



MAPFRE, S.A.

Annual Accounts

31 December 2019

Directors' Report

2019

(With Independent Auditor's Report Thereon)

(Free translation from the originals in Spanish. In the event of discrepancy, the Spanish-language versions prevail.)



KPMG Auditores, S.L.
Paseo de la Castellana, 259 C
28046 Madrid

Independent Auditor's Report on the Annual Accounts

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

To the Shareholders of MAPFRE, S.A.

Report on the Annual Accounts

Opinion

We have audited the annual accounts of MAPFRE, S.A. (the "Company"), which comprise the balance sheet at 31 December 2019, and the income statement, statement of changes in net equity, cash flow statement and notes for the year then ended.

In our opinion, the accompanying annual accounts give a true and fair view, in all material respects, of the equity and financial position of the Company at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with the applicable financial reporting framework, (specified in note 2 to the accompanying annual accounts) and, in particular, with the accounting principles and criteria set forth therein.

Basis for Opinion

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Accounts section of our report.

We are independent of the Company in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the annual accounts in Spain pursuant to the legislation regulating the audit of accounts. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

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

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the annual accounts of the current period. These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of non-current investments in group companies and associates (Euros 9,592,379 thousand) See notes 4.c) and 8 of the notes to the annual accounts	
<i>Key audit matter</i>	<i>How the issue was addressed in our audit</i>
<p>The Entity, holding company of Mapfre Group, has recognised non-current investments in group companies and associates.</p> <p>Recoverable value of these non-current investments in group companies and associates is determined by the use of valuation technics that require of management judgement and estimations and assumptions that consider macroeconomics factors, internal circumstances of the Group companies and their competitors, discount rates, growth rates or estimations of the future evolution of their businesses.</p> <p>Due to the level of uncertainty and judgement associated to the mentioned estimations, as well as the significance of the carried amount of the investments, we consider this to be a key audit matter.</p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none">- Evaluation of the criteria used by the Company in the identification of impairment indicators of the investments in group companies and associates.- Understanding the process of estimation of the recoverable value of the group investments and associates, and evaluation of design and implementation of the relevant controls related to the process that the Company has in place.- Evaluation of the reasonability of the methodology and assumptions used in the estimation of the recoverable value of the investments in group companies and associates, with the collaboration of our corporate finance specialists. <p>We have checked the consistency between the expected cash flow used in the calculation of the value in use with the business plans approved by the Directors of the Group's companies, and their reasonability based in historical experience and market expectations in the markets in which they operate.</p> <p>Additionally, we have evaluated the discount and growth rates used in the calculation of the recoverable values, as well as performed sensitivity analysis over the key inputs used in the model, with the goal of assessing their impact in the valuation.</p> <ul style="list-style-type: none">- Evaluation that the information within the annual accounts is in compliance with the legal financial reporting requirements applicable to the Company.

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Other Information: Directors' Report

Other information solely comprises the 2019 directors' report, the preparation of which is the responsibility of the parent's directors and which does not form an integral part of the annual accounts.

Our audit opinion on the annual accounts does not encompass the directors' report. Our responsibility regarding the information contained in the directors' report is defined in the legislation regulating the audit of accounts, which establishes two different levels for this information:

- a) A specific level applicable to non-financial information statement, as well as certain information included in the Annual Corporate Governance Report (ACGR), as defined in article 35.2. b) of the Audit Law 22/2015, which solely requires that we verify whether said information has been included in the director's report or, where applicable, that the director's report includes the corresponding reference to the separate non-financial report as stipulated by prevailing regulations and if not, report on this matter.
- b) A general level applicable to the rest of the information included in the directors' report, which consists of assessing and reporting on the consistency of this information with the annual accounts, based on knowledge of the Company obtained during the audit of the aforementioned accounts and without including any information other than that obtained as evidence during the audit. Also, assessing and reporting on whether the content and presentation of this part of the directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described in the preceding paragraphs, we have verified that directors' report includes a reference that the non-financial information mentioned in a) above has been provided in the consolidated directors' report of Mapfre Group, that the information from the ACGR previously mentioned is included in the directors' report, and that the rest of the information contained in the directors' report is consistent with that disclosed in the annual accounts for 2019 and the content and presentation of the report are in accordance with applicable legislation.

Directors' and Audit and Compliance Committee's responsibility for the Annual Accounts

The directors are responsible for the preparation of the accompanying annual accounts in such a way that they give a true and fair view of the equity, financial position and financial performance of the Company, in accordance with the financial reporting framework applicable to the entity in Spain, and for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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The audit and compliance committee is responsible for overseeing the preparation and presentation of the annual accounts.

Auditor's Responsibilities for the Audit of the Annual Accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the audit and compliance committee of MAPFRE, S.A. regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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We also provide the Company's audit and compliance committee of the Entity with a statement that we have complied with the applicable ethical requirements, including those regarding independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Company's audit and compliance committee, we determine those that were of most significance in the audit of the annual accounts of the current period and which are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Additional Report to the Audit and Compliance Committee _____

The opinion expressed in this report is consistent with our additional report to the Company's Audit and Compliance Committee dated 12 February 2020.

Contract Period _____

We were appointed as auditors by the shareholders of MAPFRE, S.A. at the ordinary general meeting on 9 March 2018 for a period of 3 years, from the year ended 31 December of 2018.

Previously, we had been appointed as auditors by the shareholders for a period of 3 years, and have been auditing uninterrupted the Company's Annual Accounts since the year ended 31 December 2015.

KPMG Auditores, S.L. (S0702)

(Signed on original in Spanish)

Jorge Segovia Delgado

R.O.A.C: 21903

12 February 2020

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ANNUAL ACCOUNTS

MANAGEMENT REPORT

FISCAL YEAR 2019

MAPFRE S.A.

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MAPFRE S.A.

ANNUAL ACCOUNTS

FISCAL YEAR 2019

Balance sheet

Income statement

Statement of changes in equity

Cash flow statement

Annual report

MAPFRE S.A.

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BALANCE SHEET AS AT DECEMBER 31, 2019 AND 2018

ASSETS	Notes from the Annual Report	2019	2018
A) NON-CURRENT ASSETS		9,999,853	9,983,556
I. Intangible fixed assets	6	428	1,122
5. Computer applications		428	1,122
II. Property, plant and equipment	5	15,609	16,226
1. Land and buildings		11,948	12,137
2. Facilities and other property, plant and equipment		3,482	4,089
3. Fixed assets in progress and advance payments		179	--
IV. Non-current investments in Group companies and associates	8	9,929,879	9,914,749
1. Equity instruments		9,592,379	9,536,749
2. Loans to companies		337,500	378,000
V. Non-current financial investments	8	27,028	24,390
1. Equity instruments		21,905	19,189
2. Loans to third parties		91	54
6. Other investments		5,032	5,147
VI. Deferred tax assets	12	26,909	27,069
B) CURRENT ASSETS		309,662	282,134
III. Trade and other receivables		95,302	53,209
1. Trade receivables for sales and services rendered	8	5	33
2. Trade receivables, Group companies and associates	8	--	17
3. Sundry receivables	8	240	265
4. Personnel	8	460	367
5. Current tax assets	12	93,814	52,527
6. Other receivables from government agencies		783	--
IV. Current investments in Group companies and associates	8.18	196,080	200,055
2. Loans to companies		150,123	150,903
5. Other financial assets		45,957	49,152
V. Current financial investments	8	57	57
2. Loans to third parties		57	57
VI. Current accruals		3,056	4,166
VII. Cash and other equivalent liquid assets		15,167	24,647
1. Cash		15,167	24,647
TOTAL ASSETS (A+B)		10,309,515	10,265,690

Thousands of euros

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BALANCE SHEET AS AT DECEMBER 31, 2019 AND 2018

EQUITY AND LIABILITIES	Notes from the Annual Report	2019	2018
A) EQUITY		7,456,537	7,384,036
A-1) SHAREHOLDERS' EQUITY		7,456,537	7,384,036
I. Capital		307,955	307,955
1. Authorized share capital	9	307,955	307,955
II. Share premium	9	3,338,720	3,338,720
III. Reserves		3,231,920	3,140,511
1. Legal and statutory	9	61,591	61,591
2. Other reserves	--	3,170,329	3,078,920
IV. (Treasury stock)	9	(63,836)	(48,250)
V. Results for previous years		383,458	336,479
1. Retained earnings	--	383,458	336,479
VII. Result for the period	3	443,093	493,455
VIII. (Interim dividend)	3	(184,773)	(184,834)
IX. Other equity instruments		--	--
B) NON-CURRENT LIABILITIES		2,711,017	2,590,517
I. Non-current provisions		10,990	11,792
1. Long-term employee benefit obligations	14	10,990	11,694
4. Other provisions	14	--	98
II. Non-current debt		2,699,919	2,578,617
1. Debentures and other negotiable securities	8.10	2,089,554	2,088,252
2. Due to credit institutions	8	610,000	490,000
5. Other financial liabilities	8	365	365
III. Non-current debt with Group companies and associates	8.18	--	--
IV. Deferred tax liabilities		108	108
C) CURRENT LIABILITIES		141,961	291,137
II. Current provisions	14	--	--
III. Current debt		36,352	36,412
1. Debentures and other negotiable securities	8.10	36,337	36,337
2. Due to credit institutions	8	5	43
5. Other financial liabilities	8	10	32
IV. Current debt with Group companies and associates	8.18	64,599	216,291
V. Trade and other payables		41,010	38,434
3. Sundry creditors	8	16,483	12,976
4. Personnel (remuneration pending payment)	8	11,311	11,225
5. Current tax liabilities	12	--	26
6. Other debts with government agencies	--	13,216	14,207
TOTAL EQUITY AND LIABILITIES (A+B+C)		10,309,515	10,265,690

Thousands of euros

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INCOME STATEMENT FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

INCOME STATEMENT	Notes from the Annual Report	2019	2018
ONGOING OPERATIONS			
Revenue		616,263	750,118
Dividends and interest from Group companies and associates		616,263	750,118
• Dividends	8.18	601,546	741,258
• Interest	8.18	14,717	8,860
Other operating revenue	--	62,752	86,973
• Non-core and other operating revenue	18	62,752	86,973
Personnel expenses	--	(67,506)	(67,928)
• Wages, salaries and similar	--	(46,066)	(50,335)
• Social security contributions	13	(21,474)	(22,553)
• Provisions	14	34	4,960
Other operating expenses		(93,661)	(90,730)
• External services	--	(92,422)	(90,698)
• Taxes	--	(1,239)	(32)
Amortization and depreciation of fixed assets	5.6	(2,055)	(2,697)
Excess provisions		--	--
Impairment and gains/(losses) on fixed asset disposal		(94)	(44)
Impairment of Group companies and associates	8	(45,437)	(151,622)
Other earnings	--	21	(4)
EARNINGS FROM OPERATIONS		470,283	524,066
Financial income	8	371	394
Acquisitions in equity instruments	--	--	--
• From third parties	--	--	--
From negotiable securities and other financial instruments	--	371	394
• From third parties	--	371	394
Financial expenses		(70,083)	(67,007)
• For debt with Group companies and associates	8.18	(1,431)	(11,663)
• For debt with third parties	8	(68,457)	(55,146)
• For update of provisions	8	(195)	(198)
Fair value variation in financial instruments		--	--
• Trading portfolio and other	8	--	--
Foreign exchange differences	8	(4)	(15)
Impairment and gains/losses on financial instrument disposal	8	4,074	--
• Impairment and loss		(5,600)	--
• Earnings from disposal and other		9,674	--
FINANCIAL RESULT		(65,642)	(66,628)
EARNINGS BEFORE TAX		404,641	457,438
Tax on profits	12	38,452	36,017
RESULT FOR THE PERIOD FROM ONGOING OPERATIONS		443,093	493,455
DISCONTINUED OPERATIONS			
Result for the period after tax from discontinued operations		--	--
RESULT FOR THE PERIOD		443,093	493,455

Thousands of euros

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STATEMENT OF CHANGES IN EQUITY AT DECEMBER 31, 2019 AND 2018**A) STATEMENTS OF RECOGNIZED INCOME AND EXPENSE**

INCOME STATEMENT	Notes from the Annual Report	2019	2018
A) Result of the income statement	3	443,093	493,455
Revenue and expenses posted directly to equity			
I. For valuation of financial instruments			
1. Financial assets for sale	--	--	--
2. Other revenues/expenses	--	--	--
IV. For actuarial gains and losses and other adjustments		--	--
VII. Tax effect		--	--
B) Total revenue and expenses posted directly in equity (I+IV+VII)	--	--	--
Transfers to the income statement			
VIII. For valuation of financial instruments			
1. Financial assets for sale	--	--	--
XIII. Tax effect			
C) Total transfers to the income statement (VIII+XIII)		--	--
TOTAL RECOGNIZED REVENUE AND EXPENSES (A+B+C)	--	443,093	493,455

Thousands of euros

MAPFRE S.A.

STATEMENT OF CHANGES IN EQUITY AT DECEMBER 31, 2019 AND 2018

B) STATEMENT OF TOTAL CHANGES IN EQUITY

ITEM	Capital		Share premium	Reserves	(Treasury stock)	Result from previous years	Other shareholder contributions	Result for the period	(Interim dividend)	Other equity instruments	Valuation change adjustments	Grants, donations and bequests received	TOTAL
	Authorized	Uncalled											
ADJUSTED BALANCE, BEGINNING OF 2018	307,955	--	3,338,720	3,136,783	(52,356)	289,403	--	493,530	(184,772)	2,867	--	--	7,394,129
i. Total recognized revenue and expenses	--	--	--	--	--	--	--	493,455	--	--	--	--	493,455
1. Share capital increases	--	--	--	--	--	--	--	--	--	--	--	--	--
4. (i) Distribution of dividends	--	--	--	--	--	--	--	(261,825)	(184,834)	--	--	--	(446,659)
4. bis. Distribution of earnings	--	--	--	1,857	--	47,076	--	(233,705)	184,772	--	--	--	--
5. Operations with treasury stock (Note 9)	--	--	--	1,931	4,106	--	--	--	--	--	--	--	6,037
6. Increases in equity resulting from a business combination	--	--	--	--	--	--	--	--	--	--	--	--	--
iii. Other variations in equity	--	--	--	(60)	--	--	--	--	--	(2,867)	--	--	(2,927)
CLOSING BALANCE FOR YEAR 2018	307,955	--	3,338,720	3,140,511	(48,250)	336,479	--	493,455	(184,834)	--	--	--	7,384,036
ii. Correction of errors 2018	--	--	--	--	--	--	--	--	--	--	--	--	--
ADJUSTED BALANCE, BEGINNING OF 2019	307,955	--	3,338,720	3,140,511	(48,250)	336,479	--	493,455	(184,834)	--	--	--	7,384,036
i. Total recognized revenue and expenses	--	--	--	--	--	--	--	443,093	--	--	--	--	443,093
1. Share capital increases	--	--	--	--	--	--	--	--	--	--	--	--	--
4. (i) Distribution of dividends	--	--	--	--	--	--	--	(261,642)	(184,773)	--	--	--	(446,415)
4. bis. Distribution of earnings	--	--	--	905	--	46,979	--	(231,813)	184,834	--	--	--	--
5. Operations with treasury stock (Note 9)	--	--	--	--	(15,586)	--	--	--	--	--	--	--	(14,681)
6. Increases in equity resulting from a business combination	--	--	--	--	--	--	--	--	--	--	--	--	--
iii. Other variations in equity (Note 9)	--	--	--	90,504	--	--	--	--	--	--	--	--	90,504
CLOSING BALANCE FOR YEAR 2019	307,955	--	3,338,720	3,231,920	(63,836)	383,458	--	443,093	(184,773)	--	--	--	7,456,557

Thousands of euros

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CASH FLOW STATEMENT AT DECEMBER 31, 2019 AND 2018

A) CASH FLOWS FROM OPERATING ACTIVITIES	Notes from the Annual Report	2019	2018
1. Result for the period before tax		404,641	457,438
2. Adjustments to results		(463,368)	(487,900)
a) Amortization and depreciation of fixed assets	5.6	2,055	2,697
b) Corrections in value due to impairment (+/-)	8	45,437	151,622
e) Results of fixed asset cancellations and disposals (+/-)	--	94	44
f) Results of financial instruments cancellations and disposals (+/-)	--	(4,074)	--
g) Financial income (-)	8	(371)	(394)
b) Financial expenses (+)	8	70,083	67,007
i) Exchange rate differences (+/-)	8	4	15
j) Fair value variation in financial instruments (+/-)	8	--	--
k) Other revenues and expenses	--	(576,596)	(708,891)
3. Changes in working capital		(35,399)	(52,021)
b) Debtors and other receivables (+/-)	--	(54,018)	(81,626)
c) Other current assets (+/-)	--	16,043	49,323
d) Creditors and other payables (+/-)	--	2,576	(19,718)
e) Other current liabilities (+/-)	--	--	--
f) Other non-current assets and liabilities (+/-)	--	--	--
4. Other cash flows from operating activities	--	535,294	683,115
a) Interest paid (-)	--	(96,394)	(96,006)
b) Dividend receipts (+)	--	601,543	741,258
c) Interest collected (+)	--	18,220	6,157
d) Payment (receipt) of income tax (+/-)	--	11,925	31,706
e) Other payments (collection) (-/+)	--	--	--
5. Cash flows from operating activities (+/-1+/-2+/-3+/-4)	--	441,168	600,632
B) CASH FLOWS FROM INVESTING ACTIVITIES			
6. Payments for investments (-)		(218,792)	(627,225)
a) Group companies and associates	8	(210,459)	(617,846)
g) Other assets	8	(8,333)	(9,379)
7. Collections for divestments (+)		247,682	263,504
a) Group companies and associates	8	247,665	263,420
e) Other financial assets	8	17	84
8. Cash flows from investing activities (7+6)		28,890	(363,721)
C) CASH FLOW FROM FINANCING ACTIVITIES			
9. Payments and collections for equity instruments		(14,676)	6,039
c) Acquisition of treasury equity instruments (-)	9	(19,302)	--
e) Disposal of treasury equity instruments (+)	9	4,626	6,039
10. Payments and collections for financial liability instruments		(18,400)	186,700
a) Issuing			
1. Debentures and other negotiable securities (+)	10	--	500,000
2. Due to credit institutions (+)	8	367,000	480,000
3. Debt with Group companies and associates (+)	--	--	--
b) Return and redemption of			
1. Debentures and other negotiable securities (-)	10	--	--
2. Due to credit institutions (-)	8	(247,000)	(590,000)
3. Debt with Group companies and associates (-)	--	(138,400)	(203,300)
11. Payments for dividends and remuneration of other equity instruments		(446,462)	(446,659)
a) Dividends (-)	--	(446,462)	(446,659)
12. Cash flows from financing activities (+/-9/10-11)		(479,538)	(253,920)
D) EFFECT OF EXCHANGE RATE VARIATIONS			
E) NET INCREASE / DECREASE OF CASH OR EQUIVALENTS (+/-5+/-8+/-12+/-D)	--	(9,480)	(17,009)
Cash or cash equivalents at the beginning of the year		24,647	41,656
Cash or cash equivalents at the end of the year		15,167	24,647

Thousands of euros

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ANNUAL REPORT

FISCAL YEAR 2019

1. COMPANY ACTIVITY

MAPFRE S.A. (the "Company") is a corporation (Spanish "sociedad anónima") whose main activity is the investment of its funds in real-estate assets and tradeable financial securities.

The Company's scope of action includes the entire Spanish territory.

Its registered office is at Crta. de Pozuelo, 52, Majadahonda (Madrid, Spain). The Company is the controlling company of the MAPFRE Group, which comprises MAPFRE S.A. and several companies operating in the insurance, property, financial and services sectors.

The Company is a subsidiary of CARTERA MAPFRE, S.L., Single-Member Company, with registered address at Carretera de Pozuelo, 52, Majadahonda (Madrid, Spain). The annual accounts of that company for the year ended December 31, 2019 will be prepared by its board of directors on March 30, 2020 and will be placed on file at the Madrid Companies' Registry.

The ultimate controlling company is Fundación MAPFRE, a non-profit company whose registered address is Paseo de Recoletos No. 23, Madrid and whose consolidated annual accounts will be filed with the Madrid Companies' Registry and a copy sent to the Foundations Register.

2. BASIS OF PRESENTATION OF THE ANNUAL ACCOUNTS

a) TRUE AND FAIR VIEW

The application of legal provisions regarding accounting matters have resulted in a true and fair view of the Company's equity, financial position and results for the year, and the accuracy of the cash flows reported on the cash flow statement. The directors consider that it is not necessary to include supplementary information in this regard.

The Board of Directors expects the individual and consolidated annual accounts for 2019 prepared on February 11, 2020 to be approved by the Annual General Meeting with no changes.

b) ACCOUNTING PRINCIPLES

The annual accounts have been prepared in accordance with the Spanish General Chart of Accounts approved under Royal Decree 1514/2007 of November 16 and subsequently

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amended through Royal Decree 1159/2010 of September 17 and Royal Decree 602/2016 of December 2, as well as with all other applicable mercantile legislation.

c) CRITICAL ASPECTS OF MEASURING AND ESTIMATING UNCERTAINTY

When preparing the annual accounts, judgments and estimates were used that are based on assumptions about the future and uncertainties. These primarily refer to asset impairment, deferred tax assets and provisions.

The estimates and assumptions used are reviewed regularly, and are based on past experience and on other factors that have been deemed most reasonable in each instance. If these reviews lead to changes in estimates in a given period, their effect would apply to that period and, as the case may be, to subsequent periods.

d) COMPARISON OF INFORMATION

There is nothing preventing the annual accounts of the current year from being compared with those of the previous year.

e) CORRECTIONS OF ERRORS

No significant errors were found in the Company's annual accounts from previous years.

3. DISTRIBUTION OF PROFITS

The Company's Board of Directors has proposed the following distribution of profits for approval at the Annual General Meeting:

BASIS OF DISTRIBUTION	AMOUNT
Profit for the fiscal period	443,092,794.75
Retained earnings	383,458,419.15
TOTAL	826,551,213.90
DISTRIBUTION	IMPORTE
To dividends	446,535,224.59
To retained earnings	380,015,989.31
TOTAL	826,551,213.90

Figures in euros

The planned distribution of dividends in the distribution of profits complies with the requirements and limitations established under legal regulations and the corporate bylaws. The requirements and limitations related to restricted reserves are set out in Note 9 "Shareholders' equity."

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During the fiscal year, the Company distributed an interim dividend of 184,773,244.10 euros (184,834,843.67 euros in 2018), which is recorded in equity under the heading "Interim dividend."

The liquidity statement prepared by the Board of Directors for the distribution of the interim dividend is shown below.

ITEM	DATE OF AGREEMENT September 26, 2019
Cash available on date of agreement	6,192
Increases in cash forecast within one year	804,605
(+) From expected current collection operations	704,605
(+) From expected financial operations	100,000
Decreases in cash forecast within one year	(401,642)
(-) From expected current payment transactions	(94,941)
(-) From expected financial transactions	(306,701)
Cash available within one year	409,155

Thousands of euros

The distribution of profits for fiscal year 2018, carried out during 2019, is presented in the statement of total changes in equity.

4. RECOGNITION AND MEASUREMENT STANDARDS

The recognition and measurement standards applied are indicated below:

a) Fixed assets

Intangible fixed assets

Intangible fixed assets recognized comply with the identifiable criterion and are carried at cost less accumulated amortization and any impairment losses.

They are measured at their acquisition price or production cost and usually are systematically amortized according to their useful life.

Property, plant and equipment

The assets included under property, plant and equipment are measured at cost of acquisition or production, including indirect taxes that are not directly recoverable from the Spanish tax authorities, less accumulated depreciation and impairment losses.

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Depreciation is calculated on a straight-line basis, on the cost of the asset less the residual value and less the value of land, in accordance with the estimated useful life.

The costs of renovating, expanding or improving property, plant and equipment are recognized as an increase in the value of the asset when they entail an increase in capacity, productivity or extension of the useful life of each asset.

Impairment of fixed assets

At least at the fiscal year-end, and wherever there are indications of impairment, the Company considers whether the fixed assets may have suffered a loss in value. If such evidence exists, the recoverable amount of the asset is estimated.

Recoverable amount is the greater of an asset's fair value less costs to sell and its value in use.

If the book value exceeds the recoverable amount, the excess is recognized as a loss, reducing the book value of the asset to its recoverable amount.

Valuation adjustments to assets due to impairment and the reversal thereof are recognized as an expense or revenue, respectively, on the income statement under "Impairment and gains/(losses) from disposal of fixed assets."

If there is an increase in the recoverable amount of an asset other than goodwill, any previously recognized impairment loss is reversed, increasing the book value of the asset to its recoverable amount. This increase never exceeds the book value, net of amortization or depreciation, that would be recorded had an impairment loss not been recognized in previous years. The reversal is recognized on the income statement, unless the asset was previously subject to revaluation against "Valuation change adjustments", in which case the reversal is treated as a revaluation increase. Amortization and depreciation expenses are adjusted in the following periods after the valuation adjustment or its reversal.

b) Operating leases

The Company classifies the lease contracts it holds as operating leases given that the lessor does not substantially transfer to the lessee all the risks and benefits of ownership. The revenue and expenses arising from operating leasing are recorded on the income statement over the life of the contract on an accruals basis.

c) Financial instruments

FINANCIAL ASSETS

All assets comprising cash, equity instruments of other companies, or that entail a contractual right to receive cash or another financial asset, or any exchange of financial instruments under favorable conditions, are classified as financial assets.

The fair value of financial assets is determined through the use of market prices, provided that the available quotations of the instruments can be considered representative. In order for them to be considered as such, they must be published regularly in standard information systems provided by recognized financial brokers.

If market valuation is not possible, a valuation will be performed with internal models using, as far as possible, public market data that satisfactorily replicates the valuation of the instruments quoted. This valuation methodology will be based on the discounting of (determined or estimated) future flows from the assets using the risk-free discount curve. Depending on the characteristics of the issue concerned and the issuer, a specific credit risk will be assigned, which will apply to a different degree to each of the flows to be received.

For participations in mutual funds classified as assets available for sale, the fair value will be the realizable value of the fund as at the date of valuation.

Operations in the currency market are recorded on the settlement date, while financial assets traded on Spanish over-the-counter markets are recognized on the trading date, for equity instruments, and on the settlement date, for debt securities.

Financial assets are classified as:

Loans and receivables

This category includes trade and non-trade receivables.

Following initial recognition at their fair value, they are measured at amortized cost. Any interest accrued is posted on the income statement, applying the effective interest method.

Loans and receivables also include deposits in credit institutions, which are measured at amortized cost. Revenue generated on these deposits is recognized at the effective fixed interest rate.

Trade receivables and other items such as advances, loans to personnel or dividends receivable maturing in less than a year and without a contractual interest rate are

measured at their face value when the effect of not discounting cash flows is immaterial to the initial recognition or to subsequent valuation, unless there is impairment.

Impairment exists when there is a decrease or delay in future estimated cash flows that could result from debtor insolvency.

Valuation adjustments due to impairment and their reversal, if applicable, are performed at the close of the fiscal year, recognizing an expense or revenue, respectively, on the income statement. Nevertheless, impairment losses may only be reversed up to the limit of the amortized cost that would have been recorded if an impairment loss had not been recognized in previous years.

Investments in the equity of Group companies, jointly controlled companies and associates

Investments in the equity of Group companies, jointly controlled companies and associates is initially recognized and measured at cost minus the accumulated amount of valuation adjustments for impairment, if applicable.

In the case of non-monetary contributions to Group companies, the contributor values the investment at the book value of the assets and liabilities delivered in the Group's most recent consolidated annual accounts. Any difference between the book value of the investment contributed and the value assigned to the interest received is posted in a reserve account.

When a value is assigned due to derecognition or for another reason, the weighted average cost method is applied for homogeneous groups.

In the case of the sale of preferential subscription rights and similar rights or the division of these rights to exercise them, the cost of the rights reduces the book value of the respective assets.

At the close of the fiscal year, when there is objective evidence that the book value of the investment is not recoverable, the necessary valuation adjustments are made.

A valuation adjustment equates to the difference between the book value of the investment and the recoverable amount. The latter is the higher of fair value less costs to sell and the present value of the future cash flows derived from the investment.

Valuation adjustments due to impairment and their reversal, if applicable, are recorded as an expense or revenue for the fiscal year on the income statement.

Financial assets available for sale

This category includes debt securities and equity instruments of other companies that are not classified in any other financial asset category.

Initial recognition and subsequent measurement are at fair value, plus the preferential subscription rights acquired, without subtracting transaction costs that could arise from disposal.

Changes in fair value are recognized directly in equity until the financial asset is written off or becomes impaired, at which time they are recorded on the income statement.

Impairment losses and currency exchange differences in financial assets carried in foreign currencies are registered in the income statement. The amount of interest calculated applying the effective interest rate method and dividends accrued are also recorded on the income statement.

Investment in equity instruments whose fair value may not be reliably calculated are measured at their cost minus the accumulated valuation adjustments due to impairment.

When a value is assigned to these assets due to derecognition or for another reason, the weighted average cost method is applied for homogeneous groups.

In case of sale of preferential subscription rights and similar rights, the cost of the rights reduces the book value of the respective assets.

At least at the close of the financial year, the pertinent corrections in value are made, providing there is objective evidence that the value of an available-for-sale financial asset is impaired, the amount of which is recognized in the income statement. Reversals of valuation adjustments are credited to the income statement, with the exception of those associated with equity instruments, the reversal for which is recognized directly in equity.

For equity instruments, investments are analyzed individually to determine whether any impairment exists, when the market value has fallen either over a prolonged period (18 months) or by a significant amount (40 percent) compared to cost.

Cash and other equivalent liquid assets

Cash includes cash on hand and demand deposits, while cash equivalents correspond to highly liquid short-term investments that can be easily converted to fixed amounts of cash and have an insignificant risk of change in value.

Interest and dividends received from financial assets

The interest and dividends from financial assets accrued after acquisition are recognized as revenue on the income statement. The interest is recognized using the effective interest rate method, and dividends when the right to receive them is declared.

To this end, the amount of accrued and non-accrued explicit interest and the dividends agreed upon acquisition are recorded separately in the initial valuation of financial assets, bearing in mind their maturity.

Additionally, when the distributed dividends come from earnings generated prior to the acquisition date, because amounts were distributed that are greater than the profits generated by the investee since the acquisition, they are not recognized as revenue and they reduce the book value of the investment.

Derecognition of financial assets

Financial assets are derecognized when the contractual rights over the cash flows of the financial asset expire or when they are transferred, whereupon the risks and benefits of ownership are substantially transferred.

When a financial asset is canceled, the difference between the net received compensation of the attributable transaction costs and the book value of the financial asset, plus any accumulated amount recognized directly as equity, determines the resulting gains or losses and is part of the result for the financial year.

FINANCIAL LIABILITIES

All instruments issued, incurred or assumed that imply a direct or indirect contractual obligation for the Company are recorded as financial liabilities, in accordance with the economic reality of delivering cash or another financial asset or exchanging financial assets and liabilities with third parties in unfavorable conditions.

Financial liabilities are classified as:

Debits and payables

These correspond to trade and non-trade payables.

After initial recognition at their fair value (transaction price), they are measured at their amortized cost, and any interest is recorded on the income statement, applying the effective interest rate method.

In the case of trade payables maturing within a year and without a contractual interest rate, as well as third-party called capital for holdings whose amount are expected to be paid in the short-term, both the initial valuation and subsequent valuations are performed at the face value when the effect of not discounting cash flows is immaterial.

Derecognition of financial liabilities

Financial liabilities are derecognized when the obligation inherent to them has expired. Additionally, an own financial liabilities acquired are derecognized even when there is an intention to reassign them in the future.

If there is an exchange of debt instruments with significantly different conditions, the original liability is canceled and the new liability is recognized.

The difference between the book value of the financial liability or the derecognized part of the liability and the compensation paid, including attributable transaction costs, and including any transferred asset other than cash or the liability assumed, is recognized on the income statement during the fiscal year in which it occurs.

If there is an exchange of debt instruments without significantly different conditions, the original liability is not derecognized, and any commission paid is recorded as an adjustment to the book value.

Own equity instruments

All items that show a residual investment in Company assets once its liabilities have been deducted are classified in this category.

Treasury stock is measured at its net acquisition cost and recorded in equity. Expenses incurred on acquisition are recognized in equity as a decrease in the value of reserves.

All transactions performed with own equity instruments are recorded in equity as a variation in the value of shareholders' equity.

d) Transactions in foreign currency

Transactions in foreign currencies are converted to euros by applying the exchange rate in force on the transaction date.

At fiscal year-end, the balances that correspond to monetary items expressed in foreign currencies are converted at the exchange rate of the euro on that date, and all exchange differences are allocated in the income statement, except for monetary financial assets that are available for sale and in which exchange rates other than those generated from the amortized cost are recognized directly in equity.

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Non-monetary items that are measured at historical cost are generally recorded by applying the exchange rate of the transaction date. When determining the net equity of an investee, adjusted for any unrealized gains that exist on the valuation date, the closing exchange rate is applied to the net equity and unrealized gains that exist on that date.

Non-monetary items at fair value are recorded by applying the exchange rate on the date when the fair value was determined, recognizing any losses and gains derived from the valuation as net equity or as earnings, depending on the nature of the item.

When presenting the cash flow statement, the flows from transactions in foreign currencies are converted to euros by applying the spot exchange rate on the dates of exchange to the amount in foreign currency.

The effect of the variation in exchange rates on cash and other equivalent liquid assets expressed in foreign currency is presented separately on the cash flow statement as "Effect of exchange rate variations."

e) Corporate tax

Corporate tax is treated as an expense for the fiscal year and is recorded as such on the income statement, including both the tax burden of current tax and the effect of any changes in deferred tax.

However, corporate tax related to items where modifications in their value are directly recognized in equity are not posted to the income statement but to equity, and the changes in value are included in those items net of the tax effect.

Current tax assets or liabilities are measured at the amounts that are expected to be recovered or paid, as per the tax rules and rates that are in force or approved and pending publication at year-end.

The Company files taxes as part of a consolidated tax group. The expense for corporate tax on the companies in the consolidated tax group is determined taking into account the parameters used in calculated individual tax as well as the following items:

- Temporary and permanent differences arising as a result of eliminating gains and losses on intergroup transactions, derived from the process of determining the consolidated tax base.
- Tax credits and deductions corresponding to each Group company in the consolidated tax group. To that end, tax credits and deductions are recorded in the company that carried out the related activity or that obtained the gain resulting in entitlement to the tax credit or deduction.

Temporary differences derived from the elimination of gains and losses between companies in the tax group are recognized in the company that generated the gain or loss, and are measured at the applicable tax rate.

Tax losses incurred in certain Group companies that have been offset by profits of other companies in the Group give rise to a reciprocal credit and debit between the companies, as appropriate. In the event that tax losses cannot be offset by profits of other Group companies, the tax loss carryforwards are recognized as deferred tax assets by the corresponding companies, considering that they will be offset by future profits of the tax group.

As the Group's controlling company, the Company recognizes the total amount payable for consolidated corporate tax as a payable or a receivable with the different Group companies and associates, as appropriate.

Deferred tax is recorded for temporary differences on the reporting date between the tax base of the assets and the liabilities and their book values. The tax base of an equity item is the amount attributed to it for tax purposes.

The tax effect of temporary differences is included for all taxable temporary differences under the corresponding headings of "Deferred tax assets" and "Deferred tax liabilities," excluding the exceptions provided in current regulations, if applicable.

The Company recognizes deferred tax assets for all deductible temporary differences, unused tax receivables and tax loss carryforwards to the extent that it is likely that the Company will have future taxable profits allowing these assets to be used.

Unless evidenced otherwise, it is not considered likely that the Company will avail of future taxable profits if recovery is to take place more than ten years after fiscal year-end.

The Company recognizes deferred tax assets that have not been recognized due to expiry of the ten-year recovery period if the future reversal period does not exceed ten years from the date of fiscal year-end or when there are sufficient liabilities derived from temporary tax differences.

The deferred tax assets and liabilities are measured according to anticipated tax rates for the fiscal years in which they will be recovered or settled, respectively.

Deferred tax assets and deferred tax liabilities are recognized on the balance sheet as non-current assets or liabilities, regardless of the expected date of realization or settlement.

f) Revenue and expenses

Revenue and expenses are measured in accordance with the General Chart of Accounts.

Revenue from services provided are recognized when the transaction earnings are estimated reliably, taking into account the percentage of completion of the service at the close of the fiscal year.

If the gains or losses from providing a service cannot be estimated reliably, revenue is only recognized to the extent to which recognized expenses are recoverable.

Given the Company's activity, the accrued dividends and other revenue from the funding granted to investees are included under "Revenue," and therefore, pursuant to the provisions of the Spanish Accounting and Auditing Institute (ICAC), they are recorded under that heading on the income statement.

g) Provisions and contingencies

Provisions are recognized when there is a current obligation, whether legal or implicit, as a result of a past event, and it is estimated that there will be a probable outflow of funds that include future economic benefits.

They are measured at the fiscal year-end at the present value of the best possible estimate of the amount needed to cancel or transfer the obligation to a third party. The resulting adjustments are recorded when the provision is discounted as a financial expense on an accruals basis.

The compensation to be received from a third party on settling the obligation, provided that there is no doubt that it will be received, does not entail a decrease in the debt, and the collection right is recognized in the asset whose amount will not exceed the amount of the obligation recorded in the accounts.

h) Personnel expenses

Remuneration for employees may be short-term, post-employment benefits, compensation for termination, other medium and long-term remuneration, and share-based payments.

Short-term remuneration

These are posted according to the services provided by employees on an accrual basis.

Post-employment benefits

These essentially consist of defined contribution plans and defined benefit plans, as well as life insurance covering death between the ages of 65 and 77.

Defined contribution plans

These are those in which the Company makes pre-determined contributions to a separate company (whether linked to the Group or external) and has no legal or implicit obligation to make any additional contributions in the event of an insufficiency of assets to honor the payment of benefits. The obligation is limited to the contribution agreed on to deposit in a fund and the amount of benefits to be received by employees is determined by the contributions made plus the yield obtained on the investments made by the fund.

Defined benefit plans

These are post-employment benefit plans that differ from defined contribution plans.

The liability recognized on the balance sheet for defined benefit pension plans is equal to the present value of the defined benefits obligation on the balance sheet date less, where applicable, the fair value of plan assets.

The defined benefit obligation is determined separately for each plan using the projected credit unit actuarial valuation method.

Actuarial gains and losses are recognized in equity.

All the obligations for defined benefit plans that remain on the balance sheet correspond to retired personnel.

Compensation for termination

Compensation for termination is recognized as a liability and expense when there is a proven agreement to rescind the work relationship before the normal date of employee retirement or when there is an offer to encourage voluntary rescission of the contracts.

Other medium- and long-term remuneration and share-based payments

Other long-term remuneration besides those described in the preceding paragraphs and referring specifically to the award for years of service or time with the company are recorded in line with the aforementioned principles; the only exceptions are past service costs, which are recognized immediately and recorded as an offsetting liability under the

heading "Long-term provisions", and actuarial gains and losses, which are recorded on the income statement.

In 2019, a new medium-term incentive plan was approved for certain members of the MAPFRE executive team. The plan is extraordinary, non-cumulative and multi-year, commencing January 1, 2019 and ending March 31, 2022, with payment of part of the incentives deferred to the period 2023-2025. The payment of incentives is dependent on fulfilling certain corporate and specific objectives, as well as the director remaining in the Group's employ. It will be paid partly in cash (50%) and partly in MAPFRE S.A. shares (50%), and is subject to reduction or recovery clauses.

At the close of each year of the plan, fulfillment of the objectives is evaluated and the amount accrued is recorded on the income statement, with a credit to a provisions account for the part of cash remuneration and a credit to equity for the part corresponding to shares. The part of the incentive to be received in MAPFRE S.A. shares is measured taking into account the fair value of the assigned equity instruments.

Each year, until the vesting period date, the number of equity instruments included in the calculation of the transaction amount is adjusted. No additional adjustments are made after the vesting date.

The previous medium-term incentive plan approved in 2016 expired in fiscal year 2018.

i) Related-party transactions

Transactions with related parties linked to the usual activities of the Company are conducted under market conditions and are recorded according to the aforementioned valuation rules.

5. PROPERTY, PLANT AND EQUIPMENT

The accompanying table shows the movements under this heading for the last two fiscal years:

HEADINGS	OPENING BALANCE		INFLOWS		OUTFLOWS		CLOSING BALANCE	
	2019	2018	2019	2018	2019	2018	2019	2018
Land and buildings	13,454	13,448	--	6	--	--	13,454	13,454
Facilities and other property, plant and equipment	8,041	5,591	578	2,532	(197)	(82)	8,422	8,041
Fixed assets in progress and advance payments	--	--	179	--	--	--	179	--
TOTAL COST	21,495	19,039	757	2,538	(197)	(82)	22,055	21,495
Cumulative amortization	(5,269)	(4,220)	(1,259)	(1,066)	82	17	(6,446)	(5,269)
NET TOTAL	16,226	14,819	(502)	1,472	(115)	(65)	15,609	16,226

Thousands of euros

The main additions in both fiscal years correspond to disbursements for improvements to property, plant and equipment.

The depreciation of items of property, plant and equipment is calculated on a straight-line basis according to useful life. Below are details of the depreciation rates applied by groups of items:

ITEM GROUPS	% DEPRECIATION
Buildings	2
Vehicles	16
Furniture and fittings	10
Data processing equipment	25

No items of property, plant and equipment were acquired from Group companies or associates in the last two fiscal years.

No items of property, plant or equipment are located outside Spanish territory.

At the close of the last two fiscal years, there were no fully depreciated assets in use.

The Company has insurance policies covering the net book value of property, plant and equipment.

6. INTANGIBLE FIXED ASSETS

The accompanying table shows the movements under this heading for the last two fiscal years:

HEADINGS	OPENING BALANCE		INFLOWS		OUTFLOWS		CLOSING BALANCE	
	2019	2018	2019	2018	2019	2018	2019	2018
Computer applications	15,982	15,824	185	425	(83)	(267)	16,084	15,982
TOTAL COST	15,982	15,824	185	425	(83)	(267)	16,084	15,982
Cumulative amortization	(14,860)	(13,229)	(798)	(1,631)	2	--	(15,656)	(14,860)
NET TOTAL	1,122	2,595	(613)	(1,206)	(81)	(267)	428	1,122

Thousands of euros

The main additions in both fiscal years correspond to disbursements for the development of current computer applications and the purchase of new licenses.

The annual amortization rate is 33%.

There are no intangible fixed assets outside Spanish territory.

At the close of the last two fiscal years, there were no fully depreciated assets in use.

7. LEASES

Operating leases

The Company is the lessee in operating leases on a building. The contract is for a one-year term and may be extended by one-year increments if neither party informs the other of its desire to terminate the contract giving two months' notice. There is no restriction on the lessee whatsoever regarding the prerogative to sign these leases.

The future minimum payments to be paid until the end of the lease term on non-cancellable operating leases amount to 3,587,000 euros, calculated as on December 31, 2019 (2,897,000 euros as on December 31, 2018).

Leasing expenses registered in fiscal years 2019 and 2018 amount to 3,547,000 euros and 2,854,000 euros, respectively.

8. FINANCIAL INSTRUMENTS

The following table shows the book value of the financial assets recorded in the last two fiscal years.

Financial assets

A.- Long-term financial instruments								
Class Category	Equity Instruments		Debt securities		Credit derivatives and Other		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Loans and receivables	--	--	--	--	342,623	383,201	342,623	383,201
Assets available for sale - Valued at fair value	21,905	19,189	--	--	--	--	21,905	19,189
TOTAL A	21,905	19,189	--	--	342,623	383,201	364,528	402,390
B.- Short-term financial instruments								
Class Category	Equity Instruments		Debt securities		Credit derivatives and Other		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Loans, receivables and other assets	--	--	--	--	196,842	200,794	196,842	200,794
TOTAL B	--	--	--	--	196,842	200,794	196,842	200,794
TOTAL A + B	21,905	19,189	--	--	539,465	583,995	561,370	603,184

Thousands of euros

Financial liabilities

The book value of the financial liabilities corresponding to the last two fiscal years is shown below.

A.- Long-term financial instruments								
Class Category	Due to credit institutions		Debentures and other negotiable securities		Loans and Other		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Debits and payables	610,000	490,000	2,089,554	2,088,252	365	365	2,699,919	2,578,617
Liabilities designated at fair value through gains or losses:								
Other	--	--	--	--	--	--	--	--
TOTAL A	610,000	490,000	2,089,554	2,088,252	365	365	2,699,919	2,578,617
B.- Short-term financial instruments								
Class Category	Due to credit institutions		Debentures and other negotiable securities		Loans and Other		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Debits and payables	--	--	36,337	36,337	92,408	240,567	128,745	276,904
Liabilities designated at fair value through gains or losses:								
Other	--	--	--	--	--	--	--	--
TOTAL B	--	--	36,337	36,337	92,408	240,567	128,745	276,904
TOTAL A + B	610,000	490,000	2,125,891	2,124,589	92,773	240,932	2,828,664	2,855,521

Thousands of euros

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Credit line limits at December 31 of the last two fiscal years are indicated below.

Bank	Maturity	Limit		Drawn down	
		2019	2018	2019	2018
BANCO SANTANDER	26.02.2024	1,000,000	1,000,000	610,000	490,000
CARTERA MAPFRE S.L.U.	10.09.2020	400,000	400,000	--	--
Total		1,400,000	1,400,000	610,000	490,000

Thousands of euros

Banco de Santander is the agent bank of the aforementioned line of credit, which is a syndicated loan with other banks and which bears interest at a rate pegged to market variables. In fiscal year 2018, it was renewed, its conditions modified and its maturity extended. Among the modified conditions, it was converted into sustainable financing, linking its interest also to the Group's sustainability parameters. As stipulated in the contract, in January 2020, its maturity was extended from February 2024 to February 2025.

Accrued interest payable on the line of credit during the period amounted to 2,186,000 euros (2,273,000 euros in 2018).

The line of credit granted by CARTERA MAPFRE, S.L.U. bears interest at a variable rate tied to the three-month Euribor plus a spread of 1.5%, and may be extended for successive one-year periods.

The maturities of financial instruments in the last two fiscal years, without considering the financial discount, are shown below:

Fiscal year 2019

HEADINGS	Maturity in						Closing
	2020	2021	2022	2023	2024	Subsequent	balance
Financial assets							
- Other investments	196,842	50,500	50,500	50,500	50,500	140,623	539,465
Total financial assets	196,842	50,500	50,500	50,500	50,500	140,623	539,465
Financial liabilities							
- Debentures and other negotiable securities	63,125	63,125	63,125	63,125	63,125	2,293,750	2,609,375
- Due to credit institutions	1,678	1,678	1,678	1,678	611,678	--	618,390
- Other financial liabilities	64,609	--	--	--	--	365	64,974
Total financial liabilities	129,412	64,803	64,803	64,803	674,803	2,294,115	3,292,739

Thousands of euros

Fiscal year 2018

HEADINGS	Maturity In						Closing
	2019	2020	2021	2022	2023	Subsequent	balance
Financial assets							
- Other investments	200,794	50,500	50,500	50,500	50,500	181,201	583,995
Total financial assets	200,794	50,500	50,500	50,500	50,500	181,201	583,995
Financial liabilities							
- Debentures and other negotiable securities	63,125	63,125	63,125	63,125	63,125	2,320,538	2,636,163
- Due to credit institutions	490,150	--	--	--	--	--	490,150
- Other financial liabilities	217,754	--	--	--	--	365	218,119
Total financial liabilities	771,029	63,125	63,125	63,125	63,125	2,320,903	3,344,432

Thousands of euros

Information regarding the income statement and equity

The following table provides information regarding the income statement and the equity of financial instruments for the last two fiscal years:

HEADINGS	Financial income or expense		Impairment			
			Registered loss		Reversal gains	
	2019	2018	2019	2018	2019	2018
Financial assets						
Equity instruments	601,546	741,258	(51,037)	(151,622)	--	--
Receivables	14,717	8,860	--	--	--	--
Trading portfolio and other	--	--	--	--	--	--
Other financial assets	371	394	--	--	--	--
Impairment and result of disposal of financial instruments	4,074	--	--	--	--	--
Foreign exchange differences	(4)	(15)	--	--	--	--
Subtotal	620,704	750,497	(51,037)	(151,622)	--	--
Financial liabilities						
Debt with Group companies	(1,431)	(11,663)	--	--	--	--
Debt with third parties	(68,457)	(55,146)	--	--	--	--
For update of provisions	(195)	(198)	--	--	--	--
Subtotal	(70,083)	(67,007)	--	--	--	--
TOTAL	550,621	683,490	(51,037)	(151,622)	--	--

Thousands of euros

Fair value gains or losses on equity instruments correspond to changes in valuation adjustments in Group companies and associates and in the available-for-sale portfolio, as shown below:

Name	(Impairment) Reversal year 2019	(Impairment) Reversal year 2018
MAPFRE INMUEBLES	1,447	2,122
MAPFRE ASISTENCIA	(46,882)	(151,429)
DESURCIC	(2)	(6)
PREMINEN PRICE COMPARISON HL	--	(2,309)
INSPOP-COMPARE (ADMIRAL GROUP)	(5,600)	--
TOTAL	(51,037)	(151,622)

Thousands of euros

During the year the Company sold 1,013,484 shares in MAPFRE RE, generating a profit of 9,464,000 euros.

The accrued dividends and other revenue from the funding granted to investees are recognized under "Revenue," as established in note 4.f).

Group companies and associates

Annex 1 of the annual report contains details of the Group companies and associates in which direct equity investments have been held in the last two fiscal years.

The results of companies included in the aforementioned annex correspond entirely to ongoing operations.

In compliance with Article 155 of the Recast Text of the Spanish Limited Liability Companies Act, the corresponding notifications were made, when applicable, to investees.

The main operations undertaken in the last two fiscal years with Group companies and associates are described in Note 18 of the annual report.

The minority shareholders of the affiliate MAPFRE RE have a put option on the shares of that company. If exercised, MAPFRE or a MAPFRE Group company would have to acquire the shares from the selling minority shareholder. The purchase price for the shares will be calculated using the previously agreed formulas in each case. As on December 31, 2019 and 2018, taking into account the variables included in the aforementioned formula, the commitment assumed by the Group in the event of exercising the option would amount to an approximate amount of 108.75 and 98.09 million euros, respectively.

Note 18 "Related-party transactions" details the amounts of capital increases of Group companies over the last two fiscal years.

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In March 2019, the administrative authorization to carry out the business restructuring operation of MAPFRE GLOBAL RISKS was obtained, through which:

- The purely insurance or reinsurance activities of MAPFRE GLOBAL RISKS, together with the assets and liabilities linked to them, were transferred to MAPFRE ESPAÑA and MAPFRE RE, respectively.
- An entity was created that will continue the operations of MAPFRE GLOBAL RISKS in the analysis and underwriting of large industrial and commercial risks, and will act as an agent of MAPFRE ESPAÑA and MAPFRE RE.

As a result of this corporate restructuring, a positive impact of 90,725,000 euros in equity was recorded during the year and has been included under the "Other Reserves" heading.

Financial instruments risk

Credit and market risks are managed centrally through the MAPFRE Group Investment Area, which applies a prudent investment policy to mitigate exposure to these kinds of risks.

Liquidity is managed by the Company, which maintains sufficient balances of current assets and lines of credit to cover any event derived from its obligations. It also has the Group's support for financing operations when additional liquidity is required.

There were no significant amounts in the last two years regarding financial assets exposed to interest rate risk.

The following table shows the significant information for the last two years regarding the level of exposure to the interest rate risk of financial liabilities:

Item	Amount of the liability exposed to risk							
	Interest rate		Fair value		Not exposed to risk		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Issue of debentures and other negotiable securities	2,125,891	2,124,589	--	--	--	--	2,125,891	2,124,589
Other financial liabilities	--	--	365	365	610,005	490,043	610,370	490,408
Total	2,125,891	2,614,632	365	365	610,005	490,043	2,736,261	2,614,997

Thousands of euros

All amounts corresponding to financial assets and liabilities are denominated in euros, with the exception of holdings in entities located overseas.

9. SHAREHOLDERS' EQUITY

SHARE CAPITAL

The Company's share capital as on December 31, 2019 and 2018 was represented by 3,079,553,273 shares with a face value of 0.10 euros each, fully subscribed and paid-up. All shares carry the same political and economic rights.

All shares representing the Company's share capital are admitted to official trading on the Madrid and Barcelona stock markets.

The Annual General Meeting of March 9, 2018 authorized the directors of the Company to increase capital up to a maximum of 153,977,663.65 euros, equivalent to 50% of the share capital at the time. This authorization was granted for a period of five years. Furthermore, the directors were authorized to issue analogous fixed income securities or debentures, convertible or not, for a maximum amount of 2 billion euros.

CARTERA MAPFRE directly held 67.6% of the Company's share capital as on December 31 of the last two fiscal years.

SHARE PREMIUM

This reserve is unrestricted and corresponds to the provisions made as a result of the capital increases, as indicated below.

DATE	ISSUE TYPE	AMOUNT
June 1985	200%	956
October 1985	300%	4,015
January 1986	600%	11,040
June 1986	600%	2,428
January 2007	3,192%	3,320,281
TOTAL		3,338,720

Thousands of euros

LEGAL RESERVE

The legal reserve, which at the end of the last two years amounted to 61,591,065 euros, cannot be distributed to shareholders unless the Company is liquidated. In that case, it may only be used to offset potential losses.

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OTHER RESTRICTIONS ON THE AVAILABILITY OF RESERVES

"Reserves" includes reserve for redenomination of the share capital to euros, which in accordance with Article 28 of Law 46/1998 may not be distributed. Additionally, a capitalization reserve totaling 48,857,000 euros is included, which will be available once five years have elapsed since its creation.

TREASURY STOCK

In 2019, a total of 7,897,336 treasury stocks were purchased in the market and 1,889,387 shares were delivered to executives of subsidiaries as part of their variable remuneration, representing an increase of 6,057,949 treasury stocks, equivalent to 0.1967% of capital and amounting to 15,585,821.85 euros. In the previous fiscal year, 2,079,216 treasury stocks were sold, representing 0.0675% of capital and amounting to 4,106,350.17 euros.

As a result of the events occurring in the fiscal year, a positive impact in the amount of 910,979.10 euros was registered (1,930,622.54 euros in fiscal 2018) and this has been included under the heading "Other Reserves".

At the close of the fiscal year, the Company owned 30,489,839 treasury shares (24,431,890 in 2018), which represented 0.9901% of capital (0.7934% in 2018) at an average of 2.09 euros per share (1.97 in 2018).

The total face value of the treasury stock acquired was 3,048,984 euros (2,443,189 euros in 2018).

10. NON-CONVERTIBLE DEBENTURES

At December 31, 2019 and 2018, the balance of this account included the face value of the debentures issued by the Company and was represented through book entries, the most significant terms and conditions of which are as follows:

Description	Nominal amount	Book value		Outstanding interests		Issue date	Expiration date	Coupon	Market	Rating
		31/12/2019	31/12/2018	31/12/2019	31/12/2018					
September 2018 issue	500.000	496.761	496.457	6.498	6.498	07-09-18	07-09-48	4,13%	AI AF	BBB-
March 2017 issue	600.000	598.034	597.808	19.777	19.777	31-03-17	31-03-47	4,38%	AI AF	BBB
May 2016 issue	1.000.000	994.759	993.987	10.062	10.062	19-05-16	19-05-26	1,63%	AI AF	A-
TOTAL	2.100.000	2.089.554	2.088.252	36.337	36.337					

Thousands of euros

The most relevant conditions related to subordinated obligations are detailed below.

September 2018 issue

This issue included an initial call option on September 7, 2028, with the interest payable from this date up to 2048 being the three-month Euribor plus 4.30%, payable quarterly.

March 2017 issue

This issue included an initial call option on March 31, 2027, with the interest payable from this date up to 2047 being the three-month Euribor plus 4.54 percent, payable quarterly.

The issuer is obliged to defer interest payments in the case where there is any non-compliance with the Solvency Capital Requirement or Minimum Capital Requirement, the pertinent regulatory has prohibited interest payments, or the issuer cannot settle the liabilities that are past due and payable. Redemption will occur in special cases as a result of reform or modification of tax regulations, due to lack of interchangeability of the issuer's own funds and as a result of a change in treatment by credit ratings agencies.

