

August 7, 2024

Alexander Adams, Esq.
Insurance Commissioner
Office of the Commissioner of Insurance of Puerto Rico
906 World Plaza Building 268 Muñoz Rivera Avenue
San Juan, PR 00918

NAIC CLIMATE RISK DISCLOSURE SURVEY REPORTING 2023

In response to the Normative Letter CN-2022-316-AF, and communication from Deputy Insurance Commissioner, Lcdo. Alexander S. Adams, dated on May 3, 2024, to report the 2023 Climate Risk Disclosure Survey; MAPFRE will submit the 2023 TCFD Report on the company's climate change management, following the guidelines of the Task Force on Climate-related Financial Disclosures (TCFD), created by the Financial Stability Board. The report encompasses MAPFRE Puerto Rico companies' (MAPFRE PRAICO INSURANCE COMPANY, MAPFRE PAN AMERICAN INSURANCE COMPANY and MAPFRE LIFE INSURANCE COMPANY OF PUERTO RICO).

This report outlines the progress made by MAPFRE in terms of its governance model, strategy, risk management, and climate change-related metrics. The TCFD 2023 Global report includes all the information of MAPFRE's group including Puerto Rico.

At MAPFRE, we firmly believe that a better future can only be built through ambitious and steadfast actions in the present, all while upholding the core principles and values that define our organization.

Cordially,



José A. de la Mata
Executive Vice President

Cc: Ricardo Lara, Insurance Commissioner
California Department of Insurance
<https://interactive.web.insurance.ca.gov/>



Ⓔ **MAPFRE**

2023 TCFD Report

January 2024

CONTENTS

NAVIGATION CODE


Previous page


Last visited page


Following page


Home


Print


Search document

1	INTRODUCTION	3	2	HOW WILL WE BECOME A NET ZERO COMPANY BY 2050?	6
3	GOVERNANCE	8	3.1.	Board of directors and delegate bodies	9
			3.2.	Executive committee and other governing committees	12
			3.3.	Remuneration system	15
			3.4.	Risk policies and frameworks	15
			3.5.	Climate change training programs for employees	17
			3.6.	Public commitments and objectives	18
4	STRATEGY	19	4.1.	Description of climate change risks and opportunities	22
			4.2.	Definition of climate change horizons and scenarios to calculate the impact	24
			4.3.	Impact of climate change risks on the business	24
			4.4.	Sustainable Strategies	28
			4.5.	Participation in institutional organizations' Working Groups	30
5	RISK MANAGEMENT	32	5.1.	Risk Management Governance	33
			5.2.	Climate change risk identification and assessment procedure	33
			5.3.	Management of climate change risks and opportunities	38
6	METRICS AND OBJECTIVES	39	6.1.	Corporate Objectives	40
			6.2.	Underwriting portfolio metrics and objectives	41
			6.3.	Investment portfolio metrics and objectives	42
			6.4.	Internal operations metrics and objectives	44
			6.5.	Internal Carbon Price	49
			6.6.	Other Metrics	49
7	FINANCING A GREEN ECONOMY	52	8	APPENDICES	56
			9	COMPLIANCE WITH TCFD RECOMMENDATIONS TABLE	60



1 INTRODUCTION

We must take action to address the urgent economic, social, and climate situation at hand, joining forces and #PlayingOurPart. Transformation is a collective challenge to be met by individuals, companies, civil society organizations, and the public sector.

At MAPFRE, we are convinced that taking action in the present, ambitiously and consistently, while staying true to our organization's principles and values, is the only way to build the future that we want. We are well aware that in the insurance industry, we are facilitators of change. Without insurance and investment, it would be impossible to achieve a fair transition that considers the resources and capabilities of each country in which we operate.

In recent years, we have witnessed momentous changes in our environment: the pandemic, geopolitical turmoil (including the wars in Ukraine and the Middle East), the energy crisis, rapid technological transformation, inflation and macroeconomic volatility, climate change, and mass migrations. All of these factors have a major impact on the efforts and plans outlined in the Paris Agreement, the European Green Deal, and the 2030 Agenda. Rather than stopping us, these phenomena must drive us to design and implement actions to meet the targets set by these agreements for the coming years.

At MAPFRE we are aware of how much we're capable of contributing. That's why we've defined a Sustainability Plan and a Corporate Environmental Footprint Plan with targets and projects focused on reducing emissions from our operations and investments; developing products and services that address environmental, social, and good governance aspects; sustainable investment to drive economic development, channeling capital toward projects that promote the transition to a low-carbon economy; and sustainable underwriting that facilitates insurance and protection for customers. To transmit our corporate purpose, we say, "We care about what matters to you." What we mean by that is 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. If we wish to continue contributing to social progress, to continue participating in the transformation that society is experiencing as a result of technological changes, we must all place transformation, innovation, and sustainability at the center of our strategy.

Climate change, deforestation, and biodiversity loss are not meaningless buzzwords, but urgent issues that require purposeful action from all sectors. At MAPFRE we argue that the energy transition, in addition to being completely necessary, must above all be socially fair. We cannot take away one generation's way of life with the promise that the next generation will inherit a better planet. We must commit to this transition, helping and accompanying our customers so that they too may transition towards new production models. However, in some regions, the activities we consider the most polluting today are virtually the only sources of economic activity. We can all agree that progress is necessary, but we also have to offer alternatives to the generations of individuals who have been called upon to make this transition; people who generally make a living in polluting activities carried out in emerging countries.

This path cannot be forged alone. It needs to be a joint effort with our customers, who must develop transition plans, and our role will be to support and advise them from the perspective of investment and underwriting.

This report outlines the progress made by the MAPFRE Group in terms of its governance model, strategy, risk management, and climate change-related metrics.

Mónica Zuleta

Group Head of Sustainability at MAPFRE



Figure 1. TCFD axes. Source: Financial Stability Board – TCFD

<p>Governance: The organization's governance of climate-related risks and opportunities.</p>	<p>Strategy: The real and potential impacts of climate-related risks and opportunities on the business, strategy and financial planning of the organization.</p>	<p>Risk management: The processes used by the organization to identify, assess, and manage climate-related risks.</p>	<p>Metrics and objectives: Metrics and objectives used to assess and manage relevant climate-related risks and opportunities.</p>
---	---	--	--



2

HOW WILL WE BECOME A NET ZERO COMPANY BY 2050?

● ACHIEVEMENTS ● OBJECTIVES

2012

Adherence to PSI.

2015

Adherence to the Paris Pledge for Action.

2019

Publication of the first environmental commitments in investment and underwriting.

2022

- Adherence to the Net Zero Asset Owner Alliance (NZAOA).
- Approval of remuneration linked to the achievement of ESG targets.

2023

- Inclusion of Human Rights commitments in the RI Framework.
- Approval of new intermediate targets for 2030 in the investment portfolio under the NZAOA.
- Expansion of the scope of the carbon footprint calculation for our investment portfolio.

2030

- MAPFRE Group neutrality.
- 50% reduction in carbon footprint.
- 100% renewable energy.
- 40% decrease in total energy consumption.
- 34% reduction in mobility-related carbon footprint.
- 20% reduction in business travel emissions.
- 100% eco-friendly fleets.
- MAPFRE's portfolio will no longer include insurance programs related to coal-fired power plants or operation of thermal coal mines in OECD countries, or companies that have not implemented commitments to the energy transition and decarbonization.
- Intermediate reduction objectives for the investment portfolio:
 - Reduce emissions intensity (tons of CO₂e/ million euros invested) of greenhouse gases (scope 1 and 2) for the Group's investment portfolio (corporate fixed income and equity) by 43% by 2030, using 2022 as a baseline.
 - Establish active dialog with at least the top 20 CO₂e emitters in the MAPFRE investment portfolio's corporate bonds and publicly traded equities. Actions will be established through direct dialog and collaboration, and with service providers.
 - Participate in Alliance work groups to document our public position on topics concerning net zero, in line with the Alliance's ambitions.
 - Increase investment in solutions that promote the transition to a low-carbon economy.
 - Continue participation in the Alliance's working group on the Climate Transition.

2013

Approval of the ENERGY EFFICIENCY AND CLIMATE CHANGE PLAN 2014-2020.

2017

Adherence to PRI.

2021

- Approval of the CORPORATE ENVIRONMENTAL FOOTPRINT PLAN 2021-2030.
- Approval of the CORPORATE SUSTAINABILITY PLAN 2022-2024.
- Approval of the STRATEGIC PLAN 2022-2024 (Inclusion of sustainability objectives).
- Neutrality in emissions in Spain and Portugal.
- End of the Energy Efficiency and Climate Change Plan 2014-2020: 56% achievement.
- Updating of environmental commitments in investment and underwriting.
- Publication of the Responsible Investment Framework.
- Calculation of the carbon footprint of our investment portfolio (MAPFRE AM).

2024

- Neutrality in main MAPFRE Group countries.
- 90% of the investment portfolio rated with ESG criteria globally.
- Reduction of investment portfolio emissions (MAPFRE AM) by 10% (2019 baseline).
- Publication of intermediate alignment targets in the underwriting portfolio.
- New Responsible Underwriting Framework.
- Expand the ESG analysis model to the underwriting portfolios in Spain, Brazil, and facultative reinsurance

2040

- MAPFRE's portfolio will no longer include insurance programs related to coal-fired power plants or operation of thermal coal mines in the rest of the world, in the countries where MAPFRE operates, of companies that have not implemented commitments to the energy transition and decarbonization.
- MAPFRE's portfolio will no longer included investments related to coal-fired power plants or thermal coal mines.

2050

- Net zero emissions in the insurance and reinsurance underwriting portfolio.
- Net zero emissions in the investment portfolio - Net Zero Asset Owner Alliance.

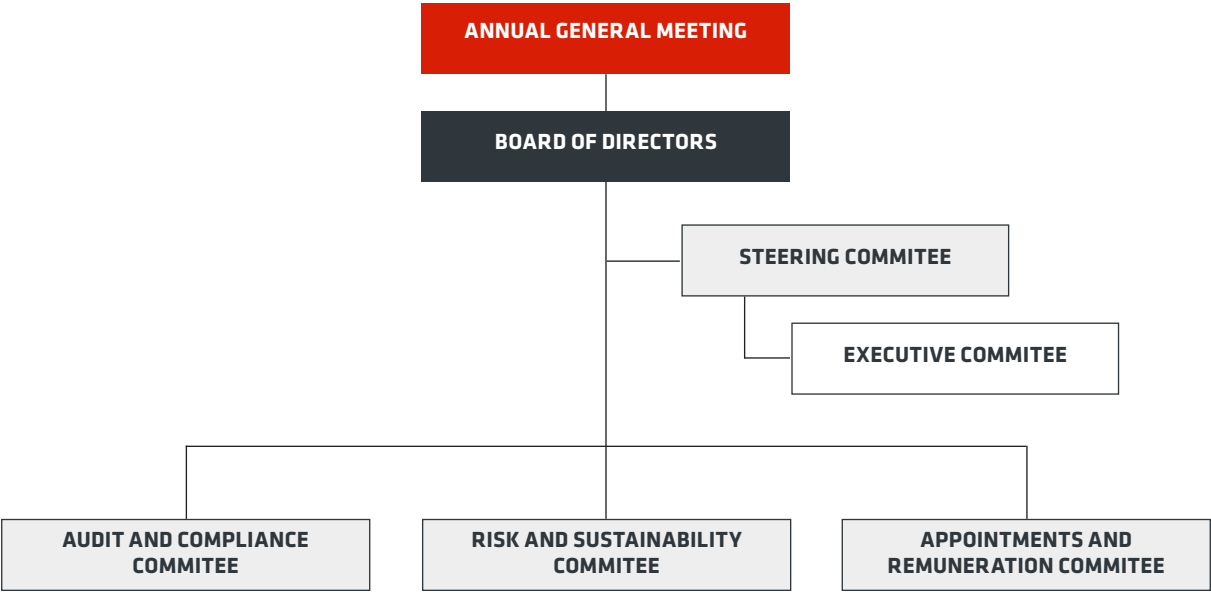
* For more information, see Chapter 5.3



3

GOVERNANCE

MAPFRE S.A. Organizational Chart



Board of Directors and Delegate Bodies

The structure, composition, and functions of the MAPFRE Group’s governing bodies are defined in the Institutional, Business, and Organizational Principles, approved by the Board of Directors of MAPFRE S.A. (“MAPFRE” or the “Company”), together with its corporate bylaws and the Regulations of the Board of Directors.

The following outlines the main functions and responsibilities of the Company’s governing bodies:

Board of Directors

This body directs, manages, and represents the Company and its subsidiaries, and it has full powers of representation, regulation, and management. It is the MAPFRE Group’s topmost decision-making and supervisory body, and it oversees all of its subsidiaries. In particular, the Company’s Board of Directors is the body responsible for establishing and supervising the Group’s sustainability policy and strategy.

In 2023 the Board of Directors addressed key issues concerning sustainability and climate change on five occasions. The agenda of these Board meetings included the monitoring of the Sustainability Policy and Sustainability Plan 2022–2024, which addresses sustainability-related indicators, such as climate change, and the quarterly monitoring of the Strategic Plan 2022–2024, which includes sustainability issues.

The responsibilities of MAPFRE’s Board of Directors related to sustainability and specifically to climate change can be classified into strategic and monitoring functions:

STRATEGIC FUNCTIONS

MAPFRE's Board of Directors is the body responsible for approving the Corporate Sustainability Policy and the Group's sustainability strategy. To this end, during fiscal year 2023, it reviewed key issues related to sustainability and climate change on several occasions. In particular, there was a presentation of the progress of the Sustainability Plan 2022–2024, a road map for climate change management and the circular economy.

In addition, the MAPFRE Board of Directors is the ultimate body responsible for ensuring the efficiency of the Company's Risk Management System, establishing the risk profile and tolerance limits, and approving its key risk management strategies and policies, including sustainability risks.

In fiscal year 2023, it approved the Solvency and Financial Condition Report (SFCR), and the Own Risk and Solvency Assessment (ORSA), where the risks to which MAPFRE may be exposed, including emerging and sustainability risks—among them climate change—are evaluated.

MONITORING OF OBJECTIVES

MAPFRE's Board of Directors is the body responsible for monitoring the development and fulfillment of the Group's Sustainability Plan, for which purpose it is periodically informed of the progress and level of achievement of the Group's commitments under said Plan. In particular, it was informed of the degree of compliance with the Sustainability Plan 2022–2024, approved by the Board of Directors and focused on the major global and social challenges we face: climate change, the circular economy, inclusion and talent, financial and insurance education, the economics of aging, and the UN Agenda 2030. One of the objectives of the Sustainability Plan is compliance with the TCFD recommendations. The objectives proposed for 2023 by the Sustainability Plan 2022–2024 were 99.4% fulfilled.

Furthermore, the Board of Directors is the body responsible for monitoring compliance with the limits set in the Risk Appetite Policy, approved by the Board itself, which establishes the level of risk that the Group is willing to assume. For this purpose, MAPFRE's governing bodies receive information regarding quantification of the main risks that the Group is exposed to, along with the capital resources available for addressing those risks. They also receive information related to compliance with the limits established in the risk appetite. Among these risks are catastrophe risks, which could be affected by climate change.

In order to achieve optimal performance in this area, the Board considers it essential to have appropriate knowledge and experience in terms of risks and sustainability. Therefore, its members possess extensive knowledge and experience in these matters. In addition, the continuous training program for its members is being expanded, and it includes training related to risks, sustainability, and climate change.

Steering Committee and Delegate Committees

MAPFRE's Board of Directors includes a Steering Committee and three Delegate Committees (Audit and Compliance Committee, Appointments and Remuneration Committee, and Risk and Sustainability Committee), and it establishes their roles as well as that of the Steering Committee.

STEERING COMMITTEE

This is the Board of Directors' delegate body with responsibility for coordinating and permanently supervising the management of the Company and its subsidiaries and operations, so as to make the necessary decisions for its correct functioning. It has the general capacity of decision and has been expressly delegated all the powers that correspond to the Board of Directors, except for those that may not be delegated by legal imperative or, where applicable, by express provision in the Corporate Bylaws or in the Regulations of the Company's Board of Directors.

