

Progress Report 2022

Company Name	MAPFRE GROUP
Address	Carretera de Pozuelo, 52. 28222 Majadahonda (Madrid)
Country	SPAIN
Date	June 2022
Membership date	2012
Number of employees	32,341 (year end 2021)
Contact Position	Corporate Security and Environment Area
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MAPFRE is a signatory to the United Nations Principles for Sustainable Insurance (UN PSI), a global sustainability framework and initiative of the UN Environment Program Finance Initiative.

The four main principles (*see below*) describe how corporate responsibility should be incorporated by insurers in their business. By signing the PSI, MAPFRE is committing to address environmental, social and governance (ESG) issues in the way it conducts its business as an insurer and in its relations with all of the industry's stakeholders, including employees, clients, suppliers and government agencies.

See The MAPFRE Group 2021 Integrated Report for an overview of our key figures and activity.

PRINCIPLES FOR SUSTAINABLE INSURANCE	LOCATION IN MAPFRE INTEGRATED REPORT 2021	TCFD REPORT
1. We will embed in our decision-making environmental, social and governance issues relevant to our insurance business	<ul style="list-style-type: none"> • Letter from the Chairman and CEO • Strategy • Corporate Governance • Risks management and sustainability in the business • Committed to stakeholders • Committed to the environment • Additional Information <ul style="list-style-type: none"> ○ Materiality ○ Table of Contents GRI 	<ul style="list-style-type: none"> • Governance • Strategy • Risk management • Appendix <ul style="list-style-type: none"> ○ Sustainable underwriting products and services
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	<ul style="list-style-type: none"> • Strategy • Corporate Governance • Risks management and sustainability in the business • Committed to stakeholders • Committed to the environment • Additional Information <ul style="list-style-type: none"> ○ Materiality ○ GRI Content Index 	<ul style="list-style-type: none"> • Governance • Strategy • Risk management • Appendix <ul style="list-style-type: none"> ○ Sustainable underwriting products and services
3. We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues	<ul style="list-style-type: none"> • Strategy • Corporate Governance • Risks management and sustainability in the business • Committed to stakeholders • Committed to the environment • Supplementary Information <ul style="list-style-type: none"> ○ GRI Content Index • www.mapfre.com 	<ul style="list-style-type: none"> • Governance • Strategy <ul style="list-style-type: none"> ○ Participation in institutional organizations' Working Groups. • Risk management • Appendix <ul style="list-style-type: none"> ○ Sustainable underwriting products and services
4. We will demonstrate accountability and transparency in	<ul style="list-style-type: none"> • Integrated Report 2021 • www.mapfre.com 	

regularly disclosing publicly our progress in implementing the principles		
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This table of ESG factors has been updated, taking as a reference, among others, the material issues and those of internal and external relevance in the 2021 Materiality Analysis.

MAPFRE first report following the guidelines of the Task Force on climate-Related Financial Disclosures (TCFD).

During 2021 the company worked on adapting the financial planning to climate change, both from a risk and an opportunity approach and according to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) set up by the Financial Stability Board (FSB). On June 2022 MAPFRE published the first report structured around four pillars: Governance, Strategy, Risk and Management, and Metris and Objectives, in which MAPFRE discloses the risk and opportunities of climate change and their integration into the company's business and activities.

Analysis of environmental, social and governance (ESG) challenges as risks and opportunities

The governing bodies receive at least quarterly information regarding the quantification of the main risks to which the Group is exposed and the capital resources available to face them, as well as information regarding compliance with the limits fixed on risk appetite.

In addition, on March 11, 2022, the Board of Directors has proposed modifying the corporate bylaws at the Annual General Meeting, to assign responsibilities in sustainability matters to the Risk Committee, which would be renamed the Risk and Sustainability Committee. This delegate body of the Board of Directors supports and advises the Board when defining and evaluating the Group's risk management policies, when determining susceptibility to risk and the risk strategy, and when defining and supervising the corporate sustainability policy and sustainability strategy.

