



Summary of  
Integrated Report 2018  
and Proposed resolutions





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# Letter from the chairman and CEO

Dear Friends:

I am writing to you once again to present our III Integrated Report for the financial year 2018. MAPFRE is a committed company that understands that business and sustainability have to go hand in hand. They must therefore be communicated in an integrated manner, as we do in this publication, in which we offer, in a single reading, an integral vision of our business, our strategy and challenges, together with those most significant elements that show our commitment and action as regards sustainable development. Additionally, in accordance with the regulations approved in the last days of the year past, we also incorporate key non-financial information that provides a more complete and transparent view of the business.

2018 was a very relevant year for the company. We have completed our three-year Strategic Plan with a positive overall outcome, despite the adverse factors encountered in this period, as well as our Sustainability Plan, which has allowed us to make significant progress with this commitment.

The report provides extensive financial information on the business, which highlights the strength of MAPFRE ESPAÑA, and that of MAPFRE RE, as well as that of many other countries in which we operate. The profitable growth strategy continues to produce improvements in results in most of them and the optimization initiatives have also borne fruit in GLOBAL RISKS and MAPFRE ASISTENCIA.

Over the course of 2018, the restructuring of the strategic alliance with Banco do Brasil became effective, and our activity in the United States has been reorganized. Although the reader has all company data available to them, I would like to once again draw your attention to our solid position in all markets:

— Revenues rose to 26.6 billion euros, of which 22.5 billion correspond to premium income. Earnings before taxes exceeded 1.3 billion euros and net earnings totaled 529 million euros.

— The combined ratio stood at 97.6 percent, which represents an improvement of 0.5 percentage points over the previous year.

— The Solvency II results confirm the company's strong capital position and its low volatility. The Solvency II ratio was 207.9 percent as at September 2018, with a high quality capital structure, in that 88 percent is rated TIER 1.

MAPFRE is without doubt a solvent company that creates economic and social value in the countries in which it operates.

Our world is transforming into a digital and connected environment, and companies are following suit, particularly MAPFRE, because we

understand that innovation is one of the levers that can contribute most to this process. In 2018 we launched a set of transformation and innovation platforms called MAPFRE Open Innovation (MOi). We will allocate around 100 million euros per year to innovation, which, together with the annual investment of more than 600 million euros in technology, gives us very relevant capabilities to take on these new challenges.

Our employees are essential in this transformation process and we are accompanying them on this journey and preparing them for the change. We have an abundance of internal talent, and we promote this with intrapreneurship programs, such as MAPFRE innova. Almost 30 percent of the total workforce presented innovative proposals for the company as part of this open call for ideas.

Our people are motivated, capable of contributing their experience and talent in the search for new sustainable business opportunities, in the design of products and services and in the improvement of internal processes. For this reason, we are firmly committed to professional development, investing more than 15 million euros per year in training. We also offer high quality employment, with 97 percent of our staff on permanent contracts. This is further enhanced by the more than 176 million euros that are allocated each year to social benefits for all workers. Diversity is also a hallmark of our workforce, comprising as it does more than 35,000 employees from 91 nationalities and five generations — veterans, baby boomers, and Generations X, Y and Z. And we continue to make solid progress in terms of equality. Women accounted for 59 percent of new hires in 2018. We are an inclusive company too, greatly enriched by having more than 2 percent of our workforce made up of people with disabilities. MAPFRE is a company of opportunities.

Also, I have to say, with some pride, that we are a supportive company. More than 7,800 employees participated last year in our Volunteering Program through Fundación MAPFRE. Over the course of 2018, this dedication was evidenced in the more than 1,600 activities that directly benefited more than 111,000 people.

Another distinguishing feature of our identity is the service we provide to our clients. Our activity revolves around them —they are the true center of the business. Our clients trust MAPFRE and renew that trust year in and year out on the back of the attention they receive and our multichannel value proposition that is grounded in service quality. Our growing digital business is fully complementary with the more than 86,000 distributors, agents, brokers and banks we partner with worldwide. In addition, we have a network of more than 152,000 providers and professionals who do their work aligned to our principles and values.

As a global group, we are signatories to the United Nations Global Compact, we are working hard on the 2030 Development Agenda, and we are part of the Finance Initiative of the Environment Program — UNEPFI.

We are also signatories to the Principles for Sustainable Insurance (PSI), to the Paris Pledge for Action and to the Principles for Responsible Investment (PRI) of the United Nations. We assume these commitments in the management of the business and in the environment in which we conduct our activity.

MAPFRE has an energy efficiency strategy and action plan in place to mitigate the effects of climate change. We take great care of our environmental footprint, and since 2013 we have reduced our CO<sub>2</sub> emissions by 51 percent. Renewable energy sources provide us with 58 percent of the electricity we consume, we manage our waste efficiently and we are committed to preserving biodiversity.

The foregoing enabled us to once again renew our membership of the FTSE4Good index in 2018, and saw us recognized as the tenth largest insurer in the Dow Jones Sustainability World Index. For the third consecutive year, we are part of the CDP's A List, recognizing our management and initiatives in response to climate change.

MAPFRE is a solvent company, committed to its environment and its stakeholder groups in the creation of value. In a complex period, we also complied with the commitment we gave to maintain a stable dividend. This year we will remunerate our shareholders with a total amount of 447 million euros.

I am convinced that MAPFRE's business model as a sustainable company and the transformation strategy aimed at growing and improving profitability, together with a high level of solvency and a reduced level of debt, will guarantee healthy growth in the coming years.

On behalf of myself and the Board, I would like to conclude by expressing our gratitude once again for the confidence that all our stakeholders place in MAPFRE and reiterate our commitment to continue working to create value and contribute to economic and social development wherever we are present.



**MAPFRE is a solvent company, committed to its environment and its stakeholder groups in the creation of value. In a complex period, we also complied with the commitment we gave to maintain a stable dividend**

2

# MAPFRE Group

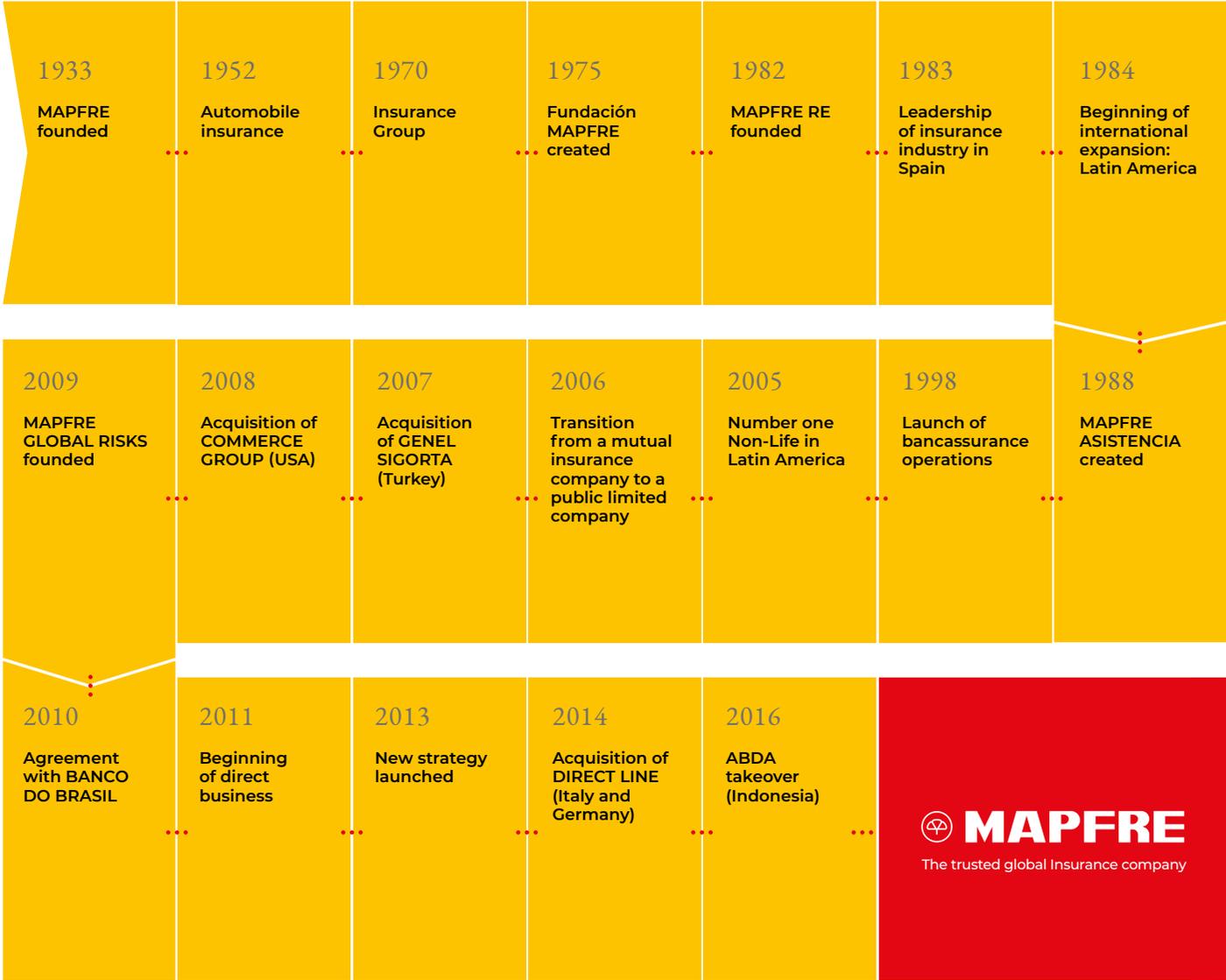
## 2.1. Functional and shareholder structure

MAPFRE is a multinational company engaged mainly in insurance and reinsurance activities, operating in a total of 45 countries worldwide.



Today, MAPFRE is the largest Spanish insurance company in the world and the third largest insurance group in Latin America, and is consolidating a growing presence in other markets such as North America, Europe and Asia.

The Group has changed its structure significantly in recent years to adapt to the strategic challenges facing a company of its global size and presence.



MAPFRE is the largest Spanish insurance company in the world and the third largest insurance group in Latin America

attributable result

€529  
million

a presence in

45  
countries

35,390  
employees

12,526  
offices

more than

86,500  
intermediaries

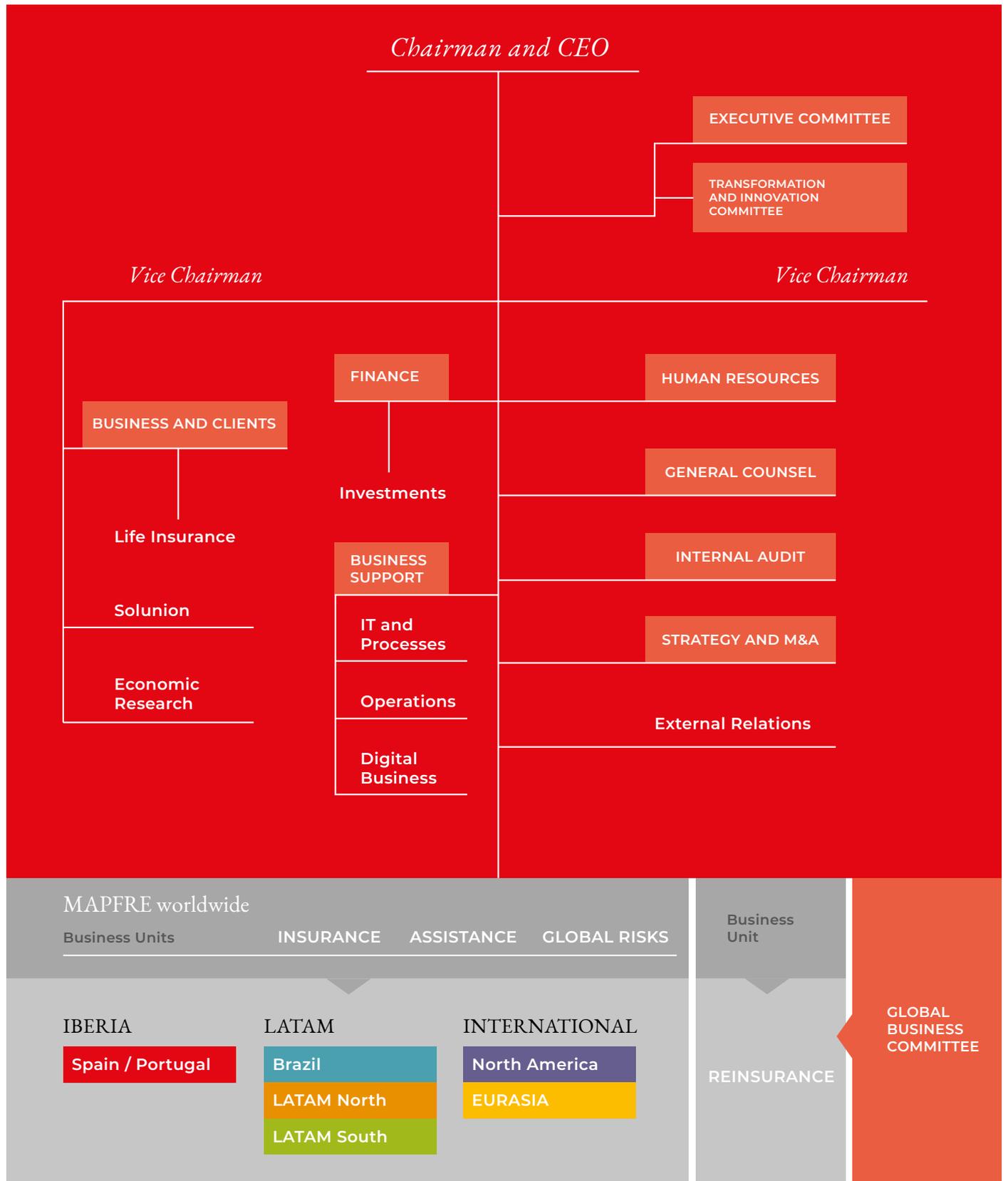
revenues of

€26.6  
billion

shareholders' equity of

€8  
billion

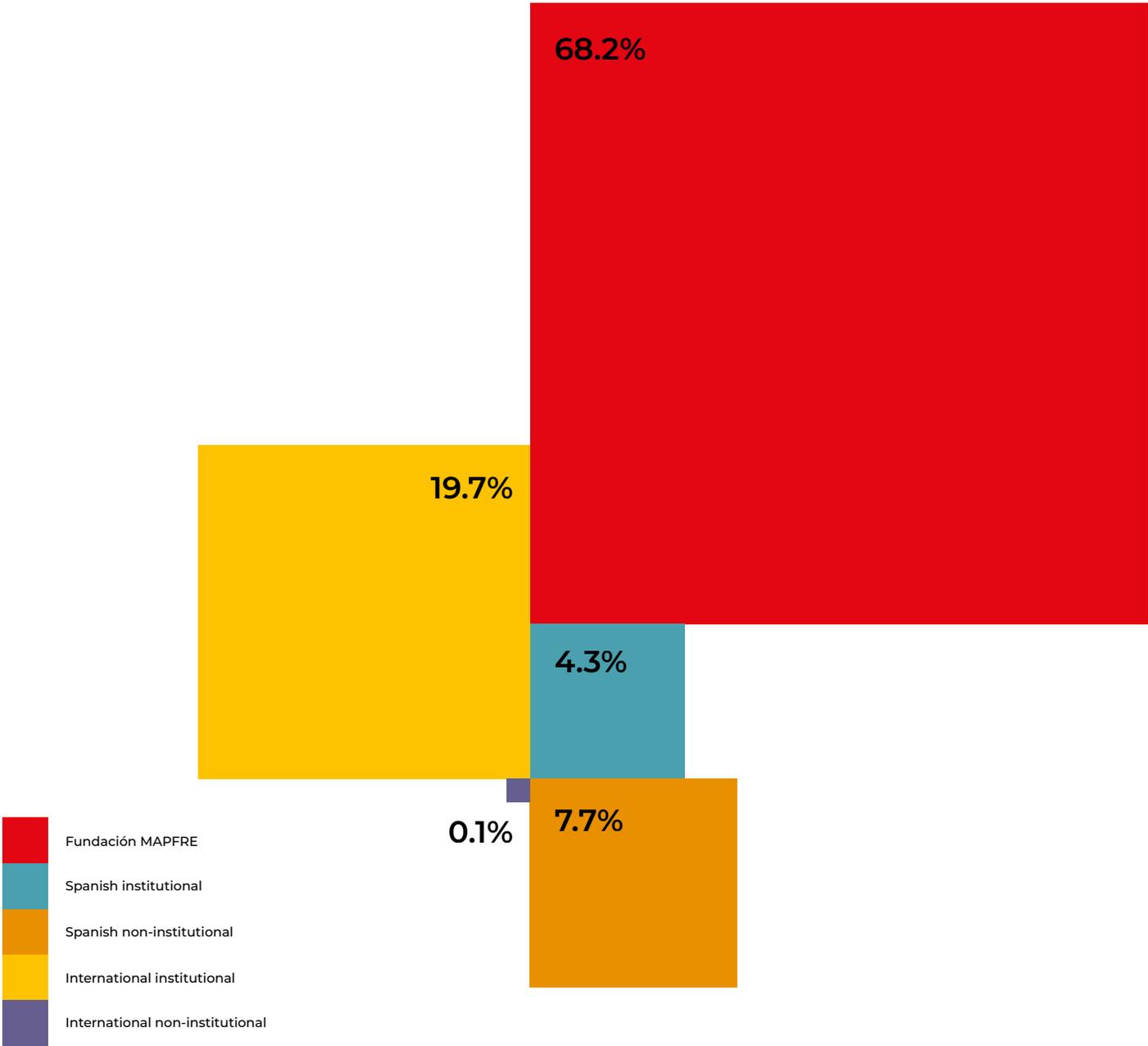
The current Group organizational structure is shown here:



# Shareholder structure

The Group's parent company is the holding company MAPFRE S.A., whose shares are listed on the Madrid and Barcelona Stock Exchanges. MAPFRE S.A. is also a component of the IBEX 35, Stoxx Insurance, MSCI Spain, FTSE All-World Developed Europe Index, FTSE4Good, FTSE4Good IBEX and Dow Jones Sustainability World indexes.

Fundación MAPFRE owns 68.2 percent of the capital of MAPFRE S.A., including treasury stock, which guarantees its independence and institutional stability. Fundación MAPFRE carries out activities of general interest in the areas of Social Action, Insurance and Social Protection, Culture, Accident Prevention and Road Safety and Health Promotion.



