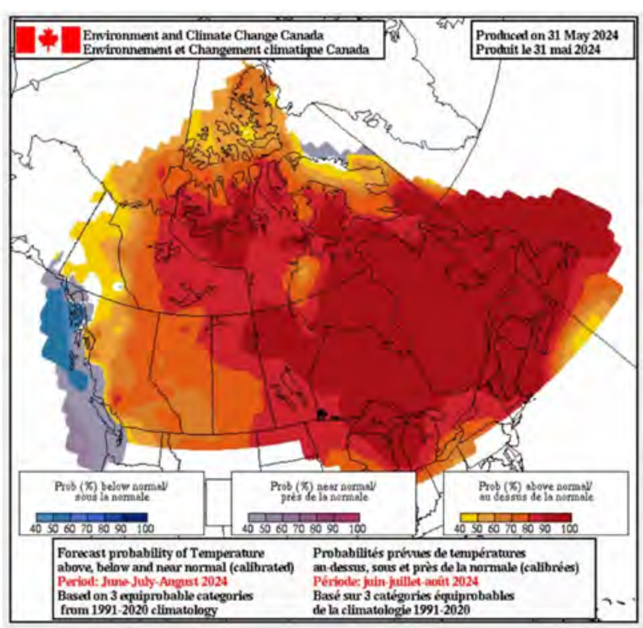


Photo source: https://weather.gc.ca/saisons/prob_e.html

5 Canada Life, Who we are (n.d.).
6 Manulife, Our story (n.d.).
7 Sun Life, Who we are (n.d.).
8 CBC, Environment Canada adopts B.C. model to warn of smoke hazards (May, 2024).; Victoria News, More warnings to protect your lungs as wildfire smoke clouds western Canada (July, 2024).
9 CBC, Seniors and low income earners are most vulnerable when it comes to extreme heat: UW study (Aug, 2024); CBC, It's really hot in parts of the N.W.T., and it won't stop any time soon (Jul, 2024).
10 CBC, Study suggests hundreds of Quebec deaths each year are related to heat (June, 2024).
11 Canadian Climate Institute, The Health Costs of Climate Change (June, 2021); Health Canada, Health of Canadians in a Changing Climate (Feb, 2022).

Life insurance companies have been slow to integrate climate analysis into their insurance business, but there are signs this is starting to change. Manulife and Sun Life contributed to a landmark 2024 Geneva Association report that provides a comprehensive roadmap for how insurers can navigate the expansion of climate-related health risks. It emphasizes the need for a deeper understanding and tracking of these risks, particularly for vulnerable groups like children, the elderly, and low-income populations, who are disproportionately affected. It calls for closing data gaps on climate-related health risks, innovating with parametric products, and prioritizing prevention through impact underwriting, which encourages risk-reducing behaviors.

Importantly, the report acknowledges the damaging nature of fossil fuels, not only to the climate but also more immediately via air quality.[12] Transitioning to renewable energy sources, it notes, could prevent millions of deaths annually and make insurance more accessible.[13] This is a particularly telling conclusion in light of the tens of billions of dollars that companies like Great-West, Manulife, and Sun Life currently invest in fossil fuels – a major contradiction in their mandates.

## DISCLOSING AND MITIGATING ASSET MANAGEMENT CLIMATE RISK

A major reason these companies are so heavily invested in fossil fuels is because they have branched out beyond life insurance into asset management on behalf of others. Each has a "general account" for investing its insurance premium, and a business segment(s) and/or subsidiary(ies) in the business of managing money for third parties. There is a stronger propensity to manage the general accounts for climate risk and to defer asset management action to subsidiaries or to claim that is the clients' responsibility.

Regulators are – correctly – inclined to disagree. The federal Office of the Superintendent of Financial Institution's (OSFI) Guideline B-15 on Climate Risk Management expects the insurers assessed in this report to report their climate risk and opportunities across their entire value chain, including their third-party asset management businesses.[14]

B-15 aligns with the requirements of the International Sustainability Standards Board's (ISSB) IFRS S2 standard on climate-related disclosures, as many other jurisdictions around the world have already done or are in the process of doing, like India, Australia, Japan, Singapore, and Brazil. These standards create a common language for disclosing climate risks and opportunities among global financial institutions that will increase investor confidence. B-15 calls for, at a minimum, the disclosure of asset management climate risks and opportunities, as well as associated targets by 2025, and financed emissions by 2026.[15] Eventually, they will also call for the disclosure of comprehensive transition strategies.