MAPFRE permanently analyses those factors that, if they materialize, may or could have an impact on the business. In this analysis, ESG factors are taken into account, since they allow additional information to be obtained on social movements and transformations, stakeholder expectations and also the market that affect the organization.

Based on the analysis of these ESG factors, and how they may affect the business in the short, medium and long term, their relationship and inclusion in the type of risks established by the company and in the adoption of prevention and mitigation measures will be determined.

Framework for the integration of environmental, social and governance (ESG) aspects in MAPFRE underwriting processes

In relation to underwriting, MAPFRE has an Underwriting Policy, approved by the MAPFRE SA Board of Directors, applicable to all insurance and reinsurance companies. It also has a Global Business Committee and a Group Underwriting Policies committee that, among other functions, is in charge of the correct application of the underwriting policy and that analyzes and proposes operating exclusion rules on ESG matters. In 2021 the policy has been reinforced and modified its environmental commitment moving forward with its actions in favor of the transition towards a low-carbon economy accompanying customers in their decarbonization and energy transition processes.

These commitments will be applicable to all Group entities from 2022, and the underwriting committee will monitor their compliance. These commitments are focused on:

- Insurance for coal projects:
- Insurance for coal companies
- Decarbonization of the insurance company portfolio
- Oil and Gas

In addition, for underwriting global risks, MAPFRE has an internal ESG evaluation model that considers the exposure to ESG risk of a company with the exposure to ESG risk in the countries and sectors in which the company has been exposed and the analysis of reputational risk.

In relation to MAPFRE's investment processes in 2017, MAPFRE adhered to the principles of Responsible Investment of the United Nations Organization (PRI) and established the Group's framework of action in terms of socially responsible investment (SRI), which focuses in those key aspects that have to accompany the organization in the scope, implementation, integration process of ESG aspects, and that are complemented by those determined in each case.

The United Nations SRI principles coexist with the obligation assumed by the company as custodian of customer savings and investments and the solidity of its own balance sheet. For this reason, criteria of prudence are applied in the investment, it seeks the creation of long-term value and incorporates ESG factors in a complementary way to traditional information.

MAPFRE has its own ESG analysis framework that is periodically reviewed to incorporate best practices in this area. It also has a qualified SRI working group and, in addition, it has an Investment Risk Committee, which periodically analyzes the composition of the portfolios, their ESG evaluation, analyzes the controversies that may arise, and the application of the approved exclusion causes by MAPFRE.

MAPFRE uses different risk assessment and analysis systems, which are complementary and allow the integration of ESG risks:

- Materiality analysis which analyzes the ESG aspects based on their relevance to participating stakeholders (employees, providers, clients and experts) and the impact these issues have on MAPFRE.

This analysis enables the identification of potential risks to the company and establishes appropriate prevention and mitigation measures.

- Analysis of reputational risk, which analyses key ESG topics, especially those related to compliance with international standards such as the 10 principles of the United Nations Global Compact, using the RepRisk methodology, among others.

Moreover, as of 2018, MAPFRE has participated in the United Nations Environment Program Finance Initiative (UNEP FI) pilot project, in order to assess the impact of climate change and to incorporate the recommendations of the Task Force on Climate-related Financial Disclosures (TFCD) in the insurance industry. As a global insurance company, MAPFRE has jointly pledged to contribute to defining, analysing and commencing to adopt a standard of technical and financial action for the entire sector that will help the insurance industry manage the risks and opportunities of transitioning to a low-carbon economy, and reduce the impact of climate change for the whole of society.

Through these systems, all the significant and potential sources of risk the Group faces are contemplated, and the taking of initiatives for their management and mitigation is facilitated.

Additionally, FUNDACIÓN MAPFRE prepared the official Spanish translation of these principles, which is available at: [FUNDACIÓN MAPFRE Web](#).