



**REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE TO THE MAPFRE
S.A. BOARD OF DIRECTORS REGARDING ITS COMPOSITION AND
FUNCTIONING IN FINANCIAL YEAR 2021**

The Audit and Compliance Committee is the delegate body of the Board of Directors of MAPFRE S.A. (hereinafter, the "Company") for the undertaking, among other things, of supervisory functions relating to the integrity of financial information and the effectiveness of internal control, internal audit and risk management.

Its governing regulations are contained in Article 22 of the Bylaws and in Article 10 of the Regulations for the Board of Directors.

Likewise, the Company's Audit and Compliance Committee is the body in charge of carrying out the duties envisaged in section 2 of this report, in all matters applicable to unlisted companies, in relation to MAPFRE Group companies that have the status of public interest entities and whose boards of directors have delegated the exercise of such duties to it.

1. Composition

The Audit and Compliance Committee must consist of at least three but not more than five Board Directors, all of whom shall be non-executive, and at least the majority of whom must be Independent Board Directors, and one of whom will be appointed in view of their knowledge and experience in matters of accounting, auditing or both. Its Chairman should be an Independent Board Director, who must be substituted in this role every four years and who may only be eligible for reelection to the role one year after leaving said role. Its Secretary will be the Secretary of the Board of Directors.

As of December 31, 2021, the Audit and Compliance Committee was composed of the following Board Directors:

Name	Position	Category
Ms. Ana Isabel Fernández Álvarez	Chairwoman	Independent
Mr. José Antonio Colomer Guiu	Member	Independent
Mr. Antonio Miguel-Romero de Olano	Member	Nominee
Ms. María del Pilar Perales Viscasillas	Member	Independent

2. Duties

The Audit and Compliance Committee has the following duties in accordance with Article 10 of the Regulations for the Board of Directors:

- a) Inform the Annual General Meeting of matters that are the responsibility of the Committee and, in particular, regarding the results of the audit, to explain how the said audit has contributed to the integrity of the financial and non-financial information and role that the Committee has played in that process.
- b) Supervise the efficiency of the Company's internal control, internal audit and financial and non-financial risk control and management systems, as well as to discuss with the External Auditor any significant weaknesses in the internal control system detected when carrying out audits, but without compromising the External Auditor's independence. For these purposes, recommendations or proposals may be presented to the Board of Directors, where applicable, together with the corresponding term for the monitoring thereof.
- c) Supervise the process for drawing up and presenting the mandatory financial and non-financial information, and to present recommendations or proposals to the Board of Directors with a view to safeguarding its integrity.
- d) To submit to the Board of Directors any proposals for the selection, appointment, reelection and substitution of the External Auditor, being accountable both for the selection process, as contemplated in the corresponding legislation currently in force, and for the conditions of its hiring, and regularly to gather information relating to the audit plan and its

execution from the External Auditor, while preserving its independence in performing its functions.

- e) To establish appropriate relationships with the External Auditor in order to receive information concerning any issues that may jeopardize its independence, so that they may be examined by the Committee, and any other issues relating to the accounts auditing process, and where appropriate, authorizations for services other than those prohibited under the terms contemplated in the corresponding legislation currently in force for auditing accounts, on independent status, as well as other communications envisaged in account audit legislation and auditing standards. In any case, they must receive annual written confirmation from the External Auditor of their independence from the company or companies directly or indirectly linked to it, as well as the detailed and individualized information concerning the additional services of any type rendered and those professional fees received corresponding to these companies by said External Auditor, or by the people or companies linked to them in accordance with the provisions of the accounts auditing legislation in force.
- f) To issue a yearly report, prior to the publication of the accounts audit report, expressing an opinion concerning whether the independence of the External Auditor has been compromised. This report, in any case, must contain the reasoned evaluation of the provision of each and every one of the additional services to which the above letter makes reference, individually considered and jointly, apart from those concerning legal audits and in relation to the independent status or with the regulatory statutes for account auditing activity.
- g) To ensure that, as far as possible, the External Auditor of the Group takes responsibility for auditing all the companies belonging to it.
- h) Ensure the independence and efficacy of the Internal Audit function; to propose the selection, appointment, reelection and removal of its most senior management, as well as its annual budget, and the annual internal audit work plan; to receive regular information on its activities; and to check that the C-Suite takes the conclusions and recommendations of its reports into account.
- i) To inform the Board of Directors in advance on all matters provided in the law, the Corporate Bylaws and Board of Directors Regulations.