11. FOREIGN CURRENCY

At the end of the last two years there were no significant amounts of asset and liability items denominated in foreign currency.

12. FISCAL SITUATION

Since 1985, the Company has been included for corporate tax purposes in Tax Group 9/85, consisting of the Company and those subsidiaries that meet the requirements to be eligible for this tax regime.

In 2019, the following companies belonged to Tax Group No. 9/85:

MAPFRE S.A.; MAPFRE RE, COMPAÑÍA INTERNACIONAL DE REASEGUROS S.A.; MAPFRE INMUEBLES S.G.A.; DESARROLLOS URBANOS CIC S.A.; SERVICIOS INMOBILIARIOS MAPFRE S.A.; MAPFRE ASISTENCIA, CIA. INTERNACIONAL DE SEGUROS S.A.; IBEROASISTENCIA S.A.; IBEROASISTENCIA CONSULTING DE SOLUCIONES Y TECNOLOGÍAS S.A.; MAPFRE INTERNACIONAL S.A.; MAPFRE VIDA S.A. DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA; MAPFRE INVERSIÓN S.V.S.A.; MAPFRE ASSET MANAGEMENT S.G.I.I.C.S.A.; MAPFRE VIDA PENSIONES S.G.F.P. S.A.; CONSULTORA ACTUARIAL Y DE PENSIONES, MAPFRE VIDA S.A.; GESTIÓN MODA SHOPPING S.A.; MIRACETI S.A.; MAPFRE ESPAÑA S.A.; MULTISERVICIOS MAPFRE S.A.; MAPFRE TECH S.A.; GESTIÓN DE CENTROS MEDICOS MAPFRE S.A.U.; MAPFRE PARTICIPACIONES S.A.; MAPFRE VIDEO Y COMUNICACIÓN S.A.; CENTRO DE EXPERIMENTACIÓN Y SEGURIDAD VIAL MAPFRE S.A.; CLUB MAPFRE S.A.; MAPFRE CONSULTORES DE SEGUROS Y REASEGUROS S.A.; MAPFRE AUTOMOCIÓN S.A.; VERTI ASEGURADORA CIA DE SEGUROS Y REASEGUROS S.A.; MEDISEMAP AGENCIA DE SEGUROS S.L.; MAQUAVIT INMUEBLES S.L.; MAPFRE AM INVESTMENT HOLDING S.A.U.; FUNESPAÑA S.A.; SERVICIOS FUNERARIOS

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FUNEMADRID S.A.; ALL FUNERAL SERVICES S.L.; FUNERARIAS REUNIDAS EL BIERZO S.A.; GAB MANAGEMENT & CONSULTING S.R.L.; SALUD DIGITAL MAPFRE S.A.; MAPFRE GLOBAL RISKS AGENCIA DE SUSCRIPCIÓN S.A.; RISK MED SOLUTIONS S.A.

The reconciliation of the accounting profit to the corporate tax base for the last two years is shown in the accompanying table.

RECONCILIATION OF THE BOOK RESULT WITH THE TAXABLE RATE OF THE CORPORATION TAX						
Item	Income statement		Revenue and expenses posted directly to equity		TOTAL	
	2019	2018	2019	2018	2019	2018
Balance of revenue and expenses of the year	443,093	493,455	--	--	443,093	493,455
Corporation tax	(38,452)	(36,017)	--	--	(38,452)	(36,017)
Permanent differences	(559,163)	(583,535)	--	--	(559,163)	(583,535)
Temporary differences:						
- originating in the year	8,052	9,526	--	--	8,052	9,526
- originating in previous years	(50)	(17,980)	--	--	(50)	(17,980)
Compensation of negative tax bases of previous years	--	--	--	--	--	--
Individual taxable rate (fiscal result)	(146,520)	(134,551)	--	--	(146,520)	(134,551)
Permanent differences for fiscal consolidation	(3,325)	(2,318)	--	--	(3,325)	(2,318)
Individual taxable rate after consolidation	(149,845)	(136,869)	--	--	(149,845)	(136,869)

Thousands of euros

Increases and decreases in the past two years:

Increases due to permanent differences originating in the income statement relate to expenses that are not tax deductible, including contributions made to support programs for exceptional public-interest events pursuant to Law 49/2002, and valuation adjustments to equity instruments (equity investments in Group companies and associates) duly accounted for.

The amount of the decreases due to permanent differences arising from the income statement corresponds to the tax-exempt dividends, as well as the income obtained in the transfer of shares in investee companies that meet the requirements to apply the exemption.

The increases due to temporary differences originating in the year in the income statement correspond principally to expenses that are considered to be tax-deductible for pension commitments and other staff commitments.

Decreases due to temporary differences originating in prior years on the income statement primarily relate to: the recovery of adjustments for pension commitments and to the application of provisions for other staff commitments that were not deductible in the fiscal year they were recorded; the recovery of a tenth of the amortization and depreciation of intangible fixed assets and plant, property and equipment that was not tax deductible in 2013 and 2014;

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and the recovery of the impairment loss on equity instruments that was not tax-deductible when it was provisioned for.

Increases due to the inclusion of negative temporary differences from previous years correspond to the recovery of the provision that was deducted for tax purposes in previous years due to impairment of the investee portfolio, which is subsequently eliminated in the calculation of the consolidated tax base of fiscal group 9/85.

Shown below for the periods ended December 31, 2019 and 2018 are the main components of the corporate tax expense from continuing operations and the reconciliation between the corporate tax expense for and the sum of multiplying accounting profit by the applicable tax rate.

Item	Amount	
	2019	2018
Tax expense		
Result before taxes from ongoing operations	404,641	457,438
25% of the result before taxes from ongoing operations	(101,160)	(114,360)
Tax effect of the permanent differences	139,791	145,884
Permanent differences for fiscal consolidation	--	--
Tax incentives for the year	311	2,825
Total (expense)/revenue from current tax originating in the year	38,942	34,349
Expense from current tax originating in previous fiscal years	(490)	1,668
Adjustment to temporary differences Law 27/2014 (General Provisions)	--	--
(Expense)/revenue for tax of ongoing operations	38,452	36,017
Tax on profits to be (paid)/received	38,452	36,017
Taxes withheld and payments on account	--	--
Temporary differences	(1,169)	2,693
Tax effect of capital increase expenses posted to equity	--	--
Tax credits and incentives applied, registered in previous years and applied in the current year	490	(1,668)
Tax on profits from discontinued operations	--	--
Net tax on profits to be (paid)/received	37,773	37,042

Thousands of euros

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The table below includes tax-deductible amounts in prior years in connection with valuation adjustments to investments in Group companies, jointly controlled entities and associates, and the difference in the year in the shareholders' equity of these entities, as well as the amounts included in the tax base as a result of tax reversals and the amounts pending inclusion. In reference to the above, Royal Decree-Law 3/2016, dated December 2, introduced a new minimum reversal regime for amounts pending inclusion. This provided for a minimum recovery of a fifth of the pending amount from fiscal year 2016 onward, always provided that this amount was higher than the increase in shareholders' equity of the investee for that fiscal year and to the amount of dividends received by it. The calculation of the minimum applicable reversal is also found in the following table.

COMPANY	Deductible tax revenue		Reversal for difference in shareholders' equity		Reversal for dividends		Minimum reversal (fifth part of 2016)		Recovery made during the fiscal year		Amounts pending recovery
	2019	Previous years	2019	2018	2019	2018	2019	2018	2019	2018	
MAPFRE INMUEBLES	---	7,438	544	1,389	---	---	3,719	3,719	3,719	3,719	3,719
Total	---	7,438	544	1,389	---	---	3,719	3,719	3,719	3,719	3,719

Thousands of euros

The applicable tax rate for fiscal years 2019 and 2018 was 25 percent.

The following tables offer a breakdown of the movements for years 2019 and 2018 under the "Deferred tax assets" heading, differentiating the corresponding amounts in terms of items debited or credited directly to equity.

Fiscal year 2019

Item	Opening balance	Originating from		Cancellations	Closing balance
		Results	Equity		
Assets					
Commitments to personnel	9,815	1,739	--	(750)	10,804
Equity instruments impairment	13,238	--	--	--	13,238
Other items	4,016	375	--	(1,524)	2,867
Total	27,069	2,114	--	(2,274)	26,909

Thousands of euros

Fiscal year 2018

Item	Opening balance	Originating from		Cancellations	Closing balance
		Results	Equity		
Assets					
Commitments to personnel	10,155	2,797	--	(3,137)	9,815
Equity instruments impairment	13,768	930	--	(1,460)	13,238
Other items	5,725	682	--	(2,391)	4,016
Total	29,648	4,409	--	(6,988)	27,069

Thousands of euros

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The breakdown of movements for years 2019 and 2018 under the heading "Deferred tax liabilities" is also shown below, differentiating the amounts in terms of items debit or credited directly against equity for the period.

Fiscal year 2019

Item	Opening balance	Originating from		Cancellations	Closing balance
		Results	Equity		
Liabilities					
Profit from sales of equity instruments	108	--	--	--	108
TOTAL	108	--	--	--	108

Thousands of euros

Fiscal year 2018

Item	Opening balance	Originating from		Cancellations	Closing balance
		Results	Equity		
Liabilities					
Profit from sales of equity instruments	107	1	--	--	108
TOTAL	107	1	--	--	108

Thousands of euros

There are no tax loss carryforwards pending offset. The tax breaks held by the Company for the last two years are shown below:

Fiscal year 2019

Modality	Year to which they correspond	Amount applied in the fiscal year	Amount pending application	Amount not registered	Deadline for use
Double taxation deduction	2019	--	--	--	--
Other	2019	311	--	--	--
TOTAL		311	--	--	--

Thousands of euros

Fiscal year 2018

Modality	Year to which they correspond	Amount applied in the fiscal year	Amount pending application	Amount not registered	Deadline for use
Double taxation deduction	2018	--	--	--	--
Other	2018	2825	--	--	--
TOTAL		2,825	--	--	--

Thousands of euros

In 2011, the Company applied a deduction of 2,175,741 euros for reinvestment of extraordinary profits, as referred to in Article 42 of the Recast Text of the Corporate Tax Law approved by Royal Decree-Law 4/2004 of March 5, against a tax base of 18,131,178 euros. The commitment to reinvestment was completely covered during the year by investments made by Tax Group 9/85.

In the fiscal years 2015, 2016 and 2017, and in accordance with article 25 of Corporate Tax Law 27/2014 of November 27, the Company availed itself of the tax benefit for reduction of the capitalization reserve, as the controlling company of Tax Group 9/85.

The following table shows the appropriations to capitalization reserves per year of allocation:

Fiscal year	Amount
2017	1,857
2016	12,000
2015	35,000
TOTAL	48,857

Thousands of euros

The consolidated tax return of Tax Group 9/85 for fiscal year 2019 shows a corporate tax rebate of 44,027,130 euros, recognized in the assets of the Company (51,091,834 euros in 2018), and is still awaiting a repayment from previous years of 49,787,232 euros, having received the amount of 48,356,808 euros before these accounts were formulated.

As a result of its distribution among the Group companies, the Company has registered in the last two years the following receivables and payables, generated in the period, compared to the companies dominated by the Tax Group 9/85

MAPFRE S.A.

As a result of its distribution between the Group companies, the Company's receivables and payables recorded in the last two years, generated during the period, from/to the controlled companies in Tax Group 9/85 were as shown in the accompanying table:

COMPANY	AMOUNT			
	CREDIT		DEBIT	
	2019	2018	2019	2018
MAPFRE VIDA S A DE SEGUROS Y REASEG SOBRE LA VIDA HUMANA	--	--	2,124	7,320
MAPFRE RE COMPAÑÍA INTERNACIONAL DE REASEGUROS S A	--	7,365	7,883	--
MAPFRE INMUEBLES S A	980	4,498	--	--
MAPFRE INVERSION S V S A	547	269	--	--
MAPFRE VIDA PENSIONES S G F P S A	211	56	--	--
MAPFRE ASSET MANAGEMENT S G I I C S A	3,752	1,150	--	--
CONSULTORA ACTUARIAL Y DE PENSIONES MAPFRE VIDA S A	--	--	3	--
GESTION MODA SHOPPING S A	4	3	--	--
MIRACETI S A	108	46	--	--
MAPFRE VIDEO Y COMUNICACIÓN S A (MAVICO)	147	35	--	--
MAPFRE CONSULTORES DE SEGUROS Y REASEGUROS S A	2	1	--	--
MAPFRE ASISTENCIA CIA INTERNACIONAL DE SEGUROS S A	--	--	1,955	2,340
IBEROASISTENCIA S A	--	--	14	66
CENTRO DE EXPERIMENTACIÓN Y SEGURIDAD VIAL MAPFRE S A	15	--	--	201
CLUB MAPFRE S A	2	--	--	3
DESARROLLOS URBANOS CIC S A (DESURCIC)	--	--	362	1,162
MAPFRE INTERNACIONAL	--	--	18,431	20,359
MULTISERVICIOS MAPFRE S A (MULTIMAP)	133	--	--	107
SERVICIOS INMOBILIARIOS MAPFRE S A (SERVIMAP)	50	15	--	--
MAPFRE TECH	--	--	1,752	1,267
MAPFRE AUTOMOCIÓN	--	--	293	288
IBEROASIS CONSULTING DE SOLUCIONES Y TECNOLOGIAS S A	--	--	31	154
M PARTICIPACIONES (formerly SERVIFINANZAS)	--	--	299	4
MAPFRE GLOBAL RISKS S A	--	--	--	9,255
CENTROS MEDICOS MAPFRE SA	--	--	1,227	1,601
VERTI ASEGURADORA CIA DE SEGUROS Y REASEGUROS S A	--	51	910	--
MEDISEMAP AGENCIA DE SEGUROS S L	--	3	18	--
MAPFRE ESPAÑA COMPAÑÍA DE SEGUROS Y REASEGUROS S A	25,786	16,859	--	--
FUNESPAÑA S A	--	--	90	326
SERVICIOS FUNERARIOS FUNEMADRID S A	190	67	--	--
ALL FUNERAL SERVICES S L	67	47	--	--
FUNERARIAS REUNIDAS EL BIERZO S A	104	29	--	--
GAB MANAGEMENT & CONSULTING S R L	1	--	--	--
POMPES FÚNEBRES DOMINGO S L	--	6	--	--
BIOINGENIERIA ARAGONESA	1	--	--	1
MAQUAVIT	--	19	61	--
MAPFRE AM INVESTMENT HOLDING S A U	--	--	87	96
SALUD DIGITAL MAPFRE	--	--	2,791	17
MAPFRE GLOBAL RISKS AGENCIA DE SUSCRIPCIÓN SA	15	--	--	2
RISK MED SOLUTIONS	--	--	39	--
TOTAL	32,115	30,519	38,370	44,569

Thousands of euros

The total amount payable to the Spanish tax authorities in 2019, and the net amount of the aforementioned receivables and payables, gives rise to the amount to be collected by the Company, namely 37,772,571.75 euros (37,042,351.99 euros in 2018).

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During the past two years, no significant eliminations were made in the consolidated Tax Group due to temporary differences.

The following table breaks down the amounts pending reversal as a result of the eliminations for temporary differences of the Company in the Tax Group.

Item	Purchasing company	Amount	Year eliminated
<ul style="list-style-type: none"> Shares sale - MAPFRE SOFT - MUSINI - MAPFRE CAUCIÓN Y CRÉDITO - MAPFRE SERVICIOS DE INFORMAT. - MAPFRE INMUEBLES S.G.A. - MAPFRE INMUEBLES S.G.A. - MAPFRE INMUEBLES S.G.A. - MAPFRE INMUEBLES S.G.A. - MAPFRE INMUEBLES S.G.A. - MAPFRE INMUEBLES S.G.A. - MAPFRE INMUEBLES S.G.A. - MAPFRE INMUEBLES S.G.A. - MAPFRE ESPAÑA - MAPFRE SA - MAPFRE ESPAÑA - MAPFRE VIDA - MAPFRE GLOBAL RISKS - MAPFRE GLOBAL RISKS 	MAPFRE INTERNACIONAL S.A. MAPFRE GLOBAL RISKS S.A. MAPFRE GLOBAL RISKS S.A. MAPFRE INTERNET S.A. MAPFRE CAUCIÓN Y CRÉDITO MAPFRE ESPAÑA S.A. MAPFRE GLOBAL RISKS S.A. MAPFRE ESPAÑA S.A. MAPFRE VIDA, S.A. DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA MAPFRE ESPAÑA S.A. MAPFRE VIDA, S.A. DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA MAPFRE ESPAÑA S.A. MAPFRE AUTOMOCIÓN MAPFRE INTERNACIONAL S.A. MAPFRE INTERNACIONAL S.A. MAPFRE INTERNACIONAL S.A. MAPFRE INTERNACIONAL S.A. MAPFRE ESPAÑA S.A.	(2) (92) 10,251 1,262 (16) (1,764) (184) (956) (251) (697) (98) (371) (15) (13) 207 23 (7) (43)	2003 2004 2005 2010 2010 2010 2010 2010 2010 2011 2011 2011 2015 2016 2016 2016 2016 2016
Total		7,234	

Thousands of euros

The following table shows the incorporations in the consolidated Tax Group during the past two years.

Temporary differences	Company	Fiscal year	
		2019	2018
<ul style="list-style-type: none"> Impairment Group companies 	- MAPFRE INMUEBLES S.G.A.	3,719	3,719
Total temporary differences		3,719	3,719

Thousands of euros

In accordance with current legislation, the statements filed for the different taxes may not be considered final until they have been inspected by tax authorities or the expiration period of four years has elapsed.

Verification by tax authorities

In accordance with current legislation, the declarations made by the different taxes cannot be considered definitive until they have been inspected by the tax authorities or the statute of limitations has elapsed (which is four years for Spanish companies).

During the 2019 fiscal year, the verification actions initiated on December 4, 2017 in relation to the Corporate Tax, fiscal years 2013 to 2016, referred to the Tax Consolidation Group No. 9/85, of which MAPFRE S.A. is the controlling entity. Likewise, and as regards the Value Added Tax (hereinafter, VAT), the Company was informed in its capacity as representative of the VAT Group No. 87/10, the initiation of verification actions for the years 2014 to 2016. Insofar as MAPFRE S.A. is concerned, the actions extend to all taxes to which it is subject individually for the years 2014 to 2016 and to Corporation Tax for the year 2013.

To date, in relation to MAPFRE S.A., minutes have been formalized in conformity and disagreement relating to the 2014-2016 fiscal years on the withholdings for personal work (mainly, in relation to exemption from severance pay and reduction of irregular returns) without the conforming document that was signed having had a significant impact on results. Regarding the document signed in disagreement, for irrelevant amounts, the resolution of the allegations made against the minutes is pending.

MAPFRE S.A. considers that, according to the criteria expressed by internal tax advisors, the regularizations practiced have no significant impact on the individual annual accounts, in that there are strong defense arguments pertaining or that they will in fact be appealed. Consequently, no provision has been recorded for this concept.

The Inspection continues its course and the minutes that are finally initiated in relation to the Corporation Tax and VAT (mainly in matters of deductibility of personnel expenses, compensation of negative tax bases and pro rata deduction of VAT) will be signed in accordance and in disagreement, also considering the insignificant impact on results of the minutes that are signed in compliance and the solid defense arguments of MAPFRE's position in the minutes that are signed in disagreement, which is why specific provision for this concept has not been registered.

Once these inspection actions are completed, the periods from 2017 to 2019 will be subject to revision.

Business restructuring operations

In March 2019, administrative authorization was obtained to carry out the total spin-off operation of the MAPFRE GLOBAL RISKS COMPAÑÍA DE SEGUROS Y REASEGUROS SA entity, which had been agreed in 2018, in favor of the MAPFRE RE COMPAÑÍA DE REASEGUROS SA, MAPFRE ESPAÑA COMPAÑÍA DE SEGUROS Y REASEGUROS SA, MAPFRE PARTICIPACIONES SA and MAPFRE GLOBAL RISKS SUBSCRIPTION AGENCY entities.

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For the purposes of the provisions of article 86 of Law 27/2014 of Corporation Tax, MAPFRE S.A., as a partner of the spin-off entity, provides the following information:

- The accounting and tax value of the securities delivered was 529,066 886 euros.
- The amount accounted for in relation to the securities received was 619,792,379 euros.

During 2016, the merger by absorption of MAPFRE AMÉRICA S.A. (absorbing company) and MAPFRE INTERNACIONAL S.A. (absorbed company) into MAPFRE INTERNACIONAL S.A., took place, with the absorbed company changing its name to MAPFRE INTERNACIONAL S.A.

Both transactions were covered by the Special Regime foreseen in Chapter VII, Title VII of Corporate Tax Law 27/2014 of November 27.

On September 6, 2013, 100 percent of the shares of SEGUROS GERAIS held by MAPFRE INTERNACIONAL were spun off to MAPFRE FAMILIAR. MAPFRE S.A. is the sole partner of the companies involved in the transaction.

On February 22, 2011, the capital of MAPFRE VIDA was increased via non-monetary contributions from the companies CAJA CASTILLA LA MANCHA VIDA Y PENSIONES DE SEGUROS Y REASEGUROS and UNIÓN DUERO COMPAÑÍA DE SEGUROS VIDA S.A.

On June 6, 2011 the capital of MAQUAVIT INMUEBLES was increased via the contribution of the holdings of the company MAPFRE QUAVITAE – a transaction covered under the Special Regime of Chapter VIII, Title VII of Royal Decree-Law 4/2004.

The 2011 annual report contains mandatory accounting information concerning these operations.

All the aforementioned operations were subject to the Special Regime of Chapter VIII, Title VII of Royal Legislative Decree 4/2004.

Up to 2008, the following merger operations were carried out, under the tax deferral regime established in the Corporate Tax regulations:

- Merger by absorption of MAPFRE-CAJAMADRID HOLDING DE ENTIDADES ASEGURADORAS S.A. by MAPFRE S.A.
- Merger by absorption of MAPFRE AUTOMOBILES, COMPAÑÍA DE SEGUROS Y REASEGUROS S.A., MAPFRE CAJA SALUD, COMPAÑÍA DE SEGUROS, S.A. and MAPFRE GUANARTEME, COMPAÑÍA DE SEGUROS DE CANARIAS S.A. by MAPFRE SEGUROS GENERALES, COMPAÑÍA DE SEGUROS Y REASEGUROS S.A. (which changed its company name to MAPFRE FAMILIAR, COMPAÑÍA DE SEGUROS Y REASEGUROS S.A.).

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- Merger by absorption of MAPFRE AGROPECUARIA, COMPAÑÍA DE SEGUROS Y REASEGUROS S.A. by MAPFRE EMPRESAS, COMPAÑÍA DE SEGUROS Y REASEGUROS S.A.
- Merger by absorption of MAPFRE AMÉRICA VIDA S.A. by MAPFRE AMÉRICA S.A.

In 2008, the capital of MAPFRE INTERNACIONAL was increased via share contributions from the Turkish company GENEL SIGORTA.

In 2007, the capital of MAPFRE INTERNACIONAL was increased via contributions from the companies MAPFRE SEGUROS GERAIS, CATTOLICA and MAPFRE USA.

In 2006, a capital increase took place in MAPFRE INTERNACIONAL through the contribution of the Company's stake in MIDDLE SEA and MAPFRE ASIAN INSURANCE CORPORATION.

On January 31, 2003 there was a capital increase in MAPFRE RE in which the Company contributed the property on Paseo de Recoletos No. 25, Madrid, which it had received in the en bloc assignment of assets and liabilities of INCALBARSA, formalized on December 27, 2000.

This property had a book value of 11,868,822.10 euros at the time of the contribution and accumulated depreciation of 1,567,104.37 euros.

As a result of the non-monetary contribution in the aforementioned capital increase, the Company received MAPFRE RE shares amounting to 30,000,000 euros.

In 2001, the Company carried out a securities redemption operation through which shares in MAPFRE SEGUROS GENERALES, Compañía de Seguros y Reaseguros S.A. were contributed to a capital increase of MAPFRE-CAJA MADRID, Holding de Entidades Seguradoras S.A.

- The book value of the 455,054 shares of MAPFRE SEGUROS GENERALES contributed to said capital increase of MAPFRE-CAJA MADRID was 4,045,896.15 euros.
- The Company recorded the 4,946,766 shares received from MAPFRE CAJA MADRID, Holding de Entidades Aseguradoras S.A. in said capital increase at 4,045,896.15 euros.

In 2000, the Company carried out business restructuring operations consisting of the contribution of shares in MAPFRE VIDA, Sociedad Anónima de Seguros y Reaseguros sobre la Vida Humana S.A., MAPFRE CAUCIÓN Y CRÉDITO, Compañía de Seguros de Reaseguros S.A. and MAPFRE SEGUROS GENERALES, Compañía de Seguros y Reaseguros S.A. to a capital increase of MAPFRE-CAJA MADRID Holding de Entidades Seguradoras S.A.

In that same year, the global assignment of assets and liabilities of INCALBARSA S.A. was formalized in favor of the sole shareholder, CORPORACIÓN MAPFRE S.A.

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In the annual accounts of the years in which the operations described above were formalized, the mandatory accounting information relating to them is included.

All restructuring operations previously described were subject to the Special Deferral Regime provided for in Chapter VIII of Title VII of Royal Legislative Decree 4/2004, which approved the Recast Text of the Corporate Tax Law.

VAT Group

Since 2010, and for the purposes of value added tax, the Company forms part of the VAT Group 87/10 formed by the controlling company itself, MAPFRE S.A., and those of its controlled companies that agreed to join the VAT Group when it was created.

In 2019, the following companies comprised VAT Tax Group No. 87/10:

MAPFRE S.A.; MAPFRE INTERNACIONAL S.A.; MAPFRE RE COMPAÑÍA DE REASEGUROS S.A.; MAPFRE ESPAÑA, COMPAÑÍA DE SEGUROS Y REASEGUROS S.A.; MAPFRE VIDA S.A.; MAPFRE ASISTENCIA CIA INTERNACIONAL DE SEGUROS Y REASEGUROS S.A.; BANKIA MAPFRE VIDA S.A. DE SEGUROS Y REASEGUROS; CCM VIDA Y PENSIONES DE SEGUROS Y REASEGUROS S.A.; BANKINTER VIDA SOCIEDAD DE SEGUROS Y REASEGUROS S.A.; VERTI ASEGURADORA COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A.; MAPFRE TECH S.A.; BANKINTER SEGUROS GENERALES, S.A. DE SEGUROS Y REASEGUROS.; MAPFRE INVERSIÓN SOCIEDAD DE VALORES S.A.; MAPFRE ASSET MANAGEMENT SGIIC S.A.; CENTRO DE EXPERIMENTACIÓN Y SEGURIDAD VIAL MAPFRE S.A.; MAPFRE GLOBAL RISKS AGENCIA DE SUSCRIPCIÓN S.A.

13. REVENUE AND EXPENSES

The following table shows the employee benefits paid by the Company in the last two years:

BREAKDOWN OF SOCIAL SECURITY CONTRIBUTIONS	AMOUNT	
	2019	2018
Social security	7,668	6,775
Contributions to pensions	7,140	7,507
Other employee benefits	6,666	8,271
TOTAL	21,474	22,553

Thousands of euros

14. PROVISIONS AND CONTINGENCIES

The following table shows the movement in the provisions recognized on the balance sheet for the last two years.

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HEADING	OPENING BALANCE		INCREASES		DECREASES		CLOSING BALANCE	
	2019	2018	2019	2018	2019	2018	2019	2018
Long-term provisions								
Long-term employee benefit obligations	11,694	15,069	1,504	2,052	(2,208)	(5,427)	10,990	11,694
Other provisions	98	245	--	277	(98)	(424)	--	98
Short-term provisions								
Current provisions	--	--	--	--	--	--	--	--
TOTAL	11,792	15,314	1,504	2,329	(2,306)	(5,851)	10,990	11,792

Thousands of euros

At December 31 of the last two fiscal years, "Long-term defined benefit obligations" primarily included:

- Defined benefit plans that are externalized, detailed in note 16 of the Annual Report, amounting to 4,599,000 euros (4,680,000 euros in 2018).
- Long service bonuses, detailed under "Personnel expenses", amounting to 3,883,000 euros (3,513,000 euros in 2018).
- Life insurance covering death between the ages of 65 and 77 years detailed in the note on measurement bases for "Personnel expenses", for 1,706,000 euros (1,437,000 euros in 2018).

At the close of the last two fiscal years, and up to the date these annual accounts were prepared, there was no evidence of the existence of contingent assets and contingent liabilities for significant amounts.

15. ENVIRONMENTAL INFORMATION

The Company did not have any environmental-related item in the last two fiscal years that might be significant or specifically included in these annual accounts.

16. MEDIUM-TERM AND LONG-TERM EMPLOYEE REMUNERATION AND SHARE-BASED PAYMENTS

Long-term remuneration

The current defined benefit and defined contribution plans are measured as described in the recognition and measurement bases.

The expense for defined contribution pension plans amounted to 7,140,000 euros in 2019 (7,507,000 euros in 2018).

Existing defined benefit plans, all of them instruments taking the form of insurance policies underwritten by MAPFRE VIDA, are those in which the benefit is established based on final salaries, and entitling the beneficiary to a life annuity, tied to the annual consumer price index (CPI). They apply entirely to retired personnel.

A) Amounts recognized on the balance sheet

The reconciliation of the present value of the obligation arising from defined benefit plans in the last two years is shown below:

Item	2019	2018
Present value of obligation as on January 1	4,680	4,751
• Current year's service costs	--	--
• Interest cost	195	199
• Actuarial gains and losses	49	60
• Benefits paid	(258)	(254)
• Settlements	--	--
• Other items	(67)	(76)
Present value of obligation as on December 31	4,599	4,680

Thousands of euros

The following table shows the reconciliation of the opening and closing balances of plan assets and the redemption rights for the last two years, the value of which corresponds to the mathematical provision for the policies externalizing commitments.

Item	2019	2018
Value of reimbursement right at January 1	4,680	4,751
• Expected return from allocated assets	195	199
• Employer contributions	--	--
• Actuarial gains and losses	49	60
• Benefits paid	(258)	(254)
• Settlements	--	--
• Other items	(67)	(76)
Value of reimbursement right at December 31	4,599	4,680

Thousands of euros

B) Assumptions

The main actuarial assumptions used at the close of the last two years were the mortality tables PERM/F-2000 and an annual CPI increase of three percent in both years, using an identical discount rate and expected return on assets as the products include cash flow matching.

Other medium-term remuneration and share-based payments

The Board of Directors approved a medium-term incentive plan in 2019 that was measured and recognized on the income statement in line with indications set down in the measurement bases described in note 4 h) "Personnel expenses". No provision was made for this concept because the objectives established in the Plan were not met.

In fiscal year 2018, the total provision for this concept was reversed due to the failure to achieve the expected objectives. An amount of 3,182,000 euros has been reversed in relation to the remuneration in cash and 2,867,000 euros in equity for the part relating to share-based payments.

17. SUBSEQUENT EVENTS

There have been no significant events subsequent to year-end.

18. RELATED-PARTY TRANSACTIONS

Below are the main transactions performed with related parties over the last two years.

Expenses and revenue	Group companies		Other related parties		TOTAL	
	2019	2018	2019	2018	2019	2018
1) Financial expenses	(1,431)	(11,663)	--	--	(1,431)	(11,663)
4) Leasing	(4,968)	(5,065)	--	--	(4,968)	(5,065)
9) Other expenses	(16,034)	(14,170)	--	--	(16,034)	(14,170)
EXPENSES	(22,433)	(30,898)	--	--	(22,433)	(30,898)
10) Financial income	14,717	8,860	--	--	14,717	8,860
13) Dividends received	601,546	741,258	--	--	601,546	741,258
15) Provision of services	62,752	86,973	--	--	62,752	86,973
REVENUE	679,015	837,091	--	--	679,015	837,091

Thousands of euros

Other transactions	Group companies		Other related parties		TOTAL	
	2019	2018	2019	2018	2019	2018
Financing agreements: credits and capital contributions delivered.	194,675	617,498	--	--	194,675	617,498
Amortization or cancellation of credits.	(227,500)	(257,784)	--	--	(227,500)	(257,784)
Repayment or cancellation of loans.	138,400	203,300	--	--	138,400	203,300
Dividends and other profits distributed.	--	--	304,568	304,949	304,568	304,949

Thousands of euros

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The following table shows the capital contributions in Group companies and associates in the last two years.

Investments	Group companies	
	2019	2018
Capital increases		
MAPFRE INTERNACIONAL	--	199,999
MAPFRE AM INVESTMENT HOLDING S A U	5,000	--
MAPFRE ASISTENCIA	--	30,999
TOTAL	5,000	230,998

Thousands of euros

As on December 31 of the last two years, there has been an outstanding disbursement on MAPFRE ASISTENCIA shares amounting to 19,999,000 euros.

The following table shows the amount of balances receivable from and payable to Group companies at the close of the last two years:

Item	Assets		Pasivos	
	2019	2018	2019	2018
Loans and receivables	487,275	525,150	--	138,400
Loan interest	348	3,753	--	28,695
Tax group	32,115	30,519	63,009	44,569
Other items	13,842	18,633	1,590	4,627
TOTAL	533,580	578,055	64,599	216,291

Thousands of euros

For the last two years, there are no financial expenses associated with the drawdown on the CARTERA MAPFRE line of credit described in Note 8.

Transactions with related parties are related to the normal trading activities of the Company and were conducted at arm's length.

The following table shows the remuneration paid out over the last two years to members of the Company's Board of Directors:

Item	Amount:	
	2019	2018
Short-term remunerations		
Salary	2,192	2,669
Short-term variable remuneration	1,643	1,805
Fixed allowance	1,805	1,927
Travel, subsistence and accommodation allowances	60	--
Other items	15	812
Medium-term variable remuneration	792	1,128
TOTAL	6,507	8,341
Other remuneration		
Life Insurance	76	84

Thousands of euros

The basic remuneration of external directors comprises an annual fixed amount for their membership of the Board of Directors, which totaled 110,000 euros in the last two fiscal years. The Vice Chairman-Lead Board Director has a fixed annual allocation of 110,000 euros. Members of the Steering Committee received 10,000 euros in the 2019 fiscal year (20,000 euros in 2018). In the case of the chairperson of the Audit and Compliance Committee, this amount is 68,000 euros (65,000 euros in 2018). In addition, the chairperson of a steering committee receives 60,000 euros (57,000 euros in 2018). The remuneration of members of the Audit or Compliance Committee amounts to 48,000 euros (45,000 euros in 2018) and the remaining members of steering committees receive 39,000 (37,000 euros in 2018).

In addition, the members benefit from life insurance in the event of death with an insured capital of 150,253 euros, and they also enjoy some of the benefits offered to personnel, such as health insurance.

Executive directors receive the remuneration established in their contracts, including a fixed salary, incentives of varying amounts linked to results, life and disability insurance, and other general benefits established for Company personnel. They also receive certain retirement-related pension complements embodied in defined contribution plans in the event of retirement, externalized through a life insurance policy. All of these payments are pursuant to the remuneration policy established by the Group for its senior executives, whether they are board directors or not. In 2019, contributions to defined benefit plans were 3,809,000 euros, recognized as expenses for the fiscal year (4,385,000 euros in 2018), with the amount for accumulated rights reaching 19.791.000 and 15.502.000 euros at December 31 2019 and 2018, respectively.

Executive directors do not receive the fixed amount established for external directors.

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With respect to short-term variable remuneration already accrued, at the close of fiscal year 2019, 2,573,510 euros was pending payment (2,826,590 euros in 2018).

The basic remuneration for external directors is approved at the Annual General Meeting at the proposal of the Board of Directors and pursuant to the report issued by the Appointments and Remuneration Committee. The amount of the contractual remuneration for executive directors and the fixed payment for serving on the boards or on the steering committees is approved by the Board of Directors, subject to a report by the aforementioned committee.

The amount paid for public liability insurance to cover damages caused by acts or omissions on the parts of administrators reached 429,000 euros (367,000 euros in 2018).

During the last two years, the Company's directors did not undertake any operations with the Company itself or with any other Group company, either outside the scope of the companies' ordinary trading activities or not at arm's length.

During the last two years, no conflicts of interest, either direct or indirect, arose between the directors or their related parties and the Company.

The remuneration paid to C-Suite executives in the last two years is shown below:

	2019	2018
No. of senior management members	8	7
Fixed remunerations	2,209	2,124
Variable remunerations	1,258	1,192
Other remuneration	186	81
TOTAL	3,653	3,397
Life Insurance	27	31

Thousands of euros

With regard to the 2016-2019 medium-term incentive scheme, the full provision was reversed in fiscal year 2018 as the objectives set were not met.

In addition, contributions to defined contribution plans were recognized as expenses of 1,046,000 euros in fiscal year 2019 (826,000 euros in 2018).

19. OTHER INFORMATION

The following tables show the average and year-end headcount during the last two years, by category and gender.

Average number of employees

ITEM	2019		2018	
	Men	Women	Men	Women
Board Directors and C-Suite	13	4	12	2
Senior Management	94	52	95	53
Technicians	145	142	144	146
Associates	16	52	16	58
TOTAL AVERAGE NUMBER OF EMPLOYEES	268	250	267	259

Number of employees at year-end

ITEM	2019		2018	
	Men	Women	Men	Women
Board Directors and C-Suite	13	4	14	2
Senior Management	97	53	95	53
Technicians	143	147	145	153
Associates	16	48	16	58
TOTAL NUMBER OF EMPLOYEES	269	252	270	266

The table below shows the average number of employees with a disability of 33% or more employed in Spain, along with the category they belong to.

ITEM	2019	2018
Senior Management	2	2
Advisors	3	4
Associates	4	4
TOTAL	9	10

Fees charged by the external auditor are shown below. It is deemed that these fees do not compromise the independence of the auditors.

ITEM	AMOUNTS	
	2019	2018
Audit services	493	465
Other verification services	173	260
Tax services	--	--
Other services	--	--
Total services of main auditor	666	725

Thousands of euros

Other verification services include services provided by KPMG Auditores, S.L. to the Company during fiscal year 2019, which include the six-month review, the solvency review; and the report of agreed procedures on the description of (SCIIF).

In addition, other entities affiliated with KPMG International have billed the Company 63,000 euros for the independent review of the information contained in the Statement of Non-financial Information (EINF).

Information regarding the services provided by KPMG Auditores, S.L. to the companies linked by a control relationship to MAPFRE S.A. during the year ended December 31, 2019 is included in the Annual Accounts of MAPFRE S.A. and its subsidiary companies as of December 31, 2019.

Details of payments made to providers in the last two years are shown below.

ITEM	2019	2018
	Days	Days
Average provider payment period	20	20
Ratio of paid operations	20	20
Ratio of operations pending payment	--	--
	Amounts	Amounts
Payments made	92,892	100,939
Payments pending	5,933	3,328
Total payments for the year	98,825	104,267

Thousands of euros

APPENDIX 1

Fiscal year 2019

Name	Legal form	Address	Activity	PARTICIPATION				Thousands of euros								
				%		Voting rights		Capital	Reserves	Other equity items	Earnings for the year		Book value	(Impairment) /Reversal year	Accumulat ed Impairment	Dividends received
				Direct	Indirect	Direct	Indirect				Earnings from operations	Other earnings				
MAPFRE TECH	S.A.	Ctra.Pozuelo, 52 M ejadshonda - 28222 Madrid	IT	0.7746	99.857	0.7746	99.857	30.980	-0.356	--	1283	-3.835	--	240	--	--
MAPFRE Interaccional	S.A.	Ctra.Pozuelo, 52 M ejadshonda - 28222 Madrid	Holding	100.0000	--	100.0000	--	824.432	4.841325	-584.579	376.942	-56.223	4.41763	--	--	100.308
MAPFRE Re Cia. de Reaseguros	S.A.	Paseo de Recoletos, 25 28004 Madrid	Reinsurance	99.7779	0.0003	99.7779	0.0003	283.284	132.822	82.465	57.502	--	776.989	--	--	67.928
MAPFRE Asistencia Cia Interaccional de Seguros y Reaseguros	S.A.	Sor Ángela de la Cruz, No. 6, 28020 Madrid	Insurance and reinsurance	99.9970	0.0030	99.9970	0.0030	385.176	-75.259	-38.982	-9.353	-74.698	42.482	(46.982)	225.422	--
MAPFRE Inmuebles	S.G.A.	Ctra.Pozuelo, 52 Madrid	Real estate	9.9979	89.9949	9.9979	89.9949	563.474	-97.057	--	-1648	7.373	55.805	1447	51.192	--
Maquavit Inmuebles	S.L.	Ctra.Pozuelo, 52 Madrid	Real estate	100.0000	--	100.0000	--	37.436	-92	--	-94	2.557	26.662	--	--	3.152
MAPFRE Vida	S.A.	Ctra.Pozuelo, 52 M ejadshonda - 28222 Madrid	Insurance and reinsurance	99.9789	--	99.9789	--	80.242	1498.157	271759	78.746	57.275	113.045	--	--	90.491
Fancy Investment	S.A.	Avda. B de Julio, 841 Montevideo (Uruguay)	Financial	100.0000	--	100.0000	--	9.476	3.670	-5.684	--	997	8.960	--	--	--
MAPFRE Consultores de Seguros y Reaseguros	S.A.	Paseo de Recoletos, 25 28004 Madrid	Advisory and management services	50.0000	49.9997	50.0000	49.9997	120	202	--	-5	22	61	--	--	--
MAPFRE Inversión	S.A.	Ctra.Pozuelo, 50 M ejadshonda - 28222 Madrid	Securities company	0.0009	99.9790	0.0009	99.9790	33.055	153.725	8.898	-14.081	55.986	2	--	--	--
MAPFRE AM Investment	S.A.	Ctra.Pozuelo, 50 M ejadshonda - 28222 Madrid	Holding	100.0000	--	100.0000	--	20.000	-288	--	0	-9	20.000	--	--	4
MAPFRE Asset Management	S.A.	Ctra.Pozuelo, 50 M ejadshonda - 28222 Madrid	Real estate investment management	0.0117	99.9052	0.0117	99.9052	2.043	-6.030	2.237	-10.881	43.408	2	--	--	--
MAPFRE ESPAÑA	S.A.	Ctra.Pozuelo, 52 M ejadshonda - 28222 Madrid	Insurance and reinsurance	83.5788	16.4825	83.5788	16.4825	594.624	125.599	590.345	280.881	-7.674	3.054.021	--	--	236.865
MAPFRE Participaciones	S.A.	Ctra.Pozuelo, 52 M ejadshonda - 28222 Madrid	Financial	100.0000	--	100.0000	--	278	296.337	91255	235	48.097	225855	--	--	--

The amounts for Equity Accounts and results of the companies correspond to consolidated data.

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Fiscal year 2019

Name	Legal form	Address	Activity	PARTICIPATION						Thousands of euros						
				%		Voting rights		Capital	Reserves	Other equity items	Earnings for the year		Book value	{Impairment} /Reversal year	Accumulated impairment	Dividends received
				Direct	Indirect	Direct	Indirect				Earnings from operations	Other earnings				
Desarrollos Urbanos	S.A.	Ctra.Pozuelo, 52 Majadahonda - 28222 Madrid	Real estate	0.0784	99.9144	0.0784	99.9144	383	1318	-	279	-117	3	2	45	-
MGR Agencia de Suscripción	S.A.	Ctra.Pozuelo, 52 Majadahonda - 28222 Madrid	Insurance and reinsurance	100.0000	-	100.0000	-	60	2.045	-	-241	923	952	-	-	-
Premieren Price Comparison Holding	LTD	Ty A Gmtrial David Street, Cardiff CF 02EH	Insurance policy price	50.0000	-	50.0000	-	-	-	-	-	-	591	-	2309	-
Total												9,592,371		-45,437	279,208	
Other investments												8				
Total investments in Group companies and associates												9,592,379				

The amounts for Equity Accounts and results of the companies correspond to consolidated data.

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Fiscal year 2018

Thousands of euros																
Name	Legal form	Address	Activity	PARTICIPATION				Capital	Reserves	Other equity items	Earnings for the year		Book value	[Impairment] /Reversal year	Accumulat ed Impairment	Dividends received
				%		Voting rights					Earnings from operations	Other earnings				
				Direct	Indirect	Direct	Indirect									
MAPFRE TECH	S.A.	Ctra.Pozuelo, 52 Majadahonda - 28222 Madrid	IT	0.7746	99.528	0.7746	99.528	30,990	(1,897)	--	57	570	--	--	240	--
MAPFRE Internacional	S.A.	Ctra.Pozuelo, 52 Majadahonda - 28222 Madrid	Holding	100.0000	0.0000	100.0000	0.0000	794,432	5,199,317	(800,794)	190,014	(31,051)	4,41763	--	--	--
MAPFRE ReCia, de Reaseguros	S.A.	Paseo de Recoletos, 25 28004 Madrid	Reinsurance	92.2454	0.0003	92.2454	0.0003	223,916	895,828	2,420	149,137	--	383,360	--	--	92,616
MAPFRE Asistencia Cía Internacional de Seguros y Reaseguros	S.A.	Sor Ángela de la Cruz, No. 6, 28020 Madrid	Insurance and reinsurance	99.9970	0.0030	99.9970	0.0030	365,716	(94,159)	(48,112)	(26,288)	1,153	199,364	(15,429)	178,540	--
MAPFRE Inmuebles	S.G.A.	Ctra.Pozuelo, 52 Majadahonda - 28222 Madrid	Real estate	9.9977	89.9944	9.9977	89.9944	593,474	(10,932)	--	(4,816)	18,520	54,358	2,122	52,639	--
Maquart Inmuebles	S.L.	Ctra.Pozuelo, 52 Majadahonda - 28222 Madrid	Real estate	100.0000	--	100.0000	--	37,436	1633	--	(527)	1916	26,662	--	--	--
MAPFRE Vida	S.A.	Ctra.Pozuelo, 52 Majadahonda - 28222 Madrid	Insurance and reinsurance	99.9121	--	99.9121	--	60,242	1,430,542	165,313	12,1326	57,081	132,946	--	--	371,972
Fancy Investment	S.A.	Avda. 18 de Julio, 841 Montevideo (Uruguay)	Financial	100.0000	--	100.0000	--	11,024	4,444	(6,720)	--	483	1,118	--	--	--
MAPFRE Consultores de Seguros y Reaseguros	S.A.	Paseo de Recoletos, 25 28004 Madrid	Advisory and management services	50.0000	49.9995	50.0000	49.9997	120	168	--	(12)	48	61	--	--	--
MAPFRE Inversión	S.A.	Ctra.Pozuelo, 50 Majadahonda - 28222 Madrid	Securities company	0.0009	99.9120079	0.0009	99.9120079	33,055	149,111	4,705	(14,134)	55,693	2	--	--	1
MAPFREAM Investment	S.A.	Ctra.Pozuelo, 50 Majadahonda - 28222 Madrid	Holding	100.0000	--	100.0000	--	15,000	(243)	--	64	-256	15,000	--	--	4
MAPFRE Asset Management	S.A.	Ctra.Pozuelo, 50 Majadahonda - 28222 Madrid	Real estate investment management firm	0.0147	99.89741971	0.0147	99.89741971	2,043	(7,894)	2,155	(10,396)	41,481	2	--	--	1
MAPFRE ESPAÑA	S.A.	Ctra.Pozuelo, 52 Majadahonda - 28222 Madrid	Insurance and reinsurance	99.5168	1,4925	93.5168	1,4925	594,624	1,098,244	260,206	295,925	6,253	3,050,931	--	--	23,063
MAPFRE Global Risks	S.A.	Ctra.Pozuelo, 52 Majadahonda - 28222 Madrid	Insurance	100.0000	--	100.0000	--	20,132	1,052,364	33,488	73,111	382	529,067	--	--	46,802

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Fiscal year 2018

Name	Legal form	Address	Activity	PARTICIPATION				Capital	Reserves	Other equity items	Earnings for the year		Book value	(Impairment) /Reversal year	Accumulat ed Impairment	Dividends received
				%		Voting rights					Earnings from operations	Other earnings				
				Direct	Indirect	Direct	Indirect									
Clube Mapfre do Brasil	L.T.D.A	Avda. dos Autonomistas, 701Vila Yara - Osasco Sp CEP 08020-000 (Brazil)	Consultancy	0.33 %	99.9998	0.33 %	99.9998	15,630	23,498	(86,204)	(5,680)	6,395	86	-	-	-
Desarrollos Urbanos	S.A.	Ctra.Pozuelo, 52 Majadahonda - 28222 Madrid	Real estate	0.0784	99.9137	0.0784	99.9137	383	4,805	-	152	(4,647)	3	(6)	43	-
SERVIFINANZAS	S.A.	Ctra.Pozuelo, 52 Majadahonda - 28222 Madrid	Financial	100.0000	0.0000	100.0000	0.0000	216	49	-	-	11	257	-	-	-
MGR Agencia de Suscripción	S.A.	Ctra.Pozuelo, 52 Majadahonda - 28222 Madrid	Insurance and reinsurance	100.0000	0.0000	100.0000	0.0000	60	-	-	2	(7)	60	-	-	-
Pramtien Price Comparison Holding	L.T.D.A	TyAdintal David Street, Cardiff CF 102EH	Online Insurance policy price comparison company	50.0000	0.0000	50.0000	0.0000	10,000	10	-	-	(4,627)	2,691	(2,309)	2,309	-
Total																
9,536,741																
8																
9,536,749																
Total investments in Group companies and associates																

The amounts for Equity Accounts and results of the companies correspond to consolidated data.

No companies are listed on the stock market.

(*) Recoverable amount determined based on the fair value of the company's assets and liabilities.

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INDIVIDUAL MANAGEMENT REPORT

2019

MAPFRE S.A.

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MAPFRE S.A.

2019 INDIVIDUAL MANAGEMENT REPORT

MAPFRE S.A. (the "Company") is a corporation (Spanish "sociedad anónima") whose main activity is the investment of its funds in real-estate assets and tradeable financial securities.

A. KEY INDIVIDUAL FIGURES

Key income statement figures are as follows:

- Dividend revenue from Group companies amounted to 601.50 million euros, down 18.86 percent on the prior year.
- Operating expenses amounted to 163.2 million euros, a 1.2 percent increase on 2018.
- Financial income amounted to 0.4 million euros for the last two years.
- Financial expenses stood at 70 million euros, 4.5 percent up on the prior year.
- During the fiscal year, the Company recognized impairment allowances of 45.4 million euros in respect of equity investments in Group companies and associates (151.6 million euros in 2018).
- As a result of the foregoing, earnings before tax stood at 404.6 million euros, down 11.5 percent against the prior year.
- A corporate tax rebate of 38.5 million euros was posted in 2019, compared with 36 million euros in 2018.
- Post-tax profit was 443.1 million euros, down 10.2 percent on the previous year.

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Key balance sheet figures are as follows:

MAPFRE S.A.'s shareholders' equity amounted to 7,456.5 million euros, a year-on-year increase of 72.5 million euros (1.1 percent). This rise was due to the difference between the profit for the year and the dividends paid during the year, which stood at 261.6 million euros, the final dividend for the 2018 year distributed in 2019 and 184.8 million euros for the interim dividend charged against the year's profits.

- Assets totaled 10,309.5 million euros, of which 9,929.8 million euros relate to long-term investments in Group companies and associates and 196 million euros correspond to short-term investments in Group companies and associates.

B. MAIN ACTIVITIES

The main variations in the Company's financing sources during 2019 were as follows:

- Partial cancellations of loans with Group companies amounting to 333.1 million euros, and granting of new loans amounting to 227.5 million euros.
- Partial cancellation of the syndicated loan, maturing in December 2023, in the amount of 247 million euros and new drawdowns of 367 million euros.

Investments in Group companies

During the fiscal year, the Company had the following expenditure in respect of investments in Group companies:

- Capital increase in MAPFRE AM INVESTMENT HOLDING S.A. of 5 million euros.

C. MAPFRE AND ITS SHAREHOLDERS

The MAPFRE share

- The table below shows the key information relating to MAPFRE shares at the end of 2019:

Number of shares outstanding	3,079,553,273 fully subscribed and paid up
Face value of each share	0.1 euros
Share class	Common, represented by book entries. All outstanding shares carry identical voting and dividend rights
Stock exchange listings	Madrid and Barcelona Stock Exchanges (continuous market)
Stock market index membership	IBEX 35; IBEX Top Dividend STOXX Europe 600 Insurance; EURO STOXX Insurance MSCI Spain; FTSE All-World; FTSE Developed Europe; FTSE4Good ¹ and FTSE4Good IBEX ¹ DJSI World ¹
ISIN code	ES0124244E34

In 2019 MAPFRE S.A. shares traded for 253 days on the continuous market with a frequency index of 100 percent. According to data published by the Spanish stock market operator (BME), an average of 5,128,636 shares were traded daily on this platform compared to 5,515,638 in 2018, a decrease of 7.02 percent. The effective average daily transaction value was 12.9 million euros, compared to 14.6 million euros in the prior year, some 11.4 percent lower.

At the end of 2019, four Spanish and international investment banks had "buy" recommendations for the Company's shares, compared to seven "hold" recommendations and nine with the stock on their "sell" lists.

¹ Indices that measure the outcome of a company's actions to uphold and support sustainable development and human rights.

VALUE AND RETURN

The share price performance is shown in the following table, compared to two key benchmark indices (the IBEX 35 and the STOXX Europe 600 Insurance):

	1 YEAR	3 YEARS	5 YEARS
MAPFRE	1.7%	-18.6%	-16.1%
STOXX Europe 600 Insurance	24.4%	19.7%	28.8%
IBEX 35	11.8%	2.1%	-7.1%

MAPFRE's earnings per share (EPS) during the same period are shown below:

	2019	2018	2017	2016	2015
EPS (euros)	0.20	0.17	0.23	0.25	0.23
INCREASE	+15.2%	-24.5%	-9.7%	9.4%	-16.1%

SHAREHOLDER STRUCTURE AND REMUNERATION

At the end of fiscal year 2019, Fundación MAPFRE held 67.7 percent of the Company's shares, excluding treasury stock, which represented 1 percent of the shareholder structure. Spanish institutional shareholders accounted for 3.8 percent and institutional shareholders in other countries, 19.5 percent. The remaining 8 percent is held by non-institutional shareholders.

The dividend policy establishes that shareholder remuneration must be linked to the Company's earnings, solvency, liquidity and investment plans, and also aligned with the interests of all its shareholders. One of the objectives set for the three-year period 2019-2021 is to adequately remunerate shareholders.

On December 23, 2019, the interim dividend charged to 2019 profits was paid at 0.0606 euros per share (gross), after the amount corresponding to treasury stock had been applied to the remaining shares on a proportional basis. The total dividend paid out in the year was 0.145 euros per share, giving a total remuneration of 446.5 million euros.

The final dividend for fiscal year 2019 to be proposed at the Annual General Meeting amounts to 0.085 euros per share (gross). Consequently, the total dividend against 2019 earnings amounts to 0.145 euros per share (gross), representing a payout ratio of 73.3 percent.

Dividend payments and the dividend yield, calculated on an average share price basis, are indicated below:

	2019	2018	2017	2016	2015
DIVIDEND PER SHARE (euros)	0.145	0.145	0.145	0.13	0.14
DIVIDEND YIELD	5,7%	5.5%	4.9%	5.8%	4.9%

D. ENVIRONMENT

MAPFRE is committed to environmentally sustainable development, most notably the fight against climate change. Its desire to play a significant role in these issues requires a short-, medium- and long-term strategy to be in place, to which end, climate scenarios and the global context are continuously analyzed.

The Group has an Environmental Policy that is in the process of being revised with the aim of incorporating the new commitments made toward a circular economy.

During 2019, MAPFRE worked to redesign its environmental strategic model to manage all aspects associated with environmental and energy sustainability, greenhouse gas emissions and the circular economy. The model will enable plans and programs to be defined, minimizing the risks identified and paving the way to exploiting the opportunities that arise.

With regard to the carbon footprint, further progress has been made certifying greenhouse gas emissions under the UNE-EN-ISO 14064 standard, having verified the inventories of several countries.

