



**Policy for Managing Conflicts of Interest and Related Party Transactions of
MAPFRE Insular Insurance Corporation**

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I. PURPOSE

This Policy for managing conflicts of interest and Related Party Transactions (“RPTs”) (the “RPT Policy”) is made to ensure that RPT transactions are only undertaken on an arm’s length basis for the financial, commercial, and economic benefit of MAPFRE Insular Insurance Corp. (“MAPFRE INSULAR” or the “Company”) and the MAPFRE GROUP.

II. SCOPE

This RPT Policy shall capture a broader spectrum of transactions, covering not only those that give rise to credit and/or counterparty risks but also those that could pose material/special risk or potential abuse to the Company and its stakeholders.

III. DEFINITIONS

For the purpose of this policy, it is understood that:

- a) Significant Shareholders: those MAPFRE, S.A. and MAPFRE INSULAR shareholders who, directly or indirectly, hold a share in company capital that is equal to or higher than that legally considered significant or who have proposed or appointed any of the MAPFRE, S.A. and MAPFRE INSULAR directors, and persons related to the same.
- b) Senior Management Roles: the most senior management officer or representatives of MAPFRE INSULAR.
- c) Senior Representative Roles: the members of the Board of Directors of MAPFRE INSULAR.
- d) MAPFRE, MAPFRE GROUP or GROUP: the business group integrated by MAPFRE, S.A., as the parent company, its companies, subsidiaries and dependents in accordance with what is established in Article 42 of the Spanish Code of Commerce¹.

¹ Article 42

[...] A group exists when a company holds, or may hold, directly or indirectly, the control over one or several others. In particular, there shall be presumed to be control when a company, which shall be classified as controlling, is in a relation with another company, which shall be classified as dependent, in which any of the following situations arise:

- a) It holds the majority of the voting rights.
- b) It has the power to appoint or dismiss the majority of the members of the governing body.
- c) It may dispose, by virtue of agreements entered into with third parties, of the majority of the voting rights.
- d) It has used its votes to appoint the majority of the members of the governing body who hold office at the moment when consolidated accounts must be drawn up and during the two business years immediately preceding. In particular, that

- e) **Subjected Persons:** Senior Representative Roles and their representatives when they are legal persons, Senior Management Roles, managers and employees attached to the Senior Management Roles and employees attached to the Company General Counsel and Corporate Finance Area, related parties as defined under Philippines IC Circular Letter No. 2017-29², and Related Persons to the same.
- f) **Related Persons:** persons or companies that, with regard to Subjected Persons and/or Significant Shareholders, have the condition of related persons and/or close family members in accordance with the provisions of article 231 of Spanish Companies Law³ and of Philippines IC Circular Letter No. 2017-29⁴, respectively.
- g) **RPTs:** are transactions or dealings of Subjected Persons with the Company or the MAPFRE GROUP. These shall include, but not limited to the following:
 - a. on-and off-balance sheet credit exposures and claims and write-offs;

circumstance shall be assumed when the majority of the members of the governing body of the controlled companies are members of the governing body or top management of the controlling company, or of another company controlled by it. In that event, consolidation shall not arise if the company whose directors have been appointed is bound to another in any of the cases foreseen in the first two letters of this section.

For the purposes of this section, the voting rights of the controlling company shall be added to those it holds through other dependent companies, or through persons acting in its own name, but on account of the controlling company, or other dependent ones, or those with which it has made arrangements through any other person. [...]

- ² Under IC Circular Letter No. 2017-29 Related Party” or “Related Parties” shall cover the Company’s subsidiaries as well as affiliates and special purpose entities that the Company exerts direct/indirect control over or that exerts significant influence over the Company; its Board members; officers; stockholders and related interests; and their Close Family Members, as well as Corresponding Persons in Affiliated Companies. This shall also include such other person/juridical entity whose interests may pose potential conflict with the interest of the Company, hence, is identified as a Related Party.

