

Metropolitan Life Insurance Company

Type of Engagement: Annual Review

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Introduction

In June 2020, MetLife, Inc. (“MetLife”) established the MetLife Sustainable Financing Framework (the “Framework”),¹ under which green and/or sustainable funding agreements backing medium-term notes or commercial paper have been issued with the aim to finance renewable energy projects, green buildings and other eligible assets (collectively, the “Sustainable Financings”).² Sustainalytics provided a second-party opinion on the Framework in June 2020.³ In June 2023, MetLife engaged Sustainalytics to review the assets financed with proceeds from the Sustainable Financings and to provide an assessment as to whether the assets met the use of proceeds criteria and the reporting commitments outlined in the Framework. This is Sustainalytics’ third annual review of allocation and reporting of the instruments issued under the Framework, following a previous review in June 2022.⁴

Evaluation Criteria

Sustainalytics evaluated the allocation to eligible assets funded with proceeds from the Sustainable Financings based on whether the projects:

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

Table 1 lists the use of proceeds and eligibility criteria, while Table 2 lists the associated KPIs.

Table 1: Use of Proceeds Categories and Eligibility Criteria

Use of Proceeds	Eligibility Criteria
Renewable Energy	Investments dedicated to generation, transmission and distribution of energy from renewable sources, including: <ol style="list-style-type: none"> i. Wind ii. Solar iii. Geothermal with direct emissions <100gCO₂/kWh iv. Hydropower⁵ with power density > 5W/m² v. Tidal power vi. Waste biomass <100gCO₂/kWh

¹ MetLife, “MetLife Sustainable Financing Framework”, at: <https://www.metlife.com/sustainability/MetLife-sustainability/investments/financing-framework/>

² MetLife has disclosed that there have been multiple issuances under the Framework. In July 2020, Metropolitan Life Insurance Company (MLIC), a subsidiary of MetLife, issued a green funding agreement, securing USD 750 million green funding agreement-backed notes due July 2025 issued by Metropolitan Life Global Funding I. In November 2021, MetLife Short Term Funding LLC issued USD 40 million sustainable commercial paper, with proceeds deposited under a funding agreement issued by MLIC, and rolled the same amount of sustainable commercial paper through 2022. In June 2022, MLIC issued a sustainable funding agreement in connection with a Metropolitan Life Global Funding I issuance of USD 500 million funding agreement-backed notes due June 2027. MetLife, “MetLife Sustainable Financing Framework”, at: <https://www.metlife.com/sustainability/MetLife-sustainability/investments/financing-framework/>

³ Sustainalytics, “Second-Party Opinion, MetLife”, (2020), at: <https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/metlife-inc/metlife-sustainable-financing-framework-second-party-opinion/metlife-sustainable-financing-framework-second-party-opinion-pdf>

⁴ Sustainalytics, “Annual Review, MetLife”, (2022), at: [https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/metlife-inc.-green-bond-annual-review-\(2022\).pdf?sfvrsn=75f9fe98_1](https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/metlife-inc.-green-bond-annual-review-(2022).pdf?sfvrsn=75f9fe98_1)

⁵ Large hydro assets >25 MW will be subject to an assessment, based on recognized best practice guidelines, of environmental and social risks and measures to address such risks.

Green Buildings	Investments in new or existing commercial or residential buildings that have: <ul style="list-style-type: none"> i. Achieved or expect to achieve, based on third-party assessment, greenhouse gas emission performance in the top 15% of their city, or ii. Received, or expect to receive based on its design, construction and operational plans, certification according to third party verified green building standards, such as: <ul style="list-style-type: none"> • LEED Gold or Platinum standard • BREEAM very good or above • other equivalent certification schemes, such as BOMA Best Energy Star
Environmentally Sustainable Management of Living Natural Resources	Investments that enhance ecosystem protection or restoration, including: <ul style="list-style-type: none"> i. Agriculture and fisheries assets with recognized third-party sustainability certifications such as USDA Organic, EU Organic, Marine Stewardship Council (MSC) or Rainforest Alliance ii. Forestry assets with recognized third-party sustainability certifications such as Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC), and the Sustainable Forestry Initiative (SFI) which is affiliated with PEFC iii. Climate smart farm inputs such as biological crop protection or drip-irrigation iv. Preservation or restoration of natural landscapes