AUDIT AND COMPLIANCE COMMITTEE

This body's functions include reporting to the Annual General Meeting on any issues that arise in relation to matters within its remit, overseeing the efficiency of internal control, the financial and non-financial risk control and management systems, and the process for preparing and presenting financial and non-financial information. This includes all aspects associated with climate change, submitting proposals to the Board of Directors for the appointment of an external auditor and building an appropriate relationship with the latter, and ensuring the independence and efficiency of the Internal Audit function. It is also the body responsible for supervising the proper application of good governance standards and external and internal regulations at the Company and the Group, including all policies related to sustainability and climate change.

APPOINTMENTS AND REMUNERATION COMMITTEE

This body is responsible for coordinating the implementation of the assignment and remuneration policy for directors and senior executives of the Group.

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.

In particular, the Risk and Sustainability Committee has the following responsibilities:

- To support and advise the Board of Directors when defining and evaluating the Group's risk policies and when determining susceptibility to risk and the risk strategy.
- To assist the Board of Directors in overseeing the application of the risk strategy.
- To study and evaluate risk management methods and tools, carrying out monitoring on the models applied in terms of results and validation.
- To support and advise the Board of Directors when defining and evaluating the Group's sustainability strategy and policy, ensuring that they are aimed at responding to the expectations of the company's stakeholders and value creation.
- To assist the Board of Directors in monitoring the company's performance in terms of sustainability.
- To promote, guide, and supervise the Group's principles, commitments, objectives, and strategy in terms of sustainability.
- Any other responsibilities which may be assigned by the Board of Directors or attributed to it in the Regulations of the said body.

In 2023, the Risk and Sustainability Committee met six times, addressing issues related to applicable regulations, the progress of the Sustainability Plan 2022-2024, a review of objectives and commitments and a review of policies and action frameworks.

For more information on the operating system, number of meetings and most important actions of the delegate bodies of the Board of Directors during fiscal year 2023, please consult the Integrated Report and the Annual Corporate Governance Report for fiscal year 2023, available on the company's website at <https://www.mapfre.com/en/>.

3.2 Executive Committee and other Governing Committees

MAPFRE's business model is subject to strict control and supervision at all levels: local, regional, and global. In turn, it allows for broad delegation of the execution and development of the competencies allocated to the teams and their leaders, ensuring in any event that the most important decisions at all levels undergo in-depth analysis, before and after their execution, by all management teams.

Executive responsibilities in matters of sustainability and climate change are distributed among the senior management, the various committees, and the work groups that handle the different functions to be performed, enabling MAPFRE to meet its objectives in these matters:

Executive Committee

This body, which reports to the Steering Committee, is responsible for developing and executing the Committee's decisions, preparing proposals for decisions and plans for approval by the latter, and adopting ordinary management decisions within its scope of responsibility at any given time, within the powers granted aimed at coordinated and synergistic management of the MAPFRE Group's day-to-day operations.

Management committees

Within the MAPFRE Group, there are numerous committees, areas, offices, and working groups with functions and responsibilities related to sustainability and climate change. These bodies are located in the different business units and countries; and among them are:

SUSTAINABILITY OPERATING COMMITTEE

This body, which reports to MAPFRE's Executive Committee, is responsible for providing support in matters related to sustainability, formulating the appropriate proposals in this area, and supervising the correct execution of the agreements adopted in relation thereto. Its main functions include proposing the Group's sustainability strategy and Sustainability Plan to the Executive Committee for submission, where appropriate, to the corresponding governing bodies, and ensuring that said plan is oriented towards value creation. It is also responsible for periodically assessing the Group's situation in terms of sustainability; monitoring risks and opportunities associated with environmental, social, and corporate governance factors that may have an impact on the Group's business and investments; and monitoring the international sustainability initiatives and the commitments made by MAPFRE at any given time. Furthermore, where appropriate, it has the function of proposing adherence to any new initiatives related to this area of action that are relevant to the Group to the corresponding governing bodies.

The Chairwoman of the MAPFRE Sustainability Operating Committee and Group Chief People Officer is a member of the MAPFRE Executive Committee and is responsible for informing the Risk and Sustainability Committee of issues related to sustainability and climate change.

SECURITY AND ENVIRONMENT COMMITTEE

It is responsible for ensuring that the Group's objectives and business needs are achieved by correctly managing security and environmental risks. At the same time, it guarantees that this function is considered as a constituent element of corporate business processes.

UNDERWRITING POLICY COMMITTEE

Together with the Global Business Committee, it is in charge of ensuring that the Underwriting Policy is correctly applied, analyzing and proposing the operating standards for ESG-related exclusions in the underwriting processes for the Group's insurance operations.

Among this Committee's functions is verifying the Group companies' compliance with the underwriting commitments.

GLOBAL BUSINESS COMMITTEE

It is the advisory body of the Executive Committee for all aspects related to the monitoring of MAPFRE's business and strategy for both new and existing operations, in which underwriting is implicit.

INVESTMENT RISK COMMITTEE

The Group's management company, MAPFRE Asset Management, S.G.I.I.C, S.A. (hereinafter MAPFRE AM), has a Risk Committee that analyzes the composition of portfolios and their alignment with the company's integration policy in terms of ESG. It also assesses any disputes that may arise as well as the application of the grounds for exclusion approved by MAPFRE.

Furthermore, once a year it evaluates the exercise of voting rights, carried out by MAPFRE AM given its fiduciary responsibility for the investments made, and reports the results to the management company's Board of Directors.

Considering the environmental impact of its investments is part of MAPFRE's strategy to decrease its carbon footprint in all of its activities and areas of influence, including those related to its portfolio of assets. With that in mind, the progress of the investment carbon footprint is presented to the Investment Risk Committee, following the company's own methodology based on regulatory standards, which allows it to monitor the objectives set in MAPFRE's Sustainability Plan 2022-2024 with regard to reducing emissions.

Corporate Areas and Offices

Addressing the aspects related to sustainability, and specifically climate change, requires the participation of multiple specialized areas that incorporate these aspects into the strategy and into appropriate risk management, while ensuring their correct integration into the business and the Company's internal operations.

The following are some of the areas and departments that perform functions related to climate change:

GROUP SUSTAINABILITY OFFICE

It is the area responsible for the operation, coordination, and design of the sustainability strategy. It participates in several internal committees, such as MAPFRE AM's Risk Management Committee, and in various internal and external working groups to address sustainability issues.

GROUP RISK OFFICE

It is responsible for supervising and monitoring the effectiveness of the Group's Risk Management and Internal Control systems, identifying and evaluating risks, including emerging and sustainability risks, calculating solvency margins, controlling risks, and monitoring and reporting risk exposure.

CORPORATE SECURITY DIVISION

This area defines the strategy and objectives, ensures legal compliance, and manages risks related to security, the environment, and climate change in the short, medium, and long term in a transversal manner and in relation to the MAPFRE Group's operations.

GROUP ACTUARIAL OFFICE

The Group Actuarial Office is responsible for calculating technical provisions, measuring insurance risk, and assessing the impact of climate change in relation to pricing.

CORPORATE BUSINESS AREA

The main objective of the Corporate Business Area, together with the business units, is to help define and develop the MAPFRE business strategy, in its product, technical, and client aspects, and the focus on clients (consumer and distributor), ensuring the specific handling of the digital business.

CORPORATE INVESTMENT AREA

It is responsible for the efficient management of the Company's financial asset portfolio while ensuring compliance with the principles for responsible investment (PRI) established by the organization.

MAPFRE RE NATURAL HAZARD RISK AREA

MAPFRE RE has a technical area specialized in natural catastrophic risks that is responsible for identifying and evaluating the acute physical risks that affect it, as well as for providing support to the Group in the evaluation of natural catastrophic risks in damage portfolios.

CORPORATE STRATEGY AND M&A AREA

The Corporate Strategy team identifies the key focal points and areas of opportunity in the countries where MAPFRE operates based on the work of each country's business units and main corporate areas, which analyze the environment and trends in their scope of action. This analysis serves as a basis to define its strategic priorities in the market.

The Corporate Areas (Internal Audit, Strategy and M&A, Finance and Resources, Investment, Business and Clients, Operations, People and Organization, External Relations and Communication, General Counsel and Legal Affairs, Operations Transformation, Technology and Operations) have competences, within their scope of action, for all MAPFRE companies worldwide in terms of developing, implementing, and monitoring global, regional, and local corporate policies.

WORK GROUPS

MAPFRE also has internal work groups to perform functions related to the Group's climate change risk management, such as the Eco-efficiency Work Group, the Investment Portfolio Carbon Footprint Work Group, the Work Group for the Implementation of TCFD Recommendations, or the Net-Zero Asset Owner Work Group.

3.3 Remuneration System

The variable remuneration of MAPFRE’s senior management is linked to the fulfillment of ESG objectives, which include carbon neutrality in the MAPFRE Group’s main countries (approved in March 2022 at the Annual General Meeting).

In addition, as established in the MAPFRE S.A. Board Directors’ Compensation Policy 2023–2025, approved by the Annual General Meeting, the remuneration system for executive board directors includes a variable remuneration of a medium- and long-term nature linked to the fulfillment of ESG targets, and among them is carbon neutrality in the MAPFRE Group’s main countries.

<https://www.mapfre.com/media/shareholders/2023/directors-compensation-policy-2023-2025.pdf>

3.4 Risk policies and frameworks

MAPFRE has developed a series of policies on sustainability and climate change geared towards ensuring the success of its sustainability plans and objectives. The company has also needed to align its targets with climate change strategies, for which some of its existing policies have been modified:

<p>SUSTAINABILITY AND CLIMATE CHANGE-RELATED POLICIES AND FRAMEWORKS:</p> <p>Set of policies, frameworks and plans to further its sustainability and climate change related-objectives while ensuring alignment between its commitments and the Paris Agreement, described as follows:</p>	<ul style="list-style-type: none">• Sustainability Policy: It establishes the reference framework for any MAPFRE Group company to develop and promote socially responsible behavior, including climate-related aspects. It includes more comprehensive criteria on ESG issues (including the consideration of climate change), international commitments, and the company’s action strategy related to stakeholders.• Environmental Policy: It is responsible for the integration of the environment in the business, the promotion of environmental responsibility, the preservation of biodiversity, the prevention of pollution, the efficient management of resources and the adaptation and mitigation of climate change.• Responsible Investment Framework: It integrates ESG criteria (including the consideration of climate change) into all investment processes, both for own portfolios and those of third parties, considering the criteria defined by the applicable regulations and market trends. In 2021, the company began to apply these new responsible investment standards (exclusion of investment in certain industries, etc.).
<p>SUSTAINABILITY AND CLIMATE CHANGE-RELATED PLANS</p> <p>Set of policies, frameworks and plans to further its sustainability and climate change related-objectives while ensuring alignment between its commitments and the Paris Agreement, described as follows:</p>	<ul style="list-style-type: none">• Sustainability Plan 2022–2024: Sustainability road map focused on the major global and social challenges: climate change, circular economy, inclusion and talent, financial and insurance education, the economics of aging, and the United Nations 2030 Agenda.• Environmental Footprint Plan 2021–2030: It includes all the key lines of action to reduce the Group’s carbon footprint by at least 50% by 2030. These lines of action are grouped as follows: energy efficiency, sustainable buildings, carbon footprint, sustainable mobility, water management, circular economy, green purchasing and natural capital management, and preservation of biodiversity.

CORPORATE POLICIES THAT INCORPORATE SUSTAINABILITY AND CLIMATE CHANGE-RELATED ASPECTS

Group policies and frameworks that contain sustainability and climate change-related aspects include:

- **Procurement rules:** The Company has a purchasing policy that incorporates economic, environmental, social, and governance criteria, as well as mandatory compliance principles that must be upheld in all contracts concluded. The rules require providers to adhere to similar principles and values to those of the Group when conducting their business, and to comply with the laws and regulations of each country.
- **Expense Policy:** The company has an Expense Policy that was updated and reviewed in 2022, incorporating sustainability criteria into the management of travel and other expenses.
- **Investment Policy:** The main regulatory framework that regulates investment management processes and their control. The MAPFRE Group's investment policy has been geared towards achieving sustainable development. Incorporating EESG and climate change criteria, it applies to both MAPFRE-owned investments and those comprising collective investment instruments for sale to third parties that are managed by MAPFRE.
- **Underwriting Policy:** Integrates environmental, social, and governance issues into the underwriting processes of the Group's insurance operations approved by the Board of Directors.
- **Compensation policy:** The company has a compensation policy aligned with the Group's strategy as well as its risk profiles, objectives, risk-management practices, and interests. In this regard, the risks to be considered by MAPFRE include long-term sustainability risks (environmental, social, and governance).
- **Risk Management Policy:** The company has a risk management policy that establishes general guidelines, basic principles, and the general framework for risk management, considering potential or emerging risks and sustainability risks and ensuring coherent application in the Group.
- **Own risk and solvency assessment policy:** The company has an own risk and solvency assessment policy, which reflects the Group's overall solvency needs according to its risk profile, strategic plan, and approved tolerance limits, including an assessment of emerging and sustainability risks.

3.5 Climate change training programs for employees

MAPFRE offers an employee training program on ESG factors, and specifically on mitigation and adaptation to climate change risks. This program related to climate change includes the following courses:

- Members of the Board of Directors receive training on risk management. In 2023, 100% of the external directors received a total of 100 hours of training on regulatory, technological, operational, and reputational risks, including climate change risks.
- In 2023, we launched the #PlayingOurPart online course for all employees, which describes the Sustainability Plan, explains the environmental, social, and governance concepts, and details the different actions that MAPFRE is carrying out in these areas. During the year, 3,357 employees completed the course.
- “MAPFRE and the environment,” a course launched in 2017 and completed to date by 13,025 employees. It is focused on topics related to the Group’s Environmental Policy, integration of the environment into business, environmental management, climate change, and promoting environmental responsibility in society.
- In 2023, the “Climate Change and Energy Transition” course and the “Climate Change and Task Force on Climate-Related Financial Disclosures (TCFD)” course, specific to certain areas of the Group, were launched.
- ESG Training: CESGA Certification, aimed at training the Investment, Audit, Finance, and Sustainability teams to independently carry out evaluations and make investment decisions in which ESG criteria are applied. Between 2019 and 2023, 83 people were certified worldwide.

Elsewhere, with the aim of specializing investment teams and financial advisors, between 2019 and 2023, 771 financial advisors (employees) were certified in ESG Essentials, a certification granted by the European Federation of Financial Analysts Societies.

- The Group Actuarial Office offers training webinars, geared towards teams, on measuring the impacts of climate change, the dissemination of actuarial studies related to climate change, and the implications that ESG factors will have for the actuarial profession.
- Through “Eureka,” a shared knowledge platform, all employees worldwide can connect and share knowledge and best practices, including issues related to sustainability, the environment, and risks. There are also other communication tools, such as the Global Intranet and apps aimed at employees.
- Externally, on the corporate website and in other Group publications, as well as in most of its public statements, climate change, the commitment to sustainability, activity reports, and other related information are part of the company’s usual content addressed to all its stakeholders.

3.6 Public commitments and objectives

Our company’s strong commitment to climate change and sustainable development both internationally and locally is reflected in our voluntary compliance with benchmark global and local initiatives in this area, in which we actively participate.

In this regard, MAPFRE has committed to the following initiatives and organizations:



For more information, please visit the Sustainability section on the MAPFRE website:
<https://www.mapfre.com/en/sustainability/international-commitments/>
<https://www.mapfre.com/en/sustainability/governance/transparency/>



4 STRATEGY

MAPFRE has integrated all considerations regarding climate change risks into its corporate strategy since the development and launch of the Sustainability Plan 2022–2024, which defines a responsible way of doing business in both underwriting and investment and is transversally aligned with the development of the Strategic Plan 2022–2024.



Neutrality in 2030
(OPERATIONAL
PART)



**Net zero
emissions**
(GLOBALLY)



Fair transition:
support for customers,
employees, and society

We are therefore working to adapt our financial planning to climate change, considering both the risks and the opportunities and taking the necessary action to transform ourselves into a low-carbon company, as well as to build and strengthen our resilience and adaptability to the risks of climate change and climate-related natural disasters.

The Company is reaffirming its commitment to sustainability across all areas of the organization and reinforcing its position as a business committed to social responsibility, the environment, and society in general, in addition to managing climate change risk.