- j) Establish and supervise a mechanism that allows employees and other people related to the company, such as board directors, shareholders, providers, contractors or subcontractors, to communicate potentially significant wrongdoing, including financial and accounting wrongdoing, and those of any other nature, that they observe within the company itself or within its Group. This mechanism must guarantee confidentiality and, in any case, envision situations where communications can be made anonymously, respecting the rights of the whistleblower and the accused party.
- k) To ensure in general that the internal control policies and systems established are effectively implemented in practice.
- l) To verify the application of the established good governance regulations at all times.
- m) To monitor compliance with internal and external regulations, especially with internal codes of conduct, standards and procedures for the prevention of money laundering and financing terrorism, as well as to make proposals for their improvement.
- n) To supervise the adoption of actions and measures that are the result of reports or actions for inspection of administrative authorities for supervision and control.

3. Functioning

As laid down in the Board of Directors' Regulations, the Audit and Compliance Committee usually meets on a quarterly basis, as well as holding any other ordinary or extraordinary meetings whenever required, attended by the Group Chief Internal Audit Officer.

During the 2021 financial year, the Committee met eleven times, whereby the main topics addressed were as follows:

- **Information for the Annual General Meeting:**

The Chairwoman of the Audit and Compliance Committee, and the other members of the Committee, attended the Annual General Meeting held on March 12, 2021. The shareholders did not raise questions on matters within their responsibility.

- **Financial and non-financial information**

In accordance with its duties, the MAPFRE Audit and Compliance Committee verified the following documentation in 2021:

- Management Report and Individual and Consolidated Annual Accounts of MAPFRE S.A. and its subsidiaries for 2020.
- Report on the Financial and Solvency Position of the MAPFRE Group and the subsidiaries with registered offices in Spain, that carry out insurance and reinsurance activities.
- Summarized Report for 2020, which follows the guidelines and recommendations of the International Summarized Reporting Framework.
- Report on the limited review of intermediate, summarized, consolidated financial statements of MAPFRE S.A. corresponding to the interim period ending on June 30, 2021.

- **Information to the Board of Directors**

The Audit and Compliance Committee has provided the Board of Directors with a favorable report on the information that MAPFRE submits to the Spanish National Securities Market Commission on a quarterly basis. This economic and financial information is reviewed in advance by the Internal Audit Corporate Area.

- **Internal Audit Supervision**

The Audit and Compliance Committee has approved the Annual Internal Audit Plan for financial years 2021 and 2022 for MAPFRE and its subsidiaries, which includes a summary of the plan, the objectives for the year and the structure, budget and distribution of activities of the Internal Audit Unit. Additionally, it received the Activity Report for fiscal year 2020.

The Audit and Compliance Committee also received and reviewed the Internal Audit Unit Activity Reports, which are issued quarterly by the Internal Audit Corporate Area and which place special emphasis on significant issues arising during the quarter relating to the internal audit reports and internal control. These reports also include monitoring

compliance with the objectives of the Audit Plans, the implementation of the recommendations, information on auditor training and collaboration with the external auditor and other areas within the company. Detailed information was presented periodically to the Committee on the monitoring and progress of the recommendations.

Furthermore, the Committee has been informed of the various different appointments for senior management of the Services and Internal Audit Units during 2021.

Finally, the Audit and Compliance Committee submitted the update of the Internal Audit Policy to the Board of Directors.

- **Internal control and risk management**

The evaluation reports for the internal control system of the MAPFRE Group's Spanish insurance and reinsurance companies relating to financial year 2020 and prepared by the Internal Audit Corporate Area were presented to the Audit and Compliance Committee.

With regard to the Internal Financial Information Control System (SCIIF), the Audit and Compliance Committee received an Audit Report from KPMG titled "Information relating to the System for the Internal Control over Finance Information" corresponding to 2020, which summarized the internal control procedures established by MAPFRE S.A. with regard to annual financial information.

The Committee was also provided with the Own Risk and Solvency Assessment (ORSA), the Solvency and Financial Condition Report (FCR) and the Quantitative Reporting Templates (QRTs).

Moreover, in relation to the revision of Risk Management, the Committee was informed of the most important aspects implemented by Internal Audit as part of its duties to oversee the risk management system, such as the audits concerning internal control and the risk-based audit plan.

- **External auditing**

The Audit and Compliance Committee proposed the re-election of KPMG as auditors of the Company and its subsidiary companies for the 2021-2023 period, for the purposes of their submission by the Board of Directors of these companies to their respective Annual General Meetings. In

particular, this proposal was approved by the Company's General Meeting on Friday, March 12, 2021.

