



MetLife Investment Management

# Engagement Policy

## About MetLife Investment Management

MetLife Investment Management (MIM), MetLife, Inc.'s (MetLife's) institutional investment management business, serves institutional investors by combining a client-centric approach with long-established asset class expertise. MIM believes in the importance of investing sustainably and incorporating ESG factors into investment decision making. As a well-established global investment manager, our investment teams are responsible for incorporating financially material ESG factors into their risk management focused investment process. Active engagement with our investee company leadership is central to our approach as a key to managing investment risk. As ESG integration efforts in our industry continue to evolve, MIM's approach will continue to develop. We seek to work closely with our clients to provide transparency to our approach and adapt it, as needed, to meet our clients' guidelines.

## Our Approach to Engagement

MIM's investment analysts regularly interact and engage in discussions with a firm's senior management throughout the initial due diligence process and as part of the portfolio monitoring process. Ongoing dialogue helps to raise awareness of sustainable business practices.

Our engagement conversations are guided by the Sustainable Accounting Standards Board (SASB) materiality mapping framework, which identifies relevant industry specific environmental, social and governance (ESG) risks and opportunities for discussion with our investment partners.

Examples of MIM's core asset sectors' active engagement processes, including tracking and reporting of engagement activities, are as follows:

### Public Fixed Income

We firmly believe that active engagement with issuer leadership is key to managing investment risk. Analysts engage in ongoing dialogue with senior leadership to assess their business model resilience and responsiveness to the ESG factors impacting their business.

Our proprietary engagement database is designed to be fully integrated into the research process and allow each analyst to log and update engagement on ESG factors. Additionally, the database includes deals that have been rejected due to a negative evaluation of these factors. The database is easily accessible by all members of MIM's public fixed income team.

For additional information and specific case studies, please see [Public Fixed Income](#).

### Private Capital

MIM's private capital team sees active engagement with investee companies and projects as key to both its initial underwriting process and ongoing risk management.

When considering a potential investment opportunity, our credit analysts meet directly with the company's senior management team either in person or by video conference call ('road show'). This affords our credit analysts the opportunity to understand the sustainability of the company's business model as well as management's philosophy. After the road show, our credit analysts continue their due diligence, including thorough questions to management.





MIM's private capital analysts regularly decide not to pursue transactions which present significant ESG concerns. In our view, adherence to sound ESG practices is important in seeking to minimize financial exposure such as fines, penalties, environmental clean-up costs, etc. We believe such measures should mitigate "headline" risk and minimize potential damage to the borrower's reputation, as well as that of the investors.

Relevant ESG risks and third-party ESG risk ratings, as may be applicable and available, are included as a part of our overall risk assessment as documented within a dedicated ESG section of our internal credit memos and discussed during our internal credit committee reviews.

MIM's private capital team's due diligence efforts continue from any soft commitment date all the way through our internal approval processes and finalization of documentation to funding date. If adverse findings are identified, we pursue appropriate measures, which may include corrective action by the issuer, requirement of higher compensation (i.e., fees or coupon increase) or, in extreme situations, a breaking of the commitment.

On a continuous basis, MIM's private capital analysts monitor the operations and performance of investee companies and projects, including ESG performance. Our analysts maintain an ongoing dialogue with the management team, which allows us to address any concerns promptly.

Similar to MIM's public fixed income team, MIM's private capital team has developed a systematic approach for tracking engagement activities, which involves analysts logging their engagement conversations into a customized, third-party platform designed specifically to track these activities.

For additional information, please see the private capital's ESG investment brochure at [Private Capital](#).

## Real Estate

### Equity

MIM's equity real estate team believes that our focus on ESG factors is a crucial part of our mission. Through three operating directives—Partner, Guide and Sustain—MIM's equity real estate ESG programs seek to enhance value for the community, our clients and the real estate investments we manage on their behalf. We actively engage with our tenants on a variety of sustainability-related topics including energy, water, and waste management initiatives to drive reductions. We also engage with our property managers about tenant health and wellbeing and increasing sustainability awareness throughout our MIM-managed properties.

MIM conducts an annual ESG challenge that rewards individual properties for innovative sustainability projects. MIM's Equity Real Estate ESG Working Group sends out tools and resources to property teams that can be utilized to enhance energy efficiency messaging and effectively communicate with tenants on the benefit of energy performance. In addition, MIM celebrates MetLife's



ENERGY STAR certifications by announcing each building certification to our employees and tenants via internal websites, digital lobby monitors, and signage. New and existing tenants and residents receive communications such as ENERGY STAR Bring Your Green to Work. Our third-party property management teams are encouraged to distribute communications highlighting energy, water, and waste management best practices.

MIM also uses an ESG Acquisitions Assessment (Assessment) as part of the required due diligence for all new real estate equity investments. The Assessment seeks to uncover relevant associated risks of each asset from both a short- and long-term perspective.

### **Commercial lending**

MIM's commercial mortgage lending asset originators are tasked with sourcing and underwriting transactions. These efforts require getting to know our borrowers and respective business practices. We believe that engagement is the most effective way to discuss potential risks and opportunities, including those involving ESG related considerations.

MIM uses a commercial mortgage ESG questionnaire that collects data on sponsor-level sustainability practices and accomplishments, including written policies, public disclosures and memberships in sustainable organizations. We also track LEED certification and Energy Star status at the time of loan origination.

### **Proxy Voting**

MIM is predominantly a global fixed income and real estate investment manager. Proxy voting by MIM primarily arises in the context of index funds and equity assets managed by MIM and in connection with a limited number of fixed income investments managed by MIM. MIM is a passive index investor and we utilize Institutional Shareholder Services Inc. (ISS) to vote proxies in accordance with MIM's proxy voting guidelines for most proxy voting requests.

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