FRAMEWORK OF ACTION IN THE RESPONSIBLE INVESTMENT OF MAPFRE

April 2025

Content

MAPFRE's Framework of Responsible Investment (RI)

I. Introduction

At MAPFRE, our commitment to sustainability is a fundamental pillar that guides all our actions. This commitment is reflected in our Sustainability Plan, which is closely integrated into our strategic plan. Through this integration, we seek not only to generate economic value but also to contribute positively to social and environmental well-being, ensuring a more sustainable future for all. MAPFRE develops its commitment to sustainability by integrating environmental, social, and governance criteria (hereinafter, ESG) into the business and also its investment decisions.

MAPFRE, aware that investment based on these ESG criteria (Responsible Investment - RI), can create sustainable value in the medium and long-term for the customer and, in addition, can have a positive impact on society and the environment, adhered in 2017 to the Principles for Responsible Investment of the United Nations (PRI). Thus, as proof of this commitment, MAPFRE has joined the Net Zero Asset Owner Alliance (NZAOA) in 2023, setting its interim targets for 2030.

All of this reaffirms the commitment MAPFRE made in 2004 to sustainable development, through its adherence to the United Nations Global Compact and, subsequently, with its adherence in 2012 to the Principles for Sustainable Insurance (PSI).

Our business model as an insurer has a long-term approach; therefore, sustainability criteria play a key strategic role in the investment. As a major asset owner and investor, MAPFRE is aware of its responsibility and its impact on sustainability. MAPFRE is therefore obliged to invest customers' money wisely and profitably, with strict safety and profitability requirements. To this end, environmental, social, and governance (ESG) criteria will be integrated into investment decisions.

MAPFRE is aware that responsible investment is constantly evolving, keeping pace with major global trends in relation to the risks and opportunities of environmental, social, and governance factors. Therefore, these investment principles focus on those key aspects that must accompany the organization in the process of integrating ESG aspects, and will be complemented by those that MAPFRE determines in each case.

II. Principles of Responsible Investment Management

MAPFRE's framework of reference in this area is determined by the Principles for Responsible Investment developed by the PRI[1], which are detailed below:

1. To incorporate ESG issues into our investment analysis and decision-making processes.
2. To be pioneers in incorporating ESG issues into our ownership practices and policies.
3. To seek transparent disclosure of ESG issues by the companies in which we invest.
4. To promote the acceptance and application of the Principles in the investment sector.
5. To work together to improve our effectiveness in applying the Principles.

[1] https://www.unpri.org/pri

6. To report our activity and progress in applying the 6 Principles

These Principles coexist with the responsibility assumed by the company as manager of the savings and investments of its customers and the soundness of its own balance sheet; therefore, MAPFRE applies prudent investment criteria, seeks to create long-term value, and incorporates environmental, social, and corporate governance (ESG) factors as a complement to traditional information.

III. Scope

The aforementioned principles apply to all assets in which MAPFRE invests, and specifically to equities, fixed income, and real estate.

In the event of any type of delegation to a third party for the management of certain investments, it will be analyzed that these are aligned with the principles described in this document and it will be requested that they follow the principles described herein in the delegated management that they carry out for MAPFRE. Therefore, these commitments will apply to all active, passive, and third-party managed investments.

In any case, the relevant governing body will have the power to exclude a third party from complying with the principles mentioned in the framework and policies, based on justified reasons.

IV. Implantation

MAPFRE's annual investment plan sets out the principles that must govern investment management, the structure of the portfolios, the reference framework to be applied, and the general guidelines to be followed in investment management procedures.

This plan, which is approved by the Board of Directors of MAPFRE S.A., constitutes the reference framework in which to integrate the responsible investment principles to be applied throughout the investment process.

MAPFRE also has its own ESG analysis framework, which is reviewed on a regular basis to incorporate the best practices in this area.

