



FRAMEWORK OF ACTION IN THE SUSTAINABLE UNDERWRITING OF MAPFRE

April 2025

MAPFRE's Framework of Sustainable Underwriting

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MAPFRE's Framework of Sustainable Underwriting

I. Introduction

MAPFRE develops its commitment to sustainability by integrating environmental, social, and governance (ESG) criteria into its business and also into its underwriting decisions.

MAPFRE, aware that underwriting based on these ESG criteria can create sustainable value for clients in the medium and long term and can also have a positive impact on society and the environment, joined the Principles for Sustainability in Insurance (PSI) in 2012. This reaffirms MAPFRE's commitment to sustainable development in 2004, through its adherence to the United Nations Global Compact and, subsequently, with its adherence in 2017 to the United Nations Principles for Responsible Investment (PRI).

Our business model as an insurer has a long-term focus, so sustainability criteria play a key strategic role in underwriting.

As an insurance and reinsurance group, MAPFRE is aware of its responsibility and its impact on sustainability, which is why it integrates ESG criteria into its insurance and reinsurance underwriting processes, using different complementary risk analysis and evaluation systems that allow for the integration of these risks.

MAPFRE is aware that sustainable business is constantly evolving, keeping pace with major global trends related to the risks and opportunities of ESG factors. Therefore, the principles established by PSI, which focus on the key aspects that must support the organization in the process of integrating ESG aspects, will be complemented by those determined by MAPFRE in each case.

MAPFRE carries out its activities based on a commitment to the environment and its people, with a long-term vision, working for and toward the improvement of society as a whole. In this regard, MAPFRE complies with the Minimum Social Safeguards in accordance with the Human Rights Policy and the Code of Ethics and Conduct, which sets out the due diligence procedures and policies, including those required by the European taxonomy regarding respect for and compliance with the following principles and declarations:

- OECD Guidelines for Multinational Enterprises.
- ILO Declaration on Fundamental Principles and Rights at Work.
- UN Guiding Principles on Business and Human Rights.
- International Bill of Human Rights.

In addition to international initiatives and commitments in the social and human rights areas, MAPFRE recognizes the importance of global environmental treaties, which directly impact risk management and sustainable underwriting, guiding actions for environmental conservation, climate protection, and the transition to a low-carbon economy. MAPFRE also adheres to international treaties and conventions that address business ethics, the fight against corruption, transparency, and corporate governance.

Regarding financial inclusion, MAPFRE's commitment is reflected throughout the entire insurance value chain. In this regard, based on the social reality of each region and through the adoption of innovative approaches, the Company is committed to increasing and diversifying the portfolio of insurance and financial products available to underserved groups in their respective markets. To this end, collaboration with external entities is one of the working principles through which MAPFRE seeks to expand its reach and develop the inclusive finance market, based on available market research and by listening to the various stakeholders or their legitimate representatives.

II. Principles for Sustainability in Insurance (PSI)

MAPFRE's framework in this area is determined by the Principles for Sustainability in Insurance (PSI) developed by the PSI Initiative ¹, which are detailed below:

1. Integrate environmental, social, and corporate governance (ESG) issues relevant to insurance business into the decision-making process.
2. Collaborate with customers and business partners to raise awareness of environmental, social, and corporate governance issues, manage risk, and develop solutions.
3. Collaborate with governments, regulators, and other key stakeholders to promote broad, society-wide action on environmental, social, and corporate governance issues.
4. Be accountable and transparent by publicly and regularly disclosing progress in implementing these principles.

This initiative seeks to incorporate environmental aspects such as climate change, biodiversity damage and ecosystem degradation, water management, and pollution into business management, both as risks and opportunities; social aspects related to financial inclusion, human rights, and health risks arising from development and population aging; and aspects related to corporate governance, regulatory compliance, ethical management, conflicts of interest, and transparency.

In addition to the Principles for Sustainable Insurance (PSI), which provide a global framework for integrating ESG criteria into the insurance sector, MAPFRE considers local regulatory standards that establish specific guidelines for incorporating ESG criteria into underwriting.

III. Scope

The aforementioned principles apply to all insurance and reinsurance entities and business units of the MAPFRE Group. The implementation of these principles is tailored to the different insurance lines, considering the specific characteristics of each line of business in the countries where MAPFRE operates.

¹ <https://www.unepfi.org/insurance/insurance/>

IV. Implantation

In order to comply with the principles of sustainable underwriting, the MAPFRE Group has established a customer assessment process and a series of policies and commitments that promote compliance with these principles.

MAPFRE identifies and manages the most relevant factors that, if materialized, could significantly impact the business, or could do so in the future. This analysis includes ESG factors, as they provide additional information on social movements and transformations, stakeholder expectations, and the market that affect the organization. Through this analysis, MAPFRE assesses how these factors affect the business in the short, medium, and long term, and thus integrates them into its risk classification and the implementation of preventive and mitigation measures.

