

Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors

Financial Market Participant:

MetLife Europe d.a.c. (the **Company**) is a life insurer incorporated and registered in Ireland. Its Irish company registration number is 415123.

Summary

The Company considers the principal adverse impacts (**PAIs**) of its investment decisions on sustainability factors. The present statement is the Company's consolidated principal adverse sustainability impacts statement.

This statement on PAIs covers the reference period from 1 January 2024 to 31 December 2024 and addresses how the Company considers sustainability in its investment decision making and the PAIs of those decisions on sustainability factors.

Impact year 2024 includes the Company's general account investments in the PAI statement as well as the underlying assets in the Company's insurance-based investment products (separate-account).

In-scope Assets

MetLife Europe invests money on behalf of our customers ("separate account" investments) and on our own behalf ("general account" investments).

The majority (86%) of underlying assets in the Company's separate account is managed by third party asset managers (**Fund Managers**). The Company's Unit Linked Sub Committee is responsible for the selection and monitoring of Fund Managers and funds, including the assessment and identification of PAIs on sustainability factors. The remaining assets are internally managed bonds and equities.

The MetLife Europe general account invests in fixed interest assets. The Company's Investment Committee is responsible for the monitoring of the general account assets.

The following assets/information is not reported in this statement on PAIs:

- Derivatives.
- Cash holdings.
- Companies that do not report PAI metrics.
- Funds that do not report PAI metrics.

Description of the PAIs on Sustainability Factors

Separate Account

The Company is committed to sustainability and actively monitors sustainability factors in its management of Fund Managers to effectively manage risk and achieve investment objectives. The Company has developed a detailed investment due diligence process (**Due Diligence Process**) which includes an Environmental, Social and Governance (**ESG**) questionnaire that it uses when onboarding new Fund Managers and to manage its Fund Managers on an ongoing basis. Following the onboarding questionnaire, each Fund Manager is monitored on a quarterly basis. The Company applies a pass/fail ESG score to each Fund Manager based on Morningstar's data (see section below on Methodologies and Data Sources). Any unclear or unsatisfactory responses are followed up and monitored with the Fund Manager as a regular topic of discussion at meetings with the Fund Managers. As such, the Company is actively engaged with each Fund Manager on its ESG journey, what progress it has made and what actions it has planned. A fund will be put under heightened monitoring with a "Fail" ESG score over a 12-month period. This includes the Company meeting with the relevant Fund Manager to discuss issues in more detail. If improvements satisfactory to the Company (based on the Company's ESG guidelines) do not follow, the poor scoring fund may be considered a serious risk and could trigger the removal of the funds from the Company's investment products. The Due Diligence Process involves the Company reviewing the following relevant ESG factors in respect of each Fund Manager.

General Account

MetLife Europe's general account assets are managed internally by MetLife. MetLife's approach to sustainable investment begins with an assessment of financially material risks and opportunities as part of our fundamental, disciplined due diligence and monitoring processes. ESG factors and insights, along with traditional investment risk and opportunity assessments, are incorporated in a manner consistent with asset classes and sustainability strategies, as are deemed relevant and applicable. MetLife's asset teams utilize the IFRS Sustainability Alliance's SASB sector-specific materiality matrix to help identify potentially financially material ESG-related risks and opportunities.

Indicators applicable to investments in investee companies

The coverage percentages shown in the “Explanation” column below represent the percentage of the 2024 total asset portfolio of the Company’s investment products against which the applicable metric has been measured. The Company tracks and monitors available ESG data on the funds in which its Fund Managers/MetLife invest. However, not all companies in which the Fund Managers/MetLife invest are currently required to report this data (whether due to their size or geographic location) and the Company is reliant upon the quality of the corporate disclosures made by the companies in which its selected Fund Managers/MetLife invest, and the quality of the data provided to the Company by Morningstar or Clarity AI (see section below on Methodologies and Data Sources).

The Company engages with Fund Managers and companies on their ESG scores and, if scores are not aligned to sustainability goals, the fund/asset is considered for removal.