Table 2: Key Performance Indicators

Use of Proceeds	Key Performance Indicators
Renewable Energy	<ul style="list-style-type: none"> • Annual renewable energy generation in MWh/GWh (electricity) and GJ/TJ (other energy) • Annual GHG emissions reduced/avoided in tonnes of CO₂ equivalent
Green Buildings	<ul style="list-style-type: none"> • Area of certified green buildings in square feet and by certification level • Annual GHG emissions reduced/avoided in tonnes of CO₂ equivalent
Environmentally Sustainable Management of Living Natural Resources	<ul style="list-style-type: none"> • Total surface financed (hectares), with reference to specific certification schemes where relevant • Environmentally sensitive areas protected (acres)

Issuer's Responsibility

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

Independence and Quality Control

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

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

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

Conclusion

Based on the limited assurance procedures conducted,⁶ nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed projects funded through proceeds of the Sustainable Financings do not conform with the use of proceeds criteria and reporting commitments in the Framework. MetLife has disclosed to Sustainalytics that the net proceeds from the green funding agreement, the funding agreement backing sustainable commercial paper and the sustainable funding agreement were fully allocated as of June 2021, November 2021 and May 2023 respectively.

Detailed Findings

Table 3: Detailed Findings

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the projects funded by the Sustainable Financings to determine if projects aligned with the Use of Proceeds Criteria outlined in the Framework and above in Table 1.	All projects reviewed complied with the use of proceeds criteria.	None
Reporting Criteria	Verification of the projects funded by the Sustainable Financings to determine if impact of projects was reported in line with the KPIs outlined in the Framework and above in Table 2. For a list of KPIs reported please refer to Appendix 2.	All projects reviewed reported on at least one KPI per use of proceeds category.	None

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

Appendices

Appendix 1: Asset Allocation Details

Green Funding Agreement issued in June 2020

Use of Proceeds Category	Eligibility Criteria	Project Description	Project Location	Net Funding Agreement Proceeds Allocation (USD)
Renewable Energy	Solar Energy	Three solar projects across Western and East Coast of the US. MetLife's share of installed capacity is 19 MW.	US	62,534,726
	Solar Energy	Portfolio of solar projects in four Western US. MetLife's share of installed capacity is 44 MW.	US	51,848,777
	Wind Energy	Wind farm in Mexico. MetLife's share of installed capacity is 33 MW.	Mexico	37,215,739
	Wind Energy	Wind farm in Mexico. MetLife's share of installed capacity is 17 MW.	Mexico	35,390,133
Green Buildings	Buildings with LEED – Platinum certification	Class A Office in Northeastern US.	US	178,050,681
	Buildings with LEED – Gold certification	Two Class A Offices in Northwestern US.	US	41,759,615
Environmentally Sustainable Management of Living Natural Resources	Forestry assets with Sustainable Forestry Initiative (SFI) certification	Timberland in Northeastern US and Canada managed and certified under SFI.	US	78,711,276
	Forestry assets with SFI certification	Timberland in Northwestern US managed and certified under SFI.	US	14,148,394
	Forestry assets with SFI certification	Timberland in Northeastern US managed and certified under SFI.	US	166,355,370
	Forestry assets with Forest Stewardship Council (FSC) certification	Timberland in Western US managed and certified under FSC.	US	80,047,788
Net Funding Agreement Proceeds Allocation (USD)				746,062,500

Funding Agreement Backing Sustainable Commercial Paper issued in November 2021 (and rolled at same amount in 2022)

Use of Proceeds Category	Eligibility Criteria	Project Description	Project Location	Net Funding Agreement Proceeds Allocation (USD)
Renewable Energy	Solar Energy	Multiple solar projects in various stages (operational, construction and development) in Chile. MetLife's share of installed capacity is 18 MW.	Chile	10,896,951
Environmentally Sustainable Management of Living Natural Resources	Forestry assets with FSC certification	Timberland in Southern US managed and certified under FSC.	US	29,028,327
Net Funding Agreement Proceeds Allocation (USD)				39,925,278