³ **Article 231. Directors’ affiliates**

1. For the purposes of the preceding articles, directors’ affiliates shall be the persons listed below:

- a) The director’s spouse or persons with an analogous relationship.
- b) The director’s or his/her spouse’s parents, children and siblings.
- c) The spouses of the director’s parents, children and siblings.
- d) Companies with which the director, directly or by proxy, is affiliated in any of the manners described in article 42, paragraph one of the commercial code.

2. When directors are bodies corporate, their affiliates shall be the persons listed below:

- a) Partners or shareholders who are affiliated with such body corporate in any of the manners described in article 42, paragraph one of the commercial code.
- b) De jure or de facto directors, liquidators, and attorneys with general powers of attorney in the company’s body corporate director.
- c) Companies forming part of the same group and their partners or shareholders.
- d) Persons who, pursuant to the provisions of the preceding paragraph, qualify as affiliates in respect of the above body corporate’s representative.

- ⁴ “Close Family Members” are persons related to the Company’s directors, officers and stockholders (“DOS”) within the second degree of consanguinity or affinity, legitimate or common-law. These shall include the spouse, parent, child, brother, sister, grandparent, grandchild, parent-in-law, son-/daughter-in-law, brother-/sister-in-law, grandparent-inlaw, and grandchild-in-law of the Company’s DOS.

“Corresponding Persons in Affiliated Companies” are the DOS of the affiliated companies and their Close Family Members.

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- b. investments and/or subscriptions for debt/equity issuances;
- c. consulting, professional, agency and other service arrangements/contracts;
- d. purchases and sales of assets, including transfer of technology and intangible items (e.g. research and development, trademarks and license agreements);
- e. construction arrangements/contracts;
- f. lease arrangements/contracts;
- g. trading and derivative transactions;
- h. borrowings, commitments, fund transfers, and guarantees;
- i. sale, purchase, or supply of any goods or materials; and
- j. establishment of joint venture entities.

RPTs shall be interpreted broadly to include not only transactions that are entered into with Subjected Persons but also outstanding transactions that were entered into with an unrelated party that subsequently becomes a related party.

IV. GUIDELINES IN ENSURING ARM'S LENGTH TERMS

RPTs shall be conducted in the regular course of business and not undertaken on more favorable economic terms (e.g. price, commissions, interest rates, fees, tenor, and collateral requirement) to such Subjected Persons than similar transactions with non-related parties under similar circumstances.

V. CONFLICTS OF INTEREST AND RELATED PARTY TRANSACTIONS

a. Scope of application

The object of the present article is to establish and regulate the applicable procedure with regard (i) to those operations or decisions where the interest of MAPFRE INSULAR or MAPFRE, S.A. collides, directly or indirectly, with the personal interest of the Subjected Persons; and (ii) to those transactions that MAPFRE INSULAR performs with the Significant Shareholders of MAPFRE INSULAR or of MAPFRE, S.A., or with the Subjected Persons.

The Subjected Persons will have personal interest when the matter affects him or her or, in the case of a member of the board, the shareholder or shareholders who proposed or appointed him or her, or persons related directly or indirectly to them.

Senior Management Roles shall implement appropriate controls to effectively manage and monitor RPTs on a per transaction and aggregate basis. Without prejudice to the other provisions hereof, Senior Management Roles shall inform in writing the RPT Committee and the Secretary and/or Assistant Secretary of the MAPFRE INSULAR Board of Directors of any RPT.

Without prejudice to the other provisions hereof, the Chairman of the RPT Committee of MAPFRE INSULAR has the obligation to inform in writing MAPFRE INSULAR Board of Directors of all RPTs reported to them or within their knowledge, that MAPFRE INSULAR performs with the Significant Shareholders of MAPFRE INSULAR or of MAPFRE, S.A., or with the Subjected Persons. Additionally, the Secretary and/or Assistant Secretary of the MAPFRE INSULAR Board has the obligation to inform in writing MAPFRE, S.A. Board of Directors of the said information.