The Company must address and manage the main climate change-related risks it faces, giving continuity to its business plan through the following mitigation actions:

- Appropriate modeling, which will help to define premiums and rates for reinsurance companies in order to address the increase in natural disasters due to climate change. MAPFRE operates in some countries that are highly prone to natural disasters (earthquakes, hurricanes, etc.), a type of risk requiring special treatment and ongoing management and mitigation measures
- :
 - Permanent review of the technical underwriting conditions, the pricing of risks with exposure to weather events, as well as reinsurance protection or programs.
 - Control of catastrophic exposures and monitoring of accumulations by each of the Group's insurance companies that underwrite them and by MAPFRE RE, which provides advice and support in the handling of these risks.
- Compilation of internal information on claims caused by natural risks (hail, flooding, windstorms, etc.) and the necessary market information for catastrophe risk modeling in order to adequately assess the climate change risk. Due to the constant, rapid change in profiles, habits, technologies, and services that consumers demand, including those related to aspects of climate change, we must also be capable of quickly adapting our range of products and services. We must therefore have the necessary resources to perform advanced data analytics.
- Implementation of a climate change risk identification procedure to assess its materiality and reporting. Calculation methodologies and tools are also being implemented, together with the geolocation of the individual risk portfolio, to calculate the potential loss under different climate change scenarios and time horizons.

In addition, the finance sector is one of the industries most impacted by regulations at the national and international levels. For this reason, we must rigorously monitor the publication of new regulations; furthermore, regulations in the ESG field, including those related to climate change, have had a growing importance in recent years.

MAPFRE is currently exposed to regulations that govern both the disclosure of information and the activities performed by its business units in the area of sustainability management:

- Regarding the disclosure of non-financial information, the EU Non-Financial Reporting Directive (NFRD) 2014/95, and its transposition in Spain into Law 11/2018, promotes transparency by requiring companies to provide homogeneous data on sustainability and environmental aspects. MAPFRE has therefore included information in its reports since 2018 in order to meet these requirements.
The company is currently working on the report that will govern, from 2024 onwards, the reporting of sustainability information for European Union companies under the Corporate Sustainability Reporting Directive (CSRD).
- EU Regulation 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR) impacts MAPFRE's assets and their management. Investment products have been impacted by this regulation, and MAPFRE Asset Management has therefore created several specific funds that meet the European requirements for sustainable finance disclosure.
- Additionally, the Company is exposed to Regulation (EU) 2020/852 (Taxonomy) on the establishment of a framework to facilitate sustainable investment, which amends Regulation (EU) 2019/2088, as reported in section 5.3, Investment portfolio metrics and objectives.
- The proposed Royal Decree implementing Article 32.5 of Law 7/2021, of May 20, on climate change and energy transition, which establishes the content of the financial risk reports relating to climate change risk that must be prepared by financial institutions, listed companies, and large companies. The company has established an action plan to comply with the provisions of this Royal Decree.
- Furthermore, EIOPA has published numerous sets of guidelines and analyses in recent years on how companies must integrate climate change risks into their current processes, such as the *Opinion on the supervision of the use of climate change risk scenarios in ORSA* dated April 19, 2021.

4.1 Description of climate change risks and opportunities

MAPFRE constantly analyzes elements that, should they arise, could impact business. This analysis considers ESG factors, as these enable additional information to be gathered on social movements and transformations, and the expectations of stakeholders and the market that affect the organization. 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.

Climate change risk arises from the long-term change in the average weather patterns that have shaped local, regional, and global climates around the world. Risks derived from climate change are divided into two major categories: physical risks and transition risks, mainly reflected in extreme weather events (tropical cyclones, flooding, forest fires, etc.), in economic uncertainty due to various changes (regulatory, technological, social, etc.), in the transition to a low-carbon economy, and in environmental liability claims when climate change risks are not prevented, mitigated, or disclosed.

Based on the above-mentioned categories, the following are some of the climate change-derived risks identified by MAPFRE:

RISKS	
PHYSICAL RISKS:	RISK DESCRIPTION
Acute	Risks arising from increases in the frequency, severity, and correlation of specific events, especially meteorological phenomena, that may damage production facilities and disrupt or interrupt business value chains.
Chronic	Risks arising from longer-term changes in the climate.
TRANSITION RISKS:	RISK DESCRIPTION
Legal and regulatory	Risk of an increase in the number of lawsuits due to the company failing to prevent or minimize adverse effects on the climate, due to the need to adapt catastrophic risk coverage programs and underwriting policies and to continuously update risk profiles by zone/activity and reinsurance restrictions, and due to our clients' failure to adapt to climate change regulations.
Technological	Risks arising from changes or adaptations to technological infrastructures that are less harmful to the environment. The expansion of new services and products for the climate and energy transition implies changes in the supply of insurance products, and it is increasingly important to consider the specific characteristics of these technologies when offering new insurance products.
Potential	Risks of a decline in the company's market capitalization due to the "perception or market sentiment" of investors, who prefer more sustainable companies, as well as a decrease in the valuation of the company's financial assets caused by climate change.
Reputation	Risk arising from the Company's difficulty in attracting customers, employees, partners, or investors due to sustainability factors.

But just as climate change may generate risks and negative impacts for MAPFRE, there is the possibility that these changes will be leveraged and represent an opportunity for the company, leading to a positive financial impact, which is presented in the accompanying table.

OPPORTUNITIES

SECTOR	DESCRIPTION OF THE OPPORTUNITY
Industry	<ul style="list-style-type: none"> • Consulting services that help B2B clients in their transition to sustainability. • Solutions that leverage technology to cover new risks. • Insuring projects and technologies that provide new energy sources. • New solutions for companies.
Homeowners	<ul style="list-style-type: none"> • Insuring new risks linked to homeowners insurance. • Integration of the circular economy into homeowners insurance coverage and benefits.
Automotive	<ul style="list-style-type: none"> • Insuring new risks linked to automobile insurance. • Integration of the circular economy into automobile insurance coverage and benefits.
People	<ul style="list-style-type: none"> • Coverage and services that protect the insured party against climate change.

4.2 Definition of climate change horizons and scenarios to calculate the impact

To analyze and assess the impact generated by the risks and opportunities derived from climate change, the Company uses different time frames depending on the different risk and opportunity assessment processes implemented:

Short term	Medium term	Long term
Up to 3 years	Between 3 and 10 years	Over 10 years

MAPFRE proposes quantitative and qualitative approaches, considering medium- and long-term horizons in which climate change may take place. In addition, in specific cases, it carries out climate change stress tests.

The short-term horizon is used to identify material risks, a process aligned with strategic planning. The medium-term horizon is used to identify emerging risks, whose time horizon goes beyond the strategic planning period. It is also used to assess the transition risk. Long-term horizons are used in climate change scenarios for physical risk assessment, with time horizons until 2080.

To assess the transition risk, a late transition scenario developed by the NFGS (*Network for Greening the Financial System*) is used. To assess physical risks, different theoretical greenhouse gas concentration pathways adopted by the IPCC (*Intergovernmental Panel on Climate Change*) are considered. In some cases, Representative Concentration Pathways (RCPs) are used in versions RCP 2.6, RCP 4.5, and RCP 8.5. These are combined with SSPs (Shared Socioeconomic Pathways) that describe alternative futures in terms of economic development throughout the 21st century in the face of different climate policy developments and mitigation levels achieved.

4.3 Impact of climate change risks on the business

MAPFRE's business model and strategy are an example of how the company faces global challenges in terms of sustainability, manages ESG risks, and innovates through the development of insurance products and solutions for the benefit of its customers and the community. Climate change risk management helps it to make important decisions affecting underwriting, acquisitions, investments, innovation in products and services, and reputation management, essential to earn the trust of our stakeholders and adapt MAPFRE's financial planning process to climate change. MAPFRE is fully committed to responsible investment initiatives and has launched an entire range of products that encompass its environmental, social, and governance (ESG) criteria.

Underwriting and Reinsurance

One climate change risk whose impact is potentially more relevant is the increase in natural disasters due to climate change. Climate change is expected to cause an unusual concentration of catastrophic or extreme weather events that could lead to an increase in claims, as well as the resources and capacities necessary to manage them. As MAPFRE operates in countries where the possibility of catastrophes (flooding, tropical cyclones, snowfall, etc.) is high, it must pay particular attention to these risks. Damage caused by natural disasters leads to the payment of compensation by MAPFRE to its customers, which, depending on its amount, could have a significant impact on its balance sheet. MAPFRE identifies natural perils as significant criteria when defining its underwriting strategies, and it applies methods based on technical rigor, with an emphasis on risk selection, accumulation control, and adaptation of premiums.

- Its underwriting of catastrophic risks is based on specialized catastrophe exposure reports, which estimate the magnitude of losses that would occur in the event of a particular type of disaster. The Group also has systems of procedures and limits that provide control over the level of insurance concentration risk. MAPFRE determines the overall catastrophic capacity that it allocates to each region on an annual basis. It establishes its maximum underwriting capacities per risk and event, performing stress tests and scenario analyses according to the sector and the countries in which it operates. MAPFRE's framework for catastrophic risk management includes several functions; among them are:
 - **Accumulation control:** addressing all catastrophic exposures that the companies face and that may be affected by a natural disaster. In this area, the ExpoCat tool was implemented at the corporate level in 2021 for the reporting and geo-referencing of MAPFRE companies' catastrophic exposures for their damage portfolios, also including their map display with different dashboards to improve control and streamline management of this information. The coded data includes characteristics of the exposures that can make them more resilient to the impact of catastrophic risks, such as the year and type of construction or its height, among others.
 - **Catastrophic risk modeling:** knowing all the information about exposures, estimating probabilistic loss scenarios to calculate the possible financial impact of natural disasters. Climate change can be an incremental factor in catastrophic risk depending on the type of scenario and the time horizon. Therefore, it should be included in these estimates to the extent that the predictive models used allow this variable to be incorporated. Likewise, the ExpoCat tool will allow companies to formulate deterministic loss scenarios with precise maps in the event of a catastrophic event, identifying potentially affected exposures and allowing more agile decision-making. The Board of Directors of MAPFRE S.A. establishes the risk level that the Group is prepared to assume in order to meet its business objectives without any significant deviations, even in adverse situations. This strategy enables MAPFRE to manage risk and adapt its financial planning process to climate change.

- MAPFRE RE (the Group's reinsurance company) is responsible for advising and placement of reinsurance protection and the retrocession of the Group's catastrophic and severe risks. It is common practice to use reinsurance contracts to mitigate the insurance risk derived from a concentration or accumulation of covers that exceed the maximum acceptance levels. This helps to guarantee the Group's ability to sustain losses derived from catastrophic events, ensuring that the occurrence of catastrophic events does not compromise MAPFRE's solvency or liquidity. It is also necessary to supervise and manage the credit risk that the Group is exposed to through reinsurance placements, as well as the liquidity risk that it could be exposed to.
- Continuity Plans: in the case of a catastrophic event, MAPFRE's ability to continue serving its clients becomes critical. For this reason, business continuity plans are developed, implemented, tested, updated and certified, aimed at guaranteeing, in addition to the personal safety of employees and collaborators, the operational resilience of the companies; thus fulfilling its obligations to clients and other stakeholders.

To carry out these actions, MAPFRE has specific capabilities that allow a consistent and adequate response to requirements at any time and anywhere. The activation of the plans makes it possible for each company to resume its operations in a period of time that does not compromise its continuity and that allows the services required by its clients to be provided, making these operations resilient.

In addition, the MAPFRE's Group Actuarial Office is developing a study on the possible health impacts of climate change, considering different scenarios, and the corresponding impact on Life insurance products. MAPFRE presented the results of this study at the European Congress of Actuaries held in Madrid in June 2022. The event was an opportunity to exchange knowledge and experiences on actuarial matters with colleagues in the sector and to receive useful feedback for adjusting assumptions and methods as part of the continual improvement process. This study constitutes another line of work where progress is currently being made to measure the impact on insurance and reinsurance products.

Investment

MAPFRE's vision is to be "the trusted insurance company" for its investors as well. In this regard, a growing number of investors are basing their investment decisions on environmental, social, and governance (ESG) criteria in addition to financial factors. The carbon footprint or reducing greenhouse gas emissions may become one of the most important factors in terms of investors' selection criteria in the future.

Together with a specialized company, MAPFRE is developing its own methodology for ESG investment and product research for our investment strategy.

The company implements the Sustainable Investment Policy with a dual approach:

- "A posteriori" approach. The objective is to have a tool in order to start applying ESG criteria. This approach has two main stages: first, we examine the ESG scores of all portfolios, and then our Investment Risk Committee discusses whether it is necessary to move any of them to improve the ESG rating, or to sell assets whose score is too low.
- "A priori" approach. We incorporate ESG criteria when researching potential investments. The methodology, which is currently being developed and disseminated, uses the Comprehensive Value Approach of the French manager La Financière Responsable, a MAPFRE partner.

As investment managers, we focus on aspects of ESG risks and opportunities that are of particular importance in our process with the aim of developing our own understanding of these issues.

All of the above tools are among the actions outlined in the MAPFRE Sustainability Plan (2022–2024), which includes a specific chapter on responsible investment. Its main observations concern:

- Integrating ESG criteria into MAPFRE's investment processes, ensuring that said investments continue to be profitable or are limited to parameters that may have a subjective component. An investment's reputational risk is also incorporated into the process.
- Revising the assessment methodology for listed companies.
- Improving MAPFRE's assessment model for evaluating listed companies, incorporating both financial and non-financial components (ESG factors).

The plan suggests the following actions:

- A specific training course for MAPFRE professionals, mainly in the Investment Area, at a global level.
- Collaboration with the leading universities around the world specialized in ESG issues to carry out specific studies for MAPFRE.
- Dissemination of content that positions MAPFRE in this area.
- Creation of ad-hoc products that incorporate ESG criteria.
- United Nations Principles for Responsible Investment (UNPRI) 2017.

Products

UNDERWRITING

Sustainable innovation is an important business opportunity. For this reason, MAPFRE designs sustainable solutions, analyzing market options and moving towards new business models and products and services 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 helping to build a more sustainable society.

MAPFRE offers a wide range of sustainable insurance products in the different parts of the world where it operates. Environmental products and services are classified according to the impact they generate and are grouped as follows: sustainable mobility, renewable energy, circular economy, avoid and/or repair damage caused to the environment, low-carbon agriculture and energy efficiency in facilities. For more information about MAPFRE's underwriting products, see section 4.5.2.4, Sustainable underwriting products and services, of the MAPFRE Group Integrated Report 2023.

INVESTMENT

MAPFRE is committed to developing a range of sustainable products that complement existing products.

MAPFRE Asset Management, MAPFRE's asset manager, has two sustainable funds, which are classified under the SRI Label promoted by the French Ministry of Finance and as Article 8 funds under the new European Sustainable Finance Disclosure Regulation (SFDR). They also take into account Main Adverse Incidents.

For the selection of companies included in the funds, it has developed its own analysis methodology, with academic support from renowned institutions, as well as the experience of La Financière Responsable, which MAPFRE has shares in. These products are aligned with the Principles for Responsible Investment, to which the Group has adhered.

Specifically, the MAPFRE AM - Inclusión Responsable fund seeks to make a social impact on disability without losing sight of the criterion of financial profitability. And the MAPFRE AM - Capital Responsable fund seeks to preserve capital while investing in companies that integrate their sustainability strategies the most consistently.

In addition, as a sign of this commitment, the company markets other sustainable investment products, such as the infrastructure fund launched with Abante, investments in renewable energy with Iberdrola, or the new biomethane fund.

MAPFRE has placed special emphasis on providing communication and information on sustainable funds to (current and potential) specialist clients and society in a different way, in accordance with the values that these funds, responsible investment and its contribution to sustainable development represent to the company. To do so, it generates specific informational content through interviews, participation in conferences and events, reference articles in specialized media and value-added videos on the MAPFRE corporate website.

In addition, since 2019 MAPFRE has been part of Spainsif (<https://www.spainsif.es>), a benchmark meeting platform for sustainable and responsible investment in Spain, and is also a member of its board of directors.

For more information about MAPFRE's investment products, see section 6 Financing a green economy, of this report, and section 4.5.1.4. Sustainable investment products, in the MAPFRE Group's Integrated Report 2023.

4.4 Sustainable Strategies

ALIGNMENT OF UNDERWRITING WITH THE 1.5°C SCENARIO

In 2019, MAPFRE incorporated a series of environmental commitments into its Underwriting Policy to align its underwriting activities with the Paris Agreement scenario.