In relation to climate change mitigation and adaptation, the measures defined in the 2020 Energy Efficiency and Climate Change Strategic Plan continue to be rolled out, resulting in the plan being completed ahead of schedule. In addition, and demonstrating our leadership on climate issues, MAPFRE has established new and ambitious objectives:

Over the medium-term, MAPFRE is committed to becoming a carbon-neutral company by 2030.

In the short-term, it is committed to becoming carbon neutral in its activities in Spain and Portugal by 2021.

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Work has continued to analyze adopting the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board (FSB) to determine the financial impact of climate change. As part of this, MAPFRE, along with 21 other global insurers and reinsurers, is a member of the UNEP-FI Working Group. The main objective of this group is to analyze scenarios that allow financial models and metrics to be developed to adequately estimate the possible implications of climate change on business.

Furthermore, bearing in mind the impacts of climate change on our planet's biodiversity, specific conservation programs will continue to be developed, including the project to reforest the Doñana National Park through the "100 Companies for Forests" initiative of WWF Spain, as well as the annual protection of an endangered species and its habitat.

With regard to fostering environmental responsibility in society, the third corporate volunteering day "Everyone for the Environment" was held during the year. Degraded areas were reforested, again demonstrating the commitment and involvement of employees in this area.

E. ACQUISITION AND DISPOSAL OF TREASURY STOCK

MAPFRE S.A. shares are bought and sold in accordance with the regulations in force, the relevant agreements adopted at the Annual General Meeting, and the MAPFRE Group Treasury Stock Policy on how to handle transactions which involve the Company's own shares.

In 2019, a total of 7,897,336 treasury stocks were purchased in the market and 1,839,387 shares were delivered to executives of subsidiaries as part of their variable remuneration, representing an increase of 6,057,949 treasury stocks, equivalent to 0.1967 percent of capital and amounting to 15,585,821.85 euros. In the previous fiscal year, 2,079,216 treasury stocks were sold, representing 0.0675 percent of capital and amounting to 4,106,350.17 euros.

As a result of the events occurring in the fiscal year, a positive impact in the amount of 910,979.10 euros was registered (1,930,622.54 euros in fiscal 2018) and this has been included under the heading "Other Reserves".

At the close of the fiscal year, the Company owned 30,489,839 treasury shares (24,431,890 in 2018), which represented 0.9901 percent of capital (0.7934 percent in 2018) at an average of 2.09 euros per share.

The total face value of the shares acquired was 3,048,984 euros (2,443,189 euros in 2018).

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F. HUMAN RESOURCES

The following tables show the average and year-end headcount during the last two years, by category and gender.

Average number of employees

ITEM	2019		2018	
	Men	Women	Men	Women
Board Directors and C-Suite	13	4	12	2
Senior Management	94	52	95	53
Technicians	145	142	144	146
Associates	16	52	16	58
TOTAL AVERAGE NUMBER OF EMPLOYEES	268	250	267	259

Number of employees at year-end

ITEM	2019		2018	
	Men	Women	Men	Women
Board Directors and C-Suite	13	4	14	2
Senior Management	97	53	95	53
Technicians	143	147	145	153
Associates	16	48	16	58
TOTAL NUMBER OF EMPLOYEES	269	252	270	266

The following table shows the average number of employees in the Group with a degree of disability equal to or higher than 33 percent, indicating the categories to which they belong.

ITEM	2019	2018
Senior Management	2	2
Advisors	3	4
Associates	4	4
TOTAL	9	10

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MAPFRE's objectives for its workforce include the professional development of its employees and enhancing their employability and well-being by developing their abilities and skills. All of this is pursued in an atmosphere of commitment and mutual respect that is free of insults, intimidation, harassment or discrimination, in a workplace that guarantees job security and stability.

MAPFRE applies a Code of Ethics and Conduct that is inspired by its Institutional and Business Principles, and which is conceived to reflect corporate values and the basic principles that should guide the conduct of the Company and its staff.

The Respect for People Policy guarantees a working environment in which any harassment or violent or offensive behavior threatening the rights and dignity of others is not accepted. The Group expressly opposes, and does not tolerate, any harassment in the workplace, regardless of who the victim or perpetrator is. This commitment must be complied with in all relationships between employees, and in those relationships between employees and providers, customers, collaborators and other stakeholders, and it also extends to all the organizations with which MAPFRE works.

In implementing its Diversity and Equal Opportunities Policy, MAPFRE has undertaken a series of public pledges concerning gender diversity and functional diversity.

Through its Promotion, Selection and Mobility Policy, MAPFRE is committed to offering its employees new opportunities for professional development through development plans and programs, training schedules and mobility between areas and countries, in order to increase their employability, job satisfaction and dedication to the Company. The profiles needed to implement the business strategy and talent in the organization are identified, and individual development plans drawn for each employee, thereby ensuring suitable management replacement and succession plans are in place and strategic needs covered.

MAPFRE has defined a global selection procedure that guarantees objectivity, maximum rigor and non-discrimination in all selection processes. Furthermore, the tests used during selection are standardized worldwide with a view to finding the candidate with the most appropriate profile for each job position. A total of 41 selection processes were conducted in 2019.

In 2019, the Group invested 872,000 euros in staff training (1,014,000 euros in 2018).

The Compensation Policy is intended to set appropriate remuneration levels for each function and job position and performance by professionals, and to serve as a source of motivation and satisfaction for staff, thus encouraging them to reach their objectives and deliver on MAPFRE's strategy. The policy guarantees equality and external competitiveness in each market and forms part of the in-house development of employees.

The objective of the Policy on Health, Well-being and Prevention of Occupational Risks is to protect and promote a safe and healthy workplace and improve the health of our employees and their families, both in and outside the workplace.

G. EXTERNAL AUDIT

Fees charged by the external auditor are shown below. It is deemed that these fees do not compromise the independence of the auditors.

ITEM	AMOUNTS	
	2019	2018
Audit services	493	465
Other verification services	173	260
Tax services	--	--
Other services	--	--
Total services of main auditor	666	725

Thousands of euros

Other verification services include services provided by KPMG Auditores, S.L. to the Company during fiscal year 2019, which include the six-month review, the solvency review; and the report of agreed procedures on the description of (SCIIF).

In addition, other entities affiliated with KPMG International have billed the Company 63,000 euros for the independent review of the information contained in the Statement of Non-financial Information (EINF).

Information regarding the services provided by KPMG Auditores, S.L. to the companies linked by a control relationship to MAPFRE S.A. during the year ended December 31, 2019 is included in the Annual Accounts of MAPFRE S.A. and its subsidiary companies as of December 31, 2019.

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H. GOVERNING BODIES

At the Annual General Meeting held on March 8, 2019, Mr. José Manuel Inchausti Pérez, Mr. Georg Daschner, Mr. Antonio Gómez Ciria, Mr. Luis Hernando de Larramendi Martínez, Mr. Antonio Miguel Romero de Olano and Mr. Alfonso Rebuelta Badías were re-elected as directors.

On August 18, 2019, Mr. Georg Daschner ceased to perform his functions as a member of the Board of Directors, in compliance with the provisions of the Regulations of the Board of Directors.

At the Board of Directors meeting held on September 26, 2019, Ms. Rosa María García García was appointed as a director via the co-optation procedure, replacing Mr. Georg Daschner.

During the meeting of the Board of Directors on July 25, 2019, Mr. José Antonio Colomer Guiu was appointed Chairman of the Risk Committee and as a member of the Steering Committee, Ms. Ana Isabel Fernández Álvarez as Chairwoman of the Audit and Compliance Committee, replacing Mr. José Antonio Colomer Guiu who continues as a member of said committee, and Mr. Antonio Gómez Ciria as a member of the Risk Committee, all effective as and from August 18, 2019,.

Throughout the year 2020, the mandates of Mr. José Antonio Colomer Guiu, Ms. María Leticia de Freitas Costa and Ms. Rosa María García García, who were appointed by the co-optation procedure on the date indicated above, will expire. The Appointments and Remuneration Committee has proposed their re-election as directors.

Likewise, during the year 2020, the term of Mr. Ignacio Baeza Gómez, whose re-election is being proposed to the Annual General Meeting, will expire. This proposal has the backing of the Appointments and Remuneration Committee.

I. AVERAGE PROVIDER PAYMENT PERIOD

Details of payments made to providers in the last two years are shown below.

ITEM	2019	2018
	Days	Days
Average provider payment period	20	20
Ratio of paid operations	20	20
Ratio of operations pending payment	--	--
	Amounts	Amounts
Payments made	92,892	100,939
Payments pending	5,933	3,328
Total payments for the year	98,825	104,267

Thousands of euros

J. RESEARCH, DEVELOPMENT AND INNOVATION

MAPFRE has a long history of being an innovative company. Innovation is one of its main levers in driving organic growth and extending its strategic horizon, constantly generating differential value propositions for customers, from a cross-cutting and end-to-end vision that allows the Company to respond to the challenges of the business.

In 2018, the MAPFRE innovation model was developed around the proven internal strategic capabilities and digitization of models and solutions for customers, but also organizing an open relationship model that connects external agents and the innovation ecosystem (technology-based startups and other market players who are able to offer disruptive solutions at some link in the insurance value chain – insurtechs). This model is called MAPFRE Open Innovation.

During 2019, firm steps were taken to accelerate transformation in MAPFRE and strengthen its leadership position, adapting faster and moving toward new business models and innovative solutions that arise from the digital and technological changes taking place today in order to offer the best solutions and services to customers.

Significant actions taken during the fiscal year include:

- The launch of two insur_space calls, attracting bids from various startups for the two programs: Acceleration and Adoption
- MAPFRE's participation as an anchor investor in the venture capital fund "Alma Mundi Insurtech Fund, FCRE", which exclusively focuses on the insurtech space and has acquired stakes in seven startups in the sector

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- Consolidation of #innova, MAPFRE's intrapreneurship program.

In addition, the change needed to adapt the organization to the new digital requirements is being managed through the Digital Challenge initiative, providing the flexible and agile work environment and tools that foster collaborative work and knowledge-sharing. In addition, new behaviors (collaborate, innovate and be agile) are being promoted, and digital and strategic profiles and new forms of leadership are being developed.

Moreover, to evaluate the quality perceived by customers, the MAPFRE Quality Observatory applies a global customer experience measurement model, through customer surveys in all countries where the Group operates, covering all insurance lines and customer support services on a twice-yearly basis. This is done by analyzing the Net Promoter Score (NPS®) to evaluate customer satisfaction and critical customer touchpoints, and recommendations are drawn up regarding the main areas that could be improved.

In 2019, the eighth and ninth NPS measurement waves were carried out, involving a representative sample of MAPFRE's portfolios. These waves, with over 140,000 respondents, covered 81.9 percent of the total private Non-Life premiums of the Group.

In addition, once a year, the Observatory measures the customer experience scores of MAPFRE's major competitors in each country/line of business. Approximately 120 companies are analyzed around the world. The results of this work show that in 2019, the Company was able to reach the objective set of exceeding 71 percent of the premium volume measured in which the NPS of MAPFRE customers is higher than the average NPS of the competitors analyzed.

K. ENVIRONMENTAL, SOCIAL AND GOVERNANCE FACTORS AND RISKS

The concept of sustainability is founded on three fundamental pillars: economic, social and environmental development. For this reason, managing risks and business opportunities associated with environmental, social and governance (ESG) issues plays a key role in sustainable development.

Proper monitoring of these aspects provides the organization with additional information about 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 tackles global challenges regarding sustainability; how it manages ESG risks; and how it innovates in developing insurance products and solutions for the benefit of its customers and society.

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The management of ESG risks helps in decision-making on important issues such as underwriting, investment, product and service innovation, sustainability, the environment and reputation management – the latter being essential to gaining the trust of our stakeholders. Consequently, ESG risks are naturally incorporated into the management and control processes implemented by the Group.

Climate change is part of the MAPFRE sustainability strategy. As a global insurance company, MAPFRE has jointly pledged to contribute to defining a standard of technical and financial action for the entire sector that will help the insurance industry manage the risks and opportunities of transitioning to a low-carbon economy, and reduce the impact of climate change for the whole of society. The increasing frequency and severity of natural disasters and MAPFRE's presence in countries with a high exposure to this risk can impact the Group's results. To forecast these events and minimize their economic impact, MAPFRE companies are working on a variety of aspects: i) efficient control of exposure to catastrophic risks; ii) ensuring proper loss adjustment; and iii) coordinating a sufficient response and service to affected customers.

To guarantee effective risk management, the Group has developed a series of policies.

The Risk Management Policy provides the framework for managing risks and, in turn, for developing specific risk policies.

The Compliance Function Policy has the main objective of minimizing the likelihood of legal and non-compliance risk by establishing effective prevention and control mechanisms.

L. NON-FINANCIAL INFORMATION

The information concerning the Company's non-financial information statement is included in the Integrated Report, which is part of the Consolidated Management Report of the MAPFRE Group – the parent of which is MAPFRE S.A. – and which will be filed, together with the Consolidated Annual Accounts, in the Madrid Companies' Registry.

M. SIGNIFICANT EVENTS FOR THE COMPANY AFTER THE YEAR-END CLOSE

There were no significant events subsequent to the year-end close.

N. OUTLOOK

The global economy in general remains stable, albeit with rather modest performance. By 2020, an average growth of 3 percent is expected at the global level, which may accelerate in the following quarters and converge with the average of the second half of the last decade, close to global potential. A recession has been ruled out for the time being, unless unforeseen risks emerge causing an adjustment in what is a systemic economy.

Advanced economies are not expected to contribute significantly to projected growth, as they are facing downturns and falling short of potential growth, posting expansion of 2 percent or less on average over the next biennium. Emerging countries, meanwhile, are set to make more significant contributions, growing steadily by around or above 4.5 percent on average over the coming years thanks to more benign borrowing conditions, better terms of trade for commodity-producing countries, and certain countries like Brazil, Mexico and Turkey emerging from sluggishness, as well as a likely easing of socio-political issues that are triggering uncertainty and disruption in several emerging economies (Andean countries, Hong Kong, etc.).

The cyclical momentum is toward the stabilization of activity at low levels, which has caused many economies to rethink how public policies are designed and implemented. In the United States, GDP growth has settled below 2 percent, mainly underpinned by domestic demand thanks to support from the Federal Reserve (Fed). The Economic and Monetary Union (EMU), for its part, has again recorded a pronounced sluggishness that has forced the lax monetary stance to be extended. In addition, the need to complement this stance with profound fiscal stimuli is being discussed.

China's economy has continued to enjoy the momentum seen last year and, despite high-frequency data indicating some loss of buoyancy, continues to grow steadily (as per official figures).

In emerging markets, although many of the vulnerabilities are softened by the shift in US monetary policy, their reliance on foreign saving makes them very sensitive to external corrections, being able to create and spread their financial shocks to the region through investor expectations. Therefore, we believe that while such markets are set to move into more buoyant phases of the economic cycle, they are also likely to be more fragile.

A recession would be the alternative scenario, which we believe is necessary to highlight, given that it would accelerate geopolitical trends (such as the reversal of globalization and the growing social discontent today) that are once again the sign of the times in this third decade of this century.

The English version is a translation of the original in Spanish for information purposes only. In case of discrepancy, the Spanish version shall prevail.

O. ANNUAL CORPORATE GOVERNANCE REPORT

The Consolidated Management Report includes the Company's Annual Corporate Governance Report, issued pursuant to the provisions of Article 49.4 of the Spanish Code of Commerce. The report will also be available from the date of publication of these accounts on the corporate website (www.mapfre.com) and on the CNMV website (www.cnmv.es).

The Individual Annual Accounts for MAPFRE S.A., on the preceding pages 1 to xxx herein, and the Individual Management Report on the preceding pages xxx to xxx herein, corresponding to financial year 2019, endorsed by the Secretary of the Board, have been drafted by the Board of Directors at its meeting held on February 11, 2020. The Board Members declare that, as far as they are aware, the aforementioned accounts have been prepared in accordance with the applicable accounting principles and offer a true and fair view of the equity, financial situation, and results of the Company and the companies comprising the consolidation as a whole. Likewise, the Management Report includes a true and fair analysis of the development of the results and of the position of the Company, and broadly informs, along with the Annual Report, of the risks and uncertainties they faces.

Mr. Antonio Huertas Mejías
Chairman

Mr. Antonio Gómez Ciria
Member

Mr. Ignacio Baeza Gómez
1st Vice Chairman

Mr. Luis Hernando de Larramendi Martínez
Member

Ms. Catalina Miñarro Brugarolas
2nd Vice Chairman

Mr. Francisco J. Marco Orenes
Member

Mr. José Manuel Inchausti Pérez
3rd Vice Chairman

Mr. Fernando Mata Verdejo
Member

Mr. José Antonio Colomer Guiu
Member

Mr. Antonio Miguel-Romero de Olano
Member

Ms. María Leticia de Freitas Costa
Member

Ms. Pilar Perales Viscasillas
Member

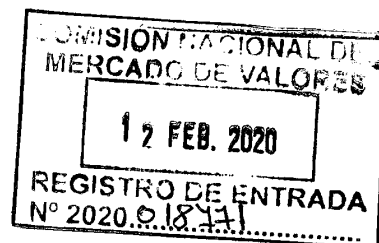
Ms. Ana Isabel Fernández Alvarez
Member

Mr. Alfonso Rebuelta Badías
Member

Ms. Rosa M.ª García García
Member

Mr. Ángel Luis Dávila Bermejo
Secretary and Non-Member

The English version is a translation of the original in Spanish for information purposes only. In case of discrepancy, the Spanish version shall prevail.



MAPFRE, S.A. and Subsidiaries

Consolidated Annual Accounts

31 December 2019

Consolidated Directors' Report

2019

(With Independent Auditor's Report Thereon)

(Free translation from the originals in Spanish. In the event of discrepancy, the Spanish-language versions prevail.)



KPMG Auditores, S.L.
Paseo de la Castellana, 259 C
28046 Madrid

Independent Auditor's Report on the Consolidated Annual Accounts

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

To the Shareholders of MAPFRE, S.A.

Report on the Consolidated Annual Accounts

Opinion

We have audited the consolidated annual accounts of MAPFRE, S.A. ("the Parent") and subsidiaries (the "Group"), which comprise the balance sheet at December 31, 2019, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the notes to the financial statements, all consolidated, for the year then ended.

In our opinion, the accompanying consolidated annual accounts give a true and fair view, in all material respects, of the equity and financial position of the Group as at 31 December 2019 and of its financial performance and cash flows, all consolidated, for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for Opinion

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts section of our report.

We are independent of the Group in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the consolidated annual accounts in Spain pursuant to the legislation regulating the audit of accounts. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

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

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated annual accounts of the current period. These matters were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of mathematical provisions (24,900.09 million of Euros)

See notes 5.15 and 6.13 of the notes to the consolidated annual accounts

Key audit matter	How the issue was addressed in our audit
<p>The Group calculates mathematical provisions for commitments with its policyholders, including some very long-term. Estimating mathematical provisions requires the use of actuarial calculations and methods that employ key assumptions involving a high degree of judgement and uncertainty, among which are the future evolution of mortality, morbidity, administration costs, interest rates, etc.</p> <p>In addition, the IFRS-EU require that the adequacy of insurance contract liabilities be tested, including life insurance liabilities, in order to determine whether sufficient provision has been made on the basis of projected future cash flows associated with contracts in force, taking into account the most up-to-date assumptions available. These tests also require the use of actuarial methods, where the assumptions used have a significant impact.</p> <p>The use of inadequate assumptions in actuarial methods can have a significant impact on the consolidated annual accounts, therefore it has been considered a key audit matter.</p>	<p>Our audit approach included testing the design and implementation of key controls established by the Group in the process of estimating mathematical provisions, including controls on the definition of key assumptions and on the completeness and accuracy of the data bases used when estimating these provisions.</p> <p>Our substantive procedures in relation to the mathematical provisions, which were carried out in collaboration with our actuarial specialists and for representative samples of contracts selected based on our risk assessment and their significance, consisted primarily of the following:</p> <ul style="list-style-type: none">• Testing the completeness and accuracy of the data bases used in the actuarial calculations.• Based on our knowledge and experience of the sector, we assessed the reasonableness of the actuarial models and the assumptions used in calculating the mathematical provisions, comparing them to best actuarial practices, regulatory requirements and market trends.• Additionally, we perform recalculations and reasonability analysis over the amounts accounted for, considering the economic and technical conditions of the insurance contracts and those established in prevailing legislation. <p>We also assessed the adequacy of the information disclosed in the consolidated annual accounts regarding the mathematical provisions, considering the requirements of IFRS-EU.</p>

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

**Valuation of the provision for non-life insurance claims
(11,331.46 million of Euros)**

See notes 5.15 and 6.13 of the notes to the consolidated annual accounts.

Key audit matter	How the issue was addressed in our audit
<p>The Group recognises the provision for non-life insurance claims to cover the estimated cost of events occurring up to the closing date. Estimating this provision is complex and requires actuarial methods and calculations based on judgement and significant assumptions, particularly for those lines of business where the claim settlement period can be very long, such as in motor, liability, fire, aviation and transport.</p> <p>When valuing the claims provision, estimates are used on a case-by-case basis, as well as actuarial projection methods based on past information and assumptions on their future evolution. These estimates include assumptions related to the amount of the expected settlement and claim payment patterns, and due to their nature, there is a significant degree of uncertainty, and a change in assumptions could significantly impact the consolidated annual accounts, therefore it has been considered a key audit matter.</p>	<p>Our audit procedures included testing the design and implementation of key controls established by the Group in the process of estimating the claims provision, including controls on the definition of key assumptions, as well as on the completeness and accuracy of the data bases used when estimating these provisions.</p> <p>Our substantive procedures in relation to the claims provision, which were carried out in collaboration with our actuarial specialists and for a representative sample of lines of business selected based on our risk assessment and their significance, consisted primarily of the following:</p> <ul style="list-style-type: none">• Testing the completeness and accuracy of the data bases used in the actuarial calculations.• Based on our knowledge and experience of the sector, we assessed the reasonableness of the actuarial models and the assumptions used in calculating the claims provision, comparing them to best actuarial practices, regulatory requirements, market assumptions and historical trends.• We estimated the provision for claims and, based on our experience, determined a range for assessing its reasonableness. <p>We also assessed the adequacy of the information disclosed in the annual accounts on the provisions for non-life insurance claims, considering the requirements of IFRS-EU.</p>

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

**Valuation of goodwill and portfolio acquisition costs
(2,610.49 million of Euros)**

See notes 5.1 and 6.1 of the notes to the consolidated annual accounts.

Key audit matter	How the issue was addressed in our audit
<p>The Group has recognised significant goodwill and portfolio acquisition costs from the acquisition of entities or businesses.</p> <p>Valuing these assets requires determination of the cash-generating units (CGUs), the calculation of carrying amount of each CGU, the estimation of the recoverable amount and the identification of facts that may determine the existence of impairment indicators in subsequent closings. Determining the recoverable amount of each CGU includes among other issues, financial projections that consider assumptions about macroeconomic developments, internal circumstances of the entity and competitors, discount rates or future business performance. Given the complexity of the estimates and the use of assumptions that, in general, include uncertainty and judgment, we consider that the valuation of goodwill and portfolio acquisition costs has a significant inherent risk associated and, therefore, has been considered as a key audit matter.</p> <p>The Group performs on an annual basis, or when indications of impairment are identified, an evaluation to determine if there is impairment in the goodwill and registered portfolio acquisition costs. In this sense, our assessment has focused mainly on goodwill and portfolio acquisition costs of the most significance and those whose estimated recoverable value is closer to the carrying amount of the net assets.</p>	<p>Our audit procedures included testing the design and implementation of key controls established by the Group in the process of identifying CGUs, evaluating impairment indicators, having financial projections approved by the Management and defining the assumptions and calculation methods used to estimate the recoverable amount of CGUs.</p> <p>Based on our knowledge and experience, we assessed the reasonableness of the methods used by the Group to estimate the recoverable amounts of CGUs, considering IFRS-EU and best market practices.</p> <p>Our substantive procedures, which were performed for a sample of CGUs, including the most relevant ones, have consisted, basically, in the following:</p> <ul style="list-style-type: none">• Evaluating the existence of goodwill and portfolio acquisition cost impairment indicators considering external and internal factors such as macroeconomic indicators, sector expectations, the financial performance of CGUs and management's expectations.• In collaboration with our valuation specialists, analysing the discount and growth rates used by the Group to estimate the recoverable amount of CGUs.• Assessing the reasonableness of the financial projections prepared by management, comparing them to the historical financial information of the CGUs, to business plans approved by the Group and to market expectations in the sectors in which they operate.• Performing a sensitivity analysis of the key assumptions and financial projections used to estimate the recoverable amount of CGUs. <p>We also assessed the adequacy of the information disclosed in the annual accounts on goodwill and portfolio acquisition costs, considering the requirements of IFRS-EU.</p>

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

**Valuation of financial instruments not quoted on active markets and recognized at fair value (8,124.92 million of Euros)**

See notes 5.5 and 6.4 of the notes to the consolidated annual accounts.

Key audit matter	How the issue was addressed in our audit
<p>The classification of the financial instruments in the different existing portfolios in the applicable financial standards determines the criteria to be applied in their subsequent valuation.</p> <p>The majority of the MAPFRE Group's financial instruments are valued using market prices in active markets. Nonetheless, where there is no quoted price in an active market, the fair value of financial instruments is determined using valuation techniques that consider factors such as non-observable market inputs or complex valuation models that require a high degree of judgement. Changes in the assumptions considered, market events or new regulations can also have a significant impact on valuation.</p> <p>We have considered that there is a significant inherent risk associated with the valuation of financial instruments accounted for at fair value and that are classified hierarchically for valuation purposes by the Group as financial instruments at level 3 (use of some significant input information that is not based on observable market data) and level 2 (significant input information based on directly or indirectly observable market data), in both cases, by the use of complex valuation models, which has been considered a key audit matter.</p>	<p>Our audit approach included assessing the key controls linked to the processes of valuing financial instrument portfolios and performing substantive testing thereon.</p> <p>In collaboration with our specialists in financial instruments, we selected representative samples of the population of the Group's financial instruments, for which its adequate valuation was evaluated, through the performance of various substantive procedures, which included the recalculation of fair value and the evaluation of the reasonableness of the market data used in the valuation models.</p> <p>Additionally, we assessed whether the information disclosed in the consolidated annual accounts on financial instruments adequately reflects the Group's exposure to the risk of valuing financial instruments, and whether it complies with the disclosure requirements of IFRS-EU.</p>

Other Information. Consolidated Directors' Report

Other information solely comprises the 2019 consolidated directors' report, the preparation of which is the responsibility of the Parent's Directors and which does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not encompass the consolidated Directors' report. Our responsibility regarding the information contained in the consolidated Directors' report is defined in the legislation regulating the audit of accounts, which establishes two different levels for this information:

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



- a) A specific level applicable to non-financial consolidated information, as well as certain information included in the Annual Corporate Governance Report (ACGR), as defined in article 35.2. b) of the Audit Law 22/2015, which solely requires that we verify whether said information has been included in the Consolidated Director's report or, where applicable, that the director's report includes the corresponding reference to the separate non-financial report as stipulated by prevailing regulations and if not, report on this matter.
- b) A general level applicable to the rest of the information included in the consolidated directors' report, which consists of assessing and reporting on the consistency of this information with the consolidated annual accounts, based on knowledge of the Group obtained during the audit of the aforementioned accounts and without including any information other than that obtained as evidence during the audit. Also, assessing and reporting on whether the content and presentation of this part of the consolidated directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described above, we have verified that the specific non-financial information mentioned in a) above has been provided in a separate report – the “Integrated Report MAPFRE S.A. 2019” – to which the consolidated directors' report makes reference to, that the information of the ACGR, mentioned in this section is included in the directors' report, and that the rest of the information contained in the consolidated directors' report is consistent with that disclosed in the consolidated annual accounts for 2019 and the content and presentation of the report are in accordance with applicable legislation.

Directors' and Audit and Compliance Committee's Responsibility for the Consolidated Annual Accounts

The Parent's directors are responsible for the preparation of the accompanying consolidated annual accounts in such a way that they give a true and fair view of the consolidated equity, consolidated financial position and consolidated financial performance of the Group in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts, the Parent's directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent's audit and compliance committee is responsible for overseeing the preparation and presentation of the consolidated annual accounts.

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



Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of these consolidated annual accounts.

As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's directors.
- Conclude on the appropriateness of the Parent's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the audit and compliance committee of the Parent regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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



We also provide the Parent's audit and compliance committee with a statement that we have complied with the applicable ethical requirements, including those regarding independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the audit and compliance committee of the Parent, we determine those that were of most significance in the audit of the consolidated annual accounts of the current period and which are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Additional Report to the Audit and Compliance Committee of the Parent_____

The opinion expressed in this report is consistent with our additional report to the Parent's audit and compliance committee dated 12 February 2020.

Contract Period _____

We were appointed as auditor of the Group by the shareholders at the ordinary general meeting on 9 March 2018 for a period of 3 years, from the year ended 31 December 2018.

Previously, we had been appointed as auditors by the shareholders of MAPFRE, S.A. for a period of 3 years, and have been auditing uninterrupted the Group's consolidated Annual Accounts since the year ended 31 December 2015.

KPMG Auditores, S.L. (S0702)

(Signed on original in Spanish)

Jorge Segovia Delgado

R.O.A.C: 21903

12 February 2020

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

CONSOLIDATED ANNUAL ACCOUNTS

AND

CONSOLIDATED MANAGEMENT REPORT

FISCAL YEAR 2019

MAPFRE S.A.

CONSOLIDATED ANNUAL ACCOUNTS

2019

MAPFRE S.A.

CONSOLIDATED ANNUAL ACCOUNTS

2019

- A) Consolidated balance sheet**
- B) Consolidated statement of income and comprehensive income**
- C) Consolidated statement of changes in equity**
- D) Consolidated cash flow statement**
- E) Financial information by segment**
- F) Complementary financial information by product and geographical area**
- G) Notes to the consolidated financial statements**

MAPFRE S.A.

MAPFRE S.A. AND SUBSIDIARIES

A) CONSOLIDATED BALANCE SHEET AS ON DECEMBER 31, 2019 AND 2018

ASSETS	Notes	2019	2018
A) INTANGIBLE ASSETS	6.1	3,300.10	3,072.36
I. Goodwill	6.1	1,773.21	1,689.03
II. Other intangible assets	6.1	1,526.89	1,383.33
B) PROPERTY, PLANT AND EQUIPMENT	6.2	1,377.14	1,112.34
I. Real estate for own use	6.2	1,111.63	852.66
II. Other property, plant and equipment	6.2	265.51	259.68
C) INVESTMENTS		47,363.30	43,976.95
I. Real estate investments	6.2	1,323.35	1,243.60
II. Financial investments			
1. Held-to-maturity portfolio	6.4	1,973.39	1,951.47
2. Available-for-sale portfolio	6.4	37,085.21	33,753.73
3. Trading portfolio	6.4	5,937.27	5,540.77
III. Investments recorded by applying the equity method		207.83	193.68
IV. Deposits established for accepted reinsurance		543.72	806.11
V. Other investments		292.53	487.59
D) INVESTMENTS ON BEHALF OF LIFE INSURANCE POLICYHOLDERS BEARING THE INVESTMENT RISK	6.5	2,510.24	2,242.49
E) INVENTORIES		60.48	60.87
F) PARTICIPATION OF REINSURANCE IN TECHNICAL PROVISIONS	6.13	6,386.05	5,883.18
G) DEFERRED TAX ASSETS	6.20	306.97	333.58
H) RECEIVABLES	6.6	6,069.39	5,761.20
I. Receivables on direct insurance and co-insurance operations	6.6	3,945.09	3,644.21
II. Receivables on reinsurance operations	6.6	934.33	903.08
III. Tax receivables			
1. Tax on profits receivable	6.20	245.53	192.05
2. Other tax receivables		163.67	144.65
IV. Corporate and other receivables	6.6	780.77	877.21
V. Shareholders, called capital		--	--
I) CASH		2,537.50	2,201.41
J) ACCRUAL ADJUSTMENTS	5.11	2,217.33	2,168.79
K) OTHER ASSETS		117.18	136.17
L) NON-CURRENT ASSETS HELD FOR SALE AND FROM DISCONTINUED OPERATIONS	6.9	264.24	341.48
TOTAL ASSETS		72,509.92	67,290.82

Figures in millions of euros

The English version is a translation of the original in Spanish for information purposes only. In case of discrepancy, the Spanish version shall prevail.

MAPFRE S.A. AND SUBSIDIARIES

A) CONSOLIDATED BALANCE SHEET AS ON DECEMBER 31, 2019 AND 2018

EQUITY AND LIABILITIES	Notes	2019	2018
A) EQUITY	6.10	10,106.02	9,197.58
I. Paid-up capital	6.10	307.95	307.95
II. Share premium		1,506.74	1,506.74
III. Reserves		6,377.57	6,323.63
IV. Interim dividend	4.2	(184.77)	(184.83)
V. Treasury Stock	6.10	(63.84)	(48.25)
VI. Result for the period attributable to controlling company	4.1	609.24	528.86
VII. Other equity instruments	6.21	--	4.49
VIII. Valuation change adjustments	6.10	1,003.68	293.12
IX. Currency conversion differences	6.22	(702.21)	(737.90)
Equity attributable to the controlling company's shareholders		8,854.36	7,993.81
Non-controlling interests		1,251.66	1,203.77
B) SUBORDINATED LIABILITIES	6.11	1,121.07	1,120.54
C) TECHNICAL PROVISIONS	6.13	48,521.39	46,481.15
I. Provisions for unearned premiums and unexpired risks	6.13	8,243.33	7,951.40
II. Provisions for life insurance	6.13	26,584.08	24,838.47
III. Provision for outstanding claims	6.13	12,624.05	12,714.15
IV. Other technical provisions	6.13	1,069.93	977.13
D) TECHNICAL PROVISIONS FOR LIFE INSURANCE WHERE POLICYHOLDERS BEAR THE INVESTMENT RISK	6.13	2,510.24	2,242.49
E) PROVISIONS FOR RISKS AND EXPENSES	6.14	709.28	641.49
F) DEPOSITS RECEIVED ON CEDED AND RETROCEDED REINSURANCE	6.15	68.13	79.50
G) DEFERRED TAX LIABILITIES	6.20	703.11	499.32
H) DEBT	6.16	8,318.94	6,596.44
I. Issue of debentures and other negotiable securities	6.12	1,004.82	1,004.05
II. Due to credit institutions	6.12	847.81	545.69
III. Other financial liabilities	6.12	1,913.08	1,262.80
IV. Due on direct insurance and co-insurance operations		928.06	1,094.78
V. Due on reinsurance operations	6.16	1,541.08	852.64
VI. Tax liabilities			
1. Tax on profits to be paid	6.20	101.19	130.14
2. Other tax liabilities	6.16	358.18	320.57
VII. Other debts	6.16	1,624.72	1,385.77
I) ACCRUAL ADJUSTMENTS	5.11	315.90	238.35
J) LIABILITIES LINKED TO NON-CURRENT ASSETS HELD FOR SALE AND FROM DISCONTINUED OPERATIONS	6.9	135.84	193.96
TOTAL EQUITY AND LIABILITIES		72,509.92	67,290.82

Figures in millions of euros

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The English version is a translation of the original in Spanish for information purposes only. In case of discrepancy, the Spanish version shall prevail.

MAPFRE S.A. AND SUBSIDIARIES

B) CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME FOR YEARS ENDING DECEMBER 31, 2019 AND 2018
B.1) CONSOLIDATED INCOME STATEMENT

ITEM	Notes	2019	2018
I. REVENUE FROM INSURANCE BUSINESS			
1. Premiums earned, net			
a) Written premiums, direct insurance	7.A.2	19,538.76	19,102.23
b) Premiums from accepted reinsurance	7.A.2	3,505.16	3,434.87
c) Premiums from ceded reinsurance	6.19	(4,137.35)	(3,374.34)
d) Variations in provisions for unearned premiums and unexpired risks			
Direct insurance	6.13	(402.49)	35.43
Accepted reinsurance	6.13	281.94	172.54
Ceded reinsurance	6.19	386.90	(158.71)
2. Share in profits from equity-accounted companies		8.03	12.08
3. Revenue from investments			
a) From operations	6.17	2,763.20	2,176.09
b) From equity	6.17	231.12	214.03
4. Gains on investments on behalf of life insurance policyholders bearing the	6.5	233.04	88.09
5. Other technical revenue		68.57	61.01
6. Other non-technical revenue		60.45	69.53
7. Positive foreign exchange differences	6.22	1,589.20	959.39
8. Reversal of the asset impairment provision	6.7	28.25	41.11
TOTAL REVENUE FROM INSURANCE BUSINESS		24,154.78	22,833.35
II. EXPENSES FROM INSURANCE BUSINESS			
1. Incurred claims for the year, net			
a) Claims paid and variation in provision for claims, net			
Direct insurance	5.15	(12,584.12)	(13,802.19)
Accepted reinsurance	5.15	(2,721.53)	(2,465.61)
Ceded reinsurance	6.19	2,475.59	3,677.06
b) Claims-related expenses	6.18	(814.51)	(815.84)
2. Variation in other technical provisions, net	5.15	(1,009.09)	(564.75)
3. Profit sharing and returned premiums		(45.88)	(38.70)
4. Net operating expenses			
a) Acquisition expenses	6.18	(5,020.14)	(4,810.80)
b) Administration expenses	6.18	(723.89)	(745.58)
c) Commissions and participation in reinsurance	6.19	635.79	567.66
5. Share in losses from equity-accounted companies		---	0.00
6. Investment expenses			
a) From operations	6.17	(711.41)	(710.82)
b) From equity and financial accounts	6.17	(81.16)	(92.91)
7. Losses on investments on behalf of life insurance policyholders bearing the	6.5	(54.91)	(146.16)
8. Other technical expenses	6.18	(155.11)	(139.13)
9. Other non-technical expenses	6.18	(165.24)	(149.69)
10. Negative foreign exchange differences	6.22	(1,589.46)	(946.70)
11. Allowance to the asset impairment provision	6.7	(55.94)	(229.26)
TOTAL EXPENSES FROM INSURANCE BUSINESS		(22,621.01)	(21,413.42)
RESULT FROM THE INSURANCE BUSINESS		1,533.77	1,419.93
III. OTHER ACTIVITIES			
1. Operating revenue		385.33	321.00
2. Operating expenses	6.18	(515.72)	(401.62)
3. Net financial income			
a) Financial income	6.17	47.65	82.58
b) Financial expenses	6.17	(88.19)	(85.29)
4. Results from non-controlling interests			
a) Share in profits from equity-accounted companies		4.45	2.29
b) Share in losses from equity-accounted companies		(0.02)	(0.03)
5. Reversal of asset impairment provision	6.7	9.04	25.41
6. Allowance to the asset impairment provision	6.7	(75.38)	(15.09)
7. Result from the disposal of non-current assets classified as held for sale, not included in discontinued operations		---	---
RESULT FROM OTHER ACTIVITIES		(232.84)	(70.75)
IV. RESULT ON RESTATEMENT OF FINANCIAL ACCOUNTS	3.3	(21.64)	(18.72)
V. RESULT BEFORE TAX FROM ONGOING OPERATIONS		1,279.29	1,330.46
VI. TAX ON PROFIT FROM ONGOING OPERATIONS	6.20	(324.03)	(452.94)
VII. RESULT AFTER TAX FROM ONGOING OPERATIONS		955.26	877.52
VIII. RESULT AFTER TAX FROM DISCONTINUED OPERATIONS		---	---
IX. RESULT FOR THE PERIOD		955.26	877.52
1. Attributable to non-controlling interests		346.02	348.66
2. Attributable to the controlling company	4.1	609.24	528.86

Figures in millions of euros

Earnings per share (Euros)			
Basic	4.1	0.20	0.17
Diluted	4.1	0.20	0.17

The English version is a translation of the original in Spanish for information purposes only. In case of discrepancy, the Spanish version shall prevail.

MAPFRE S.A. AND SUBSIDIARIES

B.2) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

ITEM	NOTES	GROSS AMOUNT		TAX ON PROFITS		ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		ATTRIBUTABLE TO CONTROLLING COMPANY	
		2019	2018	2019	2018	2019	2018	2019	2018
A) CONSOLIDATED RESULT FOR THE YEAR		1,279.29	1,330.46	(324.03)	(452.94)	346.02	348.66	609.24	528.86
B) OTHER RECOGNIZED REVENUE (EXPENSES)		1,009.82	(677.52)	(231.93)	122.72	31.64	(124.44)	746.25	(430.36)
1. Financial assets available for sale	6.4	2,079.77	(708.57)	(500.41)	185.97	144.27	(49.81)	1,435.09	(472.79)
a) Valuation gains (losses)		2,519.91	(564.26)	(609.18)	150.17				
b) Amounts transferred to the income statement		(440.24)	(144.29)	108.77	35.80				
c) Other reclassifications		0.10	(0.02)	--	--				
2. Currency conversion differences	6.22	29.78	(202.50)	(0.36)	(0.41)	(6.27)	(100.11)	35.69	(102.80)
a) Valuation gains (losses)		28.38	(215.62)	(0.36)	(0.41)				
b) Amounts transferred to the income statement		0.35	0.25	--	--				
c) Other reclassifications		1.05	12.87	--	--				
3. Shadow accounting		(1,094.73)	232.47	268.72	(63.34)	(106.41)	25.28	(719.60)	143.85
a) Valuation gains (losses)	6.10	(1,353.06)	211.95	333.30	(58.21)				
b) Amounts transferred to the income statement		258.33	20.52	(64.58)	(5.13)				
c) Other reclassifications		--	--	--	--				
4. Equity-accounted entities		0.09	(1.64)	0.12	0.50	0.05	0.03	0.16	(1.17)
a) Valuation gains (losses)		(0.01)	(1.33)	0.12	0.50				
b) Amounts transferred to the income statement		0.10	0.06	--	--				
c) Other reclassifications		--	(0.37)	--	--				
5. Other recognized revenue and expenses		(5.09)	2.72	--	0.00	0.00	0.17	(5.09)	2.55
TOTAL		2,289.11	652.94	(555.96)	(330.22)	377.66	224.22	1,355.49	98.50

Figures in millions of euros

All the items included in the consolidated statement of comprehensive income and expenses may be reclassified to the consolidated income statement in line with EU-IFRS.

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MAPFRE S.A. AND SUBSIDIARIES

C1 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS ON DECEMBER 31, 2019 AND 2018

ITEM	NOTES	EQUITY ATTRIBUTABLE TO CONTROLLING COMPANY									NON-CONTROLLING INTERESTS	TOTAL EQUITY
		SHAREHOLDERS' FUNDS										
		SHARE CAPITAL	SHARE PREMIUM	RESERVES	INTERIM DIVIDEND	TREASURY STOCK	RESULT FOR THE YEAR ATTRIBUTABLE TO CONTROLLING COMPANY	OTHER EQUITY INSTRUMENTS	VALUATION CHANGE ADJUSTMENTS	CURRENCY CONVERSION DIFFERENCES		
OPENING BALANCE AS ON JANUARY 1, 2018		307.95	1,506.74	6,433.14	(184.77)	(52.36)	700.51	10.08	620.69	(730.70)	1,901.38	10,512.66
1. Changes in accounting policies (Note 2.4)		--	--	--	--	--	--	--	--	--	--	--
2. Correction of errors		--	--	--	--	--	--	--	--	--	--	--
ADJUSTED BALANCE AS ON JANUARY 1, 2018		307.95	1,506.74	6,433.14	(184.77)	(52.36)	700.51	10.08	620.69	(730.70)	1,901.38	10,512.66
I. TOTAL COMPREHENSIVE REVENUE (EXPENSES)		--	--	--	--	--	528.86	--	(327.57)	(102.80)	224.22	322.71
II. OPERATIONS WITH THE CONTROLLING COMPANY'S SHAREHOLDERS AND NON-CONTROLLING INTERESTS		--	--	(455.44)	(184.83)	4.11	--	--	--	--	(879.87)	(1,516.03)
1. Capital increases (decreases)	6.25	--	--	--	--	--	--	--	--	--	(71.39)	(71.39)
2. Distribution of dividends	4.2 and 6.25	--	--	(261.82)	(184.83)	--	--	--	--	--	(416.43)	(863.08)
3. Increases (decreases) from business combinations	--	--	--	0.79	--	--	--	--	--	--	7.99	8.78
4. Other operations with the controlling company's shareholders and non-controlling interests	6.8 and 6.25	--	--	(196.34)	--	--	--	--	--	--	(400.04)	(596.38)
5. Operations with treasury stock and own shares	6.10	--	--	1.93	--	4.11	--	--	--	--	--	6.04
III. OTHER VARIATIONS IN EQUITY		--	--	345.93	184.77	--	(700.51)	(5.59)	--	95.60	(41.96)	(121.76)
1. Transfers among equity items		--	--	515.74	184.77	--	(700.51)	--	--	--	--	--
2. Other variations	3.3 and 6.6	--	--	(169.81)	--	--	--	(5.59)	--	95.60	(41.96)	(121.76)
CLOSING BALANCE AS ON DECEMBER 31, 2018		307.95	1,506.74	6,323.63	(184.83)	(48.25)	528.86	4.49	293.12	(737.90)	1,203.77	9,197.58

OPENING BALANCE AS ON JANUARY 1, 2019		307.95	1,506.74	6,323.63	(184.83)	(48.25)	528.86	4.49	293.12	(737.90)	1,203.77	9,197.58
1. Changes in accounting policies	2.4	--	--	(8.36)	--	--	--	--	--	--	(4.73)	(13.09)
2. Correction of errors		--	--	--	--	--	--	--	--	--	--	--
ADJUSTED BALANCE AS ON JANUARY 1, 2019		307.95	1,506.74	6,315.27	(184.83)	(48.25)	528.86	4.49	293.12	(737.90)	1,199.04	9,184.49
I. TOTAL COMPREHENSIVE REVENUE (EXPENSES)		--	--	--	--	--	609.24	--	710.56	35.69	377.66	1,733.15
II. OPERATIONS WITH THE CONTROLLING COMPANY'S SHAREHOLDERS AND NON-CONTROLLING INTERESTS		--	--	(260.85)	(184.77)	(15.59)	--	--	--	--	(332.91)	(794.12)
1. Capital increases (decreases)		--	--	--	--	--	--	--	--	--	2.13	2.13
2. Distribution of dividends	4.2 and 6.25	--	--	(261.64)	(184.77)	--	--	--	--	--	(401.26)	(847.67)
3. Increases (decreases) from business combinations		--	--	--	--	--	--	--	--	--	61.78	61.78
4. Other operations with the controlling company's shareholders and non-controlling interests	6.8 and 6.25	--	--	(0.12)	--	--	--	--	--	--	4.44	4.32
5. Operations with treasury stock and own shares	6.10	--	--	0.91	--	(15.59)	--	--	--	--	--	(14.68)
III. OTHER VARIATIONS IN EQUITY		--	--	323.15	184.83	--	(528.86)	(4.49)	--	--	7.87	(17.50)
1. Transfers among equity items		--	--	344.03	184.83	--	(528.86)	--	--	--	--	--
2. Other variations	3.3	--	--	(20.88)	--	--	--	(4.49)	--	--	7.87	(17.50)
CLOSING BALANCE AS ON DECEMBER 31, 2019		307.95	1,506.74	6,377.57	(184.77)	(63.84)	609.24	--	1,003.68	(702.21)	1,251.66	10,106.02

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MAPFRE S.A. AND SUBSIDIARIES

D) CONSOLIDATED CASH FLOW STATEMENT FOR YEARS ENDING DECEMBER 31, 2019 AND 2018

ITEM	NOTES	2019	2018
1. Insurance activity:		642.16	1,304.56
Cash received from insurance activity		25,380.35	24,550.51
Cash payments from insurance activity		(24,738.19)	(23,245.95)
2. Other operating activities:		(247.97)	(343.66)
Cash received from other operating activities		400.02	574.38
Cash payments from other operating activities		(647.99)	(918.04)
3. Receipt (payment) of income tax		(430.84)	(529.32)
NET CASH FLOWS FROM OPERATING ACTIVITIES		(36.65)	431.58
1. Proceeds from investment activities:		23,985.20	20,544.37
Property, plant and equipment		8.34	27.29
Real estate investments		35.51	107.76
Intangible fixed assets		1.21	3.17
Financial instruments		20,038.10	17,395.36
Equity instruments		2,659.82	1,695.10
Controlled companies and other business units		17.40	135.32
Interest collected		1,071.09	1,067.08
Dividends collected		120.87	71.00
Other proceeds related to investment activities		32.86	42.29
2. Payments from investment activities:		(22,918.17)	(19,674.60)
Property, plant and equipment	6.2	(69.49)	(65.69)
Real estate investments	6.2	(12.79)	(10.52)
Intangible fixed assets		(202.13)	(82.52)
Financial instruments		(19,303.55)	(17,275.56)
Equity instruments		(3,131.24)	(2,214.38)
Controlled companies and other business units	6.8 and 6.24	(175.79)	--
Other payments related to investment activities		(23.18)	(25.93)
NET CASH FLOWS FROM INVESTMENT ACTIVITIES		1,067.03	869.77
1. Proceeds from financing activities		819.29	1,515.92
Subordinated liabilities		--	496.95
Proceeds from issuing of equity instruments and capital increases		2.13	--
Proceeds from sale of treasury stock	6.10	4.24	6.05
Other proceeds related to financing activities		812.92	1,012.92
2. Payments from financing activities		(1,511.66)	(2,455.46)
Dividends paid to shareholders		(844.06)	(863.09)
Interest paid		(69.79)	(57.34)
Subordinated liabilities		--	--
Payments on return of shareholders' contributions		--	(123.38)
Purchase of treasury stock	6.10	(18.93)	--
Other payments related to financing activities	6.8	(578.88)	(1,411.65)
NET CASH FLOW FROM FINANCING ACTIVITIES		(692.37)	(939.54)
Conversion differences in cash flow and cash balances		(1.92)	(24.41)
NET INCREASE/(DECREASE) IN CASH FLOW		336.09	337.40
OPENING CASH BALANCE		2,201.41	1,864.01
CLOSING CASH BALANCE		2,537.50	2,201.41

Figures in millions of euros

MAPFRE S.A. AND SUBSIDIARIES

E) FINANCIAL INFORMATION BY SEGMENT - CONSOLIDATED INCOME STATEMENT FOR YEAR ENDING DECEMBER 31, 2019

ITEM	IBERIA	LATAM NORTH	LATAM SOUTH	BRAZIL	NORTH AMERICA
I. REVENUE FROM INSURANCE BUSINESS					
1. Premiums earned, net					
a) Written premiums, direct insurance	7,709.22	1,945.79	1,591.72	3,977.51	2,307.16
b) Premiums from accepted reinsurance	8.54	27.31	4.99	--	24.58
c) Premiums from ceded reinsurance	(969.84)	(989.08)	(663.87)	(616.55)	(629.09)
d) Variations in provisions for unearned premiums and unexpired risks, net					
Direct insurance	(8.49)	(263.76)	(0.85)	(138.37)	77.59
Accepted reinsurance	1.81	(0.58)	(1.72)	--	(1.04)
Ceded reinsurance	131.14	254.98	(1.28)	(4.86)	71.38
2. Share in profits from equity-accounted companies	12.95	--	--	--	--
3. Revenues from investments					
From operations	1,606.70	78.39	195.48	240.07	98.27
From equity	93.46	11.63	10.05	7.93	58.33
4. Unrealized gains on investments on behalf of life insurance policyholders bearing the investment risk	166.86	6.34	0.07	53.39	--
5. Other technical revenue	24.68	0.09	23.28	--	12.76
6. Other non-technical revenue	55.52	0.51	1.87	0.06	0.01
7. Positive foreign exchange differences	11.56	12.10	16.37	--	--
8. Reversal of the asset impairment provision	11.29	--	16.95	--	--
TOTAL REVENUE FROM INSURANCE BUSINESS	8,855.40	1,083.72	1,193.06	3,519.18	2,020.01
II. EXPENSES FROM INSURANCE BUSINESS					
1. Incurred claims for the financial year, net					
a) Claims paid and variation in provision for outstanding claims, net					
Direct insurance	(6,031.93)	(651.55)	(1,260.29)	(1,963.40)	(1,451.16)
Accepted reinsurance	(13.64)	(13.48)	(0.44)	--	(19.73)
Ceded reinsurance	687.21	107.34	733.35	577.74	313.25
b) Claims-related expenses	(392.39)	(15.45)	(34.59)	(60.47)	(169.08)
2. Variation in other technical provisions, net	(415.88)	(75.16)	(88.80)	(158.23)	(0.32)
3. Profit sharing and returned premiums	(27.42)	(11.94)	(0.04)	(2.50)	--
4. Net operating expenses					
a) Acquisition expenses	(1,155.83)	(283.07)	(385.16)	(1,253.32)	(578.65)
b) Administration expenses	(152.69)	(63.45)	(59.83)	(180.54)	(115.91)
c) Commissions and participation in reinsurance	132.32	69.10	81.33	97.83	152.40
5. Share in losses from equity-accounted companies	--	--	--	--	--
6. Investment expenses					
a) From operations	(454.81)	(17.09)	(23.81)	(83.07)	(13.51)
b) From equity and financial accounts	(71.84)	(1.04)	(0.82)	--	(3.64)
7. Unrealized losses on investments on account of life insurance policyholders bearing investment risk	(54.65)	(0.26)	--	--	--
8. Other technical expenses	(84.62)	(15.01)	(22.70)	(1.72)	--
9. Other non-technical expenses	(131.53)	(0.60)	(2.10)	(1.92)	(8.55)
10. Negative foreign exchange differences	(9.77)	(12.33)	(23.48)	(5.58)	--
11. Allowance to the asset impairment provision	(17.72)	--	(17.55)	--	(15.93)
TOTAL EXPENSES FROM INSURANCE BUSINESS	(8,195.19)	(983.99)	(1,104.93)	(3,095.18)	(1,910.83)
RESULT FROM THE INSURANCE BUSINESS	660.21	99.73	88.13	484.00	109.18
III. OTHER ACTIVITIES					
1. Operating revenue	297.94	10.15	12.70	9.64	1.29
2. Operating expenses	(265.53)	(9.73)	(9.48)	(23.89)	(3.59)
3. Net financial income					
a) Financial income	11.74	0.36	1.61	8.14	0.06
b) Financial expenses	(2.53)	--	(1.35)	(1.54)	(0.07)
4. Result from non-controlling interests					
a) Share in profits from equity-accounted companies	0.14	--	--	--	--
b) Share in losses from equity-accounted companies	--	--	--	--	--
5. Reversal of asset impairment provision	2.28	--	--	--	--
6. Allowance to the asset impairment provision	(2.38)	--	--	--	--
7. Result from the disposal of non-current assets classified as held for sale, not included in discontinued operations	--	--	--	--	--
RESULT FROM OTHER ACTIVITIES	41.66	0.78	3.48	(7.65)	(2.31)
IV. RESULT ON RESTATEMENT OF FINANCIAL ACCOUNTS	--	--	(10.88)	--	--
V. RESULT BEFORE TAX FROM ONGOING OPERATIONS	701.87	100.51	80.73	476.35	106.87
VI. TAX ON PROFIT FROM ONGOING OPERATIONS	(121.57)	(24.90)	(18.76)	(149.67)	(28.23)
VII. RESULT AFTER TAX FROM ONGOING OPERATIONS	580.30	75.61	61.97	326.68	78.64
VIII. RESULT AFTER TAX FROM DISCONTINUED OPERATIONS	--	--	--	--	--
IX. RESULT FOR THE PERIOD	580.30	75.61	61.97	326.68	78.64
1. Attributable to non-controlling interests	82.54	12.48	7.18	229.69	--
2. Attributable to the controlling company	497.76	63.13	54.79	96.99	78.64