CLIMATE AND OTHER ENVIRONMENT – RELATED INDICATORS

Adverse sustainability indicators		Metric	Impact year 2024	Impact year 2023	Explanation	Actions taken
Greenhouse gas (GHG) emissions	1. GHG emissions	Scope 1 GHG emissions. (tCO2eq)	85,305	74,118	Coverage 41%	Change in the figures for the categories “Carbon footprint” and “GHG intensity of investee companies” are driven by the inclusion of the general account portfolio.
		Scope 2 GHG emissions. (tCO2eq)	19,573	229,377	Coverage 40%	
		Scope 3 GHG emissions. (tCO2eq)	888,303	772,930	Coverage 39%	
		Total GHG emissions. (tCO2eq)	993,181	1,076,425	Coverage 39%	
	2. Carbon footprint	Carbon footprint. (tCO2eq/ EURm)	544	218	Coverage 39%	The figures for the categories of “Carbon footprint” and “GHG intensity of investee companies” in respect of the separate account are consistent with the previous impact year
	3. GHG intensity of investee companies	GHG intensity of investee companies. (tCO2eq/ EURm)	1,013	524	Coverage 45%	
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector. (% involved)	9%	4%	Coverage 45%	
	5. Share of non-renewable energy consumption and production	Share of non- renewable energy consumption and non- renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage. (% of portfolio)	52%	48%	Coverage 19%	

	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sectors. (GWh/EURm)	A – Agriculture, Forestry and Fishing: 0.23 B – Mining and quarrying: 1.10 C – Manufacturing: 0.36 D – Electric, Gas, Steam, Electricity and Air Conditioning Supply: 2.13 E – Water supply, Sewerage, Waste Management and Remediation Activities: 0.54 F – Construction: 0.13 G – Wholesale and retail Trade, repair of motor vehicles and motorcycles: 0.05 H – Transportation and storage: 0.66 L – Real estate activities: 0.28	A – Agriculture, Forestry and Fishing: 0.67 B – Mining and quarrying: 0.29 C – Manufacturing: 1.58 D – Electric, Gas, Steam, Electricity and Air Conditioning Supply: 0.88 E – Water supply, Sewerage, Waste Management and Remediation Activities: 0.15 F – Construction: 0.02 G – Wholesale and retail Trade, repair of motor vehicles and motorcycles: 0.09 H – Transportation and storage: 0.51 L – Real estate activities: 0.16	Coverage < 10%	Due to the lack of available data, the Company is currently not able to reliably monitor energy consumption intensity per high impact climate sector.
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located-in-or-near to biodiversity sensitive areas where activities of those investee companies negatively affect those areas. (% involved)	30%	5%	Coverage 43%	The change in figures from the previous impact year is driven by the inclusion of the general account portfolio.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average. (t/EURm)	<1	<1	Coverage 10%	Due to the lack of available data, the Company is currently not able to reliably monitor emissions to water.
Waste	9. Hazardous waste ratio	Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average. (t/EURm)	5	34	Coverage 40%	General account reporting assets have negligible hazardous waste exposure.

SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

Adverse sustainability indicators		Metric	Impact year 2024	Impact year 2023	Explanation	Actions taken
Social and employee matters	10. Violations of UN Global Compact principles and Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises. (% involved)	6%	<1%	Coverage 43%	
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principle and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance / complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises. (% involved)	70%	21%	Coverage 49%	The change in figures from the previous impact year is driven by the inclusion of general account assets.
	12. Unadjusted gender pay gap	Average unadjusted gender pay-gap of investee companies. (% of portfolio)	16%	15%	Coverage 18%	
	13. Board gender diversity	Average ratio of female to male board members in investee companies. (% Female)	19%	28%	Coverage 47%	The change in figures from the previous impact year is driven by the inclusion of general account assets.
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons. (% Involved)	<1%	<1%	Coverage 47%	

Indicators applicable to investments in sovereigns and super nationals						
Adverse sustainability indicators		Metric	Impact year 2024	Impact year 2023	Explanation	Actions taken
Environmental	15. GHG Intensity	GHG intensity of investee countries. (KtonCO2eq/EURm)	339	8	Coverage 45%	The change in figures from the previous impact year is driven by the inclusion of general account assets. General account has a large exposure to sovereign bonds.
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable national law. (No. of countries).	<1%	<1%	Coverage 20%	