We are therefore accelerating the deployment of our climate strategy, and in 2023 we maintained and modified our environmental commitments in the underwriting business, #PlayingOurPart to contribute to the transition to a low-carbon economy and reinforcing our commitment to be a zero-emissions company by 2050.

For more details on the MAPFRE Group's environmental commitments in underwriting:

<https://www.mapfre.com/media/COMPROMISOS-AMBIENTALES-INVERSION-Y-SUSCRIPCION.pdf>

ACCOMPANYING OUR CUSTOMERS:

The knowledge acquired during the ESG assessment is shared with the insured company. This documentary information, prepared by the Engineering area (whose main activity is the analysis of the technical quality of risks), includes recommendations on risk control and services. These always seek to minimize material and environmental damages derived from potential technological accidents in order to reduce the individual and social risk rates of the insured industries and their ancillary environments. As part of the contracting process, the risk managers of the assessed companies must report in a timely manner to their boards of directors on the progress of these recommendations and the levels of investment required for their implementation.

As a first step, and to verify environmental commitments in underwriting, dialog has been established with certain clients in order to convey the requirements, adoption, and application of energy transition plans (a necessary requirement included in environmental commitments).

ALIGNING INVESTMENT WITH THE PRINCIPLES FOR RESPONSIBLE INVESTMENT

The United Nations PRI coexist with the obligation assumed by the company as custodian of customer savings and investments and the solidity of its own balance sheet. Prudent investment criteria are therefore applied, seeking long-term value creation and incorporating ESG factors alongside traditional information.

In 2023, we maintained our environmental commitments in the investment business, #PlayingOurPart to further the transition to a low-carbon economy and reinforcing our commitment to be a zero-emission company by 2050.

For more details on the MAPFRE Group's environmental commitments in investment, please see:

<https://www.mapfre.com/media/ENVIRONMENTAL-COMMITMENTS-IN-INVESTMENT-AND-UNDERWRITING.pdf>

The Corporate Investment Area is the guarantor of compliance with the established responsible investment principles at the organization and must report annually on their fulfillment to the Sustainability Operating Committee. MAPFRE AM also has an Investment Risk Committee that analyzes portfolio composition on a periodic basis, assesses ESG concerns, resolves any disputes that may arise, and applies grounds for exclusion approved by MAPFRE.

To monitor and manage ESG risks in investments, MAPFRE has its own analysis framework that is reviewed periodically to incorporate best practices in this area. The investment team is responsible for implementing the methodologies included in the above framework, always looking for opportunities and avoiding risks.

MAPFRE also has an Investment Policy applicable to all insurance and reinsurance companies, and a set of policies that complement its commitment to sustainable investment, such as the Sustainability Risk Integration Policy.

With regard to sustainability strategies, MAPFRE is in favor of transversally applying an approach of integration and a policy of long-term shareholder involvement through the exercise of voting rights, which applies to all the assets it manages.

As defined in the Responsible Investment Framework and in the MAPFRE AM Integration Policy, environmental, social and good governance criteria are integrated into all investment processes, in both own and third-party portfolios, based on the criteria defined by the applicable regulations and market trends, among others.

Exclusion criteria focused mainly on environmental issues, which promote the achievement of the aforementioned objectives, are also incorporated into investment decision-making and sustainability risk management.

Furthermore, progress is being made in establishing dialog processes with portfolio companies as a mechanism to influence their performance in terms of sustainability. To this end, a work group has been created at MAPFRE AM where a procedure has been established to initiate dialog processes and work is being done on defining specific lines of action.

MAPFRE AM exercises its fiduciary duties responsibly, including the exercise of voting rights on all securities in its portfolios, which is the main instrument through which it engages with companies. The way it votes is decided in accordance with the voting policy and guidelines defined by the management company. Participation in the Annual General Meeting through voting shall be carried out in a manner consistent with the investment policy and objectives, as well as the general principles of transparency and good governance, after analyzing the Board's proposals on the agenda and any other proposals submitted by other shareholders. For this purpose, all publicly available information will be used. In addition, when analyzing the most important securities in the portfolios and CII's, the recommendations of a voting advisor will be taken into account.

MAPFRE AM shall pay special attention to the agenda item on non-financial reporting and diversity, where companies explain their performance on environmental, social, workforce, provider, and community matters, as well as other stakeholder matters.

For resolutions related to social and environmental aspects, an internal analysis shall be conducted in an effort to act in accordance with MAPFRE AM's sustainable and responsible investment policies and to protect the interest of shareholders/customers. MAPFRE AM pays special attention to voting on resolutions related to social and environmental aspects in products managed under sustainability criteria.

With regard to voting, it aims to influence the company's governance and help to promote greater transparency and better performance in terms of sustainability. With regard to dialog, the objective is to access companies directly or collectively, also seeking to contribute to better sustainability performance.

During fiscal year 2023, the Voting Report and the MAPFRE AM Engagement Activities Report were published by the legal deadlines. In addition, and given the characteristics of the MAPFRE Inclusión Responsable and MAPFRE AM Capital Responsable funds, a specific engagement report for both funds was prepared and published.

- 2022 Voting Report by MAPFRE AM
https://www.mapfre.am/media/EN_Annual_Report_Voting_Rights_122022.pdf
- MAPFRE AM 2022 Engagement Activities Report
https://www.mapfre.am/media/EN_MAPFRE-AM_Engagement_activity_Report_2022.pdf
- MAPFRE AM Capital Responsible 2022 Engagement Report
- MAPFRE AM Inclusión Responsible 2022 Engagement Report

Likewise, it extends the philosophy of socially responsible investment to the Group's entire balance sheet.

Real estate investment is fully aligned with these principles and the governance system described above. Additionally, specific strategies have been defined to ensure compliance with the objectives set, within the framework of the Sustainability Plan and the Environmental Footprint Plan.

4.5 Participation in institutional organizations' Working Groups

MAPFRE is a partner with leading European and global industry organizations, and there is an assessment of their alignment with the goals of the Paris Agreement. Approvals for memberships in institutions specifically focused on sustainability and climate change follow a three-tier governance process: initially by the Sustainability Operating Committee, then by the Executive Committee, and finally by the Risk and Sustainability Committee, which is one of the three delegated committees of the Board of Directors.

- The Pan-European Insurance Forum (PEIF): Sustainable Finance Working Group.
- CRO FORUM: Greenwashing Risk Group.
- European Insurance CFO Forum: Sustainable Reporting Working Group.
- European Financial Services Round Table (EFR): Sustainable Finance Working Group.
- Geneva Association: Climate Change & Environmental Topics Working Group; Evolving Liabilities Working Group.
- Institute of International Finance: Sustainable Finance Working Group.
- Insurance Europe: Sustainability Working Group; Long Term Investments & Sustainable Finance Project Group, Corporate Reporting Working Group.
- Global Reinsurance Forum.
- UNESPA: Sustainability Working Group; Sustainability Statistics; Sustainable Finance

For more information on the main industry organizations and Paris Agreement, see Note 7. Collaboration and participation in industry and trade organizations in the Integrated Report 2023.

In addition, 2021 saw the publication of a report prepared by the Group, coordinated by the United Nations UNEP-FI ([PSI-TCFD-final-report.pdf \(unepfi.org\)](#)), of which MAPFRE is a part, that analyzes scenarios allowing financial metrics and models to be developed with the aim of adequately estimating the potential repercussions of climate change on the business.

Also, MAPFRE's Group Head of Actuarial Office is the director of the Spanish Actuarial Research Center, part of the Spanish Institute of Actuaries. This Institute is working on various climate change-related initiatives, such as the creation of an actuarial climate index for Spain.

During 2023, within the framework of the Net Zero Asset Owners Alliance (NZAOA), MAPFRE participated in the Alliance work groups formed to finance the climate transition.

Due to the Group's global nature, and as a result of climate change risk along with other external factors, MAPFRE has an internal control process and an effective risk management system that complies with local regulations. It promotes actions for risk governance, the identification and assessment of risks, including emerging and sustainability risks, and training and dissemination of the risk culture in the organization.

For more details on MAPFRE's Risk Management System, see the Financial Situation and Solvency Report (FSSR) for MAPFRE S.A. and subsidiary companies on the corporate website (see section B.3.2 at <https://www.mapfre.com/en/solvency/>).



5 RISK MANAGEMENT

5.1 Risk Management Governance

The responsibilities of the MAPFRE Risk Management System are integrated into the organizational structure in accordance with the three lines of defense model, which establishes:

- A first line of defense: it consists of employees, management, and the business and supporting operating areas responsible for maintaining effective control over the activities carried out as an inherent part of their work. Therefore, they are the ones who assume the risks, and they are responsible for designing and applying the necessary control mechanisms to mitigate the risks associated with the processes they carry out, guaranteeing that the risks do not exceed the established limits.
- A second line of defense: it is made up of the key risk management, actuarial, and compliance functions, as well as other assurance functions which oversee the functioning of the Risk Management System.
- A third line of defense: consisting of Internal Audit, it performs independent assessments of the suitability, adequacy, and effectiveness of the Risk Management System, reporting any shortcomings in a timely fashion to the parties responsible for applying corrective measures, including directors and the governing bodies.

5.2 Climate change risk identification and assessment procedure

To identify, assess, monitor, mitigate, and adapt to the risks arising from climate change, the Group has the following procedures:

Climate change risk identification process

As part of the annual risk identification process, at the beginning of each year, the Corporate Risk Office promotes, across the MAPFRE Group's main areas, the identification of material risks to be faced by the Group over the time frame of its business plan, as well as emerging risks that could be faced by both the insurance industry and MAPFRE in the longer term (5-10 years).

More than 300 key employees from 25 different countries participated in the process in 2023, identifying perceived risks, including sustainability and climate change risks, that may affect the Group's performance during the time frame of its business plan and beyond.

Climate change risks are naturally integrated into traditional risk categories during the management and control processes, using the Risk Management System and a taxonomy that incorporates climate change risks. Likewise, the Group constantly evaluates issues that, if realized, could potentially impact the business in the short, medium, and long term. This analysis considers environmental, social, and governance (ESG) factors, providing valuable insights into societal shifts, stakeholder expectations, and market dynamics affecting the organization.

Based on this analysis and the adoption of prevention and mitigation measures, a risk map for the Group is generated. It reflects the responses to the risk identification questionnaires, offering a forecast of the likelihood of occurrence and impact of the risks classified under general risk categories, as well as climate change risks.

Subsequently, materiality analyses are performed to assess risks, including climate change risks, based on their relevance to the participating stakeholders (employees, providers, customers, and experts) and according to the impact of these issues on MAPFRE. This analysis identifies material sustainability issues for the company and establishes the appropriate prevention and mitigation measures.

For more information on the process of identifying material risks and emerging risks, see 3.2. Risk identification in the MAPFRE Group's 2023 Integrated Report.

Risk assessment process related to climate change

The own risk and solvency assessment (ORSA) process, part of the risk management system, uses mechanisms to identify, measure, monitor, manage, and report the short-, medium-, and long-term risks identified by the Group, as well as to determine the adequacy of its capital resources based on the knowledge of its real solvency needs. On an annual basis, the Group Risk Office coordinates the preparation of the ORSA report, which is submitted to the Board of Directors for approval.

MAPFRE analyzes not only factors that may have a negative impact on the business, but also those whose impact is potentially positive, both financially and in terms of ESG factors. Thus, as a global insurance company, MAPFRE has an important role to play in helping society to identify risks and opportunities to develop sustainable products and services that contribute to the transition to a low-carbon economy.

The evaluation of climate change risks is a priority for the finance sector. By doing this, MAPFRE aims to increase its understanding of climate change risks and their potential impact on the company.

MAPFRE has implemented a climate change risk identification process to analyze the materiality of risks associated with the physical and transition risks to which it may be exposed. This process covers physical risks due to climate change associated with the liability portfolio, for both the Non-Life business and Life business, as well as transition risks for the investment portfolio. Physical risks for the real estate portfolio are also considered.

Regarding physical risks for the Non-Life portfolio¹, firstly, the risks and exposed businesses are identified based on expert opinions and knowledge of the business. The hazards identified as the most important include flooding (whether coastal or river), tropical and extra-tropical cyclones, and droughts. The Non-Life portfolios considered to be most affected are casualty insurance, automobile insurance, and agricultural insurance. In a subsequent phase, for each identified hazard, the exposure maps for certain RCP-SSP scenarios and time horizons are cross-referenced with the geolocated portfolio, allowing us to determine the portfolio exposed to the hazard in each country, as well as its materiality. As a result of this process, the hazard of tropical storms in the United States is identified as the most relevant for MAPFRE. The hazard of drought in Brazil is also identified as material.

In the case of physical risks in the Life and Burial business portfolio, an increase in mortality due to severe heat waves is identified as a hazard. To identify whether the hazard is material, an increase in mortality by age group and region is projected for different temperature-increase scenarios and time horizons. Mortality is projected to increase for warmer countries today, while mortality is expected to improve for cold locations today. After comparing mortality-change projections with MAPFRE's policy portfolio, this risk is not identified as material.

¹ Only applied to insurance companies

With regard to transition risks, the process considers the NACE activity sector of each of the portfolio assets in order to subsequently map the Climate Policy Relevant Sector (CPRS), which comprises the sectors most affected from the perspective of climate policy, in order to determine potential vulnerabilities in the portfolio. This approach applies to exposure in corporate fixed income, shares, mutual funds, and swaps.

The ORSA 2023 report included a stress test relating to the potential economic impact of the tropical storm hazard for geolocated Motors and Home portfolios in the United States. The scenario's impact was defined as the change in the expected loss ratio of the YLT (Year Loss Table) upon incorporating the new frequency and severity assumptions for three scenarios (RCP26-SSP1, RCP45-SSP2, and RCP85-SSP5) and considering the time horizons of 2030 and 2050. In conclusion, the impacts are limited compared to MAPFRE's total shareholders' equity, ranging from 0.01% to 0.41%.

As with the liabilities of the MAPFRE Group, the ORSA 2023 report included a stress test on assets based on the scenarios established by EIOPA in its stress test document for employment pension funds in 2022. These scenarios are based on developments by NGFS (Network for Greening the Financial System), which explore the impact of climate change and climate policy actions on macroeconomic projections.

The stress test explores a high transition risk due to the late implementation of policies, specifically assumes that new climate policies are not introduced until 2030, and stronger policies are subsequently needed to limit global warming to less than 2°C, in line with the Paris Agreement. In conclusion, the estimated impacts for the scenario correspond to around 12% of the total shareholders' equity of the MAPFRE Group.

Integration of climate change risk into other general risk categories

As indicated above in the risk identification process, ESG risks are naturally integrated into traditional risk categories during the management and control processes, using the Risk Management System and a taxonomy that incorporates climate change risks.

Specifically, within the annual process for identifying material risks faced by the Group over the time horizon of its business plan, as well as emerging risks that it may face in the longer term (5-10 years), the Corporate Risk Office considers, in the traditional risk categories, the following climate change risks:

• Insurance risk:

- **Insufficient premiums** - flaws in calculating rates due to uncertainties caused by climate change; or increased liability for insurance claims arising from climate change.
- **Insufficient reserves** - reserves do not guarantee the company's stability against special or climate risks; or current reserves do not consider changes in the impact and recurrence of claims.
- **Natural or man-made disasters** - increase in the frequency and severity of natural disasters and events caused by climate change; lack of adequate models that reflect the risk of global climate change; transition risks due to a lack of dedicated teams and/or defined and quantifiable objectives; increased property damage and risk of business interruption as a result of the increase in natural disasters; or inability to adapt to climate change.
- **Increase in mortality** - higher mortality due to events associated with climate change (e.g., heat waves, floods, etc.).
- **Increased illness** - changes in patterns of infectious diseases due to the impact of climate change.

• Financial and credit risk:

- **Situation of the macroeconomic environment** - geopolitical problems arising from the transition to a low-carbon economy; or lack of investment by countries in effective climate change mitigation and adaptation measures.
- **Low return on investments** - changes in the price of financial assets caused by climate change; or difficulty in achieving profitability in ESG investments.

• Strategic and corporate governance risks

- **Governance** - inadequate management of issues derived from climate change.
- **Partner and geopolitical risks** - countries' lack of investment in effective climate change mitigation and adaptation measures.
- **Reputation** - negative perception of customers due to decisions related to climate change.