## 2.2. Deployment

### IBERIA



### LATAM



### INTERNATIONAL

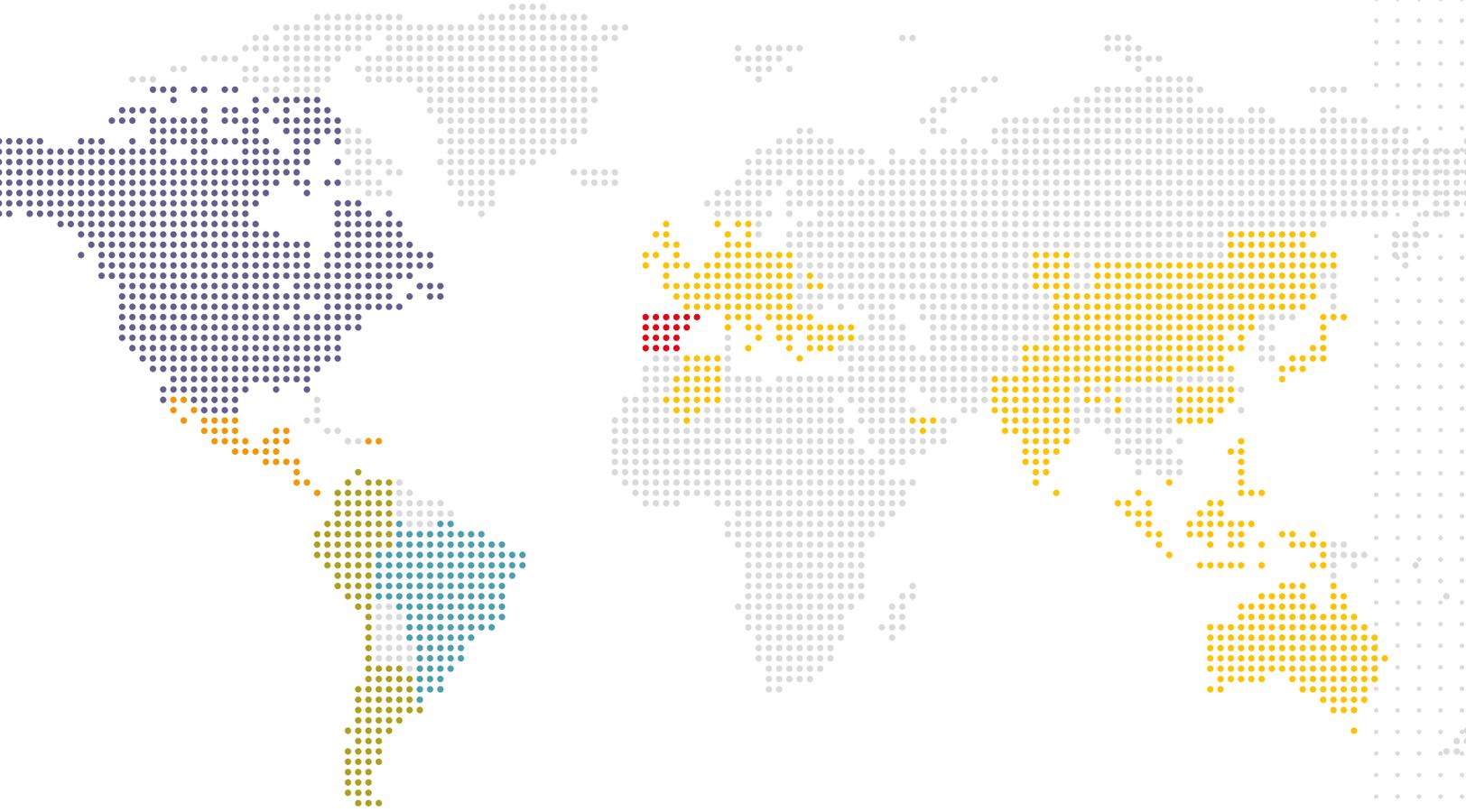


IBERIA	
SPAIN	● ● ○
PORTUGAL	● ● ○

- Direct insurance
- Assistance
- Global Risks
- Reinsurance

LATAM	
<b>Brazil</b>	
BRAZIL	● ● ○
<b>LATAM South</b>	
ARGENTINA	● ● ○
CHILE	● ● ○
COLOMBIA	● ● ○
ECUADOR	● ●
PARAGUAY	● ●
PERU	● ●
URUGUAY	● ●
VENEZUELA	● ●
<b>LATAM North</b>	
COSTA RICA	● ●
EL SALVADOR	● ●
GUATEMALA	● ●
HONDURAS	● ●
MEXICO	● ● ○
NICARAGUA	● ●
PANAMA	● ●
DOMINICAN REP.	● ●

INTERNATIONAL	
<b>North America</b>	
CANADA	● ○
UNITED STATES	● ● ○
PUERTO RICO	● ●
<b>EURASIA</b>	
GERMANY	● ○
ALGERIA	●
AUSTRALIA	●
BAHRAIN	●
BELGIUM	● ○
CHINA	● ○
U. ARAB EMIRATES	●
PHILIPPINES	● ● ○
FRANCE	● ● ○
GREECE	●
HUNGARY	●
INDIA	●
INDONESIA	● ●
IRELAND	●
ITALY	● ● ● ○
JAPAN	○
JORDAN	●
MALAYSIA	○
MALTA	● ●
UNITED KINGDOM	● ● ○
SINGAPORE	○
TUNISIA	●
TURKEY	● ●



Presence in

**45**

countries

MAPFRE has

**5,256**

direct and  
delegate offices  
worldwide



Offices and intermediaries by geographic area are shown below:

<i>Offices*</i>	2018	2017
<b>TOTAL</b>	<b>12,526</b>	<b>12,860</b>
IBERIA	5,413	5,527
LATAM	6,570	6,840
INTERNATIONAL	543	493
<i>Intermediaries</i>	2018	2017
<b>TOTAL</b>	<b>86,564</b>	<b>84,330</b>
IBERIA	17,914	18,014
LATAM	56,682	54,453
INTERNATIONAL	11,968	11,863



\* Includes direct, delegate and bancassurance offices

## 2.3. Key figures

97.6%

Non-Life  
combined ratio

207.9%

Solvency ratio

More than  
152,000  
Providers

Dividends to shareholders:

Almost  
29 million  
Insurance clients

€447 million

<i>Results</i>	December 2018	December 2017	Var. % 18/17
Revenue	26,589.7	27,983.7	(5.0%)
Total written and accepted premiums	22,537.1	23,480.7	(4.0%)
Non-Life	17,060.9	18,154.5	(6.0%)
Life	5,476.2	5,326.2	2.8%
Attributable net result	528.9	700.5	(24.5%)
Earnings per share (euros)	0.17	0.23	(24.5%)

Figures in millions of euros

<i>Balance sheet</i>	December 2018	December 2017	Var. % 18/17
Total assets	67,290.8	67,569.5	(0.4%)
Assets under management	58,484.6	60,082.0	(2.7%)
Shareholders' equity	7,993.8	8,611.3	(7.2%)
Debt	2,670.3	2,327.4	14.7%
Technical provisions	48,723.6	47,814.1	1.9%

Figures in millions of euros

<i>Ratios</i>	December 2018	December 2017	Var. % 18/17
Non-Life Loss Ratio	69.8%	70.7%	(0.9 p.p.)
Non-Life Expense Ratio	27.8%	27.5%	0.4 p.p.
Non-Life Combined Ratio	97.6%	98.1%	(0.5 p.p.)
ROE	6.4%	7.9%	(1.5 p.p.)

<i>Employees at the close of the period</i>	December 2018	December 2017	Var. % 18/17
TOTAL	35,390	36,271	(4.4%)
Spain	10,918	10,894	1.8%
Other countries	24,472	25,377	(6.9%)

<i>The MAPFRE share</i>	December 2018	December 2017	Var. % 18/17
Market capitalization (millions of euros)	7,144.6	8,247.0	(13.4%)
Share price (euros)	2.320	2.678	(13.4%)
Changes in value from January 1 (%)	-13.4%	-7.7%	(5.7%)

## Solvency

	December 2018	December 2017	Var. % 18/17
Solvency ratio	207.9%	200.2%	7.7 p.p.

# +7.7 p.p.

Variation in solvency ratio 17/18



## Credit ratings as debt issuer

MAPFRE S.A.

S&P<sup>1</sup>

BBB+ /  
Outlook  
Positive

Fitch<sup>2</sup>

A- /  
Outlook  
Stable

## Debt rating

MAPFRE S.A.  
senior debt

S&P<sup>1</sup>

BBB+

Fitch<sup>2</sup>

BBB+

MAPFRE, S.A.  
subordinated debt

BBB-

BBB-

## Financial strength rating

MAPFRE RE

S&P<sup>1</sup>

A / Outlook  
Positive

Fitch<sup>2</sup>

A+ / Outlook  
Stable

A.M. Best<sup>3</sup>

A / Outlook  
Stable

Moody's<sup>4</sup>

-

MAPFRE GLOBAL RISKS

A / Outlook  
Positive

A+ / Outlook  
Stable

A / Outlook  
Stable

A2 / Outlook  
Stable

MAPFRE ESPAÑA

-

A+ / Outlook  
Stable

A / Outlook  
Stable

-

MAPFRE VIDA

-

A+ / Outlook  
Stable

-

-

MAPFRE ASISTENCIA

-

A+ / Outlook  
Stable

-

A2 / Outlook  
Stable

## Financial strength rating

MAPFRE USA Group

A.M. BEST<sup>3</sup>

A / Outlook Stable

MAPFRE PRAICO

A / Outlook Stable

MAPFRE MÉXICO

A / Outlook Stable

## Financial strength rating

MAPFRE SIGORTA A.S.

Fitch<sup>2</sup>

AA (tur) / Outlook  
Stable

MAPFRE SEGUROS GENERALES  
DE COLOMBIA S.A.

AA (col) / Outlook  
Stable

MAPFRE COLOMBIA VIDA  
SEGUROS S.A.

AA- (col) / Outlook  
Negative

1. S&P Global Ratings Europe Limited.

2. Fitch Ratings Limited.

3. A.M.Best Europe – Rating Services Ltd.

4. Moody's Investors Service Ltd.

The companies indicated above are established in the European Union and registered as credit rating agencies in compliance with Regulation (CE) 1060/2009 of the European Parliament and Council, of September 16, 2009.

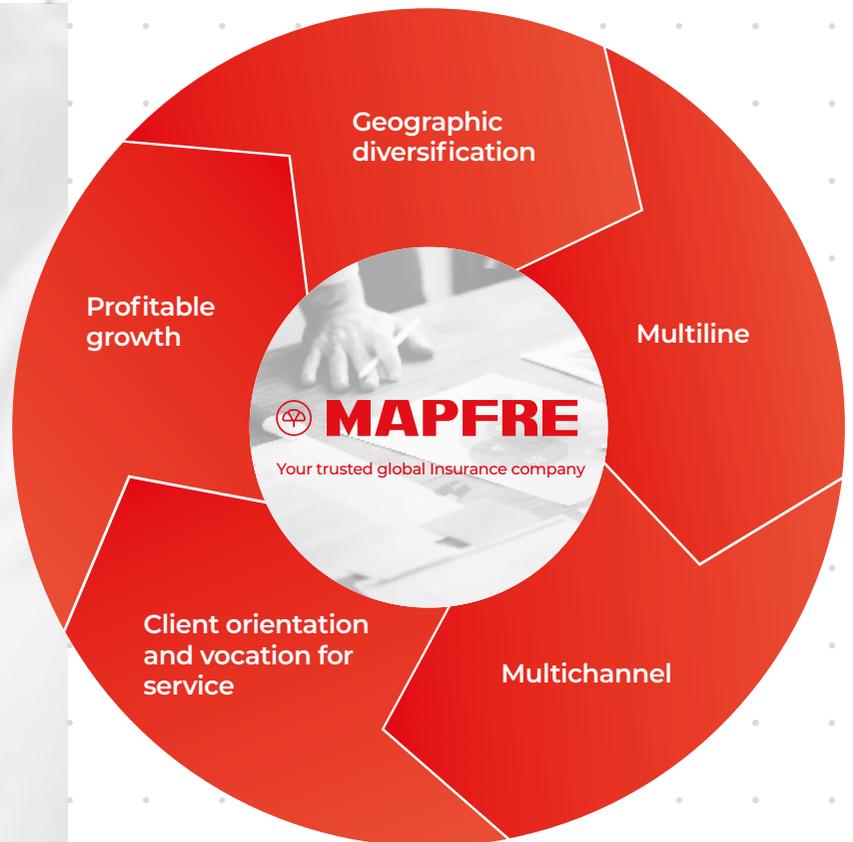
# 3



# Business model, strategy and performance

## 3.1. Business model

The vision of MAPFRE is to be THE MOST TRUSTED GLOBAL INSURANCE COMPANY, a concept that refers not only to its geographic presence but also to the wide range of insurance and reinsurance products and services that it promotes worldwide. It aims to become a leader in the markets in which it operates, through its proprietary and differentiated business model, based on transformation and innovation, designed to achieve profitable growth with a clear and purposeful focus on the client, both private and corporate, a multichannel approach and a firm vocation for service.



The influx of new insurance business models —insurtech— based on digital tools is causing a veritable revolution in the sector, and MAPFRE is acting in an agile manner in order to offer all its stakeholders value experiences. With the business model that MAPFRE has adopted, we are not focused solely on financial results, but also on the social sphere.

MAPFRE's stated mission is to be a multinational team that strives to constantly improve services and develop the best possible relationships with clients, distributors, providers, shareholders and society in general.

This commitment to continuous improvement is underpinned by the company's values, which assist in developing the mission and achieving the vision.

## 3.2. Strategy

MAPFRE has a structured, focused and participatory strategy planning and management model that provides for continuous updating of the strategic plan, at both corporate level and in each of the regions, countries and business units.

2018 brought the 2016-2018 strategic plan to a close, a period during which MAPFRE set itself very clear objectives and drew up a portfolio of initiatives that would lead to **Profitable Growth**.

The situation at the end of this plan is positive, following three years of intensive work on advancing the transformation and digitalization of our operations. The principal achievements in each of the strategic pillars of the plan are:

# 2

# 1

### Client Orientation

The Group attaches great importance to identifying and understanding client needs, behaviors and aspirations as a means of retaining existing clients and capturing new clients from the market. During the three years of the strategic plan, a large variety of projects were accomplished in several countries where we operate, enhancing relations with clients and offering new opportunities for growth. Some successes in the field of culture and talent are:

- Development of the Client Relationship Model and Large Cities initiatives, seeking to improve the experience for clients and increasing market share in large cities.
- Analysis of the Business Model in 19 countries to identify opportunities that enable us to enhance our product, channel and client mix.
- Creation of a Global Life Business Management area and design of a road map for the development of this business.
- Improvement of asset management thanks to the strengthening of MAPFRE INVERSIÓN.
- New Global Agreements with vehicle manufacturers, dealerships, retail, e-commerce companies and others.
- Creation of the New Innovation Model (MOi) to enhance strategic innovation (intrapreneurship) and disruptive innovation with the launch of *insur\_space* MAPFRE.

### Digital transformation

It is imperative that MAPFRE continues making every effort to adapt to the new Digital Era.

Among the achievements reached are the following:

- Execution of the Digital Business Plan, thanks to which we generated almost 1.5 billion euros in digital business premiums.
- Over 200 projects have been developed, enabling us to move ahead with digital era changes and offer better service to clients, providers and employees.
- The SAM 3.0 development initiative (MAPFRE Automobile Insurance) that is making it possible to prepare the company to deal with new market conditions in the automobile field.
- Development of Digital Health business model.

# 3

## Excellence in Technical and Operational Management

Our activities require us to constantly strive for operational excellence, adapting to new client, market and regulatory requirements. The principal activities carried out in this respect are:

- Contact Center model implementation.
- Construction of the client self-direction application.
- Implementation of the global provider model.
- Development of new predictive and analytical models.
- Digital marketing and pricing solutions.
- Deployment of operational models for issuing, claims and fraud.

# 4

## Culture and Talent

Relying on both employees and the MAPFRE culture is critical to the successful implementation of the Strategic Plan. Some successes in the field of culture and talent are:

- Implementation of the Talent Management initiative, identifying profiles and developing talent.
- The Workforce Harmonization initiative has helped achieve greater standardization at various levels of the organization.
- In terms of execution, the Digital Challenge initiative, which is currently underway, is focused on changes in the work environment, collaborative work, knowledge management, digital culture and new forms of remuneration.
- Substantial advances have been made in terms of equal opportunity, diversity and workplace inclusion.
- Defining and launching the Sustainability Plan.



# 3.3. Future outlook

In 2018, MAPFRE undertook a reflective exercise to review its strategic orientation, based on the need to better consolidate and enhance profitability in its businesses as well as seize new opportunities to respond to the speed of transformation in the business environment, in order to maintain competitiveness in the sector.

The strategic plan for 2019-2021 was strengthened along these lines, adopting the slogan **WE'RE TRANSFORMING FOR GROWTH AND IMPROVED PROFITABILITY**, supported by the strategic pillars of Client Orientation, Excellence in Technical and Operational Management and Culture and Talent.

Transformation will be ever-present in all that the company does, acting as a veritable driver across the entire organization.



The main financial objectives and the three pillars of the strategic plan for the three-year period 2019-2021 are described below:

### 1. Profitable Growth

**OBJECTIVES:**

- To create sustainable value for shareholders.
- To grow sustainably above market levels.
- To profitably expand the Life business.

### 2. Client Orientation

In the next three years, we will continue to get closer to our clients, understanding new consumption habits, to offer new value propositions and new experiences.

**OBJECTIVES:**

- To gain and retain our clients' trust.
- To boost the productivity of distribution channels.
- To innovate in products, services and capacities.

### 3. Excellence in Technical and Operational Management

**OBJECTIVES:**

- To rigorously manage risk at all levels of the organization.
- To attain high quality service provision and operational efficiency.
- To reduce costs to be more competitive.
- Open and flexible global technology, with advanced analytics.

### 4. Culture and Talent

**OBJECTIVES:**

- To strengthen people's commitment to MAPFRE's values.
- To develop people with technical, global, and transformational capabilities.
- To position MAPFRE as a benchmark of sustainability, innovation, and trust.



## 3.4. Business performance

### 3.4.1. Relevant facts

The following are among the relevant corporate items for 2018:

- MAPFRE renewed its strategic partnership with Banco Do Brasil, which was first constituted as BB MAPFRE in May 2010. MAPFRE will hold 100 percent of the Non-Life business of BB MAPFRE, including development via the agency channel and the bank channel for automobile and large risk insurance, and for Life business products distributed via the agency channel.
- MAPFRE VIDA announced the acquisition from Bankia of 51 percent of the capital of Caja Granada Vida and Caja Murcia Vida y Pensiones.
- MAPFRE signed a letter of intent with Santa Lucía for the joint development of their respective burial service businesses in Spain.
- MAPFRE issued a 30-year subordinated debt instrument with a 10-year call option for 500 million euros, with a fixed interest rate set at 4.125 percent for the first 10 years.
- MAPFRE launched “Capital Responsable”, a mutual fund managed by MAPFRE AM that invests in stock and fixed income instruments of European companies based on their environmental, social and governance (ESG) criteria.
- MAPFRE converted its 1 billion-euro syndicated credit line (maturing in December 2021) into a sustainable loan, becoming the first insurance company in the world to execute a transaction of this nature for general corporate needs.
- MAPFRE participated, through an investment of 25 million euros, as the primary investor in the “Alma Mundi Insurtech Fund, FCRE” venture capital fund.
- MAPFRE signed a preliminary agreement for real estate co-investment with GLL in European markets to invest up to 300 million euros in office buildings and diversify its financial asset portfolio.
- MAPFRE inaugurated *insur\_space*, its new startup accelerator located in Madrid. *insur\_space* is one of the pillars of MAPFRE Open Innovation, the open innovation platform that the company has implemented to promote innovation at MAPFRE and within the insurance industry in general.
- MAPFRE approved a new configuration for its global risks business that facilitates greater management and business capacity for these types of risks and brings more stability and financial efficiency to the group.
- MAPFRE agreed to sell its operations in the states of New York and New Jersey to US insurer Plymouth Rock as part of its divestment process under the profitable growth plan.
- MAPFRE INSULAR signed a strategic partnership with First Union Insurance and Financial Agencies Incorporated (FUIFAI), the insurance subsidiary of Union Bank of Philippines (UBP), for the distribution and sale of all MAPFRE INSULAR insurance products.
- MAPFRE agreed to renew and expand its sponsorship agreement with the Renault Sport Formula 1 Team and will become one of the principal official sponsors of the racing team for the next five seasons.
- MAPFRE joined the United Nations Environment Program Finance Initiative (UNEP FI) in order to assess the impact of climate change and to incorporate the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in the insurance industry.