12 Geneva Association, Climate change: What does the future hold for health and life insurance? (February 2024) at 16-19, and at 38.

13 Ibid, at 19.

14 OSFI, Guideline B-15: Climate Risk Management, at Annex 2-2.

15 OSFI, B-15 Climate Risk Management (updated March 2024), see Appendix 2-2: "In preparing its Scope 3 GHG emissions disclosure, the FRFI should consider its entire value chain and all 15 categories [...] For in-scope FRFIs that participate in asset management activities, Category 15 entails emissions from assets under management (AUM)."

The inclusion of asset management is an acknowledgement that climate risk does not stop at arbitrary corporate designations. The underlying carbon-intensive assets in the asset management business are at the same risk as those in the general accounts, with revenue implications for the parent companies. The question then becomes how are those risks to be mitigated? The companies assessed in this report take a diversity of approaches.

For example, while Manulife's asset management arm Manulife Investment Management (MIM) has not committed to net zero, the majority of Sun Life's and some of Great-West's have (see Figure 1).

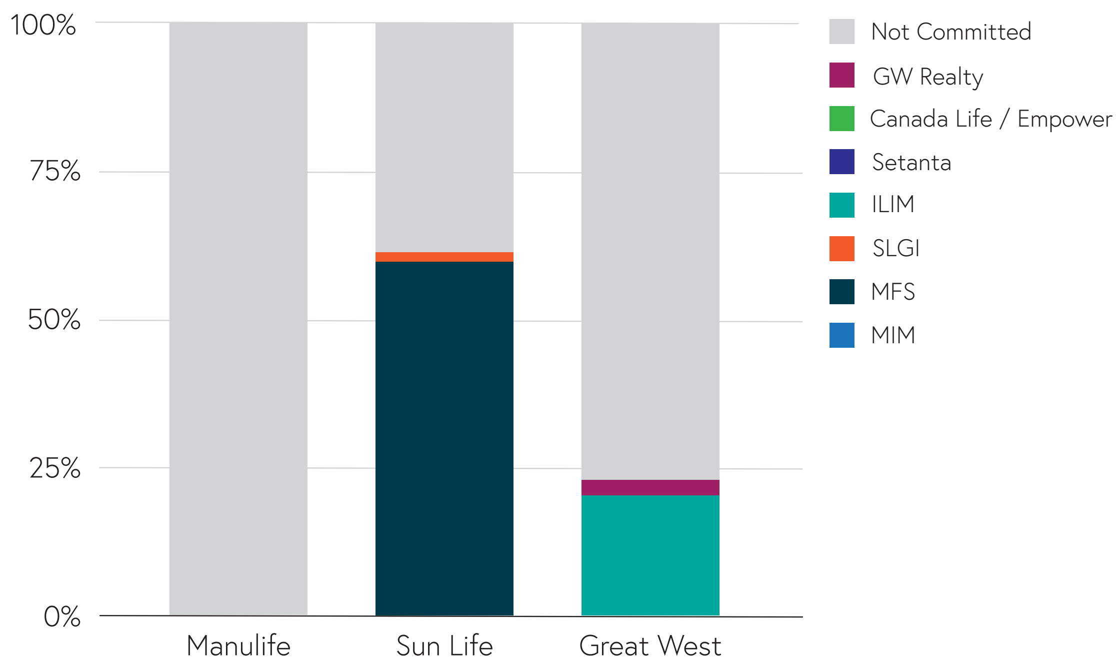


*Figure 1. Third party asset manager AUM committed to net zero at Manulife, Sun Life, and Great-West, as of 2024.*

There is also a range of ambition when it comes to interim targets. Sun Life's MFS has set the most ambitious target, aiming for about 80% of its assets to be net zero aligned or aligning by 2030. Whereas Great-West's ILIM committed about 20% of its $166 billion to a 50% reduction of scope 1 and 2 emissions by 2030, from a 2019 baseline.

In terms of concrete strategies, Sun Life's Infrared ($12 billion in AUM) stands out for its exclusion of all fossil fuel investments. At Great-West, ILIM ($166 billion in AUM) has a commitment to phase out unabated coal by 2030 in developed markets and by 2040 in emerging markets, and excludes companies with over 10% of revenue from oil sands.