All RPTs that are considered material as will be mentioned in section d below shall be endorsed by the RPT Committee Chairman to the board of directors of MAPFRE INSULAR and MAPFRE, S.A. for authorization.

b. Obligation to abstain from participating in the decision-making

All Subjected Persons must be loyal to the company interest, understood to be the interest of MAPFRE INSULAR regardless of their own or independent interests. Consequently, they will abstain from giving precedence to their own interests at the expense of MAPFRE INSULAR and the GROUP interests, and will try to avoid any situation of conflict of interest when performing their duties.

In any case, the Subjected Persons must abstain from attending and participating in deliberations that affect matters in which he or she has a personal interest, and must likewise abstain from accessing confidential information relating to the same, warning those who are making the decision of the potential conflict.

c. Obligation to report the conflict of interest and related party transaction

All Subjected Persons must notify both the MAPFRE INSULAR and MAPFRE, S.A. Board of Directors, through its respective Secretary or Assistant Secretary if applicable, of (i) any personal, family, professional or business situation, whether preexisting or that has arisen after his or her appointment, that may imply a conflict of interest with MAPFRE GROUP companies; and (ii) of any transaction that they or their Related Persons (in this last case, whenever the affected person is aware of it) intend to perform with MAPFRE INSULAR or MAPFRE, S.A. and which constitutes a RPT subject to authorization from the Board of Directors. Likewise, he or she must keep this information up-to-date, reporting any relevant change as soon as it takes place, along with any potential new conflict or RPT.

In the notification, the Significant Shareholder or the Subjected Persons must indicate (i) whether the potential conflict of interest affects him or her personally or through a Related Person, in which case the latter must be identified; and/or (ii) the transaction that constitutes the RPT. Likewise, the situation that gives rise to the

same must be specified, and details must be given of the object and main conditions of the planned operation or decision and its approximate cost, to allow it to be appropriately identified by MAPFRE.

If, after studying the case, the Board of Directors of MAPFRE INSULAR and of MAPFRE S.A. decide that the circumstance does not generate a conflict of interest with the MAPFRE GROUP, the interested party will be informed of this.

If the Board of Directors of MAPFRE INSULAR and of MAPFRE S.A. decide that there is a conflict of interest, it must simultaneously inform the affected company and the Subjected Persons who — besides complying at all times with the duty of abstaining established in section b above — must comply with the measures for protecting the company interest established by that body depending on the circumstances of the case or, failing that, resign from his or her role.

The Board of Directors of MAPFRE INSULAR and of MAPFRE S.A. will have a period of thirty workdays to adopt their decision and inform the interested party. If they do not decide within the aforementioned time frame, their silence will be considered to express the non-existence of conflict.

The Secretary of the MAPFRE, S.A. Board of Directors and the Secretary of the MAPFRE INSULAR Board of Directors will draw up a record of the situations of conflicts of interest of the Subjected Persons and of the transactions performed with the Significant Shareholders and with the Subjected Persons, which will be made available to the MAPFRE S.A. Audit and Compliance Committee when requested. The information contained in this record will be published in the cases and with the scope required by applicable regulations at all times.

d. Authorization from the MAPFRE, S.A. Board of Directors and MAPFRE INSULAR Board of Directors.

Any transaction that MAPFRE INSULAR perform with its Significant Shareholders, with the Significant Shareholders of MAPFRE, S.A., or with the Subjected Persons, will be subject to prior authorization from the MAPFRE INSULAR Board of Directors and MAPFRE, S.A. Board of Directors in all cases, and as regards the latter must have a favorable report from the MAPFRE, S.A. Audit and Compliance Committee.

The MAPFRE, S.A. Board of Directors through the Audit & Compliance Committee and MAPFRE INSULAR's RPT Committee, will ensure that the aforementioned transactions are performed in market conditions and in accordance with current legislation. However, authorization from the MAPFRE, S.A. and MAPFRE INSULAR Board of Directors will not be required for those operations that simultaneously meet the following three conditions:

- They are carried out under contracts with standard terms and conditions, applicable en masse to other clients or, where applicable, providers;
- They go through at market rates set in general by the provider of the goods or services; and
- Their amount does not exceed 1 percent of the company's annual revenue, in accordance with the latest audited individual annual accounts for the last year end as of the date of the operation in question.

e. Obligation to report material RPTs in the annual stockholder's meeting.