Other relevant economic facts from the period:

— At the end of 2018, the Group updated the macroeconomic environment and other risk factors that could affect the insurance business in the future and, consequently, the results forecasts of the Group's business areas. This updating of forecasts has led to a partial deterioration, of an extraordinary nature, in the goodwill of direct insurance operations in the United States, Italy and Indonesia, amounting to 173.5 million euros. This partial impairment of goodwill has no effect on the cash generated by the Group in 2018, nor does it affect its financial strength, nor the capital models that support the current ratings and the high level of solvency of the Group and its subsidiaries, thereby maintaining its significant dividend-generating capacity.

— In fiscal year 2018, MAPFRE RE was affected by several catastrophic events, including typhoons in Japan that have had a net attributable impact of 87.3 million euros and storms in the United States with a net attributable impact of 9.3 million euros



### 3.4.2. Information by Business Unit<sup>1</sup>

The Non-Life premiums, attributable results and combined ratios are detailed by business unit:

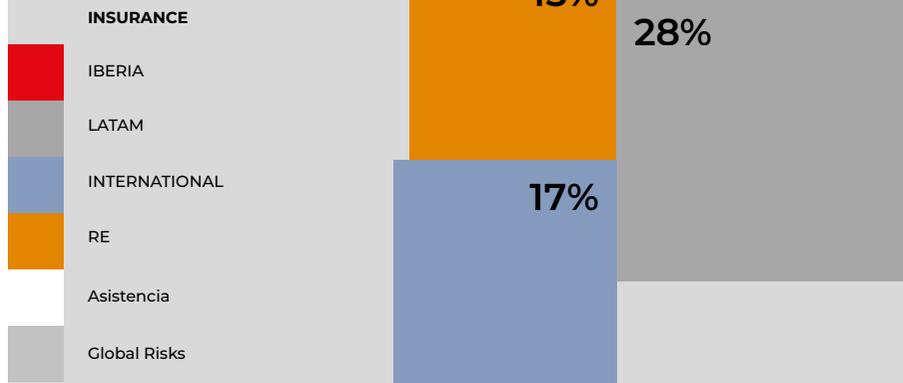
#### Key figures

	PREMIUMS		ATTRIBUTABLE RESULT		COMBINED RATIO	
	December 2018	Variation (%) 18/17	December 2018	Variation (%) 18/17	December 2018	December 2017
<b>IBERIA</b>	<b>7,657.9</b>	<b>10.0%</b>	<b>480.6</b>	<b>(6.0%)</b>	<b>93.8%</b>	<b>93.7%</b>
<b>LATAM</b>	<b>6,887.3</b>	<b>(14.1%)</b>	<b>156.9</b>	<b>(31.6%)</b>	<b>98.2%</b>	<b>96.6%</b>
<b>INTERNATIONAL</b>	<b>4,191.0</b>	<b>(4.7%)</b>	<b>47.4</b>	<b>(46.1%)</b>	<b>103.5%</b>	<b>103.6%</b>
<b>TOTAL INSURANCE</b>	<b>18,736.2</b>	<b>(3.3%)</b>	<b>684.9</b>	<b>(17.4%)</b>	<b>97.8%</b>	<b>97.4%</b>
<b>RE</b>	<b>3,787.1</b>	<b>(10.3%)</b>	<b>149.1</b>	<b>(8.3%)</b>	<b>96.1%</b>	<b>94.8%</b>
<b>ASISTENCIA</b>	<b>911.0</b>	<b>(7.4%)</b>	<b>(10.1)</b>	<b>85.2%</b>	<b>103.5%</b>	<b>103.7%</b>
<b>GLOBAL RISKS</b>	<b>1,173.9</b>	<b>(6.6%)</b>	<b>23.8</b>	<b>135.9%</b>	<b>91.9%</b>	<b>135.4%</b>
Holding, eliminations and other	(2,071.2)	12.2%	(318.9)	(104.0%)	--	--
<b>MAPFRE S.A.</b>	<b>22,537.1</b>	<b>(4.0%)</b>	<b>528.9</b>	<b>(24.5%)</b>	<b>97.6%</b>	<b>98.1%</b>

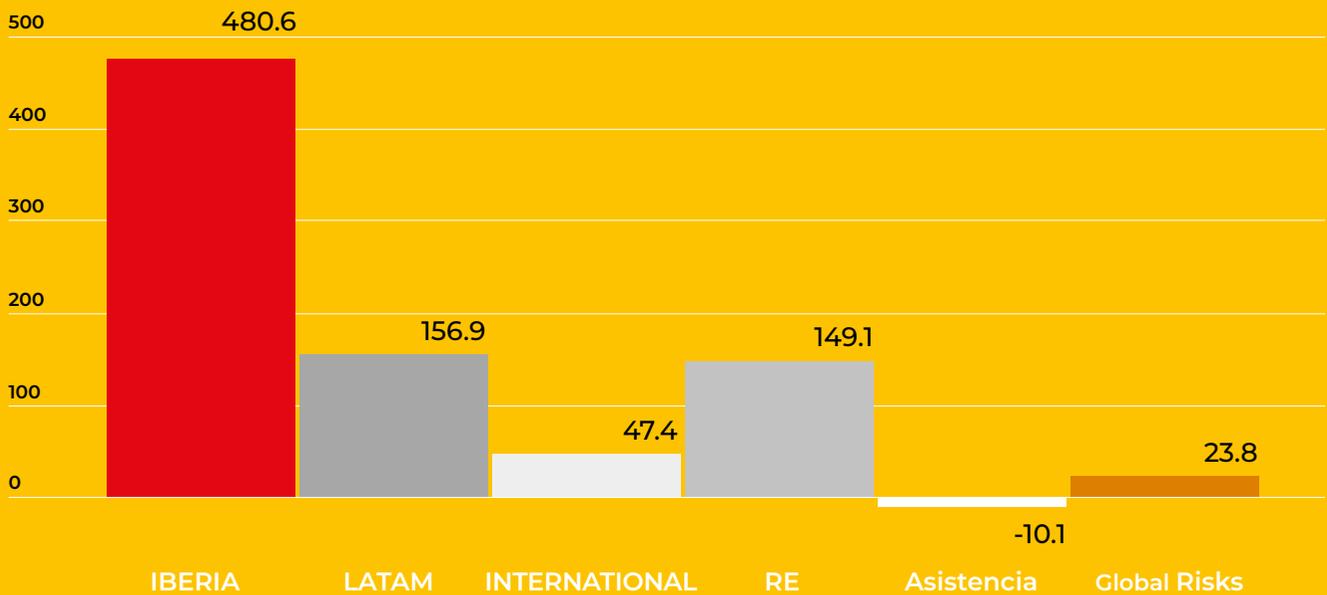
Figures in millions of euros

1. The information in this chapter is supplemented by the Annual Accounts and Consolidated Management Report, which are available on [www.mapfre.com](http://www.mapfre.com)

## Geographic distribution of the business by premiums



## Attributable result by Business Unit



Figures in millions of euros

# 4

# Corporate Governance

## 4.1. Governance System

MAPFRE adopts a three-pronged approach to its business management:

- Corporate governance
- Company structure
- Executive organization

### Corporate governance

The Annual General Meeting is the most senior governing body, while the Board of Directors is responsible for steering, administering and representing the company, holding full powers of representation, disposition and management. Its actions are binding on the company, with no further limitation than the express powers of the Annual General Meeting in accordance with the law and the corporate bylaws.

The composition of the governing bodies resulting from the resolutions that are expected to be adopted on March 8, 2019 is as follows:

Board of Directors		Steering Committee	Appointments and Remuneration Committee	Audit and Compliance Committee	Risk Committee
<i>Chairman and CEO</i>	<b>Antonio Huertas Mejías<sup>1</sup></b>	Chairman			
<i>First Vice Chairman</i>	<b>Ignacio Baeza Gómez<sup>1</sup></b>	First Vice Chairman			
<i>Second Vice Chairwoman</i>	<b>Catalina Miñarro Brugarolas<sup>3</sup></b>	Second Vice Chairwoman	Chairwoman		
<i>Third Vice Chairman</i>	<b>José Manuel Inchausti Pérez<sup>1</sup></b>				
<i>Members</i>	<b>José Antonio Colomer Guiu<sup>3</sup></b>		Member	Chairman	Member
	<b>Georg Daschner<sup>3</sup></b>	Member			Chairman
	<b>Ana Isabel Fernández Álvarez<sup>3</sup></b>			Member	Member
	<b>Maria Leticia de Freitas Costa<sup>3</sup></b>				
	<b>Antonio Gómez Ciria<sup>3</sup></b>				
	<b>Luis Hernando de Larramendi Martínez<sup>2</sup></b>	Member	Member		
	<b>Francisco José Marco Orenes<sup>1</sup></b>				
	<b>Fernando Mata Verdejo<sup>1</sup></b>				
	<b>Antonio Miguel-Romero de Olano<sup>2</sup></b>	Member		Member	Member
	<b>Pilar Perales Viscasillas<sup>3</sup></b>			Member	
	<b>Alfonso Rebuelta Badías<sup>2</sup></b>		Member		
<i>Secretaries</i>	<b>Ángel L. Dávila Bermejo</b>	Secretary	Secretary	Secretary	
	<b>Jaime Álvarez de las Asturias Bohorques Rumeu</b>				Secretary

1. Executive directors
2. Nominee external directors
3. Independent external directors

Honorary Chairmen
<b>Julio Castelo Matrán</b>
<b>José Manuel Martínez Martínez</b>

Executive Committee	
<i>Chairman</i>	<b>Antonio Huertas Mejías</b>
<i>First Vice Chairman</i>	<b>Ignacio Baeza Gómez</b>
<i>Vice Chairman</i>	<b>José Manuel Inchausti Pérez</b>

<i>Members</i>	<b>Aristóbulo Bausela Sánchez</b>
	<b>Alfredo Castelo Marín</b>
	<b>José Manuel Corral Vázquez</b>
	<b>Francisco José Marco Orenes</b>
	<b>Fernando Mata Verdejo</b>
	<b>Eduardo Pérez de Lema</b>
	<b>Elena Sanz Isla</b>
	<b>Jaime Tamayo Ibáñez</b>
<i>Member-Secretary</i>	<b>Ángel L. Dávila Bermejo</b>

## Diversity and experience

The Board of Directors of MAPFRE S.A. approved the Director Selection Policy on July 23, 2015. This policy establishes that during the director selection process, any kind of implicit risk that may involve discrimination and, in particular, biases that interfere with the selection of persons of other genders must be avoided. Furthermore, the policy stipulates that by 2020 the number of female directors should represent at least 30 percent of the total of members of the Board of Directors.

As at the date of this report, female directors represented 27 percent of all members of the Board of Directors.

ITEM	STEERING COMMITTEE		AUDIT AND COMPLIANCE COMMITTEE		APPOINTMENTS AND REMUNERATION COMMITTEE		RISK COMMITTEE	
	M	W	M	W	M	W	M	W
Number of Directors	5	1	2	2	3	1	3	1
% of total	83.3%	16.7%	50.0%	50.0%	75.0%	25.0%	75.0%	25.0%

M: Men; W: Women

## Other Corporate Governance indicators

ITEM	2018	2017	2016	2015
<b>QUORUM FOR ANNUAL GENERAL MEETING</b>	<b>82.07%</b>	83.20%	82.76%	78.47%
Directors	14	15	17	18
Men	10	11	13	15
Women	4	4	4	3
Executive directors	5	5	5	5
Independent external directors	6	6	7	7
Nominee external directors	3	4	5	6
Board meetings	10	10	9	10
Steering Committee meetings	5	3	6	8
Audit and Compliance Committee Meetings	14	11	6	6
Appointments and Remuneration Committee meetings	5	7	6	7
Risk Committee Meetings	6	5	6	4

Data in numbers

The remuneration of directors is determined in accordance with the provisions of regulations applicable to corporations, the corporate bylaws of the Board of Directors, and the decisions adopted by the Annual General Meeting.

The Annual General Meeting of March 9, 2018 approved the Remuneration Policy for the Directors for the 2019-2021 period, effective January 1, 2019. This standard is prepared with the same terms as the remuneration policy for Directors for the 2016-2018 period, except for the remuneration mechanism for members of the Steering Committee, which is composed of a fixed amount and a travel, subsistence and accommodation allowance for attending meetings.

The Group's Institutional, Business and Organizational Principles determine its actions as a company and contribute to the sustainability of the business conducted in every country in which it operates. These principles are embedded in the company through its core values (solvency, integrity, vocation for service, innovation for leadership, and committed team) and implemented through adherence to its international and local commitments as well as to the policies, standards and action protocols adopted by the organization. All of this enables the company to act in accordance with the due diligence principle, thereby preventing, detecting and eradicating irregular conduct, whatever its nature, which could have a negative impact on the company and on the environment in which it operates.

The company has a set of policies, regulations, procedures, protocols and other reference documents in place, both corporate and local in nature, which serve as a guide to determine the behavior that is expected of all those who work for or collaborate with MAPFRE.

## Company structure

MAPFRE employs a simple, efficient and decentralized company structure that enables it to meet its business objectives in an appropriate manner. This principle means that the appropriate management of the business in each country is compatible with the efficient management of the resources, capital requirements and distribution of dividends to shareholders. All of this is governed by a legal framework and genuinely ethical and socially committed conduct in the countries in which the company operates.

## Executive organization

MAPFRE employs a management model for its executive organization that is underpinned by strict control and oversight at every level: local, regional and global. This facilitates broad delegation in the execution and fulfillment of the responsibilities assigned to teams and their supervisors. Most notably, it means that the most important decisions, at all levels, are analyzed in depth, before and after they are implemented, by all of the senior executive teams.

## 4.2. Ethics and Sustainability

For MAPFRE, sustainability involves:

— Finding a balance between environmental, social and governance (ESG) concerns over the medium to long-term and defining how they affect the business and stakeholders with which the company maintains relationships.

— Managing the impact of the company on society and identifying opportunities for sustainable development to create shared value.

For this reason, MAPFRE has in place a corporate policy that sets down the main points of action in this regard, as well as a Group 2016-2018 Sustainability Plan, which articulates the strategy to be followed.

In 2018 MAPFRE joined the Dow Jones Sustainability Index as the 10th insurance company in DJSIWorld, which recognizes the most sustainable entities based on environmental, social, and governance criteria. It maintains its FTSE4Good ranking, and for the third consecutive year, MAPFRE was included on the CDP's Climate A List, for having achieved the highest rating (A) as regards performance in mitigation and adaptation to climate change, and transparency of information reported.

## Ethical Behavior: main compliance and prevention measures

### Compliance

MAPFRE has had a Group Compliance Function Policy in place since 2014, which contributes to minimizing the legal and non-compliance risk of the Group, promoting awareness of and compliance with internal and external requirements, ensuring that such considerations are perfectly internalized in its culture and activities.

The Compliance function is principally concerned with verifying that the Group operates within the legal and regulatory framework that governs its activities, thereby minimizing legal and non-compliance risk and safeguarding its solvency, integrity and reputation, while also supporting the attainment of strategic objectives.

### Code of Ethics and Conduct

MAPFRE has in place a Code of Ethics and Conduct inspired by the Institutional, Business and Organizational Principles of the Group that reflects corporate values and basic principles that are to guide the behavior of its members in their daily work and in relation with interest groups.

## Ethics Committee

This body is responsible for ensuring the application, supervision and control of the Code of Ethics and Conduct within MAPFRE, and as such, it assumes functions related to consultation, resolution, oversight and promotion of the code.

## Whistleblower channels

MAPFRE has created two channels for use by employees:

— The Financial and Accounting Whistleblower Channel ([www.mapfre.com/CDF](http://www.mapfre.com/CDF)) allows Group employees to confidentially report any potentially significant financial and accounting irregularities they observe within the company to the Audit and Compliance Committee of MAPFRE S.A.

— The Ethical Whistleblower Channel ([www.mapfre.com/Etica](http://www.mapfre.com/Etica)) allows employees who have queries about the implementation of the code, or who observe a situation that might constitute a breach or violation of any of the ethical principles or standards of conduct set out in the code, to report them in strict confidence to the Ethics Committee.

Both channels are accessible in Spanish, English, Portuguese and Turkish.

## Grievances and complaints

MAPFRE ensures that its clients in any country around the world where it operates in direct insurance have an internal channel to defend their rights deriving from the policies they take out. The company preserves clients' trust by making good on the commitment to give them the best possible attention and promoting the internal implementation of bodies to protect clients' rights.

## Internal control

Internal control involves everyone and seeks to improve internal operations, promoting control of potential risks that could affect the company's ability to reach its strategic objectives, and seeks to guarantee, with reasonable security, that the Group's objectives will be achieved in terms of efficiency and operational effectiveness, reliability of accounting and finance logs and conformity with internal and external rules.

## Protection of employees from moral and sexual harassment in the workplace

MAPFRE has in place a Respect for People Policy that expressly states that respect for others is a basic element of employee conduct. As such, MAPFRE rejects any manifestation of workplace harassment, and any other behavior that is violent or offensive to the rights and dignity of people, whenever these situations contaminate the workplace, have negative effects on health, well-being, confidence, dignity and the performance of those who suffer from same.

Respect for people is a responsibility of the entire organization and it extends both to relationships among employees, regardless of their position in the company, and to relationships among employees and clients, providers, collaborators and other stakeholders. They must all contribute to ensuring a work environment in which people's dignity is respected.

## Anti-corruption

MAPFRE is against all unethical practices aimed at inappropriately influencing the action and will of other people in order to gain advantages or benefits. Nor does it allow other individuals or companies to engage in these practices with its employees. A specific section is included in the Code of Ethics and Conduct to reflect this, which together with MAPFRE's anti-corruption policy establishes the basic framework and rules to prevent and detect corrupt practices in Group activities.

## Fraud prevention

Combating fraud is a key issue, and the Group has a corporate anti-fraud technology platform to protect itself for detecting, preventing and analysis of fraud in different business and support processes. There is also a Fight against Fraud Operational Model in place, and training is given to employees in this regard.

