



MetLife Sustainable Financing Framework

June 2020



Background

At MetLife, our focus on sustainability enables us to fulfill our purpose with a roadmap and clear priorities guiding us in our journey. Founded in 1868, we have helped generations protect their families and build confident futures with targeted products, long-term partnerships, and programs informed by customer insights and trends. With long-term yet tangible priorities defining our ambition, and champions across our organization cultivating sustainability principles in their decision making, sustainability at MetLife creates value, advances inclusive behavior, protects our shared environment and society, and ultimately, helps build a confident future for all.

In 2019, MetLife built out its newly-created sustainability function and developed a comprehensive strategic approach to environmental, social, and governance (ESG) issues. These priorities were determined based on input from institutional shareholders and other external stakeholders, research into leading practices, benchmarking of peer companies, and feedback from employees and business leaders at MetLife, among others. The result is a strategic focus that enhances the value propositions for stakeholders, supports the Company's corporate purpose statement, enhances the MetLife brand, and supports its businesses. MetLife's sustainability efforts emphasize its role as

- A responsible investor, managing a long-term, value creating portfolio, and embedding ESG principles in its decision-making;
- A market leader in insurance and financial services, providing specialized products, services, and solutions tailored to the specific needs of each market to provide financial health, protection, and opportunity;
- A preferred employer, committed to diversity and inclusion, gender equality, and employee well-being;
- A responsible steward of the environment, dedicated to reductions in waste, energy use, and greenhouse gas (GHG) emissions, and an increase in Renewable Sources of Energy; and
- A force for good through philanthropy and volunteerism, annually contributing millions of dollars and tens of thousands of hours of employees' time supporting and building communities around the world.

We believe sustainability factors have an impact on investment performance and are important considerations to effectively manage risk and achieve MetLife's investment objectives.

MetLife Sustainable Investment Approach and Risk Mitigation

At MetLife, our customers come first, which means that we must strive at all times to deliver on our promises several decades into the future. Our investments, accordingly, help ensure we can keep the financial promises we made to our customers all over the world and fulfill our purpose of building a confident future for everyone. That's why we seek out investments that are diverse, stable, secure, and offer competitive, risk-adjusted returns. That includes evaluating all material risks, including ESG factors. In fact, our ESG integration efforts are applied broadly across all asset classes.

For more than 150 years MetLife has been committed to serving our communities as set forth in our Code of Business Ethics.¹ From energy efficiency and green buildings to volunteer projects and responsible investments that promote social and/or environmental benefits, we work to reduce our footprint and build resiliency in a changing world. MetLife's responsible investments focus on the core areas of green investments, affordable housing, infrastructure, municipal and impact investments.

For our institutional investment management business, MetLife Investment Management (MIM), which manages much of MetLife’s general account portfolio, ESG considerations are a vital part of our due diligence, as we seek to identify issues that may impact the reputation of a borrower as well as its financial condition, credit rating and transaction pricing. When assessing the relevant risks associated with any investment opportunity, we conduct bottom up fundamental research and focus on multiple factors. We believe that adhering to sound ESG practices can minimize financial risks, such as controversy-triggered loss of customers, fines, penalties and environmental clean-up costs. MetLife’s ESG due diligence process is enshrined within MIM’s Environmental, Social and Governance Investment Policy.² In 2019, MIM was proud to become a signatory to the Principles for Responsible Investment (PRI), committing to adopt and implement PRI’s six principles across its investment portfolio.

This Sustainable Financing Framework (the “Framework”) facilitates alignment of MetLife’s business and investment activities to support and drive a more sustainable future.

Framework overview

The Framework will guide future issuances of green, social, and sustainable bonds, term loans, preferred stock, subordinated notes, and funding agreements (each a “MetLife Sustainable Financing”) by MetLife, Inc. and its subsidiaries, including Metropolitan Life Insurance Company and Metropolitan Tower Life Insurance Company.

This Framework addresses the four core components of the International Capital Markets Association (ICMA) Green Bond Principles,³ Social Bond Principles,⁴ and Sustainability Bond Guidelines⁵ and their recommendations on the use of external reviews and impact reporting:











- I. Use of proceeds
- II. Project selection and evaluation process
- III. Management of proceeds
- IV. Reporting

I. Use of proceeds

An amount equal to the net proceeds of each MetLife Sustainable Financing will be used to finance or re-finance, in part or in full, new and/or existing green and/or social assets within MetLife’s general accounts that meet the Eligibility Criteria defined below (Eligible Assets). Green Financings are securities where the proceeds are allocated to green assets, Social Financings are securities where the proceeds are allocated to social assets, and Sustainability Financings are securities where the proceeds are allocated to both green and social assets. Each of the Eligible Criteria is aligned to UN Sustainable Development Goals (SDGs).