The approved material RPTs, those that cross the materiality threshold and write-off of material exposures to related parties, will be submitted for confirmation by majority vote of the stockholders in the annual stockholders' meeting of MAPFRE INSULAR.

Any renewal or material changes in the terms and conditions of RPTs shall also be approved by the board of directors of MAPFRE INSULAR.

All final decisions of the board on material RPTs, including important facts about the nature, terms, conditions, original and outstanding individual and aggregate balances, justification and other details that would allow stockholders to make informed judgment as to the reasonableness of the transaction, must be clearly disclosed during stockholders meetings and duly reflected in the minutes of board and stockholders' meetings.

VI. MATERIALITY THRESHOLDS AND EXCLUDED TRANSACTIONS

Materiality threshold shall be set for each type of transaction and for each related party group, depending on the nature of transaction and risks involved. Transactions shall not be considered material if they simultaneously meet the following conditions:

- They are carried out under contracts with standard terms and conditions, applicable en masse to other clients or, where applicable, providers;
- They go through at market rates set in general by the provider of the goods or services; and
- Their amount does not exceed 1 percent of the company's annual revenue, in accordance with the latest audited individual annual accounts for the last year end as of the date of the operation in question

VII. WHISTLEBLOWING MECHANISMS

Employees are encouraged to communicate, confidentially and without risk of reprisal, legitimate concerns about illegal, unethical or questionable RPTs.

In order to report any irregularities, an Email Box has been made available on www.mapfre.com/CDF, as an alternative channel, employees will also be able to lodge complaints by means of a letter addressed to:

MAPFRE
A/A. Secretario General
Ctra. Pozuelo, nº. 52
28222- Majadahonda (Madrid)

- The written report, which is not subject to a pre-determined model, should at least include the following information:
- Identification of the whistleblower, stating the employee's id number.
- Irregularity reported, detailing its specific circumstances together with, where possible, documentary evidence.
- Identification of the people directly responsible for the irregularity, if known.

“Personal details furnished via the Financial & Accounting Whistle-Blowing Channel of the MAPFRE Group will be processed by MAPFRE S.A. in a confidential manner, pursuant to the provisions of the data protection regulations in force”.

For more information, employees shall refer to www.mapfre.com/CDF

VIII. RESTITUTION OF LOSSES AND OTHER REMEDIES FOR ABUSIVE RPTS

Officers, directors, and employees who have been remiss in their duties in handling RPTs shall be subject to disciplinary measures in accordance with MAPFRE INSULAR's Code of Conduct and relevant corporate governance policies, without prejudice to the applicable legal remedies which MAPFRE INSULAR may avail.

IX. RESPONSIBILITIES OF RPT COMMITTEE OF MAPFRE INSULAR

- 1) Evaluate on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified,

RPTs are monitored, and subsequent changes in relationships shall be reflected in the relevant reports to the board and regulators/ supervisors.

- 2) Evaluate all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of MAPFRE INSULAR are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. In evaluating RPTs, the Committee shall take into account, among others, the following:
 - a. The related party's relationship to MAPFRE INSULAR and interest in the transactions;
 - b. The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
 - c. The benefits to MAPFRE INSULAR of the proposed RPT;
 - d. The availability of other sources of comparable products or services; and
 - e. An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. MAPFRE INSULAR shall have in place an effective price discovery system and have exercised due diligence in determining a fair price for RPTs.
- 3) Ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to MAPFRE INSULAR RPT exposures, and policies on conflicts of interest or potential conflicts of interest. The disclosure shall include information on the approach to managing material conflicts of interest that are inconsistent with such policies; and conflicts that could arise as a result of MAPFRE INSULAR 's affiliation or transactions with other related parties.
- 4) Report to MAPFRE INSULAR board of directors on a regular basis, the status and aggregate exposures to each related party as well as the total amount of exposures to all related parties.
- 5) Ensure that transactions with related parties, including write-off of exposures, are subject to periodic independent review or audit process.
- 6) Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including the periodic review of RPT policies and procedures.