



# Commercial Mortgage Lending Sustainability Policy

## About MetLife Investment Management

MetLife Investment Management (MIM), MetLife, Inc.'s (MetLife's) institutional investment management business, serves institutional investors globally by combining a client-centric approach with long-established asset class expertise. MIM's investment capabilities include deal origination, asset acquisition, trading, portfolio construction and monitoring, risk analytics and risk management. In 2022, we added a dedicated sustainability research and analytical capability to our platform through the acquisition of Affirmative Investment Management (AIM), a leader in sustainability and impact focused fixed income solutions.

MIM's investment teams aim to deliver strong, risk-adjusted returns by building tailored portfolio solutions for our clients across our core asset teams including public fixed income, private capital, and real estate. As a result, our investment analysts, asset originators, and portfolio managers are tasked with building and managing resilient investment portfolios. These responsibilities can include incorporating financially material sustainability assessments into our risk management focused investment processes, as well as offering strategies for, and knowledge sharing with, those clients who have defined sustainability objectives.

MIM's client base is diverse, and we recognize that clients' investment objectives vary. This is why it is important to offer a range of investment solutions to meet our clients where they are on their sustainable investing journey.

## MIM Commercial Mortgage Lending

MIM embraces our role as a responsible real estate investment manager and lender. We understand the impact buildings have on people, communities and the environment. We also believe that issues such as climate change, regulatory environments and building operational efficiencies will increasingly impact lending decisions and financial performance.

MIM seeks to maintain industry-leading sustainability best practices in our real estate lending business. We focus on sustainability for several reasons. First, incorporating financially material sustainability considerations into our investment decision making process to support sustainable long-term returns is an important part of our responsibility to our clients, helping them meet their investment objectives. Second, incorporating financially material sustainability factors into our analysis supports our commitment as a signatory to the Principles for Responsible Investment (PRI). Third, the sustainability performance of our assets and borrowers provides meaningful information that can help us better assess financial risks and opportunities. Fourth, we are committed to tracking and reducing the environmental impact of our lending portfolio in partnership with our stakeholders.

This policy codifies our commitment to incorporate financially material sustainability issues and analysis throughout our lending process, including origination, due diligence, deal approval and ongoing monitoring.

MIM's commercial mortgage platform has adopted the following sustainability principles and practices:

### 1. Track sustainability attributes of assets

We believe the energy and sustainability performance of the properties we finance should be understood and continuously evaluated, both before and after loan approval. We collect information on Leadership in Energy and Environmental Design (LEED) and Building Research Establishment Environmental Assessment Method (BREEAM) certification and ENERGY STAR score/certification of new originations. We track and monitor this information in our loan asset management system, and it is available at any time.

### 2. Evaluate borrower sustainability performance

We believe that sustainability performance is important not only at the asset level, but also at the borrower's organizational level. As part of our due diligence process, we ask prospective borrowers to disclose information on their organization's sustainability related goals, commitments and performance.



### 3. Incorporate sustainability into due diligence and loan approval

Our investment committees evaluate potential loans using a process that incorporates financially material sustainability factors. These groups consider the sustainability attributes of the building(s) and borrower(s) as part of the broader strengths and weaknesses of the application.

During the loan evaluation and approval process, some of the factors that we may review (as applicable) include:

- Green building certification (LEED or BREEAM)
- ENERGY STAR score / certification
- Environmental site assessment results
- Property condition assessment results
- Metrics for access to public or sustainable transportation, such as Bike Score, Walk Score and Transit Score
- Climate and natural hazard risk

### 4. Track and improve resilience to climate change and other natural hazards

We systematically assess, monitor and mitigate our loan portfolio's exposure to floods, earthquakes, windstorms and other natural hazard risks. We employ third-party software to map our exposure to each of the main event risks. On an individual loan basis, we require insurance for properties above a defined risk threshold, and third-party servicers ensure that evidence of insurance is compliant at each annual renewal for the life of the loan. In addition, we have undertaken, and will continue to undertake, efforts to measure and manage our exposure to long-term climate risks.

### 5. Collaborate with the lending industry to improve sustainability practices

We believe it is important for our leadership to stay up to date on sustainability best practices, while helping to lead the real estate lending sector toward better sustainability performance. Therefore, senior leadership at MIM participates in many industry events, initiatives and advisory bodies focused on sustainability in lending. These include events associated with, the National Association of Real Estate Investment Managers (NAREIM), the Real Estate Roundtable Sustainability Policy Advisory Committee (SPAC), the U.S. Green Building Council (USGBC) and the Urban Land Institute (ULI). MIM is active in promoting acceptance and implementation of sustainability best practices within the real estate lending sector. This includes working with the Mortgage Industry Standards Maintenance Organization (MISMO) on a new sustainability focused borrower questionnaire for new commercial mortgage loan originations.

### 6. Maintain strong governance practices

MetLife has helped generations of people around the world protect their finances, property, family and future. In the process, we have shown our commitment to safeguarding families, serving communities and strengthening society as a whole. This commitment extends to MIM's governance practices in lending. MIM has implemented steps throughout the lending process to ensure the highest levels of quality, transparency and diligence.

MIM's real estate group includes an sustainability team that is fully dedicated to supporting our real estate equity and debt practice. In addition, dedicated senior resources are responsible for incorporating sustainability best practices in lending and managing sustainability performance as part of their core job responsibilities. On a broader basis, MIM has dedicated resources offering support and advisory services specific to sustainability related matters. MIM has a Sustainable Investment Strategies (SIS) team which is responsible for the development, implementation and oversight of MIM's sustainable investment strategy and acts as an advisor to MetLife's corporate



social responsibility functions and MIM's investment teams. MIM also has an ESG Integration Council (Council), staffed with senior leaders from asset teams and support functions. The Council's primary objectives are to:

1. communicate and socialize sustainability policies and practices across the MIM organization to ensure consistent application across departments and functions; and
2. facilitate the sharing of best practices, knowledge and expertise across asset sector teams and business functions related to sustainability activities, emerging risks and opportunities.

At the enterprise level, MetLife has a Chief Sustainability Officer who is responsible for overseeing MetLife's corporate responsibility initiatives.

MIM believes that responsible real estate lending can improve communities, increase financial performance and reduce risk, while generating positive environmental impact. By implementing the principles and best practices above, we believe MIM can better meet the investment objectives and other outcomes that our clients and investors have come to expect while also building strong, sustainable, and resilient communities.

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