In terms of escalating engagement strategies, we see Sun Life's MFS committing to the potential of divestment and, at Great-West, ILIM committing to the potential of voting against the re-election of board directors, approval of annual financial statements, and divestment. Follow through on these commitments, however, is unclear.

Overall, the companies' mitigation of climate risk in their asset management business is patchy and lacks ambition. Until this improves, the contradiction of life insurance companies facilitating negative health impacts via their fossil fuel investments will persist.

Detailed references to the above can be found in Part II.

Photo source: "a large fire burning in a field next to a forest" by Fachy Marin

# PART II. NAVIGATING NET ZERO: WHERE INSURERS STAND TODAY

**NOTE:** Detailed company assessments, with references can be found in the Appendix.

## HAVE THEY FULLY COMMITTED TO NET ZERO BY 2050?

All three insurers have committed to achieving net-zero financed emissions by 2050. However, their commitments do not currently cover their entire AUM.

All three have committed the AUM covered with their general accounts, beyond that, most of Sun Life's and some of Great-West's third party AUM is also committed to net zero financed emissions (see Figure 1, above). Conversely, Manulife's third-party asset management arm Manulife Investment Management (MIM) has not committed to net zero.

Sun Life's central reporting on the climate targets and updates of its subsidiaries is best practice for transparency.

## ARE THERE COMPREHENSIVE INTERIM TARGETS?

Interim targets are essential for driving near-term action and ensuring that long-term commitments are met. Each insurer has set interim targets, though the scope and ambition vary.

### GENERAL ACCOUNTS

All three companies have set interim targets for their general accounts that focus on certain asset classes rather than all AUM. All cover publicly listed debt and equity. Manulife's interim targets also include power project finance. Sun Life has limited its interim target to the publicly listed equity which it directly manages – it is unclear how much is managed by third parties. Great-West's interim target does not include scope 3 financed emissions, typically the largest source of emissions.

For their general accounts, all three insurers have set interim targets that exclude key asset classes like sovereign debt and private equity, despite available target setting methodologies. For example, the Institutional Investors Group on Climate Change recently produced guidance on target-setting for sovereign bonds[16] and the UN Net Zero Asset Owners Alliance recently published detailed guidance on setting targets for private equity investments, which they expect members to set by year end 2025.[17] As such, we expect this gap to be filled next year.

16 IIGCC, Sovereign Bonds & Country Pathways – Target setting and implementation guidance (April 2024).

17 UN-convened Net-Zero Asset Owner Alliance, Target Setting Protocol Fourth edition (April 2024) at 42.

## THIRD-PARTY ASSET MANAGERS

With no overall net zero target, it follows that Manulife's third party AUM is also not subject to an interim target.

More than half of Sun Life's third-party asset management AUM is subject to an interim target. Its largest subsidiary MFS, which manages about 60% of the company's $1.4 trillion AUM, has set a relatively ambitious interim target: for 85% of its AUM (i.e. equity and corporate bonds) to be net zero aligned or aligning by 2030, and 100% by 2040.[18] Sun Life's smaller subsidiaries are subject to interim targets of varying quality, or none at all.

Only two of Great-West's third-party managers – Irish Life Investment Management (ILIM – 15% of Great-West AUM) and Great-West Realty (1.6% of Great-West AUM) – have set interim targets. ILIM has committed 20% of its AUM to align with net zero, with a long-term target of 100%. Currently, this covers scope 1 and 2, and it has stated that scope 3 will be phased-in gradually.

TABLE 3. INTERIM FINANCED EMISSIONS REDUCTION TARGETS COVERAGE: MANULIFE, SUN LIFE, AND GREAT-WEST.

| | MANULIFE | SUN LIFE | GREAT-WEST |
|---|---|---|---|
| GENERAL ACCOUNT | Yes, 36% coverage<br>• public equity & debt: intensity-based, scope 1-3<br>• power project finance | Yes, 21.4% coverage<br>• public equity & debt: intensity-based, scope 1-3<br>• Public debt: portfolio alignment target | Yes, 48%-68% coverage<br>• corporate bonds, listed equities, commercial real estate investments, intensity-based, scope 1-2 |
| THIRD PARTY AM | None | >50% coverage<br>• Primarily portfolio alignment targets, varying in ambition (MFS, Infrared, SLGI) & a scope 1 & 2 intensity target (BGO) | ≈6% coverage<br>• 2030 scope 1 & 2 intensity targets (ILIM & GW Realty) |
| TOTAL % OF AUM COVERED | ≈13% | ≈45% | ≈17%-23% |

In terms of third-party asset managers, Sun Life's major subsidiary MFS shows that it is possible to set relatively ambitious interim targets.