Figures in millions of euros

MAPFRE S.A. AND SUBSIDIARIES

5) FINANCIAL INFORMATION BY SEGMENT - CONSOLIDATED INCOME STATEMENT FOR YEAR ENDING DECEMBER 31, 2019

ITEM	EURASIA	ASISTENCIA	GLOBAL RISKS	REASEGURO	CORPORATE AREAS AND CONSOLIDATION ADJUSTMENTS	TOTAL
I. REVENUE FROM INSURANCE BUSINESS						
1. Premiums earned, net						
a) Written premiums, direct insurance	1,666.85	333.72	--	--	6.79	19,538.76
b) Premiums from accepted reinsurance	28.69	527.31	1,060.12	4,520.37	(2,696.75)	3,505.16
c) Premiums from ceded reinsurance	(458.57)	(240.87)	(883.80)	(1,979.51)	2,693.77	(4,137.35)
d) Variations in provisions for unearned premiums and unexpired risks, net						
Direct insurance	(43.43)	(21.11)	--	--	(4.07)	(402.49)
Accepted reinsurance	0.17	17.24	59.09	(109.96)	316.93	281.94
Ceded reinsurance	58.08	13.38	(43.05)	221.02	(313.89)	386.90
2. Share in profits from equity-accounted companies	0.36	--	--	--	(5.28)	8.03
3. Revenues from investments						
From operations	335.27	6.78	23.14	184.30	(5.20)	2,763.20
From equity	36.55	--	--	15.87	(2.70)	231.12
4. Unrealized gains on investments on behalf of life Insurance policyholders bearing the investment risk	7.95	--	--	--	(1.57)	233.04
5. Other technical revenue	8.01	--	--	--	(0.25)	68.57
6. Other non-technical revenue	0.53	--	0.01	1.12	0.82	60.45
7. Positive foreign exchange differences	14.15	0.24	1,014.10	505.20	15.48	1,589.20
8. Reversal of the asset impairment provision	--	--	--	0.01	--	28.25
TOTAL REVENUE FROM INSURANCE BUSINESS	1,654.61	636.69	1,229.61	3,958.42	4.08	24,154.78
II. EXPENSES FROM INSURANCE BUSINESS						
1. Incurred claims for the financial year, net						
a) Claims paid and variation in provision for outstanding claims, net						
Direct insurance	(1,070.47)	(135.94)	--	--	(19.38)	(12,584.12)
Accepted reinsurance	(36.31)	(243.37)	(782.50)	(3,194.80)	1,582.74	(2,721.53)
Ceded reinsurance	171.61	83.81	617.01	749.75	(1,565.48)	2,475.59
b) Claims-related expenses	(45.69)	(96.10)	--	(0.11)	(0.63)	(814.51)
2. Variation in other technical provisions, net	(273.58)	--	--	1.34	1.54	(1,009.09)
3. Profit sharing and returned premiums	(3.98)	--	--	--	--	(45.88)
4. Net operating expenses						
a) Acquisition expenses	(325.46)	(302.21)	(130.06)	(1,086.44)	481.06	(5,020.14)
b) Administration expenses	(116.53)	(23.64)	(1.89)	(14.35)	4.94	(723.89)
c) Commissions and participation in reinsurance	169.40	88.20	59.79	265.16	(479.74)	635.79
5. Share in losses from equity-accounted companies	--	--	--	--	--	--
6. Investment expenses						
a) From operations	(67.02)	(1.31)	(5.69)	(47.58)	2.48	(711.41)
b) From equity and financial accounts	(0.17)	--	--	(3.56)	(0.09)	(81.16)
7. Unrealized losses on investments on account of life Insurance policyholders bearing investment risk	--	--	--	--	--	(54.91)
8. Other technical expenses	(6.54)	(21.34)	--	(2.78)	(0.40)	(155.11)
9. Other non-technical expenses	(3.96)	--	--	(9.31)	(7.27)	(165.24)
10. Negative foreign exchange differences	(9.53)	0.41	(1,012.14)	(512.96)	(4.08)	(1,589.46)
11. Allowance to the asset impairment provision	(4.31)	--	0.24	(0.42)	(0.25)	(55.94)
TOTAL EXPENSES FROM INSURANCE BUSINESS	(1,623.54)	(651.49)	(1,255.24)	(3,856.06)	(4.56)	(22,621.01)
RESULT FROM THE INSURANCE BUSINESS	31.07	(14.80)	(25.63)	102.36	(0.48)	1,533.77
III. OTHER ACTIVITIES						
1. Operating revenue	3.00	117.79	--	--	(67.18)	385.33
2. Operating expenses	(2.79)	(128.95)	--	--	(71.76)	(515.72)
3. Net financial income						
a) Financial income	0.40	4.88	--	--	20.46	47.65
b) Financial expenses	(0.29)	(2.74)	--	--	(79.67)	(88.19)
4. Result from non-controlling interests						
a) Share in profits from equity-accounted companies	--	--	--	--	4.31	4.45
b) Share in losses from equity-accounted companies	--	--	--	--	(0.02)	(0.02)
5. Reversal of asset impairment provision	--	(0.03)	--	--	6.79	9.04
6. Allowance to the asset impairment provision	--	(65.58)	--	--	(7.41)	(75.38)
7. Result from the disposal of non-current assets classified as held for sale, not included in discontinued operations	--	--	--	--	--	--
RESULT FROM OTHER ACTIVITIES	0.32	(74.64)	--	--	(194.48)	(232.84)
IV. RESULT ON RESTATEMENT OF FINANCIAL ACCOUNTS	--	(0.69)	--	--	(10.07)	(21.64)
V. RESULT BEFORE TAX FROM ONGOING OPERATIONS	31.39	(90.13)	(25.63)	102.36	(205.03)	1,279.29
VI. TAX ON PROFIT FROM ONGOING OPERATIONS	(6.57)	3.87	6.40	(25.63)	41.03	(324.03)
VII. RESULT AFTER TAX FROM ONGOING OPERATIONS	24.82	(86.26)	(19.23)	76.73	(164.00)	955.26
VIII. RESULT AFTER TAX FROM DISCONTINUED OPERATIONS	--	--	--	--	--	--
IX. RESULT FOR THE PERIOD	24.82	(86.26)	(19.23)	76.73	(164.00)	955.26
1. Attributable to non-controlling interests	9.75	1.73	--	--	2.65	346.02
2. Attributable to the controlling company	15.07	(87.99)	(19.23)	76.73	(166.65)	609.24

Figures in millions of euros

MAPFRE S.A. AND SUBSIDIARIES

E) FINANCIAL INFORMATION BY SEGMENT - CONSOLIDATED INCOME STATEMENT FOR YEAR ENDING DECEMBER 31, 2019

ITEM	IBERIA	LATAM NORTH	LATAM SOUTH	BRAZIL	NORTH AMERICA
I. REVENUE FROM INSURANCE BUSINESS					
1. Premiums earned, net					
a) Written premiums, direct insurance	7,645.30	1,292.55	1,605.75	3,972.20	2,402.41
b) Premiums from accepted reinsurance	12.61	16.80	--	--	22.87
c) Premiums from ceded reinsurance	(719.72)	(457.71)	(624.54)	(624.48)	(382.37)
d) Variations in provisions for unearned premiums and unexpired risks, net					
Direct Insurance	(131.05)	186.23	(34.52)	(0.99)	17.89
Accepted reinsurance	(4.20)	1.58	1.41	--	(1.97)
Ceded reinsurance	77.30	(190.99)	6.52	(7.54)	(87.46)
2. Share in profits from equity-accounted companies	20.58	--	--	--	--
3. Revenues from Investments					
From operations	1,286.58	68.04	175.75	234.23	76.70
From equity	101.66	10.48	12.30	10.16	40.82
4. Unrealized gains on investments on behalf of life insurance policyholders bearing the investment risk	49.46	0.44	0.01	50.02	--
5. Other technical revenue	21.90	0.29	19.84	0.39	13.50
6. Other non-technical revenue	58.84	0.38	3.85	3.83	0.29
7. Positive foreign exchange differences	16.08	11.68	13.14	--	--
8. Reversal of the asset impairment provision	22.81	--	18.18	--	--
TOTAL REVENUE FROM INSURANCE BUSINESS	8,458.15	939.83	1,197.69	3,637.82	2,102.68
II. EXPENSES FROM INSURANCE BUSINESS					
1. Incurred claims for the financial year, net					
a) Claims paid and variation in provision for outstanding claims, net					
Direct Insurance	(5,628.17)	(724.62)	(2,016.56)	(2,038.82)	(1,928.05)
Accepted reinsurance	(1.89)	(8.04)	(3.17)	--	(22.75)
Ceded reinsurance	440.28	202.88	1,489.31	502.33	670.31
b) Claims-related expenses	(358.45)	(12.87)	(35.54)	(84.12)	(174.85)
2. Variation in other technical provisions, net	(248.99)	(18.22)	(66.47)	(149.93)	(0.16)
3. Profit sharing and returned premiums	(25.06)	(7.97)	0.05	(1.57)	--
4. Net operating expenses					
a) Acquisition expenses	(1,102.56)	(260.56)	(395.46)	(1,183.88)	(571.40)
b) Administration expenses	(143.09)	(56.28)	(60.91)	(189.78)	(113.29)
c) Commissions and participation in reinsurance	121.29	61.16	82.00	74.48	114.45
5. Share in losses from equity-accounted companies	--	--	--	--	--
6. Investment expenses					
a) From operations	(398.73)	(17.68)	(13.39)	(86.17)	(8.96)
b) From equity and financial accounts	(86.17)	(1.06)	(0.70)	--	(3.24)
7. Unrealized losses on investments on account of life insurance policyholders bearing investment risk	(142.60)	(1.30)	--	--	--
8. Other technical expenses	(68.84)	(13.84)	(20.10)	(2.32)	--
9. Other non-technical expenses	(129.76)	(0.78)	(2.94)	(3.47)	(0.90)
10. Negative foreign exchange differences	(14.74)	(11.55)	(21.98)	--	--
11. Allowance to the asset impairment provision	(18.34)	--	(23.26)	--	(8.29)
TOTAL EXPENSES FROM INSURANCE BUSINESS	(7,805.82)	(870.73)	(1,089.12)	(3,163.25)	(2,047.13)
RESULT FROM THE INSURANCE BUSINESS	652.33	69.10	108.57	474.57	55.55
III. OTHER ACTIVITIES					
1. Operating revenue	261.25	9.83	13.96	17.45	1.48
2. Operating expenses	(213.16)	(12.42)	(14.18)	(31.50)	(3.26)
3. Net financial income					
a) Financial income	9.89	0.24	6.32	28.70	0.06
b) Financial expenses	(2.56)	--	(0.25)	(1.59)	0.25
4. Result from non-controlling interests					
a) Share in profits from equity-accounted companies	2.29	--	--	--	--
b) Share in losses from equity-accounted companies	--	--	--	--	--
5. Reversal of asset impairment provision	2.25	--	--	--	--
6. Allowance to the asset impairment provision	(3.72)	--	--	--	--
7. Result from the disposal of non-current assets classified as held for sale, not included in discontinued operations	--	--	--	--	--
RESULT FROM OTHER ACTIVITIES	56.24	(2.35)	5.85	13.06	(1.47)
IV. RESULT ON RESTATEMENT OF FINANCIAL ACCOUNTS	--	--	(16.89)	--	--
V. RESULT BEFORE TAX FROM ONGOING OPERATIONS	708.57	66.75	97.53	487.63	54.08
VI. TAX ON PROFIT FROM ONGOING OPERATIONS	(154.51)	(13.31)	(29.90)	(197.28)	(19.18)
VII. RESULT AFTER TAX FROM ONGOING OPERATIONS	554.06	53.44	67.63	290.35	34.90
VIII. RESULT AFTER TAX FROM DISCONTINUED OPERATIONS	--	--	--	--	--
IX. RESULT FOR THE PERIOD	554.06	53.44	67.63	290.35	34.90
1. Attributable to non-controlling interests	73.48	9.77	8.51	236.21	(0.08)
2. Attributable to the controlling company	480.58	43.67	59.12	54.14	34.98

Figures in millions of euros

MAPFRE S.A. AND SUBSIDIARIES

E) FINANCIAL INFORMATION BY SEGMENT - CONSOLIDATED INCOME STATEMENT FOR YEARS ENDING DECEMBER 31, 2019

ITEM	EURASIA	MAPFRE ASISTENCIA	MAPFRE GLOBAL RISKS	MAPFRE RE	CORPORATE AREAS AND CONSOLIDATION	TOTAL
I. REVENUE FROM INSURANCE BUSINESS						
1. Premiums earned, net						
a) Written premiums, direct insurance	1,732.74	327.23	117.23	--	6.82	19,102.23
b) Premiums from accepted reinsurance	33.02	583.79	1,056.68	3,787.13	(2,078.03)	3,434.87
c) Premiums from ceded reinsurance	(481.02)	(223.89)	(899.84)	(1,027.98)	2,077.21	(3,374.94)
d) Variations in provisions for unearned premiums and unexpired risks, net						
Direct Insurance	(70.94)	(20.92)	94.78	--	(5.05)	35.43
Accepted reinsurance	(3.41)	(42.03)	(103.85)	404.35	(79.34)	172.54
Ceded reinsurance	25.46	13.18	36.12	(112.31)	80.95	(158.71)
2. Share in profits from equity-accounted companies	0.19	--	3.90	--	(12.59)	12.08
3. Revenues from investments						
From operations	132.76	5.66	28.85	172.61	(5.09)	2,176.09
From equity	33.47	--	--	7.65	(2.51)	214.03
4. Unrealized gains on investments on behalf of life insurance policyholders bearing the investment risk	--	--	--	--	(11.84)	88.09
5. Other technical revenue	5.03	--	0.54	--	(0.48)	61.01
6. Other non-technical revenue	0.47	--	--	1.98	(0.11)	69.53
7. Positive foreign exchange differences	33.89	0.34	88.24	790.95	5.07	959.39
8. Reversal of the asset impairment provision	(0.06)	--	--	0.18	--	41.11
TOTAL REVENUE FROM INSURANCE BUSINESS	1,431.60	643.36	422.65	4,024.56	(24.99)	22,833.35
II. EXPENSES FROM INSURANCE BUSINESS						
1. Incurred claims for the financial year, net						
a) Claims paid and variation in provision for outstanding claims, net						
Direct Insurance	(1,043.25)	(138.12)	(264.53)	--	(20.07)	(13,802.19)
Accepted reinsurance	(33.44)	(235.86)	(566.09)	(3,285.61)	1,691.24	(2,465.61)
Ceded reinsurance	212.87	79.33	656.76	1,096.04	(1,673.05)	3,677.06
b) Claims-related expenses	(42.56)	(102.84)	(4.44)	(0.11)	(0.06)	(815.84)
2. Variation in other technical provisions, net	(95.05)	--	--	2.26	11.81	(564.75)
3. Profit sharing and returned premiums	(3.97)	--	(0.18)	--	--	(38.70)
4. Net operating expenses						
a) Acquisition expenses	(292.09)	(285.34)	(136.43)	(1,014.76)	431.68	(4,810.80)
b) Administration expenses	(122.62)	(42.73)	(6.81)	(14.66)	4.59	(745.58)
c) Commissions and participation in reinsurance	195.31	83.89	51.91	214.88	(431.71)	567.66
5. Share in losses from equity-accounted companies	--	--	--	--	--	--
6. Investment expenses						
a) From operations	(147.28)	(1.12)	(15.57)	(22.65)	0.73	(710.82)
b) From equity and financial accounts	(0.14)	--	--	(1.55)	(0.05)	(92.91)
7. Unrealized losses on investments on account of life insurance policyholders bearing investment risk	(2.26)	--	--	--	--	(146.16)
8. Other technical expenses	(7.05)	(17.74)	(7.43)	(2.28)	0.47	(139.13)
9. Other non-technical expenses	(2.40)	--	(0.73)	(8.68)	(0.03)	(149.69)
10. Negative foreign exchange differences	(14.30)	(1.12)	(87.06)	(794.57)	(1.38)	(946.70)
11. Allowance to the asset impairment provision	(5.56)	--	--	--	(173.81)	(229.26)
TOTAL EXPENSES FROM INSURANCE BUSINESS	(1,403.79)	(661.65)	(380.60)	(3,831.69)	(159.64)	(21,413.42)
RESULT FROM THE INSURANCE BUSINESS	27.81	(18.29)	42.05	192.87	(184.63)	1,419.93
III. OTHER ACTIVITIES						
1. Operating revenue	2.96	71.67	0.37	--	(57.97)	321.00
2. Operating expenses	(6.08)	(62.45)	(0.01)	--	(58.56)	(401.62)
3. Net financial income						
a) Financial income	0.41	11.83	0.02	--	25.11	82.58
b) Financial expenses	(0.21)	(2.89)	--	--	(78.04)	(85.29)
4. Result from non-controlling interests						
a) Share in profits from equity-accounted companies	--	--	--	--	--	2.29
b) Share in losses from equity-accounted companies	--	--	--	--	(0.03)	(0.03)
5. Reversal of asset impairment provision	--	--	--	--	23.16	25.41
6. Allowance to the asset impairment provision	--	--	--	--	(11.37)	(15.09)
7. Result from the disposal of non-current assets classified as held for sale, not included in discontinued operations	--	--	--	--	--	--
RESULT FROM OTHER ACTIVITIES	(2.92)	18.16	0.38	--	(157.70)	(70.75)
IV. RESULT ON RESTATEMENT OF FINANCIAL ACCOUNTS	--	(0.52)	--	--	(1.31)	(18.72)
V. RESULT BEFORE TAX FROM ONGOING OPERATIONS	24.89	(0.65)	42.43	192.87	(343.64)	1,330.46
VI. TAX ON PROFIT FROM ONGOING OPERATIONS	(4.49)	(8.13)	(18.66)	(43.73)	36.25	(452.94)
VII. RESULT AFTER TAX FROM ONGOING OPERATIONS	20.40	(8.78)	23.77	149.14	(307.39)	877.52
VIII. RESULT AFTER TAX FROM DISCONTINUED OPERATIONS	--	--	--	--	--	--
IX. RESULT FOR THE PERIOD	20.40	(8.78)	23.77	149.14	(307.39)	877.52
1. Attributable to non-controlling interests	7.95	1.33	--	--	11.49	348.66
2. Attributable to the controlling company	12.45	(10.11)	23.77	149.14	(318.88)	528.86

Figures in millions of euros

F) SUPPLEMENTARY FINANCIAL INFORMATION BY PRODUCT AND GEOGRAPHICAL AREA**1. CONSOLIDATED ORDINARY REVENUES FROM EXTERNAL CLIENTS IN FINANCIAL YEARS ENDING DECEMBER 31, 2019 AND 2018**

The breakdown of consolidated ordinary revenues, by product and country, in line with the segments broken down in Note 2.2, is as follows:

1.a) Information by product

Products	2019	2018
Life	4,891.08	4,875.70
Automobile	6,639.14	6,881.59
Homeowners and commercial risks	2,467.37	2,413.30
Health	1,069.55	1,032.42
Accidents	235.35	232.42
Other Non-Life	4,904.79	3,795.47
Reinsurance	5,581.59	5,429.72
Other Activities	899.94	882.22
Consolidation adjustments	(3,259.55)	(2,684.75)
TOTAL	23,429.25	22,858.10

Figures in millions of euros

1.b) Information by country

Geographic Area / Countries	2019	2018
IBERIA		
Spain	7,880.28	7,785.21
Portugal	135.42	133.95
LATAM NORTH		
Mexico	1,334.37	728.51
Panama	223.03	204.03
Other	425.85	386.64
LATAM SOUTH		
Argentina	179.92	209.96
Chile	276.01	289.41
Colombia	383.46	395.16
Peru	551.68	491.55
Other	218.35	233.63
BRAZIL	3,987.15	3,989.65
NORTH AMERICA		
United States of America	1,950.01	2,038.34
Puerto Rico	383.03	388.43
EURASIA		
Italy	470.91	474.15
Malta	358.53	391.05
Turkey	450.09	487.13
Other	419.01	416.39
MAPFRE ASISTENCIA	978.82	982.69
MAPFRE GLOBAL RISKS	1,060.12	1,174.28
MAPFRE RE	4,520.37	3,787.13
CORPORATE AREAS		
AND CONSOLIDATION ADJUSTMENTS	(2,757.16)	(2,129.19)
TOTAL	23,429.25	22,858.10

Figures in millions of euros

Direct insurance and accepted reinsurance premiums, as well as operating revenues from non-insurance activities are considered as ordinary revenues.

2. NON-CURRENT ASSETS AT DECEMBER 31, 2019 AND 2018

The breakdown of non-current assets in line with the segments broken down in Note 2.2, is as follows:

Geographic Area / Countries	2019	2018
IBERIA		
Spain	1,941.25	1,710.42
Portugal	22.64	14.03
LATAM NORTH		
Mexico	150.34	88.88
Panama	57.11	56.46
Other	44.44	37.27
LATAM SOUTH		
Argentina	32.81	35.75
Chile	24.38	22.26
Colombia	41.90	21.93
Peru	187.68	162.72
Other	20.18	23.38
BRAZIL	748.51	677.63
NORTH AMERICA		
United States of America	380.29	501.69
Puerto Rico	58.89	56.82
EURASIA		
Italy	57.00	51.55
Malta	208.78	184.40
Turkey	45.86	45.08
Other	44.59	39.98
MAPFRE ASISTENCIA	102.60	121.19
MAPFRE GLOBAL RISKS	---	9.49
MAPFRE RE	103.08	72.12
CORPORATE AREAS		
AND CONSOLIDATION ADJUSTMENTS		
TOTAL	5,022.00	4,643.35

Figures in millions of euros

Non-current assets include intangible fixed assets other than goodwill and portfolio acquisition expenses, property, plant and equipment, real estate investments, inventories, tax receivables, corporate and other receivables, other assets, and non-current assets held for sale and from discontinued operations, with information in Note 6.9 herein regarding the latter.

No client contributes, on an individual basis, more than 10 percent of the Group's ordinary revenues.

G) CONSOLIDATED ANNUAL REPORT**1. GENERAL INFORMATION REGARDING THE COMPANY AND ITS ACTIVITIES**

MAPFRE S.A. (hereinafter the "controlling company") is a listed public limited company and parent of a number of controlled companies engaged in insurance activity in its various lines of business, both Life and Non-Life, finance, securities investment, and services.

MAPFRE S.A. is a subsidiary of CARTERA MAPFRE, S.L. Single-Member Company (hereinafter, CARTERA MAPFRE), fully controlled by Fundación MAPFRE.

The scope of activity of the controlling company and its subsidiaries (hereinafter "MAPFRE", "the Group" or "MAPFRE Group") includes the Spanish territory, European Economic Area countries, and other countries.

The controlling company was incorporated in Spain and has its registered office in Majadahonda (Madrid), Carretera de Pozuelo 52.

The MAPFRE Group activities are carried out through four business units: Insurance, Assistance, Global Risks and Reinsurance; three territorial areas: IBERIA, LATAM and INTERNATIONAL; and six regional areas: IBERIA (Spain and Portugal), BRAZIL, LATAM NORTH (Mexico, Dominican Republic, Panama, El Salvador, Nicaragua, Costa Rica, Honduras and Guatemala), LATAM SOUTH (Colombia, Venezuela, Ecuador, Peru, Chile, Argentina, Uruguay and Paraguay), NORTH AMERICA (United States, Puerto Rico and Canada), and EURASIA (Europe, Middle East, Africa and Asia-Pacific).

The Insurance Business Unit is organized according to the regional areas of MAPFRE, which comprise the geographical units that plan, support and supervise in the region.

The Reinsurance and Global Risks business comprise the legal entity MAPFRE RE.

The activity of the various Business Units is complemented by the Corporate Areas (Internal Audit, Strategy and M&A, Finance and Resources, Investment, Business and Clients, Operations, People and Organization, External Relations and Communications, General Counsel and Legal Affairs, Business Support and IT and Processes) which have global responsibilities for all the Group's companies worldwide regarding the development, implementation, and monitoring of global, regional and local corporate policies.

MAPFRE pushes for multi-channel distribution, adapting its commercial structure to the different legislations in which it operates.

The focus on the client, the global product offer, and the adaptation to the legal and commercial particularities of each of the markets in which it is present are some of the key factors of success of the company's business model.

The individual and consolidated annual accounts were prepared by the Board of Directors on February 11, 2020 and are expected to be approved by the Annual General Meeting. Spanish regulations provide for the possibility of modifying the consolidated annual accounts if they are not approved by the aforementioned sovereign body.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED ANNUAL ACCOUNTS

2.1. BASIS OF PRESENTATION

The Group's consolidated annual accounts were prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (EU-IFRS), with all companies having carried out the requisite standardization adjustments.

The consolidated annual accounts have been prepared on the cost model basis, except for financial assets available for sale, financial assets for trading and derivative instruments, which are recorded at their fair value.

There was no early application of the rules and interpretations which, having been approved by the European Commission, had not entered into force at the close of 2019. However, had there been any, their early adoption would not have affected the Group's financial situation and results, with the exception of what is indicated in Note 2.5 below.

2.2. FINANCIAL INFORMATION BY SEGMENT

Section E) of the consolidated annual accounts contains the financial information broken down by operating segment, which is aligned with the Group organizational structure and with the information provided to Management and to the market.

The organizational structure identifies the following operating segments based on the activities of the Business Units:

Insurance activity and other activities

- INSURANCE
 - IBERIA
 - BRAZIL
 - LATAM NORTH
 - LATAM SOUTH
 - NORTH AMERICA
 - EURASIA
- ASSISTANCE
- GLOBAL RISKS
- REINSURANCE

Revenues and expenses from the Insurance business also include complementary activities relating to asset and real estate management, and from medical services, assistance, funeral services, technology services, and others. The operating segment corresponding to the Insurance Unit presents its information according to the structure of the Group's regional areas and taking into account the quantitative thresholds established in prevailing regulations.

The operating segments corresponding to the Assistance, Global Risks and Reinsurance Business Units include insurance and reinsurance activity, regardless of the geographic location.

Transactions between segments are recorded at fair value and eliminated in the consolidation process.

The amounts shown under "Corporate Areas and consolidation adjustments" include expenses for services rendered by the Corporate Areas and the adjustments made on consolidation.

The Consolidated Management Report contains additional information on business performance and characteristics.

2.3 FINANCIAL INFORMATION BY PRODUCT AND GEOGRAPHIC AREA

Section F) of the consolidated annual accounts contains supplementary financial information broken down by product and geographical area.

The information by product is presented for the main activity lines, which are:

- Life
- Automobile
- Homeowners and commercial risks
- Health
- Accidents
- Other Non-Life
- Reinsurance
- Other Activities

The information shown for each geographic area is broken down by the main countries comprising the Group's regional areas, as indicated in Note 1 herein.

2.4. CHANGES IN ACCOUNTING POLICIES, CHANGES IN ESTIMATES AND ERRORS

As a result of EU-IFR 16 "Leases" entering into force on January 1, 2019, which repeals the previous EU-IAS 17 "Leases", there has been a change in the Group accounting policy effective in the current and future years. The main implications are related to leasing contracts in which the Group is the lessee.

In line with the transitory provision of the standard, the Group has applied the modified retroactive approach, recognizing the accumulated effect net of taxes as a negative adjustment on the reserves and non-controlling interest balances, for the amount of 8.36 and 4.73 million euros, respectively. The information from 2018 has not been restated on a like for like basis.

In addition, at the close of the year, the following effects were produced:

- An increase in assets and liabilities of 286.53 and 315.58 million euros, respectively.
- A decrease in operating expenses and an increase in financial expenses of 13.52 and 17.24 million euros, respectively. The amount of financial expenses will reduce gradually, with financial criteria, during the estimated term of the contracts.
- A fall of 2.42 million euros in the result for the period attributable to the controlling company. This amount will be offset entirely at the end of the estimated term of the contracts.

The adoption of IFRIC 23 “Uncertainty over Income Tax Treatments” which enters into force for years beginning as of January 1, 2019, has not had a significant impact on the financial situation or results of the Group.

No significant errors have been detected in the consolidated accounts from previous years.

2.5. COMPARISON OF INFORMATION

With the exception of the change in accounting policy described above in Note 2.4, which causes the information related to leases in 2018 included in these Notes to the Consolidated Financial Statements to not be comparative with the information for 2019, there are no other reasons preventing the consolidated annual accounts of this reporting period from being compared with those of the previous period, as they have been prepared in line with the international standards approved by the European Commission and which were in force at the close of the year.

At the date when these annual accounts were prepared, the following information is noteworthy:

- The Group is analyzing the possible impact of IFRS 17 “Insurance Contracts”, which is expected to be applicable to reporting periods beginning on or after January 1, 2022, and which was approved by the International Accounting Standards Board (IASB), and has not yet been adopted by the European Union. The impact is expected to be significant.
- In relation to EU-IFRS 9 “Financial instruments”, which is also expected to have a significant impact, and the modification of EU-IFRS 4 “Insurance Contracts”, which will apply to reporting periods beginning on or after January 1, 2018, the Group, by virtue of the provisions set out in the latter standard, has made use of the temporary deferral approach from the application of IFRS 9 for companies operating primarily in insurance activity (more than 90 percent of liabilities are related to insurance activity). Said temporary deferral is applicable until reporting periods beginning on or after January 1, 2022, on which date the new IFRS 17 “Insurance Contracts” will enter into force.

With the aim of analyzing potential impacts from the application of EU-IFRS 9 “Financial instruments” and to improve the comparability of the information between companies that are applying said regulation and those that have opted for deferral, the modification of EU-IFRS 4 “Insurance Contracts” requires the inclusion of certain information related to flows from financial assets recorded at amortized cost or recorded as assets available for sale. Considering the above, the Group has analyzed the fixed income assets classified in the headings “Held to maturity portfolio” and “Available for sale portfolio”, with the detailed information required for the annual accounts given in Note 6.4. “Financial Investments”.

The Group shall adopt, upon their entry into force, all other applicable standards, amendments and interpretations. The initial application of such is not expected to have a significant impact on the Group’s financial situation or result.

2.6. CHANGES IN THE SCOPE OF CONSOLIDATION

The companies that were included in the scope of consolidation are listed in Annex 1, along with all the other changes to said scope.

Annex 2 includes the main companies of the Group, with their equity and results information.

The result for the period arising from the loss of control in controlled companies is insignificant (these losses of control are described in Annex 1).

The overall effect on the Group's consolidated equity, financial position and results in 2019 and 2018 derived from other changes in the scope of consolidation with respect to the preceding year is described in the corresponding notes of the consolidated annual report.

2.7. ACCOUNTING JUDGMENTS AND ESTIMATES

In the preparation of the consolidated annual accounts under EU-IFRS, the controlling company's Board of Directors has made judgments and estimates based on assumptions about the future and uncertainties that basically refer to:

- The technical provisions (Note 6.13).
- Impairment losses on certain assets (Notes 6.1, 6.2 and 6.4).
- The calculation of provisions for risks and expenses (Note 6.14).
- The actuarial calculation of post-employment remuneration-related commitments and liabilities (Note 6.21).
- The useful life of intangible assets and of property, plant & equipment items (Notes 5.3 and 6.1).
- The fair value of certain non-listed assets (Note 6.4).
- The fair value of assets and liabilities from lease contracts (Note 6.3).

The estimates and assumptions used are reviewed regularly and are based on past experience and other factors that may have been deemed more reasonable in each instance. If these reviews lead to changes in estimates in a given period, their effect shall be applied during that period and, where relevant, in subsequent periods.

3. CONSOLIDATION

3.1. CONTROLLED COMPANIES, ASSOCIATED UNDERTAKINGS AND JOINT ARRANGEMENTS

The controlled companies, associated undertakings and joint arrangements included in the consolidation are listed, indicating the integration method, in the table of acquisitions of controlled companies attached as Annex 1 to the consolidated annual report.

Companies are configured as controlled companies when the controlling company holds power over the investee entity, has exposure or rights to variable returns, and has the capacity to influence those returns through the power exercised in the entities. Controlled companies are consolidated from the date when the

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Group acquires control, and are excluded from the consolidation on the date when it ceases to have such control.

In controlled companies where 50 percent or less of the economic rights are held, the classification as "controlled company" is based on the provisions set out in the shareholder agreements, which can contemplate the following scenarios:

- The administration of the companies is carried out by a Board of Directors, which is responsible for their operating and financial strategies as well as their administration and management, and for overseeing their financial and operating policies, among others. In these cases the Board of Directors is made up of an even number of members and the chairman is always appointed at the recommendation of MAPFRE. The chairman has the casting vote, therefore exercising control over the company.
- MAPFRE is granted the power to appoint and revoke the CEO, Finance Manager, Actuarial Manager, and any other key personnel for the management and control of the company.
- The political rights established do not coincide with the economic rights, which means that MAPFRE has the majority of the voting rights in the Annual General Shareholders' Meeting. Additionally, in these cases the Board of Directors is made up of an even number of members and in the event of a tie one of the directors appointed at the recommendation of MAPFRE has the casting vote.

Non-controlling interests in controlled companies acquired since January 1, 2004 are recorded at the fair value of the percentage of purchased net assets identifiable at the acquisition date. Those acquisitions made prior to the abovementioned date were recorded at the percentage of purchased net assets at the date of the first consolidation.

Non-controlling interests are shown in consolidated equity separately from the equity attributable to the controlling company shareholders. Non-controlling interests of controlled companies in the consolidated results for the period (and in the total comprehensive consolidated result for the period) are also shown separately in the consolidated income statement (consolidated statement of comprehensive income).

Associated undertakings are companies in which the controlling company exercises a significant influence but which are neither controlled companies nor joint arrangements.

Significant influence is understood as the power to intervene in decisions on financial and operating policies of the investee company, but without controlling or jointly controlling these policies, presuming that there is significant influence when, either directly or indirectly through its controlled companies, at least 20 percent of the voting rights of the investee company is owned.

Interests in associated undertakings are consolidated by the equity method, including, in the value of interests, the net goodwill identified at the date of acquisition.

When the Group's participation in the losses of an associated undertaking is equal to or higher than the book value of its stake, including any unsecured receivable, the Group does not record additional losses, unless obligations have been incurred or payments have been made on behalf of the associated undertaking.

To determine if an investee company is controlled or associated, the purpose and design of the investee company have been taken into account to ascertain the relevant activities, the way that decisions are taken

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on these activities, who has the current capacity to direct these activities and who receives their financial returns. The potential voting rights held and exercisable such as purchase options on shares, debt instruments convertible into shares or other instruments giving the controlling company the possibility to increase their voting rights have also been considered.

A joint arrangement is considered to exist when two or more entities undertake an economic activity subject to shared control regulated by means of contractual agreement.

A joint arrangement is classified as a joint venture when the parties have rights to the net assets, in which case their acquisitions are recorded in the consolidated annual accounts using the equity-accounted method.

A joint arrangement is classified as a joint operation when the parties have rights to the net assets and obligations for the liabilities, in which case their interests are recorded in the consolidated annual accounts using the proportionate consolidation method.

The financial statements of the controlled companies, associated undertakings and joint arrangements used for the consolidation correspond to the years ending December 31, 2019 and 2018.

3.2. MUTUAL FUNDS

Mutual funds managed by Group companies in which the participation is greater than 20 percent (30 percent until 2018, and the amount of funds in which the Group's participation was between 20 and 30 percent at the close of said year was not relevant) were consolidated by global integration method.

3.3. CONVERSION OF ANNUAL ACCOUNTS OF FOREIGN COMPANIES INCLUDED IN THE CONSOLIDATION

The functional and presentation currency of the MAPFRE Group is the euro. Accordingly, the balances and operations of Group companies with a different functional currency are translated into euros using the closing exchange rate for balance sheet balances and the average exchange rate weighted for the volume of operations, for transactions.

The exchange differences resulting from applying the aforementioned procedure, as well as those arising from the conversion of loans and other foreign currency hedging instruments for investments in foreign activities, are presented as a separate component in the "Consolidated Statement of Other Comprehensive Income" and are shown under equity in the "Currency conversion differences" account, deducting the part of the difference that corresponds to non-controlling interests.

Goodwill and fair value adjustments of assets and liabilities arising from the acquisition of Group companies whose presentation currency is not the euro are treated as assets and liabilities of overseas activities. As such, they are stated in the functional currency of the overseas undertaking and translated at the closing exchange rate.

Hyperinflationary economies

The financial statements of the companies registered in countries with a high inflation rate or hyperinflationary economies are adjusted or restated for the effects of changes in prices before their conversion into euros. Adjustments for inflation are performed in line with IAS 29 "Financial reporting in hyperinflationary economies".

The Group accounting policy for recording operations in hyperinflationary economies consists of recording in reserves both the revaluation of non-monetary items and the currency conversion differences generated from the conversion to euros of the restated financial statements of subsidiaries in these countries. While this accounting criteria has been accepted by market regulators in previous years, in response to a consultation presented in 2019, the IFRIC has tentatively considered that the above-described policy is not acceptable. The Group and other market players have requested a more thorough analysis from the IFRIC, providing solid arguments that support the Group accounting policy. At the date of preparation of the annual accounts, a decision has not been reached by the IFRIC, and thus the criteria indicated has been maintained; the adoption of the alternative accounting treatment would entail reclassifying the net amounts of the impacts of the restatement and the conversion to the heading "Currency conversion differences".

The amounts recognized in Reserves in the last two years from these effects are the following:

Item	Balance 12.31.17	Variation 2018	Balance 12.31.18	Variation 2019	Balance 12.31.19
Restatement for inflation	517.30	25.51	542.81	21.99	564.80
Currency conversion differences	(889.90)	(180.90)	(1,070.80)	(31.99)	(1,102.79)
Net	(372.60)	(155.39)	(527.99)	(10.00)	(537.99)

Million euros

Variations in Currency conversion differences from 2018 include 95.60 million euros from subsidiaries in Argentina originating in previous periods and which were reclassified to Reserves in 2018, the year in which the country began to be considered hyperinflationary.

The following chart gives details about other data related to the conversion of the annual accounts from companies operating in hyperinflationary economies:

Country	Inflation (%)		Exchange rate (units of currency per euro)		Results from restatement		Equity	
	2019	2018	2019	2018	2019	2018	2019	2018
Argentina	54	48	67	43	(11.57)	(17.41)	49.12	47.03
Venezuela	5,790	702,404	150,636	4,699	(10.07)	(1.31)	6.34	3.54
Total (million euros)					(18.72)	(18.72)	55.46	50.57

Regarding the exchange rate shown for Venezuela (the Sovereign bolivar), given that there is not reliable official information, both at the close of 2019 and 2018, for the consolidation of the financial statements, an exchange rate based on the estimated inflation in the country has been considered.

The results of the restatement are included in the Consolidated Income Statement and represent the loss of purchasing power of the net monetary assets from inflation.

Adjustments to the opening balance

The adjustments to opening balance columns in the different tables of the consolidated annual report include the variations that occurred as a result of applying a different conversion exchange rate to the figures for overseas subsidiaries.

The variations in the technical provisions shown in the consolidated income statement differ from those obtained from the difference between the previous balances on the consolidated balance sheets for this year and the previous year as a result of applying a different conversion exchange rate to the figures for overseas subsidiaries.

4. EARNINGS PER SHARE AND DIVIDENDS**4.1. EARNINGS PER SHARE**

The calculation of the basic earnings per share—which matches the diluted gains per share, since there is no ordinary potential share—is shown below:

Item	2019	2018
Net profit attributable to controlling company's shareholders (million euros)	609.24	528.86
Weighted average number of ordinary shares outstanding (million)	3,051.88	3,054.26
Basic earnings per share (euros)	19.96	17.32

4.2. DIVIDENDS

The breakdown of the dividends paid by the controlling company in the last two years is shown below:

Item	Total dividend (million euros)		Dividend per share (euro cents)	
	2019	2018	2019	2018
Interim dividend	184.77	184.83	6.060	6.050
Final dividend	261.76	261.64	8.585	8.570
TOTAL	446.53	446.47	14.65	14.62

The dividends per share indicated in the table above correspond to the amount for all outstanding shares, at the date of payment of the dividend.

The total dividend for 2019 was proposed by the Board of Directors and is pending approval by the Ordinary Annual General Meeting.

The planned dividend payout complies with the requirements and limitations that are set out in the legal regulations and the corporate bylaws.

In 2019 the controlling company distributed an interim dividend equivalent to a total amount of 184,773,244.10 euros, which is recorded in equity under the heading "Interim dividend". The liquidity statement prepared by the Board of Directors for the distribution is shown below.

Item	Date of Resolution Sep. 28 2018
Cash available on date of the resolution	6.19
Increases in cash forecast within one year	804.61
(+) From expected current collection transactions (+) From financial transactions	704.61 100.00
Decreases in cash forecast within one year	(401.64)
(-) From expected current payment transactions (-) From expected financial transactions	(94.94) (306.70)
Cash available within one year	409.16

Figures in millions of euros

5. ACCOUNTING POLICIES

The accounting policies applied to the following entries are indicated below:

5.1. INTANGIBLE ASSETS

GOODWILL

Goodwill on merger

This represents the excess of cost paid on a business combination over the fair value of the identifiable assets and liabilities at the date of the merger.

Consolidation differences

- Goodwill on consolidation

This represents the excess net acquisition costs paid over the fair value of the interest in the equity of the controlled company at the date of acquisition, except for acquisitions realized before January 1, 2004, which correspond to goodwill net of amortization recorded in line with Spanish legislation in force at the time. In the case of acquisitions of stakes in the controlled company from non-controlling interests subsequent to the initial one, the controlling company recognizes this excess as a lower amount of reserves.

- Negative consolidation difference

Where the value of the identifiable assets acquired less the value of accepted liabilities is higher than the acquisition cost, this difference is recorded as revenue in the consolidated income statement.

Goodwill impairment

After its initial recognition and allocation to a cash-generating unit, its possible loss in value is assessed at least once a year. When the recoverable amount of said cash generating unit is below the net book value, the corresponding loss in value is recognized immediately in the consolidated income statement.

OTHER INTANGIBLE ASSETS

Other intangible assets from an independent acquisition

Intangible assets acquired from third parties in a market operation are valued at cost. If their useful life is finite they are amortized based on that life and, if their useful life is indefinite, the value impairment tests are undertaken at least once a year.

Internally-generated intangible assets

Research expenses are directly recognized on the consolidated income statement for the year in which they are incurred. Development expenses are recorded as an asset when their probability, feasibility and future recoverability can be reasonably ensured. They are valued by the disbursements made.

The capitalized development expenses are amortized during the period in which revenues or yields are expected to be obtained without prejudice to the valuation that would be made if impairment occurs.

Amortization of limited useful life intangible assets

- Portfolio acquisition costs

These costs are amortized over the life of the portfolios, in a maximum period of 30 years, and depending on their cancellation.

- Other intangible assets

These are amortized based on their limited useful life following a linear method. The amortization has been recorded as "Provision for amortization" in the expense account by nature.

5.2. BUSINESS COMBINATIONS

The controlling company identifies a business combination when the assets acquired and the liabilities assumed in a transaction constitute a business. The combinations are recorded by applying the acquisition method.

On the acquisition date, which is when control of the acquired business or company is obtained, the goodwill, the identifiable assets acquired, the liabilities assumed, and any non-controlling interest in the acquire are recognized separately.

Goodwill represents the excess of cost, including deferred payments, whether certain or contingent, over the net amount on the date of acquisition of the identifiable assets acquired and the liabilities assumed. In line with the provisions under EU-IFRS 3, the Group has chosen not to increase goodwill in proportion to non-controlling interests.

Initially, the identifiable assets and liabilities assumed are recorded at fair value on the acquisition date. Any acquisition-related costs incurred by the acquirer are recognized as an expense in the period in which they are incurred, except in the case of any costs incurred in issuing debt or shares.

Subsequently, the acquiring company measures the assets acquired, liabilities assumed and equity instruments issued in the business combination in line with the valuation rules applied to those items, according to their nature.

In business combinations carried out in stages, on the date on which control of the acquisition is obtained, the controlling company once again measures its previously held interests in the acquiree's equity at their acquisition-date fair value and recognizes any resulting gain or loss in the consolidated income statement. Likewise, any valuation change adjustments pending allocation to the result for the period are transferred to the consolidated income statement.

When the valuation process necessary to apply the acquisition method cannot be concluded on the closing date of the fiscal year, annual accounts are prepared with provisional data. These values are adjusted within the necessary period to complete the initial accounting, which period shall never exceed one year from the date of acquisition.

When the business combinations have been recognized in the accounts, any modifications to contingent payments are recorded, for combinations undertaken on or after January 1, 2010, in the consolidated income statement; combinations undertaken earlier are recorded as a change in the business combination cost.

5.3. PROPERTY, PLANT AND EQUIPMENT AND REAL ESTATE INVESTMENTS

Property, plant and equipment and real estate investment are valued at their net acquisition cost minus their accumulated amortization and, if applicable, accumulated losses due to impairment.

Investments classified as real estate investments are those non-current real estate assets intended to obtain rental income, gains or both.

Costs incurred after their acquisition are recognized as an asset only when the future financial profits related to them are likely to revert to the Group and the cost of the item may be accurately determined. All other expenses associated with maintenance and repair are charged to the consolidated income statement during the year in which they are incurred.

The depreciation of these elements is calculated linearly based on the cost of acquisition of the asset, less its residual value and the value of the land according the following periods of useful life:

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ITEM GROUP	YEARS	ANNUAL RATIO
Buildings and other structures	50-25	2%-4%
Vehicles	6-25	16%
Furniture	10	10%
Fittings	20-10	5%-10%
Data processing equipment	4-10	25%

The residual value and the useful life of assets are reviewed and adjusted if necessary at the close of each year.

These assets are written off in the accounts when they are transferred or when future economic profit derived from their continuous use is not expected to be obtained. The gains or losses resulting from writing the aforementioned elements off are included on the consolidated income statement.

5.4. LEASING

The Company considers that a contract constitutes, or contains, a lease when it entails the right to control the use of a specified asset for a certain period of time in exchange for compensation.

The leases in which inherent all risks and benefits of the leased property are transferred to the lessee are classified as financial leases.

Leases in which the lessor maintains a significant part of the risks and benefits derived from ownership of an underlying asset are classified as operating leases.

At the date of application of EU-IFRS16 "Leases", the Group adopted the practical solution of not evaluating whether or not a contract is or contains a lease.

Lease term

The lease term is determined according to the non-cancellable period, bearing in mind as well the periods covered with the option of extending or cancelling the lease when there is reasonable certainty that the lessee will exercise this option.

Should there be a change during the non-cancellable period of a lease, the term of said lease will be revised.

Recognition and measurement

As a lessee, the Group recognizes at the date the lease enters into force a right-of-use asset and a lease liability, in line with the payments established in the contract and its estimated term. The initial measurement of the asset is made at cost, and that of the liability is made at the present value of future payments discounted at the incremental interest rate for the debt for said lease.

Subsequently, the right-of-use asset will be measured at cost minus amortization and the accumulated losses for the impairment in value, and adjusted where necessary by new measurement of the liability.

In the case of contract review, the passive will be newly measured, discounting the modified lease payments.

The result for the period will recognize amortizations expenses and interest on the liability, and where relevant the variable lease payments not included in the initial measurement.

As a lessor, the Group recognizes the assets it holds as financial leases for the amount equal to the net lease investment measured using the implicit interest for the lease, and presenting them as a caption pending collection. Subsequently, financial income is recognized during the lease term, recording a constant periodic return on net investment. For operation leases, income from payments for the lease are recognized linearly or through another systematic method if it is more representative.

Exemptions

The Group, as a lessee, applies the exemptions contemplated to not include short-term contracts (by underlying asset class) as leases, and for those in which the underlying asset has limited value (contract by contract), recognizing lease payments as expenses linearly for the lease term, or through another systematic method if it is more representative.

5.5. FINANCIAL INVESTMENTS

Recognition

Financial assets traded on secondary securities markets are generally recognized on the settlement date.

Classification

Financial investments are classified in the following portfolios:

- Held-to-maturity portfolio

This includes the securities for which there is the intention and proven financial capacity to hold them until their maturity.

- Available-for-sale portfolio

This includes debt securities not classified in other portfolios and the capital instruments of companies that are not controlled, associated or joint arrangements and that are not included in the "Trading portfolio".

- Trading portfolio

This includes financial assets originating or acquired with the objective of selling them in the short term, that are part of a portfolio of financial instruments identified and managed together for which there is proof of recent actions to obtain gains in the short term.

Derivative instruments not assigned to a hedging operation and hybrid financial assets completely valued at their fair value are also part of this portfolio.

In hybrid financial assets that simultaneously include a main contract and a financial derivative, these two components are separated and treated independently for the purpose of classifying and valuing them. When this separation is not possible, they are valued at their fair value.

Valuation

In their initial recognition on the balance sheet, all financial investments are recognized at the fair value of the provided remuneration plus, in the case of financial investments not classified in the "trading portfolio", the transaction costs that are directly attributable to their acquisition. Fair value is the price that would be received for the sale of a financial asset through a transaction ordered between market participants on the date of valuation.

Subsequently, financial investments are measured at their fair value without deducting any transaction cost that may be incurred due to their sale or any form of disposition, with the following exceptions:

- a) Financial investments included in the "held-to-maturity portfolio", which are measured at their amortized cost using the effective interest rate method.
- b) Financial assets that are capital instruments whose fair value cannot be reliably estimated, as well as derivatives that are underlying for these instruments and that are settled by providing them, and that are measured at cost.

The fair value measurement of financial investments included in the available-for-sale portfolio and the trading portfolio are classified according to the levels of the variables used in their valuation:

- Level 1. Quoted price: Unadjusted price quoted in active markets.
- Level 2. Observable data: Prices quoted in active markets for instruments similar to the one being valued or other valuation techniques in which all the significant variables are based on observable market data. The valuation is made via a model that discounts future financial flows, including the reimbursement value, using a rate curve with two main components:
 - Zero coupon swap curve of the currency of the issuance, which is considered to be the best approximation to the risk-free interest rate.
 - Spread of the additional risk, which will be the spread added to or subtracted from the zero coupon swap curve that reflects the risks inherent to the issuance being valued, such as credit, liquidity or optionality risk.
- Level 3. Other valuations: Variables specific to each case. For these purposes, it is possible to distinguish between:
 - Equity assets, where in general the realizable value is estimated according to the individual characteristics of the asset.

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- Fixed-income assets with complex future flow structures (interest rates linked to financial variables, with caps and/or floors) and one or more early redemptions, and in which the issuer has no similar issuances on the market or any unquoted issuances from an issuer with no similar issuances. In these cases, the assets are usually valued by requesting a valuation from a benchmark third party.

Impairment

The book value of financial investments is corrected under the consolidated income statement when there is objective evidence that an event which entails a negative impact on its future cash flows has occurred or in any other circumstance that would indicate the inability to recover the investment cost of the financial instrument. The amount of losses due to impairment is equal to the difference between its book value and the current value of its future estimated cash flows.

For fixed-income securities in which there is a defaulted interest and/or principal, the potential loss is estimated according to the situation of the issuer. For all other fixed-income securities, an analysis is undertaken based on their credit quality and the degree of solvency of the issues, proceeding to record the impairment if the risk of non-payment is considered to be likely.

For equity instruments, an individual analysis of the investments is undertaken to determine whether or not impairment has occurred. Furthermore, impairment is considered to have occurred when there are prolonged (18 months) or significant (40 percent) decreases in market value in terms of its cost.

The amount of estimated losses due to impairment is recognized on the consolidated income statement, also including any reduction of the fair value of the investments previously recognized in "Valuation change adjustments". The reversal is recognized in the consolidated income statement, except for in the case of equity instruments. In this case, the valuation adjustment recorded in prior years is not recognized in the income statement, but rather any increase in value is taken directly to equity.

For financial swaps of flow exchanges, the amounts accrued for main operations are recognized, posting the resulting amount of the flows under the headings "Other financial liabilities" or "Corporate and other receivables", as applicable.

5.6. INVESTMENTS ON BEHALF OF LIFE INSURANCE POLICYHOLDERS BEARING THE INVESTMENT RISK

These are made in fixed-income securities, equities and mutual funds which are measured at the acquisition cost when they are underwritten or purchased. The acquisition cost is adjusted as greater or lower value of the investment, as applicable, according to its fair value at the close of the period, determined as follows:

- Equities: at their market value (Level 1).
- Fixed-income securities: at the market value if this is representative (Level 1); if this is not the case, by restating the future flows, including the redemption value (Level 2).
- Mutual funds holdings: at their net asset value (Level 1).

Revaluations and depreciations of these assets are recorded as revenues or expenses in the consolidated income statement corresponding to the segment of the insurance unit.

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5.7. IMPAIRMENT OF OTHER ASSETS

At the close of each financial year the Group assesses whether there are any signs that the asset items may have suffered a loss in value. If there are such signs, the recoverable value of the asset is estimated.

For assets that are not fit for use and intangible assets with an indefinite useful life, the recoverable value is estimated whether or not there are signs of impairment.

If the book value exceeds the recoverable amount, a loss is recognized for this excess, reducing the book value of the asset to its recoverable amount.

If there is an increase of the recoverable value of an asset other than the goodwill, the previously recognized loss due to impairment is reversed, increasing the book value of the asset to its recoverable value. This increase never exceeds the book value net of amortization that would have been recorded if an impairment loss had not been recognized in previous years. The reversal is recognized in the consolidated income statement, unless the asset has already been revalued against "Valuation change adjustments", in which case the reversal is treated as a revaluation increase. After this reversal, the amortization cost is adjusted in the following periods.

5.8. INVENTORIES

Inventories, which include mainly parcels of land, are recognized at the lower amount between their net acquisition cost and their net realizable value.

5.9. RECEIVABLES

These assets are generally valued using the amortized cost, calculated according to the effective interest rate method, deducting, if applicable, the provisions for losses due to noted impairment in value.

For receivables with a maturity exceeding one year and where the parties have not expressly agreed on the applicable interest, the receivables are discounted by taking the current market interest rate for public debt securities with the same or similar maturity as the receivables as the implicit financial interest, without prejudice to taking into account the relevant risk premium.

When there is objective evidence that a loss was incurred due to impairment, the corresponding provision is constituted for the amount estimated not to be recoverable. This amount is equivalent to the difference between the book value of the asset and the current value of the future cash flows, discounted at the original effective interest rate of the financial asset, and the loss is recognized on the year's consolidated income statement.

The impairment loss corresponding to premiums pending collection is calculated separately for each line or risk, is presented in the consolidated income statement as a lower amount of written premiums, and consists of the part of the insurance premium accrued in the period which, based on past experience, is unlikely to be collected, taking into account the impact of reinsurance.

The impairment is recognized in the consolidated income statement as an overall amount according to the age of the premiums pending collection, or on an individual basis where dictated by the circumstances and status of receivables.

Receivables for claim recoveries are only capitalized when their realization is considered as certain.

5.10. CASH

Cash consists of cash (cash in hand and bank deposits) and cash equivalents, which correspond to highly liquid short-term investments (maximum three months) that can be easily converted into fixed amounts of cash and are subject to insignificant risk of change in value.

5.11. ACCRUAL ADJUSTMENTS

Under this heading of the asset, what are basically included are commissions and other acquisition expenses corresponding to the accrued premiums that can be allocated to the period between the close date and the end of coverage of the contracts. The expenses are allocated to the results actually incurred in the period in accordance with the limit stipulated in the technical conditions.

At the same time, under this liability heading, commissions and other acquisition expenses for the ceded reinsurance that have to be allocated to the year or following years in accordance with the coverage period of the ceded policies are included.

5.12. NON-CURRENT ASSETS HELD FOR SALE AND ASSOCIATED LIABILITIES

These are generally valued, if applicable, at the lower amount between their book value and fair value, deducting sale costs. These costs are understood as marginal costs directly attributable to the disposal, excluding, if applicable, financial costs and tax on profit expenses.

Non-current assets classified as held-for-sale are not amortized and losses due to the impairment of their book value are recognized on the consolidated income statement. Likewise, if a recovery of the value occurs this is recognized on the consolidated income statement up to an amount equal to the impairment loss previously recognized.

5.13. TREASURY STOCK

Treasury stock is measured at cost of acquisition and recognized in equity. Expenses incurred in acquisition are recognized in equity as a decrease in the value of reserves.

All transactions performed with treasury stock are recognized in equity as a change in the value of shareholders' equity.

5.14. FINANCIAL LIABILITIES AND SUBORDINATED LIABILITIES**Financial liabilities classified as held-for-trading**

In their initial recognition, these are recorded at the gross amount received, allocating transaction costs directly to results. Subsequently, they are recorded at fair value, allocating changes to the income statement.

Other financial liabilities

In their initial recognition on the balance sheet, they are recorded at fair value, which is the net amount received, deducting transaction costs which are directly attributed to the issuance of the financial liability, like commissions, formalization costs, taxes, fees, etc.... Subsequently, these liabilities are measured at their amortized cost, applying the effective interest rate for financial liabilities.