• Operational risk:

- **Non-compliance with laws or regulations** - legal sanctions, fines, or opening of administrative proceedings.
- **Regulatory changes** - third-party and criminal liability for actions that have caused climate change; or avalanche of sustainability regulations with significant regulatory fragmentation and abundant ambiguity, without a coherent and standardized information framework.
- **Property damage** - damage to assets due to natural disasters related to climate change (e.g. floods, storms, hail, hurricanes, etc.); or failures in facilities arising from the energy crisis (for example, changes in energy consumption and generation systems).

Aggregate exposure and losses attributable to catastrophe risk

The Group uses specialized analytics for catastrophic exposure to estimate the scope of the losses when catastrophic events occur and periodically conducts stress tests and analytics of scenarios in which the potential impact of this risk for the Group is evaluated.

Taking action during natural disasters requires an appropriate forecast of these events and a correct assessment of the losses they can cause, which are essential to managing an insurance company. The economic impact that the company will have to manage as well as the response that it will be able to give its clients depend on this, and management of this action is inherent in its operations.

MAPFRE RE offers reinsurance services and capacities, providing all kinds of solutions for reinsurance treaties and facultative reinsurance, in all Life and Non-Life lines. Additionally, MAPFRE Global Risks is the MAPFRE Group unit specialized in managing global insurance programs for large multinational clients (for example, policies that cover aviation, nuclear, energy, third-party liability, fire, engineering, and transportation risks).

In the Reinsurance business, premiums in 2023 increased by 7.9% from the previous year, essentially as a result of a generalized increase in rates within an environment conducive to the increase in participation in the programs of some cedents, as well as the impact due to exchange rates.

The result was positive despite the increase in the number of medium-intensity catastrophic events in the Reinsurance Unit's portfolio.

In 2023, in relation to significant claims, MAPFRE RE was affected by hailstorms in Europe, Hurricane Otis in Mexico, and the Maui wildfires (United States). The effect of these claims on the Group's attributable result represents an impact of 157 million euros.

MAPFRE's framework for catastrophic risk management provides for the modeling of catastrophic risks. Based on exposure information, these models are used to estimate probabilistic loss scenarios and subsequently calculate the potential financial impact of natural disasters.

Tools used in risk assessment

For underwriting risks, MAPFRE has developed an internal ESG evaluation process that, based on specialized tools, evaluates and rates the environmental, social, and governance impact of the activity carried out by third parties, considering the sector and the countries where it operates.

The process assigns a reputational risk level to the business group, which is linked to the level of authorization required to underwrite the operation. The approval of the Management Committee of each

country or business unit may be required and, where appropriate, the additional authorization of the CEO. In this case, if the operation is authorized, with the corresponding mitigation measures, the Group Sustainability Office is informed and a plan of mitigation measures for said risk may be required.

ESG rating levels are regularly updated for new clients and on a semi-annual basis for portfolio clients, providing the Management Committee with insights into data management. This process centralizes information on third parties and ensures that all global clients receive standardized, high-quality ratings, enhancing MAPFRE's brand risk control.

For the assessment of climate change risk, MAPFRE has:

- Breakdown of individual risks in the main lines of business (property damage, motors other guarantees, Life) considering geolocation.
- Maps for hazards linked to climate change for different RCP-SSP scenarios and time horizons. These are obtained from projections of general circulation models (GCM) prepared by different agencies and scientific groups for the RCP-SSP scenarios. They are used to assess physical risk.
- NGFS (Network for Greening the Financial System) projections used to assess the transition risk.
- Tools that allow geolocated individual risks to be compared with maps for hazards linked to climate change for different RCP-SSP scenarios and time horizons.
- Loss functions for different hazards and revenue models for wind and flood hazards.

5.3 Management of climate change risks and opportunities

Sustainability in the insurance industry is based on the appropriate management of the risks faced by the organization. This is put into practice at MAPFRE through responsible risk assumption and management, considering emerging and sustainability risks.

MAPFRE's internal control processes and Risk Management System are based on the continual, integrated management of all business processes and on adapting the risk level to its strategic objectives.

Climate change risk management essentially focuses on increasing our understanding of the greater catastrophic hazards derived from climate change and improving our management of exposures through:

1. The integration of climate change into decision-making for our sales strategy.
2. Detailed knowledge of the insured risks (such as their geolocation and the characteristics of their assets), in order to provide appropriate coverage and catastrophic protection.
3. Suitable accumulation control and management to optimize the use of capital.
4. Collaboration and transparency between the insured party and the insurer to guarantee the best assessment and pricing.
5. The provision of reinsurance coverage.
6. Establishing a process for identifying material risks of climate change and application of scenarios for country/exposure/line of business/hazard combinations that are material.



6 METRICS AND OBJECTIVES

6.1 Corporate Metrics and Objectives

Metrics and objectives

MAPFRE addresses ESG risks from the perspective of prevention and mitigation of impacts. To do this, it uses tools such as the Materiality Study, the Sustainability Plan2022-2024, the Corporate Environmental Footprint Plan 2021-2030, the Responsible Investment Framework or the environmental commitments in investment and underwriting, which have an environmental and social focus. This chapter shows the metrics and objectives established by the company to reduce said impacts identified by the company.

MAPFRE is aware of the climate emergency, and in its role, with the aim of contributing to climate change mitigation and adaptation, it is taking action in the different Group businesses.

Through underwriting, it seeks to accompany clients in the transition to a low-carbon economy, establishing insurance objectives for projects and companies in the most carbon-intensive sectors. To learn more about the underwriting objectives, see the Underwriting Alignment section in the 1.5°C scenario under heading 3.4. Sustainable Strategies

Within the investment framework, the company has revised its environmental commitments, defining new commitments that are applicable from January 2022. The objectives are explained in detail in section Products under the heading 4.3 Impact of climate change risks on the business.

On the operational side, MAPFRE has set the objective of slashing GHG emissions 50% by 2030 (compared to 2019 emissions). To do so, it has planned a series of actions included in the Corporate Environmental Footprint Plan 2021-2030.

UNDERWRITING	INVESTMENTS	OPERATIONAL PART
NET ZERO IN 2050	NET ZERO IN 2050 NET-ZERO ASSET OWNER ALLIANCE: (NZAOA) Intermediate targets for 2030 in the NZAOA Framework	50% reduction of carbon footprint by 2030 NEUTRAL COMPANY IN 2030 CORPORATE ENVIRONMENTAL FOOTPRINT PLAN

6.2 Underwriting portfolio metrics and objectives

Underwriting activity metrics

MAPFRE's experience as an insurance company enables us to manage risks and develop solutions for a sustainable future, adding value through dialog with stakeholders and sharing its experience to improve general awareness of risk and mitigation in the sector through sustainable products and services. These include environment-related insurance products or services, aimed at specifically adapting and/or mitigating an environmental risk or opportunity and/or related to climate change.

MAPFRE constantly analyzes factors that, should they arise, can or could impact business. This analysis considers ESG factors, as these enable additional information to be gathered on social movements and transformations, and the expectations of stakeholders and the market that affect the organization. A proper analysis of these factors, and how they might affect the business in the short, medium and long term, will show 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.

The model assigns a reputational risk level to the business group, which is linked to the level of authorization required to underwrite the operation. The approval of the Management Committee of each country or business unit may be required, along with, where appropriate, the additional authorization of the CEO. In this case, if the operation is authorized, with the corresponding mitigation measures, the Group Sustainability Office is informed and a plan of mitigation measures for said risk may be required. During 2023, no cases were reported to the CEO.

Until 2023, the ESG internal evaluation process has been used to offer scoring for global risk clients, Spain and Brazil, and facultative reinsurance. In accordance with the ESG risk analysis model, at the close of 2023, 90% of the above-mentioned underwriting portfolio has been analyzed with ESG criteria.

To comply with the EU Taxonomy standard, Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020, on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, MAPFRE reports activities that contribute to the European Union's environmental objectives. For more information, see 4.5.2.5. Premium alignment according to the EU Taxonomy in the MAPFRE Group's Integrated Report 2023.

Sustainable innovation is an important business opportunity, which is why MAPFRE continues to work on designing sustainable solutions, analyzing market options and moving toward new business models and solutions arising from digital and technological changes, with the ultimate goal of offering the best solutions and services to current and future customers and contribute to the fair transition to a low-carbon economy and a more inclusive and egalitarian society.

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

For more information on sustainable products and services, see 4.5.2.4. Sustainable underwriting products and services in the MAPFRE Group's Integrated Report.

Furthermore, as part of its environmental commitments in the insurance and reinsurance underwriting business to contribute to the transition to a low-carbon economy, in 2023, the company complied with those established in terms of coal, oil, and gas and did not approve any exceptions in this regard.

As part of its commitments to be a Net Zero company by 2050, the company is working on calculating the carbon footprint of the insurance and reinsurance portfolio.

Underwriting portfolio objectives

MAPFRE supports the transition towards a low-carbon and climate-friendly economy, in line with the Paris climate objectives. The company therefore wants to ensure that the activities of its underwriting portfolio and the associated emissions contribute to the shared objective of limiting the global temperature rise to 1.5°C.

In 2022, MAPFRE set the objective of being a net-zero company in its insurance and reinsurance underwriting portfolios by 2050. This commitment has made MAPFRE even more demanding when it comes to sustainability, so the company is working to establish, in the short term, underwriting criteria to make a significant impact in terms of emissions while defining decarbonization commitments with its most important clients. It must pursue agreements and develop products and services that promote the reduction of greenhouse gas emissions in its portfolio.

6.3 Investment portfolio metrics and objectives

Investment activity metrics

Applying the commitments of the Sustainability Risk Integration Policy, at fiscal year-end, 96% of the investment portfolio managed by MAPFRE AM is analyzed with ESG parameters, corresponding to an investment of more than 33.9 billion euros. Of the total portfolio, more than 96% of the assets have an ESG rating, of which 91% have a high rating, above the minimum required threshold established by the company.

In 2023, in fulfillment of the commitments established in the Sustainability Plan 2022–2024, portfolios in Brazil and the United States were analyzed, corresponding to an investment of more than 39.1 billion euros. Of this total volume, 96.6% have an ESG rating, 82.5% above the minimum mandatory threshold established by the company.

CO₂ INTENSITY OF INVESTMENT PORTFOLIOS

To calculate the carbon footprint of its investment portfolio, MAPFRE AM uses its own methodology based on the Partnership for Carbon Accounting Financials (PCAF) methodology, measuring the emissions of the portfolio of equities, corporate debt, and government fixed income. In this way, the company identifies the risks and opportunities that its investments may entail in relation to the sustainable development of the business. For more information on the methodology for calculating the carbon footprint of the investment portfolio, please see <https://www.mapfre.am/en/>.

	2019 (baseline)	2021	2022	2023
Total carbon footprint (tCO₂e)	5,434,315.95	4,266,833.45	3,354,390.96	3,671,197.86
Carbon footprint per €m invested (tCO₂e/€m)	211.54	153.47	138.71	137.67

In 2023, due to the company's commitment to becoming a net-zero company in 2050, within the framework of the NZAOA, the scope of the carbon footprint of the investment portfolio (equity and corporate debt and government fixed income) was expanded. Along with the greenhouse gas emissions from the MAPFRE AM portfolio reported previously, portfolio emissions from the other management centers included in the Group's balance sheet are added.

The calculation methodology used to calculate emissions from the asset portfolio has also been revised. The new calculation methodology for the carbon footprint used by MAPFRE is based on that developed by Partnership for Carbon Accounting Financials (PCAF). Modifications made to the calculations reported in the previous year involved:

- incorporation of financial companies;
- modification of the attribution factor for sovereign debt, in line with the PCAF's update;
- incorporation of third-party management funds and;
- transparency of structured products.

Thus, the only assets that will not be taken into consideration under the methodology are derivatives.

This has led to an increase in the scope of covered assets from 68% to 85%, for which we are able to calculate the carbon footprint.

	2023	2022 (baseline)
Total carbon footprint (tCO ₂ e)	4,113,456.43	4,127,326.63
Equity + Corporate fixed income (tCO ₂ e)	775,663.29	902,048.74
Fixed income (Sovereign + Supra + Agencies) (tCO ₂ e)	2,629,508.89	2,441,555.61
Other (tCO ₂ e)	708,284.25	783,722.28
Carbon footprint per €M invested (tCO ₂ e/€million)	103.13	113.97
Equity + Corporate fixed income (tCO ₂ e/€million)	65.71	81.53
Fixed income (Sovereign + Supra + Agencies) (tCO ₂ e/€million)	114.91	122.30
Other (tCO ₂ e/€million)	157.66	219.51

In line with its commitment to the United Nations 2030 Agenda, MAPFRE collaborates with the University of Siena to measure the impact of its investment portfolio on the Sustainable Development Goals. In 2023, we again measured the impact of our balance-sheet portfolios on the SDGs, using the methodology developed in 2019 with the University of Siena, tailored to the sector in which MAPFRE conducts business and based on Harvard University's IWAI methodology. Work continues to expand the methodology and integrate it with the other tools used for investing with ESG criteria.

Investment Portfolio Objectives

MAPFRE's investment portfolio is aligned with the Paris Agreement, targeting investments that allow global warming to be limited to around 1.5°C through commitments not to invest in certain companies that contribute to global warming (see section on Aligning investment with the Principles for Responsible Investment of item 4.4. Sustainable Strategies).

Under the Sustainability Plan 2022–2024, the following objectives have been established:

- 90% of the investment portfolio rated in line with ESG criteria at global level by 2024.

By the end of 2023, 96% of portfolios had been rated using ESG criteria.

- Reduction in investment portfolio emissions of 10% by the end of 2024 (versus 2019 baseline)².

By the end of 2023, the reduction in GHG emissions in MAPFRE AM's investment portfolio was 35%.

In addition, as part of our commitment to becoming a net zero company in 2050, MAPFRE has joined the Net-Zero Asset Owner Alliance, defining intermediate objectives to align our portfolios with the 1.5°C scenario.

- Reduce emissions intensity (tCO₂e/million euros invested) of greenhouse gases (scope 1 and 2) for the Group's investment portfolio (corporate fixed income and equity) by 43% by 2030, using 2022 as a baseline.
- Increase investment in solutions that favor the climate transition.
- Establish active dialog with at least the top 20 CO₂e emitters in the MAPFRE investment portfolio's corporate bonds and publicly traded equities. Actions will be established through direct dialog and collaboration, and with service providers.
- Participate in Alliance work groups to document our public position on topics concerning net zero, in line with the Alliance's ambitions.

6.4 Internal operations metrics and objectives

Internal operations metrics

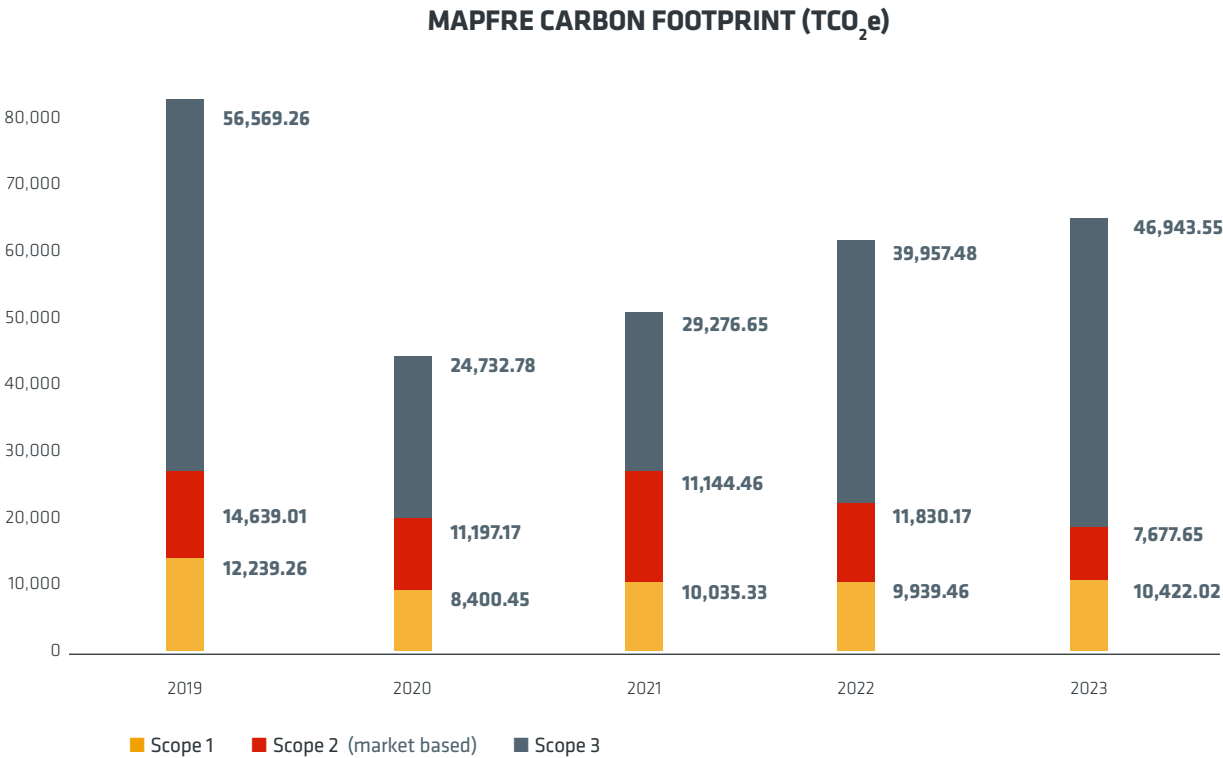
• Scope 1, 2, 3 Emissions

MAPFRE calculates its operational carbon footprint as part of its commitment to be a neutral company by 2030 and a net zero company by 2050.