Sustainable Funding Agreement issued in June 2022

Use of Proceeds Category	Eligibility Criteria	Project Description	Project Location	Net Funding Agreement Proceeds Allocation (USD)
Renewable Energy	Geothermal Energy ⁷	Geothermal portfolio in Western US. MetLife's share of installed capacity is 20 MW.	US	40,115,756
	Solar Energy	Solar power facility and battery storage in Western US. MetLife's share of installed capacity is 22 MW.	US	26,401,333
	Wind Energy	Construction and operation of wind farm located in Norway. MetLife's share of installed capacity is 14 MW.	Norway	16,851,659
Green Buildings	Buildings with LEED – Platinum certification	Class A Office in Northwest US	US	183,136,384
Environmentally Sustainable Management of Living Natural Resources	Forestry assets with SFI certification	Timberland in Western US managed and certified under SFI.	US	32,282,688
	Forestry assets with FSC certification	Timberland in Eastern US managed and certified under FSC.	US	71,173,489
	Climate smart farm inputs: drip-irrigation	Develop and operate 5,000 ha of farms using drip-irrigation to cultivate blueberries, table	Peru	24,195,462

⁷ MetLife has confirmed to Sustainalytics that the financed geothermal project has direct emissions less than 100 CO₂/kWh.

		grapes, avocados, and asparagus.		
Affordable Housing	Investments meeting national or regional affordable housing definitions in the applicable jurisdiction	Affordable housing developer or provider in Northeast US.	US	14,019,052
		Social housing provider in the UK.	UK	40,826,894
		Social housing provider in a UK overseas territory.	Gibraltar	48,867,284
Net Funding Agreement Proceeds Allocation (USD)				497,870,000

Appendix 2: Impact Reporting by Eligibility Criteria

Green Funding Agreement issued in June 2020

Use of Proceeds Category	Impact Metric	Share of Impact Allocated to Funding Agreement ⁸
Renewable Energy	Renewable energy generated (in MWh)	338,268
	Annual GHG emissions reduced or avoided (in tCO ₂ e)	131,298
Green Buildings	Area of green buildings with LEED Platinum certification (in ft ²)	514,149
	Area of green buildings with LEED Gold certification (in ft ²)	151,508
	Annual GHG emissions reduced or avoided (in tCO ₂ e)	92
Environmentally Sustainable Management of Living Natural Resources	Total surface of sustainably managed forest with SFI certification (in ha)	635,278
	Total surface of sustainably managed forest with FSC certification (in ha)	33,063

Funding Agreement Backing Sustainable Commercial Paper issued in November 2021 (and rolled at same amount in 2022)

Use of Proceeds Category	Impact Metric	Share of Impact Allocated to Funding Agreement ⁹
Renewable Energy	Renewable energy generated (in MWh)	17,986
	Annual GHG emissions reduced or avoided (in tCO ₂ e)	6,847
Environmentally Sustainable Management of Living Natural Resources	Total surface of sustainably managed forest with FSC certification (in ha)	37,289

⁸ Figures are calculated based on the total respective impacts of each asset funded by the green funding agreement issuance multiplied by MetLife's ownership share of the asset, and prorated to the share of the ownership stake that consists of green funding agreement allocations.

⁹ Figures are calculated based on the total respective impacts of each asset funded by the funding agreement (backing sustainable commercial paper) issuance multiplied by MetLife's ownership share of the asset, and prorated to the share of the ownership stake that consists of the said funding agreement allocations.

Sustainable Funding Agreement issued in June 2022

Use of Proceeds Category	Impact Metric	Share of Impact Allocated to Funding Agreement ¹⁰
Renewable Energy	Renewable energy generated (in MWh)	222,840
	Annual GHG emissions reduced or avoided (in tCO ₂ e)	73,753
Green Buildings	Area of green buildings with LEED Platinum certification (in ft ²)	325,139
	Annual GHG emissions reduced or avoided (in tCO ₂ e)	39
Environmentally Sustainable Management of Living Natural Resources	Total surface of sustainably managed forest with SFI certification (in ha)	294,089
	Total surface of sustainably managed forest with FSC certification (in ha)	308,094
	Annual water saved from drip irrigation (in m ³ /ha)	6,037
Affordable Housing	Number of affordable housing units built or refurbished	738

¹⁰ Figures are calculated based on the total respective impacts of each asset funded by the sustainable funding agreement issuance multiplied by MetLife's ownership share of the asset, and prorated to the share of the ownership stake that consists of sustainable funding agreement allocations.

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