This framework for responsible investment must include a series of policies that complement this commitment based on the obligations and regulations in force in the country in which the entity operates and which must be approved by the Board of Directors of the entity[2]:

- Sustainability Risk Integration Policy
- Voting Rights Exercise Policy
- Engagement Policy
- PIAS Due Diligence (Statement on Due Diligence Policies in Relation to Major Adverse Incidents).

The investment team at each Investment Center is responsible for implementing the methodologies included in the above framework, seeking investment opportunities and

[2]Already in full or partial effect in some MAPFRE Group management centers, such as the European Union Management Center, Malta, and Brazil.

minimizing potential risks. This team will also be responsible for gradually implementing the responsible investment criteria approved by MAPFRE, as well as contributing to the achievement of the objectives established in the Corporate Sustainability Plan in this area.

If a portfolio investment fails to meet these criteria prior to approval, its position must be reduced as much as possible. In immunized portfolios, the investment may be held until maturity.

In the event of any discrepancy (for example, when investing in a company with low ESG ratings or that does not meet any of the criteria described in this framework or in any of the aforementioned policies), these will be submitted to the corresponding governing body at each Management Center (Investment Committee, Risk Committee, Board of Directors) for the purpose of analyzing and making decisions on the assets that may generate any type of controversy.

V. Investment approach and strategies

The sustainability strategy will be applied at MAPFRE, from an investment perspective, in a transversal manner, considering an integration approach, which defines the ESG rating thresholds permitted (best in class), exclusion policy, as well as a policy of long-term shareholder involvement through the exercising of voting rights, which applies to all assets managed by MAPFRE as a whole.

Therefore, MAPFRE’s sustainable investment management is supported by different pillars:

- ✓ **ESG Integration** : as defined in this Framework and in the Sustainability Risk Integration Policy, the integration of environmental, social, and good governance criteria is carried out in all investment processes, both for own and third-party portfolios, taking into account the aspects defined by the applicable regulations and market trends, among others.
  This approach will help us identify risks and opportunities by going beyond the traditional financial analysis. We are convinced that the integration of ESG criteria will lead to better investment decisions in the long-term.

- ✓ **Best in class : The** Sustainability Risk Integration Policy incorporates guidelines and minimum thresholds for investing in companies that are at the forefront of their industry in terms of meeting environmental, social, and corporate governance criteria.

- ✓ **ESG Exclusions** : Likewise, exclusion criteria focused primarily on environmental and social aspects are taken into account when making investment decisions and managing sustainability risks , with the aim of aligning investments with the company's established sustainability objectives and commitments.
  These exclusions support MAPFRE's commitment to continuously reduce its investment in economic activities that pose significant ESG risk, serving as a sector-wide guide to sustainability.

  For more information on responsible investment commitments: https://www.mapfre.com/sostenibilidad/negocio/inversion-socialmente-responsable/

- ✓ **Voting and Engagement**: The guidelines set by MAPFRE are included in the Voting and Involvement Policy, and its objective is to actively pursue a positive impact.
  Regarding voting rights, we will seek to influence the governance of the companies in which we invest and contribute to greater transparency and improved sustainability performance. Regarding dialogue (involvement), the goal will be to access the companies in which we have invested directly or collectively to promote high sustainability standards, and thus assume an active role as fiduciary of the investments.

The strategies described are supplemented by the statements made in chapter 9 'Terminology and references'.

VI. SRI products for clients

MAPFRE is committed to developing a range of sustainable products that, in addition to being profitable for the customer, have a positive impact on society and the environment.

To this end, it has developed its own analysis methodology, with the academic support of institutions of recognized prestige, as well as the experience of French fund manager *La Financiére Responsable*, of which MAPFRE is a shareholder.

VII. Monitoring, reporting and control

At the corporate level, MAPFRE has a highly qualified sustainability working group that continuously reviews trends and regulations that may be applicable to responsible investment issues.

As a first layer of control, the investment team at each Management Center will constantly monitor any ESG controversies or risks that may arise in the normal course of investment operations in order to alert the Corporate Investment Area .