Annual inventory of greenhouse gas (GHG) emissions generated as a result of its corporate activity is carried out. The following greenhouse gases are reported: CO₂, CH₄, N₂O, HFCS, PFCS, SF₆, NF₃, for the three scopes included in the GHG Protocol as well as in the ISO 14064 Standard. MAPFRE's methodology for calculating its carbon footprint is carried out through financial control. This calculation applies emission factors of the generation mix for the corresponding country and the latest available information: DEFRA, International Energy Agency, GHG Protocol, as well as the GWP based on *IPCC Fifth Assessment Report (AR5) over a 100-year period*.

² On the carbon footprint per €m invested (tCO₂e/€m) indicator

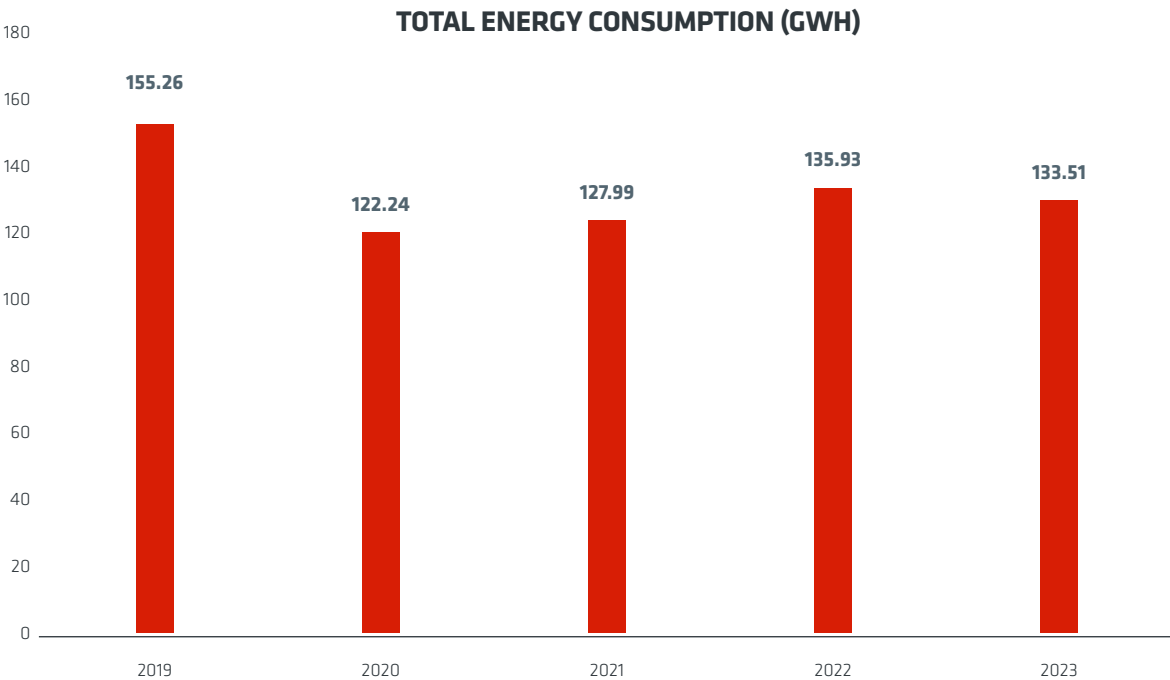
The accompanying chart shows the evolution of the MAPFRE Group's carbon footprint since 2019, broken down by scope.



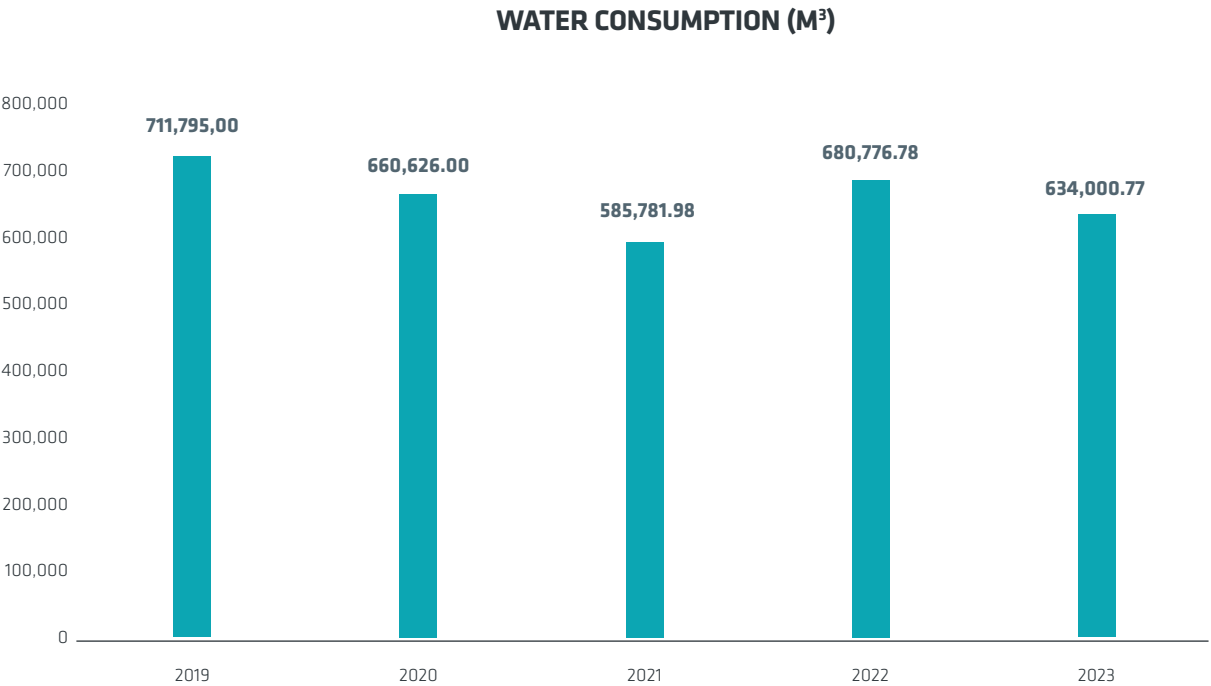
For more information on the breakdown of emissions metrics, see Appendix I.

• Energy, water, and waste management

The MAPFRE Group's total energy consumption since 2019 has evolved as follows:



The MAPFRE Group’s total water consumption since 2019 has evolved as follows:



The MAPFRE Group’s waste generated since 2019 has evolved as follows:



For more information on the breakdown of environmental metrics, please see Appendix I and the MAPFRE Group’s Integrated Report 2023.

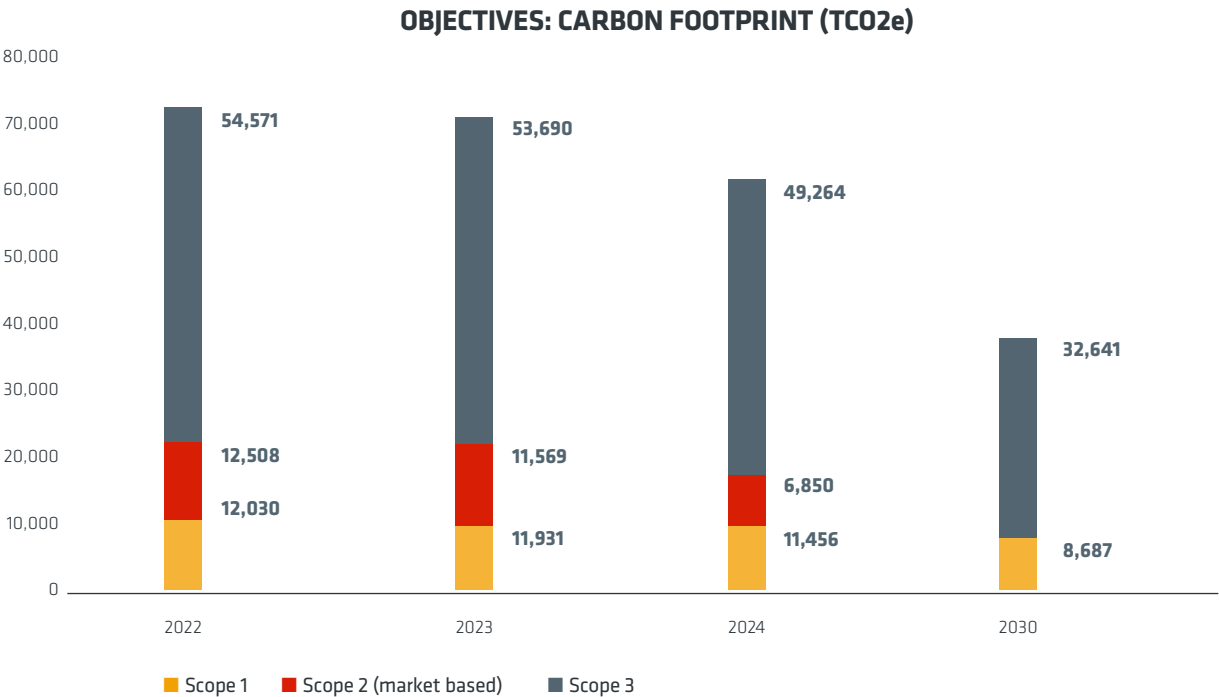
Furthermore, the variable remuneration of MAPFRE’s senior management is linked to the fulfillment of ESG objectives, which include carbon neutrality in the MAPFRE Group’s main countries (approved in March 2022 at the Annual General Meeting). For more information, see section 2.4.

Internal operations objectives

The MAPFRE Group is committed to the fight against climate change and to limiting the increase in temperature to 1.5°C. Within the Corporate Environmental Footprint Plan 2021–2030, it establishes the target of reducing the Group’s carbon footprint 50% by 2030 compared to the 2019 baseline³.

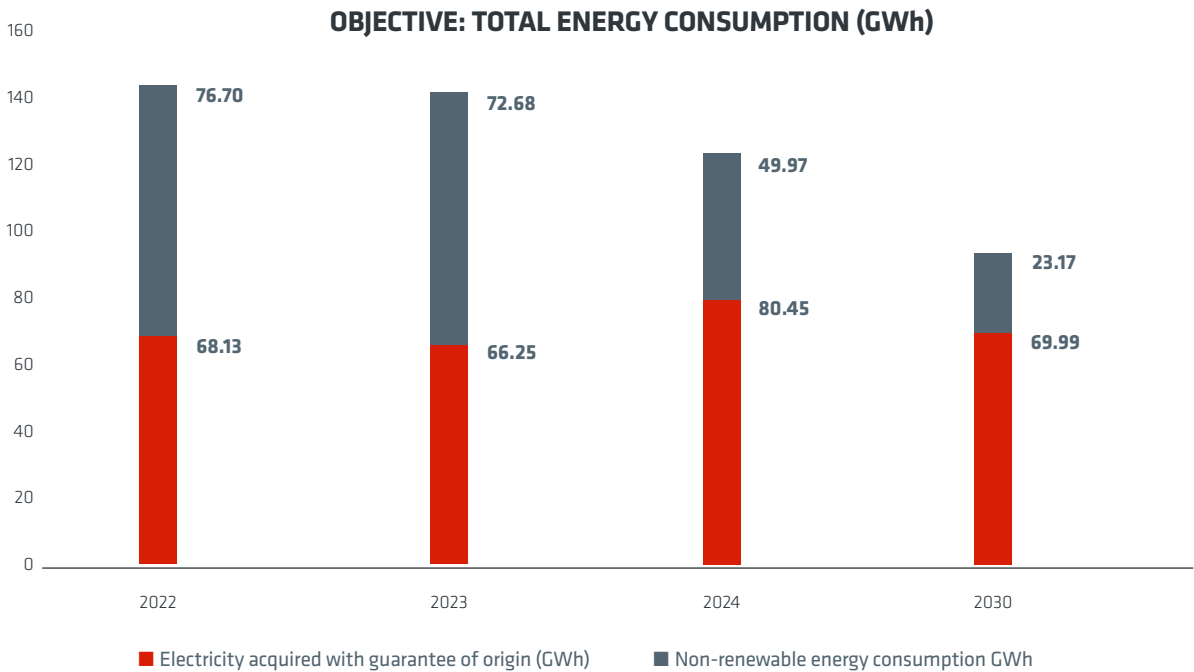
- This ambitious commitment to reducing the carbon footprint is based on the following strategic objectives:
- Purchase of 84.7% renewable electricity by the end of 2024 and 100% by the end of 2030.
 - Minimization of the use of fossil fuels in heating systems.
 - Reducing total energy consumption 16% by 2024 and 40% by 2030 compared to the 2019 baseline through energy efficiency, solar power for own use, the promotion of remote working, and eco-friendly fleet conversion.
 - Promotion of sustainable mobility for employee commuting and business travel (by plane, train and car).
- The MAPFRE Group establishes a commitment to reduce its mobility carbon footprint 14% by 2024 and 34% by 2030 by promoting remote working, reducing business travel emissions 20% and achieving 100% eco-friendly fleets by 2030.

These objectives will allow the MAPFRE Group’s carbon footprint to evolve as follows by 2030:

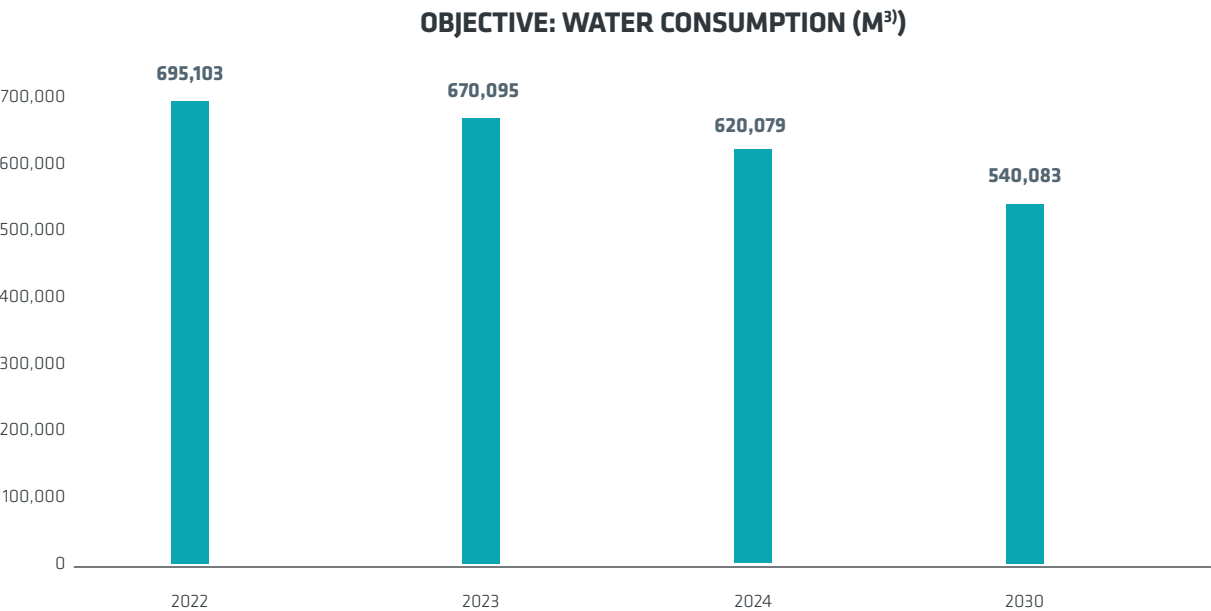


³ On the absolute emissions indicator (tCO₂e)

The objectives set for total energy consumption until 2030 are shown in the accompanying chart.