Eligible Assets include existing green/social assets within MetLife’s general accounts funded up to 36 months prior to the MetLife Sustainable Financing issuance date and new green/social assets acquired post issuance. It is our intention to fully allocate the net proceeds of a MetLife Sustainable Financing within 18 months of its issuance.

A business will be considered eligible for financing using MetLife Sustainable Financing proceeds only if it derives 90% or more of its revenues from activities in the list of Eligible Categories.

| Eligible Category per ICMA Green Bond Principles | Green Assets Eligibility Criteria |
|---|---|
| <p>1. Renewable Energy</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>7 AFFORDABLE AND CLEAN ENERGY</p> </div> <div style="text-align: center;">  <p>13 CLIMATE ACTION</p> </div> </div> | <p>Investments dedicated to generation, transmission and distribution of energy from renewable sources including:</p> <ol style="list-style-type: none"> i. Wind ii. Solar iii. Geothermal with direct emissions <math><100\text{gCO}_2/\text{kWh}</math> iv. Hydropower⁶ with power density > 5W/m² v. Tidal power vi. Waste biomass <math><100\text{gCO}_2/\text{kWh}</math> |
| <p>2. Energy Efficiency</p> <div style="text-align: center;">  <p>7 AFFORDABLE AND CLEAN ENERGY</p> </div> | <p>Investments that reduce energy consumption, including:</p> <ol style="list-style-type: none"> i. Energy efficient heating, ventilation, air conditioning, refrigeration, lighting and electrical equipment that result in at least 20% energy savings ii. Projects that reduce losses in the delivery of bulk energy services or enhance integration of intermittent renewables such as energy storage, smart grids, battery technology, demand response iii. Projects that enable monitoring and optimization of the amount and timing of energy consumption such as smart meters, load control systems, sensors or building information systems |
| <p>3. Green Buildings</p> <div style="text-align: center;">  <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> </div> | <p>Investments in new or existing commercial or residential buildings that have:</p> <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 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 |
| <p>4. Clean Transportation</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> </div> <div style="text-align: center;">  <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> </div> </div> | <p>Investments in low-carbon transport assets including:</p> <ol style="list-style-type: none"> i. Zero direct emission vehicles and associated infrastructure (incl. hydrogen, fuel cell, electric charging stations) ii. Infrastructure, rolling stock and vehicles for electrified public transport and freight, except where the primary purpose is fossil fuel transport |
| <p>5. Sustainable Water and Wastewater Management</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>6 CLEAN WATER AND SANITATION</p> </div> <div style="text-align: center;">  <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> </div> </div> | <p>Investments that improve water quality, water efficiency, or climate change resilience, including:</p> <ol style="list-style-type: none"> i. Technologies and projects for collection, distribution, treatment, recycling or reuse of water, rainwater or wastewater ii. Infrastructure for flood prevention, flood defense or storm-water management |
| <p>6. Pollution Prevention and Control</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> </div> <div style="text-align: center;">  <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> </div> </div> | <p>Investments that reduce and manage emissions and waste generated, including:</p> <ol style="list-style-type: none"> i. Technologies and projects for collection, sorting, treatment, recycling or re-use of emissions, waste, hazardous waste or contaminated soil ii. Technologies and projects to salvage, use, reuse, and recycle post-consumer waste products iii. Waste treatment and environmental remediation projects, including land treatment and brownfield cleanup, soil washing, chemical oxidation, bioremediation. Activities will not be directed to fossil fuel or other extractives industries |

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| Eligible Category per ICMA Green Bond Principles | Green Assets Eligibility Criteria |
|--|---|
| <p>7. Environmentally Sustainable Management of Living Natural Resources and Land Use</p> <div style="display: flex; justify-content: space-around;"> <div data-bbox="219 478 349 609"> </div> <div data-bbox="409 478 539 609"> </div> </div> | <p>Investments that enhance ecosystem protection or restoration, including:</p> <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 |

| Eligible Category per ICMA Social Bond Principles | Social Assets Eligibility Criteria |
|---|--|
| <p>1. Access to Essential Services</p> <div style="display: flex; justify-content: space-around;"> <div data-bbox="219 913 349 1043"> </div> <div data-bbox="409 913 539 1043"> </div> </div> | <p>Investments that enhance access to public, not-for-profit, free or subsidized essential services, including:</p> <ol style="list-style-type: none"> i. Infrastructure for hospitals, laboratories, clinics, healthcare, childcare and elder care centers ii. Infrastructure for the provision of child, youth or adult education and vocational training services |
| <p>2. Affordable Housing</p> <div data-bbox="219 1134 349 1264"> </div> | <p>Investments meeting national/regional affordable housing definitions in the applicable jurisdiction, including:</p> <ol style="list-style-type: none"> i. Investments that expand or maintain the availability of housing for U.S. households whose income is below 80% of the area median income (AMI)⁷ ii. Investments in nonprofit social housing providers in the U.K. and overseas territories that provide rental homes at below-market rents to low-income earners, including teachers, nurses, council workers, the elderly and infirm |

II. Project selection and evaluation process

MetLife has established a Sustainable Financing Council, comprising members from the Office of the Chief Investment Officer, Corporate Treasury, and Global Sustainability teams, which will be responsible for the ultimate review and selection of assets that will qualify as Eligible Assets, to which an amount equal to the net proceeds of each MetLife Sustainable Financing will be allocated. The eligibility of all assets proposed as Eligible Assets will be subject to a review consistent with MetLife's policies, including MIM's ESG Policy.