5.15. INSURANCE OPERATIONS**A) PREMIUMS****Direct insurance**

Premiums from the Non-Life business and Life annual renewable contracts are recognized as revenues throughout the validity of the contracts, in accordance with the period of time elapsed, and accrued by means of the allowance to the provision for unearned premiums.

Premiums from the long-term Life business, whether single premiums or regular premiums, are recognized when the right to collection by the contract issuer arises.

Ceded reinsurance

These are recorded in accordance with underwritten reinsurance contracts and under the same criteria as those used for direct insurance.

Accepted and retroceded reinsurance

These are posted based on the accounts received from the ceding companies and additionally, in retroceded reinsurance operations, signed retrocession contracts are considered.

Co-insurance

These are recorded in line with the accounts received from the opening company and the participation in contracts underwritten.

B) TECHNICAL PROVISIONS

The main assumptions and methods used to establish the provisions are described below.

a) Direct insurance of companies belonging to the European Economic Area**Provision for unearned premiums**

This is calculated on a policy-by-policy basis and reflects the insurance premium accrued during the period subject to allocation to future periods, less the security surcharge.

Provision for unexpired risks

This is calculated on an individual business line basis and supplements the provision for unearned premiums for the amount in which this provision does not sufficiently reflect the valuation of risks and expenses to be covered, corresponding to the coverage period not elapsed at the closing date.

For the Automobile line, this provision has been calculated taking into account all the guarantees covered with the products marketed by the different companies.

Provisions for Life insurance

- In Life insurance policies with a coverage period equal to or less than one year, the provision for unearned premiums is calculated on a policy-by-policy basis and reflects the insurance premium accrued in the period subject to allocation to future periods.

When this provision is not sufficient, the provision for unexpired risks is calculated to cover the valuation of risks and expenses to be covered, corresponding to the coverage period not elapsed at the closing date for the financial year.

- In Life insurance policies with a coverage period exceeding one year, the mathematical provision has been calculated on a policy-by-policy basis as the difference between the current actuarial value of the future obligations of the controlled companies operating in this line, and those of the policyholder or insured person. The calculation basis is the inventory premium accrued in the period, represented by the pure premium plus the surcharge for administration expenses, both determined using the best estimates for mortality, illness, investment yields and administration expenses when the contracts are issued, as specified in the technical conditions of the relevant products and types and remaining unchanged throughout the life of the contract unless their inadequacy becomes evident, in which case the calculation of the mathematical provision would be changed.

Written policies that contain a profit sharing clause in force at the close of each period share, pro rata to their mathematical provisions or technical results and as specifically laid down in each contract, in the net yields obtained from the investments allocated to covering these provisions. The amount resulting from this profit sharing is recorded as a greater amount than the technical provisions.

- This consolidated balance sheet heading also includes the provision for profit sharing and for premium returns, which includes the amount of profits accrued in favor of policyholders, insured persons or beneficiaries and the premiums that must be reimbursed to policyholders or insured persons.

MAPFRE S.A. AND SUBSIDIARIES

Provision for outstanding claims

This represents the estimated appraisals of the pending liabilities arising from the claims occurring prior to the close of the period, less any advance payments already made. It includes the appraisals of claims pending settlement or payment and pending reporting, as well as the internal and external expenses involved in the settlement of claims; in the Life insurance business, it also includes maturities and redemptions pending payment. The calculations take into account any additional provisions for deviations in the appraisals of long-tail claims.

Other technical provisions

The most significant provision included under this heading is the "Funeral Insurance Provision", which is calculated on a policy-by-policy basis as the difference between the current actuarial value of future obligations of the controlled companies operating in this line and those of the policyholder or insured person.

For certain portfolios, the Funeral insurance provision is calculated using methods based on Group capitalization, with a financial-actuarial restatement being made of projected flows of premiums and expected claims up to the expiration of the collective insurance.

Technical provisions for Life insurance where policyholders bear the investment risk

The provisions for Life insurance where the contract stipulates that the investment risk will be fully borne by the policyholder have been calculated on a policy-by-policy basis and are measured according to the assets specifically allocated to determine the value of the rights.

b) Direct insurance of companies outside the European Economic Area

Technical provisions are calculated in line with the local criteria in force in each country, except in the cases when their application could distort the true and fair image that must be shown in the financial statements, in which case they are adapted to the controlling company's criteria.

Life insurance provisions have been calculated in line with the operating assumptions, mortality tables and technical interest rate commonly used in the industry in the respective countries.

c) Ceded reinsurance

Technical provisions for cessions to reinsurers are shown in the balance sheet assets and are calculated according to the written reinsurance agreements and under the same criteria as those used for direct insurance.

d) Accepted reinsurance**Provision for unearned premiums**

Reinsurance operations are recorded based on the accounts received from the ceding companies and the provision for unearned premiums is estimated by provisioning the recorded unearned premium according to the average period of policy coverage.

The acquisition expenses communicated by the ceding companies are accrued and included in the consolidated balance sheet under the heading "Accrual adjustment" of the asset, with these expenses corresponding to those actually incurred in the period. When the cedants do not communicate the acquisition expense amounts, they are accrued risk by risk for the facultative proportional reinsurance and globally for the rest of the proportional business.

Provision for unexpired risks

This is calculated on an individual business line basis and supplements the provision for unearned premiums for the amount in which this provision does not sufficiently reflect the valuation of risks and expenses to be covered corresponding to the coverage period not elapsed at the closing date.

Provision for outstanding claims

Provisions for outstanding claims are provided for the amounts communicated by the cedant or, in the lack thereof, for the withheld deposits, and include, where necessary based on available historic information, additional provisions for claims that were incurred but not reported (IBNR) as well as for deviations of the existing ones based on own experience. The final expected cost is estimated and provisioned based on experience and through the use of actuarial methods.

e) Retroceded reinsurance

Retroceded reinsurance operations and their corresponding technical provisions are recorded using the same criteria as those used for accepted reinsurance and according to the signed retrocession contracts.

f) Liability adequacy test

The recorded technical provisions are usually subject to a reasonability test for the purpose of determining their adequacy on the basis of projections of all future cash flows of current contracts, taking into account the temporary value of the money and using assumptions (economic, biometric, etc.), in line with the experience of each company. If the result of this test indicates the inadequacy of the provisions, they are adjusted and charged to the results for the period.

g) Shadow accounting

In order to mitigate the accounting asymmetries arising from applying different valuation methods for assets and liabilities, and to reflect the effect of profit sharing of the insured persons, EU-IFRS allow "shadow accounting", which means that losses or gains in the allocated assets are recognized when measuring technical provisions, up to the limit of the amounts assumed by the policyholder.

C) OTHER ASSETS AND LIABILITIES DERIVED FROM INSURANCE AND REINSURANCE CONTRACTS**a) Deposit components in insurance contracts**

Some Life insurance contracts contain both an insurance component and a deposit component. The two components are not measured separately because all the rights and obligations arising from the deposit component are recognized.

b) Embedded derivatives in insurance contracts

Some Life insurance contracts contain embedded derivatives, essentially consisting of guaranteed redemption values and maturity values. Embedded derivatives are not measured separately from the main insurance contract because they fulfill the conditions to be classified as insurance contracts, and their embedded value is therefore measured jointly with the main contract, pursuant to EU-IFRS 4.

c) Insurance contracts acquired in business combinations or portfolio transfers

Insurance contracts acquired in business combinations or portfolio transfers are recognized on the balance sheet as follows:

C.1) The liabilities arising from the insurance contracts are recorded pursuant to EU-IFRS 4.

C.2) An intangible asset is recorded, representing the difference between:

- The fair value of the rights acquired and all the other assumed contractual obligations, and
- The amount described in Section C.1) above.

This intangible asset is amortized in accordance with the policies in force at the time of the purchase and the future generation of profits from them.

D) CLAIMS

The estimated cost of claims, both from the Life and Non-Life business, is recognized on the date of their occurrence and includes all necessary expenses to be incurred up to the settlement of the claim.

The best estimate of the cost of IBNR claims [incurred but not reported] prior to the end of each financial period, based on past experience, are reported through the incurred but not reported claims provision (IBNR).

Payments of claims are made against the previously recognized provision.

Claims corresponding to accepted reinsurance are recorded in line with the accounts received from the ceding companies, estimating the final expected cost. In the case of ceded and retroceded reinsurance, they

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The English version is a translation of the original in Spanish for information purposes only. In case of discrepancy, the Spanish version shall prevail.

are recorded according to the underwritten reinsurance contracts and under the same criteria used for the direct insurance and accepted reinsurance, respectively.

E) MOST SIGNIFICANT ASSUMPTIONS AND OTHER SOURCES FOR ESTIMATING UNCERTAINTIES

For assets, liabilities, revenues and expenses related to insurance contracts, as a general rule, the assumptions used are those that were made when issuing these contracts, as specified in the technical conditions.

In general, the estimates and assumptions used are reviewed regularly and are based on past experience and other factors that might have been deemed more reasonable. If these reviews lead to changes in estimates in a given period, their effect shall be applied during that period and, as the case may be, in subsequent periods.

The main assumption is based on the behavior and development of the claims, using their frequency and costs in recent years. Likewise, estimates and assumptions about interest rates and foreign currency exchange, delays in paying claims and any other external factor that could affect the estimates are taken into account.

For liabilities, assumptions are based on the best possible estimate when issuing the contracts, and if an insufficiency became evident, the provisions required to cover it would be constituted.

F) IMPAIRMENT

When there is objective evidence that a loss was incurred due to impairment of the assets derived from insurance and reinsurance contracts, the general valuation criterion indicated in Note 5.9. Receivables is applied.

5.16. PROVISIONS FOR RISKS AND EXPENSES

These are recognized when there is a current obligation (whether legal or implicit) as a result of a past event and a reliable estimate of the obligation amount can be made.

If it is highly likely that part or all of a provision will be reimbursed, the reimbursement is recognized as a separate asset.

5.17. DEBT

Valuations are generally carried out at the amortized cost using the effective interest rate method.

For debts with a maturity exceeding one year and when the parties have not expressly agreed on the applicable interest, they are discounted by taking the interest in force in the market for public debt securities with the same or similar term as the maturity of the debts as the implicit financial interest, without prejudice to taking into account the relevant risk premium.

5.18. GENERAL CRITERION FOR REVENUES AND EXPENSES

Recognition of revenue from non-insurance activities is made when the promised goods or services are transferred to a customer, in line with the contract between them, considering that a good or service has been transferred when the client obtains control of it (be it over a period of time or in a specific moment). The amount recognized corresponds to the amount of the consideration the company is entitled to for the transfer of the goods or services.

5.19 REMUNERATION FOR EMPLOYEES

Remuneration for employees may be short-term, post-employment benefits, compensation for termination, other medium and long-term remuneration, and share-based payments.

a) Short-term remuneration

These are posted according to the services provided by employees on an accrual basis.

b) Post-employment benefits

These consist of defined contribution plans and defined benefit plans, as well as life insurance covering death between the ages of 65 and 77.

Defined contribution plans

These are plans in which the company in question makes pre-determined contributions to a separate company (whether linked to the Group or external) and has no legal or implicit obligation to make any additional contributions in the event of an insufficiency of assets to honor the payment of benefits. The amount of benefits to be received by employees is determined by the contributions made plus the yield obtained by the investments in which the fund was materialized.

Defined benefit plans

These are plans in which the benefits to be received by employees at the moment of their retirement, are normally set according to factors like remuneration.

The liability recognized on the balance sheet for defined benefit pension plans is equal to the current value of the obligation for benefits defined on the balance sheet date less, where applicable, the fair value of the assets set aside for the plan.

The obligation for defined benefits is determined separately for each plan using the actuarial valuation method of the projected credit unit.

Actuarial gains and losses are recorded in equity accounts.

c) Compensation for termination

This is recognized as a liability and expense when there is evidence of an agreement to rescind the work relationship before the normal date of employee retirement or when there is an offer to encourage voluntary rescission of the contracts.

d) Other medium and long-term remuneration and share-based payments

Other long-term remunerations besides those described in the preceding paragraphs and referring specifically to the reward for years of service or time with the company, are recorded in line with the aforementioned principles. The only exceptions are the cost of past services, which is recognized immediately and recorded as an offsetting entry under the heading "Provisions for risks and expenses", and actuarial gains and losses which are recorded on the consolidated income statement.

Incentive plans

In 2019 a medium-term incentive plan was approved for certain members of the MAPFRE executive team. The plan is extraordinary, non-cumulative and multi-year, commencing January 1, 2019 and ending March 31, 2022, with payment of part of the incentives deferred to the period 2023-2025. The payment of incentives is dependent on fulfilling certain corporate and individual objectives, as well as remaining in the Group's employment. The incentives will be paid partly in cash (50 percent) and partly in MAPFRE S.A. shares (50 percent), and payment is subject to malus or clawback clauses.

At the close of each year, the fulfillment of objectives are evaluated and the amount accrued is recorded in the consolidated income statement under a liability heading for the part of the remuneration paid in cash and under an equity heading for the part corresponding to equity instruments. The valuation of the part of the incentive paid in MAPFRE S.A. shares takes into account the fair value of the equity instruments assigned at the transfer date, based on the terms and conditions of the plan.

Each year, until the vesting date, the number of equity instruments included in the calculation of the transaction amount is adjusted. No additional adjustments are made after the vesting date.

In 2019, the previous medium-term incentive plan approved in 2016 was partially liquidated, with the part of the payment deferred to the 2020-2022 period pending.

5.20. REVENUES AND EXPENSES FROM INVESTMENTS

These are classified in line with the designation of the investments they come from; as operating expenses if they are assigned to cover technical provisions, or as equity if they are related to the materialization of shareholders' equity.

Changes in fair value are recorded according to the portfolio in which financial investments are classified:

a) Trading portfolio

Recorded directly in the consolidated income statement distinguishing between the part attributable to yields, which are recognized as interest or, if applicable, as dividends, and the part that is recorded as realized and unrealized results.

b) Held-to-maturity portfolio

Recorded when the financial instrument is disposed of and in case of impairment.

c) Available-for-sale portfolio

Recognized directly in the company's equity until it is written off or impairment occurs, at which time they are recorded in the consolidated income statement.

In all cases, the interest of financial instruments is recorded on the consolidated income statement by applying the effective interest rate method.

5.21. RECLASSIFICATION OF EXPENSES BY DESTINATION AND ALLOCATION TO ACTIVITY SEGMENTS

The criteria to follow for reclassifying expenses by destination are mainly based on the position held by each of the employees, distributing their direct and indirect cost according to this position.

For expenses directly or indirectly related to personnel, individual studies are undertaken, allocating them to the destination according to the position held for these expenses.

The established destinations are as follows:

- Claims-related expenses
- Expenses allocated to investments
- Other technical expenses
- Other non-technical expenses
- Acquisition expenses
- Administration expenses
- Operating expenses from other activities

Expenses have been allocated to the different segments, according to the Business Unit or Regional Area in which the activity originated:

5.22. TRANSACTIONS AND BALANCES IN FOREIGN CURRENCY

With the exception of reinsurance activities, transactions in foreign currencies are translated into each Group company's functional currency at the exchange rate in force on the transaction date.

Reinsurance operations in foreign currency are recorded at the exchange rate established at the beginning of each quarter of the year. Subsequently, at the end of each quarter, they are all treated as one operation, being converted at the exchange rate in force at the time and recording the resulting difference on the consolidated income statement.

At year end, the existing balances in foreign currencies are translated at the exchange rate of the functional currency prevailing on that date, and all exchange differences are recorded in the consolidated income statement, the only exception being those which are directly allocated to "Foreign exchange conversion differences", i.e. those arising from the monetary items that form part of the net investment in a foreign operation and from the non-monetary ones measured at fair value, where changes in value are directly recognized in equity.

5.23. TAX ON PROFITS

Tax on profits is treated as an expense in the year and is recorded as such in the consolidated income statement, including both the tax charge for the current tax and the effect corresponding to the movement in deferred tax.

In order to determine this, the balance sheet method is followed, whereby the corresponding assets and deferred tax liabilities necessary to correct the effect of temporary differences are recorded. These are differences that may exist between the book amount of an asset or liability and its valuation for tax purposes.

Temporary differences may be "Taxable temporary differences", which result in higher tax payments in the future and which generally entail the recognition of a deferred tax liability; or "Deductible temporary differences", which result in lower tax payments in the future and, to the extent in which it is returnable, the registration of a deferred tax asset.

Meanwhile, tax on profits related to items where modifications in their value are directly recognized in equity is not allocated to the consolidated income statement but to equity, and the changes in value are recorded net of the tax effect.

a) Recognition of deferred tax liabilities

The Group recognizes deferred tax liabilities in all cases except those in which:

- They arise from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that does not affect the accounting result or the taxable income on the date of the transaction.
- They correspond to differences relating to investments in controlled, associated or joint arrangement companies over which the Group controls the moment of reversal and it is not probable that a reversal occurs in the foreseeable future.

b) Recognition of deferred tax assets

The Group recognizes deferred tax assets as long as:

- It is probable that there are sufficient future taxable profits to offset them. However, those assets that arise from the initial recognition of assets or liabilities in a transaction that is not a business combination and that does not affect the accounting result or the taxable income on the date of the transaction are not recognized.

- They correspond to temporary differences relating to investments in controlled, associated or joint arrangement companies to the extent that the temporary differences revert in the foreseeable future and positive future taxable profits are expected to be generated to offset the differences.

c) Compensation and classification

The Group only offsets assets and liabilities from tax on profits if there is a legal right to do so according to the tax authorities and it intends to liquidate debts coming from its net value or realize assets and liquidate debts simultaneously.

d) Deferred tax asset and liability valuation

The deferred tax assets and liabilities are valued by the tax rates applicable in the period in which assets are expected to be realized or liabilities paid.

The Group reviews the book value of the deferred tax assets and liabilities at the close of the period, and evaluates if conditions are fulfilled for recognizing deferred tax assets that had not previously been recognized.

6. BREAKDOWN OF FINANCIAL STATEMENTS**6.1. INTANGIBLE ASSETS**

The following tables show the movements under this heading in the last two years:

2019

Item	Opening balance	Adjustments to the opening balance	Changes to the scope	Additions or provisions	Disposals, cancellations or reductions	Closing balance
<u>COST</u>						
GOODWILL	1,951.37	20.53	132.32	--	(1.71)	2,102.51
OTHER INTANGIBLE FIXED ASSETS						
Portfolio acquisition expenses	1,346.33	(10.81)	71.42	--	--	1,406.94
Software	1,141.81	(0.50)	--	123.30	(11.51)	1,253.10
Other	134.64	(0.39)	6.80	123.41	(20.62)	243.84
TOTAL COST	4,574.15	8.83	210.54	246.71	(33.84)	5,006.39
<u>CUMULATIVE AMORTIZATION</u>						
OTHER INTANGIBLE FIXED ASSETS						
Portfolio acquisition expenses	(487.56)	4.29	--	(75.98)	--	(559.25)
Software	(701.96)	5.44	--	(75.26)	6.28	(765.50)
Other	(39.35)	(0.33)	--	(2.03)	0.05	(41.66)
TOTAL CUMULATIVE AMORTIZATION	(1,228.87)	9.40	--	(153.27)	6.33	(1,366.41)
<u>IMPAIRMENT</u>						
GOODWILL	(262.34)	(3.05)	--	(65.62)	1.71	(329.30)
OTHER INTANGIBLE ASSETS						
Portfolio acquisition expenses	(10.41)	--	--	--	--	(10.41)
Software	(0.12)	--	--	--	--	(0.12)
Other	(0.05)	--	--	--	--	(0.05)
TOTAL IMPAIRMENT	(272.92)	(3.05)	--	(65.62)	1.71	(339.88)
TOTAL GOODWILL	1,689.03	17.48	132.32	(65.62)	--	1,773.21
TOTAL OTHER INTANGIBLE ASSETS	1,383.33	(2.30)	78.22	93.44	(25.80)	1,526.89
TOTAL INTANGIBLE ASSETS	3,072.36	15.18	210.54	27.82	(25.80)	3,300.10

Figures in millions of euros

The amounts shown as changes in scope in 2019 are the result of shareholding acquisitions in the companies: Caja Granada Vida, Compañía de Seguros y Reaseguros, S.A. (hereinafter CAJA GRANADA VIDA), CajaMurcia Vida y Pensiones de Seguros y Reaseguros, S.A. (hereinafter CAJAMURCIA VIDA), and Santander Global de Seguros y Reaseguros, S.A. (hereinafter SANTANDER GLOBAL) (Note 6.24).

The main additions in Other intangible assets correspond to:

- the fixed commission that was paid upon novation in January 2019 of the agency contract for an undefined duration for the exclusive distribution of Non-Life insurance in the whole of the BMN network belonging to Bankia, for the amount of 51.40 million euros.
- The payment of 24.84 million euros for the exclusivity agreement, for an undefined time period, for sale of all MAPFRE Mexico insurance products in the Actinver channel.

2018

Item	Opening balance	Adjustments to the opening balance	Changes to the scope	Additions or provisions	Disposals, cancellations or reductions	Closing balance
<u>COST</u>						
GOODWILL	2,024.91	10.36	(22.02)	--	(61.88)	1,951.37
OTHER INTANGIBLE FIXED ASSETS						
Portfolio acquisition expenses	1,527.22	(107.61)	--	32.44	(105.72)	1,346.33
Software	1,075.33	(11.78)	(5.18)	101.25	(17.81)	1,141.81
Other	167.42	1.17	(37.24)	38.79	(35.50)	134.64
TOTAL COST	4,794.88	(107.86)	(64.44)	172.48	(220.91)	4,574.15
<u>CUMULATIVE AMORTIZATION</u>						
OTHER INTANGIBLE FIXED ASSETS						
Portfolio acquisition expenses	(506.38)	26.22	--	(70.10)	62.70	(487.56)
Software	(614.82)	8.15	4.32	(102.79)	3.18	(701.96)
Other	(50.92)	(0.59)	14.20	(2.06)	0.02	(39.35)
TOTAL CUMULATIVE AMORTIZATION	(1,172.12)	33.78	18.52	(174.95)	65.90	(1,228.87)
<u>IMPAIRMENT</u>						
GOODWILL	(141.95)	2.18	--	(173.45)	50.88	(262.34)
OTHER INTANGIBLE ASSETS						
Portfolio acquisition expenses	(57.75)	3.28	--	--	44.06	(10.41)
Software	(0.11)	(0.01)	--	--	--	(0.12)
Other	(0.05)	--	--	--	--	(0.05)
TOTAL IMPAIRMENT	(199.86)	5.45	--	(173.45)	94.94	(272.92)
TOTAL GOODWILL	1,882.96	12.54	(22.02)	(173.45)	(11.00)	1,689.03
TOTAL OTHER INTANGIBLE ASSETS	1,539.94	(81.17)	(23.90)	(2.47)	(49.07)	1,383.33
TOTAL INTANGIBLE ASSETS	3,422.90	(68.63)	(45.92)	(175.92)	(60.07)	3,072.36

Figures in millions of euros

The amounts shown as changes in scope in 2018 were primarily the result of the reclassification to the caption "Non-current assets held for sale" of assets from funeral service businesses in Spain (Note 6.9.)

Portfolio acquisition expense entries in 2018 come from final price allocation for the acquisition of the business combinations carried out in 2017.

The main disposals in 2018 primarily came from the cancellation of totally amortized and/or deteriorated assets on the balance sheet.

Intangible assets with an indefinite useful life

The useful life of the following intangible assets is considered indefinite since these assets are expected to contribute to future revenues for the Group indefinitely:

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Item	Book value	
	12/31/19	12/31/18
Goodwill on consolidation	1,763.17	1,679.00
Goodwill on merger	10.04	10.03
Other intangible assets	76.24	--

Figures in millions of euros

The following tables provide detailed information on the cash-generating units to which the different goodwill items and portfolio acquisition expenses are allocated, as well as their book value and, if applicable, the impairment amount and amortization over the last two periods.

• **Goodwill**

Cash-generating unit	Business and Geographic Area	Gross amount at source		Initial	2018		Initial	2019		Initial
		Millions in original currency	Currency	12.31.2017	Entries/(write-offs)	Net impairment for the period	12.31.2018	Entries/(write-offs)	Net impairment for the period	12.31.2019
<u>Goodwill on consolidation</u>										
MAPFRE VIDA	Life insurance (Spain)	258.40	EUR	212.57	--	--	212.57	--	--	212.57
MAPFRE GLOBAL RISKS	Insurance for Companies	40.75	EUR	40.17	--	--	40.17	--	--	40.17
GRUPO CORPORATIVO, L.M.L.	Non-Life Insurance (Mexico)	407.63	MXN	17.29	0.83	--	16.12	1.11	--	16.23
BRICKELL FINANCIAL SERVICES	Travel assistance (USA)	19.58	USD	15.46	0.73	--	15.19	0.39	(15.68)	--
MAPFRE WARRANTY	Extended Warranty	114.0	EUR	110.8	--	--	110.8	--	--	110.8
BB MAPFRE	Non-Life Insurance (Brazil)	350.29	BRL	88.10	(9.33)	--	78.77	(1.17)	--	77.60
ABRAXAS	Travel assistance (United Kingdom)	11.28	GBP	12.68	(0.16)	--	12.53	0.27	(12.80)	--
GENEL SIGORTA	Insurance (Turkey)	150.83	TRY	34.45	(6.02)	--	28.63	(2.33)	--	23.60
BANKINTER VIDA	Life insurance (Spain)	10.45	EUR	10.45	--	--	10.45	--	--	10.45
CCM VIDA Y PENSIONES	Life and Pensions Insurance (Spain)	90.51	EUR	81.34	--	--	81.34	--	--	81.34
MAPFRE USA	Non-Life Insurance (USA)	882.40	USD	735.23	31.32	(126.64)	639.91	13.74	--	650.65
ASEGURADORA MUNDIAL	Insurance (Central America)	8.98	PAB	7.50	0.34	--	7.84	0.17	--	8.01
INSURANCE AND GO	Insurance (United Kingdom)	30.72	GBP	35.37	(0.38)	--	34.99	0.63	(35.62)	--
CENTURY AUTOMOTIVE	Insurance and reinsurance (USA)	30.35	USD	20.72	0.87	--	21.89	0.47	--	22.15
BANKINTER SEGUROS GENERALES	Non-Life insurance (Spain)	12.72	EUR	12.46	--	--	12.46	--	--	12.46
BANKIA MAPFRE VIDA	Life Insurance (Spain)	18.69	EUR	18.69	--	--	18.69	--	--	18.69
FUNESPAÑA	Funeral services (Spain)	17.88	EUR	17.88	(0.68)	--	17.20	--	--	17.20
VERTI VERSICHERUNG AG	Non-Life insurance (Germany)	125.47	EUR	125.47	--	--	125.47	--	--	125.47
VERTI ASSICURAZIONI S.P.A.	Non-Life Insurance (Italy)	10.130	EUR	68.27	--	(2160)	46.67	--	--	46.67
ABDA	Insurance (Indonesia)	1384.263.79	IDR	96.94	(15.49)	(22.21)	61.24	3.96	--	65.20
Other	--	--	--	38.33	0.46	--	38.79	0.23	(0.62)	38.40
TOTAL GOODWILL ON CONSOLIDATION				1,850.45	2.00	(173.45)	1,679.00	149.79	(65.62)	1,763.17
<u>Goodwill on merger</u>										
BANKINTER VIDA (branch in Portugal)	Life and Pensions Insurance (Portugal)	5.34	EUR	5.34	--	--	5.34	--	--	5.34
GRUPO FUNESPAÑA	Funeral services (Spain)	41.09	EUR	22.01	(22.01)	--	--	--	--	--
Other	--	--	--	5.15	(0.47)	--	4.69	0.01	--	4.70
TOTAL GOODWILL ON MERGER				32.51	(22.48)	--	10.03	0.01	--	10.04
TOTAL GOODWILL				1,882.96	(20.48)	(173.45)	1,689.03	149.80	(65.62)	1,773.21
<u>Goodwill in associated and multi-group undertakings</u>										
SALVADOR CAETANO AUTO (SGPS), S.A.	Services (Portugal)	11.31	EUR	11.31	--	--	11.31	--	--	11.31
ABDA	Insurance (Indonesia)	4.55	EUR	--	--	--	--	4.55	--	4.55
SOLUNION SEGUROS DE CREDITO, S.A	Insurance (Spain)	12.87	EUR	12.87	--	--	12.87	--	--	12.87
Otros	--	--	--	4.63	0.44	--	5.07	(0.31)	--	4.76
TOTAL GOODWILL IN ASSOCIATED AND MULTI-GROUP UNDERTAKINGS (EQUITY-ACCOUNTED) (*)				28.81	0.44	--	29.25	4.24	--	33.49

Figures in millions of euros

(*) Goodwill related to acquisitions of associated and multi-group undertakings is included as the greater value of investments recorded by the equity method.

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• **Portfolio acquisition expenses**

Cash-generating unit	Business and Geographic Area	Gross amount at source		Initial 12.31.2017	2018		Initial 12.31.2018	2019		Initial 12.31.2019
		Millions in original currency	Currency		Entries/(write-offs)	Amortization and not impairment for the period		Entries/(write-offs)	Amortization and not impairment for the period	
BANKINTER VIDA	Life and Pensions Insurance (Spain and Portugal)	200.89	EUR	138.05	--	(10.32)	127.93	--	(10.13)	117.80
BANKIA MAPFRE VIDA	Life Insurance (Spain)	89.58	EUR	63.10	--	(6.87)	56.43	--	(8.11)	50.32
SOCIEDAD DE SEGUROS Y REASEGUROS S.A.	Life and Pensions Insurance (Spain)	82.55	EUR	43.50	--	(4.03)	39.47	--	(3.98)	35.48
CCM VIDA Y PENSIONES	Non-Life Insurance (USA)	48.28	USD	--	--	--	--	--	--	--
MAPFRE USA	Life Insurance (Brazil)	3,481.42	BRL	643.45	(67.30)	(318.1)	544.34	(7.33)	(32.44)	504.57
BB MAPFRE	Insurance (Turkey)	95.40	TRY	5.59	(132)	(0.82)	3.45	(0.28)	(0.58)	2.58
GENEL SIGORTA	Non-Life Insurance (Spain)	87.84	EUR	40.27	--	(2.53)	37.74	--	(2.47)	35.27
MAPFRE FINISTERRE	Non-Life Insurance (Germany)	23.52	EUR	8.74	--	(4.06)	11.65	--	(3.29)	11.36
VERTI VERSICHERUNG AG	Insurance (Indonesia)	481,941.66	IDR	--	23.60	(7.82)	15.78	0.91	(6.60)	10.09
ABDA	--	--	--	10.38	0.38	(2.21)	8.57	0.18	(2.30)	6.45
Other	--	--	--	--	--	--	--	--	--	--
TOTAL PORTFOLIO ACQUISITION EXPENSES				963.09	(44.63)	(70.10)	848.36	64.90	(78.98)	837.28

Figures in millions of euros

The book value, net of any impairment, of each of the goodwill and portfolio acquisition expense items described above, and of the net assets associated with each cash-generating unit, is equal to or lower than the amount recoverable from the cash-generating unit to which they are allocated. The following table shows the recoverable value of the main cash-generating units at the close of the last two periods:

Cash-generating unit	Contrast value		Recoverable value	
	2019	2018	2019	2018
MAPFRE VIDA	1,875.12	1,781.21	6,118.15	4,424.07
BB MAPFRE	230.55	251.14	1,442.47	850.11
BANKINTER VIDA (Spain)	260.42	270.84	754.85	584.39
CCM VIDA Y PENSIONES	147.90	143.81	254.27	193.74
MAPFRE USA	1,763.61	1,612.18	2,524.65	1,612.18
MAPFRE SIGORTA	143.26	149.80	145.03	158.07
VERTI ASSICURAZIONI S.P.A.	370.81	410.01	388.45	410.01
VERTI VERSICHERUNG AG	301.21	289.79	436.23	295.49
ABDA	119.19	117.52	120.00	117.52

Figures in millions of euros

The calculation of the recoverable value of the cash-generating units takes into account the degree of economic development of the country in which the units operate as well as the degree of development of the insurance industry, measured by its weight in the country gross domestic product, and other variables such as market share, projected performance of the commercial network, MAPFRE's past experience in the markets where the cash-generating units are present, etc.

The discount rate (ke) and perpetuity growth rate (g), as defined below, are also taken into account:

- 1) Discount rate (ke) = Risk-free rate of the country + (β * Risk premium of the equity market)
- 2) Perpetuity growth rate (g): calculated according the long-term inflation projection issued by the International Monetary Fund (IMF)

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The country risk rate usually corresponds to the actual yield of the 10-year Treasury bonds in local currency issued in the country in which the cash-generating unit operates, increased by the risk premium of the equity market estimated for the insurance industry. The market risk premium for the insurance industry is calculated by modulating the generic premium for the equity market by the Beta ratio for listed insurance companies compared with the region in which the cash-generating unit operates.

The risk-free rate applied varied between 0.19 percent and 12.00 percent in 2019, and between 0.25 percent and 15.83 in 2018.

As a supplement for estimating the discount (ke) and perpetuity growth (g) rates applied to the different cash-generating units analyzed, the external projections of international organizations and other benchmark entities in the field of company ratings are used.

The following discount rates applied to the discounted cash flows were used to calculate the recoverable value of the main cash-generating units:

Cash-generating unit	After tax		Before tax	
	2019	2018	2019	2018
MAPFRE USA	6,52%	8,10%	7.70%	9.55%
MAPFRE VIDA, BANKINTER VIDA (Spain) and CCM VIDA Y PENSIONES	5,44%	6,44%	6.89%	7.89%
BB MAPFRE	10,14%	13,60%	11.85%	15.86%
MAPFRE SIGORTA	16,90%	19,25%	18.97%	21.13%
VERTI ASSICURAZIONI S.P.A.	6,29%	6,95%	7.92%	8.33%
VERTI VERSICHERUNG AG	4,29%	5,05%	5.53%	5.69%
ABDA	10,74%	11,60%	12.97%	15.36%

The rates used to calculate the recoverable value of the cash-generating units are after taxes, as they are applied to cash flows that are also net of tax effects.

The estimated perpetuity growth rates (g) applicable to the different cash-generating units are based on the long-term inflation projections included in the World Economic Outlook Database published by the International Monetary Fund. Said long-term inflation projections and the perpetuity growth rates set on them, for the markets in which the main cash-generating units operate, are as follows:

Country	Long-term inflation forecast		Perpetuity growth rate (g)	
	2019	2018	2019	2018
Spain	1.77%	1.94%	1.77%	1.94%
United States	2.29%	2.12%	2.29%	2.12%
Turkey	11.00%	13.00%	11.50%	13.50%
Brazil	3.49%	3.97%	3.99%	4.47%
Italy	1.50%	1.71%	1.50%	1.71%
Germany	2.13%	2.56%	2.13%	2.56%
Indonesia	2.98%	2.99%	3.48%	3.49%

Meanwhile, at least once a year each Group company analyzes the assumptions used to estimate future cash flows and updates them pursuant to actual results and past experience. In general, the cash flow projections for the first five years consider growth rates based on past experience, while in subsequent years the residual value is calculated, establishing perpetual revenues based on the cash flows of the last period of the estimates, with a perpetuity growth rate calculated as described above. Exceptionally, in Brazil, Indonesia and Italy, a time horizon of longer than five years has been considered, in line with the duration of the agreements with Banco do Brasil in the case of the former, and with the businesses being recent acquisitions still in development in the cases of Indonesia and the reorganization from the Italy branch transformation plan.

The most relevant hypotheses used to determine cash flows from the main cash-generating units are as follows:

Cash-generating unit	Average net premium growth		Average net result growth		Average premium capital requirement ratio	
	2019	2018	2019	2018	2019	2018
MAPFRE USA	0.22%	0.31%	13.37%	21.89%	15.02%	12.84%
MAPFRE VIDA	1.78%	(2.97%)	1.15%	(0.65%)	45.73%	39.63%
BANKINTER VIDA	3.50%	7.04%	3.95%	3.64%	21.74%	7.46%
CCM VIDA Y PENSIONES	0.66%	2.41%	(0.27%)	0.23%	63.26%	28.06%
BB MAPFRE	10.82%	6.58%	11.18%	5.94%	10.81%	11.00%
MAPFRE SIGORTA	11.17%	15.58%	32.09%	17.07%	29.43%	27.07%
VERTI ASSICURAZIONI S.P.A.	2.56%	6.02%	20.45%	38.48%	45.71%	33.97%
VERTI VERSICHERUNG AG	6.07%	5.63%	8.12%	11.67%	31.28%	38.14%
ABDA	7.39%	12.69%	24.76%	20.19%	35.00%	22.06%

The ratios described above correspond to the average of the years comprising the time horizon of the projections (generally 5 years, with the indicated exceptions of BB MAPFRE, VERTI ASSICURAZIONI, and ABDA).

In the event of reasonable variations in any of the key assumptions, the book value is unlikely to be significantly higher than the recoverable value of the cash-generating units.

Specifically, the studies conducted for the main cash-generating units analyzed reveal the following sensitivity ranges in the event of unfavorable variations in the key assumptions:

- An increase of 1 percentage point in the discount rate applied to each cash-generating unit would imply reductions in the recoverable values of between 10.57 and 31.82 percent in 2019, and between 9.40 and 41.74 percent in 2018, which would only impact cash-generating units with a tighter margin, without the effect on any of those units being significant for the Group equity or financial situation.
- A decrease of 0.25 percentage points in the perpetuity growth rate applied to each cash-generating unit would imply reductions in the recoverable values of between 1.28 and 6.56 percent in 2019, and between 0.94 and 13.99 percent in 2018, which would not imply a relevant fall below the book value attributed to any of the units, and as such an impairment has not been provisioned.

If the analysis of the possible impairment of goodwill reveals a recoverable value below the book value, an individual study is conducted of all the key assumptions that have led to this situation, also taking into consideration the sensitivity ranges for calculating their impact.

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The impairment loss recorded in 2019 from goodwill for de MAPFRE ABRAXAS, INSURE & GO y BRICKEL FINANCIAL SERVICES, for the total amount of 65.00 million euros, originates in the lower expectations of future profit in the assistance and travel insurance business in the United Kingdom, as a result of a complex socioeconomic environment and the foreseeable slow-down of the economy from uncertainty surrounding Brexit, as well as the reduction of unprofitable business in the United States and Canada.

The impairment loss recorded in 2018 for goodwill in MAPFRE USA, VERTI ITALY and ABDA, for the total amount of 173.45 million euros, originates in the update, carried out by the Group at the end of 2018, of the macroeconomic environment and other risk factors that could affect the insurance business in the future. As such, the low-interest rate environment in various regions that is creating lower financial income, pressure on emerging economies and their currencies, and the unusual frequency of catastrophic claims in recent years in multiple geographies, marked a change in predictive models, and were risk factors that can condition future results growth patterns. In this context, the Group updated the projections of results for the areas of business, with improvements in countries whose business model is well-grounded, and slightly moderating medium and long-term profit growth expectations in the countries with greater exposure to these risks. This update of projections led to the previously mentioned extraordinary goodwill writedown of direct insurance operations in the United States, Italy and Indonesia.

6.2. PROPERTY, PLANT AND EQUIPMENT AND REAL ESTATE INVESTMENTS**Property, plant and equipment**

The following tables show the movements under this heading in the last two years:

2019

Item	Opening balance	Adjustments to the opening balance	Changes to the scope	Additions or provisions	Disposals, cancellations or reductions	Closing balance	Market value
<u>COST</u>							
REAL ESTATE FOR OWN USE							
Land and natural resources	46.88	2.54	--	1.60	(16.79)	34.23	85.05
Buildings and other structures	1,035.52	0.14	--	17.56	(14.67)	1,038.55	1,144.99
Lease right of use							
OTHER PROPERTY, PLANT AND EQUIPMENT							
Vehicles	31.44	(0.09)	--	3.95	(3.46)	31.84	10.86
Furniture and fittings	470.12	(4.02)	--	51.04	(20.65)	496.49	159.41
Other property, plant and equipment	262.76	1.41	--	16.56	(24.80)	255.93	87.21
Advances and fixed assets in progress	9.82	(0.25)	--	10.30	(13.28)	6.59	6.59
Lease right of use							
TOTAL COST	1,856.54	(0.27)	--	432.55	(93.66)	2,195.16	1,780.64
<u>CUMULATIVE DEPRECIATION</u>							
REAL ESTATE FOR OWN USE	(218.34)	(0.77)	--	(62.45)	2.17	(279.39)	--
OTHER FIXED ASSETS	(512.42)	3.13	--	(57.95)	40.64	(526.60)	--
TOTAL CUMULATIVE DEPRECIATION	(730.76)	2.36	--	(120.40)	42.81	(805.99)	--
<u>IMPAIRMENT</u>							
REAL ESTATE FOR OWN USE							
Land and natural resources	--	--	--	--	--	--	--
Buildings and other structures	(11.40)	--	--	(2.11)	3.52	(9.99)	--
OTHER FIXED ASSETS							
Vehicles	--	--	--	--	--	--	--
Furniture and fittings	--	--	--	--	--	--	--
Other property, plant and equipment	(2.04)	--	--	--	--	(2.04)	--
TOTAL IMPAIRMENT	(13.44)	--	--	(2.11)	3.52	(12.03)	--
TOTAL REAL ESTATE FOR OWN USE	852.66	1.91	--	282.84	(25.78)	1,111.63	1,515.13
TOTAL OTHER FIXED ASSETS	259.68	0.18	--	27.20	(21.55)	265.51	265.51
TOTAL PROPERTY, PLANT & EQUIPMENT	1,112.34	2.09	--	310.04	(47.33)	1,377.14	1,780.64

The main additions in 2019 come from the change in accounting policy regarding leases, explained in Notes 2.4, 5.4 and 6.3.

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2018

Item	Opening balance	Adjustments to the opening balance	Changes to the scope	Additions or provisions	Disposals, cancellations or reductions	Closing balance	Market value
COST							
REAL ESTATE FOR OWN USE							
Land and natural resources	56.89	(10.57)	(0.23)	5.97	(5.18)	46.88	89.47
Buildings and other structures	1,095.17	(5.33)	(50.51)	18.89	(22.70)	1,035.52	1,143.52
Lease right of use							
OTHER PROPERTY, PLANT AND EQUIPMENT							
Vehicles	35.33	(1.22)	(5.36)	7.54	(4.85)	31.44	12.40
Furniture and fittings	469.94	(2.63)	(10.41)	40.63	(27.41)	470.12	169.97
Other property, plant and equipment	270.59	(8.21)	(0.19)	27.51	(26.94)	262.76	73.59
Advances and fixed assets in progress	7.85	(0.09)	(0.26)	24.16	(21.84)	9.82	9.82
Lease right of use							
TOTAL COST	1,935.77	(28.05)	(66.96)	124.70	(108.92)	1,856.54	1,498.77
CUMULATIVE DEPRECIATION							
REAL ESTATE FOR OWN USE	(213.97)	2.76	8.64	(19.66)	3.89	(218.34)	--
OTHER FIXED ASSETS	(510.01)	7.70	13.25	(60.11)	36.75	(512.42)	--
TOTAL CUMULATIVE DEPRECIATION	(723.98)	10.46	21.89	(79.77)	40.64	(730.76)	--
IMPAIRMENT							
REAL ESTATE FOR OWN USE							
Land and natural resources	--	--	--	--	--	--	--
Buildings and other structures	(17.45)	--	0.18	(2.22)	8.09	(11.40)	--
OTHER FIXED ASSETS							
Vehicles	0.21	(0.21)	--	--	--	--	--
Furniture and fittings	0.28	(0.28)	--	--	--	--	--
Other fixed assets	(3.10)	1.00	--	--	0.06	(2.04)	--
TOTAL IMPAIRMENT	(20.06)	0.51	0.18	(2.22)	8.15	(13.44)	--
TOTAL REAL ESTATE FOR OWN USE	920.64	(13.14)	(41.92)	2.98	(15.90)	852.66	1,232.99
TOTAL OTHER FIXED ASSETS	271.09	(3.94)	(2.97)	39.73	(44.23)	259.68	265.78
TOTAL PROPERTY, PLANT & EQUIPMENT	1,191.73	(17.08)	(44.89)	42.71	(60.13)	1,112.34	1,498.77

Figures in millions of euros

The amounts shown as changes in scope in 2018 are primarily the result of the reclassification to the caption "Non-current assets held for sale" of assets from funeral service businesses in Spain (Note 6.9).

Real estate investment

The following tables show the movements under this heading in the last two years:

2019

Item	Opening balance	Adjustments to the opening balance	Changes to the scope	Additions or provisions	Disposals, cancellations or reductions	Closing balance	Market value
<u>COST</u>							
INVESTMENT IN REAL ESTATE							
Land and natural resources	597.19	0.60	—	0.03	(79.62)	518.20	363.25
Buildings and other structures	1,176.65	4.75	—	182.34	(20.79)	1,342.95	1,424.14
TOTAL COST	1,773.84	5.35	—	182.37	(100.41)	1,861.15	1,787.39
<u>CUMULATIVE DEPRECIATION</u>							
INVESTMENT IN REAL ESTATE	(281.71)	(0.14)	—	(18.55)	5.30	(295.10)	—
TOTAL CUMULATIVE DEPRECIATION	(281.71)	(0.14)	—	(18.55)	5.30	(295.10)	—
<u>IMPAIRMENT</u>							
INVESTMENT IN REAL ESTATE							
Land and natural resources	(203.17)	(0.01)	—	(1.81)	7.99	(197.00)	—
Buildings and other structures	(45.36)	(0.22)	—	(2.55)	2.43	(45.70)	—
TOTAL IMPAIRMENT	(248.53)	(0.23)	—	(4.36)	10.42	(242.70)	—
TOTAL REAL ESTATE INVESTMENT	1,243.60	4.98	—	159.46	(84.69)	1,323.35	1,787.39

Figures in millions of euros

The main additions in 2019 correspond to real estate acquired by the real estate investment fund Stable Income European Real Estate Fund in the course of its regular course of activity.

2018

Item	Opening balance	Adjustments to the opening balance	Changes to the scope	Additions or provisions	Disposals, cancellations or reductions	Closing balance	Market value
<u>COST</u>							
INVESTMENT IN REAL ESTATE							
Land and natural resources	616.57	(5.31)	—	0.39	(14.46)	597.19	442.16
Buildings and other structures	1,167.48	7.24	—	25.18	(23.25)	1,176.65	1,242.13
TOTAL COST	1,784.05	1.93	—	25.57	(37.71)	1,773.84	1,684.29
<u>CUMULATIVE DEPRECIATION</u>							
INVESTMENT IN REAL ESTATE	(266.08)	(0.15)	—	(19.47)	3.99	(281.71)	—
TOTAL CUMULATIVE DEPRECIATION	(266.08)	(0.15)	—	(19.47)	3.99	(281.71)	—
<u>IMPAIRMENT</u>							
INVESTMENT IN REAL ESTATE							
Land and natural resources	(218.76)	—	—	(6.80)	22.39	(203.17)	—
Buildings and other structures	(48.50)	(0.04)	—	(4.98)	8.16	(45.36)	—
TOTAL IMPAIRMENT	(267.26)	(0.04)	—	(11.78)	30.55	(248.53)	—
TOTAL REAL ESTATE INVESTMENT	1,250.71	1.74	—	(5.68)	(3.17)	1,243.60	1,684.29

Figures in millions of euros

The main disposals in 2019 correspond to the sale of a building in Santiago de Chile, for a sale price of 57.85 million euros and a profit, net of taxes, of 24.70 million euros.

Impairment losses for the year are recorded in the "Allowance to the asset impairment provision" and the reversal under "Reversal of the asset impairment provision" in the consolidated income statement.

The market value of real estate investment and of real estate for own use basically represents the value determined by an independent appraiser that uses appraisal techniques based on the variables observed in the market (Level 2). The appraisal methods commonly used are the cost method, the comparison method, the future rental income method and the abbreviated residual method, depending on the characteristics of the asset being appraised.

Moreover, most real estate corresponds to assets assigned to technical provisions and valuations are performed on a regular basis, as established for valuation reviews by the supervisory bodies of insurance activities.

Revenues and expenses derived from real estate investments in 2019 and 2018 are shown in the table below:

Item	Type of investment							
	Operating investment		Equity		Other Activities		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
<u>Revenue from real estate investment</u>								
From rentals	48.07	42.16	1.52	2.13	15.58	13.70	65.17	57.99
Other	1.45	31.88	0.01	0.05	1.88	2.33	3.34	34.26
Gains on disposals	9.27	25.64	0.40	0.36	2.67	6.32	12.34	32.32
Total revenue from real estate investment	58.79	99.68	1.93	2.54	20.13	22.35	80.85	124.57
<u>Expenses from real estate investment</u>								
Direct operating expenses	21.85	23.01	--	--	0.61	--	22.46	23.01
Other expenses	2.75	4.69	0.15	0.04	8.52	8.45	11.42	13.18
Losses on disposals	5.28	5.70	--	--	--	0.05	5.28	5.75
Total expenses from real estate investment	29.88	33.40	0.15	0.04	9.13	8.50	39.16	41.94

Figures in millions of euros

6.3. LEASING

The information regarding lease contracts for 2019 have been prepared in line with EU-IFRS 16, the regulation in effect as of January 1 this year.

The Group is the lessee of right-of-use property and other intangible assets. These lease terms have an average duration of between 5 and 18 years, without renewal clauses stipulated in the agreements. There is no restriction on the lessee whatsoever regarding the prerogative to sign these leases.

The opening balances at January 1, 2019 from the application of EU-IFRS 16 for lease contracts in which the Group is the lessee stood at 312.44 million euros of right-of-use assets and 328.30 million in liabilities for payment obligations.

The financial statements at the close of 2019 include the following amounts:

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Item	Real estate for own use	Other fixed assets	Total
ASSET			
Right-of-use (net book value)	285.09	1.44	286.53
LIABILITY			
Other financial liabilities (payment obligations)	309.67	5.72	315.39
INCOME STATEMENT			
Depreciation	-43.14	-1.86	-45
Interest expenses	-16.87	-0.37	-17.24

Figures in millions of euros

Expenses from interests are recorded in the consolidated income statement in the headings “operating investment expenses” for the insurance business and “financial expenses” for other activities. The expenses for depreciation recorded are reclassified by purpose in line with the criteria indicated in note 5.21.

Expenses for short-term leases or leases with underlying assets with little value, not included in the above chart, stand at 35.14 million euros.

Total payments for the period reach 59.75 million euros.

The future minimum payments for non-cancellable leases at the close of 2019, not considering the financial discount, are as follows:

Item	Real estate for own use	Other fixed assets	Total
Less than one year	55.98	3.20	59.18
More than one year but less than five	166.38	3.15	169.53
More than five years	200.09	--	200.09
TOTAL	422.45	6.35	428.80

Figures in millions of euros

The rate applied for calculating debt follows a methodology based on interest rate curves by country and currency, applied individually

The average weighted rate for real estate and other fixed assets reached 5.18 and 8.83 percent, respectively.

The Group has made use of the application deferral of EU-IFRS 16 for those short term lease contracts and/or those containing underlying assets with little value.

In 2018, operating lease Operations were recorded according to EU-IAS 17 “Leases”, in force at the close of the period, and said information has not been restated, as permitted by EU_IFRS 16.

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The English version is a translation of the original in Spanish for information purposes only. In case of discrepancy, the Spanish version shall prevail.

The future minimum payments payable for non-cancellable operating leases at December 31, 2018 according to EU-IAS 17 were as follows:

Item	2018
Less than one year	42.09
More than one year but less than five	157.24
More than five years	232.30
TOTAL	431.63

Figures in millions of euros

The Group is lessor of operating leases covering real estate. These lease terms have an average duration of between five and six years, without renewal clauses stipulated in the agreements. There is no restriction on the lessee whatsoever regarding the prerogative to sign these leases.

The following chart shows the amounts corresponding to operating lease contract as a lessor at the close of the last two years:

Type of assets	Net book value	
	2019	2018
Real estate investments	1,002.15	849.58

Figures in millions of euros

Payments from operating leases for the last two years is as follows:

Item	2019	2018
Less than one year	55.60	53.18
More than one year but less than five	147.30	143.82
More than five years	98.52	96.48
TOTAL	301.42	293.48

Figures in millions of euros

6.4. FINANCIAL INVESTMENTS

At December 31, 2019 and 2018 the composition of financial investments was as follows:

Item	Book value	
	2019	2018
<u>HELD-TO-MATURITY PORTFOLIO</u>		
Fixed income	1,949.70	1,939.60
Other investments	23.69	11.87
TOTAL HELD TO MATURITY PORTFOLIO	1,973.39	1,951.47
<u>AVAILABLE-FOR-SALE PORTFOLIO</u>		
Shares	2,021.12	1,799.94
Fixed income	34,312.36	31,487.88
Mutual Funds	725.98	432.38
Other	25.75	33.53
TOTAL AVAILABLE FOR SALE PORTFOLIO	37,085.21	33,753.73
<u>TRADING PORTFOLIO</u>		
Derivatives (not for hedging):		
Financial swaps	494.47	453.00
Options	0.03	0.70
Other investments:		
Shares	739.91	607.21
Fixed income	3,181.59	3,090.04
Mutual Funds	1,100.11	898.05
Hybrids	392.72	413.13
Deposits	0.42	--
Other	28.02	78.64
TOTAL TRADING PORTFOLIO	5,937.27	5,540.77

Figures in millions of euros

The process for the valuation of financial assets is as follows:

- When the asset is acquired, it is assigned to a specific portfolio (held-to-maturity, available for sale, or trading) depending on the characteristics of the liabilities to which it is going to be assigned and on the local and international legislation on accounting and insurance.
- The accounting nature of the portfolios dictates the type of valuation performed. However, at least once a month all assets are valued against the market using the valuation methods mentioned in Note 5.5 "Financial investments" (Level 1, Level 2 and Level 3).
- The valuations are performed directly by the Group's companies, although in some countries an independent financial institution carries them out in line with the local regulations.

The valuation policy is decided by the Investment Committees and/or Risk Committees, and is reviewed at least once a quarter.

Furthermore, the MAPFRE S.A. Executive Committee analyzes the value of all investments, gains and losses on a regular basis.

MAPFRE S.A. AND SUBSIDIARIES

With regard to the sensitivity of fair value measurements, changes in the non-observable variables used in the aforementioned individual valuations would not significantly alter the fair value obtained.

Quoted prices are monitored and verified on a regular basis in order to decide whether any transfers between levels are required:

1. If the quotation source for a particular asset is no longer representative, it is transferred from Level 1 to Level 2.
2. Assets are transferred from Levels 2 and 3 to Level 1 if a reasonable quotation source is verified.
3. Assets are transferred to Level 3 when there are no longer any observable market data.

SPPI Test

At the close of 2019 and 2018, the Group carried out an analysis of fixed-income securities classified in the held to maturity and available for sale portfolios, with the aim of determining which securities receive cash flows solely from payments of principal and interest, i.e. if they pass the SPPI test. In 2018, only those securities from the most relevant Units and Regional Areas were analyzed. The results of said analysis is shown below, with a breakdown of Book and Fair values at December 31, 2019 and 2018, and the variation of the fair value during said periods.

2019

Result	Book Value	Fair value	
		Amount	Variation
Pass SPPI test	35,317.45	35,521.03	1,897.80
Do not pass SPPI test	944.61	945.25	46.75
Total	36,262.06	36,466.28	1,944.55

Figures in millions of euros

Additionally, the following chart provides a breakdown of the credit rating of the financial assets that pass the SPPI test:

Rating	Amount passing SPPI test	
	Book value	Fair value
AAA	2,076.86	2,176.27
AA	2,993.55	2,994.51
A	20,265.76	20,265.77
BBB	7,970.96	7,983.14
BB OR LESS	1,427.90	1,520.00
NO CREDIT RATING	582.42	581.34
Total	35,317.45	35,521.03

Figures in millions of euros

2018

Result	Book value	Fair value	
		Amount	Variation
Pass SPPI test	29,750.01	29,928.39	(178.38)
Do not pass SPPI test	445.29	443.87	(19.20)
Inconclusive	1,671.10	1,682.60	(19.05)
Total analyzed	31,866.40	32,054.86	(216.63)

Figures in millions of euros

Of the securities that pass the SPPI test, 99 percent correspond to instruments with low credit risk, classified as investment grade.