The 2030 Environmental Footprint Plan also establishes targets to reduce water consumption 25% by 2030 compared to the 2019 baseline. As a result of these objectives, the MAPFRE Group’s water consumption until 2030 will evolve as follows:



The transition to a circular economy is a major global challenge. Therefore, the Environmental Footprint Plan defines the objective of recovering 84% of the waste generated in the Group’s operations globally by 2024 and 90% by 2030, as well as expanding the zero-waste management model.

For more information on the established objectives, see 6.2. Our Environmental Footprint Plan in the MAPFRE Group’s Integrated Report 2023.

6.5 Internal Carbon Price

In 2019, the MAPFRE Group incorporated for the first time the internal carbon price to foster a change in business behavior that would reinforce actions to reduce greenhouse gases derived from its operational footprint, in accordance with the neutrality commitments publicly defined by the Group for 2021, 2024, and 2030.

This price, which is expressly internalized in the Corporate Greenhouse Gas Compensation Strategy approved in 2021, defines the minimum price that the company has to pay in euros for each ton of CO₂e not avoided, being applicable to the entire Group. It includes a periodic upward revision in order to have a greater impact on the company that strengthens best practices. This revision is also conditioned by price developments in voluntary compensation markets. The company is currently working on reviewing the internal carbon price.

In addition to this internal carbon price, MAPFRE also includes the valuation of other key environmental aspects in the fight against climate change, such as the preservation of biodiversity and natural capital. Thus, the aforementioned strategy establishes an assessment matrix for selecting compensation projects that best meet internal requirements, both environmental and social.

6.6 Other Metrics

Natural Capital

In its climate strategy, MAPFRE establishes projects to offset the company’s operational carbon footprint in line with the short-, medium-, and long-term objectives (2030). In addition, through our volunteering activities, reforestation projects are carried out to create carbon sinks.



The offsetting actions for the operational footprint maintain the scope defined in 2021 for operations in Spain and Portugal, where the following green infrastructure projects were carried out in 2023:

• **Footprint compensation 2022:**

- Compensation of 13,294 tons of CO₂e through the purchase of verified credits in an avoided deforestation project for the protection of the Parque Nacional Cordillera Azul (PNCAZ) in Peru, as well as the promotion of sustainable land use by local communities, helping families to diversify their income and develop quality of life plans, and strengthening relations with local and national government agencies.

• Footprint compensation 2023:**Spain:**

- Reforestation and creation of new complete forest ecosystems on abandoned agricultural land in Cerdedo-Cotobade in Pontevedra (Spain). As part of this project, MAPFRE is directly involved in creating forest wealth by planting 4,924 trees, in addition to generating local employment in this rural area and promoting its economy, tourism, and local development. This action involved offsetting 7,454 tons of CO₂e corresponding to part of the company's carbon footprint in 2023³.
- Compensation of 9,606 tons of CO₂e through the purchase of verified credits in an avoided deforestation project in the Amazon rainforest, in Brazil, in an area degraded by the extraction of rubber and subject to intense deforestation. The project aims to protect the region's extraordinary biodiversity and generate additional income for families through the implementation of sustainable agricultural practices.

Portugal:

- Compensation of 803 tons of CO₂e through the Cabeço Santo Association project, an ecological and landscape recovery initiative that intervenes in the area of the Sierra do Caramulo, severely degraded by inadequate forestry and the expansion of invasive species. The main activities include the control and elimination of invasive species, planting and sowing of native species, and maintaining the existing woodland.

Regarding the creation of carbon sinks without carbon footprint offsetting, in 2023, 17 activities were carried out in 10 countries where the company operates, and through which a total of 2,883 trees were planted in degraded areas to promote the recovery of local ecosystems and preserve their biodiversity.

In addition, in 2023, a new space was created in the natural capital section of the corporate website that includes information on the company's projects in the field of biodiversity conservation: cleaning natural spaces, conservation of species, preservation of habitats, renewable projects, MAPFRE Forest (reforestation projects).

For more details about MAPFRE's natural capital projects:

<https://www.mapfre.com/en/sustainability/environment/natural-capital/>

Contribution to the SDGs

Our activity and investments help to achieve the United Nations Sustainable Development Goals and support the Paris Agreement.

Our climate strategy and our objective of being a “Net Zero” company in 2050 directly help to achieve the goals established in UN SDGs 7 and 13.



We fight against climate change by reducing our own carbon footprint while helping our clients in the transition to a low-carbon economy.

We are members of the Net-Zero Asset Owner Alliance (NZAOA). We are also committed to being a Net Zero company in insurance and reinsurance portfolios by 2050.

Goals to which the MAPFRE Group contributes:

- 13.1 Strengthen resilience and capacity to adapt to climate-related risks and natural disasters in all countries
- 13.2 Incorporate climate change measures into national policies, strategies, and plans
- 13.3 Improve education, awareness, and human and institutional capacity regarding climate change mitigation, adaptation, reduction of effects, and early warning.



We insure and finance renewable energy and energy efficiency projects.

We are the first insurer in the Spanish Hydrogen Association. Being part of this large, multi-industry network will accelerate the consolidation of this chemical element as an energy vector, forging a path toward sustainability and protecting the planet.

Goals to which the MAPFRE Group contributes:

- 7.1 By 2030, guarantee universal access to affordable, reliable, and modern energy services
- 7.2 By 2030, considerably increase the proportion of renewable energy in all energy sources
- 7.3 By 2030, double the global energy efficiency improvement rate



7

FINANCING A GREEN ECONOMY

MAPFRE is committed to developing a range of socially responsible financial and investment products that, in addition to being profitable for the client, have a positive impact on society. To this end, it develops its own analysis methodology, with academic support from renowned institutions, as well as the experience of the French boutique fund manager La Financière Responsable, in which MAPFRE owns a majority stake.

MAPFRE Asset Management, MAPFRE's asset manager, has several specific funds adapted to the new European (SFDR).

MAPFRE has placed special emphasis on providing communication and information on SRI funds to (current and potential) specialist clients and society in a different way, in accordance with the values that these funds, responsible investment and its contribution to sustainable development represent to the company. To do so, it generates specific informational content through interviews, participation in conferences and events, reference articles in specialized media and value-added videos on the MAPFRE corporate website.

In addition, since 2019 MAPFRE has been part of Spainsif (a benchmark meeting platform for sustainable and responsible investment in Spain) and is also a member of its board of directors.

Other investment products:

In addition, as a sign of this commitment to the energy transition and the green economy to further the recovery of industry, benefit employees, and transform the industrial fabric, the company has decided to commit to other sustainable investment products:

REAL ESTATE ASSETS

MAPFRE premiered in the real estate market in 2018 with GLL, from the Macquarie Group, through a co-investment vehicle to invest in prime office spaces in the main European markets. MAPFRE entered into the agreement with a 50% stake and a total of 100 million euros committed. This alliance, formed to invest up to 300 million, has acquired six high-quality office buildings in the main European capitals, such as Luxembourg, Paris and the former headquarters of BBC Radio in the Fitzrovia district in the heart of London, among others.

In March 2021, they acquired a 6,000 m² prime office building in the central St. Georg district of Hamburg. The building, which previously belonged to Allianz Real Estate, has the DGNB Gold sustainability seal that assesses economic, environmental, comfort and quality aspects.

Furthermore, in mid-2019, the Group reached an agreement with Swiss Life to create an investment vehicle in the real estate market. In this way, MAPFRE, with half of the ownership interest and disbursing more than 100 million euros, decided to invest in prime office buildings in Paris.

More recently, at the end of April 2021, MAPFRE gave this alliance a boost by creating a joint venture, a pan-European co-investment vehicle with an initial asset volume valued at 400 million euros, with the objective of investing mainly in the Spanish and Italian real estate markets. Between the second and third quarter of 2022, the fund acquired three new buildings, two in Madrid and one in Brussels.

In April 2022, MAPFRE, Munich Re and MEAG, the Munich Re Group asset manager, launched a new European real estate investment fund. This alternative investment fund based in Luxembourg focuses on high-quality office properties in prime locations in the top European cities. MAPFRE and Munich Re have partnered as initial investors of the fund, for which they contributed to the initial portfolio of assets that they already own in Spain and Germany, respectively.

The fund takes into account environmental and social factors as an integral part of its investment strategy. It meets the requirements established in Article 8 of the SFDR as a sustainable investment product, and it focuses on decarbonization through greater energy efficiency and a lower carbon footprint, in accordance with the Paris Agreement. It also emphasizes the sustainability objectives of Munich Re, MEAG and MAPFRE and meets the growing demand for sustainable investment products in the institutional segment.

After the initial phase, the fund will acquire other European office properties across the continent in order to create a pan-European portfolio. The fund is expected to reach approximately 500 million euros in 2023. In 2024, it will open to other institutional investors in Germany and Europe, highlighting MEAG's aspirations to further expand its business in the institutional client segment. In this way, the fund will increase to 1 billion euros by 2025.

In mid-2022, a new fund was created with Macquarie, SIREF 2, as a continuation of the fund created in 2018. On this occasion, the size of the fund may reach up to 500 million euros, with the contribution of the MAPFRE Group exceeding 150 million euros.

Regarding real estate assets owned directly by MAPFRE, as part of the same commitment to the energy transition and green economy, the most important initiative is the environmental certification of these owned assets.

For this initiative, our target is to certify 50% of the above-ground surface area of buildings owned directly by MAPFRE, with the use of offices and an above-ground surface area exceeding 3,000 m², by 2030. Currently, the certified percentage amounts to 46% of this surface area.

INFRASTRUCTURE

In developing their strategic alliance, formed three years ago, MAPFRE and Abante launched in 2020 an infrastructure fund that reached 324 million euros together with the Australian financial services group Macquarie. MAPFRE undertook to contribute an initial capital of 50 million euros in accordance with environmental, social, and governance (ESG) criteria, although that figure has increased to 103 million.

This fund of funds, which attracted the interest of institutional and private banking investors and is underpinned by several Macquarie Infrastructure and Real Assets (MIRA) strategies, offered investors an opportunity to access a type of asset that allowed them to diversify their portfolios.

SUSTAINABLE INVESTMENTS

The other pillar of the insurance group in alternative investments is the agreement reached with Iberdrola to jointly invest in renewable energy in Spain through the promotion of an investment vehicle managed by Kobus Partners. MAPFRE has a commitment of 212.5 million euros. This partnership involves the creation of a pioneering co-investment vehicle between an energy company and an insurance company.

The joint venture, which has 445 MW in projects to date, is focused on production of renewable wind energy in the energy company's asset portfolio. This agreement also provides for the incorporation of other operating assets, as well as new renewable energy development projects in solar and wind technology, and aims to reach 1,000 MW.

Likewise, within the framework of the diversification of alternative assets, the additional objective of this partnership is for third-party institutional investors to be able to co-invest in this clean energy vehicle in which around 800 million euros will be invested jointly.

In 2023, MAPFRE, alongside its partner Abante and IAM Carbonzero, who will act as the fund advisor and energy sector specialist, is launching the fund MAPFRE Energías Renovables II, FCR. As an innovative project in the European context, it will invest in biomethane, a 100% green biofuel obtained from animal and vegetable waste that can be injected directly into the natural gas grid, generate electricity via engines, and be used as a fuel.

The fund, which will be opened to other institutional investors and private banking clients, aims to raise up to 100 million euros, in a first phase, for the construction and development of between 20 and 25 plants in Spain over a five-year period. In turn, this will generate a total of 70 permanent jobs and 240 indirect jobs.

SOIL DECONTAMINATION

In June 2021, MAPFRE allocated a total investment of 15 million euros to the initiative of the Edmond de Rothschild management firm, whose strategy is based on the decontamination and recovery of lands previously used for industrial purposes (thermal power plants, ceramic material factories, etc.). Due to the growth of large cities, such lands are located in central areas but cannot actually be used, having a significant degree of pollution that makes them unfit for any other purpose. Through Ginkgo III, MAPFRE's investment collaborates in the recovery of these lands, giving them a new life after decontamination, since the strategy combines this recovery with property development for administrative, business, residential and institutional use.



8 APPENDICES

Advanced metrics and objectives

CARBON FOOTPRINT

METRICS

	Units	2020	2021	2022	2023
Scope 1	tCO ₂ e	8,400.45	10,035.33	9,939.46	10,422.02
Scope 2 (market-based)	tCO ₂ e	11,197.17	11,144.46	11,830.17	7,677.65
Scope 3	tCO ₂ e	24,732.78	29,276.65	39,957.48	46,943.55
Total GHG emissions (Scope 1 + 2 (market-based))	tCO ₂ e	19,597.62	21,179.80	21,769.63	18,099.67
Total GHG emissions (Scope 1 + 2 (market-based) + 3)	tCO ₂ e	44,330.40	50,456.44	61,727.10	65,043.23
Emissions per employee	tCO ₂ e employee	1.39	1.61	2.04	2.13
Emissions per premium	tCO ₂ e/premium (millions €)	2.19	2.28	2.22	2.13
Business travel (air, train, bus)	tCO ₂ e	2,970.87	2,494.41	3,028.42	4,544.40
Business travel (vehicles)	tCO ₂ e	844.47	1,118.66	1,976.81	1,985.18
Commuting	tCO ₂ e	18,374.88	24,150.04	33,648.59	39,241.50

OBJECTIVES

	Units	2023	2024	2030
Scope 1	tCO ₂ e	11,931	11,456	8,687
Scope 2 (market-based)	tCO ₂ e	11,569	6,850	0
Scope 1 + Scope 2 (market-based)	tCO ₂ e	23,499	18,306	8,687
Scope 3	tCO ₂ e	53,690	49,264	32,641
Total GHG emissions (scope 1 + 2 (mar- ket-based) + 3)	tCO ₂ e	77,189	67,570	41,327
Emissions per employee	tCO ₂ e employee	2.39	2.11	1.28
Emissions per premium	tCO ₂ e/premium (€million)	3.35	3.10	2.90

ENERGY

METRICS

	Units	2020	2021	2022	2023
Total energy consumption	GWh	122.44	127,99	135.93	133.51
Electricity acquired	GWh	91.44	92.18	96.80	91.52
Electricity acquired from renewable sources	%	62.90%	65.51%	65.02%	69.61%

OBJECTIVES

	Units	2023	2024	2030
Total energy consumption	GWh	138.93	130.42	93.16
Electricity acquired	GWh	102.37	91.81	69.99
Electricity acquired from renewable sources	%	64.72%	87.63%	100.00%
Renewable energy consumption	GWh	72.68	49.97	23.17

WATER

METRICS

	Units	2020	2021	2022	2023
Total water consumption	m³	660,626.00	585,781.98	680,776.78	634,000.77

OBJECTIVES

	Units	2023	2024	2030
Total water consumption	m³	670,095	620,079	540,083

WASTE

	Units	2023*	2022	2021
WASTE				
TOTAL QUANTITY OF WASTE MANAGED	Tons	3,567	3,318	3,063
TOTAL QUANTITYAMOUNT OF HAZARDOUS WASTE	Tons	178	218	1,937
TOTAL QUANTITY OF NON-HAZARDOUS WASTE	Tons	3,389	3,100	1,126
HAZARDOUS WASTE				
Reused	Tons	14	25	41
Recycled	Tons	131	162	1,861
Other valorization operations	Tons	4.35	N/A	N/A
TOTAL HAZARDOUS WASTE VALORIZED	Tons	149.76	187	1,902
NON-HAZARDOUS WASTE				
Reused	Tons	0.5	0	N/A
Recycled	Tons	3,047	2,886	1,009
Other valorization operations	Tons	69	N/D	N/D
TOTAL NON-HAZARDOUS WASTE VALORIZED	Tons	3,116	2,886	1,009
HAZARDOUS WASTE				
Incineration	Tons	1.91	N/D	1
Landfill	Tons	26	31	35
Other elimination processes	Tons	0.52	N/A	N/A
TOTAL HAZARDOUS WASTE ELIMINATED	Tons	28.28	31	35
NON-HAZARDOUS WASTE				
Incineration	Tons	0.37	N/D	N/D
Landfill	Tons	272	215	117
Other elimination processes	Tons	0	N/A	N/A
TOTAL NON-HAZARDOUS WASTE ELIMINATED	Tons	272.5	215	117
TOTAL AMOUNT OF WASTE ELIMINATED	Tons	301	246	151
TOTAL AMOUNT OF WASTE VALORIZED	Tons	3,266	3,072	2,911
WASTE ELIMINATED	%	8.43	7.43	4.95
WASTE VALORIZED	%	91.57	92.57	95.05
QUANTITY OF WASTE GENERATED PER EMPLOYEE	(tons/employee)	0.11	0.11	0.09

*Including data from the FUNESPAÑA company.