Indicators applicable to investments in real estate assets						
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport, or manufacture of fossil fuels. (% of portfolio)	Not applicable	Not applicable	Not applicable	Not applicable
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets. (% of portfolio)	Not applicable	Not applicable	Not applicable	Not applicable

Other indicators for principal adverse impact

Climate and other environment related indicators

Adverse sustainability indicators		Metric	Impact year 2024	Impact year 2023	Explanation	Actions taken
Emissions	19. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement. (% of portfolio)	31%	12%	Coverage 29%	The change in figures from the previous impact year is driven by the inclusion of general account assets.
Social and employee, respect for human rights, anti-corruption, and anti-bribery matters						
Social and employee matters	20. Insufficient whistleblower protection	Share of investments in entities without policies on the protection of whistleblowers. (% of portfolio)	57%	2%	Coverage 29%	The change in figures from the previous impact year is driven by the inclusion of general account assets. Fund exposure is negligible.

	<p>Description of policies to identify and prioritize principal adverse sustainability factors.</p> <p>As described above, the Company uses its Due Diligence Process in respect of Fund Managers to identify and prioritize PAIs on sustainability factors. The Company's Due Diligence Process was approved on 8 September 2021 with an effective date of 30 June 2021. The objective of the Due Diligence Process is for the Company to evaluate and monitor both the Fund Managers it chooses to work with and the companies in which those managers invest.</p> <p>The Company's Unit Linked Sub Committee is responsible for the selection and monitoring of Fund Managers and funds, including the assessment and identification of PAIs on sustainability factors. Responsibilities include actively engaging with investment managers to understand their ESG goals and reporting as well as discussing progress made and actions planned. The Company evaluates the ESG characteristics and PAI factors of the Fund Managers when assessing new investment opportunities.</p> <p>The Due Diligence Process includes the evaluation of new and existing funds, utilizing current and historical quantitative data, as well as qualitative factors for assessing a fund's ESG capabilities.</p> <p><u>Methodologies and Data Sources</u></p> <p>The Company uses a Morningstar database as its source of gathering PAI information. Morningstar is one of the largest providers of independent investment research for mutual funds, including information on ESG factors, through its company Sustainalytics, a globally recognized leader in ESG ratings and research. Morningstar currently collects PAI data for around 70% of the total amount of the funds in which the Company invests. See below for an explanation in respect of PAI data not currently available.</p> <p>The Company uses three key Morningstar data sources when assessing new funds:</p> <ul style="list-style-type: none"> - Globe Rating: This rating methodology is a measure of ESG risks in a portfolio relative to a portfolio's peer group using historical holding-based calculations. - Carbon Risk Classification Score: Transition risk, also referred to as carbon risk, addresses how vulnerable an investment is to the transition away from a fossil fuel-based economy to a lower carbon economy and assess the carbon risk embedded in a portfolio; and - 12 Months Average Carbon Risk Percent Rank in Category: A fund's percent rank within its peer group category, based on its 12 months average carbon risk. <p>In conducting the ESG review when selecting funds, the Company also considers a set of qualitative factors considered as important criteria in assessing a fund's ESG characteristics through an internal request for proposal document, which is a detailed questionnaire sent to Fund Managers. Fund Manager responses are considered as part of the holistic decision-making process.</p> <p>For the monitoring of existing funds, the Company has implemented a pass / fail scoring system. Scores are reviewed quarterly and reported to the Company's Unit Link Sub Committee.</p> <p>The Company actively discusses progress on ESG goals and ESG reporting standards with each Fund Manager.</p> <p>The Company is reliant upon the quality of the corporate disclosures made by the companies in which its selected Fund Managers invest. While larger companies in Europe and some other parts of the world are legally required to report on ESG factors, this is not the case for all companies, particularly smaller companies, which can offer value to the diversity of a portfolio. As such, the Company is mindful that the Fund Managers are unable to collect information about PAI factors from some of the companies they invest in. For example, PAI reporting can pose difficulties for certain asset classes such as some government bonds, alternative assets, or smaller asset managers not subject to mandatory reporting and with limited reporting capabilities. In these instances, the Company implements the Due Diligence Process on a best-efforts basis, while encouraging the Fund Managers to address gaps in available data in so far as they can. Additional PAIs can sometimes be identified through qualitative analysis and engagement of the Fund Managers and data vendors to limit the margin of error.</p> <p>The Company also holds a small portfolio of internally managed bonds and equities. PAI information for this portfolio is obtained from Clarity AI.</p> <p>Similarly, PAI information for the Company general account is sourced from Clarity AI.</p> <p>All general account investments are invested in accordance with the Company Sustainable Investment Policy published on the Company website.</p>
	<p>Engagement policies</p> <p>The Company believes active engagement with Fund Managers/companies is key to managing investment risk. The Company frequently interacts and engages in discussions with Fund Managers/companies throughout the Due Diligence Process and as part of the ongoing portfolio monitoring process, evaluating ESG characteristics and analyzing PAIs on sustainability factors including GHG emissions, carbon footprint, energy consumption intensity or violations of United Nations Compact Global Principles. Ongoing dialogue raises awareness of sustainable business practices and helps maintain focus on the importance of ESG. Depending upon the circumstances, funds that persistently fail to address or reduce identified PAIs may be considered as a serious risk, and this could trigger the removal of that fund.</p>

