

Metropolitan Life Insurance Company

Type of Engagement: Annual Review

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Engagement Team:

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Introduction

In July 2020, Metropolitan Life Insurance Company (“MLIC”), a subsidiary of MetLife, Inc. (“MetLife”), issued a green funding agreement and in November 2021, MetLife Short Term Funding LLC issued green funding agreement-backed commercial paper backed by MLIC with the aim of ultimately allocating the net proceeds thereof to renewable energy projects, green buildings or other eligible green assets under the MetLife Sustainable Financing Framework (the Framework).¹ In June 2022, MetLife engaged Sustainalytics to review the allocation of net proceeds from the green funding agreements to eligible assets and provide an assessment as to whether the allocation of net proceeds to such assets met the Use of Proceeds criteria and the Reporting commitments outlined in the Framework. Sustainalytics provided a Second Party Opinion of the Framework in 2020.²

Evaluation Criteria

Sustainalytics evaluated the allocation to eligible assets funded with net proceeds from the 2020 and 2021 green financings based on whether the projects and programmes:

1. Met the Use of Proceeds and Eligibility Criteria outlined in the MetLife Sustainable Financing Framework; and
2. Reported on at least one of the Key Performance Indicators (KPIs) for each Use of Proceeds criteria outlined in the MetLife Sustainable Financing Framework.

Table 1 lists the Use of Proceeds, Eligibility Criteria, and associated KPIs while Table 2 lists the associated KPIs.

Table 1: Use of Proceeds, Eligibility Criteria, and associated KPIs

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. Hydropower³ with power density > 5W/m² v. Tidal power vi. Waste biomass <100gCO₂/kWh
Green Buildings	Investments in new or existing commercial or residential buildings that have: <ol 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

¹ MetLife, “MetLife Sustainable Financing Framework”, (2020), at: <https://www.metlife.com/sustainability/MetLife-sustainability/investments/financing-framework/>

² Sustainalytics, “MetLife Sustainable Financing Framework Second-Party Opinion”, (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>

³ 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

	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: <ol 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)

Issuing Entity's Responsibility

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

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of MetLife's Sustainable Financing Use of Proceeds. The work undertaken as part of this engagement included collection of documentation from MetLife employees and review of documentation to confirm the conformance with the MetLife Sustainable Financing Framework.

Sustainalytics has relied on the information and the facts presented by MetLife with respect to the identified eligible assets. Sustainalytics is not responsible nor shall it be held liable if any of the opinions, findings, or conclusions it has set forth herein are not correct 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 over the assessment of the review.

Conclusion

Based on the limited assurance procedures conducted,⁴ nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed projects, funded through proceeds of MetLife's green funding agreement and green funding agreement-backed commercial paper are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the MetLife Sustainable Financing Framework. MetLife has disclosed to Sustainalytics that the net proceeds of the green funding agreement were fully allocated as of June 2021, and the net proceeds of the green funding agreement-backed commercial paper were fully allocated as of November 2021.

Detailed Findings

Table 3: Detailed Findings

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

⁴ Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the projects that have been funded, including description of projects, estimated and realized costs of projects, and project impact, which were provided by the Issuer. The Issuer 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 U.S. locations. MetLife's share of installed capacity is 19 MW.	U.S.	59,843,279
	Solar Energy	Portfolio of solar projects in four Western U.S. locations. MetLife's share of installed capacity is 44 MW.	U.S.	50,388,632
	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	33,046,217
Green Buildings	Buildings with LEED – Platinum certification	Class A Office in Northeastern U.S.	U.S.	178,050,681
	Buildings with LEED – Gold certification	Two Class A Offices in Northwestern U.S.	U.S.	41,759,615
Environmentally Sustainable Management of Living Natural Resources	Forestry assets with Sustainable Forestry Initiative (SFI) certification	Timberland in Northeastern U.S. and Canada managed and certified under SFI.	U.S.	67,735,204
	Forestry assets with Sustainable Forestry Initiative (SFI) certification	Timberland in Northwestern U.S. managed and certified under SFI.	U.S.	15,225,965
	Forestry assets with Sustainable Forestry Initiative (SFI) certification	Timberland in Northeastern U.S. managed and certified under SFI.	U.S.	143,439,386
	Forestry assets with Forest Stewardship Council (FSC) certification	Timberland in Western U.S. managed and certified under FSC.	U.S.	68,798,484
	Climate smart farm inputs: drip-irrigation	Development and operation of ~3,800 Ha of farmland using drip-irrigation.	Peru	50,559,297
Total				\$746,062,500

Green Funding Agreement-Backed Commercial Paper issued in November 2021

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. MLIC's share of installed capacity is 18 MW	Chile	10,896,951
Environmentally Sustainable Management of Living Natural Resources	Forestry assets with Forest Stewardship Council (FSC) certification	Timberland in Southern U.S. managed and certified under FSC	U.S.	29,028,327
Total				\$39,925,278

Appendix 2: Impact Reporting by Eligibility Criteria
Green Funding Agreement issued in June 2020

Use of Proceeds Category	Environmental Impact Reported by Eligibility Criteria ⁵
Renewable Energy	Generated renewable energy associated with green funding agreement proceeds is reported as 294,433 MWh.
	Share of annual emissions avoided by funded renewable energy projects is reported as 114,181 tCO ₂ e.
Green Buildings	Area of certified green buildings funded with green funding agreement proceeds is reported as 514,149 ft ² for LEED Platinum, and 151,508 ft ² for LEED Gold.
	Share of annual emissions avoided by funded green building projects is reported as 80 tCO ₂ e.
Environmentally Sustainable Management of Living Natural Resources	Area of certified sustainably managed forest funded by green funding agreement proceeds is reported as 547,575 Ha under the Sustainable Forestry Initiative, and 28,499 Ha under the Forest Stewardship Council.
	Share of annual water savings through the use of installed drip irrigation systems funded by green funding agreement proceeds is reported as 5,083 m ³ .

⁵ 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.

Green Funding Agreement-Backed Commercial Paper issued in November 2021

Use of Proceeds Category	Environmental Impact Reported by Eligibility Criteria⁶
Renewable Energy	Generated renewable energy associated with green commercial paper proceeds is reported as 17,595 MWh.
	Share of annual emissions avoided by funded renewable energy projects is reported as 6,727 tCO ₂ e.
Environmentally Sustainable Management of Living Natural Resources	Area of certified sustainably managed forest funded by green commercial paper proceeds is reported as 34,579 Ha under the FSC.

⁶ 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.

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