## Prevention of money laundering

MAPFRE has put in place sufficient policies, procedures and internal governing bodies to prevent and avoid operations related to money laundering or the financing of terrorism, establishing specific controls over operations that are complex or with unusual characteristics or amounts involved or that have no apparent economic or legal purpose or that show characteristics of pretense or fraud.

All the employees and agents of the companies in the MAPFRE Group who are subject to the regulation on the prevention of money laundering and financing terrorism have received specific training in this field (with differing degrees of depth according to the level of risk in the sphere of activities they carry out), with details of the way of proceeding in the case any suspicious operation is detected.

## Security

Among other issues, MAPFRE focuses its activities related to security on the protection of its employees and facilities, on protecting the information and privacy of its clients, employees and other interest groups and on the sustainability and resilience of its operations and the services that it offers.

MAPFRE also has procedures, tools and highly specialized staff in place to ensure that the new initiatives and corporate information systems have built-in security criteria from the outset, designed to minimize risks, protect data privacy and increase incident detection and response capabilities.

## Internal audit

This function operates with independence and objectivity, and helps the organization comply with its stated objectives by providing a systematic and disciplined approach to evaluating and improving the efficiency of risk management, internal control and corporate governance processes.

# 5

# Risks and opportunities

In order to ensure efficient administration of risks, MAPFRE has developed a set of Risk Management policies that assign responsibilities, establish general guidelines, basic principles and an action framework for each risk type, assuring coherent application within Group companies.

The Board of Directors of MAPFRE S.A. establishes the risk level that the Group is prepared to assume in order to reach its business objectives without any significant deviations, even in adverse situations. That level, which defines limits and sub-limits per risk type, constitutes the MAPFRE Group's risk appetite.

MAPFRE's structure is based on units and companies with a high degree of management autonomy. The Group's governing and management bodies approve the risk management actions to be taken by the units and companies and constantly supervise their exposure to risk using indicators and ratios.

Assigned capital is generally estimated based on the budget for the coming year and is revised periodically during the year based on risk development, so as to guarantee compliance with the limits set in the Risk Appetite.

## Environmental, social and governance (ESG) risks and opportunities

Proper monitoring of these aspects provides the organization with additional information about these potential risks as well as a clearer insight into social movements and transformations and the expectations of its stakeholders. In this context, MAPFRE's business model and strategy are an example of how the company faces the global challenges regarding sustainability; how it manages ESG risks; and how it innovates in developing insurance products and solutions for the benefit of its clients and the community.

In 2018, MAPFRE joined the United Nations Environment Program Finance Initiative (UNEP FI), along with 15 other leading insurers, in order to assess the impact of climate change and to incorporate the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in the insurance industry. As a global insurance company, MAPFRE is participating in the commitment to contribute to defining a standard of technical and financial action for the entire sector that will help the insurance industry to manage the risks and opportunities of the transition toward a low-carbon economy, and to reduce the impact of climate change for the whole of society. Climate change is part of MAPFRE's sustainability strategy.

## Risk of natural disasters

Special attention should be paid to MAPFRE's action in relation to natural disasters, where an appropriate prediction of these events and the right assessment of possible losses are essential elements of an insurer's management. These two lines of action determine the economic impact on the company and the response it will be able to offer its clients.

## Products and services

Developing insurance solutions in products and services to address the needs of clients regarding this type of risk is becoming a challenge and also an ongoing business opportunity.

## Socially responsible investment

MAPFRE is fully committed to socially responsible investment in the process of selecting its investments, and has a proprietary ESG portfolio analysis in place, and has also launched a complete range of socially responsible products.

MAPFRE has created a sustainable value model in line with Responsible Investment Principles (RIP), to which the Group adheres. The RIP action principles are part of the investment criteria established under the Annual Investment Plan that defines the Group's action in this area.

**In 2018, MAPFRE joined the United Nations Environment Program Finance Initiative (UNEP FI), along with 15 other leading insurers, in order to assess the impact of climate change and to incorporate the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in the insurance industry**



# 6

# Creation of shared value: WE ARE SUSTAINABLE

Value creation for an organization is achievable when the company responsibly defines its resources and identifies the main areas in which it works and the stakeholders that will be impacted or potentially impacted.

Value creation is not static, and projects are therefore undertaken within a time frame of several years, in line with the Strategic Plan. This chapter describes the main milestones reached in 2018.

## WHY MAPFRE IS A DIFFERENTIATING VALUE

### Attractive comparison value



#### Management

- Rigorous **technical control** of the business
- **Strict** capital and risk **management**
- **Multiline** and **multichannel**
- **Geographic diversity**



#### Culture

- **Independent** company
- **Human** capital as a key value in the organization
- Responsible and **committed** to ESG



#### Value

- Shareholder **stability**
- **Predictable** company
- **Competitive** dividend policy



#### Strategy

- **Multichannel** approach
- Reinforced **internal structure** (local, regional, corporate)
- Focus on the **client**
- Professional **information systems and teams** needed to deliver excellence
- Digital **service** and **technology** as allies
- Greater **self-governance** and **control**
- **Agent challenge**

## 6.1. Financial dimension

### WE ARE SOLVENCY

Our business model is built on the foundation of financial strength and a strategy of sustainable results over time, which is what guarantees that we can meet all the obligations we undertake with our stakeholders.

*What are we working on to create value?*

- Shareholders' equity
- Investments
- Financing operations
- The MAPFRE share

Solvency is one of the fundamental values of MAPFRE that helps develop our mission and achieve the Group's vision.

The pillars on which the Group is supported and that contribute to its solvency and the generation of value for interest groups are:

### Shareholders' equity

Consolidated equity amounted to 9.2 billion euros as on December 31, 2018, as compared to 10.5 billion euros as on December 31, 2017. Of this amount, 1.2 billion euros correspond to non-controlling interests' shares in subsidiaries, primarily financial entities in Spain and Brazil with whom MAPFRE has bancassurance agreements in place. Consolidated equity attributable to the controlling Company per share was 2.60 euros as on December 31, 2018 (2.80 euros as on December 31, 2017).

### Equity

€9.2

billion

Equity attributable to the controlling Company

€8

billion

### Investments

Investment portfolio:

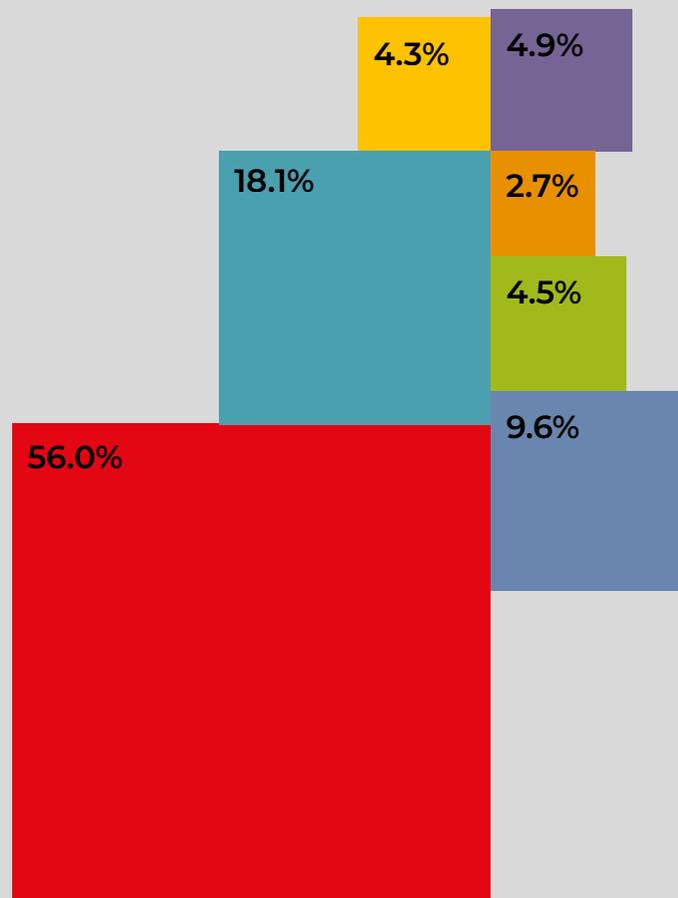
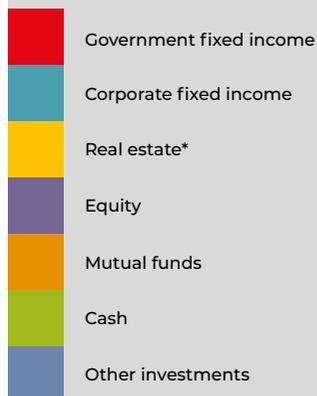
€49.3

billion

Fixed income:

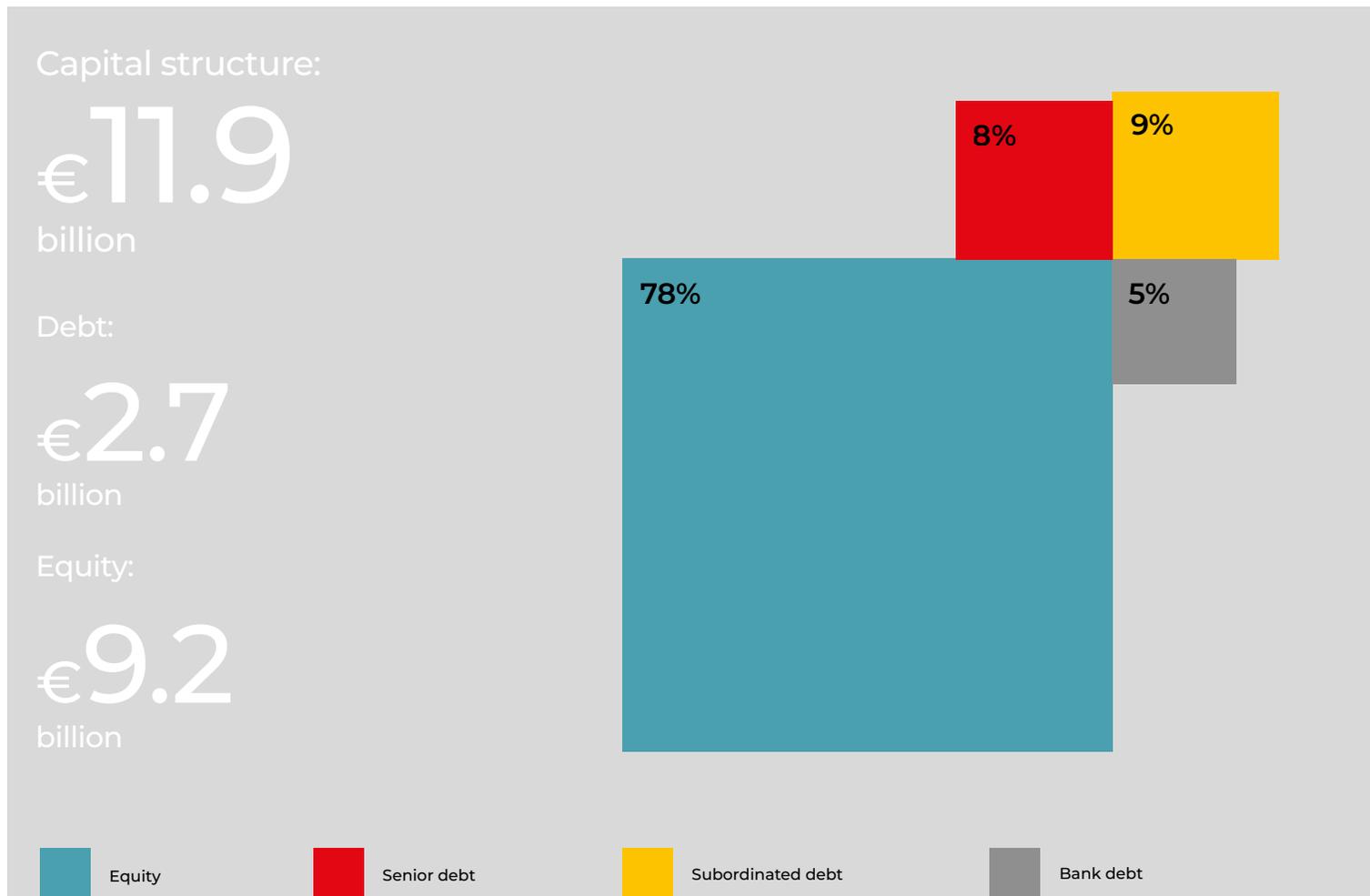
€36.5

billion



\* Real estate includes both investment property and real estate for own use

## Financing operations



Capital structure reached 11.9 billion euros, of which 78 percent corresponds to equity.

The Group has a leverage ratio of 22.5 percent, which increased 4.4 percentage points compared to the end of the 2017 fiscal year.

MAPFRE Group:

22.5%

leverage ratio

▲ 4.4

percentage points

## The MAPFRE share

Result for the period attributable  
to the controlling company

€529  
million

Earnings per share

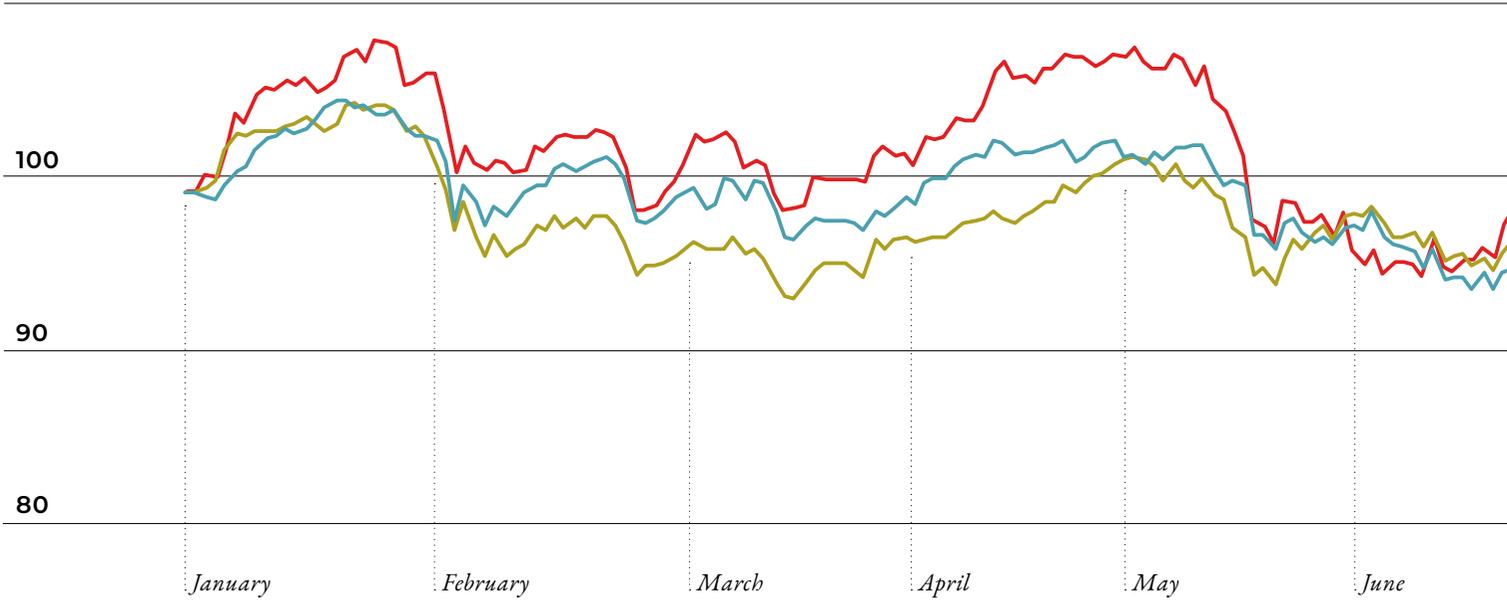
€0.17

### Stock Market Information

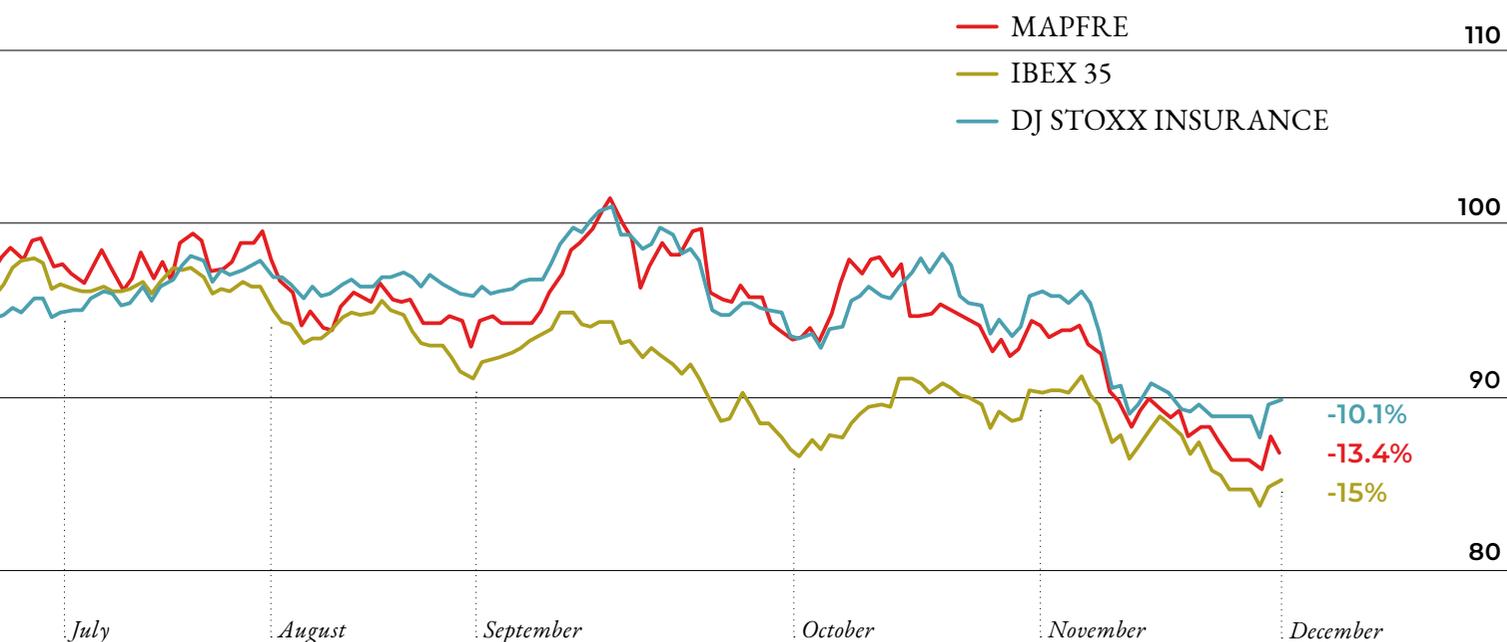
ITEM	12/31/2018
Total outstanding shares	3,079,553,273
Market cap (million euros)	7,144.6
Share price (euros)	2.32
Book value per share	2.60
Dividend per share (last 12 months)	0.145
Share par value (euros)	0.1



110 Share price movement: January 1, 2018 - December 31, 2018



The supplementary dividend proposed at the Annual General Meeting for fiscal year 2018 is 0.085 euros per share before tax. Consequently, the total dividend against the results for 2018 amounts to 0.145 euros per share before tax, representing a payout ratio of 84.4 percent.



