

Private Capital Sustainable Investing



At MetLife Investment Management (MIM), MetLife, Inc.'s (MetLife's) institutional investment management business, we are committed to responsible investing and incorporating financially material environmental, social and governance (ESG) considerations into investment decision making. This enables us to invest in ways that support sustainable long-term returns. We integrate ESG throughout the entire Private Capital portfolio, as detailed below.

Integrating ESG in Investment Decisions

Risk management is ingrained in MIM's culture and integrated throughout the organization. Our investment decisions are based on robust bottom-up credit analysis that focuses on identifying companies and projects that we believe are sustainable over the long-term and offer well-structured investments and good relative value. Financially material ESG considerations are an important part of our due diligence and are detailed in our internal credit memos.

Our assessment of ESG factors is informed by direct discussions between our credit analysts and senior management of our borrowers and, where relevant, sponsors. This may be supplemented by external resources, including third-party ESG ratings, research and data providers, credit rating agencies and sell-side research reports, as may be applicable and available.

We seek to identify issues that may impact the reputation of the borrower and/or its financial condition, credit rating and transaction pricing. Specific ESG factors considered during our due diligence vary across industries. Our approach is aligned with the Sustainability Accounting Standards Board's (SASB's) guidance on sector-specific materiality. Below are examples of the type of ESG factors we may focus on.

Environmental

Matters pertaining to environmental issues are identified and evaluated to determine the issuers' impact on the environment (including air, water, land protection, climate change and resource use) and the risk that such issues present to the credit profile or business operations. We also evaluate prospective liabilities of an issuer resulting from its environmental impacts, including payments relating to penalties imposed by government agencies, litigation risk or future remediation spending requirements.

Social

How a company manages relationships with its employees, suppliers, customers and the communities in which it operates is important to our investment analysis. We evaluate issues related to labor unrest, health and safety, compliance with labor regulations, and general labor relations and conditions. We also review risks associated with product safety and suitability to ensure companies have sustainable business operations.

Governance

MIM evaluates the diversity, independence and qualifications of corporate boards and management teams to assess the extent to which companies are prepared to face future risks and act in the best interests of the business, shareholders and other key stakeholders. We focus on identifying management teams that clearly and consistently communicate information regarding ESG factors material to their respective business.

Investment Screens

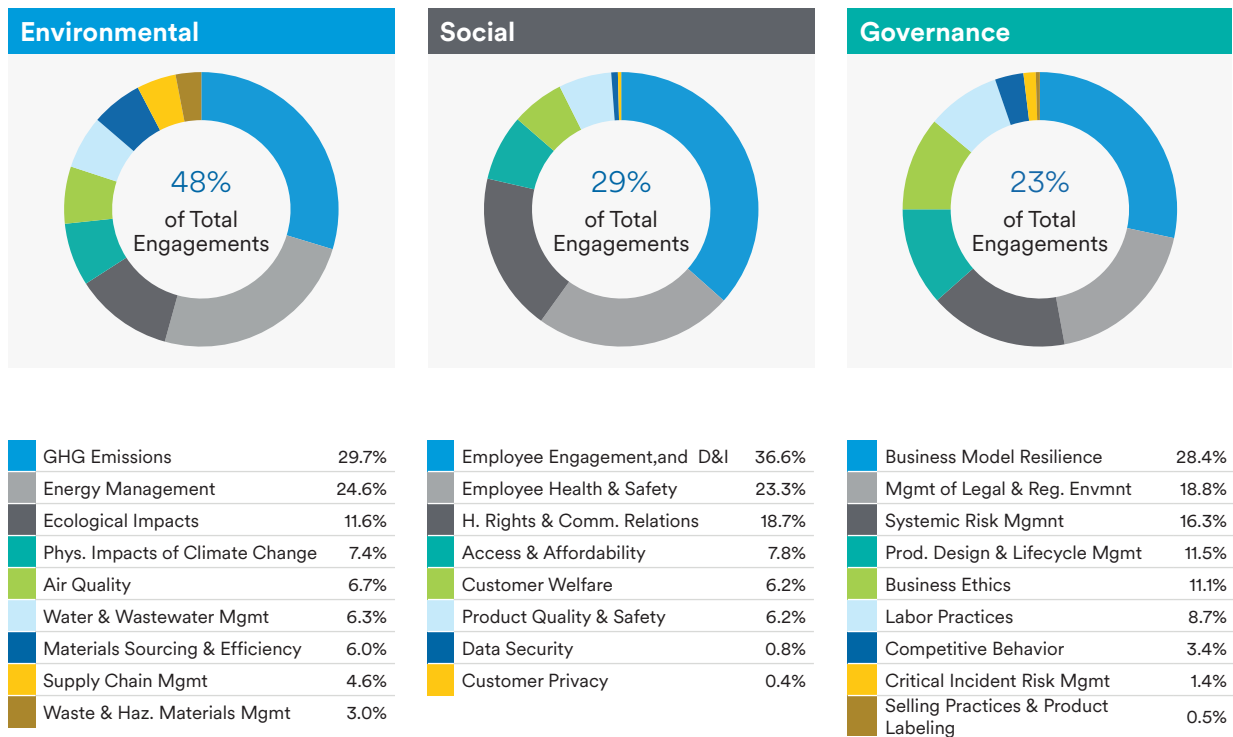
We work closely with our clients to best meet their investment and ESG objectives. Guidelines agreed with our clients may include investment screens, notably those excluding activities or industries they do not want to invest in due to ESG considerations. For some of our clients we also apply positive screens, to increase their exposure to investments with certain positive ESG features.

Active Engagement

We believe active engagement with the companies and projects we invest in is a key to managing investment risk. Engagement not only provides an opportunity to better understand ESG risk factors but it is also an opportunity to be transparent about our expectations and improve issuer disclosure.