References to international standards

The MetLife group is committed to sustainability. MetLife, Inc. (MetLife), is the ultimate parent company of the Company. MetLife is a member of the U.N. Global Compact and reports to the Dow Jones Sustainability Index, an annual corporate sustainability assessment, and the Carbon Disclosure Project. MetLife shares progress on sustainability in MetLife's annual Sustainability Report, available at [metlife.com/sustainability](https://www.metlife.com/sustainability). The report aligns to third-party sustainability frameworks including the Sustainability Accounting Standards Board (SASB), the Global Reporting Initiative (GRI) and the Taskforce for Climate-Related Financial Disclosures (TCFD).

Alignment to the Paris Agreement

MetLife supports the intention of the Paris Agreement for managing and reducing GHG emissions, collaborating on climate action and supporting communities facing the effects of climate change, as well as the recent commitments made at the 2021 United Nations Climate Change Conference (COP26) in Glasgow to reduce GHG emissions. MetLife has applied a diverse range of strategies to reduce emissions generated by its environmental footprint. In 2022, MetLife made the commitment to achieve net zero GHG emissions for its global operations and general account investment portfolio by 2050 or sooner. This involves building on existing 2030 climate goals and substantially reducing emissions aligned with the aims of the Paris Agreement. The net-zero commitment applies to GHG emissions from MetLife's globally owned and leased offices and vehicle fleets, employee business travel, supply chain and assets in MetLife's General Account investment portfolio, which includes the general accounts of MetLife's wholly owned insurance company subsidiaries, where reliable data and methodologies are available. While reliable methodologies and data sets pertaining to certain GHG emissions are not available currently, MetLife is committed to identifying and measuring relevant climate data as methodologies and standards evolve. Emissions are tracked in accordance with the GHG Protocol, unless otherwise directed by regulators.

Through its Due Diligence Process, the Company evaluates and monitors sustainability risks and PAIs for the funds/companies in which it invests, including key indicators for assessing essential information to measure alignment with the objectives of the Paris Agreement such as GHG emissions, carbon footprint, and exposure to fossil fuels. In respect of these PAI factors, the data collected by the Company currently covers around 50% of the total asset portfolio of the Company's assets under management.

Forward-Looking Climate Scenarios

Currently, the Company is not using a forward-looking climate scenario. This is because assessments are based on historic and most recently available data, and forecasts of PAI factors of Fund Managers/companies are conducted through the ongoing review of investments. When gaps are identified, the Company engages actively with the Fund Managers/companies to assess planned actions and progress against goals.

MetLife Europe d.a.c. is a private company limited by shares, registered in Ireland under company number 415123 with a registered office at 20 on Hatch, Lower Hatch Street, Dublin 2, Ireland. MetLife Europe d.a.c. (trading as MetLife) is regulated by the Central Bank of Ireland.