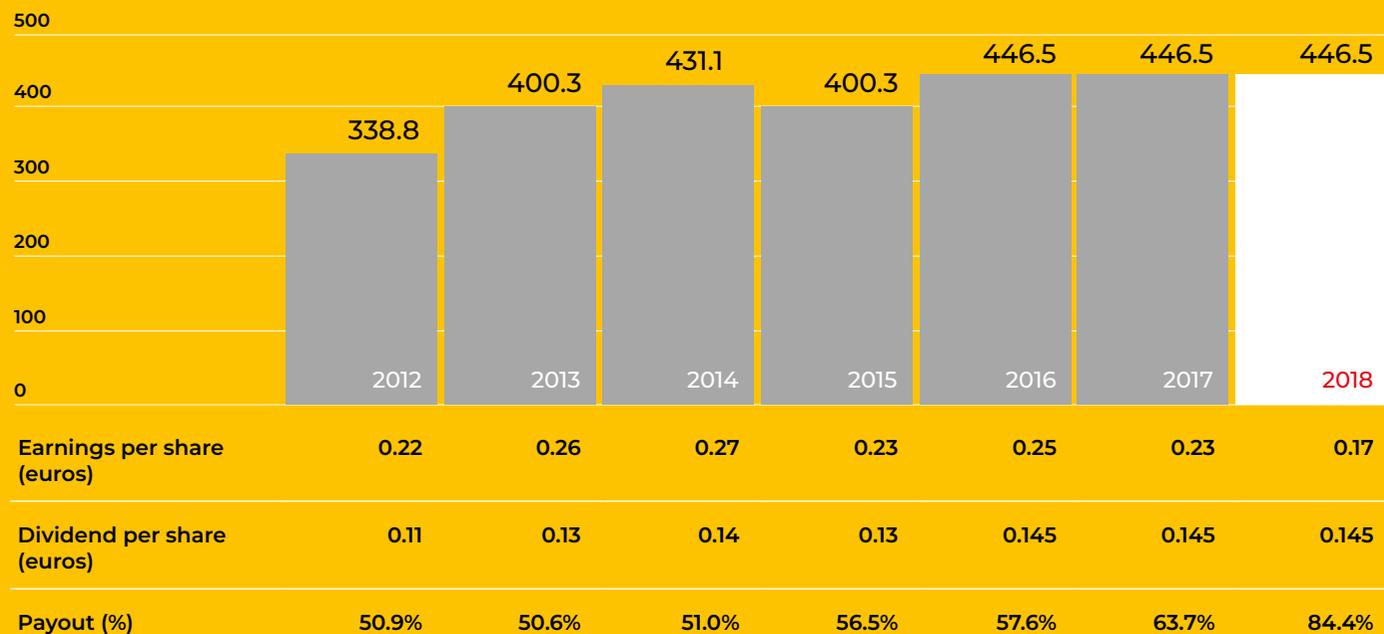
## Dividend and payout

The dividend policy of the Group states that shareholder remuneration must be tied to MAPFRE's earnings, solvency, liquidity and investment plans and in line with the interests of all shareholders.

The commitment of the Group to its shareholders is clear and consistent, as is demonstrated through the profitability that it offers them.

## Dividends paid against results

Figures in millions of euros





## 6.2. Productive dimension



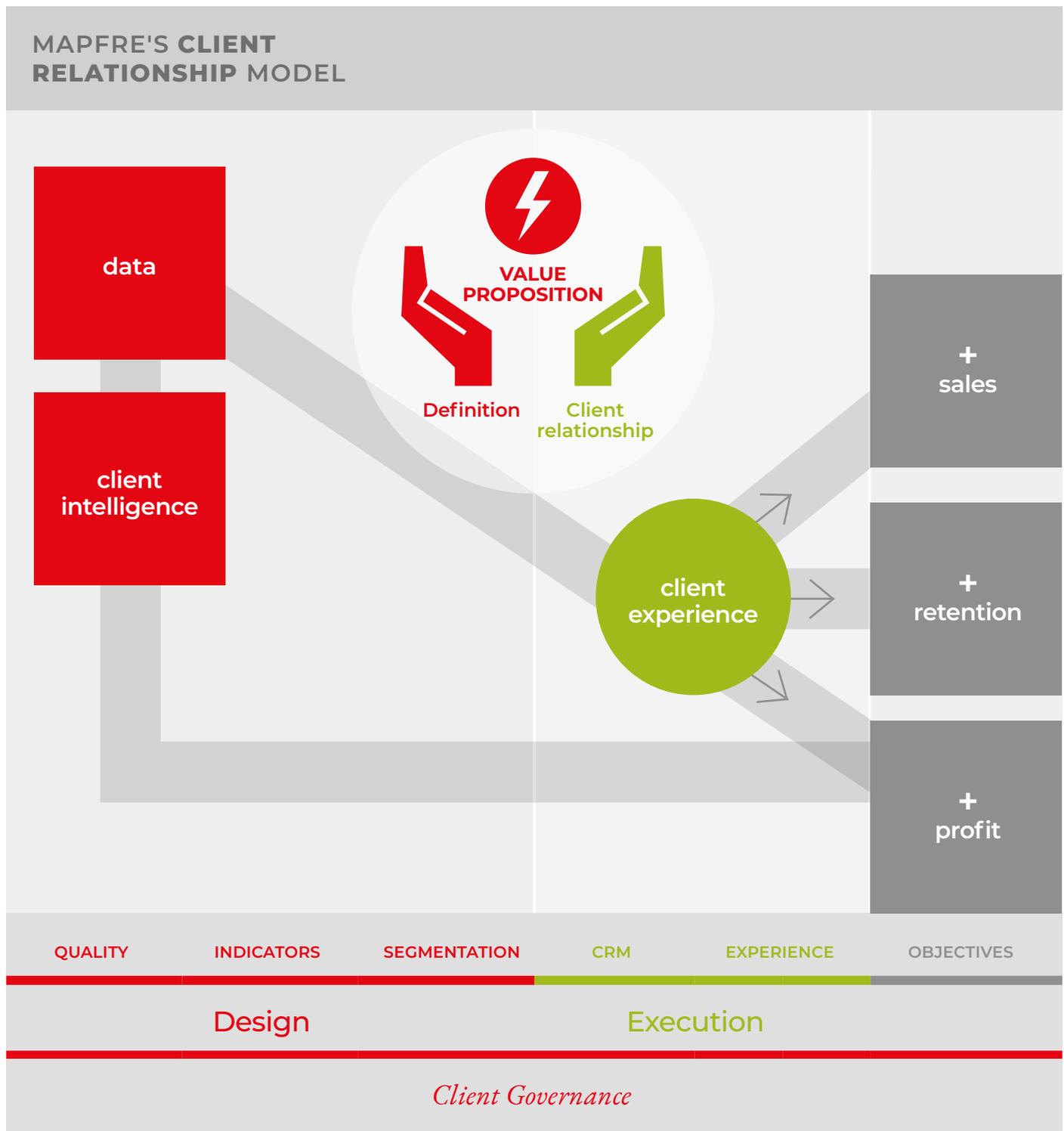
### WE ARE SERVICE

We organize our activity thinking of the client, who is the center of the business and we are accompanying them in the transformation process, anticipating the digital insurance solutions they are going to need.

*What are we working on to create value?*

- Client Relationship Model
- Digital business
- Providers
- Quality

## Client relationship model with the MAPFRE client



The Client Relationship Model, which was worked on throughout 2018, seeks to increase sales, retention and therefore profits, through a cycle of activities running from client experience to data quality. And so as to cover each of these activities both in the design and value proposition execution phases, the initiative is laid out along four

vectors: data quality, segmentation, customer relationship management, and client experience. The purpose of the model is to improve relations with the approximately 29 million direct insurance clients that MAPFRE had in insurance unit operations at the close of 2018.

## Omnichannel distribution and customer service

MAPFRE remains committed to omnichannel distribution, adapting its sales structure to the legislation governing the countries in which it operates. In addition to its own network, MAPFRE maintains a strong relationship with agents and brokers, which represent an increasingly important part of distribution of insurance worldwide.

	IBERIA	LATAM	INTERNATIONAL	
<b>OFFICES</b>				<b>86,564</b> intermediaries
Direct and delegate	3,084	1,629	543	
Bancassurance	2,329	4,941	-	
<b>INTERMEDIARIES</b>				<b>12,526</b> offices
Agents	9,850	18,106	9,786	
Delegates	2,753	3,952	121	
Brokers	5,311	34,624	2,061	



## Customer service centers

In order to address client needs and guarantee the best possible service, the Group has the following service centers broken down by countries where it operates:

<i>Service Centers</i>	Number	Countries
In-house claims handling and rapid payment centers	301	15
In-house automobile service centers	35	2
Automobile diagnostic units	13	4
Repair shops with signed agreements	11,280	25
In-house repair shops	10	3
Research and development centers	7	7
Own health care polyclinics	21	3
Clinics with signed agreements	14,565	18
In-house dental clinics	6	1
Corporate business management centers	44	6



## Digital business

MAPFRE has adapted its strategy to the new realities, so that it can continue to be one of the leading global insurance companies of the 21st century. The weight of digital business has increased in its operations through the implementation of the Digital Business Plan designed to grow this business profitably.

In 2016 MAPFRE committed to increasing digital business by the end of 2018 by 50 percent compared to where it was at the close of 2015. This commitment was achieved, with the corresponding increase being 51 percent.

## Providers

MAPFRE works with more than 152,000 providers, of which 133,505 are service providers or specific providers and 18,516 are support or general providers. A project was launched under the MAPFRE Group 2016-2018 Sustainability Plan to revise and expand the approval of both support and service providers with regard to environmental, social and governance (ESG) characteristics.

Since 2017, a total of 6,437 service and support providers have been selected for participation in the ESG approval process.

This provider approval involves an initial process analyzing sustainability practices of providers by means of a specific questionnaire, which includes the following risk factors:

- Aspects of security and workplace safety measures afforded to workers
- Human Rights: child and forced labor, respect for basic labor rights etc.
- Environmental practices and sanctions applied
- Inclusion, diversity and non-discrimination

## Quality

In 2018 the VI and VII NPS measurement waves were carried out, involving a representative sample of MAPFRE's portfolio. These waves, with over 140,000 respondents, each involve 23 countries and lines of business, covering 81.7 percent of the total personal Non-Life premiums of the Group. Thanks to this, we can confirm that the objective set for the 2016-2018 three-year period has been met, with 70 percent of the measured premium volume in the NPS of our clients being greater than the average NPS of our competitors analyzed.

## 6.3. Human dimension

### WE ARE TALENT

At MAPFRE, we are people who take care of people, and for that to happen, we want to have the best professionals to serve our clients and develop the business. We are also a company of opportunities, one that is inclusive, with a people management model that promotes the development of talent and a proposal for professional development that enriches us.

*What are we working on to create value?*

- Management model
- Diversity
- Talent
- Transformation and organization
- Employee experience
- Challenges

## Management model

Employee management is particularly relevant in a global company such as MAPFRE, which is present worldwide and has employees from 91 countries. A form of management that must join business in its transformation, enable the commitment of employees to company values, contribute to the development of technical, global and transformational capacities of all members of the company and guarantee a healthy, diverse and collaborative environment.

Women make up

# 55%

of the total workforce

<i>Total headcount</i>	2018
Headcount at December	35,390
Average headcount	35,655



## Diversity

A diverse workforce **adds value to the company** since it fosters learning, supports experience and simultaneously enhances project planning and execution for those that are working.

MAPFRE has a Diversity and Equal Opportunity Policy in place worldwide, approved by MAPFRE on July 23, 2015, and there is a public commitment to both gender diversity and functional diversity.

## Gender diversity

	2018	2017
Percentage of women in positions of responsibility	40.8 %	38.8%
Number of women in positions of responsibility	2,584	2,161

<i>Business unit</i>	TOTAL	
	Men	Women
Corporate areas	630	474
Insurance	12,887	16,035
Asistencia	2,076	2,626
Gobal Risks	135	134
Reinsurance	195	198
TOTAL	15,923	19,467

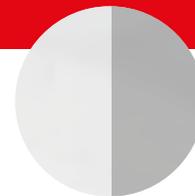
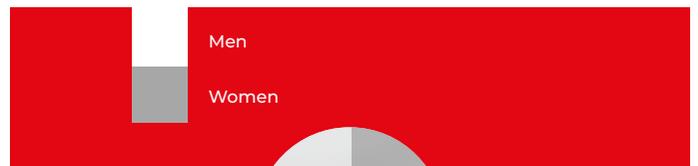
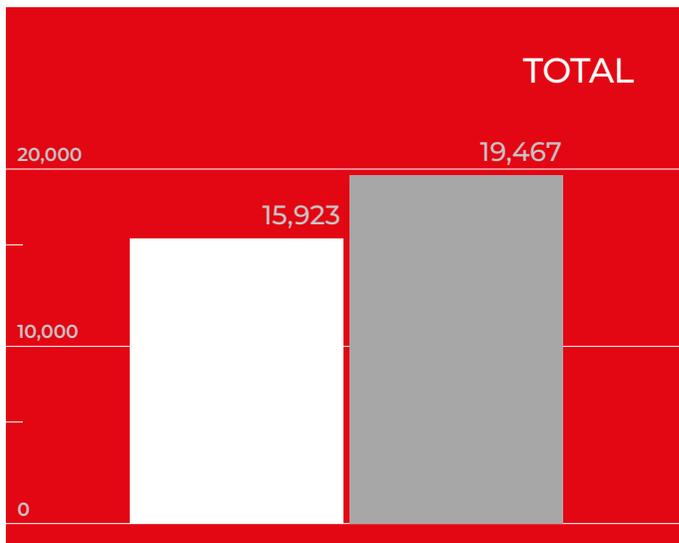
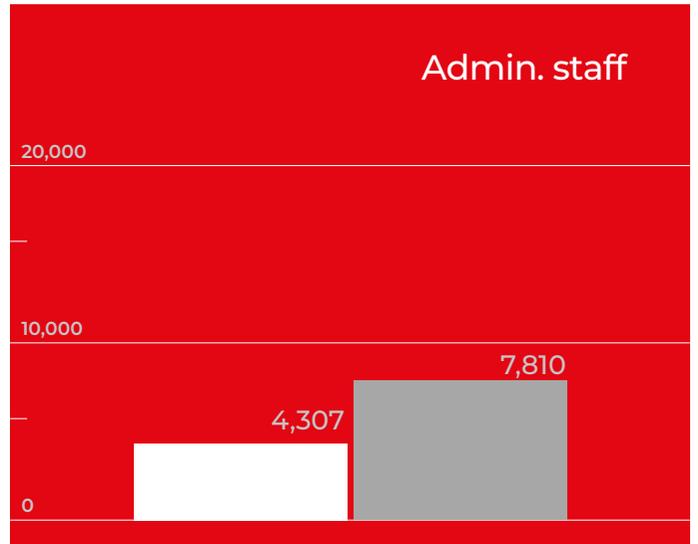
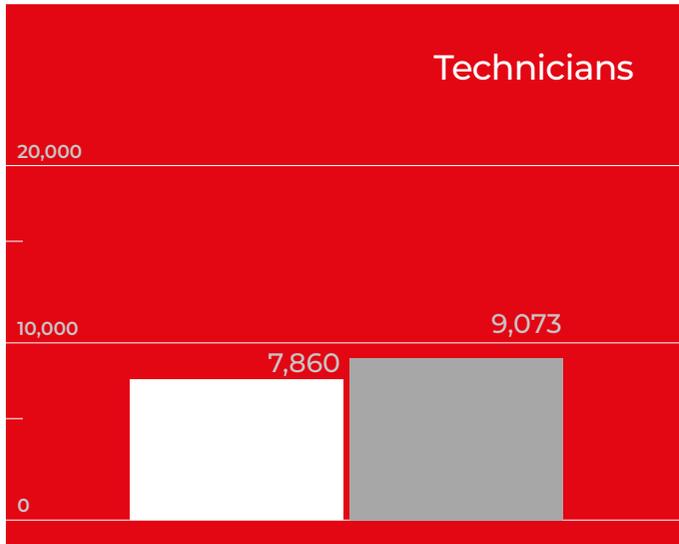
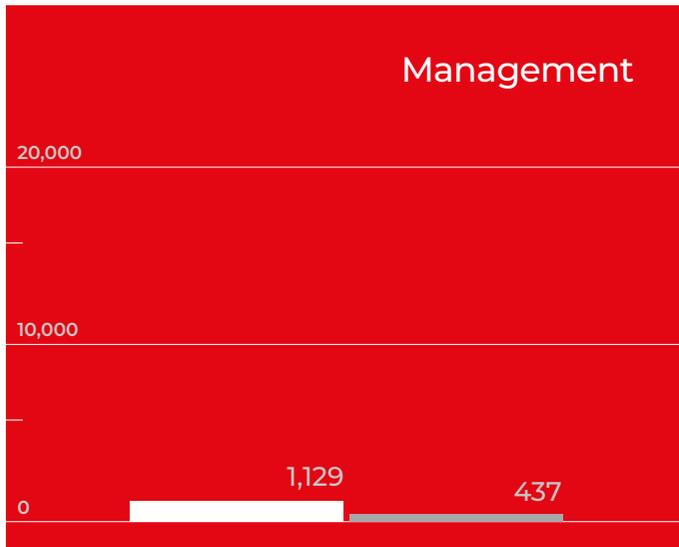
Women in positions of responsibility

# 40.8%

in 2018



## Distribution of workforce by job position





## Cultural diversity

There are 35,390 employees at MAPFRE of 91 nationalities, and 1,104 employees of 22 different nationalities work in the corporate areas.

The Group promotes international mobility, which in 2018 enabled 111 employees to move their job positions to another country. With regard to senior management and executives who work in the Group's companies outside Spain, 74.3 percent were hired locally.