The Audit and Compliance Committee was informed of the budget for the external audit of the Individual and Consolidated Annual Accounts of MAPFRE S.A. and its subsidiaries for the 2021 financial year, and approved the payment of extraordinary fees to KPMG as a result of the hours required to audit the annual accounts for the 2020 financial year corresponding to a number of MAPFRE companies. Similarly, the Committee authorized additional services to be provided by KPMG in a number of MAPFRE companies and the total amount for the fees to be received for said services.

KPMG presented the 2021 Annual Accounts Audit Plan to the Audit and Compliance Committee, which included the work schedule, the scope of the Group Audit, the members of the work team, preliminary risk assessment and the accounting and regulatory changes affecting the review period. Moreover, KPMG presented the Preliminary Memorandum of the Annual Accounts Audit for financial year 2021 to the Committee. These preliminary reports are issued by the audit firm for all MAPFRE subsidiaries on the Company's Interim Financial Statements as on September 30.

Furthermore, and with the aim of guaranteeing the independence of the external auditor, the Audit and Compliance Committee undertook quarterly monitoring of the fees invoiced by the main audit company for services other than auditing Annual Accounts and supervised the relation between the fees paid to the audit firm and the total revenue of the latter, which according to the Regulations for MAPFRE S.A. Board of Directors should not exceed 5 percent.

The external auditor, KPMG, attended the meetings of the Audit and Compliance Committee to discuss matters relating to the Annual Accounts audit, the limited review reports at June 30, 2021 and the preliminary reports prior to the audit of the Annual Accounts audit, as well as matters concerning the limited review process of the Solvency and Financial Condition Report of the MAPFRE Group and its subsidiaries residing in Spain that engage in insurance and reinsurance activities.

Furthermore, and with the aim of verifying the information and contributing to the principle of transparency in matters of Corporate Social Responsibility, the external auditor, KPMG, was responsible for verifying

the non-financial information in MAPFRE's Integrated Report corresponding to the 2020 financial year; this report was verified by the Committee. The Committee was also informed of the fees proposed by KPMG for issuing the report verifying the non-financial information in the 2021 Integrated Report.

- **Related-party transactions**

The Audit and Compliance Committee published a report on related-party transactions in the 2020 financial year, to be made available to shareholders at the Annual General Meeting.

Likewise, the Committee previously analyzed the related-party transactions carried out in 2021 under the terms established in current legislation.

- **Regulatory and legal compliance**

The Committee was provided with a report on regulatory compliance actions in 2020 and the verification plan for 2021.

Similarly, the Committee was informed of the degree of compliance by the MAPFRE Group with the Corporate Policies and the policies adopted as a result of the guidelines framework established by Solvency II.

Moreover, the Committee was provided with information on the degree of compliance with and the development of the Criminal Prevention Model.

- **Supervision of a mechanism for notifying wrongdoing**

The Audit and Compliance Committee was informed of the activities carried out in 2020 by the Code of Ethics and Conduct Channel and by the Financial and Accounting Whistleblower Channel.

- **Other matters**

In addition to those previously described, the Audit and Compliance Committee also addressed the following matters during the 2021 financial year:

- Fiscal Policies applied in 2020, in compliance with the recommendations contained in the Code of Best Taxation Practices.

- Main issues addressed and resolutions adopted by the Audit Committees for MAPFRE subsidiaries.
- Assessment of the composition and functioning of the Committee during the 2020 financial year in accordance with the provisions of Recommendation No. 36 of the Good Governance Code of Listed Companies of the Spanish National Securities and Exchange Commission, with unanimous agreement to qualify its composition and operation in this financial year as very satisfactory.
- Information requirements of the Spanish National Securities and Exchange Commission in relation to the operation of the Audit and Compliance Committee and the fees of the External Auditor for services other than the audit of the annual accounts.
- Information on legislative developments and accounting criteria for the preparation of mandatory financial information.
- Information on inspections carried out by supervisory bodies at MAPFRE Group companies.
- Research work on alleged wrongdoing matters.

4. 2021 Assessment

The assessment was carried out based on the review of the corporate information and the self-assessment questionnaires carried out by each board director.

The result of the Audit and Compliance Committee's assessment on composition and operation in 2021 was very positive, and did not give rise to any observations or suggestions for improvement from its members.

The Audit and Compliance Committee has therefore unanimously agreed to submit this report to the MAPFRE S.A. Board of Directors so that the latter may evaluate the operation of the Committee during 2021 based on the report content.

Madrid, February 8, 2022
Committee Secretary

Ángel L. Dávila Bermejo