MetLife's Investment and Corporate Treasury teams will identify existing MetLife general account and future green or social assets which meet our sustainable investment approach and propose such assets to the Sustainable Financing Council for review and confirmation as Eligible Assets in accordance with the Eligibility Criteria defined in the MetLife Sustainable Financing Framework.

To evaluate the eligibility of social assets, the Sustainable Financing Council will consider the assets' potential positive social outcomes for target populations (such as low-income or marginalized communities and vulnerable groups) as well as the general public.

Exclusion criteria

Assets involving the following activities will not be Eligible Assets for any MetLife Sustainable Financing:

- alcohol
- tobacco
- weapons and arms trade
- gambling
- nuclear energy
- adult entertainment
- energy generation from fossil fuels

III. Management of proceeds

MetLife will establish a Sustainable Finance Register in relation to MetLife Sustainable Financings for the purpose of recording the Eligible Assets and the allocation of an amount equal to the net proceeds from MetLife Sustainable Financings to Eligible Assets.

The Sustainable Finance Register will contain relevant information to identify each Green, Social or Sustainability Financing and the Eligible Assets relating to it and will form the basis of MetLife's Sustainable Finance Report. The MetLife Investments and Sustainability Teams will maintain and update the Sustainable Finance Register, which will be reviewed quarterly by the Sustainable Financing Council.

An amount equal to the net proceeds of each MetLife Sustainable Financing will be earmarked for allocation within MetLife's general account and in the Sustainable Finance Register in accordance with this Sustainable Financing Framework.

MetLife aims to have fully allocated an amount equal to the net proceeds of each MetLife Sustainable Financing within 18 months of issuance.

It is MetLife's intention to maintain an aggregate amount of Eligible Assets that is at least equal to the aggregate net proceeds of all MetLife Sustainable Financings that are concurrently outstanding. However, there may be periods when a sufficient aggregate amount of Eligible Assets have not yet been allocated to fully cover an amount equal to the net proceeds of all outstanding MetLife Sustainable Financings, either as the result of changes in the composition of MetLife's green or social assets or the issue of additional MetLife Sustainable Financings. Any such portion of the net proceeds of MetLife Sustainable Financings that have not been allocated to Eligible Assets in the Sustainable Finance Register will be managed in accordance with MetLife's normal liquidity activities.

Payment of principal and interest on any MetLife Sustainable Financing will not be directly linked to the performance of any Eligible Asset.

IV. Reporting

Allocation Reporting

Within one year of the issuance of each MetLife Sustainable Financing, MetLife will publish a report on the sustainability section of MetLife's website. The MetLife Sustainable Financing report will be updated every year until complete allocation, and thereafter, as necessary in the event of material developments. The report will include a summary of outstanding MetLife Sustainable Financing issuances, including issuance date, size, maturity date, currency, and format.

The MetLife Sustainable Financing Report will contain at least the following:

1. Management's assertion that the use of proceeds of the MetLife Sustainable Financing complies with the MetLife Sustainable Financing Framework;
2. The amount of proceeds allocated to each Eligible Category;
3. Where feasible, and subject to confidentiality considerations, for each Eligible Category, one or more examples of Eligible Assets financed, in whole or in part, by the proceeds obtained from the MetLife Sustainable Financing, including their general details (brief description, location, stage i.e. construction or operation);
4. The balance of unallocated net proceeds;
5. Impact reporting elements as described below.

Impact Reporting

Where feasible, the MetLife Sustainable Finance Report will include qualitative and (if reasonably practicable) quantitative environmental and social performance indicators. Performance indicators may change from year to year.