Held-to-maturity portfolio

The investments allocated to the held-to-maturity portfolio at December 31, 2019 and 2018 are shown below:

Item	Book value		Fair value						Revenue from interest		Impairment			
			Level 1. Quotation price		Level 2. Observable data		Level 3. Other measurements				Recorded loss		Reversal gains	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Fixed income	1,949.70	1,939.60	1,943.85	1,845.18	167.18	131.63	42.88	37.53	177.29	183.12	--	--	--	--
Other investments	23.69	11.87	15.51	5.83	0.23	0.04	7.95	5.99	3.11	1.58	--	--	--	--
TOTAL	1,973.39	1,951.47	1,959.36	1,851.01	167.41	131.67	50.83	43.52	180.40	184.70	--	--	--	--

Figures in millions of euros

In relation to Level 3 financial assets in the held-to-maturity portfolio, no significant transactions were carried out in 2019 and 2018.

Available-for-sale portfolio

The investments allocated to the available-for-sale portfolio, at December 31, 2019 and 2018 are shown below:

Item	Book value (fair value)								Impairment			
	Level 1. Quotation price		Level 2. Observable data		Level 3. Other measurements		Total		Recorded loss		Reversal gains	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Shares	1,956.11	1,745.91	62.55	49.50	2.46	4.53	2,021.12	1,799.94	(1.85)	(4.19)	--	0.12
Fixed Income	28,594.55	26,702.47	5,708.84	4,771.83	8.97	13.58	34,312.36	31,487.88	(11.45)	(10.53)	0.01	0.05
Mutual Funds	381.85	322.73	37.27	0.52	306.86	109.13	725.98	432.38	(0.26)	--	--	--
Other	25.75	29.16	--	4.35	--	0.02	25.75	33.53	--	--	--	--
TOTAL	30,958.26	28,800.27	5,808.66	4,826.20	318.29	127.26	37,085.21	33,753.73	(13.56)	(14.72)	0.01	0.17

Figures in millions of euros

MAPFRE S.A. AND SUBSIDIARIES

The valuation adjustments of portfolio investments amounted to 5.50 and 3.42 billion euros at December 31, 2019 and 2018 respectively, which have been recorded net of the tax effect on equity.

Transfers to the consolidated income statement of valuation adjustments of portfolio investments in previous years, undertaken during 2019 and 2018, amount to 440.24 and 144.29 million euros, respectively.

In 2019 and 2018, there were asset transfers from Levels 1 to Level 2 for the amount of 872.98 and 975.67 million euros, respectively.

There were no variations in valuation techniques at Levels 2 and 3.

A reconciliation of the opening and closing balances at the close of period for Level 3 financial assets in the available-for-sale portfolio is shown below:

Available-for-sale portfolio	Equity instruments and mutual funds		Debt securities		Other financial assets		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Opening balance	113.66	32.00	13.58	16.18	0.02	—	127.26	48.18
Acquisitions	225.82	72.94	8.57	12.85	—	—	234.39	85.79
Disposals	(30.34)	(4.73)	(8.60)	(12.91)	—	—	(38.94)	(17.64)
Transfer from Level 1 or 2	—	24.66	—	0.49	—	—	—	25.15
Transfer to Level 1 or 2	—	—	—	—	—	—	—	—
Amortization	—	—	—	—	—	—	—	—
Gains and losses	2.41	(2.91)	(4.54)	(3.03)	—	—	(2.13)	(5.94)
Other	(2.23)	(8.30)	(0.04)	—	(0.02)	0.02	(2.29)	(8.28)
Closing balance	309.32	113.66	8.97	13.58	—	0.02	318.29	127.26

Figures in millions of euros

At the close of 2019 and 2018, the impairment analyses performed for each security in the equity portfolios concluded that there was no significant impairment, or any signs of such, in any of the investments measured at their stock market quoted price as none of the objective situations determining this eventuality had occurred.

With respect to investments in unlisted assets, in 2019 and 2018, losses of 4.28 and 3.38 million euros, respectively, were recognized for the equity investment in SAREB. No provisions were made during the periods 2019 and 2018 for significant impairment to investments in unquoted assets analyzed individually.

At the close of 2019 and 2018, the Group had fixed-income assets as guarantees for financial swap operations with a market value of 496.49 and 425.26 million euros, respectively. These financial assets are classified in the available-for-sale portfolio. At the close of these years, the guaranteed assets amounted to 516.90 and 465.16 million euros, respectively. In both cases the guarantee matures on a daily basis, at which time a new guarantee is established or the existing guarantee is maintained or canceled. The existence of these guarantees mitigated the counterparty risk (CVA/DVA) on a large portion of the Group's derivatives.

Trading portfolio

The investments allocated to the trading portfolio at December 31, 2019 and 2018 are shown below:

Item	Book value (fair value)							
	Level 1. Quotation price		Level 2. Observable data		Level 3. Other measurements		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Derivatives (not for hedging)								
Financial swaps	--	--	494.47	453.00	--	--	494.47	453.00
Options	--	--	0.03	0.70	--	--	0.03	0.70
TOTAL DERIVATIVES (NOT FOR HEDGING)	--	--	494.50	453.70	--	--	494.50	453.70
Other investments								
Shares	738.56	605.86	0.05	0.05	1.30	1.30	739.91	607.21
Fixed income	2,610.66	2,900.95	570.93	189.09	--	--	3,181.59	3,090.04
Mutual Funds	1,058.91	895.16	41.20	2.89	--	--	1,100.11	898.05
Hybrids	93.79	10.59	298.93	402.54	--	--	392.72	413.13
Deposits	0.42	--	--	--	--	--	0.42	--
Other	0.01	0.41	1.07	78.23	26.94	--	28.02	78.64
TOTAL OTHER INVESTMENTS	4,502.35	4,412.97	912.18	672.80	28.24	1.30	5,442.77	5,087.07
TOTAL TRADING PORTFOLIO	4,502.35	4,412.97	1,406.68	1,126.50	28.24	1.30	5,937.27	5,540.77

Figures in millions of euros

During 2019 and 2018 no significant transactions were carried out involving Level 3 financial assets held for trading, and no transfers were made from/to this level.

Gains and losses recognized in the 2019 and 2018 results are as follows:

Item	Gains (Losses) allocated to results			
	Unrealized		Realized	
	2019	2018	2019	2018
Derivatives (not for hedging)				
Financial swaps	(4.79)	(41.89)	14.79	(5.80)
Options	--	--	(0.82)	(0.28)
TOTAL DERIVATIVES (NOT FOR HEDGING)	(4.79)	(41.89)	13.97	(6.08)
Other investments				
Shares	64.11	(22.47)	18.31	(1.27)
Fixed income	44.86	(12.17)	19.68	(6.16)
Mutual Funds	76.64	(55.96)	20.60	(3.30)
Hybrids	17.44	(9.60)	--	--
Deposits	--	--	--	--
Other	0.42	(0.08)	(6.04)	0.10
TOTAL OTHER INVESTMENTS	203.47	(100.28)	52.55	(10.63)
TOTAL TRADING PORTFOLIO	198.68	(142.17)	66.52	(16.71)

Figures in millions of euros

The main derivative instruments correspond to financial swaps of certain or predefined flows in which a Group company assumes the obligation to pay certain fixed or predefined amounts, usually stated in euros. The sum of 494.47 million euros was recorded in the trading portfolio for this item in 2019 (453.00 million euros in 2018).

Note 7 "Risk Management" provides a breakdown of the maturity of fixed-income securities.

6.5. INVESTMENTS ON BEHALF OF LIFE INSURANCE POLICYHOLDERS BEARING THE INVESTMENT RISK

The following table shows the breakdown for the "Investments on behalf of Life insurance policyholders bearing investment risk" heading at December 31, 2019 and 2018:

Item	Book value (fair value)								Earnings			
	Level 1. Quotation price		Level 2. Observable data		Level 3. Other measurements		Total		Unrealized		Realized	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Shares	670.61	414.99	--	--	--	--	670.61	414.99	11.39	(44.92)	--	0.05
Fixed income	262.30	803.76	563.01	260.41	--	--	825.31	1,064.17	62.98	(47.52)	21.15	16.95
Mutual funds holdings	1,014.28	763.25	0.04	0.08	--	--	1,014.32	763.33	45.26	(16.12)	37.35	33.49
TOTAL	1,947.19	1,982.00	563.05	260.49	--	--	2,510.24	2,242.49	119.63	(108.56)	58.50	50.49

Figures in millions of euros

In the balance of “Mutual funds”, the amount of Group company majority shareholdings in mutual funds linked to Life insurance where the policyholder bears the investment risk is included, for a total of 295.44 and 134.43 million euros to December 31, 2019 and 2018, respectively. The breakdown of the assets this appears in is the following:

Item	2019	2018
Fixed income	193.17	33.42
Mutual funds	83.86	88.19
Other	18.41	12.82
TOTAL	295.44	134.43

Figures in millions of euros

6.6. RECEIVABLES

The breakdown of the “Receivables” heading at December 31, 2019 and 2018, as well as impairment losses and gains on reversals recorded in the last two years are as follows:

Item	Gross amount		Impairment		Net balance on balance sheet		Impairment			
	2019	2018	2019	2018	2019	2018	Recorded losses		Reversal gains	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Receivables on direct insurance and co-insurance operations	4,002.28	3,709.38	(57.19)	(65.17)	3,945.09	3,644.21	(11.29)	(10.82)	6.97	9.93
Receivables on reinsurance operations	971.75	939.29	(37.42)	(36.21)	934.33	903.08	(16.44)	(21.95)	15.89	15.64
Tax receivables	409.20	336.70	--	--	409.20	336.70	--	--	--	--
Corporate and other receivables	798.38	895.11	(17.61)	(17.90)	780.77	877.21	(10.47)	(3.02)	2.43	2.28
TOTAL	6,181.61	5,880.48	(112.22)	(119.28)	6,069.39	5,761.20	(38.20)	(35.79)	25.29	27.85

Figures in millions of euros

The heading “Receivables on direct insurance and co-insurance operations” includes premiums pending collection from policyholders and mediators, while the heading “Receivables on reinsurance operations” includes outstanding balances from ceded, retroceded and accepted reinsurance operations. In 2018 two Brazilian subsidiaries wrote off unrecoverable balances in “Receivables on direct insurance and co-insurance operations” for the amounts of 35.11 and 38.83 million euros, respectively. As the unrecoverable amounts came from prior years, they were included, net of taxes, in other variations in Reserves and Non-controlling interests in the Consolidated statement of changes in equity, for the total amount, including other minor adjustments in Debt and Technical Provisions, of 26.67 and 27.17 million euros, respectively.

MAPFRE S.A. AND SUBSIDIARIES

The breakdown for the "Corporate and other receivables" heading at the close of the last two years is as follows:

Corporate and other receivables	Amount	
	2019	2018
Debtors of sales or provision of services	95.55	236.38
Receivables for claim recovery (including collaboration agreements with other insurance companies)	19.47	33.68
Advance payment of policies (Life insurance)	28.53	29.30
Legal deposits	376.05	326.03
Receivables with Public Administrations	2.99	0.55
Balance receivables from personnel	25.37	27.70
Other debtors	232.81	223.57
TOTAL	780.77	877.21

Figures in millions of euros

Impairment is calculated and, where necessary, recognized, as described in the accounting policy 5.9 "Receivables" in this annual report.

The balances included in the "Receivables" heading do not accrue interest and generally their liquidation is executed the following year.

6.7 ASSET IMPAIRMENT

The following tables show asset impairment for the last two periods:

2019

Impairment in:	Opening balance	Adjustments to the opening balance	Changes to the scope	Recorded in results		Write-off of asset	Closing balance
				Increase	Decrease		
Intangible assets	272.92	3.05	--	65.62	--	(1.71)	339.88
I. Goodwill	262.34	3.05	--	65.62	--	(1.71)	329.30
II. Other intangible assets	10.58	--	--	--	--	--	10.58
Property, plant and equipment	13.44	--	--	2.11	(3.52)	--	12.03
I. Real estate for own use	11.40	--	--	2.11	(3.52)	--	9.99
II. Other property, plant and equipment	2.04	--	--	--	--	--	2.04
Investments	395.05	(0.59)	--	24.17	(7.24)	(56.82)	354.57
I. Real estate investments	248.53	0.23	--	4.36	(7.23)	(3.19)	242.70
II. Financial investments	--	--	--	--	--	--	--
-Held-to-maturity portfolio	--	--	--	--	--	--	--
- Available-for-sale portfolio	108.94	(0.78)	--	13.56	(0.01)	(28.50)	93.21
-Trading portfolio	--	--	--	--	--	--	--
III. Investments recorded by applying the equity method	18.62	--	--	--	--	(8.53)	10.09
IV. Deposits established for accepted reinsurance	--	--	--	--	--	--	--
V. Other investments	18.96	(0.04)	--	6.25	--	(16.60)	8.57
Inventories	80.77	--	--	1.22	(1.24)	--	80.75
Receivables	119.28	3.03	--	38.20	(25.29)	(23.00)	112.22
I. Receivables on direct insurance and co-insurance operations	65.17	(1.81)	--	11.29	(6.97)	(10.49)	57.19
II. Receivables on reinsurance operations	36.21	4.56	--	16.44	(15.89)	(3.90)	37.42
III. Tax receivables	--	--	--	--	--	--	--
IV. Social security and other receivables	17.90	0.28	--	10.47	(2.43)	(8.61)	17.61
Other assets	--	--	--	--	--	--	--
TOTAL IMPAIRMENT	881.46	5.49	--	131.32	(37.29)	(81.53)	899.45

Figures in millions of euros

MAPFRE S.A. AND SUBSIDIARIES

2018

Impairment in:	Opening balance	Adjustments to the opening balance	Changes to the scope	Recorded in results		Write-off of asset	Closing balance
				Increase	Decrease		
Intangible assets	199.86	(5.45)	--	173.45	--	(94.94)	272.92
I. Goodwill	141.95	(2.18)	--	173.45	--	(50.88)	262.34
II. Other intangible assets	57.91	(3.27)	--	--	--	(44.06)	10.58
Property, plant and equipment	20.06	(0.51)	(0.18)	2.22	(8.09)	(0.06)	13.44
I. Real estat for own use	17.45	--	(0.18)	2.22	(8.09)	--	11.40
II. Other property, plant and equipment	2.61	(0.51)	--	--	--	(0.06)	2.04
Investments	450.82	(39.28)	--	28.81	(28.68)	(16.62)	395.05
I. Real estate investments	267.26	0.04	--	11.78	(28.51)	(2.04)	248.53
II. Financial investments	--	--	--	--	--	--	--
-Held-to-maturity portfolio	--	--	--	--	--	--	--
-Available-for-sale portfolio	155.94	(46.97)	--	14.72	(0.17)	(14.58)	108.94
-Trading portfolio	--	--	--	--	--	--	--
III. Investments recorded by applying the equity method	18.62	--	--	--	--	--	18.62
IV. Deposits established for accepted reinsurance	--	--	--	--	--	--	--
V. Other investments	9.00	7.65	--	2.31	--	--	18.96
Inventories	78.59	--	--	4.08	(1.90)	--	80.77
Receivables	142.07	(11.03)	--	35.79	(27.85)	(19.70)	119.28
I. Receivables on direct insurance and co-insurance operations	78.35	(13.66)	--	10.82	(9.93)	(0.41)	65.17
II. Receivables on reinsurance operations	46.81	2.38	--	21.95	(15.64)	(19.29)	36.21
III. Tax receivables	--	--	--	--	--	--	--
IV. Corporate and other receivables	16.91	0.25	--	3.02	(2.28)	--	17.90
Other assets	--	--	--	--	--	--	--
TOTAL IMPAIRMENT	891.40	(56.27)	(0.18)	244.35	(66.52)	(131.32)	881.46

Figures in millions of euros

6.8. CASH**Expenditure**

During 2019 and 2018 several disbursements were made related to investments in Group companies and the acquisition of businesses. The most significant acquisitions were as follows:

Acquiring company	Details of acquisition			
	Company	Percentage	Activity	Amount disbursed
2019				
MAPFRE VIDA S.A.	CAJA GRANADA VIDA S.A.	51.00%	Insurance	61.76
MAPFRE VIDA S.A.	CAJA MURCIA VIDA AND PENSIONES S.A.	51.00%	Insurance	48.55
MAPFRE ESPAÑA S.A.	SANTANDER MAPFRE S.A.	50.01%	Insurance	82.27
2018				
MAPFRE BRASIL PARTICIPAÇÕES S.A.	MAPFRE BB SH2 PARTICIPAÇÕES S.A.	50.00%	Holdings from Insurance entities	519.44

Figures in millions of euros

The aforementioned investments were financed using shareholders' equity, the issue of bonds, bank loans and drawdowns on the long-term line of credit.

Acquisitions in 2018 are framed by the reorganization of the business in the strategic alliance between MAPFRE and Banco do Brasil, by means of which the Group became shareholder of 100 percent of the business coming from the agent network and the auto and large risk business from the bank channel. The acquisition generated a reduction in non-controlling interests and in reserves for the amount of 331.62 and 196.34 million euros respectively.

No significant non-monetary transactions related to investment and financing activities have been excluded from the cash flow statement.

Commitments

Non-controlling interests of the MAPFRE RE subsidiary have a put option on the shares of this company. If exercised, MAPFRE S.A. or a Group company would have to acquire the shares from the selling non-controlling shareholder. The purchase price for the MAPFRE RE shares will be calculated using the previously agreed formula. At December 31, 2019 and 2018, considering the variables included in the aforementioned formula, the commitment assumed by the Group if this option were exercised would amount to a total of approximately 108.75 and 98.09 million euros, respectively.

6.9. NON-CURRENT ASSETS HELD FOR SALE, ASSOCIATED LIABILITIES AND DISCONTINUED OPERATIONS

At December 31, 2019 and 2018 the main non-current assets held for sale, discontinued operations and associated liabilities were as follows:

Item	Non-current assets classified as held-for-sale		Discontinued operations		Total	
	2019	2018	2019	2018	2019	2018
Assets						
Intangible assets	50.84	40.66	--	--	50.84	40.66
Property, plant and equipment	63.54	43.06	--	--	63.54	43.06
Investments	80.08	201.81	--	--	80.08	201.81
Credits	7.68	16.44	--	--	7.68	16.44
Cash	28.26	31.48	--	--	28.26	31.48
Other assets	33.84	8.03	--	--	33.84	8.03
Total assets	264.24	341.48	--	--	264.24	341.48
Related liabilities						
Technical provisions	69.02	63.28	--	--	69.02	89.96
Provision for risks and expenses	1.56	89.96	--	--	1.56	1.08
Deferred tax liabilities	1.18	1.08	--	--	1.18	1.08
Other debts	64.08	39.64	--	--	64.08	39.64
Total liabilities	135.84	193.96	--	--	135.84	193.96

Figures in millions of euros

Non-current assets classified as held-for-sale and associated liabilities

The following is a description of the key transactions that generated assets and liabilities included in the above chart.

2019

- Funeral service business in Spain

In the last quarter of 2018, MAPFRE España and Santa Lucía S.A. signed a non-binding memorandum of understanding by virtue of which both parties reflected the preliminary agreements reached with the aim of establishing a strategic alliance for the joint development of their respective funeral service businesses in Spain. This alliance was formalized in 2019. The result of this alliance will be a leading group in the Spanish funeral business market, with direct and indirect access to 100 percent of the territory.

Once the definitive valuations have been set, currently underway, it has been agreed that MAPFRE, through its subsidiary FUNESPAÑA, will own 25 percent of the share capital and Santa Lucía the remaining 75 percent.

While relevant authorizations are still pending, the non-current assets held for sale and the associated liabilities from the businesses contributed to this alliance reached 193.13 and 65.88 million euros, respectively, at the close of 2019; and 135.74 and 39.04 million euros, respectively, at the close of 2018.

- Cession of long-term Complementary High-Risk Workers' Compensation Insurance in Peru

This will imply the transfer of assets and liabilities linked to this insurance, for the amount of 69.02 million euros.

2018

- Reorganization of activity in the United States

In 2018, MAPFRE has reorganized its activity in the United States, selling its Life operation and exiting five states where it was operating primarily in the Auto line, due to not having sufficient scale there to make them profitable.

This restructuring was based on the following three transactions:

- The sale during the second quarter of 2018 of MAPFRE Life Insurance Company to the Swiss reinsurer Swiss Re. The sale transaction was limited to assets and liabilities, as well as the license MAPFRE had in all states in the U.S. to operate in the Life insurance line.
- The sale to the US insurer Plymouth Rock of the business in New York and New Jersey. In the case of New York, MAPFRE sold its subsidiary, MAPFRE Insurance Company, while in New Jersey, the operation was structured as a business portfolio transfer to various entities of the Plymouth Rock group. Both operations, which closed simultaneously, received approval from the regulatory bodies and were closed on January 2, 2019.
- The transfer, in April, of the Non-Life business portfolios in the states of Tennessee, Kentucky and Indiana to the entity Safeco Insurance, a subsidiary of the Liberty Mutual Group.

At the close of 2018 the fair value of the assets from these operations was recorded in the heading "Non-current assets held for sale" for the amount of 112.76 million euros, with associated liabilities reaching 90.91 million euros.

The reorganization of all these businesses in the United States implied recording losses, net of taxes, of approximately 8.60 million dollars (7.20 million euros) at the close of December 2018, and a cash inflow in MAPFRE USA of 68.9 million dollars.

6.10. EQUITY

- Share capital

The share capital is recorded by the face value of disbursed shares or whose disbursement was demanded.

The controlling company's share capital at December 31, 2019 and 2018 was represented by 3,079,553,273 shares, with a face value of 0.10 euros each, fully subscribed and paid-up. All shares carry identical voting and dividend rights.

The Annual General Meeting of March 9, 2018 authorized the directors of the controlling company to increase the capital up to a maximum of 153,977,663.65 euros, equivalent to 50 percent of the share capital at the time. This authorization was granted for a period of five years. Furthermore, the directors were

authorized to issue analogous fixed-income securities or debentures, convertible or not, for a maximum amount of 2 billion euros.

CARTERA MAPFRE directly held 67.60 percent of the share capital at December 31, 2019 and 2018.

All shares representing the share capital of the controlling company are admitted to official trading on the Madrid and Barcelona stock markets.

- **Treasury Stock**

In 2019, 7,897,336 shares of treasury stock were bought on the market and 1,839,387 were given to directors of subsidiaries as part of variable remuneration schemes, resulting in a net increase of 6,057,949 shares of treasury stock, representing 0.1967 percent of the capital, for the amount of 15.59 million euros. In the previous year, 2,079,216 shares of treasury stock were sold, representing 0.0675 percent of the capital, for the amount of 4.11 million euros. At December 31, 2019 and 2018, the controlling company owned 30,489,839 and 24,431,890 treasury stock respectively, representing 0.9901 and 0.7934 percent of the capital, for the amount of 63.84 and 48.25 million euros, respectively.

At December 31, 2019 and 2018, no other Group company held shares in the controlling company.

- **Valuation change adjustments**

This includes the equity reserves arising as a consequence of revenues and expenses recognized in each year which, pursuant to IFRS, must be recorded in the Group's equity accounts.

The following table shows the nature of the "Valuation change adjustments" recorded under that Equity heading at the close of the last two financial years:

Item	Amount	
	2019	2018
<u>Fixed income</u>		
Capital gains	4,791.11	3,834.87
Capital losses	(1,987.00)	(1,772.05)
<u>Equity and Mutual Funds</u>		
Capital gains	795.17	142.45
Capital losses	(18.56)	(114.17)
Shadow accounting	(2,558.91)	(1,839.32)
Other adjustments	(18.13)	41.34
TOTAL	1,003.68	293.12

Figures in millions of euros

Restrictions on the availability of reserves

- The heading "Reserves" includes the controlling company's legal reserve, amounting to 61.59 million euros at December 31, 2019 and 2018, which may not be distributed to shareholders, except in the event of the controlling company's liquidation, and may only be used to offset potential losses.

- The same restriction applies to the legal reserves established by the subsidiaries and reflected in their balance sheets.
- There are no other restrictions on the availability of reserves for any significant amount, except for those described in the section regarding "Tax incentives" in Note 6.20.

Capital management

Capital management is focused on ensuring stability and maintaining adequate remuneration, which are achieved through robust solvency margins, financial flexibility, the generation of cash flows, and the creation of value for shareholders.

Managed capital refers to the shareholders' equity permitted by the regulations currently in force and other management models used. The Group Solvency ratio offers great stability, backed by a high level of diversification and strict asset and liability management and investment policies.

In line with the Group's risk appetite, which corresponds to the level of risk that the Group is prepared to assume to attain its business objectives without any significant deviations (even in adverse circumstances), each business unit operates according to a series of risk tolerance levels based on the capital assigned.

MAPFRE has an internal capitalization and dividend policy that is designed to provide the business units with the capital necessary to cover the risks that have been assumed, all in a rational and objective way.

The volume of dividends for distribution is established in line with the estimated results and shareholders' equity. If actual performance deviates from the estimates made, the assigned capital is revised.

Remuneration for shareholders is linked to the Group's profits, solvency, liquidity and investment plans, as well as shareholders' expectations.

As a general rule, the Board of Directors recommends a distribution of dividends to the Annual General Meeting based on between 50 percent and 65 percent of the result for the period attributable to the controlling company in its consolidated annual accounts.

The risk estimates and assignment of capital to each business unit are described in Note 7 of the annual report, "RISK MANAGEMENT".

The items that form part of the Group's available equity conform to the requirements of current regulations.

6.11. SUBORDINATED LIABILITIES

At December 31, 2019 and 2018, the balance of this account included the amortized cost of the subordinated debt issued by the controlling company, corresponding to the issuances in September 2018 and March 2017. The most relevant terms and conditions of these are described below:

MAPFRE S.A. AND SUBSIDIARIES

Terms and Conditions	Issuance	
	September 2018	March 2017
Nominal amount	500.00	600.00
Issue date	09.07.2018	03.31.2017
Maturity	09.07.2048	03.31.2047
First call option	09.07.2028	03.31.2027
Interest rate		
- Until 1st call option	4.125%	4.375%
- After 1st call option	Euribor 3M + 4,30%	Euribor 3M + 4,543%
Listing	AIAF market	AIAF market
Rating	BBB-	BBB
Accrued unpaid interest		
December 31, 2019 and 2018	6.50	19.78
Price at close of period		
-2019	117.91%	117.74%
-2018	99.84%	102.49%

Figures in millions of euros

Both issuances, issued under Spanish jurisdiction, contemplate:

- Redemption in special cases: due to reform or modification of tax regulations, non-classification as issuer's own funds, and change in treatment granted by the credit rating agencies.
- Interest deferral: the issuer is obligated to defer interest payment should any Solvency Capital Requirement or Minimum Capital Requirement breach exist, or should the Relevant Regulator prohibit the issuer from making interest payments, or should the issuer be unable to meet regularly its due and payable liabilities.

6.12. FINANCIAL LIABILITIES

The following table shows the fair value breakdown of the financial liabilities:

Item	Book value		Fair value	
	2019	2018	2019	2018
Issue of debentures and other negotiable securities	1,004.82	1,004.05	1,087.20	997.32
Due to credit institutions	847.81	545.69	847.81	545.69
Other financial liabilities	1,913.08	1,262.80	1,903.41	1,256.84
TOTAL	3,765.71	2,812.54	3,838.42	2,799.85

Figures in millions of euros

At December 31, 2019 and 2018 the fair value of the issue of debentures and other negotiable securities corresponded to the quoted price at the close of the period (Level 1), including the accrued interest.

Issuance of debentures and other negotiable securities

At December 31, 2019 and 2018 the balance of this account included the amortized cost of the simple debentures issued by MAPFRE S.A. The most relevant terms and conditions governing issuing activity are described below.

- Issue type: simple debentures represented by book entries
- Nominal amount: 1 billion euros
- Issuance date: May 19, 2016
- Issuance period: 10 years
- Maturity: May 19, 2026
- Redemption: single payment on maturity and at par, with no expense for the holder
- Listing: Fixed-income AIAF market
- Coupon: annual fixed 1.625 percent, payable on the anniversaries of the issue date up to and including the end maturity date
- Issue rating: A-

The accrued interest outstanding at December 31, 2019 and 2018 amounted to 10.06 million euros. At December 31, 2019 and 2018 the securities were listed at 107.71 percent and 98.73 percent of their face value, respectively.

Debt payable to lending institutions

The breakdown of the amounts due to credit institutions at December 31, 2019 and 2018 is shown below:

Class of debt	Book value		Average interest rate %		Guarantees granted	
	2019	2018	2019	2018	2019	2018
Finance lease	0.17	0.40	5.16	5.28	--	--
Credits	639.80	502.82	0.52	0.50	--	--
Loans	161.62	0.59	--	--	--	--
Other	46.22	41.88	1.00	1.00	--	--
TOTAL	847.81	545.69	--	--	--	--

Figures in millions of euros

- **Credits**

At December 31, 2019 and 2018 the main line of credit was as follows:

Bank	Maturity	Limit		Drawn down	
		2019	2018	2019	2018
MAPFRE, S.A.	02.26.2024	1,000.00	1,000.00	610.00	490.00
TOTAL		1,000.00	1,000.00	610.00	490.00

Figures in millions of euros

The line of credit indicated above is a syndicated loan granted by a group of 10 banking companies and which accrues interest at a rate pegged to market variables and in 2018, was novated, modifying the conditions and extending its maturity. Among the conditions modified, it is worth pointing out that it became sustainable financing, also linking its interest to the Group sustainability parameters. As set out in the contract, in January 2019 its maturity was extended from February 2024 to February 2025.

- **Loans**

The breakdown of the main loans in force at December 31, 2019 is as follows:

Bank	Period	Amount
MAPFRE VIDA	01.31.2026	110.00
MAPFRE ESPAÑA	02.21.2024	51.00
TOTAL		161.00

Figures in millions of euros

Both loans accrue an interest rate linked to the Euribor, amortizing via flat, annual payments, the first being made two years from the date of the formalization of the loan in 2019.

Other financial liabilities

The heading "Other financial liabilities" includes the outstanding amount for financial obligations not included in any other items. The following table shows the breakdown at December 31, 2019 and 2018:

MAPFRE S.A. AND SUBSIDIARIES

Other financial liabilities	Amount	
	2019	2018
Financial liabilities held for trading	471.05	322.36
Other financial liabilities measured at fair value with changes in P&L	498.94	469.60
Non-controlling interests in mutual funds (Note 3.2)	584.07	428.15
Financial liabilities from leases (Note 6.3)	315.39	--
Other financial liabilities	43.63	42.69
TOTAL	1,913.08	1,262.80

Figures in millions of euros

Additionally, there is a line of credit granted by CARTERA MAPFRE with a limit of 400.00 million euros, accruing interest at a variable rate linked to the quarterly Euribor, and maturing on September 10, 2020, extendable for successive periods of one year. In 2019 and 2018, no drawdowns were made on this line of credit.

At December 31, 2019 and 2018 the fair value of these liabilities did not differ significantly from their book value.

Regarding the fair value level, the fair value measurements of these liabilities are classified at Level 2, with the exception of the balance of "Non-controlling interests in mutual funds", valued at liquid value (mostly Level 1).

In 2019 and 2018 no financial liabilities were transferred between Levels 1, 2 and 3. Items are transferred between levels when they no longer meet the criteria for classification under a given level but meet those of one of the other levels. No adjustments were made for own credit risk in connection with the financial liabilities deriving from financial swap transactions, given that they are cash flow exchange operations whose current net value leads to a balance in favor of the counterparty. In any event, the application of adjustments for own credit risk in these transactions would not have a material effect on the income statement or on the company's equity.

6.13. TECHNICAL PROVISIONS

1. Breakdown of the composition of technical provisions

The following table shows the balance composition of each of the technical provisions listed on the balance sheet of the last two years.

Item	Direct insurance		Accepted reinsurance		Ceded and retroceded reinsurance	
	2019	2018	2019	2018	2019	2018
<u>Provisions for Non-life unearned premiums and unexpired risks</u>						
1.1 Provision for unearned premiums	7,255.60	6,939.18	949.64	963.08	2,010.38	1,522.70
1.2 Provision for unexpired risks	38.09	48.06	--	1.08	--	--
<u>Life insurance provisions</u>						
2.1 Provisions for unearned premiums and unexpired risks						
2.1.1. Provision for unearned premiums	1,419.89	1,248.19	239.25	510.86	6.48	5.68
2.1.2. Provision for unexpired risks	24.85	25.76	--	--	--	--
2.2 Mathematical reserves	24,826.18	22,973.80	73.91	79.86	50.52	50.27
<u>Provisions for outstanding claims</u>						
3.1 Pending settlement or payment	8,691.10	8,884.91	2,440.95	2,298.95	3,890.94	3,762.77
3.2 Claims incurred but not reported (IBNR)	1,206.80	1,183.15	106.10	160.98	400.79	526.03
3.3 For claim settlement internal expenses	176.81	181.93	2.29	4.23	22.13	14.26
<u>Other technical provisions</u>						
4.1 Burial	1,002.15	909.89	--	--	1.47	1.08
4.2 Other	67.78	67.24	--	--	3.34	0.39
TOTAL	44,709.25	42,462.11	3,812.14	4,019.04	6,386.05	5,883.18

Figures in millions of euros

2. Movement of each of the technical provisions

2.1. Provisions for unearned premiums, unexpired risks, claims, profit-sharing and other technical provisions

A) DIRECT INSURANCE AND ACCEPTED REINSURANCE

2019

Item	Opening balance	Adjustments to the opening balance	Changes to the scope	Provisions	Reversals	Closing balance
Provisions for Non-Life unearned premiums and unexpired risks						
1.1 Provision for unearned premiums	7,902.26	67.09	0.30	8,188.61	(7,953.02)	8,205.24
1.2 Provision for unexpired risks	49.14	2.73	--	11.88	(25.66)	38.09
Life insurance provisions						
2.1 Provisions for unearned premiums and unexpired risks						
2.1.1. Provision for unearned premiums	1,759.05	(7.13)	11.22	2,411.82	(2,515.82)	1,659.14
2.1.2. Provision for unexpired risks	25.76	(3.65)	--	7.65	(4.91)	24.85
2.2 Mathematical provisions	23,053.66	(73.92)	265.15	3,963.15	(2,307.95)	24,900.09
Provisions for outstanding claims						
3.1 Life Direct Insurance	1,155.00	(6.95)	21.75	2,388.83	(2,266.04)	1,292.59
3.2 Non-Life Direct Insurance	9,094.99	(49.46)	0.08	9,182.68	(9,446.17)	8,782.12
3.3 Accepted reinsurance	2,464.16	95.28	--	4,567.74	(4,577.84)	2,549.34
Other technical provisions	977.13	(0.03)	0.04	1,058.36	(965.57)	1,069.93
TOTAL	46,481.15	23.96	298.54	31,780.72	(30,062.98)	48,521.39

Figures in millions of euros

2018

Item	Opening balance	Adjustments to the opening balance	Changes to the scope	Provisions	Reversals	Closing balance
Provisions for Non-Life unearned premiums and unexpired risks						
1.1 Provision for unearned premiums	8,324.52	(236.25)	--	9,121.87	(9,307.88)	7,902.26
1.2 Provision for unexpired risks	50.58	3.93	--	27.25	(32.62)	49.14
Life insurance provisions						
2.1 Provisions for unearned premiums and unexpired risks						
2.1.1. Provision for unearned premiums	1,771.28	(123.26)	--	2,039.48	(1,928.45)	1,759.05
2.1.2. Provision for unexpired risks	158.21	(4.83)	--	8.26	(135.88)	25.76
2.2 Mathematical provisions	23,063.43	(102.74)	--	2,182.55	(2,089.58)	23,053.66
Provisions for outstanding claims						
3.1 Life Direct Insurance	1,134.11	(52.52)	--	2,152.24	(2,078.83)	1,155.00
3.2 Non-Life Direct Insurance	7,909.21	(127.43)	--	9,002.80	(7,683.59)	9,094.99
3.3 Accepted reinsurance	2,185.77	(113.36)	--	4,517.05	(4,125.30)	2,464.16
Other technical provisions	902.85	(3.69)	--	955.65	(877.68)	977.13
TOTAL	45,493.96	(760.15)	--	30,007.15	(28,259.81)	46,481.15

Figures in millions of euros

The amounts of the provisions and reversals of technical provisions shown in the tables above are recorded in headings "Changes in provisions for unearned premiums and unexpired risks", "Claims paid and variation

in provision for claims, net”, and “Variation in other technical provision” on the consolidated income statement.

B) CEDED AND RETROCEDED REINSURANCE

2019

Item	Opening balance	Adjustments to the opening balance	Changes to the scope	Additions	Reversals	Closing balance
Provision for unearned premiums	1,522.70	100.72	0.06	3,834.74	(3,447.84)	2,010.38
Provisions for Life insurance	55.95	(0.10)	1.06	87.02	(86.93)	57.00
Provision for outstanding claims	4,303.06	82.72	2.94	10,223.07	(10,297.93)	4,313.86
Other technical provisions	1.47	2.81	0.04	0.48	0.01	4.81
TOTAL	5,883.18	186.15	4.10	14,145.31	(13,832.69)	6,386.05

Figures in millions of euros

2018

Item	Opening balance	Adjustments to the opening balance	Change to the scope	Additions	Reversals	Closing balance
Provision for unearned premiums	1,747.58	(66.17)	--	2,596.42	(2,755.13)	1,522.70
Provisions for Life insurance	68.70	(7.81)	--	53.64	(58.58)	55.95
Provision for outstanding claims	3,171.76	(201.33)	--	11,787.77	(10,455.14)	4,303.06
Other technical provisions	1.58	(0.05)	--	0.42	(0.48)	1.47
TOTAL	4,989.62	(275.36)	--	14,438.25	(13,269.33)	5,883.18

Figures in millions of euros

2.2. Mathematical provisions

Item	Direct insurance and accepted reinsurance		Ceded and retroceded reinsurance	
	2019	2018	2019	2018
Mathematical provisions at beginning of year	23,053.66	23,063.43	50.27	56.75
Adjustments to the opening balance	(73.92)	(102.74)	0.76	(5.63)
Business combinations	265.15	--	0.50	1.27
Premiums	1,689.17	2,014.35	0.12	0.13
Technical interests	908.88	427.23	2.22	2.05
Claim payments/collections	(2,307.95)	(2,089.58)	(3.04)	(4.74)
Provision adequacy test	--	(0.01)	--	--
Shadow accounting adjustments	1,353.06	(211.95)	--	--
Other	12.04	(47.07)	(0.31)	0.44
Deconsolidation (balance of provision on deconsolidation date)	--	--	--	--
Mathematical provisions at end of year	24,900.09	23,053.66	50.52	50.27

Figures in millions of euros

2.3. Burial provision

Item	Direct insurance and accepted reinsurance	
	2019	2018
Provisions at beginning of year	909.89	829.06
Adjustments to the opening balance	(0.04)	(0.06)
Consolidation (balance of provision on consolidation date)	--	--
Premiums	97.08	87.20
Technical interest	9.47	16.07
Claim payments	(10.64)	(9.19)
Provision adequacy test	--	--
Other	(3.61)	(13.19)
Deconsolidation (balance of provision on deconsolidation date)	--	--
Provisions at end of year	1,002.15	909.89

Figures in millions of euros

3. Other information

3.1. Technical provisions for Life insurance where policyholders bear the investment risk

Item	Direct insurance and accepted reinsurance	
	2019	2018
Provision at beginning of year	2,242.49	2,320.14
Adjustments to the opening balance	(7.23)	(85.80)
Consolidation (balance of provision on consolidation date)	12.90	--
Premiums	856.89	837.70
Payment of claims	(807.48)	(582.97)
Asset valuation changes	211.00	(45.92)
Other	1.67	(200.66)
Deconsolidation (balance of provision on deconsolidation date)	--	--
Provision at end of year	2,510.24	2,242.49

Figures in millions of euros

3.2. Provision for unexpired risks

The provision for unexpired risks has been made by the Group's insurance companies in line with the criteria explained in Note 5.15.

3.3. Information related to Life insurance

No additional provisions for Life insurance deriving from the liability adequacy test were necessary.

The characteristics of the main Life insurance types sold by the Group's companies in 2019 and 2018 are listed below.

MAPFRE S.A. AND SUBSIDIARIES

• Spain

LIFE INSURANCE TECHNICAL CONDITIONS						
Format	Coverage	Biometric tables		Technical interest	Profit sharing	
		First order	Second order		Amount (million euros)	method
MAPFRE VIDA						
Single premium group Insurance contracts, with and without profit sharing:						
- Mod. 342. Group annuity	Longevity	PERM/F-2000P	117.14% PER2012 COL ORDEN 2	2.28%	--	MAPFRE network
- Mod. 308. Group Flexinvida with interest and premium reimbursement	Longevity / Death	PASEM 2010	PASEM2019 COL ORDEN 2 (97.60% MEN, 85.26% WOMEN)	2.49%	2.66	MAPFRE network
- Mod. 517. Group Flexinvida without reimbursement single premium	Longevity	PER2012 COL ORDEN1	PASEM2019 COL ORDEN 2 (97.60% MEN, 85.26% WOMEN)	1.29%	0.06	MAPFRE network
Single or regular premium, Individual insurance contracts, where the policyholder bears the investment risk:						
- Mod. 447. Dividendo Vida II	Longevity / Death	PASEM 2010 MEN	PASEM2019 IND ORDEN 2 (72.26% MEN, 82.02% WOMEN)	--	--	MAPFRE network
- Mod. 502. Seguro Puente Garantía	Longevity / Death	PASEM 2010 MEN	PASEM2019 IND ORDEN 2 (72.26% MEN, 82.02% WOMEN)	--	--	MAPFRE network
BANKIA MAPFRE VIDA						
Single premium individual contracts, without profit sharing:						
- Combined Insurance	Longevity: fixed annuity / Death: 103% premium	GRM/F-95	M:109.37%PERP12-Orden2-M / F:105.93%PERP12-Orden2-F	3.62%	--	Bank channel
- Combined insurance	Longevity: fixed annuity / Death 105% or 85% or 75% premium	80% PERM 200P / 70% PERF2000P	M:74.75%PASEM2019-Orden2-M / F:70.29%PASEM2019-Orden2-F	3.26%	--	Bank channel
- Combined Insurance	Longevity: Life annuity / Death: 105% premium	GRM/F-95	M:109.37%PERP12-Orden2-M / F:105.93%PERP12-Orden2-F	5% - 3%	--	Bank channel
Single premium group contracts without profit sharing						
- Annuity	Annuity and Reversionary Annuity 102%	PER2012-COL-Orden1-MF/85% PASEM 2010 MEN	M:100.37%PER2012-COL-Orden2-M / F:97.19%PER2012-COL-Orden2-F	3.27% / 0.82%	--	Bank channel
Temporary renewable annual and supplementary risk Individual contracts without profit sharing:						
- Protection Insurance	Death / TPD / Accidental Death	Death: 95%PASEM 2010 (V) APD: 90% PEAIM / Acc. Death OM 77	M:91.44%PASEM2019-Orden2-M / F:85.99%PASEM2019-Orden2-F/ 39.12%PEAIMF 7.37 per thousand	0.00%	--	Bank channel
- Protection Insurance	Death / TPD / Accidental Death	Death: 95%PASEM 2010 (V) APD: 90% PEAIM / Acc. Death OM 77	M:91.44%PASEM2019-Orden2-M / F:85.99%PASEM2019-Orden2-F/ 39.12%PEAIMF 7.37 per thousand	0.00%	--	Bank channel
- Protection Insurance	Death	131.67% (60% PASEM 2010 men + 40% PASEM 2010 women)	M:109.38%PASEM2019-Orden2-M / F:115.51%PASEM2019-Orden2-F	0.00%	--	Bank channel
Individually handled single premium group contracts for loan amortization						
- Protection Insurance	Death / APD TPD	Death: 95%PASEM 2010 (V) TPD: 90% PEAIM	M:91.44%PASEM2019-Orden2-M / F:85.99%PASEM2019-Orden2-F/ 39.12%PEAIMF	0.00%	--	Bank channel
BANKINTER SEGUROS DE VIDA						
Single premium individual contracts without profit sharing	Annuity Insurance with counterinsurance	PASEM 2010	124.79% PERP12	1.38%	--	Bank channel
Single premium individual contracts without profit sharing	Life Protection insurance	PASEM 2010	62.94% PASEM19	0.00%	--	Bank channel
Regular or single premium Individual contracts with profit sharing Ahorro 3649	Guaranteed Savings Insurance	PASEF 2010	Men 67.81% / Women 74% PASEM19	0.35%, 0.30%, 0.25%, 0.275%	1.07	Bank channel
Regular or single premium individual contracts with profit sharing Ahorro 3678	Guaranteed Savings insurance	PASEF 2010	Men 67.81% / Women 74% PASEM19	0.30%	0.18	Bank channel

The first order biometric tables used for pricing and for the calculation of accounting provisions are tables published in the market. The sources of the data used in their calibration, the period of reference, and the technical charges applied are broken down in the corresponding published reports.

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The English version is a translation of the original in Spanish for information purposes only. In case of discrepancy, the Spanish version shall prevail.

The second order biometric tables used for solvency calculations are based on the company's own experience in each type of business. The period of reference depends in each case on the volume of data available, varying between 5 and 10 years. It is recalculated annually and the latest update was on September 30, 2019. These tables are "best estimates" and do not include charges for uncertainty or risks.

As a result of the review process of the Mortality tables in Spain that the General Directorate for Insurance and Pension Funds is carrying out, the Group is assessing the impact of the new tables published in December 2019, regardless of the fact that the possibility of using tables based on own experience is being analyzed, which would be applied once the required authorization from the General Directorate for Insurance was received, and based on the transitional period that is established.

- **Other countries**

LIFE INSURANCE TECHNICAL CONDITIONS					
Format	Coverage	Biometric tables	Technical interest	Profit sharing	
				Amount (million euros)	Distribution method
COMPANHIA DE SEGUROS ALIANÇA DO BRASIL					
Ouro vida / Ouro vida revisado / BB seguro vida	Death / Disability	AT-49	--	--	Bank channel
Ouro vida 2000 / Ouro vida grupo especial / Ouro vida estilo / BB seguro vida mulher / Other individual Life products	Death / Disability	AT-83	--	--	Bank channel
Other group Life products / Credit Life	Death / Disability	AT-83 and AT-49	--	--	Bank channel / broker
MAPFRE MSV LIFE					
Without profit sharing	Death	75% AMC00	Variable	--	Bank channel / broker
With profit sharing	Longevity / Death	75% AMC00	Variable	42.4	Bank channel / broker
Unit-linked	Longevity / Death	75% AMC00	Variable	--	Bank channel / broker
MAPFRE COLOMBIA VIDA					
Pensiones Ley 100	Longevity / Death /Funeral Assistance	Male/Female annuitants mortality tables (RV08) - Colombian disability mortality table (MI85)	1.50% - 4.00%	--	MAPFRE network
Disability and Longevity Annuity	Death / Disability / Temporary Disability / Funeral Assistance	Male/Female annuitants mortality tables (RV08) - Colombian disability mortality table (MI85)	1.50% - 4.00%	--	MAPFRE network

3.4. Progression of claims

The following table shows the progression of claims related to Non-Life direct insurance since the year of occurrence until the close of 2019 and 2018. It also shows the breakdown per year of occurrence of the provision for outstanding claims related to this insurance for the two periods.

MAPFRE S.A. AND SUBSIDIARIES

2019

Year of occurrence of claims	Item	Year of occurrence	Trends in claim costs in the years after year of occurrence									
			1 year later	2 years later	3 years later	4 years later	5 years later	6 years later	7 years later	8 years later	9 years later	More than 9 years later
2009 and previous	Pending provision	7,965.76	3,598.59	2,187.40	1,388.91	968.17	628.14	500.94	406.27	372.73	423.39	308.98
	Cumulative payments	40,672.41	44,604.77	45,797.18	46,533.59	46,992.01	47,259.35	47,389.89	47,529.27	47,617.35	47,776.19	47,876.59
	TOTAL COST	48,638.17	48,203.36	47,984.58	47,922.50	47,960.18	47,887.49	47,890.83	47,935.54	47,990.08	48,199.58	48,185.57
2010	Pending provision	2,491.85	905.49	515.26	291.36	194.66	147.98	117.92	87.44	79.63	62.67	
	Cumulative payments	4,780.90	6,313.36	6,668.74	6,924.53	7,026.00	7,087.79	7,169.76	7,191.58	7,220.70	7,252.47	
	TOTAL COST	7,272.75	7,218.85	7,184.00	7,215.89	7,220.66	7,235.77	7,287.68	7,279.02	7,300.33	7,315.14	
2011	Pending provision	2,137.16	745.69	474.72	301.70	225.56	163.13	127.89	115.43	82.61		
	Cumulative payments	4,717.03	6,126.42	6,458.39	6,637.01	6,724.46	6,820.65	6,854.28	6,892.58	6,940.22		
	TOTAL COST	6,854.19	6,872.11	6,933.11	6,938.71	6,950.02	6,983.78	6,982.17	7,008.01	7,022.83		
2012	Pending provision	2,311.02	792.28	460.38	312.86	243.54	182.96	157.49	107.57			
	Cumulative payments	4,401.64	5,864.52	6,219.53	6,394.60	6,511.53	6,574.89	6,618.88	6,667.91			
	TOTAL COST	6,712.66	6,656.80	6,679.91	6,707.46	6,755.07	6,757.85	6,776.37	6,775.48			
2013	Pending provision	2,404.31	859.99	522.35	338.18	234.28	191.48	151.73				
	Cumulative payments	4,657.81	6,211.83	6,610.68	6,827.89	6,917.05	6,994.30	7,059.13				
	TOTAL COST	7,062.12	7,071.82	7,133.03	7,166.07	7,151.33	7,185.78	7,210.86				
2014	Pending provision	2,539.48	961.13	546.88	357.19	276.92	228.23					
	Cumulative payments	4,963.25	6,661.73	7,045.79	7,215.86	7,341.45	7,434.94					
	TOTAL COST	7,502.73	7,622.86	7,592.67	7,573.05	7,618.37	7,663.17					
2015	Pending provision	2,688.74	1,043.61	729.46	472.90	326.02						
	Cumulative payments	5,341.91	7,038.54	7,369.70	7,621.53	7,814.25						
	TOTAL COST	8,030.65	8,082.15	8,099.16	8,094.43	8,140.27						
2016	Pending provision	2,862.17	1,309.55	821.96	531.60							
	Cumulative payments	5,290.84	7,063.04	7,541.33	7,864.50							
	TOTAL COST	8,153.01	8,372.59	8,363.29	8,396.10							
2017	Pending provision	3,908.57	2,167.50	1,376.86								
	Cumulative payments	5,512.89	8,259.55	9,081.33								
	TOTAL COST	9,421.46	10,427.05	10,458.19								
2018	Pending provision	4,211.65	2,351.21									
	Cumulative payments	5,710.52	7,849.63									
	TOTAL COST	9,922.17	10,200.84									
2019	Pending provision	3,254.64										
	Cumulative payments	5,334.67										
	TOTAL COST	8,589.31										

Figures in millions of euros

The increase in 2019 of the cost of claims occurring in 2018 comes primarily from the claim at a hydroelectric dam in Colombia, entirely allocated to reinsurance.

December 31, 2019

Item	Year of occurrence											
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009 and previous	Total
Provision for outstanding claims Non-Life direct insurance	3,254.64	2,351.21	1,376.86	531.60	326.02	228.23	151.73	107.57	82.61	62.67	308.98	8,782.12

Figures in millions of euros

MAPFRE S.A. AND SUBSIDIARIES

2018

Year of occurrence of claims	Item	Year of occurrence	Trends in claim costs in the years after year of occurrence									
			1 year later	2 years later	3 years later	4 years later	5 years later	6 years later	7 years later	8 years later	9 years later	More than 9 years later
2008 and previous	Pending provision	7,951.29	4,027.97	2,462.04	1,604.43	1,114.25	798.05	569.51	478.31	426.18	391.41	332.35
	Cumulative payments	37,281.45	40,830.56	42,209.14	42,910.85	43,365.28	43,627.02	43,795.79	43,874.02	43,939.02	44,054.19	44,119.00
	TOTAL COST	45,232.74	44,858.53	44,671.18	44,515.28	44,479.53	44,425.07	44,365.30	44,352.33	44,365.20	44,445.60	44,451.35
2009	Pending provision	2,453.78	881.52	521.63	315.25	235.80	162.56	139.35	110.92	88.74	76.07	
	Cumulative payments	3,730.83	5,072.51	5,386.61	5,565.71	5,651.36	5,716.35	5,759.44	5,813.41	5,835.58	5,857.98	
	TOTAL COST	6,184.61	5,954.03	5,908.24	5,880.96	5,887.16	5,878.91	5,898.79	5,924.33	5,924.32	5,934.05	
2010	Pending provision	2,815.09	1,088.29	643.04	373.59	251.53	178.84	140.13	105.99	84.03		
	Cumulative payments	4,555.28	6,227.04	6,635.03	6,931.56	7,058.66	7,138.26	7,224.63	7,250.37	7,277.20		
	TOTAL COST	7,370.37	7,315.33	7,278.07	7,305.15	7,310.19	7,317.10	7,364.76	7,356.36	7,361.23		
2011	Pending provision	2,291.11	818.99	499.91	320.47	237.20	172.18	134.63	121.38			
	Cumulative payments	4,424.89	5,888.57	6,253.68	6,435.69	6,525.02	6,621.85	6,659.08	6,696.20			
	TOTAL COST	6,716.00	6,707.56	6,753.59	6,756.16	6,762.22	6,794.03	6,793.71	6,817.58			
2012	Pending provision	2,490.93	899.95	497.63	329.74	255.91	190.80	163.03				
	Cumulative payments	4,154.45	5,712.68	6,114.25	6,317.49	6,437.35	6,504.73	6,547.92				
	TOTAL COST	6,645.38	6,612.63	6,611.88	6,647.23	6,693.26	6,695.53	6,710.95				
2013	Pending provision	2,554.07	965.26	569.12	361.75	246.44	198.87					
	Cumulative payments	4,351.47	5,950.93	6,398.03	6,626.42	6,722.14	6,796.34					
	TOTAL COST	6,905.54	6,916.19	6,967.15	6,988.17	6,968.58	6,995.21					
2014	Pending provision	2,721.45	1,046.91	583.42	377.23	285.24						
	Cumulative payments	4,696.27	6,515.00	6,934.10	7,117.39	7,243.29						
	TOTAL COST	7,417.72	7,561.91	7,517.52	7,494.62	7,528.53						
2015	Pending provision	2,848.91	1,127.47	767.26	484.70							
	Cumulative payments	5,058.99	6,818.06	7,187.10	7,433.70							
	TOTAL COST	7,907.90	7,945.53	7,954.36	7,918.40							
2016	Pending provision	3,016.63	1,401.13	841.32								
	Cumulative payments	5,004.52	6,837.32	7,295.03								
	TOTAL COST	8,021.15	8,238.45	8,136.35								
2017	Pending provision	4,087.49	2,215.66									
	Cumulative payments	5,216.68	7,881.00									
	TOTAL COST	9,304.17	10,096.66									
2018	Pending provision	4,292.34										
	Cumulative payments	5,363.51										
	TOTAL COST	9,655.85										

Figures in millions of euros

The increase in 2018 of the total cost of claims occurring in 2017 come primarily from the catastrophic claims from said year (hurricanes in the Caribbean and earthquakes in Mexico), the estimated cost of which for direct insurance increased throughout 2018 by approximately 712 million euros, and which increase is wholly allocated to reinsurance, as the attributable net cost for the Group decreased by approximately 2 million euros between December 31, 2017 and 2018.

December 31, 2018

Item	Year of occurrence											
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008 and previous	Total
Provision for outstanding claims Non-Life direct insurance	4,292.34	2,215.66	841.32	484.70	285.24	198.87	163.03	121.38	84.03	76.07	332.35	9,094.99

Figures in millions of euros

As shown in the tables above, the overall percentage of claims attributable to ceded reinsurance is 28.01 percent and 35.50 percent for 2019 and 2018, respectively.

Information about the progression in accepted reinsurance claims per year of occurrence is not provided since as a general rule the ceding companies use accounting methods other than the year of occurrence. In accordance with the studies undertaken for accepted reinsurance, the technical provisions are adequate.