This internal ESG assessment model, supported by specialized tools, evaluates and quantifies the environmental, social, and governance impact of a business group's activities, taking into account the business lines, sectors, and countries in which it operates.

MAPFRE has a series of policies and regulations that complement this commitment to responsible underwriting:

- Underwriting Policy
- Reinsurance Policy

They are also summarized and/or complemented by the following Technical Standards and/or specific Procedures, which contain a detailed description of each of these processes:

- Technical standards of the different entities.
- Fronting Operations Standard.
- Surety Underwriting Model.
- Technical Standards for Ceded and Retroceded Reinsurance.
- Technical Standard on Risk Assessment and Verification.

V. Business approach and strategies

The MAPFRE Group's organization, specialized in various insurance lines, requires a degree of autonomy in the management of its business, particularly with regard to risk underwriting and rate setting, within a framework and limits applicable to the entire Group. The regional areas and business units will ensure that the Boards of Directors (or the governing body delegated for this purpose) of the various entities have specific policies for underwriting risks in the insurance and reinsurance lines in which they operate. However, these specific policies may not establish guidelines that contravene the provisions of the Group's various policies.

The Group's Underwriting Policy establishes a series of guidelines, including a commitment to integrating ESG (environmental, social, and governance) issues relevant to the Group's insurance business into its underwriting processes.

The Sustainable Underwriting Framework is based on the general principles of environmental protection, respect for human rights, and the promotion of good corporate governance.

As defined in this Framework and the Underwriting Policy, MAPFRE integrates ESG criteria into its underwriting processes, taking into account the aspects defined by applicable regulations and market trends, among others. We are convinced that integrating ESG criteria will lead to better long-term underwriting decisions and will help our clients in their fair and sustainable transition. Sustainable underwriting management at MAPFRE is based on several pillars:

INTEGRATION OF ESG CRITERIA:

ESG Risk Analysis:

The ESG risk analysis is designed to support MAPFRE's efforts to identify existing and potential ESG risks. MAPFRE Group entities and business units will use the ESG risk analysis as a basis for preventing, mitigating, and managing risks, from an underwriting perspective, across all sectors, defining ESG rating thresholds, and defining an engagement strategy applicable by client type ²and/or activity.

The ESG analysis model will assign a risk level to the client based on criteria defined by MAPFRE entities and business units. This level is linked to the level of authorization required to enter into the transaction. Approval by the Management Committee of each country or business unit may be required, as well as, additional authorization from the CEO and Management Committee, if applicable ³. In this case, if the transaction is authorized, the Corporate Sustainability Department is informed.

This analysis takes into account the following issues:

- Environmental: Factors that impact the quality and functioning of the natural environment and associated systems, such as the effects of climate change, biodiversity loss, ecosystem alterations, pollution (air, water, soil), and the depletion of raw materials.
- Social: Factors that impact the rights, well-being and interests of individuals and communities (including the workplace and indigenous communities), such as the effects of poverty and human rights violations (including child labour).
- Good governance: factors related to the quality of corporate decision-making and standard-setting related to issues such as transparency, responsible taxation, diversity, equity and inclusion, bribery, corruption and other ethical violations, as well as controversial products and services and the effects these may have on environmental and social factors.

Currently, ESG risk analysis is carried out in MAPFRE Group's main entities and business units. The Group's current Sustainability Plan establishes the goal of expanding the scope of this analysis to certain countries and geographies.

ESG EXCLUSIONS and sector-specific policies:

²Large corporate clients

³Defined in each case in the internal procedure of the country/business unit.

Exclusion criteria focused primarily on environmental and social aspects, which may conflict with MAPFRE's stated objectives, are taken into account in underwriting decisions and sustainability risk management.

These exclusions support MAPFRE's commitment to continuously reduce the underwriting of economic activities that pose significant ESG risk, serving as a sector-wide guide to sustainability.

More details at: <https://www.mapfre.com/en/sustainability/business/socially-responsible-investment/>

ENGAGEMENT:

The goal is to assess the clients we insure or reinsure to promote high sustainability standards, taking an active role as facilitators as part of the company's sustainability strategy and to meet the goal of becoming a net-zero company by 2050.

Following the ESG risk analysis, MAPFRE Group entities and business units will use the results of this analysis as a basis for preventing, mitigating, and managing risks and defining their engagement and dialogue strategy, applicable by client type and/or activity.

This ongoing involvement helps strengthen customer relationships, identify new business opportunities, and establish, where necessary, action plans aimed at preventing or mitigating these opportunities.

