
MetLife Europe d.a.c.

ENGAGEMENT POLICY

This document is the engagement policy of MetLife Europe d.a.c. (the “**Company**”), as required pursuant to section 1110G of Chapter 8B of Part 17 of the Companies Act 2014, which transposes requirements set out in the EU’s revised Shareholders Rights Directive into Irish law.

The Company is a relevant institutional investor for the purposes of Chapter 8B of the Companies Act 2014 and, as such, must comply with its requirements when it is investing in shares in companies which have their registered office in an EU Member State and the shares of which are admitted to trading on a regulated market situated or operating within a Member State.

As part of its asset liability management (“**ALM**”) strategy, the Company aims to match its assets with the nature, term, and currency of its liabilities, including its long-term liabilities. To this end, the Company holds fixed income assets, of suitable durations, to match the interest rate risk that it is primarily exposed to.

The majority of the Company’s equity exposure, including shares traded on regulated markets within the EEA (“**relevant shares**”), is limited to the Company’s portfolio of unit linked (“**UL**”) products.

The vast majority of the UL portfolio is externally managed by external asset managers chosen by the Company, although there is a small internally managed UL portfolio in the Company’s branch in Romania.

The Company also invests in a small portfolio of private equity and infrastructure funds - with investment maturity used to match long-term liabilities aligned to the Company’s ALM strategy. The underlying private equity and infrastructure investments are managed by external asset managers. Private equity and infrastructure investment is a long-term, less liquid investment typically held until maturity.

The purpose of this Engagement Policy is to explain how the Company selects and engages with its external asset managers and to set out the Company’s Engagement Policy with response to its internally managed UL portfolio.

External asset managers

Selection

As an authorised insurance undertaking, the Company is subject to detailed requirements in relation to its system of governance and outsourcing arrangements, which are relevant when selecting and appointing an external asset manager. In particular, when selecting an external asset manager, the Company carries out a detailed internal due diligence exercise. Criteria for using a specific external asset manager include knowledge, experience, scale, processes, and systems, in both the quality and quantity that the Company requires.

The Company also examines how the external asset manager evaluates securities and how that information is used in portfolio construction. A mid- to long-term horizon and low turnover portfolio is preferable to the Company, since trading is expensive, both in terms of brokerage fees and use of liquidity. However, the Company does not force or otherwise incentivise our external asset managers to mid- and long-term views, as this is hard to prescribe and measure and could furthermore have effects that negatively impact performance.

Responsibilities

The Company delegates responsibility for integrating the Company's responsibilities in terms of shareholder engagement to the investment management process - making any necessary decisions a sub-set of our external asset managers' responsibilities. The Company also requires our external asset managers to monitor investee companies and conduct dialogue with them including by:

- monitoring resolutions and making sure that voting rights are exercised in line with the Company's investment objectives.
- engaging with and speaking to the companies they invest in, on behalf of the Company, and monitoring them on relevant matters, including:
 - o strategy.
 - o financial and non-financial performance and risk.
 - o capital structure; and
 - o social and environmental impact and corporate governance.
- escalating activities to the management of the companies they invest in as necessary.

In relying on our external asset managers to vote on our behalf, we require that they make voting decisions in the best interests of the Company, and, where relevant, its customers.

To enable effective engagement, we also expect our external asset managers, on our behalf, to communicate with shareholders and other relevant stakeholders of investee companies; potentially cooperate with other shareholders and effectively manage conflicts of interest that may arise from their engagement. Any material communication and coordination, as well as conflicts of interest, may be escalated to the Company for information and support with resolution.

The MetLife group maintains an organisation-wide policy, to which the Company is subject, which sets out how the Company manages actual and potential conflicts of interest arising from or affecting its business activities.

In some cases, the Company's external asset managers are required to match a portfolio to a specific benchmark, while in others, the investment strategy is managed by the external asset managers on behalf of the Company.

Monitoring

The Company maintains long-term relationships with our external asset managers.

Once an external asset manager is selected, the Company works closely with them and keeps in frequent contact in order to minimise the possibility of mistakes occurring through miscommunication or misunderstandings.

The Company's UL products are "open-ended" investments and, as such, policyholders can enter and leave at any time. To ensure the external funds are sufficiently liquid to allow policyholder redemptions to occur as and when desired by policyholders, the investment mandate applied by the external asset managers reflect this objective and the Company monitors the liquidity of the externally managed funds on an on-going basis. For some fixed income strategies, alignment between an outsourced mandate and the Company's profile and duration of liabilities is achieved through investment guidelines, which provide a set of rules that the external asset manager has to observe when managing the portfolio. It includes investment objectives, allowable assets, benchmarks and outlines investment/risk tolerance and

restrictions. In this set of rules, the duration of a fixed income portfolio is often stated, as is the degree to which the manager can deviate from it.

The performance of each external asset manager is monitored on a quarterly basis. This monitoring and close co-operation with our chosen external asset managers has meant that turnover of external asset managers is very low.

We also monitor our external asset investments to ensure that they are invested in line with their stated investment objectives and mandates, against various criteria. Our “**Heightened Monitoring**” list flags individual funds that require further investigation. Various factors can cause a fund to be placed on Heightened Monitoring, including poor performance relative to the applicable benchmark and similar funds, change in management, and other reasons which may be specific to a particular asset manager.

All funds on the Heightened Monitoring list are reported to the Company’s UL governance committee and investment committee on a quarterly basis. Where appropriate, we will agree remedial actions with the asset manager in question or, in certain cases, change the underlying asset manager. We expect the managers of our UL funds to engage in trading activity consistent with their investment mandate and investment strategy.

Any breaches of investment mandates are treated seriously by the Company and may lead to disinvestment, if not remedied in a timely and satisfactorily manner by the external asset manager in question.

Direct holdings in Romania

As part of our UL product offering to policyholders, the Company’s branch in Romania directly holds a portfolio of equities, including relevant shares.

This portfolio is passively managed, tracking the Romanian BET XT Index and managed internally by the Company. The performance of the underlying portfolio is monitored relative to the BET XT Index and is reported quarterly to the Company’s UL governance committee as well as the Romanian branch management committees. Due to the relatively small holding in each individual stock and the passive nature of the portfolio, the Company typically does not exercise voting rights or otherwise engage with the investee companies and their other shareholders. The portfolio is rebalanced periodically to align to the composition of the chosen index.

Private Equity and Infrastructure Investment

Private Equity and Infrastructure investment is managed by external asset managers with large, diversified holdings and is used to match long-term liabilities which match the maturity of the investment. The Company limits the amount that may be invested in this asset class, with investment limits set based on the Company’s risk appetite, approved by the Company’s ALM committee, the Company’s investment committee, and subsequently communicated to the Company’s board of directors. Selection of private equity and infrastructure funds follow a thorough due diligence exercise. Fund performance is continually assessed and reported to the Company’s investment committee on a quarterly basis. The Company delegates responsibility for shareholder engagement to the external asset managers.