6.14. PROVISIONS FOR RISKS AND EXPENSES

The following tables show the movements of provisions for risks and expenses in the last two years.

2019

Item	Opening balance	Adjustments to the opening balance	Changes to the scope	Inflows		Outflows		Closing balance
				Allocated provisions	Increased value on discount	Applied provisions	Reversed provisions	
Provision for tax to be paid	312.69	(4.81)	--	5.31	8.10	(5.01)	--	316.28
Provision for payments of liquidation agreements	21.30	(0.10)	--	10.02	--	(15.14)	(1.88)	14.20
Provisions for restructuring	3.65	--	--	10.51	--	(3.65)	--	10.51
Other provisions for staff-related commitments	200.91	1.54	--	114.31	0.38	(96.14)	(0.44)	220.56
Other provisions	102.94	(6.13)	--	94.81	3.39	(42.26)	(5.02)	147.73
TOTAL	641.49	(9.50)	--	234.96	11.87	(162.20)	(7.34)	709.28

Figures in millions of euros

2018

Item	Opening balance	Adjustments to the opening balance	Changes to the scope	Inflows		Outflows		Closing balance
				Allocated provisions	Increased value on discount	Applied provisions	Reversed provisions	
Provision for tax to be paid	332.49	(38.70)	(0.04)	22.69	11.24	(4.28)	(10.71)	312.69
Provision for payments of liquidation agreements	16.49	(0.04)	--	17.02	--	(12.17)	--	21.30
Provisions for restructuring	4.11	--	--	3.65	--	(4.11)	--	3.65
Other provisions for staff-related commitments	199.01	4.12	--	97.46	0.01	(99.00)	(0.69)	200.91
Other provisions	109.66	(12.60)	(2.09)	63.08	--	(37.69)	(17.42)	102.94
TOTAL	661.76	(47.22)	(2.13)	203.90	11.25	(157.25)	(28.82)	641.49

Figures in millions of euros

The provisions for risks and expenses include the estimated amounts of tax debts, settlement agreement payments, restructuring, employee incentives and others derived from the activities and inherent risks of the Group companies, which will be paid in the coming years.

The estimates of the amount provided and the period in which the provisions will be liquidated are affected by uncertainties regarding the ruling on filed appeals and performance of other parameters. It was not necessary to design assumptions regarding future events in order to determine the value of the provision. Potential provision reimbursement is not expected.

Additionally, in the case of indications of possible irregularities committed by any Group company, the probability of occurrence and its possible impact are evaluated, and it was not necessary to provision for any of these concepts.

Provision for taxes

This heading includes, at December 31, 2019 and 2018, tax liabilities amounting to 310.76 and 307.42 million euros, respectively, related to the tax contingencies that the Brazilian insurance companies have with the tax authorities in that country, which are being discussed on a judicial and administrative level. These contingencies primarily refer to the taxes known as COFINS (tax contribution used to fund social security) amounting to 273.87 million euros (270.84 million euros at December 31, 2018) and the PIS (Social Integration Program) amounting to 6.09 million euros (6.07 million euros at December 31, 2018). These contingencies have arisen due to discrepancies in the interpretation by the Brazilian government and the business sector regarding the justification of applying said taxes to the companies' turnover.

Further, in Brazil, the Group is currently involved in the following:

- Legal proceedings with the tax authorities in connection with the enforceability of the aforementioned COFINS and PIS taxes, regarding non-operating financial income, for the amount of 166.64 and 163.85 million euros at December 31, 2019 and 2018, respectively. The current uncertainty in case law regarding whether the PIS and COFINS calculation base should be extended to include non-operating financial income is noteworthy, as well as the existence of a ruling by the "Procuradoria Geral da Fazenda (the Brazilian General Attorney's Office for the National Treasury) that is favorable to the insurance companies.
- Appeal contesting liquidation for the amount of 61.05 million euros, with regard to the inspection act initiated by the tax authority against BRASILSEG COMPANHIA DE SEGUROS, related to corporate tax from 2014, questioning the exemption applied to operating revenue from agricultural insurance.
- Appeal contesting the inspection activity initiated by the tax authority against BRASIL VEICULOS COMPANHIA DE SEGUROS (absorbed in 2019 by MAPFRE SEGUROS GERAIS), regarding corporate tax corresponding to the years 2015 to 2017, questioning the deductibility of certain expenses and incentives in the commercial network, as well as the amortization of the goodwill generated in a corporate restructuring prior to MAPFRE's agreement with Banco do Brasil. The tax liabilities included in this action for the abovementioned concepts reaches 100.53 million euros and, in the case of unfavorable resolution, MAPFRE would apply the compensation clause set out in the agreements signed with Banco do Brasil.

Both the Group and its advisors classify the risk of loss as possible in all three cases.

Other provisions

This heading includes, for 2019 and 2018, the contingent payments arising from business combinations, which include the variable part of the price of the business combination that directly depends on the achievement of certain targets linked to the performance of each of the businesses acquired, amounting to 24.40 and 23.51 million euros at December 31, 2019 and 2018, respectively. At each reporting date, the amount of contingent payments with the interest established in the contract is updated in the financial statements, and their permanence is analyzed according to fulfillment of the business plan. Payment would

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occur if the business plan were fulfilled, as of the reference date for the calculation of the Embedded Value, for the financial statements closed at December 31, 2020, in line with the contracts signed with the sellers in each business combination.

6.15. DEPOSITS RECEIVED ON CEDED AND RETROCEDED REINSURANCE

Deposits on ceded and retroceded reinsurance represent guarantees given to reinsurers in line with the reinsurance coverage contracts entered into pursuant to usual business practices. These deposits accrue interest to be paid and the average renewal period is usually quarterly. The liquidation of the aforementioned interest is performed quarterly.

6.16. DEBT

The balances included in the headings "Due on direct insurance and co-insurance operations", "Due on reinsurance operations", "Tax liabilities" and "Other debts" do not accrue payable interest and generally their liquidation is performed in the following year.

6.17. REVENUES AND EXPENSES FROM INVESTMENTS

The breakdown of revenues and expenses from investments for financial years 2019 and 2018 is shown below:

Revenues from investments

Item	Revenues from investments from:				Financial revenues from other activities		Total	
	Operations		Equity					
	2019	2018	2019	2018	2019	2018	2019	2018
REVENUES FROM INTEREST, DIVIDENDS AND SIMILAR								
Real estate Investment								
Rentals	48.07	42.16	1.52	2.13	15.58	13.70	65.17	57.99
Other	1.45	31.88	0.01	0.05	1.88	2.33	3.34	34.26
Revenues from the held-to-maturity portfolio								
Fixed income	173.51	180.32	1.93	0.86	1.85	1.94	177.29	183.12
Other investments	2.91	1.48	0.20	0.10	--	--	3.11	1.58
Revenue from the available-for-sale portfolio:	1,115.58	1,117.69	71.01	128.49	2.68	4.19	1,189.27	1,250.37
Revenue from the trading portfolio:	342.01	315.39	1.04	1.11	6.67	28.26	349.72	344.76
Other financial returns	167.62	172.19	36.95	42.75	6.66	17.81	211.23	232.75
TOTAL REVENUE	1,851.15	1,861.11	112.66	175.49	35.32	68.23	1,999.13	2,104.83
REALIZED AND UNREALIZED GAINS								
Net realized gains:								
Real estate investment	9.27	25.64	0.40	0.36	2.67	6.32	12.34	32.32
Financial investments available for sale portfolio	577.21	221.55	42.16	18.15	6.27	7.85	625.64	247.55
Financial investments trading portfolio	107.22	21.04	10.56	4.03	0.29	0.07	118.07	25.14
Other	0.39	0.69	6.44	15.98	0.01	0.06	6.84	16.73
Unrealized gains:								
Increase in fair value of the trading portfolio and earnings from derivatives	208.94	39.57	58.90	0.02	0.14	0.02	267.98	39.61
Other	9.02	6.49	--	--	2.95	0.03	11.97	6.52
TOTAL GAINS	912.05	314.98	118.46	38.54	12.33	14.35	1,042.84	367.87
TOTAL REVENUES FROM INVESTMENT	2,763.20	2,176.09	231.12	214.03	47.65	82.58	3,041.97	2,472.70

Figures in millions of euros

Expenses from investments

Item	Expenses from investments from:				Financial expenses from other activities		Total	
	Operations		Equity		2019	2018	2019	2018
	2019	2018	2019	2018				
FINANCIAL EXPENSES								
Real estate investment								
Direct operational expenses	21.85	23.01	--	--	0.61	--	22.46	23.01
Other expenses	2.75	4.69	0.15	0.04	8.52	8.45	11.42	13.18
Expenses from held-to-maturity portfolio								
Fixed income	3.76	0.93	0.02	0.01	--	--	3.78	0.94
Other investments	0.67	1.73	--	--	--	--	0.67	1.73
Expenses from the available for sale portfolio	145.36	110.79	48.11	29.71	0.36	1.22	193.83	141.72
Expenses from the trading portfolio:	157.41	153.37	--	--	--	0.40	157.41	153.77
Other financial expenses	165.74	148.81	3.00	2.97	77.46	74.48	246.20	226.26
TOTAL EXPENSES	497.54	443.33	51.28	32.73	86.95	84.55	635.77	560.61
REALIZED AND UNREALIZED LOSSES								
Net realized losses								
Real estate investment	5.28	5.70	--	--	--	0.05	5.28	5.75
Financial investments available for sale portfolio	108.39	72.51	5.63	5.88	0.25	0.58	114.27	78.97
Financial investments trading portfolio	48.37	37.49	2.32	4.36	0.86	--	51.55	41.85
Other	4.32	3.54	0.06	15.50	--	0.06	4.38	19.10
Unrealized losses								
Decrease in fair value of trading portfolio and losses in derivatives	47.43	147.34	21.87	34.44	--	--	69.30	181.78
Other	0.08	0.91	--	--	0.13	0.05	0.21	0.96
TOTAL LOSSES	213.87	267.49	29.88	60.18	1.24	0.74	244.99	328.41
TOTAL EXPENSES FROM INVESTMENT	711.41	710.82	81.16	92.91	88.19	85.29	880.76	889.02

Figures in millions of euros

A large part of profits and losses, both realized and unrealized, correspond to assets related to mathematical provisions (see Note 6.13), and as such both effects are compensated on the income statement.

The expenses arising from investment portfolios mainly stem from financial swaps related to insurance operations.

6.18. OPERATING EXPENSES

A breakdown of net operating expenses by purpose and nature, for the last two financial years, is shown below.

Operating expenses by purpose

Item	2019	2018
Claims-related expenses	814.51	815.84
Acquisition expenses	5,020.14	4,810.80
Administration expenses	723.89	745.58
Expenses from investments	792.57	803.73
Other technical expenses	155.11	139.12
Other non-technical expenses	165.24	149.69
Operating expenses from other activities	515.72	401.62
TOTAL	8,187.18	7,866.38

Figures in millions of euros

Operating expenses by nature

Item	2019	2018
Commissions and other portfolio expenses	3,957.07	3,812.37
Personnel expenses	1,761.37	1,729.03
External services		
- Leasing (shops and buildings)	35.14	94.16
- Repairs and upkeep (shops and buildings)	79.40	74.80
- Leasing and repairs (computer equipment)	33.76	64.11
- Leasing and repairs (computer applications)	159.26	184.51
- Other services (computer applications)	221.98	149.34
- Supplies (communications)	30.67	21.11
- Advertising and marketing	172.36	170.98
- Public relations	48.24	45.25
- Independent professional services	180.55	146.19
- Other services	361.27	365.99
Taxes	185.05	193.51
Provision for amortization	330.44	274.18
Expenses posted directly to purpose	630.62	540.85
TOTAL	8,187.18	7,866.38

Figures in millions of euros

The income statement reflects expenses by purpose, i.e., based on the function the expenses fulfill in the operational cycle of the insurance activity (claims-related expenses, the acquisition of insurance contracts, administration, investments or other technical items).

Expenses are initially recognized according to their nature, and are reclassified according to their purpose in those cases in which the nature and purpose are not the same. The reclassification performed in the following subject headings is as follows:

- 1) Claims-related expenses. Includes expenses for personnel assigned to claims management, amortization and depreciation of fixed assets assigned to this activity, fees paid for claims management and expenses incurred for other services necessary for processing claims.
- 2) Net operating expenses. Included in this heading are:
 - Acquisition expenses. Includes commissions, expenses for personnel assigned to production, amortization and depreciation of fixed assets assigned to this activity, expenses for analyzing and processing policy applications and formalizations, as well as advertising, publicity and commercial organization expenses directly related to the acquisition of insurance contracts.
 - Administration expenses. These primarily include expenses for personnel assigned to these functions and amortization and depreciation of fixed assets assigned to this activity, as well as expenses deriving from contentious matters related to premiums, from processing refunds and from ceded and accepted reinsurance.
 - Commissions and participations in reinsurance. Includes compensation from reinsurers to the ceding companies for acquisition and administration expenses incurred by the latter, as well as their participation in the profits of the reinsurer.

- 3) Investment expenses. Includes expenses for personnel assigned to managing investments, charges to amortization and depreciation allowance for fixed assets assigned to this activity, and other internal and external expenses for managing investments, with external expenses including fees, commissions and brokerage fees accrued.

Expenses from investments are classified as from operations or from equity depending on whether they derive from investments corresponding to technical provisions (operating investments) or from investments corresponding to the company's equity (equity investments).

6.19. RESULT FROM CEDED AND RETROCEDED REINSURANCE

The result from ceded and retroceded reinsurance for years 2019 and 2018 is the following:

Item	Non-Life		Life		Total	
	2019	2018	2019	2018	2019	2018
Premiums	(3,959.55)	(3,206.04)	(177.80)	(168.30)	(4,137.35)	(3,374.34)
Change in the provision for unearned premiums and unexpired risks	386.29	(155.90)	0.61	(2.81)	386.90	(158.71)
Claims paid and change in the provision for claims	2,371.10	3,587.13	104.49	89.93	2,475.59	3,677.06
Change in mathematical provision and other technical provisions	--	5.39	(2.16)	(15.63)	(2.16)	(10.24)
Participation of reinsurance in commissions and expenses	600.68	531.57	35.11	36.09	635.79	567.66
Result of ceded and retroceded reinsurance	(601.48)	762.15	(39.75)	(60.72)	(641.23)	701.43

Figures in millions of euros

The decrease in "Claims paid and change in the provision for claims" in 2019 for ceded and retroceded reinsurance is due to the increase last year in provisions for the catastrophic events occurring in 2018 and 2017 (see note 6.13). The 2018 events include, significantly, the impact of a claim at a hydroelectric dam in Colombia, for the amount of 1.025 billion euros, which did not have a relevant effect on the "Result for the period attributable to controlling company" in said year because of the participation of reinsurance.

6.20. FISCAL SITUATION

Fiscal consolidation regulations

- Tax on profits

Since the financial year 1985, some of the consolidated companies with registered offices in Spain have been included for corporate tax purposes in Fiscal Group 9/85. This Group is made up of the controlling company and those of its subsidiaries that are eligible for this tax regime. A list of the main subsidiaries included in this fiscal Group in 2019 is provided in Annex 2 of this report.

- Value Added Tax

Since the financial year 2010, and for the purposes of value added tax, some of the consolidated companies with a registered address in Spain have been included in the VAT Group 87/10, formed by MAPFRE S.A. as the controlling company and those of its controlled companies that agreed to join the Group when it was created. A list of the main subsidiaries that form part of this Group in 2019 is provided in Annex 2 of this report.

Components of tax on profits expenses and reconciliation of the accounting profit with the tax cost for ongoing activities

The main components of the tax on profits expenses from ongoing activities and the reconciliation between the tax on profits expenses and the result of multiplying the accounting profit by the applicable tax rate for the financial years ending December 31, 2019 and 2018 are shown below. The Group has reconciled the amounts by aggregating reconciliations made separately using the national rates of each country.

Item	Amount	
	Year 2019	Year 2018
<u>Tax expense</u>		
Result before taxes from ongoing operations	1,279.29	1,330.46
25 percent of result before taxes from ongoing operations	319.82	332.62
Tax effect of the permanent differences	(22.43)	(44.29)
Tax incentive for the financial year	(20.20)	(25.80)
Tax effect of tax rates other than 25 percent	72.67	166.28
Total expense from current tax originating in the financial year	349.86	428.81
Expense from current tax originating in previous years	(25.83)	24.13
Receivables from negative taxable income not recognized from previous periods, deductions pending application or temporary differences	—	—
TOTAL TAX EXPENSES OF ONGOING OPERATIONS	324.03	452.94
<u>Tax on profits to be paid</u>		
Withholdings and advance payments	(427.34)	(404.90)
Temporary differences and currency conversion differences	21.96	(29.32)
Tax receivables and incentives applied, registered in previous years	(13.20)	(44.37)
Tax on earnings for discontinued operations	—	—
TOTAL TAX ON PROFITS TO BE PAID (RECEIVABLE) ORIGINATING IN THE YEAR	(94.55)	(25.65)
Tax on profits receivable from previous financial years	(49.79)	(36.26)
NET TOTAL TAX ON PROFITS TO BE PAID (RECEIVABLE)	(144.34)	(61.91)

Figures in millions of euros

Deferred tax assets and liabilities

At December 31, 2019 and 2018 deferred tax assets and liabilities were shown on the consolidated balance sheet for the net amount corresponding to each of the Group's tax-paying companies. They currently stand as follows:

MAPFRE S.A. AND SUBSIDIARIES

Item	2019	2018
Deferred tax assets	306.97	333.58
Deferred tax liabilities	(703.11)	(499.32)
Asset (Liability) net	(396.14)	(165.74)

Figures in millions of euros

In addition to the deferred tax assets recorded in 2019 and 2018, shown in the above table, there are other deferred tax assets deriving from tax loss carryforwards pending offset, amounting to 29.66 and 32.40 million euros, respectively. These assets were not recognized, in accordance with the criteria established under EU-IFRS.

The following tables show the movements in the net balance of deferred taxes in the financial years 2019 and 2018, with a breakdown of the amounts related to items directly debited or credited to equity accounts in each financial year.

2019

Item	Opening balance	Adjustments to the opening balance	Changes to the scope	From		Settled	Closing balance
				Results	Equity		
Portfolio acquisition expenses and other acquisition expenses	(264.35)	8.06	(17.85)	19.76	--	--	(254.38)
Valuation difference in financial investments	(1,016.13)	(8.45)	(1.85)	108.77	(609.18)	--	(1,526.84)
Other comprehensive revenue and expenses	(17.44)	(0.06)	--	5.04	--	0.23	(12.23)
Valuation difference in mathematical provisions by shadow accounting	867.76	(3.09)	--	(64.58)	333.30	--	1,133.39
Stabilization and catastrophe provision	(168.10)	4.74	--	(19.55)	--	8.27	(174.64)
Other technical provisions	72.73	0.92	0.43	(10.15)	--	--	63.93
Tax receivables on negative taxable income	221.07	(13.87)	--	67.32	--	(13.20)	261.32
Receivables on tax incentives	11.96	--	--	20.20	--	(20.62)	11.54
Pension supplements and other staff-related commitments	48.11	1.94	0.01	7.87	--	(2.24)	55.69
Provisions for uncollected premiums	19.04	0.36	--	7.17	--	(6.86)	19.71
Provisions for liabilities and others	43.80	0.93	--	10.87	--	(4.05)	51.55
Tax receivables derived from PIS, COFINS and REFIS (Note 6.15)	--	--	--	1.12	4.86	--	5.98
Other items	15.81	(4.75)	0.02	(39.63)	--	(2.61)	(31.16)
TOTAL	(165.74)	(13.27)	(19.24)	114.21	(271.02)	(41.08)	(396.14)

Figures in millions of euros

MAPFRE S.A. AND SUBSIDIARIES

2018

Item	Opening balance	Adjustments to the opening balance	Changes to the scope	From		Settled	Closing balance
				Results	Equity		
Portfolio acquisition expenses and other acquisition expenses	(315.10)	26.92	--	23.83	--	--	(264.35)
Valuation difference in financial investments	(1,196.78)	(25.73)	--	35.80	150.17	20.41	(1,016.13)
Other comprehensive revenue and expenses	(16.30)	(0.36)	--	(1.56)	--	0.78	(17.44)
Valuation difference in mathematical provisions by shadow accounting	931.29	10.24	--	(5.13)	(58.21)	(10.43)	867.76
Stabilization and catastrophe provision	(156.29)	(5.66)	--	(19.15)	--	13.00	(168.10)
Other technical provisions	70.35	2.64	--	(0.26)	--	--	72.73
Tax receivables on negative taxable income	68.11	(7.96)	(2.03)	190.20	--	(27.25)	221.07
Receivables on tax incentives	27.79	1.29	--	25.81	--	(42.93)	11.96
Pension supplements and other staff-related commitments	51.39	(5.37)	(0.52)	4.43	--	(1.82)	48.11
Provisions for uncollected premiums	19.01	(0.51)	--	6.76	--	(6.22)	19.04
Provisions for liabilities and others	38.01	3.77	--	6.00	--	(3.98)	43.80
Tax receivables derived from PIS, COFINS (Note 6.15)	139.81	(14.78)	--	(149.23)	--	--	(24.20)
Other items	47.48	(19.23)	(0.11)	9.71	--	2.16	40.01
TOTAL	(291.23)	(34.74)	(2.66)	127.21	91.96	(56.28)	(165.74)

Figures in millions of euros

The Results column in 2018 includes a transfer from Tax receivables from PIS, COFINS and REFIS to Tax receivables for negative taxable income for the amount of 132.28 million euros.

At the close of 2019, deferred tax assets and liabilities maturing in less than 12 months amounted to 54.35 and 50.34 million euros, respectively (52.82 and 50.07 million euros, respectively, in 2018).

Negative taxable income

The negative taxable income pending offset in fully consolidated companies at the close of the last two periods is shown below:

Year generated	Amount of negative tax bases				Deferred tax assets			
	Applied in the financial year		Pending application		Amount recognized		Amount not recognized	
	2019	2018	2019	2018	2019	2018	2019	2018
2011 and previous	0.71	--	12.78	17.74	--	0.08	2.65	3.74
2012	--	--	8.42	8.28	--	--	1.72	1.70
2013	11.84	6.96	240.19	253.46	93.00	98.99	1.85	1.11
2014	5.82	10.03	12.29	10.13	0.13	0.02	2.64	2.14
2015	3.83	5.56	26.70	32.36	5.84	5.32	2.45	3.87
2016	5.05	35.57	162.51	165.97	47.69	47.78	4.25	5.56
2017	8.29	40.51	116.70	90.23	25.57	13.74	8.45	7.17
2018	14.75	--	252.83	158.03	77.85	55.14	3.91	7.11
2019	--	--	60.72	--	11.25	--	1.74	--
Total	50.29	98.63	893.14	736.20	261.33	221.07	29.66	32.40

Figures in millions of euros

Assets recognized in relation to deferred taxes on negative tax bases pending offset in consolidated companies represent negative tax bases generated as a result of unusual management events, and future tax profits are likely to exist against which they may be offset.

The booked amounts of deferred tax assets generated in 2013 and 2016 include the transfer from the abovementioned Tax receivables from PIS, COFINS and REFIS, for the amount of 98.99 and 33.29 million euros, respectively.

Tax incentives

The tax incentives of the fully consolidated companies for 2019 and 2018 are as follows:

Module	Amount applied in the financial year		Amount pending application		Amount not recorded	
	2019	2018	2019	2018	2019	2018
Double taxation deduction	6.56	7.45	--	--	--	--
Creation of employment	--	--	--	--	--	--
Other	14.06	35.48	23.5	11.96	11.96	--
Total	20.62	42.93	23.50	11.96	11.96	--

The consolidated tax group no. 9/85 made use in previous years of the reduction for capitalization reserve contemplated in Article 25 of the Corporate Income Tax Act 27/2014, giving rise to a decrease in the consolidated tax payable each year.

To enjoy this tax benefit, there must be an increase in shareholders' equity in the period and this increase must be maintained for a period of five years, and a reserve must be created equivalent to the amount of the reduction, equivalent to at least 10 percent of said increase and which will be restricted for the same five-year period.

The breakdown of increases in shareholders' equity and allocated reserves in the last periods, subject to maintenance requirement, is as follows:

Year	Increase in Shareholders' Equity	Restricted reserve
2015	324.90	35.00
2016	94.70	12.00
2017	18.57	1.86

Figures in millions of euros

Verification by tax authorities

In Spain, checks and verifications begun in 2017 are still being carried out regarding MAPFRE, S.A., MAPFRE ESPAÑA, MAPFRE VIDA, MAPFRE INTERNACIONAL, MAPFRE RE, MAPFRE ASISTENCIA, MAPFRE GLOBAL RISKS, and other Group subsidiaries regarding Corporate Tax for the financial years 2013 to 2016, and other taxes from the financial years 2014 to 2016.

In 2019 and to date in said activities, notices of partial conformity have been presented regarding retentions and income against Personal Income Tax, cancelling a fiscal debt for various aspects of individual work remuneration (primarily, regarding the exemption from compensation for dismissal and for irregular income reduction).

The verification activity underway regarding other taxes is in the final phase, having brought before Inspection the next notices and the main concepts that are expected to be the focus of regularization and which will liquidate the corresponding fiscal debt (primarily related to the deductibility of technical provisions, the deductibility of personal expenses, brand right of use, compensation for tax loss carryforwards, deductions for technological innovation activity, and exemption of Spanish subsidiary dividends, this last regularization favorable to the Group and accepted by the Inspection in the course of the activity). Based on the information available at the date the accounts were prepared, the proceedings corresponding to partial conformity are also expected to be accepted.

Additionally, in 2019, inspection activity carried out in relation to FUNESPAÑA and some of its subsidiaries with regard to Corporate Tax and other taxes for the years 2013 and 2014 has been finalized, with notices signed in agreement.

Regarding fiscal debt being disputed resulting from verification activity, MAPFRE considers, based on the criteria of its fiscal advisors, that there are solid defense arguments in the administrative and legal proceedings, and as such it has not recorded provisions for them.

In accordance with current legislation, the statements made for the different taxes may not be considered final until they have been inspected by the tax authorities or until the statute of limitations has passed (four years for Spanish companies).

In some remaining consolidated companies there are ongoing verifications with tax authorities; the amounts subject to discussion in these verifications are not significant.

At December 31, 2018 the view of the Directors and advisors of the consolidated companies regarding the possibility of tax liabilities arising and significantly affecting the financial position of the consolidated companies was remote.

6.21 REMUNERATION FOR EMPLOYEES AND ASSOCIATED RETIRED EMPLOYEES**Personnel expenses**

The personnel expenses breakdown for the last two years is shown in the table below:

Item	Amount	
	2019	2018
Short-term remuneration		
Wages and salaries	1,251.13	1,257.80
Social security	256.97	237.15
Other remuneration	153.63	163.97
Post-employment benefits	38.16	36.90
Other long-term remuneration	8.81	(3.63)
Termination payments	52.67	36.84
TOTAL	1,761.37	1,729.03

Figures in millions of euros

Main post-employment benefits**Defined benefit plans**

The commitments from defined benefit plans still on the balance sheet correspond exclusively to retired employees. The most relevant of the plans are instrumented through insurance policies, are measured pursuant to the provisions described in the accounting policies.

In relation to the amounts recognized on the balance sheet, the obligations regarding defined benefit plans amounted to 43.47 and 44.63 million euros at December 31, 2019 and 2018, respectively, fully externalized through written policies with MAPFRE VIDA. Consequently, no assets allocated to these plans are recognized and the liability recognized on the consolidated balance sheet is recorded under the heading "Provisions for life insurance".

There are also obligations relating to pension commitments, externalized through allocated insurance policies, amounting to 12.11 and 12.40 million euros at December 31, 2019 and 2018, respectively. These amounts coincide with the value of the assets allocated to the plan.

The main actuarial hypothesis used at the close of the last two years have been the following: PERM/F-2000 mortality tables, annual CPI of 3 percent in both years, with identical discount rates and expected returns of the related assets as the products have matched flows.

The net effect on equity and results of the actuarial loss and gains, interest expenses and return of the assets allocated to the plan is null, as the amounts corresponding to commitments and the assets allocated to the plan or reimbursement right are netted.

Other post-employment benefits

In 2019 and 2018 the personnel expenses correspond to Life insurance covering death between ages 65 and 77, amounting to 1.52 and 1.46 million euros, respectively.

Other medium-term remuneration and share-based payments

In 2019, the Board of Directors approved a new medium-term incentive plan valued and recognized in the consolidated income statement in line with the valuation rule in Note 5.19 "Personnel expenses". No amounts for this concept were provisioned, as the established objectives were not reached.

In 2019 the previous medium-term incentive plan approved in 2016 was partially cancelled, with payment of 1.06 million euros in cash and 1.24 million euros in equity instruments pending until the 2020-2022 period, which are included in liabilities and equity, respectively, at December 31, 2019 (4.92 and 4.49 million euros, respectively, at December 31, 2018). In 2018, lower expenses were recorded for this item, for the amount of 11.51 million euros, and the number of shares related to this incentive plan reached 2,295,522.

Number of employees

The following table shows the average number and final number of employees for the last two years, classified by category and gender, and distributed by segment.

• Average number of employees:

2019

Segment	Board of Directors and Senior Management		Management		Technicians		Administrative staff		Total	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
IBERIA	6	--	1,154	535	2,763	2,617	665	1,873	4,588	5,025
LATAM NORTH	5	3	295	278	769	785	295	441	1,364	1,507
LATAM SOUTH	7	2	417	303	1,168	1,085	573	773	2,165	2,163
BRASIL	3	--	313	223	1,074	1,727	609	1,346	1,999	3,296
NORTH AMERICA	3	--	285	302	632	1,014	200	647	1,120	1,963
EURASIA	6	1	284	240	774	833	387	688	1,451	1,762
ASISTENCIA	--	2	391	236	544	541	1,045	1,715	1,980	2,494
GLOBAL RISKS	1	--	35	21	69	74	4	19	109	114
REINSURANCE	2	--	65	34	144	148	8	37	219	219
CORPORATE AREAS	21	4	212	99	384	282	21	84	638	469
Average total number of employees	54	12	3,451	2,271	8,321	9,106	3,807	7,623	15,633	19,012

2018

Segment	Board of Directors and Senior Management		Management		Technicians		Administrative staff		Total	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
IBERIA	5	--	1,146	564	2,742	2,494	677	1,837	4,570	4,895
LATAM NORTH	5	2	294	275	766	744	338	461	1,403	1,482
LATAM SOUTH	6	2	432	295	1,203	1,092	604	803	2,245	2,192
BRASIL	--	--	378	261	898	2,024	814	1,218	2,090	3,503
NORTH AMERICA	4	--	296	309	671	1,091	226	694	1,197	2,094
EURASIA	4	--	239	208	657	794	552	772	1,452	1,774
ASISTENCIA	2	1	406	268	577	566	1,210	1,905	2,195	2,740
GLOBAL RISKS	2	--	46	20	95	93	4	26	147	139
REINSURANCE	2	--	56	32	119	127	12	37	189	196
CORPORATE AREAS	19	2	215	98	416	289	23	93	673	482
Average total number of employees	49	7	3,508	2,330	8,144	9,314	4,460	7,846	16,161	19,497

MAPFRE S.A. AND SUBSIDIARIES

• Number of employees at the end of the year:

2019

Segment	Board of Directors and Senior Management		Management		Technicians		Administrative staff		Total	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
IBERIA	6	—	1,154	544	2,768	2,644	670	1,874	4,598	5,062
LATAM NORTH	5	3	311	286	746	781	291	431	1,353	1,501
LATAM SOUTH	7	2	435	343	1,107	1,019	556	746	2,105	2,110
BRASIL	3	—	317	235	1,017	1,680	687	1,435	2,024	3,350
NORTH AMERICA	4	—	281	289	623	962	192	639	1,100	1,890
EURASIA	6	1	274	237	764	857	365	599	1,409	1,694
ASISTENCIA	—	2	422	279	510	482	1,002	1,652	1,934	2,415
GLOBAL RISKS	1	—	33	24	61	67	2	18	97	109
REINSURANCE	2	—	67	33	147	157	8	36	224	226
CORPORATE AREAS	20	4	216	100	390	291	21	81	647	476
Total number of employees	54	12	3,510	2,370	8,133	8,940	3,794	7,511	15,491	18,833

2018

Segment	Board of Directors and Senior Management		Management		Technicians		Administrative staff		Total	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
IBERIA	5	—	1,138	557	2,757	2,535	679	1,867	4,579	4,959
LATAM NORTH	5	2	326	302	756	750	318	454	1,405	1,508
LATAM SOUTH	7	2	462	360	1,148	1,029	598	802	2,215	2,193
BRASIL	—	—	413	312	842	1,933	787	1,265	2,042	3,510
NORTH AMERICA	4	—	302	337	648	1,067	219	678	1,173	2,082
EURASIA	4	—	258	224	648	786	549	761	1,459	1,771
ASISTENCIA	1	1	497	336	457	459	1,121	1,830	2,076	2,626
GLOBAL RISKS	2	—	42	20	87	89	4	25	135	134
REINSURANCE	2	—	55	32	127	129	11	37	195	198
CORPORATE AREAS	21	2	212	97	390	296	21	91	644	486
Total number of employees	51	7	3,705	2,577	7,860	9,073	4,307	7,810	15,923	19,467

The following table shows the number of employees in Spain with a degree of disability equal to or higher than 33 percent at the close of the last two years and the average during those years, indicating the categories to which they belong:

Item	2019		2018	
	Year-end close	Average	Year-end close	Average
Management	14	13	11	12
Technicians	100	98	95	96
Administrative staff	89	90	93	90
Total	203	201	199	198

6.22. EARNINGS ON FOREIGN EXCHANGE DIFFERENCES

Foreign exchange gains other than those arising from financial instruments measured at fair value, allocated to the consolidated income statement, amounted to 1.59 billion and 959.39 million euros in 2019 and 2018, respectively.

Negative foreign exchange differences other than those arising from financial instruments measured at fair value, allocated to the consolidated income statement, amounted to 1.59 billion and 946.70 million euros in 2019 and 2018, respectively.

The settlement of the currency conversion differences recognized in equity at the beginning and end of the year in 2019 and 2018 is shown below.

Description	Amount	
	2019	2018
FOREIGN EXCHANGE DIFFERENCES AT THE BEGINNING OF THE YEAR	(737.90)	(730.70)
Net foreign exchange differences on valuation of non-monetary items	0.38	1.59
Net foreign exchange differences on conversion of financial statements	35.31	(8.79)
FOREIGN EXCHANGE DIFFERENCES AT THE END OF THE YEAR	(702.21)	(737.90)

Figures in millions of euros

At December 31, 2019 and 2018 the net foreign exchange differences arising from the translation into euros of the financial statements of those Group companies whose functional currency is not the euro were as follows:

Company/Subgroup	Geographic Area	Currency conversion differences					
		Gains		Losses		Net	
		2019	2018	2019	2018	2019	2018
<u>Companies consolidated by global integration:</u>							
MAPFRE RE	Europe, America and rest of world	22.48	21.88	(29.49)	(26.67)	(7.01)	(4.79)
MAPFRE INTERNACIONAL	Europe, America and rest of world	488.30	439.20	(1,123.56)	(1,109.04)	(635.26)	(669.84)
OTHER	--	28.98	27.54	(72.19)	(73.70)	(43.21)	(46.16)
TOTAL		539.76	488.62	(1,225.24)	(1,209.41)	(685.48)	(720.79)

Figures in millions of euros

6.23. CONTINGENT ASSETS AND LIABILITIES

At the end of 2019 and 2018, and at the time of preparing these consolidated annual accounts, there was no evidence of the existence of contingent assets and liabilities for significant amounts, other than those disclosed in these notes.

6.24. BUSINESS COMBINATIONS

In 2019, MAPFRE and Bankia reached an agreement to restructure their bancassurance alliance, through the acquisition of 51 percent of the share capital of the insurance entities CAJA GRANADA VIDA, and CAJAMURCIA VIDA for a total consideration of 110.3 million euros, which will make it possible to notably increasing MAPFRE Life insurance distribution in the southeast of Spain. Additionally, in the first half of 2019, 50.01 percent of the company SANTANDER GLOBAL was acquired for a consideration of 82.27 million euros, which will make it possible to exclusively distribute Auto, Commercial Multirisk, SME Multirisk and TPL insurance in the Banco Santander network in Spain.

The table below shows the fair value of the identifiable assets and liabilities related to the acquisition of these businesses:

ITEM	CAJA GRANADA VIDA	CAJAMURCIA VIDA	SANTANDER GLOBAL
ASSETS			
Portfolio acquisition expenses and other intangibles	30.46	40.96	6.80
Investments	235.67	127.43	11.33
Receivables	0.53	0.36	--
Cash	4.47	12.32	--
Other assets	0.42	0.68	--
TOTAL ASSETS	278.78	184.80	18.13
LIABILITIES			
Technical provisions	193.40	118.04	--
Deferred tax liabilities	13.78	11.64	--
Debt	12.47	5.80	6.80
Other Liabilities	0.92	0.50	--
TOTAL LIABILITIES	220.57	135.98	6.80
Fair value of net assets	58.21	48.82	11.33
Interest acquired	51%	51%	50%
Fair value of the percentage of net assets acquired	29.69	24.90	5.67
First consolidation difference	32.07	23.65	76.60
Business combination costs	61.76	48.55	82.27

Figures in millions of euros

The fair values of the abovementioned business combinations are provisional as the adequate identification and determination of such is currently being studied, based on projections that are under review.

The above stated fair values differ from the book values of the company prior to the combination, mainly due to portfolio acquisition expenses and corresponding tax liabilities, which are not recorded on their books.

The net acquisition costs of all the combinations in 2019 have been met in full, and at December 31, 2019 there were no outstanding amounts pending payment.

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The English version is a translation of the original in Spanish for information purposes only. In case of discrepancy, the Spanish version shall prevail.

The expenses directly attributable to the abovementioned combinations, corresponding to independent professional, legal and financial advisory fees, were not material and were recorded as expenses in the consolidated income statement.

The dates that the aforementioned combinations were incorporated into the consolidated group in the first half of 2019 were March 1, 2019 for the entities CAJA GRANADA VIDA and CAJAMURCIA VIDA, and June 30, 2019 for SANTANDER GLOBAL. Said business combinations contributed, in the period, 28.24 million euros to the Group's premiums, and 3.60 million euros to the net result attributable to the controlling company. If these combinations had taken place at the beginning of 2019, it would have contributed 37.45 million euros to the Group's premiums, and 4.71 million euros to the net result attributable to the controlling Company.

The business combinations with an insignificant cost that took place during 2019 and 2018 are listed in Annex 1.

6.25. TRANSACTIONS WITH RELATED PARTIES

All transactions with related parties have been conducted under market conditions.

In addition to the transactions described in the other notes accompanying the consolidated annual accounts, the balances and transactions between Group companies are explained below.

Operations with Group companies

The operations conducted between Group companies, with a zero effect on results because they have been eliminated in the consolidation process, are shown below:

Item	2019	2018
Received/provided services and other expenses/revenue	499.73	547.50
Expenses/revenue from real estate investment	24.22	24.42
Expenses/revenues from investments and financial accounts	23.36	25.93
Dividends distributed	1,668.71	1,826.36

Figures in millions of euros

Reinsurance and co-insurance operations

Reinsurance and co-insurance activities conducted between Group companies, which have been eliminated in the consolidation process, are shown below:

MAPFRE S.A. AND SUBSIDIARIES

Item	2019	2018
Ceded/accepted premiums	2,741.68	2,120.20
Benefits and services	1,536.20	1,955.02
Changes in technical provisions	319.23	(79.73)
Commissions	481.26	432.99

Figures in millions of euros

The following table shows the balances with reinsurers and ceding companies, deposits given, and technical provisions on reinsurance activities with Group companies, all of which have been eliminated in the consolidation process:

Item	2019	2018
Receivables and payables	320.14	464.20
Deposits	56.69	81.25
Technical provisions	3,113.39	2,728.75

Figures in millions of euros

Information related to controlled companies

The following table shows the dividends distributed by the controlled companies with significant non-controlling interests and the result for the period of these individually considered companies (prior to intercompany eliminations), attributable to the non-controlling interests:

Controlled company	Dividends distributed				Earnings attributable to non-controlling interests	
	Controlling company		Non-controlling company		2019	2018
	2019	2018	2019	2018		
BB MAPFRE PARTICIPAÇÕES, S.A.	90.24	81.82	270.41	246.14	284.72	269.35
BANKIA MAPFRE VIDA, S.A. DE SEGUROS Y REASEGUROS	54.63	97.51	52.49	93.86	47.47	39.05
MAPFRE RE COMPAÑÍA DE REASEGUROS, S.A.	67.93	92.62	4.92	7.79	3.26	10.92
BANKINTER SEGUROS DE VIDA, S.A.	12.15	29.18	12.15	29.18	30.41	28.82
M.S.V. LIFE P.L.C.	17.65	6.15	17.65	6.15	8.68	8.96
MAPFRE PERÚ VIDA, COMPAÑÍA DE SEGUROS, S.A.	9.18	6.95	4.50	3.88	5.91	6.85
CAJA CASTILLA LA MANCHA VIDA Y PENSIONES, S.A.	11.99	4.80	11.99	4.80	8.68	8.91

Figures in millions of euros

Additionally, in 2018, non-controlling interests in the companies BB MAPFRE PARTICIPAÇÕES, S.A., BANKIA MAPFRE VIDA, S.A. DE SEGUROS Y REASEGUROS and BANKINTER SEGUROS DE VIDA, S.A. received funds for the following items and amounts:

MAPFRE S.A. AND SUBSIDIARIES

Controlled company	Item	Amount
BB MAPFRE PARTICPAÇÕES, S.A.	Capital reduction	71.39
BANKIA MAPFRE VIDA, S.A. DE SEGUROS Y REASEGUROS	Share premium	35.86
BANKINTER SEGUROS DE VIDA, S.A.	Share premium	18.21

Figures in millions of euros

The distribution of share premiums is included in the Consolidated statement of changes in equity as "Other operations with the controlling company's shareholders and non-controlling interests"

Additionally, in 2019 and 2018, the following restructuring was carried out:

In March 2019, administrative authorization was received to carry out the business restructuring operation for MAPFRE GLOBAL RISKS, by means of which:

- The purely insurance and reinsurance activities of MAPFRE GLOBAL RISKS, along with the assets and liabilities related to them, were transferred to MAPFRE ESPAÑA and MAPFRE RE, respectively.
- An entity was created that will continue with MAPFRE GLOBAL RISK's activity of analysis and underwriting of large industrial and commercial risks, and it will act on behalf of MAPFRE ESPAÑA and MAPFRE RE.

The execution of this restructuring has not had a significant impact on the consolidated financial statements of the Group.

On November 30, 2018, the business reorganization of the strategic alliance between MAPFRE and Banco do Brasil came into effect. This alliance was initially formed in 2011 and was implemented through the holding companies BB MAPFRE SH1, focused primarily on the Life business, and MAPFRE BB SH2, owner of the insurers operating in other lines. The reorganization was set out in the following terms:

- Partial spin-off of BB MAPFRE SH1 by means of the segregation of the shareholding in MAPFRE Vida (Brazil), which will be absorbed by MAPFRE BB SH2.
- Partial spin-off of MAPFRE BB SH2 by means of the segregation of the shareholding in Aliança do Brasil Seguros (ABS), which will be absorbed by BB MAPFRE SH1.
- BB Seguros sells to MAPFRE BRASIL the whole of its shareholding in BB MAPFRE SH2.

MAPFRE S.A. AND SUBSIDIARIES

The key figures for controlled companies and significant joint arrangements related to insurance activities are shown below:

• Balance sheet

Entity	Investments		Credits		Total assets		Equity		Technical Provisions	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Controlled company										
MAPFRE VIDA SOCIEDAD ANÓNIMA DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA	13,866.80	12,625.52	192.28	148.11	16,216.97	14,664.52	1,414.27	1,307.68	12,509.42	11,468.37
BANKIA MAPFRE VIDA, S.A. DE SEGUROS Y REASEGUROS	7,501.13	7,374.07	12.99	12.49	7,667.17	7,551.49	334.05	312.05	6,712.04	6,752.66
MAPFRE ESPAÑA COMPAÑÍA DE SEGUROS Y REASEGUROS S.A.	6,192.24	5,668.82	851.48	937.18	9,560.06	8,027.50	2,486.60	2,216.15	5,783.39	4,983.15
MAPFRE RE COMPAÑÍA DE REASEGUROS, S.A.	4,467.20	3,918.58	846.56	392.39	8,467.38	5,838.83	1,696.41	1,223.30	5,864.14	4,167.42
M.S.V. LIFE P.L.C.	2,244.40	1,982.78	2.23	2.48	2,497.08	2,213.36	147.34	159.98	2,202.00	1,927.91
BANKINTER SEGUROS DE VIDA, S.A.	1,820.29	1,608.24	32.93	26.68	2,110.80	1,837.73	169.67	130.15	1,371.62	1,177.64
COMPANHIA DE SEGUROS ALIANÇADO BRASIL, S.A.	1,473.08	1,362.51	746.83	712.50	3,024.18	2,773.18	278.54	329.95	2,035.27	1,832.08
Subtotal controlled companies	37,565.14	34,540.52	2,685.30	2,231.83	49,548.64	42,906.61	6,526.88	5,679.26	36,477.88	32,309.23
Joint Arrangement										
SOLUNION SEGUROS DE CREDITO S.A.	79.77	73.08	80.70	78.10	439.05	407.82	121.04	111.29	204.03	179.95
Subtotal Joint Arrangements	79.77	73.08	80.70	78.10	439.05	407.82	121.04	111.29	204.03	179.95

Figures in millions of euros

• Income statement

Entity	Revenue				Results					
	From insurance business		Totals		From insurance business		From operations		From global account	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Controlled company										
MAPFRE VIDA SOCIEDAD ANÓNIMA DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA	2,786.37	2,485.53	2,808.90	2,507.19	202.64	299.48	224.48	287.93	272.86	283.30
BANKIA MAPFRE VIDA, S.A. DE SEGUROS Y REASEGUROS	779.38	898.60	784.27	903.36	128.81	105.88	96.80	79.63	129.14	59.66
MAPFRE ESPAÑA COMPAÑÍA DE SEGUROS Y REASEGUROS S.A.	4,659.33	4,483.67	5,412.31	5,172.78	320.23	315.12	244.24	232.77	550.94	150.27
MAPFRE RE COMPAÑÍA DE REASEGUROS, S.A.	4,999.83	3,950.61	6,829.68	4,676.61	70.18	181.81	52.35	140.87	131.65	57.89
M.S.V. LIFE P.L.C.	564.89	405.57	568.80	409.23	14.54	13.72	11.77	10.94	11.77	10.94
BANKINTER SEGUROS DE VIDA, S.A.	476.24	519.11	486.00	532.88	81.37	77.13	60.77	57.60	63.82	52.70
COMPANHIA DE SEGUROS ALIANÇADO BRASIL, S.A.	1,539.15	1,537.98	2,035.61	1,805.49	446.07	550.53	314.21	354.26	312.50	357.10
Subtotal controlled companies	15,805.19	14,281.07	18,929.57	16,007.54	1,268.84	1,549.67	1,004.62	1,164.00	1,472.68	971.86
Joint Arrangement										
SOLUNION SEGUROS DE CREDITO S.A.	36.96	30.94	243.97	224.79	16.24	13.35	7.82	6.10	8.91	4.60
Subtotal Joint Arrangements	36.96	30.94	243.97	224.79	16.24	13.35	7.82	6.10	8.91	4.60

Figures in millions of euros

The key figures for controlled companies and significant joint arrangements related to non-insurance activities are shown below:

• Balance sheet

Entity	Current assets		Total assets		Equity		Current liabilities	
	2019	2018	2019	2018	2019	2018	2019	2018
Controlled company								
FUNESPAÑA, S.A.	202.61	166.58	203.98	167.69	127.80	118.79	72.99	45.76
MAPFRE INVERSIÓN SOCIEDAD DE VALORES S.A.	64.37	71.28	222.29	209.87	169.82	165.85	45.80	37.38
MAPFRE TECH	37.06	48.34	73.12	64.54	18.08	20.85	45.77	35.35
CREDIMAPFRE	24.02	27.98	24.48	28.13	3.41	3.16	21.08	24.98
Subtotal controlled companies	328.06	314.18	523.87	470.23	319.11	308.65	185.64	143.47

Figures in millions of euros

MAPFRE S.A. AND SUBSIDIARIES

• Income statement

Entity	Revenue		Earnings			
			From operations		From overall account	
	2019	2018	2019	2018	2019	2018
Controlled company						
FUNESPAÑA, S.A.	78.07	113.48	6.10	5.52	6.10	5.51
MAPFRE INVERSIÓN SOCIEDAD DE VALORES S.A.	83.39	104.26	37.24	57.35	40.88	51.60
MAPFRE TECH	193.14	180.88	(2.55)	0.73	(2.55)	0.73
CREDIMAPFRE	4.45	3.37	0.21	0.14	0.21	0.14
Subtotal controlled companies	359.05	401.99	41.00	63.74	44.64	57.98

Figures in millions of euros

Information relating to joint arrangements and associated undertakings

In 2019 and 2018 MAPFRE PARTICIPACIONES and MAPFRE GLOBAL RISKS did not receive any dividends from SOLUNION.

The cost and fair value of the shareholding in the SOLUNION joint venture at the close of the year were 37.12 and 60.52 million euros, respectively (37.12 and 64.01 million euros respectively in 2017).

The following table contains the supplementary information for the joint ventures:

Joint Arrangement	Cash and cash equivalents		Financial liabilities		Repayment		Interest				Expenses or income after tax on profit	
							Revenue		Expenses			
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
SOLUNION SEGUROS DE CREDITO S.A.	7.18	4.70	--	--	3.27	2.24	2.61	2.57	1.73	2.44	(2.83)	(2.49)
TOTAL	7.18	4.70	--	--	3.27	2.24	2.61	2.57	1.73	2.44	(2.83)	(2.49)

Figures in millions of euros

The information relating to the key figures of the most relevant associated undertakings is included in Annex 2 of the annual report.

Remuneration of key management personnel

The following table shows the paid remuneration received in the last two years by members of the Board of Directors of the controlling company:

Item	Amount	
	2019	2018
Short-term remuneration		
Salary	2.59	3.00
Short-term variable remuneration	1.95	2.09
Fixed allowance	2.75	2.75
Other items	0.06	0.91
Medium-term variable remuneration	1.28	1.13
TOTAL REMUNERATION	8.69	9.88
Other remuneration		
Life insurance	0.08	0.09

Figures in millions of euros

The basic remuneration for external directors consists of an annual fixed amount for membership to the Board of Directors, which was 110,000 euros in 2019 and 2018. In 2018, The Vice-Chairman- Coordinating Director has an additional fixed annual allowance of 110,000 euros. The members of the Steering Committee receive 10,000 euros in 2019 and also have a travel, subsistence and accommodation allowance of 3,000 euros. In 2018 they received 20,000 euros. Said amount reaches 68,000 euros (65,000 in 2018), in the case of people who chair the Audit and Compliance Committee, and 60,000 euros (57,000 in 2018) in the case of people who chair other Steering Committees. Other members of the Audit and Compliance Committee receive 48,000 euros (45,000 in 2018) and other members of other sub-steering committees receive 39,000 euros (37,000 euros in 2018).

Members of the Boards of Directors of Spanish insurance companies receive a fixed allowance of 48,000 euros (47,000 in 2018). The external vice-chairmen of the Boards of Directors of Spanish companies receive an additional 11,000 euros (10,000 euros in 2018), and those who are members of Management Committees receive 11,000 euros (10,000 in 2018).

Life insurance is also established in case of death, with an insured capital of 150,253 euros, as well as some of the staff benefits like medical insurance.

Executive directors (who are deemed to be executives of the controlling company as well as those who perform executive functions in other MAPFRE GROUP companies) receive the remuneration established in their contracts, which includes a fixed salary, incentives with varying amounts linked to results, life and disability insurance, and other general benefits established for the Group's staff. They also receive certain pension supplements for retirement, externalized through a life insurance policy. All of these payments are in line with the compensation policy established by the Group for its senior managers, whether or not they are directors. In 2019, contributions to defined benefit plans amounted to 4.57 million euros, recognized as expenses for the year (5.12 million euros in 2018), with the amount for accumulated rights reaching 26.81 and 21.37 million euros at December 31 2019 and 2018, respectively.

Executive directors do not receive the fixed assignment established for external directors.

As indicated in the table in this Note regarding medium-term incentive plans, in the current period 1.28 million euros has accrued (1.02 million in cash and 26 million in equity instruments), of which 0.14 million euros in cash and 0.16 million euros in equity instruments are pending payment. Said amounts were fully provisioned. In 2018, a provision was made for 0.10 million euros corresponding to remuneration in cash, and a provision for 0.92 million euros to remuneration to be settled through equity instruments was cancelled. At the close of 2018, the amount of the provision for these plans reached 1.55 million euros.

Regarding variable short-term remuneration accrued in the current and previous years, in 2019 3.05 million euros are pending payment (3.25 million euros in 2018).

The basic remuneration for external directors is approved by the Annual General Meeting at the recommendation of the Board of Directors and in keeping with the report drawn up by the Appointments and Remuneration Committee. The amount of the contractual remuneration for executive directors and the fixed allowance for membership to the Boards or Steering Committees are approved by the Board of Directors, subject to a report by the committee.

The insurance premium paid on behalf of the administrators for damages liability was 0.79 million euros (0.67 million euros in 2018).

In reference to senior management, remuneration paid in the last two years is shown below:

Item	Amount	
	2019	2018
No. of senior management members	8	7
Fixed remuneration	2.21	2.12
Variable remuneration	1.26	1.19
Other concepts	0.18	0.08
TOTAL REMUNERATION	3.65	3.39
Life insurance	0.03	0.03

Figures in millions of euros

Regarding medium-term incentive plans, in the current year, 0.23 million euros have accrued (0.17 in cash and 0.06 in equity instruments), of which 0.05 million euros in cash and 0.02 million euros in equity instruments are pending payment. Said amounts were fully provisioned. In 2018 part of a provision for the amount of 1.02 million euros was cancelled.

Additionally, an expense of 1.05 million euros was recorded in 2019 (0.83 million euros in 2018) as a contribution to defined benefit plans.

6.26. EVENTS SUBSEQUENT TO CLOSING

There have been no significant events subsequent to the close of the year.

7. RISK MANAGEMENT

The Board of Directors of MAPFRE S.A. establishes the risk level that the Group would be ready to assume to attain its business objectives with no significant deviations, even in adverse situations. That level, which establishes limits and sub-limits per risk type, configures the MAPFRE Group's risk appetite.

MAPFRE's structure is based on Units and Companies that are highly autonomous insofar as their management. The governing and management bodies of the Group approve the Units' and Companies' lines of action regarding continuous risk management and supervision through indicators and risk exposure ratios.

To guarantee the effective administration of risks, the Group has developed a series of policies. The Risk Management policy establishes a framework for risk management and, at the same time, for the development of policies regarding specific risks. These are:

- They establish general guidelines, basic principles and a general framework of action for the type of risk, ensuring coherent application within the Group.
- Assign responsibilities and define strategies, processes and procedures regarding the information needed to identify, measure, monitor, manage and notify about the risks referred to.

- Establish reporting chains of command and communication responsibilities of the risk supervisor.

The Group Risk Management Area handles all significant aspects related to risk management corresponding to the Group as well as relevant aspects of the different legal undertakings belonging to it, establishing benchmark directives and criteria to be taken on, with any adaptations necessary, by the risk areas of the individual undertakings.

The Governing Bodies receive information relating to the quantification of the main risks to which the Group is exposed and the capital resources available to cover them, as well as information relating to compliance with the established risk appetite limits.

Assigned capital is established in general based on estimates based on the budgets for the following year and it is periodically reviewed throughout the year in line with the development of risks in order to ensure compliance with the established risk appetite limits.

Exposure to the types of risk coming from the Group financial instruments and insurance contracts, as well as the processes and methods used for their management and measurement are explained in sections A), B), C) and D) of this Note.

