

UNEP-FI Principles for Sustainable Insurance (PSI)

2023 PROGRESS REPORT

(February 2024)

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1. Introduction

MAPFRE is a multinational group doing business in more than 100 countries worldwide and present in 38 of them through a network of 12,282 offices and 81,000 intermediaries. We are the world's largest Spanish insurer and the outright leader in Latin America. We also hold relevant and/or leadership positions in most of the countries we operate in.

Our vision is to become THE TRUSTED INSURANCE COMPANY for all our clients worldwide through a global presence and a wide range of insurance and reinsurance products and services.

We aim to become a leader in the markets in which we operate by deploying a sustainable, proprietary, and differentiated business model based on transformation and innovation. Said model is designed to achieve profitable growth with a clear and decisive focus on the client, both private and enterprise, creating relationships based on equity and transparency, with a multi-channel approach and a firm vocation for service.

Our corporate purpose, the company's day-to-day *raison d'être*, is defined when we tell the customer that “we are by your side every step of the way, accompanying you to move forward with peace of mind, contributing to the development of a more sustainable and supportive society.” In other words, we stand by our customers, and are committed to assisting them now and in the future. We are ready to provide all the support they need today and tomorrow, as we have been doing for many years. Because, in an uncertain world, we are defined by the capacity of more than 250,000 employees, collaborators, and providers delivering the best service, innovating, adapting to customers' needs, and being there when they need us.

Our commitment is supported by the following values, which help us to fulfill our company's purpose and achieve its vision: Solvency, Integrity, Service, Innovation, and a multidisciplinary and diverse team.

In 2012, MAPFRE officially adopted the Principles for Sustainable Insurance (PSI) promoted by the United Nations Environment Programme Finance Initiative (UNEP FI), committing to integrate environmental, social, and governance (ESG) issues into its decision-making for the underwriting processes of the Group's insurance operations.

By signing up to the PSI, MAPFRE undertakes to address ESG issues in its activities, its manner of conducting business as an insurance company, and its relations with all stakeholders in the industry, including employees, customers, providers, and government agencies.

This report contains the strategies, projects, and milestones aligned with the four Principles for Sustainable Insurance in 2023.

2. Principle 1: We will embed in our decision-making environmental, social, and governance issues relevant to our insurance business.

Company strategy

MAPFRE's Sustainability Policy establishes the reference framework so that any Group company can develop and promote socially responsible and sustainable behavior that includes MAPFRE's principles and commitments in ESG matters, as well as its strategy related to stakeholders.

The effective application of this policy and monitoring and control of compliance with same are supervised by the Group's Risk and Sustainability Committee, the body responsible for supporting and advising the Board of Directors.

- The MAPFRE Board of Directors is the body responsible for approving the Group's Corporate Sustainability Policy and sustainability strategy, in addition to monitoring the development and fulfillment of the Sustainability Plan. To this end, it is regularly informed of the progress and level of fulfillment of the Group's commitments included in that plan.
- The Risk and Sustainability Committee oversees the Group's sustainability strategy and policy, ensures its application and compliance, and monitors incidents, risks, and opportunities related to environmental, social, and governance aspects.
- The Sustainability Operating Committee is a top-level executive body whose members are appointed by the Executive Committee. Its functions include proposing the sustainability strategy to the Risk and Sustainability Committee, driving the progress of the sustainability plan, and addressing issues relevant to the Group in this area, such as monitoring risks and opportunities associated with sustainability.
- The Corporate Sustainability Office is responsible for supervising and supporting the implementation of the plan, for designing the sustainability plan, and for monitoring new regulations and their impact on the company. It also participates in internal committees and external forums to develop issues related to sustainability.

The Sustainability Plan 2022–2024, approved by the Board of Directors, has been defined taking the Group's strategy, trends in sustainability, a study of material aspects for MAPFRE and its stakeholders, the 2030 Agenda, and the new ESG regulations into account.

This strategy is articulated through four pillars and twelve lines of action with objectives that aim to generate business opportunities, prevent negative impacts, and promote positive impacts on the economy, the environment, and society.

Risk management and insurance underwriting

MAPFRE constantly analyzes factors that, should they arise, can or could impact business. This analysis considers ESG factors, as these facilitate the gathering of additional information on social movements and transformations, and the expectations of stakeholders and the market that affect the organization.