The Report may include some of the following data for Eligible Assets financed by the MetLife Sustainable Financing:

| Eligible Category per ICMA Green Bond Principles | Potential Impact Reporting data |
|---|---|
| 1. 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 tones of CO₂ equivalent |
| 2. Energy Efficiency | <ul style="list-style-type: none"> • Annual energy savings in MWh/GWh • Types and number of energy reduction projects • Annual GHG emissions reduced/avoided in tones of CO₂ equivalent |
| 3. 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 tones of CO₂ equivalent |
| 4. Clean Transportation | <ul style="list-style-type: none"> • Annual GHG emissions reduced/avoided in tones of CO₂ equivalent • Transportation infrastructure developed or improved |
| 5. Sustainable Water and Wastewater Management | <ul style="list-style-type: none"> • Volume of water saved/treated/reused (m³/a) |
| 6. Pollution Prevention and Control | <ul style="list-style-type: none"> • Tons of waste reduced • Number of people or % of population provided with improved municipal waste treatment or disposal services • Amount of CO₂e reduced |
| 7. Environmentally Sustainable Management of Living Natural Resources and Land Use | <ul style="list-style-type: none"> • Total surface financed (hectares), with reference to specific certification schemes where relevant • Environmentally sensitive areas protected (acres) |

| Eligible Category per ICMA Social Bond Principles | Potential Impact Reporting data |
|---|---|
| 1. Access to Essential Services | <ul style="list-style-type: none"> • Number of hospital and other healthcare facilities built/upgraded • Number of educational institutions funded, location and type |
| 2. Affordable Housing | <ul style="list-style-type: none"> • Rental costs compared to the national/regional rent index • Number of affordable housing units built or refurbished |

External review

MetLife has obtained an independent Second Party Opinion on its Sustainable Financing Framework, which will be published on the sustainability section of MetLife’s website prior to the issuance of the first MetLife Sustainable Financing.

MetLife will request a qualified independent external reviewer to verify and provide third-party assurance with respect to the management of the MetLife Sustainable Financing proceeds and the compatibility of the selected Eligible Assets with the MetLife Sustainable Financing Framework. At minimum, this review will be carried out after the full allocation of an amount equal to the net proceeds from the MetLife Sustainable Financing and will be published with the Final Allocation Report. MetLife will post the external review report on the sustainability section of MetLife’s website. In the unlikely event that the external review identifies allocations to projects that do not comply with the MetLife Sustainable Financing Framework, MetLife will allocate the corresponding amounts to different assets that comply with the MetLife Sustainable Financing Framework.

VI. Amendments to this Framework

The Sustainable Financing Council will review this Framework on a regular basis, including its alignment to updated versions of the ICMA Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines. Such review may result in this Framework being updated and amended. The updates will be subject to a review by a qualified independent external reviewer. Any future updated version of this Framework that may exist will either maintain or improve the then current levels of transparency and reporting disclosure requirements, including the corresponding review by the external reviewer. The updated Framework, if any, will be published on the sustainability section of MetLife’s website and will replace this Framework.

Endnotes

- ¹ https://www.metlife.com/content/dam/metlifecom/us/homepage/about-us/corporate-governance/codes-of-conduct/business-ethics/2019/MLCode_BusinessEthics_Final.pdf
- ² <https://investments.metlife.com/about/esg-integration/>
- ³ International Capital Markets Association, “The Green Bond Principles (GBP) 2018”, published on June 14, 2018. <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>
- ⁴ International Capital Markets Association, “The Social Bond Principles (GBP) 2020”, published on June 9, 2020. <https://www.icmagroup.org/green-social-and-sustainability-bonds/social-bond-principles-sbp/>
- ⁵ International Capital Markets Association, “The Sustainability Bond Guidelines (SBG) 2018”, published on June 14, 2018. <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/>
- ⁶ 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
- ⁷ U.S. Department of Housing and Urban Development (HUD) designates households to certain income groups based on their income relative to the Area Median Income (AMI):
 - Extremely Low Income: Below 30% of AMI
 - Very Low Income: Below 50% of AMI
 - Low Income: Below 80% of AMI
 - Moderate Income: Between 80% and 120% of AMI

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Certain statements in this Framework constitute forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements give expectations or forecasts of future events. These statements can be identified by the fact that they do not relate strictly to historical or current facts. They use words and terms such as “aim,” “allocate,” “believe,” “consider,” “deliver,” “drive,” “enable,” “enhance,” “expand,” “expect,” “fulfill,” “impact,” “improve,” “include,” “intention,” “maintain,” “manage,” “may,” “potential,” “promote,” “reduce,” “result,” “seek,” “should,” “subsequently,” “update,” “will” and other words and terms of similar meaning, or are tied to future periods, in connection with a discussion of future performance. In particular, these include statements relating to future actions, prospective services or products, future performance or results of current and anticipated services or products, sales efforts, expenses, the outcome of contingencies such as legal proceedings, trends in operations and financial results.

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MetLife’s execution of the Framework is subject to the risk that MetLife will be unable to execute its strategy because of economic, market or competitive conditions or other factors. MetLife does not undertake any obligation to publicly correct or update any forward-looking statement if MetLife later becomes aware that such statement is not likely to be achieved. Please consult any further disclosures MetLife, Inc. and Metropolitan Life Insurance Company make on related subjects in reports to the U.S. Securities and Exchange Commission.



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