Engagement with customers and other stakeholders is key to implementing the MAPFRE Group's sustainability strategy.

As part of its commitment to becoming a net-zero company by 2050, MAPFRE is committed to collaborating with its clients on their climate strategies and transition plans.

Furthermore, the company makes its internal knowledge of ESG risks available by developing specific recommendations for its clients, producing sector-focused publications, and organizing events and conferences, which facilitates relationships and better alignment with the Group's objectives and strategy.

VI. Products with sustainability criteria for customers

MAPFRE integrates the goals set out in the 2030 Agenda into its insurance product portfolio, creating specific products that contribute to a just transition, a low-carbon economy, and a more inclusive and egalitarian society in both life and non-life insurance lines.

MAPFRE is committed to developing a range of insurance products and services with sustainability criteria that, in addition to reducing risk, have a positive impact on environmental, social and governance (ESG) issues and promote better risk management ⁴.

To this end, the company has established a **Corporate Definition of Products and services with sustainability criteria** that, taking into account regulations and companies' obligations

⁴ Principles for Sustainability in Insurance of the United Nations Environment Programme Finance Initiative – Principle 1: Integration of environmental, social and governance (ESG) issues relevant to our insurance business into the decision-making process.

to disclose the manner and extent to which their activities are associated with environmental, social, and governance (ESG) issues.

The insurance industry has a role to play in supporting our clients in their transition to these new business models, embracing new technologies and innovation and working alongside them throughout the transition.

VII. Monitoring, reporting and control

MAPFRE has a highly qualified team in sustainability and underwriting. Regional areas and business units will periodically analyze portfolios based on the criteria defined by their respective entities, their ESG assessment, and associated risks, monitoring compliance with the commitments made and reporting on the status of the commitments to the Corporate Business Area (CBA). The CBA will annually present the status of compliance with these commitments to the MAPFRE Group's Sustainability Operating Committee. The Corporate Business Area will submit to the MAPFRE Group's Underwriting Policy Committee any relevant changes it has been informed of regarding the entities' Underwriting Policy.

Without prejudice to the foregoing, and as a first layer of control, each entity's underwriting team will inform the regional area of any incident related to its Underwriting Policy. If the Regional Area deems such a circumstance to be relevant, it must forward it to the Corporate Business Area for presentation to the Group's Sustainability Operating Committee and the MAPFRE Group's Underwriting Policy Committee.

In addition to the progress report that MAPFRE prepares annually for the United Nations PSI, the company will periodically publish its performance in this area through the Group Sustainability Statement.

VIII. Approval and control

MAPFRE's Sustainable Underwriting Framework was approved by the MAPFRE Group's Sustainability Operating Committee on April 24, 2025, and will become effective as of April 24, 2025.

MAPFRE's Corporate Business Area is responsible for monitoring compliance with this Framework.

IX. Terminologies and References

Sustainable Underwriting: A strategic approach in which all activities across the insurance value chain, including stakeholder interactions, are conducted responsibly and with a forward-looking approach, identifying, assessing, managing, and monitoring risks and opportunities associated with environmental, social, and governance issues. Sustainable insurance aims to reduce risk, develop innovative solutions, improve business performance, and contribute to environmental, social, and economic sustainability.⁵

⁵Source: Principles for Sustainable Insurance (PSI)

Environmental Criteria: related to those aspects of the company's activity that positively or negatively affect the environment

Social Criteria: these include everything from community aspects, such as improving health and education, to workplace issues, including adherence to human rights, non-discrimination, and stakeholder relations.

Good Governance Criteria: these have to do with ethics, quality of management, culture, the risk profile of the company or transparency, among other characteristics. Also, the creation of shareholder value.

Sustainable Development: this is about reconciling the economic, social, and environmental objectives, and finding a balance between their different dimensions. (OECD, 2001).

United Nations Principles for Responsible Investment (UNPRI): It aims to understand the impact that environmental, social, and governance (ESG) issues have on investments and to advise signatories to integrate these issues into their investment and proprietary decisions. <https://www.unpri.org/pri>

United Nations Global Compact: this is a global movement of companies and stakeholders to create the most sustainable world. To make this happen, the Global Compact supports companies that can align their strategies and operations with Ten Core Business Principles on human rights, labor, environment, and anti-corruption, and that adopt strategic actions to promote the United Nations Sustainable Development Goals, with an emphasis on collaboration and innovation. <https://www.pactomundial.org/2017/01/adhierete-al-pactomundial/>

Principles for Sustainable Insurance (PSI) of the United Nations Environment Program Finance Initiative (UNEP FI). It promotes four specific principles for the insurance industry, aimed at incorporating environmental, social, and governance aspects into business management, both as a risk and as an opportunity. <https://www.unepfi.org/psi/>

Approved on April 24, 2025