As a global insurance company, MAPFRE has an important role to play in helping society by identifying sustainable development opportunities for the insurance business and offering its customers products and services that further the transition to a low-carbon economy.

A proper analysis of ESG factors, and how they might affect the business in the short-, medium- and long-term, shows their relationship to the Company and possible inclusion in the list of risks drawn up by the Company and in the adoption of prevention and mitigation measures.

Development of products and services

Sustainable innovation is an important business opportunity, which is why MAPFRE continues working to design sustainable solutions, analyzing market options and moving towards new business models and solutions that arise from digital and technological changes. It does so with the ultimate aim of

offering the best solutions and services to current and future customers while contributing to the just transition to a low-carbon economy and a more inclusive and equal society.

MAPFRE's experience as an insurance company enables it to manage risks and develop solutions for a sustainable future, adding value through dialogue with stakeholders and sharing its experience to improve general awareness of risk and mitigation in the sector.

In addition to offering investment products that seek to have a positive impact on the environment and society without sacrificing profitability, and creating medium- and long-term value for shareholders, MAPFRE makes sustainable insurance products and services available to its clients:

- a) Environmental products and services: insurance products or services aimed at specifically adapting and/or mitigating an environmental risk or opportunity and/or related to climate change.
- b) Social products and services: insurance products or services aimed at specifically covering the basic needs of the population, products or services related to the protection of life, health and education in disadvantaged communities and/or low-income groups (those on minimum wage or less), as well as aspects related to the protection of human rights, non-discrimination, inclusion and diversity.
- c) Good governance products and services: products that aim to protect businesses from one of the biggest vulnerabilities of today, namely cyberattacks.

Claims management

At MAPFRE, we drive process transformation by implementing technological solutions that generate competitive advantages to increase efficiency and quality. These solutions include technologies based on machine learning. For example, cognitive image processing has enabled us to roll out vehicle self-inspection and claim damages assessment. We also have a digital verification tool deployed in Spain (in the secondhand car market) for people looking to take out automobile insurance, and we have automated email and document sorting processes.

Sales and marketing

MAPFRE is committed to multichannel distribution, prioritizing the most representative channels in each country. Continuous actions are carried out across all channels to ensure maximum efficiency in the sale of products and transparency to consumer clients. These initiatives include training actions, detailed product information on company websites, and exhaustive information in brochures, terms and conditions, and welcome packs.

With a solid structure of 39 contact centers, our company continues to stand out by offering clients, providers, and other users in our value chain an incomparable set of technical and human capabilities. We are committed to facilitating and enhancing communications at every stage of the customer relationship, ensuring high quality levels. This is reflected in the implementation in 2023 of a new comprehensive, cloud-based management platform for contact centers in Spain, the United States, and MAWDY.

Continuous growth is being recorded in the business units in the countries where MAPFRE operates, where new promotion and transformation strategies are generating significant expansion across the digital channels.

During this period, we managed to increase the value of existing digital capabilities, gaining maturity in the processes and operations of digital attraction, online pricing, digital customer management, and advanced fraud detection, among others. New scalable digital capabilities were also provided for the Group, mainly focused on improving digital acquisition and sales, developing new digital distribution channels with a focus on digital partners, and improving profitability. Special attention was paid to the exploitation and activation of digital data and customer knowledge as transversal themes, as well as to the application of digital business logic to the rest of the Group's structure and models.

Investment management

In relation to investment processes, MAPFRE signed up to the UN Principles for Responsible Investment (PRI) in 2017 and has a global action framework in place for responsible investment, updated in 2023, which is determined by the PRI.

The United Nations PRI, which aim to reflect the growing relevance of ESG issues in investment processes, coexist with the obligation assumed by the Company as a custodian of clients' savings and investments and for the strength of its own balance sheet. Prudent investment criteria are therefore applied, seeking long-term value creation and incorporating ESG factors alongside traditional information.

3. Principle 2: We will work together with our clients and business partners to raise awareness of environmental, social, and governance issues, manage risk, and develop solutions.

Clients and providers

The customer is the focus of all MAPFRE interventions, and the customer experience is the fundamental pillar that has marked the transformation of all operating and business processes.