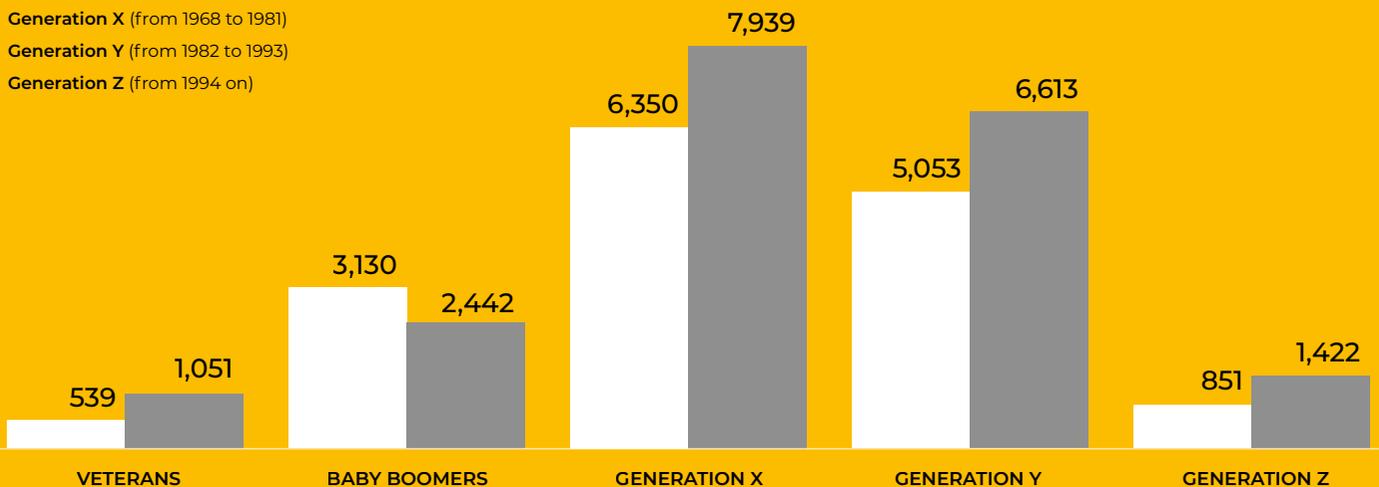
## Generational diversity

At MAPFRE, different generations with different approaches to work and different values, expectations, motivations and beliefs work together.

## Generational diversity

- Veterans (up to 1955)
- Baby boomers (from 1956 to 1967)
- Generation X (from 1968 to 1981)
- Generation Y (from 1982 to 1993)
- Generation Z (from 1994 on)

Men  
Women



## Functional diversity

MAPFRE is firmly committed to integrating people with disabilities into the workplace, through a global program implemented in all countries since 2015 with measures to enable true consolidation of this group within the business.

	2018		2017	
	No.	%	No.	%
People with disabilities in the workforce	902	2.5%	768	2.1%

## Talent

MAPFRE's Promotion, Selection, and Mobility Policy guides talent management within a global project structured to identify the profiles required to execute business strategy, manage organizational talent and to draft development plans for each employee to guarantee succession and direct relief plans and to cover strategic needs.

Over the course of 2018, development plans for 3,702 employees were implemented within the framework of this project, while 16,481 development actions were executed and career plans were drawn up for 1,888 employees.

### Hiring external and young talent

During 2018, 1,030 selection processes were published to attract external talent, and followers increased from 121,291 to 180,207.

MAPFRE continues its commitment to young talent, promoting its global "Grow with Us" company internship program, and two new training programs were launched for trainees in 2018 (Global Actuaries and Symbiosis in Spain).

### Internal mobility

Out of the 6,986 job positions advertised, 1,780 were covered by internal mobility, and 53.3 percent involved a promotion. Through geographic mobility, international careers, global mobility and temporary transfers, 23 countries have been able to enjoy the services of professionals from 22 other countries. Currently, 266 managers and employees are working outside their country of origin.

A total of 22 MAPFRE employees also participated in the temporary mobility program, Task Force, which involves the launch of new businesses or transversal transformation projects through the immediate and coordinated action of a specialist team.

## Career and development plans

In 2018, professional career plans were also developed for 1,888 employees, and 3,702 individual talent development plans were defined, which assist our employees in acquiring specific knowledge and skills aligned to the company's needs. These plans include training, mentoring, mobility, recognition and compensation elements.

## Learning and knowledge management

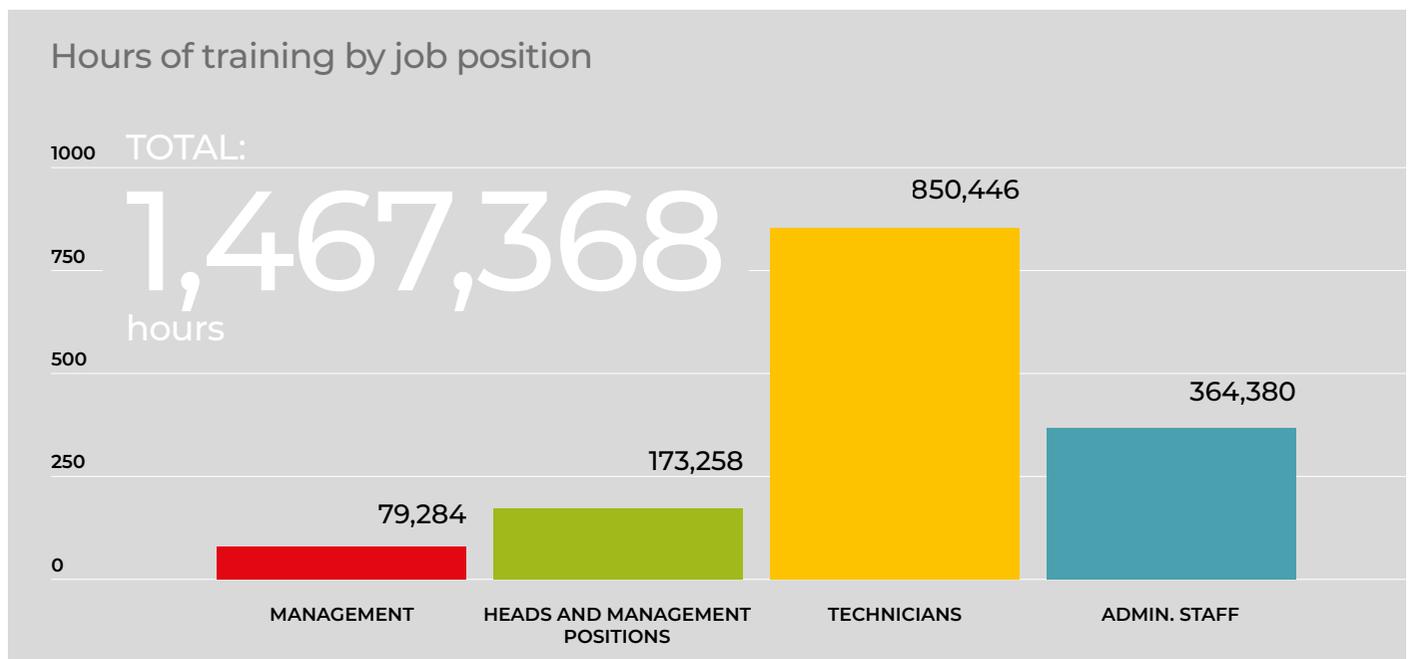
The Group promotes learning and technical knowledge management for employees through the MAPFRE Corporate University, focusing on strategy and business objectives.

A knowledge management governance model was defined at MAPFRE during 2018. A taxonomy was created, which identifies knowledge by subject matter, with the technological support making it possible to share know-how with all MAPFRE employees worldwide.

**The Corporate University** was initiated in 2014 with all the global learning activities offered at its 16 Schools, 10 Learning Classrooms, and an InnoLAB. It is in operation in all countries where MAPFRE operates, providing training in the three corporate languages and five local languages.

Over the course of the year training was provided to 100 percent of the workforce, via 1,467,368 hours of training, which represents an average of 41.5 hours per employee.

In addition, during 2018, 4,169 employees were included in the training itineraries organized for claims handlers and telephone agents, and the self-learning tool was further strengthened through a total of 5,176 enrollments across the more than 200 training resources available.



Development continued in mentoring, both traditional and inverse, throughout 2018, both as a form of development and collaboration, and for transferring knowledge between teams. Mentoring not only promotes development but also transmits the company culture and collaborative, respectful and listening behavior.

## Transformation and organization

# #Digitalchallenge

Driving us forward at MAPFRE

The Digital Challenge is the strategic initiative in place to drive the transformation and change that the organization needs to adapt itself to new digital requirements, imparting a flexible work environment, with tools that allow collaborative working, development of digital profiles and new forms of leadership.

The development of this initiative has been expressed by four pillars: work environment, collaborative work and knowledge management, culture in a digital world and new forms of remuneration and recognition.

## Remuneration and recognition

MAPFRE has a global compensation policy applicable to all the companies of the Group designed to establish adequate remuneration based on the function and job position and the performance of its professional staff, as well as acting as a motivating and satisfaction component, making it possible to achieve defined objectives and comply with company strategy. This policy ensures equality and the internal/external competitiveness in each of its markets.

MAPFRE has a global, standardized performance evaluation process in place, in which 31,287 employees participated in 2018, representing 88.4 percent of the workforce.

## Organization

Fostering team work culture and collaboration, all through an agile organization, is one of MAPFRE's objectives. MAPFRE has a universal task and job position map in place for global use, which assists in the definition of strategic profiles and knowledge within the organization. Flexible working hours and technological mobility is also being worked on around the world.

## Employee experience

The employee experience area was created at corporate level over the course of 2017, including well-being and health, volunteering, actions related to improving the internal climate and internal communications with employees.

## Conciliation and well-being

To facilitate employee well-being and work-life balance, MAPFRE offers a wide range of company benefits, which are offered regardless of whether employees are on permanent or temporary contracts. The total allocated to social benefits in 2018 amounted to 176.6 million euros.

<i>Work-life balance measures</i>	No. of employees benefiting
Flexible working schedule	14,216
Part-time working arrangements	2,975
Reduced workday	1,012
Remote working	1,185
Paid and unpaid leave	18,332
Parental leave	808
Maternity leave	1,024
Sabbaticals for study/family purposes	52
Employee reintegration program following a protracted leave of absence	58

MAPFRE has a Health and Well-Being Policy and Work-Related Risk Prevention Policy in place, which takes the form of a prevention model that sees workers actively participate in everything that might affect their health and safety at work, for which there are legally established representation channels. In addition, there is a Healthy Company model in place, which was created based on current international directives.

## Internal atmosphere: Organizational environment surveys

MAPFRE has been recognized as a Great Place to Work in: Brazil, Guatemala, Costa Rica, Nicaragua, and generally throughout Latin America, Central America, and the Caribbean. In Brazil, it was also considered the "Best Workplace for Women".

During 2018, the foundation was set for implementing a system for measuring employees' life cycle thanks to the Employee Net Promoter Score, to determine the degree of satisfaction and pinpoint areas for improvement related to employee experience at different stages in their careers.

## Volunteering

MAPFRE's Corporate Volunteering Program is integrated in its Human Resources and Sustainability strategies, and is aligned with Sustainable Development Goals. The program is rolled out in 28 countries through Fundación MAPFRE.

In 2018, a total of 7,840 employee/family volunteers participated, with over 1,600 activities taking place worldwide, related to education, nutrition, health, emergency aid, etc., with a direct impact on over 111,000 individuals. Over 16 percent of the global workforce has enjoyed a volunteering experience.

Apart from the Corporate Volunteering Program, almost 50 percent of employees in Spain also collaborate on the Charitable Euro Project, which reflects our people's willingness to help those most in need.

To date, a total of 228,953 euros has been donated to various social projects through this initiative.

## Challenges

In 2019, a new cycle commenced for MAPFRE's strategy, and to monitor it, towards the end of 2018, HR defined a new Balanced Scorecard that will enable measurement of compliance with objectives arising from the strategic Human Resources lines linked to the continuous challenges created in the areas of Talent, Diversity and Inclusion, Transformation and Organization, and Employee Experience.





## 6.4. Intellectual dimension



### WE ARE INNOVATION

Being innovative is also about ensuring that we are sustainable, that we will continue to be leaders in insurance, even if the world is transformed. We have an Innovation Model in place to develop not only the internal capacity of the company, but which also incorporates the disruptive solutions that are out there in the market.

*What are we working on to create value?*

- Innovation
- Cybersecurity
- Branding and Reputation

## Innovation

The organization's innovation priorities emanate from its strategy and position the client (considering the different segments) at the center.

MAPFRE Open Innovation (MOi), a collection of transformation and innovation platforms, was launched in 2018, the functional elements of which are as follows:

MAPFRE firmly believes that it is crucial to be as close as possible to the client, continuously adapting to their needs. As such, the company develops new products and services to continue offering a greater range of solutions to the growing and changing needs of clients. MAPFRE also has products and services in its portfolio aimed at lower-income groups, as well as environment-related products and services.

**Strategic Innovation** aims to propose solutions using a short- and medium-term methodology with reasonable returns and perfectly measurable objectives that will tackle strategic challenges that enable the organization to stand out from the competition. The four main action lines here are: establishing knowledge centers, deploying a Startup and Case Builder radar, managing a global innovation portfolio of work methodologies and innova, MAPFRE's intrapreneurship program.

**Disruptive Innovation** was born out of the desire to construct a relationship model with agents outside the organization that allows MAPFRE to import innovation and accelerate its transformation capacities. The company's vision of disruptive innovation takes the form of the *insur\_space* MAPFRE accelerator, participating in investment vehicles and cultivating strong relationships with universities and business schools to attract talent.

## Cybersecurity

MAPFRE understands cybersecurity to be a key and priority element, perceiving it as a critical element in the protection of:

- Information regarding third parties (clients, employees and other stakeholders) that is provided by them so that the business may be carried out and they may be provided with the contracted services when needed.
- The information owned by MAPFRE that gives it a competitive advantage and/or brand value.
- The technological systems and the information that support the company's business processes.

To implement its strategy, and position the client (considering the different segments) firmly in the center, MAPFRE has developed advanced capacities designed to enhance the Group's cyber resilience:

- Highly specialized and accredited personnel (MAPFRE has a total of 171 certifications in cybersecurity, and 71 certified employees).
- Specific monitoring, detection and protection technologies covering security incidents that have been integrated into the corporate technology platform.
- Tools, methodologies and specialists continually reviewing and evaluating the level of cybersecurity, and a General Control Center (CCG-CERT), integrated into the FIRST network and the CSIRT.es group, which receives alerts of global menaces and attacks for continuous monitoring (on a 24/7 basis).
- Incident and crisis situation response plans, which are subject to constant and systematic updating.

MAPFRE has in place a Corporate Data Privacy and Protection Committee, a Corporate DPO (Data Protection Officer) and a specific area responsible for ensuring compliance with existing privacy and personal data protection regulations and for adequately protecting the privacy of the data.

## Branding and reputation

Brand positioning is defined based on the company's business strategy, its Vision and its corporate Values.

Trust and global reach are the two overriding concepts that set our Vision apart, and they must find their way into all related content, that is later adapted to the specifics of each market. This content is built up through activities such as advertising, communication or sponsorship, both in the conventional manner and digitally.

As a result of these efforts, according to the "Top Empathic Brands 2018" study conducted by the consulting firm SUMMA, MAPFRE is seen as the fourth most empathic brand of those listed on the IBEX 35, and is the 31st most valuable insurance company in the world, according to the ranking compiled by the international consultancy firm Brand Finance. MAPFRE is also positioned as the ninth most valuable brand in Spain.

Taking into account that a brand is how a company presents itself, and that reputation is how it is perceived, MAPFRE is conscious that reputation is an intangible element that contributes value to companies, and for this reason, the company carries out periodic reputation measurements with the general public.

Furthermore, MAPFRE was included in the ten companies with the best reputation, and first in the insurance sector, on the Business Corporate Reputation Monitor (MERCOR). The company is among the top 100 in Argentina, Mexico, Panama and Peru. MAPFRE in Spain moved to the 9th position in the Merco Talent ranking, and once again leads the insurance sector, while in Peru and Argentina it remains one of the 100 best-rated companies.

Also, MAPFRE S.A. has obtained the prestigious "Equality in Business" designation awarded by the Spanish Ministry of Health, Social Services and Equality after extensive evaluation of all equality measurements, and MAPFRE ESPAÑA maintains its certification as a Family-Friendly Business.

MAPFRE was also recognized as the Best Place to Work in Brazil, Mexico, Peru, Guatemala, Costa Rica, Nicaragua, and generally speaking, in Latin America, including Ecuador. In Brazil, it was also chosen as the "Best Workplace for Women", and for the sixth consecutive year, MAPFRE was also considered the most recognizable insurance company based on a study conducted by Randstad, while *Actualidad Económica* ranks it 11th among the best places to work in Spain.

## 6.5. Natural dimension

### WE ARE ECOEFFICIENT

MAPFRE is a company that is deeply committed to its environment. We take care of our environmental footprint, we have a strategy for action against climate change and we are firmly committed to biodiversity.

*What are we working on to create value?*

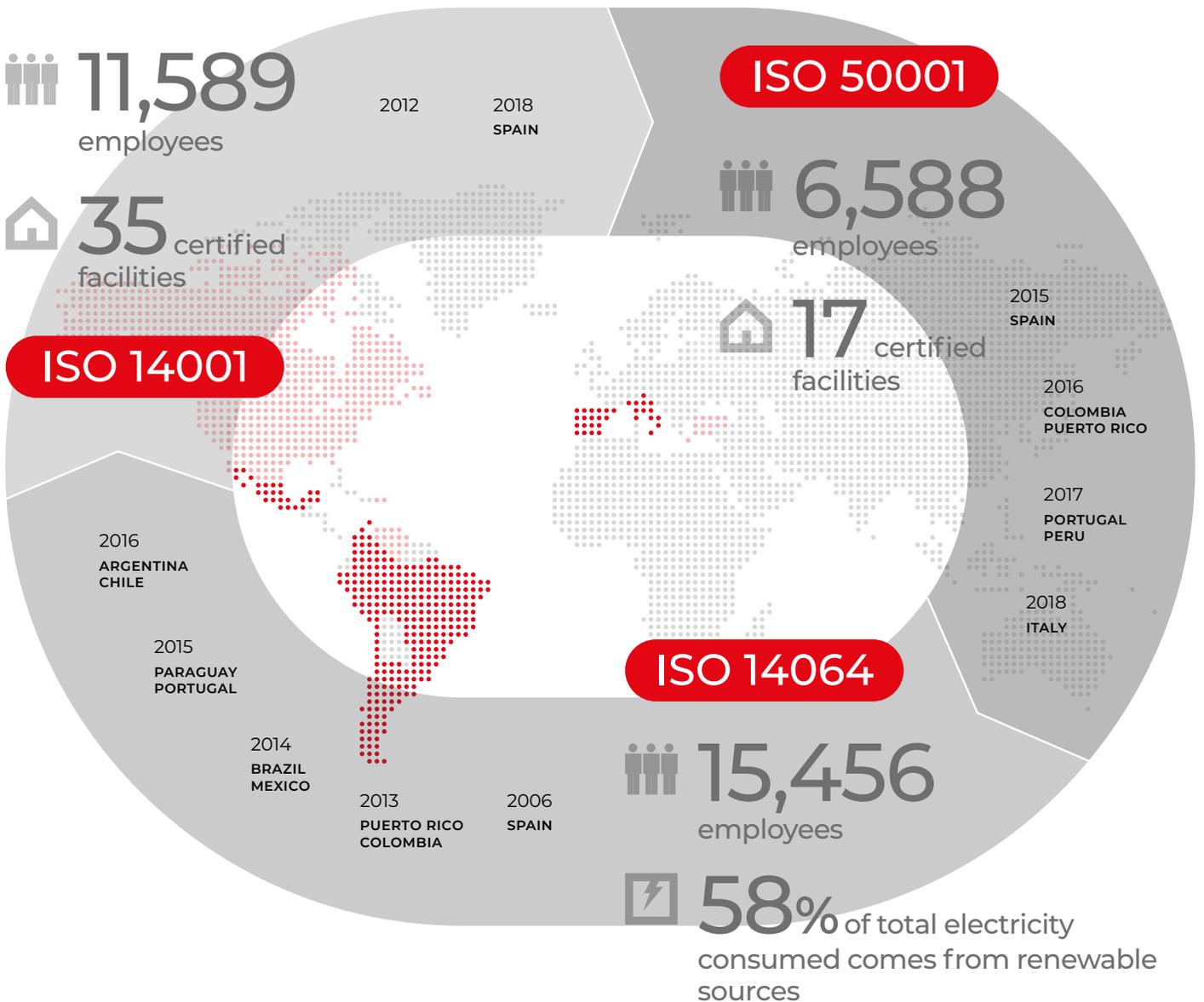
- Environmental strategy model
- Climate change action strategy
- Biodiversity preservation

## Environmental strategy model

MAPFRE has an Environmental Policy in place approved by the MAPFRE S.A. Board of Directors on December 13, 2018 and implemented in all companies, primarily through the triple Integrated System, designed in accordance with ISO 14001, ISO 50001 and ISO 14064, for Environment, Energy and Carbon Footprint Management (SIGMAYE). Just under 61 percent of the Group's premium volume was managed using this system in 2018.