OBJECTIVES

	Units	2023	2024	2030
Waste valorizedrecovered	%	83%	84%	90%

For more information, see the MAPFRE Group's Integrated Report 2023.



9

COMPLIANCE WITH TCFD
RECCOMENDATIONS
TABLE

COMPLIANCE WITH TCFD RECOMMENDATIONS TABLE

To facilitate the disclosure of climate-related risks for financial decisions and greater transparency, MAPFRE has incorporated the implementation of the Task Force on Climate-related Financial Disclosure’s (TCFD) recommendations into the objectives of its Sustainability Plan 2022-2024. The following table shows the status of implementation of the TCFD recommendations and the action plan established for compliance by the close of 2024, the main action lines of which are:

STRATEGY:

- Impact of climate-related risks and opportunities on the organization’s business, strategy and financial planning
- Description of the resilience of the organization’s strategy, taking into account the different climate-related scenarios

METRICS AND OBJECTIVES:

- Incorporation of the value chain in the calculation of the Group’s carbon footprint.

Full compliance
 Partial compliance

TCFD Recommendation		Compliance and reference code	Established action plan
GOVERNANCE	a) Describe the role of the administration in assessing and managing climate-related risks and opportunities.	Processes and frequency with which the board of directors or committees on climate issues are informed.	3. Governance: 3.1 Board of Directors and Delegate Bodies
		Consideration of climate-related issues by the board of directors or board committees when reviewing and monitoring the strategy, main action plans, risk management policies, annual budgets, and business plans; as well as when establishing the organization’s performance objectives, overseeing implementation and performance, and supervising the main capital expenditures, acquisitions, and asset sales.	3. Governance: 3.1. Board of Directors and Delegate Bodies
		Monitoring and supervision of progress by the board of directors, comparing it with the objectives and goals defined to address climate-related issues.	3. Governance: 3.1. Board of Directors and Delegate Bodies
	b) Describe the control of the board of directors over climate-related risks and opportunities.	Assignment of responsibilities to officials on the board of directors or committees, reporting by these officials to the board of directors or board of directors’ committee, including the evaluation and management of climate-related issues.	3. Governance: 3.2. Executive Committee and other Governing Committees
		Description of the related organizational structure.	3. Governance: 3.2. Executive Committee and other Governing Committees
		Processes for reporting on climate-related issues,	3. Governance: 3.2. Executive Committee and other Governing Committees
		Monitoring of climate-related issues by the board.	3. Governance: 3.2. Executive Committee and other Governing Committees

TCFD Recommendation			Compliance and reference code	Established action plan
STRATEGY	a) Describe the climate-related risks and opportunities identified by the organization in the short, medium, and long term	Description of what is considered relevant in the short, medium, and long term, taking into account the useful life of the assets or infrastructure of the organization.	4. Strategy 4.1 Description of climate change risks and opportunities	
		Description of climate-related issues for each horizon (short, medium, and long term), which may entail a significant financial impact for the organization.	4. Strategy 4.2. Definition of climate change horizons and scenarios to calculate the impact	Partial compliance. An action plan has been established to comply with this recommendation by the end of 2024, which will facilitate the identification within each time frame of relevant issues that entail a financial impact on the organization.
		Description of the processes used to determine which risks and opportunities could have a significant financial impact on the organization.	4. Strategy 4.1. Description of climate change risks and opportunities	
		Description of risks and opportunities by sector and geography, as appropriate. When describing climate-related issues, organizations should refer to Tables 1 and 2.	4. Strategy 4.1. Description of climate change risks and opportunities	Partial compliance. An action plan has been established to comply with this recommendation by the end of 2024, which will facilitate the identification of the risks and opportunities linked to the different geographies where MAPFRE is active.
	b) Describe the impact of climate-related risks and opportunities on the business, strategy and financial planning of the organization.	Organizations should analyze how climate-related issues have affected their business, strategy and financial planning.	4. Strategy 4.3 Impact of climate change risks on the business	
		Organizations should consider including the impact on their businesses and strategy in the following areas: - Products and services - Production chain and value chain - Adaptation and mitigation activities - Investment in research and development - Operations (including types of operations and location of facilities)	4. Strategy 4.3 Impact of climate change risks on the business	
		Description of how climate-related issues contribute to its financial planning processes, the time period considered, and how these risks and opportunities are prioritized.	4. Strategy 4.3 Impact of climate change risks on the business	Partial compliance. An action plan has been established to comply with this recommendation by the end of 2024, specifically to be able to identify planning timelines for each climate-related issue and thereby prioritize the relevant risks and opportunities.
		The organization's reports must provide a holistic picture of the interrelationships between factors affecting its ability to create value over time.	4. Strategy 4.3 Impact of climate change risks on the business	Partial compliance. An action plan has been established to comply with this recommendation by the end of 2024, specifically to be able to detail the identification and development of the impact on the strategy and business line in question of previously classified risks and opportunities, specifying the details of the areas defined by TCFD: products and services, value chain, mitigation and adaptation activities, necessary investment in R&D, impact on operations.
		Incorporation of the impact on financial planning into the following areas: - Costs and operating revenue - Capital expenses and capital allocation - Acquisitions or sales - Access to capital	4. Strategy 4.3 Impact of climate change risks on the business	Partial compliance. An action plan has been established to comply with this recommendation by the end of 2024, specifically to provide more detailed information on how climate factors, within financial planning, impact on costs and profits, on capital expenditure and allocation of same, and on acquisitions and divestments and access to capital.
		If climate-related scenarios have been used to communicate the organization's strategy and financial planning, these scenarios should be described.	4. Strategy 4.3 Impact of climate change risks on the business	

TCFD Recommendation			Compliance and reference code	Established action plan
STRATEGY	c) Describe the resilience of the organization's strategy, taking into account the different climate-related scenarios, such as a scenario with 2°C or less.	Organizations should consider whether they believe their strategies could be affected by climate-related risks and opportunities	4. Strategy 4.3 Impact of climate change risks on the business 4.4. Sustainable strategies	Partial compliance. An action plan has been established to comply with this recommendation by the end of 2024, which will allow for an assessment of whether MAPFRE's strategy could be affected by climate-related risks and opportunities.
		Changes in the strategy to address potential risks and opportunities.	4. Strategy 4.3 Impact of climate change risks on the business 4.4. Sustainable strategies	Partial compliance. An action plan has been established to comply with this recommendation by the end of 2024, which will facilitate the definition of a risk strategy to mitigate the impact on underwriting and investment activities. As far as underwriting goes, it will be necessary to take the pricing process into account.
		Related time scenarios and horizons.	4. Strategy 4.2 Definition of climate change horizons and scenarios to calculate the impact 4.4. Sustainable strategies	Partial compliance. An action plan has been established to comply with this recommendation by the end of 2024. This action plan will make it possible to analyze different scenarios and time horizons.
RISK MANAGEMENT	a) Describe the organization's processes to identify and assess climate-related risks.	Organizations should describe their processes for identifying and assessing climate-related risks. An important aspect of this description is how organizations determine the importance of climate-related risks relative to other risks.	5. Risk management 5.2. Climate change risk identification and assessment procedure	
		Description of existing and emerging regulatory requirements related to climate change (e.g. emission limits), as well as other relevant factors.	4. Strategy	
		Description of the processes used to evaluate the magnitude and potential scope of the identified risks. Description of risk terminology used or references to existing risk classification frameworks.	4. Strategy 4.1. Description of climate change risks and opportunities	
	b) Describe the organization's processes for managing climate-related risks.	Description of the processes for managing climate-related risks, including how it decides to mitigate, transfer, or control these risks.	5. Risk management 5.2. Climate change risk identification and assessment procedure	
		Description of climate-related risk prioritization processes and how their importance is determined within organizations	5. Risk management 5.2. Climate change risk identification and assessment procedure	
	c) Describe how the processes for identifying, assessing and managing climate-related risks are integrated into the general risk management of the organization.	Description of how their processes to identify, assess, and manage climate-related risks are integrated into their general risk management.	5. Risk management 5.3. Management of climate change risks and opportunities	

TCFD Recommendation		Compliance and reference code	Established action plan
METRICS AND OBJECTIVES	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in accordance with its strategy and risk management process.	Description of the main metrics used to measure and manage climate risks and opportunities, as per Tables 1 and 2. Metrics on climate-related risks associated with water, energy, land use and waste management.	6. Metrics and objectives 6.2. Underwriting portfolio metrics and objectives 6.3. Investment portfolio metrics and objectives 6.4. Internal operations metrics and objectives 8. APPENDICES I. Advanced metrics and objectives
		Description of the construction of the metrics and their incorporation into remuneration policies.	3.3. Remuneration system 6.4. Internal operations metrics and objectives
		Internal carbon price as well as climate-related opportunity metrics.	6.2. Underwriting portfolio metrics and objectives 6.5. Internal carbon price
		Metrics for historical periods to enable trend analysis. Description of the methodologies used to calculate or estimate the metrics.	6. Metrics and objectives 6.2. Underwriting portfolio metrics and objectives 6.3. Investment portfolio metrics and objectives 6.4. Internal operations metrics and objectives
	b) Disclose Scope 1, Scope 2 and, if applicable, Scope 3 greenhouse gas (GHG) emissions and their related risks.	Scope 1, 2, and 3 GHG emissions and their related risks. GHG efficiency ratios related to the industry and generally accepted.	8. APPENDICES I. Advanced metrics and objectives
		GHG emissions should be calculated in accordance with the GHG Protocol methodology to aggregate and compare information across all organizations and jurisdictions. Where necessary, organizations should consider providing industry-related and generally accepted GHG efficiency ratios.	6. Metrics and objectives 6.3. Investment portfolio metrics and objectives 6.4. Internal operations metrics and objectives
		GHG emissions and associated metrics for historical periods to enable trend analysis	8. APPENDICES I. Advanced metrics and objectives
	c) Describe the objectives used by the organization to manage risks and opportunities related to climate and performance compared to objectives.	Description of climate-related objectives, as well as those related to GHG emissions, water use, energy, etc., in accordance with expected regulatory requirements, market restrictions, or other targets.	6. Metrics and objectives 6.1. Corporate objectives 6.2. Underwriting portfolio metrics and objectives 6.3. Investment portfolio metrics and objectives 6.4. Internal operations metrics and objectives
		In describing their targets, organizations should consider including the following: ☐ whether the target is absolute or intensity based; ☐ time frames over which the target applies; ☐ base year from which progress is measured; and ☐ key performance indicators used to assess progress against targets.	6. Metrics and objectives 6.1. Corporate objectives 6.2. Underwriting portfolio metrics and objectives 6.3. Investment portfolio metrics and objectives 6.4. Internal operations metrics and objectives





KPMG Asesores, S.L.
P.º de la Castellana, 259 C
28046 Madrid

Independent Limited Assurance Report on the TCFD Report for 2023 of MAPFRE Group

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the Shareholders of MAPFRE, S.A.:

We have been engaged by MAPFRE, S.A. management to perform a limited assurance review of the information on compliance with the recommendations of the Task Force on Climate-Related Financial Disclosures (hereinafter, "TCFD") at 31 December 2023 in respect of the climate-related governance, strategy, risk management and metrics and targets, as detailed in section "9. *Table of compliance with the TCFD recommendations*" of the accompanying TCFD Report of MAPFRE, S.A. (hereinafter, the "Parent") and subsidiaries (hereinafter, the "Group") for the year ended 31 December 2023 (hereinafter, the "Report"), prepared in accordance with the recommendations set out in the report entitled "*Implementing the recommendations of the Task Force on Climate-related Financial Disclosures*" published by the TCFD in October 2021.

Responsibility of the Parent

Management of the Parent is responsible for the preparation, content and presentation of the information on compliance with the TCFD recommendations at 31 December 2023 in respect of climate-related governance, strategy, risk management and metrics and targets, as detailed in section 9 of the attached Report, and in accordance with the recommendations set out in the report entitled "*Implementing the recommendations of the Task Force on Climate-related Financial Disclosures*" published by the TCFD in October 2021.

This responsibility also encompasses the design, implementation and maintenance of internal control deemed necessary to ensure that this information is free from material misstatement, whether due to fraud or error.

The Directors of the Parent are responsible for defining, implementing, adapting and maintaining the management systems from which this information is obtained.

Our Responsibility

Our responsibility consists of examining the information on compliance with the TCFD recommendations at 31 December 2023 in respect of climate-related governance, strategy, risk management and metrics and targets, as detailed in section "9. *Table of compliance with the TCFD recommendations*" of the accompanying Report and reporting thereon in the form of an independent limited assurance conclusion based on the evidence obtained.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

We conducted our review engagement in accordance with the requirements of the Revised International Standard on Assurance Engagements 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" (ISAE 3000 (Revised)), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). This standard requires that we plan and execute our procedures to obtain limited assurance on whether the information on compliance with the TCFD recommendations at 31 December 2023 in respect of climate-related governance, strategy, risk management and metrics and targets, as detailed in section "9. Table of compliance with the TCFD recommendations" of the accompanying Report has been prepared, in all material respects, in accordance with the recommendations set out in the report entitled "Implementing the recommendations of the Task Force on Climate-related Financial Disclosures" published by the TCFD in October 2021.

Our firm applies the International Standard on Quality Management (ISQC) 1, which requires us to design, implement and operate a system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including international standards on independence) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The procedures selected depend on our knowledge of the TCFD reporting requirements and other circumstances of the engagement, and on the areas in which we consider it likely that material misstatements will appear.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our work consisted of making inquiries of the Parent's management, as well as of the units and areas that participated in the preparation of the information on compliance with the TCFD recommendations at 31 December 2023, reviewing the processes for compiling and validating the information presented and applying certain analytical and other procedures aimed at compiling the sample evidence, which are described below:

- Meetings with the Parent's personnel to gain an understanding of the governance, policies and principal risks related to these matters and to obtain the information necessary for the external review.
- Analysis of the scope, relevance and completeness of the information on compliance with the TCFD recommendations at 31 December 2023, in accordance with the criteria used for their assessment.
- Analysis of the processes for compiling and validating the information on compliance with the TCFD recommendations at 31 December 2023.



(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

- Corroboration, through sample testing, of the information on compliance with the TCFD recommendations at 31 December 2023 and whether it has been adequately compiled based on data provided by the information sources.
- For recommendations that have not been implemented, for which the Report provides the explanations considered appropriate by the Parent's management, assurance that the explanations do not contradict the evidence obtained on applying the above-mentioned procedures.
- Procurement of a representation letter from Company management.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Based on the procedures applied and the evidence obtained, nothing has come to our attention that causes us to believe that the information on compliance with the TCFD recommendations at 31 December 2023 in respect of the climate-related governance, strategy, risk management, and metrics and targets, as detailed in section "9. *Table of compliance with the TCFD recommendations*" of the accompanying TCFD Report of MAPFRE, S.A. and subsidiaries for the year ended 31 December 2023, has not been prepared, in all material respects, in accordance with the recommendations set out in the report entitled "*Implementing the recommendations of the Task Force on Climate-related Financial Disclosures*" published by the TCFD in October 2021.

Use and Distribution

In accordance with the terms of our engagement letter, this Report has been prepared for MAPFRE, S.A. in relation to the information on compliance with the TCFD recommendations at 31 December 2023, included in the accompanying *TCFD 2023 Report*, and for no other purpose or in any other context.

KPMG Asesores, S.L.

[Signature]

(Signed on original in Spanish)

Patricia Reverter Guillot

19 February 2024