Our company continues to stand out by offering clients, providers, and other users in our value chain an incomparable set of technical and human capabilities. We are committed to facilitating and enhancing communications at every stage of the customer relationship, ensuring high quality levels.

At MAPFRE, we have a wide portfolio of products and services available that cover every need that private customers or enterprise clients have in the countries we operate in. These products are adapted to the market and legislation where they are distributed, so the same insurance product or service may vary depending on the market characteristics.

In all products, underwriting and pricing criteria are contingent solely on aspects related to risk profiles, which in no case take elements that may be subject to discriminatory treatment toward people into account.

MAPFRE aims to ensure ethical and socially responsible conduct on the part of all providers that render services, either to the Group or directly to customers. All this takes place while maintaining an adequate level of quality in the provision of the service and high internal control standards at all stages of the process.

To this end, we have a procurement standard in place that aims to establish economic, environmental, social, and governance criteria, as well as mandatory principles that must be respected in any procurement performed on behalf of the Company.

The Group's Code of Ethics and Conduct establishes a specific section for providers and collaborating companies that determines the framework within which the relationship must be developed. Sustainable provider management is a critical issue for MAPFRE, and its success depends on a multitude of policies, processes, and procedures established by the company.

This comprehensive approach is based on control and supervision measures, as well as promotion of training and awareness-raising among providers to encourage provider conduct aligned with MAPFRE's principles of action, ensuring that the company's sustainable management standards are met. In addition, mitigation and repair plans are developed for exceptional cases, based on the company's responsibility to remedy negative incidents that may occur in its supply chain.

MAPFRE has been using an ESG approval methodology for providers since 2019. This process includes, in addition to assessing the provider's sustainability practices, training and awareness-raising on human rights and the 2030 Agenda.

Acutely aware of its responsibility for its supply chain amid a dynamic, ever-changing environment, MAPFRE improved its provider approval process, creating more capacity to supervise its main business and support providers and developing a platform to encourage changes toward a value chain with a more sustainable business model.

4. Principle 3: We will work together with governments, regulators, and other key stakeholders to promote widespread action across society on environmental, social, and governance issues.

At MAPFRE, we want to encourage dialogue from the inside out, with all of those who, like us, wish to be a part of the change our world and society is experiencing. Our commitment to sustainable development is unwavering, and is reflected in our voluntary compliance with the most significant international and local initiatives, along with our active participation in them.

- United Nations Environment Programme Finance Initiative (UNEPFI)
- United Nations Global Compact
- 2030 Agenda and Sustainable Development Goals (SDGs)
- Principles for Sustainable Insurance (PSI)
- Principles for Responsible Investment (PRI)
- Paris Pledge for Action
- Climate Disclosure Project (CDP)
- Net Zero Asset Owner Alliance (NZAOA)
- Task Force on Climate-related Financial Disclosures (TCFD)
- Principles of UN Women
- UN Standards of Conduct for Business on Equality for LGBTI People
- ILO Global Business and Disability Network (GBDN)

The main business and industry associations, foundations, chambers of commerce, and other nonprofit organizations through which the MAPFRE Group conducts its institutional activity are included in the Group's Integrated Report (<https://www.mapfre.com/media/shareholders/2024/integrated-report-2023.pdf>) and on the corporate website (<https://www.mapfre.com/en/>)

5. Principle 4: We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.

The Group demonstrates transparency by publicly and regularly disclosing its progress in applying the Principles through the publication of this annual progress report.

MAPFRE evaluates, measures, and monitors its progress in managing ESG issues and discloses same publicly in its Integrated Report (<https://www.mapfre.com/media/shareholders/2024/integrated-report-2023.pdf>) and on its website (<https://www.mapfre.com/en/>).

The Integrated Report was prepared in accordance with the GRI standards and with Law 11/2018, of December 28, on non-financial information and diversity.

The company also publishes an annual report on the implementation of the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. (<https://www.mapfre.com/media/00-informe-TCFD-MAPFRE-2023-ENG-IR-KPMG.pdf>)

The Group participates in surveys and relevant programs for the disclosure and presentation of sustainability information and engages in dialogue with all stakeholders on the value of disclosure through the Principles.