MAPFRE has an Energy Efficiency and Climate Change Strategic Plan in place

## Development of and principal milestones for the Corporate Triple Integrated System for Environment, Energy and Carbon Footprint Management (SIGMAYE)





# 60.73%

volume of SIGMAYE-managed premiums



# 32.75%

employees subject to environmental control



# 154,297 kWh

savings achieved under the CoolBiz Campaign



# 2,627

hours of environmental training



# 32,434.62

cubic meters of water savings in Spain



# 9 international offices

with sustainable construction certification



Participation by

# 1,586

volunteers from

# 25 countries

for the World Environment Volunteering Day

## Climate Change Action Strategy

MAPFRE has an Energy Efficiency and Climate Change Strategic Plan in place, with a time frame to 2020, calling for a 20 percent reduction in the tons of CO<sub>2</sub> making up the Group's

2013 carbon footprint (reduction of 14,710,519 kWh and 9,924 tons of CO<sub>2e</sub> compared to the 2013 base year). This target was reached three years ahead of plan. At the close of 2018, a reduction of 51 percent compared to the base was achieved in the nine countries within the scope.



MAPFRE determines, quantifies and evaluates the carbon footprint caused by its activity.

<i>TmCO<sub>2eq</sub></i>	2018 **	2017 **	2016 *
Scope 1	10,330.06	13,271.93	13,445.24
Scope 2 (market-based)	16,214.91	15,495.87	19,267.39
Scope 2 (local-based)	35,900.94	28,719.05	31,399.33
Scope 3 ***	26,435.20	28,351.99	29,380.26

\* 2016: Data for Spain, Argentina, Brazil, Chile, Colombia, USA, Mexico, Puerto Rico, Turkey, Costa Rica, El Salvador, Nicaragua, Honduras, Panama, Guatemala, Ecuador, Dominican Republic, Paraguay, Uruguay, Peru, Venezuela, Portugal, Philippines and Malta.

\*\* 2017 & 2018: Data for Spain, Argentina, Brazil, Chile, Colombia, USA, Italy, Mexico, Puerto Rico, Turkey, Costa Rica, El Salvador, Nicaragua, Honduras, Panama, Guatemala, Ecuador, Dominican Republic, Paraguay, Uruguay, Peru, Venezuela, Portugal, Philippines, Malta and Germany.

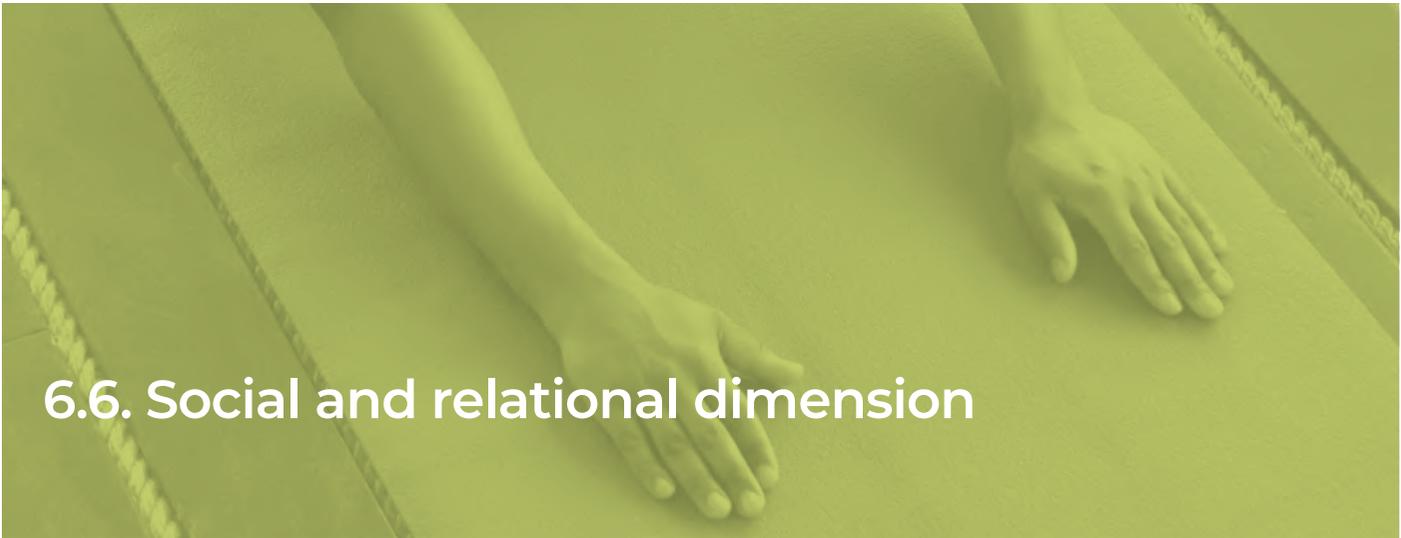
\*\*\* Data for Scope 3 in 2016 and 2017 was modified in this report to include new categories.

## Diversity preservation

The consequences of climate change on ecosystems prompted the Group to assume a firm commitment to conservation of the environment and preservation of biodiversity for which, under the slogan “Without biological diversity there is no economic diversity”, it has signed up to the Biodiversity Pact of the Spanish Companies

and Biodiversity Initiative and has undertaken various activities contributing to conservation.

MAPFRE is firmly committed to the protection of the environment and the conservation of biodiversity, as demonstrated by its involvement in various initiatives to protect ocean habitats and marine wildlife.



## 6.6. Social and relational dimension



### WE ARE COMMITMENT

This is the attribute that best defines us, not only with our stakeholders, but also with society at large and the people we interact with. We have taken on the challenges of the UN 2030 Agenda.

*What are we working on to create value?*

- Management of the relationship with stakeholders:
  - Stakeholders
  - Stakeholder engagement channels
- International commitments relating to sustainability undertaken by MAPFRE:
  - 2030 United Nations Agenda and Human Rights
- Our footprint: Social Value, Shared Value

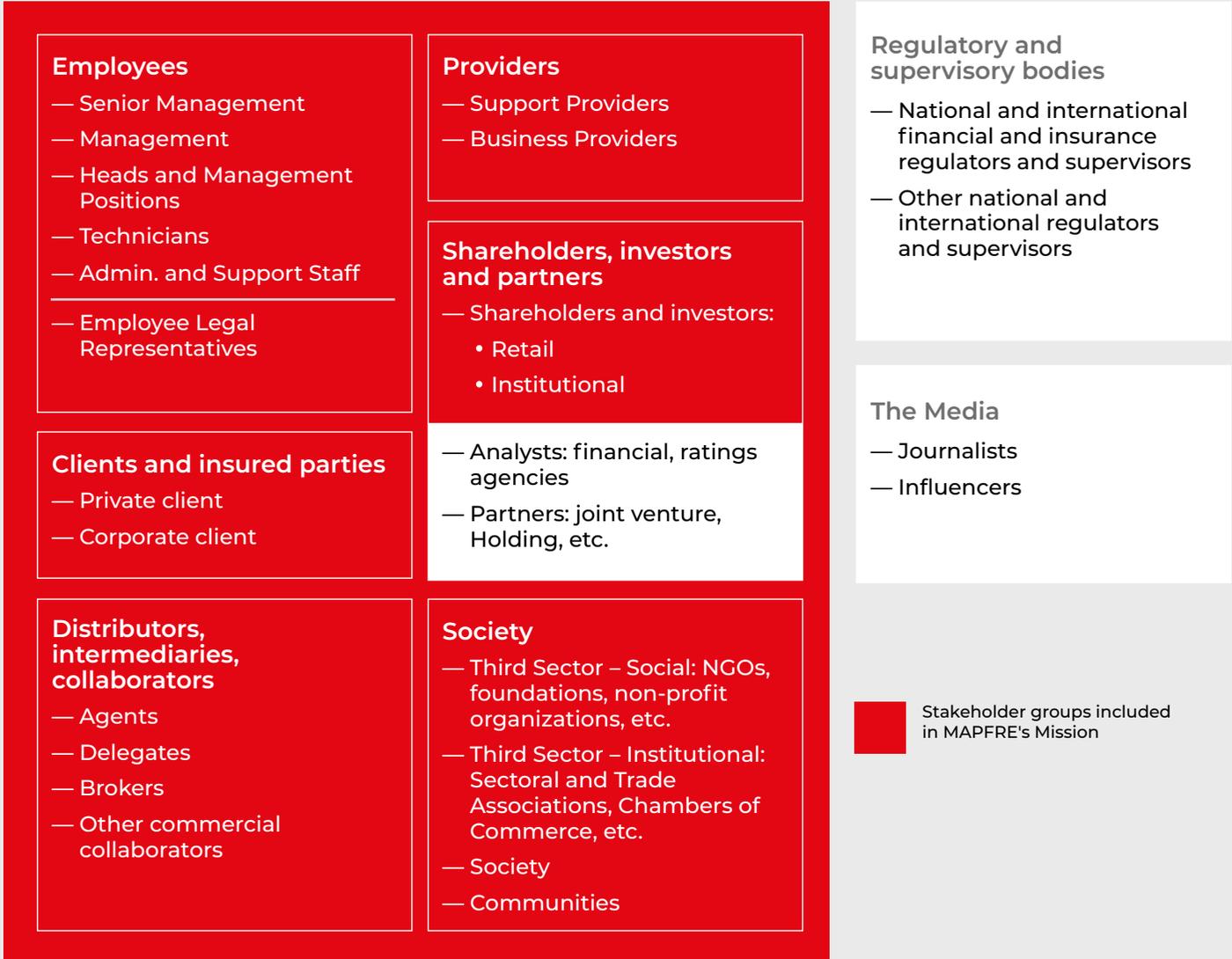
# Management of the relationship with stakeholders

## Stakeholders

For MAPFRE, its stakeholders are the individuals, groups, and organizations with legitimate interests which could potentially be directly or indirectly impacted by the company's decisions or activities, and possibly influence the company's ability to reach its goals and maintain sustainability in the long-term.

Therefore, MAPFRE's strategy with different stakeholders comes from the definition of MAPFRE's vision and mission, with the intention of building long-term trust-based relationships founded on commitment and dialog, enacted from the perspectives of integrity, responsibility, and transparency, thereby contributing to the sustainable creation of value that the Group seeks.

The following map is a basic representation of MAPFRE's most relevant stakeholders:



## Relationship channels

Management of relationships with stakeholders involves multiple factors, including having adequate relationship channels available. Some of the most relevant such channels that MAPFRE has established with its strategic stakeholders are shown here.

Applies   
Does not apply 

<i>Relationship channels</i>		STAKEHOLDER GROUPS INCLUDED IN MAPFRE'S MISSION					
		Shareholders, investors and partners	Clients and insured parties	Distributors, intermediaries, collaborators	Employees	Providers	Society
Surveys and consultations	Materiality survey						
	Great Place to Work (GPTW)						
	Other surveys and consultations						
In person	Participation or representation bodies						
	Periodic meetings						
	Lectures						
	Office network						
Corporate email	Generic and public email						
	Specific for stakeholders						
	Complaints and grievances email						
	Whistleblower email						
Website/ online portals	Corporate and and country-specific						
	Specific for stakeholders						
	Internet office						
	Corporate intranet						
	Other online tools						
	Mobile apps						
Magazines and bulletins	Corporate						
	Specific for stakeholders						
Telephone	Specific for stakeholders						
Social networks	Social networks						

## International commitments relating to sustainability undertaken by MAPFRE

Benchmark international initiatives assumed by MAPFRE



- United Nations Global Compact.
- United Nations Environment Program Finance Initiative (UNEPFI).
- Principles for Sustainable Insurance (PSI).
- Paris Pledge for Action.
- Principles for Responsible Investment (PRI) of the United Nations.
- MAPFRE is also a signatory to the Carbon Disclosure, Water Disclosure and Carbon Action Programs which form part of the CDP Initiative (formerly Carbon Disclosure Project).

## United Nations Sustainable Development Goals 2030 and Human Rights

MAPFRE has publicly reaffirmed its commitment to the 2030 United Nations Agenda, on the understanding that respect for human rights is a crucial aspect for sustainable development, and in fact, are present in each of the Agenda goals. The Agenda is based on prosperity, the planet, and people.

### Commitment to Human Rights

MAPFRE has been a member of the United Nations Global Compact since 2004, and is committed to seeing that its ten principles are woven into the fabric of the organization, and shared with its closest collaborators.

This means that within its scope of influence, it acts decisively in favor of the defense of human rights as outlined in the International Bill of Human Rights; it establishes the appropriate control mechanisms to ensure that by action or omission, no Group companies are involved in the infringement of these rights, all contemplated within the framework of the UN's Guiding Principles on Business and Human Rights.

At MAPFRE, protecting human rights is linked to the Group's internal regulations, approved at the most senior level of organizational hierarchy; they expressly state MAPFRE's Institutional, Business, and Organizational Principles, its Code of Conduct and Ethics, and Corporate Social Responsibility Policies. This approach is bolstered thanks to participation in noteworthy international initiatives in which MAPFRE is involved, or assumes an express role.

## 2030 United Nations Agenda and Sustainable Development Objectives

The insurance sector is “key for sustainable growth;” for this reason, MAPFRE is fully committed to the United Nations road map, and to comply with and foster its Sustainable Development Goals (SDG).

Its work related to the SDGs is framed against the Group's 2016-2018 Sustainability Plan, which over this time was focused on:

- **Determining priority SDG activities for MAPFRE.** Work progressed on Agenda goals during 2018, identifying those to which the company could make the biggest contribution. Nonetheless, we are firmly committed to moving forward in pinpointing indicators that will allow the company to present a specific report on its contribution and alignment with the upcoming 2019-2021 Sustainability Plan.

## Priority SDGs for MAPFRE

<b>1 NO POVERTY</b>	<b>3 GOOD HEALTH AND WELL-BEING</b>	<b>4 QUALITY EDUCATION</b>	<b>5 GENDER EQUALITY</b>	<b>8 DECENT WORK AND ECONOMIC GROWTH</b>
<b>SDG:</b> 1.1, 1.2, 1.3, 1.4., 1.5., 1.a	<b>SDG:</b> 3.1., 3.5., 3.6., 3.8., 3.a	<b>SDG:</b> 4.3., 4.4., 4.5., 4.7.	<b>SDG:</b> 5.1., 5.5., 5.c	<b>SDG:</b> 8.2, 8.3., 8.5., 8.6., 8.8
<b>9 INDUSTRY INNOVATION AND INFRASTRUCTURE</b>	<b>11 SUSTAINABLE CITIES AND COMMUNITIES</b>	<b>13 CLIMATE ACTION</b>	<b>17 PARTNERSHIPS FOR THE GOALS</b>	
<b>SDG:</b> 9.2., 9.3., 9.b	<b>SDG:</b> 11.2., 11.3., 11.5., 11.b	<b>SDG:</b> 13.1., 13.2., 13.3	<b>SDG:</b> 17.16., 17.17	

- **Communication and awareness of the 2030 Agenda.** Progress continued on the internal and external communication of the SDGs through the Companies4SDGs program, supported by the Spanish Network of the World Covenant of the United Nations, as part of the collaboration with IMPACT2030. Each month, a news item on this specific matter was published on the global intranet.

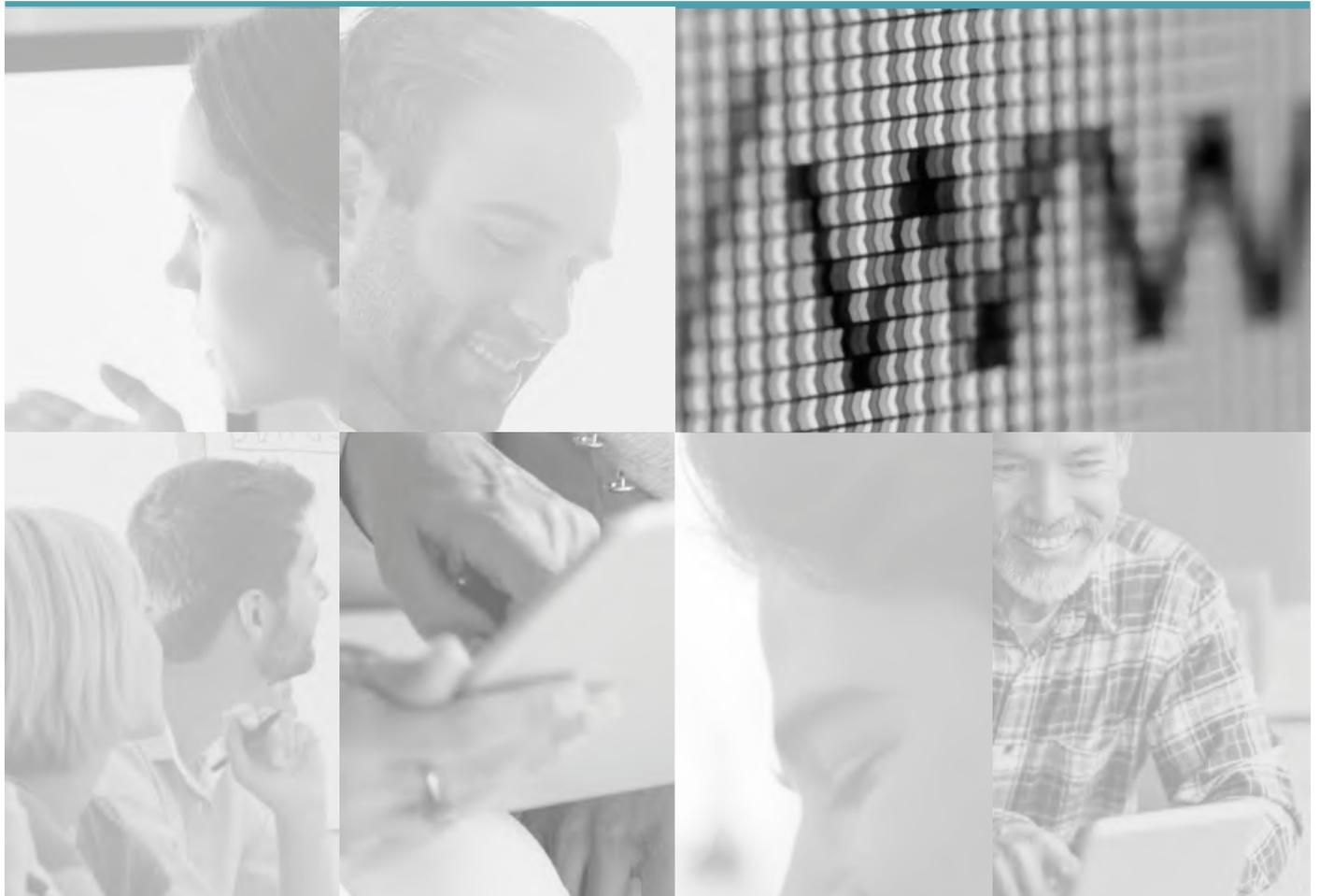
The fourth edition of the MAPFRE Creativity Contest “Portrait of a Sustainable World” and the last 2018 issue of The World of MAPFRE magazine both focused on spreading the word about Agenda 2030.