Our credit analysts maintain a regular dialogue with our borrowers’ senior management teams. This starts during the initial due diligence process and continues once an investment is made, as part of the portfolio monitoring process. This ongoing dialogue helps to assess the borrowers’ business model resilience, understand its strategy and its implications from an ESG point of view, as well as to track progress against the objectives the borrower may have set. It also allows us to engage where specific issues emerge.

Credit analysts log their engagement on ESG factors into a proprietary engagement database. This database includes deals that have been rejected due to a negative evaluation of ESG factors, as well as issues that have been raised with borrowers. The graphs below provide a snapshot of our engagement activity in the last 12 months ended November 2022.



Case Studies¹

The below case studies illustrate our approach to sustainable investing and the integration of ESG analysis in our investment process.

Low Carbon Energy Transition

MIM originated €87.5 million in a €175 million (equiv. to approx. \$174 million) private placement issuance by the Port of Rotterdam Authority. Rotterdam is one of the largest ports in Europe.² Our financing contributes to the port's strategy to become carbon neutral by 2050, which consists of three consecutive steps: 1) Increasing efficiency through the supply and reuse of surplus energy and the development of carbon capture and storage projects; 2) Investing in electrification and hydrogen to incentivize the use of green energy by businesses at the port; and 3) Evolving into a hub for green energy, hydrogen and biofuels.



Coal Plants Decommissioning

MIM sourced approximately \$200 million in financing to support the decommissioning of the last two coal-fired plants in New Jersey. The financing is intended to be used to pay for decommissioning costs. It is expected to pave the way for the redevelopment and transition to other forms of electric generation, and result in the reduction of 3.9 million tonnes of CO₂ in the atmosphere. The transaction also supports New Jersey's Energy Master Plan, which aims to reduce 80% CO₂ emissions levels and reach 100% clean energy generation by 2050.

Green Projects

Over the last few years clients of MIM's Private Capital team have committed €250 million (equivalent to approximately \$249 million) to Warehouses de Pauw NV, an investment trust that owns and manages logistics real estate in prime locations in continental Europe, through a number of bilateral transactions. Our financing has been funding green projects, including notably the development of green buildings and solar panel projects on the company's warehouses.

Sustainability-linked Financing

MIM sourced key investments in the £195 million (equivalent to \$225 million) private placement issuance of U.K. waste management service group Biffa. The financing is linked to two sustainability targets: 1) a reduction in scope 1 and 2 GHG emissions by 50% by 2030; and 2) tripling Biffa Polymers plastics recycling capacity by 2025. Performance against these targets will be reported in Biffa's annual and sustainability reports.

Clean Transportation

MIM's Private Capital team originated a €185 million (equivalent to approximately \$180 million) transaction for the largest rail provider and one of the largest employers in Austria, ÖBB. The proceeds of the deal will be used primarily to finance exclusively electrically operated rail vehicles. ÖBB is leading the transition to environmentally friendly long-distance travel via its investment in night trains and offers the most extensive international network of night trains in Europe. It connects cities in Austria, Germany, Italy, Switzerland and The Netherlands and provides an attractive and environmentally friendly alternative to air travel within Europe.

Flood Management

MIM's Private Capital team led an innovative program supporting the first Public-Private Partnership flood management project in North America. The nearly \$200 million transaction was part of a broader financing package structured by the Red River Valley Alliance. The cities of Fargo, ND, and Moorhead, MN, and surrounding areas have historically been prone to frequent and severe flooding from the Red River that cannot be mitigated solely by levees and floodwalls. The diversion project involves the construction of a 30-mile channel and associated infrastructure that will direct water around the Fargo-Moorhead metropolitan area during times of flooding, protecting businesses, property and over 235,000 local residents.



Affordable Housing

MIM's Private Capital team originated an investment of more than £120 million (equivalent to approximately \$140 million) to refinance existing debt and support future growth of Triple Point Social Housing (Triple Point) in the U.K. Triple Point seeks to address the ongoing housing crisis by investing in the U.K. social housing sector, providing sustainable high-quality homes which have been adapted for vulnerable adults with long-term care and support needs, including mental health issues, learning disabilities, or physical and sensory impairment.



Healthcare Premises

MIM clients provided Primary Health Properties (PHP), a real estate investment trust that owns and manages modern, purpose-built healthcare premises in the U.K. and Ireland, a €150 million (equivalent to approximately \$150 million) bilateral shelf facility with an initial draw of €75 million. The notes will be used to fund PHP's investment in primary care facilities in Ireland and support access to essential healthcare services.

Maintaining Discipline

MIM passed on an opportunity to finance an industrial company due to concerns around the company's risk management and labour practices. Due diligence by our credit team uncovered potential of both: 1) labour practices we did not feel comfortable with; and 2) weakness in the distribution network that opened the company up to significant risks. These red flags were viewed to significantly increase the investment risk and therefore MIM decided not to participate in the deal.

¹ The case studies described herein are meant to provide an example of the investment decision making process, considerations, and terms in connection with the evaluation process of the investment management team related to ESG factors. These case studies have not been selected to highlight past specific profitable recommendations made by the investment manager. This document does not constitute a recommendation for the securities identified or take into account the particular investment objectives, financial situation or needs of individual clients. Maintaining an exposure does not indicate or guarantee that an investment is or will be profitable and, similarly, avoiding losses will not always occur.

² Calculated by the issuer on the basis of data of the European Sea Ports Organisation (not publicly available).

For further detail on MIM's overall approach to ESG integration please see our Environmental, Social and Governance Investment Policy.

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For more information, visit: investments.metlife.com

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