The Risk Department of each Management Center will monitor the integration policy, supervise compliance with the voting and engagement policy, once approved, and monitor the evolution of the investment portfolio's carbon footprint, among other duties. It will also be responsible for regularly issuing ESG reports to monitor and control the sustainability risk of the managed portfolios. These reports will be periodically submitted to the Company's Risk Committee and Board of Directors and provided quarterly to the Corporate Investment Department for analysis.

In addition, the Corporate Investment Department will annually report on the monitoring and control of the sustainability risks of the managed portfolios to the MAPFRE Group Sustainability Operating Committee, which includes the head of MAPFRE's Investment Area.

If a Management Center decides to eliminate or expand MAPFRE's corporate commitments, it must obtain approval from the Corporate Investment Area.

As part of its monitoring and control efforts, MAPFRE annually reports on its responsible investment performance due to its adherence to the United Nations Principles for Responsible Investment (PRI).

VIII. Approval and control

MAPFRE's Responsible Investment Framework has been approved by the MAPFRE Group's Sustainability Committee, dated February 24, 2021, from which date it enters into force.

MAPFRE's Corporate Investment Area is responsible for monitoring that this Framework is complied with in the organization.

IX. Terminologies and References

Responsible Investment (RI): the investment philosophy that, from a long-term approach, integrates environmental, social, and corporate governance criteria (ESG criteria) in the process of studying, analyzing, and selecting securities for an investment portfolio[3]

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).

INTERNATIONAL INITIATIVES MENTIONED:

United Nations Principles for 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 Sustainability in 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/

SUSTAINABLE AND RESPONSIBLE INVESTMENT STRATEGIES [4]

[3] Source: Spainsif: https://www.spainsif.es/
[4] Source: Spainsif: https://www.spainsif.es/

Exclusion: this strategy is based on excluding companies from the investment portfolio whose activity is contrary to that defined by the company in its investment policy. In this regard, the policy may define the exclusion of companies for behavior contrary to international regulations and human and labor rights, or for the development of certain activities.

Standards-based screening: this strategy was born in Northern European countries as an evolution of exclusion and with the aim of giving them a more regulatory character. The process is carried out based on whether or not the companies comply with an external standard, usually international, on environmental protection, labor rights, human rights, or anti-corruption. Generally speaking, the most commonly used standards are: The United Nations Global Compact, the OECD guidelines for multinational enterprises, the ILO standards, or the guiding principles on business and human rights.

Best-in-Class: this is characterized by the inclusion of those companies with the best ESG performance within the different sectors and markets. This strategy requires a definition of the ESG criteria to be assessed and how these criteria will be measured. There is currently a mature market for Sustainable Stock Exchange Indices and specialized analysts.

ESG Integration: this is based on including the analysis of ESG criteria in the financial analysis performed by the company when making investment decisions. ESG integration is the next step up from Best-in-Class. ESG integration is highly adaptable, depending on the company, the sector, investment type, and the management of risks and opportunities in the short and long-term.

Voting (or active voting strategy): this refers to the ability of shareholders to vote at Shareholders' Meetings, taking into consideration issues related to environmental, social, and governance (ESG) criteria.

Engagement (or active dialog): this strategy focuses on opening up a line of communication between the investor and the company to avoid or correct ESG-related disputes.

Thematic investments: focuses its strategy on the choice of securities that respond to an ESG theme. In this way, there are thematic investment funds that only invest in green bonds, funds that select companies and projects related to responsible water management, low carbon economy funds, funds focused on the Sustainable Development Goals, etc. In order for thematic investments to be considered sustainable, they must consider all three ESG approaches, not just one of them.

Impact investments: these seek to simultaneously obtain a competitive financial return and produce a positive environmental and/or social impact. The measurement of impact must be quantifiable, in order to achieve significant changes in the resolution of social and/or environmental problems. It must seek an ESG balance, because, if the impact is social but damages the environment, it would not be a sustainable financial product. Impact investment can be used to finance projects of various kinds, related, for example, to health, education, the environment, or climate change.

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