18 MFS, 2023 Sustainability Report, at 32 and 115.

## ARE THEY FULLY DISCLOSING FINANCED EMISSIONS?

Accurate and comprehensive financed emissions disclosures are fundamental to understanding and managing the climate risks embedded in these insurers' portfolios. Some significant advances were made this year by Sun Life and Manulife. But, significant gaps remain in how Sun Life, Manulife, and Great-West report their financed emissions.

This year Sun Life added downstream scope 3 emissions to its general account reporting. Its major subsidiary MFS also added scope 3 emissions to its financed emissions disclosures.[19] Manulife started reporting the financed emissions for two thirds of its third-party asset management arm, across all material scopes.[20] Great-West is lagging well behind, disclosing only 1% of its general account emissions, and 20% of the AUM it manages on behalf of third parties.

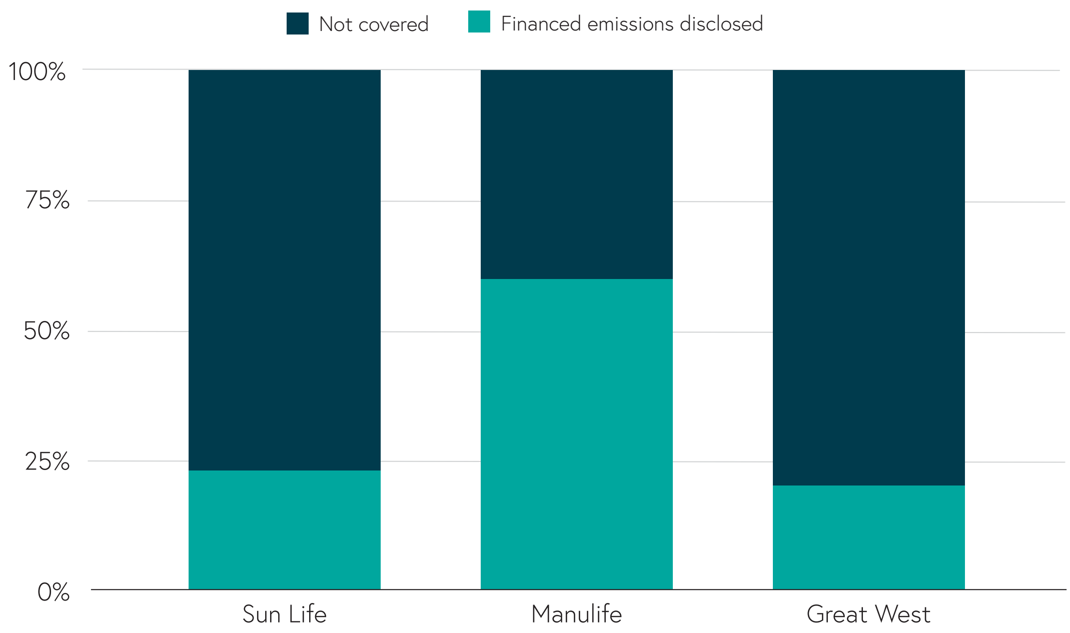


*Figure 2. Share of third party asset manager AUM disclosing financed emissions at Manulife, Sun Life, and Great-West, as of 2024.*

*(**Note:** This figure does not represent whether important downstream scope 3 emissions are disclosed.)*

Notably, this year Sun Life also began reporting on the portfolio alignment of its general account corporate debt holdings. This helps track the climate transition risk associated with remaining financed emissions.

To improve risk transparency to shareholders and to prepare for upcoming regulations, all three insurers need to provide comprehensive emissions reporting, including downstream scope 3 emissions, across their corporations. This should be done where accepted emissions accounting methodologies exist,[21] and where data is reasonably available. In addition, tracking portfolio alignment helps assess the risk associated with remaining financed emissions.

19 Ibid; see also MFS, 2023 Sustainability Report, at 19.
20 Manulife Investment Management, 2023 Climate-related Financial Disclosures, at 49, 50, 58, 59.
21 The Partnership for Carbon Accounting Financials also has established standards for project finance, sovereign debt, business loans and unlisted equity.