## Spreading the word about Agenda 2030

### ON THE GLOBAL INTRANET:



### ON SOCIAL MEDIA:



## Our footprint: social value, shared value

As an integral part of our commitment to sustainability, below we highlight the main milestones of the MAPFRE Group's footprint in economic, social and environmental aspects over the course of 2018:

### Economic footprint



Our insurance activity generates a direct economic impact through the constant flow of transactions made, among which we highlight the following figures:

ITEM	2018
Benefits paid <sup>1</sup>	17,083.6
Payments to providers <sup>2</sup>	5,588.5
Wages, salaries and other <sup>3</sup>	1,491.9
<b>ACTIVITY SUBTOTAL</b>	<b>24,164.0</b>
Dividends <sup>4</sup>	863.1
<b>SHAREHOLDERS SUBTOTAL</b>	<b>863.1</b>
Public administrations subtotal	529.3
Social Security	237.2
<b>PUBLIC ADMINISTRATIONS SUBTOTAL</b>	<b>766.5</b>
Interest paid	57.3
<b>FINANCING SUBTOTAL</b>	<b>57.3</b>
<b>TOTAL</b>	<b>25,850.9</b>

Figures in millions of euros

1. Benefits paid and related expenses of direct insurance and accepted reinsurance.
2. Includes payment of commissions and other activity services.
3. Salaries amounted to 1,257.8 million euros in 2018 (1,234.9 million euros in 2017).
4. Dividend payments made during the year.

ITEM	2018
Third-party funds under management <sup>5</sup>	37,747.6
<b>TOTAL INVESTMENTS</b>	<b>43,977.0</b>
Financial investments	41,246.0
Fixed income	36,517.5
Issued by governments	27,595.9
Other fixed-income securities	8,921.6
Other financial investments	4,728.5
Real estate investments <sup>6</sup>	1,243.6
Other investments	1,487.4

Figures in millions of euros

5. Technical provisions for Life, pension funds, mutual funds and managed portfolios, before shadow accounting adjustments.
6. Excluding real estate for own use.

### Environmental footprint



### Environmental certifications

- **11,589 employees** working under environmental certification ISO 14001.
- **6,588 employees** working under energy management certification ISO 50001.
- **15,546 employees** working under carbon footprint verification ISO 14064.
- **9 international head** offices certified as being sustainably constructed.

## Carbon footprint

- **We have cut our carbon footprint by 51 percent** with respect to the baseline established in 2013.

## Products and services offering environmental coverage

- More than **57,300 policies** in force with environment-related coverage.
- **160,000 policies** with free environmental responsibility coverage.
- **108,195 hectares** of agricultural land and sustainable forests insured.
- **34,326 MW** derived from wind and solar renewables insured.
- **41 hybrid tow trucks** form part of our provider fleet.
- **124 charging stations** for electric cars installed.

## Environment-related training

- **18,055 employees** have received environment-related training.
- **1,600 volunteers** planted more than **1,700 trees** and collected more than more than **35 tons of trash** on MAPFRE's second corporate Volunteering Day, under the banner of "Everyone for the Environment".

## Biodiversity and ecosystem

- 2018 was the **second year** in which MAPFRE maintained its commitment to the *100 Empresas por los bosques* (100 Companies for the Forests) initiative.
- 2018 was the **fourth year** of collaboration with the WWF Spain for the conservation of biological diversity.
- The **#CleanSeas** campaign promoted by the United Nations, which the MAPFRE boat in the Volvo Ocean Race took part in.

## Social footprint



## Direct and indirect employment

- **96.8 percent of employees** on permanent contracts.
- **152,000 providers** with whom MAPFRE maintains sales and service relationships.

- **86,564 agents, delegates and brokers** work with MAPFRE.
- **5,266 approved providers** out of the 6,437 selected for the ESG approval process.

## Flexibility and conciliation

- **40.2 percent of employees** avail of flexible working schedules.
- **2.9 percent of employees** avail of reduced workdays.
- **5.2 percent of employees** avail of parental leave.
- **16.5 percent of employees** equipped for technological mobility (remote working).
- **1,805 teleworking employees**.
- **12.1 percent of employees** availed of internal mobility to change their job positions.
- **176.6 million euros** was invested in social benefits for employees.

## Training and talent

- **100% of the workforce** received training via **1,467,368 hours** of training, which represents an average of 41.5 hours per employee and an investment of 15,462,601 euros.
- **5.3 percent of employees** have had career plans developed for them.
- **3.9 percent of employees** accessed the self-learning tool to design their own learning road map, with 5,176 enrollments for the 203 training resources available.
- **328 agreements with Universities**, business schools and institutions.
- **1,076 students** completed internships in the Group during 2018.
- **64 providers** received training in Human Rights.

## Health and well-being

- **288,362.4 hours** dedicated to training employees in Health and Well-being.
- **743 activities** carried out in 30 countries as part of the IV MAPFRE Week: Objective Health 2018.
- More than **400 workplace risk assessments** completed.
- **9,968 medical check-ups** carried out.
- **Numerous campaigns, initiatives, chats and training sessions** related to health and sickness prevention, work and personal environment, mental well-being, physical activity and nutrition were carried out in 2018 (Detailed information available in section 7.2. Note 7.4).

## Diversity

- **55 percent** of the current workforce are women.
- **40.8% of management and leadership job positions** are held by women.
- **245,060.32 euros** invested in workplace integration measures.

- **532,886.7 euros in contracts** conceded to special employment centers.
- **2.5 percent of employees** with some type of disability on the workforce.
- **47.8 percent of employees** trained via an e-learning course on disability.
- **150 volunteering activities** directed at people with disabilities.
- Employees from **91 nationalities** form part of the Group.
- **5 generations** (Veterans, Baby Boomer and Generations X, Y and Z) make up MAPFRE's workforce.
- **279 mentors** and **139 mentees** taking part in the global traditional and inverse mentoring program that promotes continued development through the exchange of knowledge among generations.

## Innovation

- **100 million euros** invested in innovation and transformation.
- **600 million euros** invested annually in technology.
- Creation of new innovation model, **MAPFRE Open Innovation (MOI)**, to drive strategic innovation.
- Launch of **insur\_space** accelerator to boost disruptive innovation.
- **14,500 employees** contributed 450 ideas through their participation in **MAPFRE innova**, an intrapreneurship program launched in three countries.
- **46 new products** launched.

## Corporate volunteering

- **7,800 volunteers** took part in more than 1,600 activities in 2018, impacting directly on more than 111,000 people.
- **16% of the global workforce** has experienced volunteering in some form.
- **225,953 euros** donated to social projects through the “Euro Solidarity” program, which was established in Spain in 2017.

For a complete overview of the social work that MAPFRE carries out through Fundación MAPFRE, please consult the Fundación MAPFRE Annual Report 2018, which is available on its website.





# 7 Supplementary information

This document is a summary of the MAPFRE Integrated Report 2018.

## 7.1. Basis of preparation and presentation of the report

The Integrated Report meets the reporting requirements established by Directive 2014/95/EU on the disclosure of non-financial and diversity information, as well as its respective transpositions in Spain (Law 11/2018 of December 28) and in Italy (Legislative Decree 254/16 NFI). It also includes information required for the Consolidated Non-Financial Information Statement, which forms part of the Consolidated Management Report of MAPFRE S.A., and has been prepared in accordance with the Exhaustive option of the Global Reporting Initiative (GRI) standards and the recommendations of the information framework published by the International Integrated Report Council (IIRC).

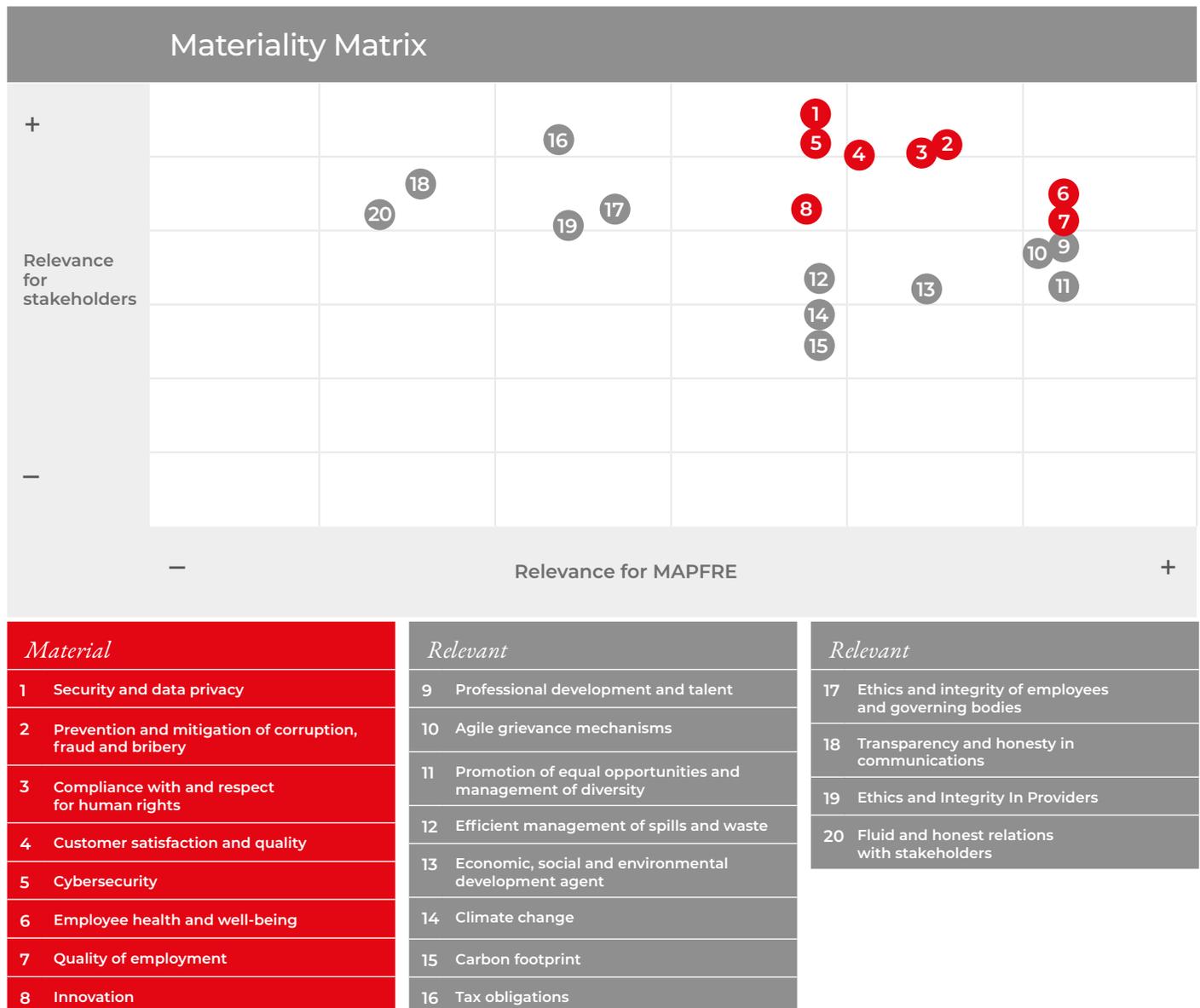
This report was analyzed by the company's Audit and Compliance Committee and drafted by the MAPFRE S.A. Board of Directors at its meeting held on February 6, 2019.

The quantitative and qualitative information on indicators responds to the new GRI standards and was externally verified by KPMG Asesores S.L.

## 7.2. Materiality

Materiality is a process whereby a company determines what issues may affect its activities most in terms of sustainability, bearing in mind interest groups that may be affected or may affect those issues in the process. The result of this process is called "material issues".

The aggregated data for material and relevant issues for 2018 is shown here:





# Proposed resolutions

## Proposed resolutions for the MAPFRE S.A. Annual General Meeting to be held on March 8, 2019

- 1.** To approve the individual, consolidated, and Annual Accounts for financial year 2018.
- 2.** To approve the non-financial information statement included in the Integrated Report for fiscal year 2018.
- 3.** To approve the final results for 2018 proposed by the Board of Directors and consequently distribute a total dividend of 0.145 euros pre-tax, per share. Part of this dividend, the sum of 0.06 euros gross per share, was paid out in advance following a resolution passed by the Board of Directors on September 28, 2018 and the rest, up to the agreed total of 0.085 euros gross per share, will be paid on a date to be determined by the Board of Directors, during the period from May 1 to June 30, 2019. The amount corresponding to treasury stock will be applied on a proportional basis to the remaining shares.
- 4.** To approve the management of the Board of Directors in fiscal year 2018.
- 5.** To ratify the appointment of board member José Manuel Inchausti Pérez, appointed by the Board of Directors on June 18, 2018, with effect from July 18, 2018, via the co-option procedure, and re-elect him for a period of four years, as independent director.
- 6.** To reelect for a further four years the director Luis Hernando de Larramendi Martínez, as nominee director.
- 7.** To reelect for a further four years the director Antonio Miguel-Romero de Olano, as nominee director.
- 8.** To reelect for a further four years the director Alfonso Rebuelta Badías, as nominee director.

These proposals were approved in a report from the Appointments and Remuneration Committee and shall be deemed approved, if applicable, notwithstanding compliance with bylaws and standards of good governance.

- 9.** To reelect for a further four years the director Georg Daschner, as an independent board member.
- 10.** To ratify the appointment of board member Antonio Gómez Ciria, appointed by the Board of Directors on November 7, 2018, with effect from January 1, 2019, via the co-option procedure, and re-elect him for a period of four years, as independent director.

Said proposals have been brought before the Board of Directors, through the Appointments and Remuneration Committee and shall be deemed approved, if applicable, notwithstanding compliance with by-laws and standards of good governance.

- 11.** To amend Article 9 of the Regulations for the Annual General Meeting which will be worded as follows:

### *“Article 9. Right to representation*

*The right to attend the General Meeting may be delegated to another person, who may or not be a shareholder. Representation must be granted in writing or by mail, email or any other remote means of communication, provided that the identity of the parties involved is duly guaranteed, and it is granted in accordance with the legally established procedures. Representation must always be granted on a case-by-case basis for each Meeting.*

*Based on the current provisions and technological developments, for each Meeting the Board of Directors will establish the most appropriate procedure for granting representation by remote means of communication. The aforementioned procedure will be described in detail in the call to the Meeting.*

*For its validity, the representation granted by any of the aforementioned remote means of communication must be received by the Company at least 24 hours in advance of the Meeting.*

*Representation may be revoked at any time. Personal attendance at the General Meeting by the shareholder being represented shall be sufficient to revoke the proxy. No more than one representative shall be allowed at the Meeting.*

*When the Company’s Board of Directors conducts a public request for representation, the rules applicable will be those set forth in the current legislation. Specifically, the agenda should be included in or annexed to the document containing the proxy, as well as the request for instructions for exercising the right to vote and indications as to how the representative will vote where precise instructions are not given and the existence of conflicts of interest will be explicitly stated where these occur.”*

- 12.** To amend Article 16 of the Regulations for the Annual General Meeting which will be worded as follows:

### *“Article 16. Voting on the agreements*

*Following the shareholders’ contributions, the proposed agreements on the matters included in the agenda will be put to the vote.*

*Any substantially independent matters will be voted on separately, in order to also allow the shareholders to exercise their voting rights separately. This rule will apply in particular:*

- a) To the appointment, ratification, re-election and termination of directors.*
- b) In the event of amendments to the Articles of Association, in each article or group of articles with their own autonomy.*
- c) To any subjects for which such a provision is made in the Articles of Association.*

*Financial intermediaries who attend the Meeting acting on behalf of different clients may split their vote and, if they receive different voting instructions, may exercise it by different means to comply with the instructions received from each of their clients.*

*The shareholders may cast their vote remotely by mail, email or any other remote means of communication, provided that the identity of the party exercising their voting right is duly guaranteed. Voting must take place in accordance with the legally established procedures.*

*Based on the current provisions and technological developments, at each Meeting the Board of Directors will establish the most appropriate procedure for exercising the right to vote by remote means of communication. The aforementioned procedure will be described in detail in the call to the Meeting. For its validity, votes conferred by any of the aforementioned remote means of communication must be received by the Company at least 24 hours in advance of the Meeting.*

*Resolutions shall be adopted by a simple majority of the votes cast by shareholders present or represented at the General Meeting, and a resolution shall be deemed to be adopted when it receives more votes in favor than against, except in those cases where the law or the Articles of Association require a qualified vote in favor. Each share entitles its holder to one vote.*

*The Chairman of the Meeting will inform the shareholders of whether or not the agreements proposed to the General Meeting are approved when sufficient votes have been received to achieve the majorities required in each of the agreements.*

*It is the Chairman's responsibility to declare the Meeting finished and adjourn the session."*

**13.** To approve, pursuant to article 529r of the Revised Text of the Spanish Corporations Act, the Directors' Remuneration Policy for the period 2019-2021, whose text has been made available to shareholders for the purpose of the call to the Annual General Meeting, and includes the maximum number of shares to deliver as a result of its execution and the maximum amount of annual remuneration for Directors in their condition as such.

**14.** To countersign the 2018 Annual Report regarding Remuneration of the Directors that is submitted, in an advisory capacity, to the Annual General Meeting, with the favorable report of the Appointments and Remuneration Committee.

**15.** To authorize the Board of Directors to delegate the vested powers conferred by the Annual General Meeting, as provided for under article 249 bis of the Revised Text of the Spanish Corporations Act, regarding the previous agreements to the Steering Committee, with express powers of substitution for each and every member of the Board of Directors.

**16.** To delegate the broadest powers to the Chairman and to the Secretary to the Board of Directors so that either of them may appear before a Notary and proceed to execute and submit to the public the present resolutions by executing the necessary public and private documents required to register them in the Company Registry; with the express authority to make as many amendments, clarifications, rectifications and corrections as are required or necessary in order to adapt the resolutions to the description of the Company Registrar and thereby obtain their full or partial registration as set out in section 63 of the Company Registry Regulations.

**17.** To authorize the Board of Directors to clarify and interpret the preceding resolutions.







Integrated Report 2018