## DO THEY HAVE CREDIBLE TRANSITION PLANS?

Net zero portfolio alignment can only be achieved with a credible transition strategy, that includes:

1. Red lines around companies that are fundamentally incompatible with a 1.5-degree future (e.g. un-transitionable coal companies or oil and gas companies with expansion plans);
2. Timebound, escalating engagement policies for carbon-intensive companies that have a reasonable transition pathway;
3. Increasing exposure to climate solution companies, like renewable energy; and
4. Transparent lobbying in support of economic enablers for a 1.5-degree future (e.g. emissions caps, renewable energy subsidies, etc.).

## WHAT ARE THEIR FOSSIL FUEL EXCLUSION POLICIES?

Coal is the lowest hanging fruit for these insurers to align their investment practices with their net zero commitment and commitment to the wellness of their clients. This is especially the case for Sun Life and Manulife's operations in Asia, where their insurance clients are exposed to comparatively worse air quality and projected growth in coal reliance, as a result, illness and premature death.

Manulife and Great-West have partial coal exclusions in place within their general accounts. Manulife's exclusions are limited to *new* project financing in North America and Europe (notably excluding Asia, where they do significant business) with 20% or more revenue or power capacity derived from thermal coal. But, project financing represents the smallest share of coal financing; the majority is from general corporate financing. 20% is also a relatively high threshold.

Great-West exclusions are slightly stronger, with a coal screen for companies who generate more than 15% of their revenue from coal unless there is a target to reduce this to below 5% by 2030. This applies to just over half of its general account.

Sun Life has no coal exclusion for its general account.

Sun Life and Great-West also each have a small asset management subsidiary – InfraRed and ILIM, respectively – that have broader fossil fuel exclusion policies in place. Both InfraRed and ILIM exclude oil sands investments. Infrared also has a gas exclusion policy in place where the investments do not align with a net zero future. InfraRed's coal exclusion has a "zero threshold," unless it relates to " refurbishment, retrofitting and rehabilitation of existing coal power facilities, where after thorough investigation InfraRed is satisfied that the facility can be repurposed and decarbonised by, for example, adding carbon capture, replacing coal boilers with new low-carbon energy sources or by switching to or co-firing with biomass."[22] ILIM aims to phase out unabated coal by 2030 in developed markets and by 2040 in emerging markets.

22 Ibid.

## NET-ZERO-ALIGNED POWER PORTFOLIOS

A net-zero-aligned power portfolio is a critical focus for investors seeking to mitigate climate risk and maximize climate opportunity. The IEA projects that globally a 71% average share of renewable power is required by 2030 to enable a 1.5-degree future.[23] For most investors, this means they need to reduce their portfolio exposure to fossil-fuelled power and increase their exposure to renewable power. Indeed, our recent report on financial power sector financing shows that 13 major financial sector actors, including Great-West's parent company Power Corporation, Manulife's third party asset management arm 'MIM', and Sun Life, show that, as of 2023, all three have a long way to go (see Figure 3).

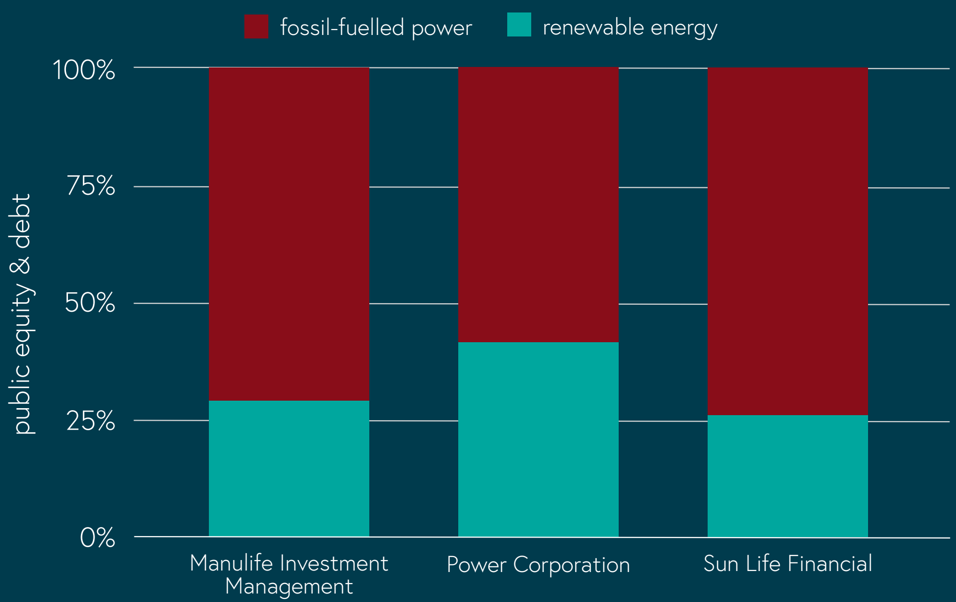


*Figure 3. Share of public equity and debt in renewable energy vs. fossil-fuelled power as of Q1, 2024.*

*(**Note:** Data limitations mean that we only have data for Manulife's third party asset management arm and for Great-West at the parent-company level.)*

## DO THEY HAVE A PLAN FOR ESCALATING ENGAGEMENT?

In terms of general accounts, Sun Life stands out for committing to escalating engagement with its most carbon-intensive debt holdings based on an assessment of the maturity of their transition plans. It also provided a baseline portfolio assessment, using the Net Zero Investment Framework standards. However, Sun Life does not disclose time-bound consequences for failure to progress.

Manulife has indicated plans to finalize its engagement strategy this year. Benchmarking, timelines, and escalation tactics are required for it to align with best practices.

23 IEA, World Energy Outlook 2023 (October 2023), at 106.

Great-West does not provide information on an escalating engagement strategy for its general account.

For third-party asset managers, Great-West's ILIM outlines an escalation strategy that indicates use of voting against board members and possible divestment, though there is no clear timeline or process for when these actions will be taken.

Sun Life's MFS has a relatively robust engagement policy, applying to the majority of its AUM, including the threat of divestment if sufficient progress towards net zero alignment is not made. More details on timelines would be helpful to hold MFS accountable to this policy and to encourage investees to progress.

In sum, we are starting to see Manulife and Sun Life taking steps towards establishing robust escalating engagement strategies with their most carbon-intensive emitters within their general accounts. We also see one of Great-West's and Sun Life's smaller asset managers doing the same. However, details and timelines are lacking, rendering these engagement policies less effective.

## ARE THEY INVESTING IN CLIMATE SOLUTIONS?

Investing in the technologies that are needed to enable a net zero transition is equally important as phasing down investing in the source of the problem. However, defining "sustainable finance" has proven challenging. Overly loose definitions lend themselves to greenwashing.

The Glasgow Financial Alliance for Net Zero defines climate solutions as activities that scale technologies and services to reduce or remove greenhouse gas emissions, supporting a just and sustainable net-zero transition.[24]

Both Manulife and Sun Life report on their overall investments in renewable energy, which is crucial for supporting the broader economy's transition and generating direct financial benefits.

In terms of climate solutions financing, Manulife is now disclosing $690 million in existing "transition" equity financing, which adds more clarity to its less specific $45.7 billion "sustainable finance" goal. While Great-West reports more broadly on the  $6.35 billion it has dedicated to wind, solar, and hydroelectric renewable energy projects as well as"environmentally-minded" private equity investments, criteria for this latter remains undisclosed.

In 2022, ILIM launched a "Climate Solutions Range" with the goal of increasing its exposure to lower carbon intensity companies, valued at $247 million in 2022.

Despite these efforts, clearer definitions, more ambitious climate solutions targets, and impact metrics are needed across all three companies to increase their climate solutions exposure.

24 Glasgow Financial Alliance for Net Zero, Financial Institutions Net-Zero Transition Plans (Nov, 2022).

## DO THEY ADVOCATE FOR PUBLIC CLIMATE POLICY?

Despite the need for supportive climate policy to meet company net zero targets, there has been little active climate lobbying from the companies assessed.[25] Supportive public policies are essential to enabling a 1.5-degree future. For example, given all of the insurer's investments in power companies, there is a clear benefit for these companies to push for policies that will help support the decarbonization of energy grids.

Manulife has stated that it is "[d]irectly or indirectly advocating for policies that are supportive of net zero investment objectives,"[26] but it is unclear whether this applies broadly to climate policy (most of which affects investment), or narrowly to financial regulation. Either way, neither Manulife nor the other companies in this report are visible in major Canadian climate policy debates.

25 Manulife did sign on to a joint letter to the Canadian government regarding the cap on oil and gas emissions in 2022.

26 Manulife, Climate Action Implementation Plan, 2023, at 27.