A) INSURANCE RISK

1. Sensitivity to insurance risk

This sensitivity analysis measures the effect on capital fluctuations upward and downward of the determining factors of insurance risk (number of insured risks, average premium value, frequency and cost of claims). One measure of the sensitivity to the Non-Life insurance risk is the impact that a 1 percentage point change in the combined ratio would have on the annual results and, consequently, on equity. The following table shows this effect and the volatility index of the ratio, calculated according to the standard deviation in a five-year time horizon:

Business Units	Impact on results of 1% variation in the combined ratio		Combined ratio volatility index
	2018	2017	
Insurance			
- IBERIA	34.65	34.10	1.24%
- LATAM	24.70	22.81	1.23%
- INTERNATIONAL	20.73	19.22	1.89%
Reinsurance	18.24	19.07	1.93%
Assistance	6.02	4.78	1.12%
Global Risks	1.44	2.40	24.27%
CONSOLIDATED	100.05	90.62	0.44%

Figures in millions of euros

In the case of the Life business, MAPFRE uses the standard formula to measure and manage the conditioning factors of insurance risk with the standard formula, which contemplates the following aspects:

- Mortality
- Morbidity
- Revision
- Expenses
- Lapse
- Catastrophe

The following chart shows the Life insurance risk sensitivity analysis, of the main Life insurers of the Group as a whole, by variations of the main sources of doubt, and their impact on Solvency II Eligible Own Funds for the Group:

Item	Sensitivity range (typical deviation)	
	2019	2018
Mortality ratio (5% increase) (products without longevity risk)	(1.6%) to (0.8%)	(1.5%) to (0.8%)
Mortality ratio (5% decline) (only products with longevity risk)	(2.0%) to (1.1%)	(1.6%) to (0.9%)
Disability ratio (5% increase)	--	--
Expenses (10% increase)	(1.9%) to (1.3%)	(1.2%) to (0.9%)
Lapses (10% increase)	(1.0%) to (0.6%)	(1.3%) to (0.7%)

Adequate allocation of technical provisions is one of the basic principles of the Group's insurance management. The technical provisions are calculated by the companies' actuarial teams and the amounts are validated by an independent party that did not participate in the calculation. The establishment of technical provisions is regulated by a specific policy.

The main actuarial methodologies considered to be adequate, applicable and relevant for the calculation of technical provisions under Solvency II for MAPFRE Group are:

- For Non-Life insurance:
 - Combinations of generally accepted deterministic methods to determine the ultimate loss ratio based on the selection of factors to determine average cost and frequency.
 - Stochastic methods to determine the loss ratio assuming a probability distribution function.
- For Life insurance:

- Policy by policy calculation of the current expected value of acquired commitments based on existing statistical information regarding mortality, longevity, disability, etc.
- Projections based on groupings of homogenous policies or 'model points' where the policy by policy cash flow calculations are disproportionate in relation to the nature and complexity of the company's risks, as long as the projection does not distort the results obtained.
- Stochastic calculations, where relevant, to recognize the temporary value of the options and guarantees.

2. Concentrations of insurance risk

The Group has a high degree of insurance risk diversification since it operates in virtually all insurance lines in Spain and has a wide presence in the international markets.

The Group has implemented a system of procedures and limits which allows it to control the level of concentrated insurance risk.

It is standard practice to use reinsurance contracts to mitigate the insurance risk arising from the concentration or accumulation of guarantees exceeding the maximum acceptance levels.

2.a) Premiums by risk

The following tables show the breakdown for the last two years of written direct insurance and accepted reinsurance premiums classified according to the type of business underwritten:

2019

Item	Accepted reinsurance				Direct insurance				
	Life	Non-Life		Total	Catastrophe risk	Other risks			Total
		Catastrophe risk	Other risks			Life	Non-Life		
							Automobile	Other	
Written premiums, direct insurance	--	--	--	--	351.64	4,877.67	6,565.61	7,743.84	19,538.76
Premiums from accepted reinsurance	593.74	266.92	2,644.50	3,505.16	--	--	--	--	--

Figures in millions of euros

2018

Item	Accepted reinsurance				Direct insurance				
	Life	Non-Life		Total	Catastrophe risk	Other risks			Total
		Catastrophe risk	Other risks			Life	Non-Life		
							Automobile	Other	
Written premiums, direct insurance	--	--	--	--	382.95	4,870.58	6,812.94	7,035.76	19,102.23
Premiums from accepted reinsurance	600.47	461.55	2,372.85	3,434.87	--	--	--	--	--

Figures in millions of euros

MAPFRE S.A. AND SUBSIDIARIES

2.b) Premiums by product and segment

The following tables show premiums issued for direct insurance and accepted reinsurance by product and segment, in the last two years:

2019

Product	IBERIA	LATAM NORTH	LATAM SOUTH	BRAZIL	NORTH AMERICA	EURASIA	MAPFRE ASISTENCIA	MAPFRE GLOBAL RISK	MAPFRE RE	CORPORATE AREAS AND CONSOLIDATION ADJUSTMENTS	Total
Life	2,425.09	425.44	241.28	1,502.53	4.36	292.28	--	--	--	0.10	4,891.08
Automobile	2,313.61	298.64	427.93	842.70	1,590.45	1,101.56	103.83	--	--	(103.42)	6,535.30
Homeowners and	973.13	119.09	195.35	426.88	665.95	86.72	--	--	--	0.25	2,467.37
Health	580.33	230.32	75.84	0.93	54.31	126.15	--	--	--	1.67	1,069.55
Accident	111.86	18.14	95.29	--	2.02	7.99	--	--	--	0.05	235.35
Other Non-Life	1,313.74	881.47	561.02	1,204.47	54.65	80.84	757.20	--	--	(375.79)	4,477.60
Reinsurance	--	--	--	--	--	--	--	1,060.12	4,520.37	(2,212.83)	3,367.66
TOTAL	7,717.76	1,973.10	1,586.71	3,977.51	2,331.74	1,895.54	861.03	1,060.12	4,520.37	(2,689.96)	23,043.92

Figures in millions of euros

2018

Product	IBERIA	LATAM NORTH	LATAM SOUTH	BRAZIL	NORTH AMERICA	EURASIA	MAPFRE ASISTENCIA	MAPFRE GLOBAL RISK	MAPFRE RE	CORPORATE AREAS AND CONSOLIDATION ADJUSTMENTS	Total
Life	2,582.56	343.77	261.45	1,355.71	4.03	328.09	--	--	--	0.09	4,875.70
Automobile	2,282.91	279.65	449.96	1,013.52	1,639.70	1,123.71	90.70	--	--	(89.25)	6,790.90
Homeowners and	921.08	101.53	194.39	435.30	673.90	86.73	--	--	--	0.36	2,413.29
Health	554.65	211.03	72.02	1.52	63.96	125.75	--	--	--	3.49	1,032.42
Accident	109.36	15.21	95.83	--	1.95	10.00	--	--	--	0.06	232.41
Other Non-Life	1,207.35	358.16	532.10	1,166.15	41.74	91.48	820.32	117.23	--	(930.85)	3,403.68
Reinsurance	--	--	--	--	--	--	--	1,056.68	3,787.13	(1,055.11)	3,788.70
TOTAL	7,657.91	1,309.35	1,605.75	3,972.20	2,425.28	1,765.76	911.02	1,173.91	3,787.13	(2,071.21)	22,537.10

Figures in millions of euros

2.c) Premiums by currency

The following tables show the breakdown for the last two years of written direct insurance premiums.

Currency	Financial Year	
	2019	2018
Euro	8,877.98	9,023.42
US dollar	4,147.99	3,622.32
Brazilian real	3,977.51	3,972.20
Mexican peso	633.26	489.88
Argentine peso	128.43	168.90
Venezuelan bolivar	4.15	5.56
Turkish lira	340.83	380.58
Colombian peso	276.50	309.74
Chilean peso	134.74	154.05
Pound sterling	249.65	226.91
Peruvian sol	284.74	268.55
Indonesian rupiah	48.90	61.89
Other currencies	434.08	418.22
TOTAL	19,538.76	19,102.22

Figures in millions of euros

3. Claims

Section 3.4 of Note 6.13 of the annual report, "Technical Provisions", offers information about the progression of claims.

B) CREDIT RISK

1. Credit risk arising from reinsurance contracts

The following table shows the breakdown of receivables against reinsurers in the last two years:

Ceded and retroceded reinsurance	Book value	
	2019	2018
· Provision for Life insurance	57.00	55.95
· Provision for outstanding claims	4,313.86	4,303.06
· Other technical provisions	4.82	1.46
· Receivables on ceded and retroceded reinsurance transactions	390.51	484.16
· Due on ceded and retroceded reinsurance transactions	(868.87)	(423.21)
TOTAL NET POSITION	3,897.32	4,421.42

Figures in millions of euros

The following table shows the breakdown of credits against reinsurers based on the financial solvency margin:

Rating	Book value	
	2019	2018
AAA	1,244.10	1,040.09
AA	1,009.39	1,028.92
A	574.46	1,457.50
BBB	294.85	389.84
BB OR LESS	125.48	10.35
WITHOUT CREDIT RATING	649.05	494.73
TOTAL NET POSITION	3,897.32	4,421.42

Figures in millions of euros

The following table shows the type and amount of the guarantees granted by reinsurers in the last two years:

Type of surety	Amount	
	2019	2018
Letters of credit	1.10	2.15
Guarantees	--	--
Pledging of assets	--	--
Other guarantees	16.56	476.79
TOTAL	17.66	478.94

Figures in millions of euros

MAPFRE S.A. AND SUBSIDIARIES

The balances corresponding to receivables on direct insurance and co-insurance operations amounted to 3.95 and 3.64 billion euros at December 31, 2019 and 2018, respectively. Estimated losses due to impairment are recorded in the income statement as specified in accounting policy 5.9.

2. Credit risk arising from other financial instruments

The breakdown for the last two years of the portfolio of fixed-income securities, hybrid securities, deposits and cash, based on the payment capacity of issuers of fixed-income securities and financial institutions, is shown below:

Credit rating	Book value							
	Held-to-maturity portfolio		Available-for-sale portfolio		Trading portfolio		Cash	
	2019	2018	2019	2018	2019	2018	2019	2018
AAA	1,462.92	1,437.93	2,322.65	1,941.84	1,896.58	1,082.78	142.71	151.86
AA	46.33	83.45	3,169.58	3,936.23	225.06	1,076.59	240.92	299.43
A	33.92	32.38	20,742.99	18,686.11	499.70	482.56	1,212.17	938.24
BBB	211.40	151.00	7,421.12	6,265.73	817.60	715.47	631.08	505.91
BB OR LESS	79.93	156.67	256.88	463.70	22.52	142.84	98.94	128.88
WITHOUT CREDIT RATING	115.20	78.17	399.14	194.27	113.27	2.93	211.68	177.09
TOTAL	1,949.70	1,939.60	34,312.36	31,487.88	3,574.73	3,503.17	2,537.50	2,201.41

Figures in millions of euros

3. Fixed-income securities in default

There were no fixed-income securities in default for significant amounts at December 31, 2019 and 2018.

4. Receivables

The following table shows the composition of the receivables heading at December 31, 2019 and 2018, as well as impairment losses, gains on recorded impairment reversals, and received amounts for guarantees in the last two years:

Item	Net balance on balance sheet		Impairment				Guarantees Received	
			Recorded losses		Reversal gains			
	2019	2018	2019	2018	2019	2018	2019	2018
Receivables on direct insurance and co-insurance operations	3,945.09	3,644.21	(11.29)	(10.82)	6.97	9.93	--	--
Receivables on reinsurance operations	934.33	903.08	(16.44)	(21.95)	15.89	15.64	--	--
Tax receivables	409.20	336.70	--	--	--	--	--	--
Corporate and other receivables	780.77	877.21	(10.47)	(3.02)	2.43	2.28	--	--
TOTAL	6,069.39	5,761.20	(38.20)	(35.79)	25.29	27.85	--	--

Figures in millions of euros

C) LIQUIDITY RISK

With respect to liquidity risk, MAPFRE has a Liquidity Risk Management Policy and an Asset and Liability Management Policy, which together comprise the benchmark framework for acting in this

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The English version is a translation of the original in Spanish for information purposes only. In case of discrepancy, the Spanish version shall prevail.

regard. In MAPFRE, the general practice is based on maintaining sufficient cash balances to comfortably cover the commitments arising from its obligations to insured parties and creditors. Thus, at December 31, 2019, the cash and cash equivalent balance amounted to 2.54 billion euros (2.20 billion euros the previous year), equivalent to 5.34 percent of total financial investments and cash (5.07 percent at the close of 2018). For Life and Savings insurance the investment criteria applied consists in matching the maturities of investments with obligations entered into under the terms of insurance contracts in order to mitigate the long-term liquidity risk. In addition, most fixed-income investments have an investment grade and are traded in organized markets, providing ample capacity to act against potential liquidity stress.

Assets with maturity exceeding one year are described in the "Interest rate risk" section.

Lastly, MAPFRE's low level of debt as regards shareholders' equity, combined with the amount not drawn down from the syndicated loan taken out by the controlling company, provides additional liquidity through financing operations. Note 6.12 "Financial liabilities" provides information on the Group's debt with credit institutions and its other financial liabilities.

1. Liquidity risk arising from insurance contracts

The table below shows the estimated schedule of disbursements for insurance liabilities recorded at December 31, 2019 and 2018 (non-financial discount amounts).

2019

Item	Estimated cash outflows in years							Closing balance
	2020	2021	2022	2023	2024	2025 a 2029	Subsequent	
Provisions for Life insurance	2,934.93	2,143.36	2,040.86	1,708.99	1,583.40	6,447.15	10,085.30	26,943.99
Provision for outstanding claims	5,762.93	2,519.01	1,361.65	769.26	523.53	1,071.47	616.20	12,624.05
Other technical provisions	87.33	41.55	39.57	40.81	41.62	224.52	594.53	1,069.93
Due on direct insurance and coinsurance	879.89	14.74	11.21	6.04	4.16	7.42	4.60	928.06
Due on reinsurance operations	1,501.41	11.07	8.44	4.61	3.10	5.53	6.92	1,541.08
TOTAL	11,166.49	4,729.73	3,461.73	2,529.71	2,155.81	7,756.09	11,307.55	43,107.11

Figures in millions of euros

2018

Item	Estimated cash outflows in years							Closing balance
	2019	2020	2021	2022	2023	2024 a 2028	Subsequent	
Provisions for Life insurance	2,733.10	2,105.46	1,985.52	1,871.39	1,502.78	6,253.93	10,105.60	26,557.78
Provision for outstanding claims	6,161.41	2,433.37	1,223.84	756.87	516.69	1,151.78	470.19	12,714.15
Other technical provisions	87.57	36.65	38.35	40.36	42.45	245.84	485.91	977.13
Due on direct insurance and coinsurance	1,047.43	14.72	10.25	6.61	4.25	8.71	2.81	1,094.78
Due on reinsurance operations	841.49	2.24	2.09	1.03	0.67	1.38	3.74	852.64
TOTAL	10,871.00	4,592.44	3,260.05	2,676.26	2,066.84	7,661.64	11,068.25	42,196.48

Figures in millions of euros

2. Liquidity risk arising from subordinated liabilities and financial liabilities

The breakdown for the last two years of disbursement maturities for subordinated and financial liabilities, excluding the financial discount, is shown below:

2019

Item	Maturity in						Total
	2020	2021	2022	2023	2024	Subsequent	
Subordinated liabilities	46.88	46.88	46.88	46.88	46.88	1,261.25	1,495.65
Issue of debentures and other negotiable securities	16.25	16.25	16.25	16.25	16.25	1,032.50	1,113.75
Due to credit institutions	62.13	32.88	32.79	32.76	642.76	52.86	856.18
Other financial liabilities (excluding for trading, others at fair value and w/o maturity)	532.72	1.15	1.35	1.05	0.94	7.11	544.32
TOTAL	657.98	97.16	97.27	96.94	706.83	2,353.72	4,009.90

Figures in millions of euros

2018

Item	Maturity in						Total
	2019	2020	2021	2022	2023	Subsequent	
Subordinated liabilities	46.88	46.88	46.88	46.88	46.88	1,308.13	1,542.53
Issue of debentures and other negotiable securities	16.25	16.25	16.25	16.25	16.25	1,048.75	1,130.00
Due to credit institutions	55.59	0.11	0.06	0.04	490.00	0.01	545.81
Other financial liabilities (excluding for trading, others at fair value and w/o maturity)	503.75	3.42	0.34	0.30	0.25	625.38	1,133.44
TOTAL	622.47	66.66	63.53	63.47	553.38	2,982.27	4,351.78

Figures in millions of euros

D) **MARKET RISK**

The MAPFRE Risk Management Area carries out resilience and sensitivity tests regarding the impact of financial variables from the market on its solvency position.

The Group's Investment Area regularly conducts analyses of the sensitivity of the investment portfolio's value to market risk. Among others, the most usual indicators are the modified duration, for fixed-income securities, and the VaR, or value at risk, for equity instruments.

1. Interest rate risk

The following tables show the significant information of the last two years regarding the level of exposure to interest rate risk of the financial assets and liabilities:

MAPFRE S.A. AND SUBSIDIARIES

Portfolio	Amount of assets exposed to interest rate risk at fair value					
	Fixed interest rate		Not exposed to risk		Total	
	2019	2018	2019	2018	2019	2018
To maturity	1,830.38	1,641.07	143.01	310.40	1,973.39	1,951.47
Available for sale	31,452.44	28,969.30	5,632.77	4,784.43	37,085.21	33,753.73
Trading	4,748.66	4,413.85	1,188.61	1,126.92	5,937.27	5,540.77
TOTAL	38,031.48	35,024.22	6,964.39	6,221.75	44,995.87	41,245.97

Figures in millions of euros

The assets with a fixed interest rate include the immunized portfolios, which amounted to 16.48 and 15.25 billion euros at December 31, 2019 and 2018 respectively, thus reducing the interest rate risk.

Item	Amount of liabilities exposed to interest rate risk at fair value					
	Fixed interest rate		Not exposed to risk		Total	
	2019	2018	2019	2018	2019	2018
Subordinated liabilities	1,121.07	1,120.54	--	--	1,121.07	1,120.54
Issue of debentures and other negotiable securities	1,004.82	1,004.05	--	--	1,004.82	1,004.05
Due to credit institutions	28.37	12.86	819.44	532.83	847.81	545.69
Other financial liabilities	735.19	468.52	1,177.89	794.28	1,913.08	1,262.80
TOTAL	2,889.45	2,605.97	1,997.33	1,327.11	4,886.78	3,933.08

Figures in millions of euros

The following tables show the breakdown of financial investments by maturity for 2019 and 2018.

December 31, 2019

Item	Closing balance	Maturity in:					
		1 year	2 years	3 years	4 years	5 years	Subsequent or without maturity
HELD TO MATURITY PORTFOLIO							
Fixed income	1,949.70	343.56	163.92	295.44	178.97	93.43	874.38
Other investments	23.69	14.57	1.31	0.17	0.02	0.05	7.57
TOTAL HELD TO MATURITY PORTFOLIO	1,973.39	358.13	165.23	295.61	178.99	93.48	881.95
AVAILABLE FOR SALE PORTFOLIO							
Fixed income	34,312.36	2,335.57	2,157.33	2,933.44	2,781.74	3,649.88	20,454.40
Other investments	25.75	10.76	4.84	1.42	0.92	5.92	1.89
TOTAL AVAILABLE FOR SALE PORTFOLIO	34,338.11	2,346.33	2,162.17	2,934.86	2,782.66	3,655.80	20,456.29
TRADING PORTFOLIO							
Financial swaps	494.47	(128.85)	(72.34)	(145.02)	(77.52)	(106.95)	1,025.15
Options	0.03	0.03	--	--	--	--	--
Fixed income	3,181.59	1,425.61	282.37	288.58	122.75	232.12	830.16
Hybrids	392.72	109.04	129.37	122.89	--	4.33	27.09
Deposits	0.42	--	--	--	--	--	0.42
TOTAL TRADING PORTFOLIO	4,069.23	1,405.83	339.40	266.45	45.23	129.50	1,882.82

Figures in millions of euros

MAPFRE S.A. AND SUBSIDIARIES

December 31, 2018

Item	Closing balance	Maturity in:					Subsequent or without maturity
		1 year	2 years	3 years	4 years	5 Years	
HELD TO MATURITY PORTFOLIO							
Fixed income	1,939.60	257.49	198.63	110.19	265.12	231.06	877.11
Other investments	11.87	5.97	0.02	--	0.19	2.01	3.68
TOTAL HELD TO MATURITY PORTFOLIO	1,951.47	263.46	198.65	110.19	265.31	233.07	880.79
AVAILABLE FOR SALE PORTFOLIO							
Fixed income	31,487.88	2,308.96	1,934.73	2,287.65	2,863.52	2,764.01	19,329.01
Other investments	33.53	27.06	--	0.50	4.06	--	1.91
TOTAL AVAILABLE FOR SALE PORTFOLIO	31,521.41	2,336.02	1,934.73	2,288.15	2,867.58	2,764.01	19,330.92
TRADING PORTFOLIO							
Financial swaps	453.00	(104.23)	(122.18)	(60.31)	(111.15)	(97.92)	948.78
Options	0.70	--	0.70	--	--	--	--
Fixed income	3,090.04	1,556.55	176.29	353.52	188.82	139.78	675.08
Hybrids	413.13	16.51	--	135.78	120.89	67.22	72.73
Deposits	--	--	--	--	--	--	--
TOTAL TRADING PORTFOLIO	3,956.87	1,468.83	54.81	428.99	198.56	109.08	1,696.59

Figures in millions of euros

The average interest rate and modified duration of fixed-income investments in 2019 and 2018 are shown below:

Item	2019	2018
Average interest rate (%)	3.68	4.05
Modified duration (%)	7.26	6.75

The modified duration reflects the sensitivity of the value of the assets to movements in interest rates and represents an approximation of the percentage variation that the value of financial assets would experience for every percentage point (100 bp) of variation of interest rates.

The balances included in the "Receivables" heading under the assets on the balance sheet and in the "Due on direct insurance and co-insurance operations", "Due on reinsurance operations", "Tax liabilities" and "Other debts" accounts under the liabilities on the balance sheet do not accrue interest and they are usually settled the following year. Liabilities with a maturity exceeding one year are covered in the section "Liquidity risk arising from subordinated liabilities and financial liabilities".

2. Exchange rate risk

The following table shows the breakdown of assets and liabilities regarding the currencies in which they are recorded at the end of the last two years.

Currency	Assets		Liabilities		Net Total	
	2019	2018	2019	2018	2019	2018
Euro	42,783.68	39,127.49	39,072.47	36,278.29	3,711.21	2,849.20
US dollar	14,068.98	13,100.62	10,705.40	10,088.00	3,363.58	3,012.62
Mexican peso	1,307.20	1,000.87	980.42	739.42	326.78	261.45
Brazilian real	8,196.13	8,068.41	6,618.67	6,413.87	1,577.46	1,654.54
Turkish lira	815.26	845.15	709.25	719.28	106.01	125.87
Chilean peso	348.96	402.63	218.68	287.37	130.28	115.26
Venezuelan sovereign bolivar	14.65	4.42	5.05	2.71	9.60	1.71
Argentine peso	276.07	304.44	214.53	226.71	61.54	77.73
Colombian peso	1,478.55	1,575.45	1,397.54	1,270.87	81.01	304.58
Pound sterling	646.30	606.93	521.58	413.53	124.72	193.40
Canadian dollar	59.44	52.64	14.76	14.06	44.68	38.58
Philippine peso	105.10	109.66	77.45	87.24	27.65	22.42
Peruvian sol	414.11	327.77	347.12	266.61	66.99	61.16
Indonesian rupiah	242.78	272.10	89.24	97.73	153.54	174.37
Other currencies	1,752.71	1,492.24	1,431.74	1,187.55	320.97	304.69
TOTAL	72,509.92	67,290.82	62,403.90	58,093.24	10,106.02	9,197.58

Figures in millions of euros

The sensitivity of the Group's equity to changes in euro exchange rates against the different currencies in which assets are stated is determined by the net total amount shown in the previous table, having deducted the amount for the non-monetary items. Similarly, the effect of these exchange rate variations on the Group's future results is determined by the volume of earnings obtained in each currency. In this regard, Annex 1 provides a breakdown of the country in which the operations of each Group company are located, and Annex 2 provides the result obtained by the most relevant companies in the Group.

3. Stock market risk

The VaR or value at risk (maximum variation expected in a one-year time horizon and at a confidence level of 99 percent) of equities and mutual funds exposed to stock market risk amounted to 720.99 and 638.52 million euros at December 31, 2019 and 2018, respectively.

4. Property risk

At December 31, 2019 the Group had property assets representing approximately 4.55 percent of total investments and cash (4.25 percent at December 31, 2018), of which approximately 45.65 percent corresponds to its own offices (40.68 percent at December 31, 2018). This equity serves the dual function of providing administrative and sales support as well as generating revenues from investments and diversifying investments. The breakdown of these property assets is shown in the following table:

MAPFRE S.A. AND SUBSIDIARIES

Item	Net book value		Market value	
	2019	2018	2019	2018
Real estate investments	1,323.35	1,243.60	1,787.39	1,684.29
Real estate for own use	1,111.63	852.66	1,515.13	1,232.99
TOTAL	2,434.98	2,096.26	3,302.52	2,917.28

Figures in millions of euros

Unrealized gains would offset a fall in the price of the properties equivalent to approximately 26.27 percent of their market value at the close of 2019 (28.14 percent at the close of 2018).

8. OTHER INFORMATION

8.1. INFORMATION RELATED TO THE GOVERNING BODY

In the last two years, there have not been any conflicts of interest, either direct or indirect, between the directors or the people connected to them and the Group.

In the last two years, the controlling company's directors did not carry out any operations with the controlling company itself or with any other Group company either outside the scope of the companies' ordinary trading activities or outside normal market conditions.

8.2. FEES EARNED BY THE AUDITORS

The annual accounts of the controlling company and of the main Group companies for the financial year 2019 have been audited by the firm KPMG, with the main exception of the subsidiaries with registered offices in Indonesia, whose auditor is PKF. In 2018, the subsidiaries with registered offices in Chile were audited by EY.

The remuneration accrued by the main auditor is shown below. It is deemed that these fees do not compromise the independence of the auditors.

Item	Amount	
	2019	2018
Audit services	7.71	7.53
Other verification services	1.58	2.22
Tax services	0.02	--
Other services	0.01	0.02
Total services of main auditor	9.32	9.77

Figures in millions of euros

The abovementioned amounts include those paid to the company KPMG Auditores, S.L. to the Group in 2019 for the amount of 2.27 million euros for audit services (2.20 million euros in 2018) and 0.58 million euros for

Other verification services (0.92 million in 2018). These include, most notably, other required reviews (by regulation or requirement of external partners), as well as services regarding regulatory compliance, the most relevant of which are those corresponding to the review of the Solvency Reports (0.45 million euros).

Fees related to account auditing services provided by auditors other than the main auditor amounted to 0.06 million euros in 2019 (0.26 million euros in 2018).

8.3. ENVIRONMENTAL INFORMATION

The Group companies do not have any environment-related item in the last two financial years that might be significant or specifically included in these consolidated annual accounts.

8.4. INFORMATION ON AVERAGE PROVIDER PAYMENT PERIOD

Details of the payments made by the Group's fully consolidated Spanish companies to providers in the financial years 2019 and 2018:

Item	Days	
	2019	2018
Average provider payment period	5.44	6.66
Ratio of paid operations	5.24	6.49
Ratio of operations pending payment	24.76	19.43

Item	Million euros	
	2019	2018
Total payments made	1,989.00	1,693.75
Total pending payments exceeding the maximum statutory term	20.43	21.60

APPENDIX 1: SUBSIDIARIES, ASSOCIATED UNDERTAKINGS AND JOINT VENTURE AT DECEMBER 31, 2019 AND 2018

Name		Address	Participation in Capital		Consolidation method	Integration method for Solvency	
			Holder	Percentage			
				2019			2018
IBERIA							
MAPFRE ESPAÑA COMPAÑIA DE SEGUROS Y REASEGUROS S.A.	Ctra. Pozuelo, 50. Majadahonda. Madrid. (Spain)	■ MAPFRE, S.A. ■ MAPFRE GLOBAL RISK, S.A. ■ MAPFRE PARTICIPACIONES S.A.	83.5168 — 16.4825	83.5168 16.4825 —	(A)	(1)	
CLUB MAPFRE, S.A.	Ctra. Pozuelo, 50. Majadahonda. Madrid (Spain)	■ MAPFRE ESPAÑA, S.A. ■ MAPFRE AUTOMOCIÓN S.A.U	99.9875 0.0125	99.9875 0.0125	(A)	(1)	
CENTRO DE EXPERIMENTACIÓN Y SEGURIDAD VIAL MAPFRE, S.A.	Ctra.Valladolid, km 1 Ávila (Spain)	■ MAPFRE ESPAÑA, S.A. ■ MAPFRE, S.A.	99.9982 0.0018	99.9982 0.0018	(A)	(1)	
MAPFRE AUTOMOCIÓN S.A.U	Crta. De Pamplona a Zaragoza Polígono Ind. Cordovilla Navarra (Spain)	■ MAPFRE ESPAÑA, S.A.	100.0000	100.0000	(A)	(1)	
VERTI ASEGURADORA, COMPAÑIA DE SEGUROS Y REASEGUROS, S.A	Ctra. Pozuelo, 52. Majadahonda. Madrid (Spain)	■ MAPFRE ESPAÑA, S.A. ■ CLUB MAPFRE S.A.	99.9991 0.0009	99.9991 0.0009	(A)	(1)	
RASTREATOR.COM LTD	Greyfriars House Greyfriars Road Cardiff Cardiff, South Wales CF10 3AL (United Kingdom)	■ MAPFRE ESPAÑA, S.A.	25.0000	25.0000	(C)	(3)	
MAPFRE CONSULTORES DE SEGUROS Y REASEGUROS, S.A.	Paseo de Recoletos, 25 Madrid (Spain)	■ MAPFRE ESPAÑA, S.A. ■ MAPFRE, S.A.	50.0000 50.0000	50.0000 50.0000	(A)	(1)	
MULTISERVICIOS MAPFRE MULTIMAP, S.A.	Ctra. Pozuelo, 52. Majadahonda. Madrid (Spain)	■ MAPFRE ESPAÑA, S.A. ■ CENTROS MÉDICOS S.A.	97.5000 2.5000	97.5000 2.5000	(A)	(1)	
FUNESPAÑA, S.A.	C/ Doctor Esquerdo, 138 5º Madrid (Spain)	■ MAPFRE ESPAÑA, S.A.	99.7711	99.5567	(A)	(1)	
POMPES FÚNEBRES DOMINGO, S.L.	C/ Mercaderes, 5 Bajo Tortosa. Tarragona. (Spain)	■ FUNESPAÑA, S.A.	75.0000	75.0000	(A)	(1)	
SERVICIOS FUNERARIOS FUNEMADRID, S.A	C/ Doctor Esquerdo, 138 5º Plla Madrid (Spain)	■ FUNESPAÑA, S.A.	100.0000	100.0000	(A)	(1)	
CEMENTERIO JARDÍN DE ALCALA DE HENARES, S.A.	Carretera de Pastrana,Km 3 Alcala de Henares, Madrid (Spain)	■ FUNEMADRID	49.0000	49.0000	(C)	(3)	
EMPRESA MIXTA SERVEIS MUNICIPALS DE TARRAGONA, S.L.	Carretera Villa de Valencia, 2 Tarragona (Spain)	■ FUNESPAÑA, S.A.	49.0000	49.0000	(C)	(3)	
CEMENTERIO PARQUE ANDUJAR, S.L.	C/ Cementerio, 4 Andujar, Jaén (Spain)	■ FUNESPAÑA, S.A.	72.8200	68.6200	(A)	(1)	
SERVICIOS FUNERARIOS DE ZARAGOZA, S.L.	C/ Doctor Esquerdo, 138 5º Plla Madrid (Spain)	■ FUNESPAÑA, S.A.	70.0000	70.0000	(A)	(1)	
GAB MANAGEMENT & CONSULTING, S.R.L.	C/ Coso, 66 2ºC Zaragoza (Spain)	■ FUNESPAÑA, S.A.	77.6000	77.6000	(A)	(1)	
TANATORIUM ZRT	Joseph Krt, 49 Budapest (Hungary)	■ FUNESPAÑA, S.A.	100.0000	100.0000	(A)	(1)	
TANATORI DAMA D'ELX, S.L. (Salida en 2019 por venta)	C/ Apareguda, 2 El Campello. Alicante (Spain)	■ FUNESPAÑA, S.A.	—	97.1400	(H)	(H)	
ZACARIAS NUÑO, S.L. (Salida en 2019 por extinción)	Avenida de los mártires, 3 Sta. Cruz de Mudela. C.Real (Spain)	■ FUNESPAÑA, S.A.	—	50.0000	(H)	(H)	
INICIATIVAS ALCAÉSAR, S.L.	C / Viena, 2 1º A Cáceres (Spain)	■ FUNESPAÑA, S.A.	40.0000	40.0000	(C)	(3)	
SALZILLO SERVICIOS FUNERARIOS, S.L.	C/ Doctor Esquerdo, 138 5º Plla Madrid (Spain)	■ FUNESPAÑA, S.A.	45.0000	45.0000	(C)	(1)	
DE MENA SERVICIOS FUNERARIOS, S.L.	C/ Doctor Esquerdo, 138 5º Plla Madrid (Spain)	■ FUNESPAÑA, S.A.	70.0000	70.0000	(A)	(1)	
ISABELO ALVAREZ MAYORGA, S.A.	Carretera Ávila - Valladolid Km 08 Ávila (Spain)	■ FUNESPAÑA, S.A.	50.0000	50.0000	(C)	(3)	
SERVICIOS FUNERARIOS DEL NERVIÓN, S.L.	Alameda de Recalde 10 Bilbao (Spain)	■ FUNESPAÑA, S.A.	50.0000	50.0000	(C)	(3)	
NUEVO TANATORIO, S.L.	Avenida Hermanos Bou, 251 Castellón (Spain)	■ FUNESPAÑA, S.A.	50.0000	50.0000	(C)	(3)	
SERVICIOS FUNERARIOS LA CARIDAD, S.L.	Carretera Santúcar - Trebujena Km 1,5 Santúcar de Barrameda. Cádiz (Spain)	■ FUNESPAÑA, S.A.	50.0000	50.0000	(C)	(3)	
TANATORIO DE ÉCJJA, S.L.	C / Camino del Valle Ecija. Sevilla (Spain)	■ FUNESPAÑA, S.A.	33.3300	33.3300	(C)	(3)	
TANATORIO SE-30 SEVILLA, S.L.	C/ San Juan Bosco, 58 Zaragoza (Spain)	■ FUNESPAÑA, S.A.	10.0000	10.0000	(C)	(3)	
ALL FUNERAL SERVICES, S.L.	C/ Doctor Esquerdo, 138 5º Plla Madrid (Spain)	■ FUNESPAÑA, S.A.	100.0000	100.0000	(A)	(1)	
FUNESPAÑA CHILE, S.A.	Santiago de Chile (Chile)	■ FUNESPAÑA, S.A.	50.0000	50.0000	(B)	(9)	
FUNEUROPEA CHILE, S.A.	Santiago de Chile (Chile)	■ FUNESPAÑA, S.A.	50.0000	50.0000	(B)	(9)	
FUNERARIAS REUNIDAS EL BIERZO, S.A.	C/ Doctor Esquerdo, 138 5º Plla Madrid (Spain)	■ FUNESPAÑA, S.A.	85.8200	85.8200	(A)	(1)	
SERVICIOS FUNERARIOS LUCEM S.L.	C/ La Costera número 20, Polígono Industrial Bovalar 46970 Alaquás. Valencia (Spain)	■ FUNESPAÑA, S.A.	50.0000	50.0000	(F)(C)	(F)(3)	
FUNERARIA SAN VICENTE, S.L.	C/ Restauración, número 2-bajo, Polígono Industrial y de Servicios "Matalana" 41440-Lora del Río. Sevilla (Spain)	■ FUNESPAÑA, S.A.	50.0000	50.0000	(F)(C)	(F)(3)	
INVERSIONES FUNERARIAS ANDALUZAS, S.L.	C/Torredonjimeno s/n Martos, Jaén (Spain)	■ FUNESPAÑA, S.A.	33.3300	—	(G)(C)	(G)(3)	

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Name		Address		Participation in Capital			Consolidation method	Integration method for Solvency
				Holder	Percentage			
					2019	2018		
FUNERARIA ALIANZA CANARIA, S.L.	C/ León y Castillo nº167 35004 Las Palmas de Gran Canaria (Spain)	■ FUNESPAÑA, S.A.	100.0000	—	(G)(A)	(G)(1)		
MEDISEMAP, AGENCIA DE SEGUROS, S.L.	Ctra. Pozuelo, 52. Majadahona Madrid (Spain)	■ MAPFRE ESPAÑA, S.A. ■ MAPFRE VIDA, S.A.	66.6667 33.3333	66.6667 33.3333	(A)	(1)		
CENTROS MÉDICOS MAPFRE, S.A.	C/ Castelló 56 Madrid (Spain)	■ MAPFRE ESPAÑA, S.A.	100.0000	100.0000	(A)	(1)		
MAPFRE VIDEO Y COMUNICACIÓN S.A.	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	■ MAPFRE ESPAÑA ■ MAPFRE VIDA, S.A.	75.0000 25.0000	75.0000 25.0000	(A)	(1)		
BANKINTER SEGUROS GENERALES, CIA DE SEGUROS Y REASEGUROS S.A.	Paseo de la Castellana, 29 Madrid (Spain)	■ MAPFRE ESPAÑA, S.A.	50.1000	50.1000	(A)	(1)		
AUDATEX ESPAÑA, S.A.	Av de Barajas, 34 Parque Empresarial Omega 28108 Alcobendas. Madrid (Spain)	■ MAPFRE ESPAÑA, S.A.	12.5000	12.5000	(C)	(3)		
TECNOLOGÍAS DE LA INFORMACION Y REDES PARA LAS ENTIDADES ASEGURADORAS, S.A	C/ García Paredes, 55 Madrid (Spain)	■ MAPFRE ESPAÑA, S.A.	22.9506	22.9506	(C)	(3)		
MAPFRE QINGDAO ENTERPRISE MANAGEMENT CONSULTING LIMITED COMPANY	Qingdao (China)	■ MAPFRE ESPAÑA, S.A.	100.0000	100.0000	(A)	(1)		
AGROSEGURO	C/ Gobelas, 23 Madrid (Spain)	■ MAPFRE ESPAÑA, S.A.	19.8900	20.1700	(C)	(3)		
SALVADOR CAETANO AUTO (SGPS), S.A.	Avenida Vasco da Gama 14-10 4430-247 Vila Nova de Gaia (Portugal)	■ MAPFRE ESPAÑA, S.A.	24.6100	24.6100	(C)	(3)		
SALUD DIGITAL MAPFRE S.A.	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	■ MAPFRE ESPAÑA, S.A. ■ CENTROS MÉDICOS MAPFRE, S.A.	97.5000 2.5000	97.5000 2.5000	(F)(A)	(1)		
PUY DU FOU ESPAÑA,S.A.	C/ Cuesta de Carlos V, 9 45001 Toledo (Spain)	■ MAPFRE ESPAÑA, S.A.	19.3810	19.3810	(F)(C)	(F)(3)		
SANTANDER MAPFRE SEGUROS Y REASEGUROS, S.A.	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	■ MAPFRE ESPAÑA, S.A.	50.0100	—	(G)(A)	(G)(1)		
MAPFRE INMUEBLES, S.G.A.	Ctra. Pozuelo, 52 Majadahonda Madrid (Spain)	■ MAPFRE ESPAÑA, S.A. ■ MAPFRE, S.A. ■ MAPFRE VIDA, S.A. ■ MAPFRE GLOBAL RISK S.A.	82.9732 9.9979 7.0279 —	76.8430 9.9977 7.0279 6.1302	(A)	(1)		
DESARROLLOS URBANOS CIC, S.A.	Ctra. Pozuelo, 52. Majadahonda Madrid (Spain)	■ MAPFRE INMUEBLES, S.G.A.	99.9216	99.9216	(A)	(1)		
SERVICIOS INMOBILIARIOS MAPFRE S.A.	Ctra. Pozuelo, 52. Majadahonda Madrid (Spain)	■ MAPFRE, S.A. ■ MAPFRE INMUEBLES, S.G.A.	0.0784 99.9000	0.0784 99.9000	(A)	(1)		
INMO ALEMANIA GESTIÓN DE ACTIVOS INMOBILIARIOS, S.L.	Pso. De la Castellana, 24 (Madrid) España	■ DESARROLLOS URBANOS CIC, S.A. ■ MAPFRE ESPAÑA, S.A.	0.1000 20.0000	0.1000 10.0000	(C)	(3)		
MAPFRE TECH, S.A	Ctra. Pozuelo, 52 Majadahonda Madrid (Spain)	■ MAPFRE GLOBAL RISK S.A. ■ MAPFRE ESPAÑA, S.A. ■ MAPFRE GLOBAL RISK S.A. ■ MAPFRE VIDA, S.A. ■ MAPFRE RE, S.A. ■ MAPFRE ASISTENCIA, S.A. ■ MAPFRE INTERNACIONAL, S.A. ■ MAPFRE INVERSIÓN, S.A. ■ MAPFRE, S.A.	— 65.1574 — 11.6834 0.8002 1.5684 20.0000 0.0160 0.7746	10.0000 63.4893 1.6881 11.6834 0.8002 1.5684 20.0000 0.0160 0.7746	(A)	(1)		
MAPFRE SEGUROS GERAIS S.A.	Rua Castilho, 52 Lisbon (Portugal)	■ MAPFRE GLOBAL RISK S.A. ■ MAPFRE ESPAÑA, S.A. ■ MAPFRE GLOBAL RISK S.A.	— 100.0000 —	— 99.9994 0.0006	(A)	(1)		
MAPFRE PORTUGAL SEGUROS DE VIDA S.A.	Rua Castilho, 52 Lisbon (Portugal)	■ MAPFRE SEGUROS GERAIS S.A.	100.0000	100.0000	(A)	(1)		
MAPFRE VIDA SOCIEDAD ANÓNIMA DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA	Carretera de Pozuelo, 50. (28222) Majadahonda. Madrid (Spain)	■ MAPFRE, S.A.	99.9199	99.9121	(A)	(1)		
CONSULTORA ACTUARIAL Y DE PENSIONES MAPFRE VIDA S.A.	Carretera de Pozuelo, 50 (28222) Majadahonda Madrid (Spain)	■ MAPFRE VIDA, S.A. ■ MAPFRE, S.A.	99.9339 0.0661	99.9339 0.0661	(A)	(1)		
GESTION MODA SHOPPING S.A.	Avda.General Perón,40 Madrid (Spain)	■ MAPFRE VIDA, S.A. ■ MAPFRE, S.A.	98.8215 0.1785	98.8215 0.1785	(A)	(1)		
MAPFRE INVERSIÓN SOCIEDAD DE VALORES S.A.	Carretera de Pozuelo, 50-1, M-4. 2º Planta Módulo Sur. (28222) Majadahonda Madrid (Spain)	■ MAPFRE VIDA, S.A. ■ MAPFRE, S.A.	99.9991 0.0009	99.9991 0.0009	(A)	(4)		
MAPFRE ASSET MANAGEMENT, S.G.I.I.C., S.A	Carretera de Pozuelo, 50-1, M-4. 2º Planta Módulo Norte. (28222) Majadahonda. Madrid (Spain)	■ MAPFRE INVERSIÓN, S.A. ■ MAPFRE, S.A.	99.9853 0.0147	99.9853 0.0147	(A)	(4)		
MAPFRE VIDA PENSIONES, ENTIDAD GESTORA DE FONDOS DE PENSIONES S.A.	Carretera de Pozuelo, 50-1, M-4. 2º Planta Módulo Norte. (28222) Majadahonda. Madrid (Spain)	■ MAPFRE INVERSIÓN, S.A. ■ MAPFRE, S.A.	99.9971 0.0029	99.9971 0.0029	(A)	(4)		
BANKIA MAPFRE VIDA, S.A. DE SEGUROS Y REASEGUROS	Ctra. Pozuelo, 50 28222 (Majadahonda) Madrid (Spain)	■ MAPFRE VIDA, S.A.	51.0000	51.0000	(A)	(1)		
MIRACETI S.A.	Carretera de Pozuelo, 50 28222 (Majadahonde) Madrid (Spain)	■ MAPFRE VIDA, S.A. ■ MAPFRE, S.A.	99.9991 0.0009	99.9991 0.0009	(A)	(1)		
BANKINTER SEGUROS DE VIDA, S.A.	Avda. Bruselas, 12 Alcobendas. Madrid (Spain)	■ MAPFRE VIDA, S.A.	50.0000	50.0000	(A)	(1)		
CAJA CASTILLA LA MANCHA VIDA Y PENSIONES, S.A.	C/ Carretería, 5 Cuenca (Spain)	■ MAPFRE VIDA, S.A.	50.0000	50.0000	(A)	(1)		
CAJA GRANADA VIDA	Avenida Fernando de los Ríos, 6, 2ª planta Granada (Spain)	■ MAPFRE VIDA, S.A.	51.0000	—	(G)(A)	(G)(1)		

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Name	Address	Participation in Capital			Consolidation method	Integration method for Solvency
		Holder	Percentage			
			2019	2018		
CAJAMURCIA VIDA	Plaza Fuensanta, 2. Edificio Hispania Murcia (Spain)	■ MAPFRE VIDA, S.A.	51.0000	—	(G)(A)	(G)(1)
MAPFRE AM- GOOD GOVERNANCE	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	■ MAPFRE VIDA, S.A.	39.4976	100.0000	(A)	(9)
		■ OTRAS SOCIEDADES DEL GRUPO	32.7567			
MAPFRE AM- IBERIAN EQUITIES	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	■ MAPFRE VIDA, S.A.	62.0743	100.0000	(A)	(9)
		■ OTRAS SOCIEDADES DEL GRUPO	21.1911			
MAPFRE AM-EUROPEAN EQUITIES	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	■ MAPFRE VIDA, S.A.	59.2353	100.0000	(A)	(9)
		■ OTRAS SOCIEDADES DEL GRUPO	30.0941			
MAPFRE AM-MULTI ASSETS STRATEGY	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	■ MAPFRE ESPAÑA, S.A.	41.6139	100.0000	(A)	(9)
		■ MAPFRE RE, S.A.	43.5891			
FONDMAPFRE ELECCION DECIDIDA	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	■ OTRAS SOCIEDADES DEL GRUPO	14.7970		(A)	(9)
		■ MAPFRE VIDA, S.A.	39.9917	40.0701		
FONDMAPFRE ELECCION MODERADA	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	■ OTRAS SOCIEDADES DEL GRUPO	14.1711	13.8699	(A)	(9)
		■ MAPFRE VIDA, S.A.	47.1962	47.5247		
FONDMAPFRE ELECCION PRUDENTE	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	■ OTRAS SOCIEDADES DEL GRUPO	3.8513	4.0512	(A)	(9)
		■ MAPFRE VIDA, S.A.	53.2904	61.8890		
FONDMAPFRE BOLSA AMERICA	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	■ OTRAS SOCIEDADES DEL GRUPO	2.5858	3.2958	(A)	(9)
		■ MAPFRE VIDA, S.A.	25.2414	28.5234		
FONDMAPFRE RENTA DÓLAR	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	■ MAPFRE ESPAÑA, S.A.	21.7388	23.4213	(A)	(9)
		■ OTRAS SOCIEDADES DEL GRUPO	23.1283	23.0218		
FONDMAPFRE GLOBAL F.I.	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	■ MAPFRE RE, S.A.	19.7353	16.2513	(A)	(9)
		■ MAPFRE ESPAÑA, S.A.	19.6538	21.7469		
FONDMAPFRE BOLSA F.I.	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	■ OTRAS SOCIEDADES DEL GRUPO	28.4332	28.9505	(A)	(9)
		■ MAPFRE VIDA, S.A.	36.9426	35.6864		
FONDMAPFRE BOLSA EUROPA F.I	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	■ OTRAS SOCIEDADES DEL GRUPO	8.2548	9.8342	(F)(A)	(F)(9)
		■ MAPFRE VIDA, S.A.	54.9320	49.3213		
FONDMAPFRE BLUE CHIPS, F.I.	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	■ OTRAS SOCIEDADES DEL GRUPO	5.6224	8.0557	(F)(A)	(F)(9)
		■ MAPFRE VIDA, S.A.	16.2085	26.8234		
MAPFRE AM- SHORT TERM EURO I	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	■ MAPFRE RE, S.A.	21.5721	—	(F)(A)	(F)(9)
		■ OTRAS SOCIEDADES DEL GRUPO	34.2339	20.0225		
FONDMAPFRE GARANTIA, F.I	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	■ MAPFRE VIDA, S.A.	100.0000	100.0000	(F)(A)	(F)(9)
		■ MAPFRE ESPAÑA, S.A.	39.5452			
FONDMAPFRE GARANTIA II, F.I	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	■ MAPFRE RE, S.A.	27.9984		(G)(A)	(G)(9)
		■ MAPFRE VIDA, S.A.	—	100.0000		
STABLE INCOME EUROPEAN REAL ESTATE FUND	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	■ OTRAS SOCIEDADES DEL GRUPO	5.5979		(G)(A)	(G)(9)
		■ MAPFRE VIDA, S.A.	99.9990	—		
MAPFRE AM-BEHAVORIAL FUND I	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	■ MAPFRE VIDA, S.A.	99.9971	—	(G)(A)	(G)(9)
		■ MAPFRE ESPAÑA, S.A.	25.8097	—		
MAPFRE AM-INCLUSION RESPONSABLE	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	■ MAPFRE RE, S.A.	21.8305		(G)(A)	(G)(9)
		■ OTRAS SOCIEDADES DEL GRUPO	19.8153			
MAPFRE AM-US FORGOTTEN VALUE	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	■ MAPFRE RE, S.A.	23.0369	—	(G)(A)	(G)(9)
		■ OTRAS SOCIEDADES DEL GRUPO	22.2789			
MAPFRE SEGUROS GERAIS S.A.	Avd.Naões Unidas, 11711 16. Andar Brooklin São Paulo. (Brazil)	■ MAPFRE ESPAÑA, S.A.	42.4496	—	(G)(A)	(G)(9)
		■ MAPFRE RE, S.A.	34.4592			
MAPFRE VERA CRUZ CONSULTORIA E ADMINISTRACAO DE FUNDOS LTDA.	Avd.Naões Unidas, 11711 16. Andar Brooklin São Paulo (Brazil)	■ OTRAS SOCIEDADES DEL GRUPO	22.9728		(G)(A)	(G)(9)
		■ MAPFRE ESPAÑA, S.A.	44.9995	—		
BB MAPFRE PARTICIPAÇÕES, S.A. (En 2018 BB MAPFRE SH1 PARTICIPAÇÕES, S.A.)	Avd.Naões Unidas, 11711 16. Andar Brooklin São Paulo (Brazil)	■ MAPFRE RE, S.A.	20.9997		(G)(A)	(G)(9)
		■ OTRAS SOCIEDADES DEL GRUPO	19.1664			
BRAZIL						
MAPFRE CAPITALIZAÇÃO S.A.	Avd.Naões Unidas, 11711 16. Andar Brooklin São Paulo (Brazil)	■ MAPFRE PARTICIPAÇÕES, S.A.	100.0000	100.0000	(A)	(7)
		■ MAPFRE BRASIL PARTICIPAÇÕES, S.A.	100.0000	—		
MAPFRE SERVIÇOS S.A (En 2018 MAPFRE ASSISTENCIA, S.A.)	Avd.Mamoreé 989, 3º Andar Alphaville Centro Industrial e Empresarial Barueri, São Paulo (Brazil)	■ MAPFRE HOLDING DO BRASIL LTDA	—	100.0000	(A)	(1)
		■ MAPFRE BRASIL PARTICIPAÇÕES, S.A.	25,0100(*)	25,0100(*)		
MAPFRE SEGUROS GERAIS S.A.	Avd.Naões Unidas, 11711 16. Andar Brooklin São Paulo (Brazil)	■ MAPFRE PARTICIPAÇÕES, S.A.	100.0000	—	(A)	(1)
		■ MAPFRE BRASIL PARTICIPAÇÕES, S.A.	—	100.0000		
MAPFRE VERA CRUZ CONSULTORIA E ADMINISTRACAO DE FUNDOS LTDA.	Avd.Naões Unidas, 11711 16. Andar Brooklin São Paulo (Brazil)	■ MAPFRE SEGUROS GERAIS, S.A.	100.0000	100.0000	(A)	(1)
		■ MAPFRE PARTICIPAÇÕES, S.A.	100.0000	—		

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Name	Address	Participation in Capital			Consolidation method	Integration method for Solvency
		Holder	Percentage			
			2019	2018		
MAPFRE PARTICIPAÇÕES, S.A. (En 2018 MAPFRE BB SH2 PARTICIPAÇÕES, S.A.)	Avd.Nações Unidas, 11711 16. Andar Brooklin São Paulo (Brazil)	■ MAPFRE BRASIL PARTICIPAÇÕES, S.A.	100.0000	100.0000	(A)	(1)
MAPFRE BRASIL PARTICIPAÇÕES, S.A.	Avd.Nações Unidas, 11711 16. Andar Brooklin São Paulo (Brazil)	■ MAPFRE INTERNACIONAL, S.A. ■ MAPFRE HOLDING DO BRASIL LTDA ■ FANCY INVESTMENT, S.A.	99.1700 — 0.8300	93.3797 5.7651 0.8552	(A)	(1)
MAPFRE HOLDING DO BRASIL LTDA (Absorbida en 2019 por MAPFRE BRASIL PARTICIPAÇÕES S.A.)	Avda. dos Autonomistas, 701 Vila- Yara – Osasco SP CEP 06020-000 (Brazil)	■ MAPFRE INTERNACIONAL, S.A. ■ MAPFRE, S.A. ■ FANCY INVESTMENT, S.A.	— — —	98.7993 0.3314 0.8693	(H)	(H)
MAPFRE VIDA S.A.	Avd.Nações Unidas, 11711 16. Andar Brooklin São Paulo (Brazil)	■ MAPFRE PARTICIPAÇÕES, S.A.	100.0000	100.0000	(A)	(7)
MAPFRE INVESTIMENTOS LTDA. (En 2018 MAPFRE DISTRIBUIDORA DE TÍTULOS E VALORES MOBILIARIOS, S.A.)	Avd.Nações Unidas, 11711 16. Andar Brooklin São Paulo (Brazil)	■ MAPFRE INVESTIMENTOS E PARTICIPAÇÕES SA ■ MAPFRE HOLDING DO BRASIL LTDA ■ MAPFRE BRASIL PARTICIPAÇÕES, S.A.	100.0000 — 0.1000	99.9000 0.1000	(A)	(9)
MAPFRE PREVIDENCIA S.A.	Avda.Mª Coelho Aguiar 215 Jardim São Luis Bloco F - 2º andar, São Paulo (Brazil)	■ MAPFRE PARTICIPAÇÕES, S.A. ■ MAPFRE BRASIL PARTICIPAÇÕES, S.A.	100.0000 —	— 100.0000	(A)	(7)
MAPFRE INVESTIMENTOS E PARTICIPAÇÕES, S.A.	Avd.Nações Unidas, 11711 17. Andar Brooklin São Paulo (Brazil)	■ MAPFRE BRASIL PARTICIPAÇÕES, S.A. ■ MAPFRE HOLDING DO BRASIL LTDA	100.0000 —	— 100.0000	(A)	(1)
ALIANÇA DO BRASIL SEGUROS, S.A.	R.Manuel da Nobrega, 12809. Andar, Rio de Janeiro São Paulo (Brazil)	■ BB MAPFRE PARTICIPAÇÕES S.A.	100.0000	100.0000	(A)	(7)
BRASIL VEICULOS COMPANHIA DE SEGUROS, S.A. (Absorbida en 2019 por MAPFRE SEGUROS GERAIS S.A.)	(/R.Senador Dantas, 105 29 parte, 30 e 31. Andares São Paulo-SP (Brazil)	■ MAPFRE PARTICIPAÇÕES, S.A.	—	100.0000	(H)	(H)
BRASILSEG COMPANHIA DE SEGUROS S.A. (En 2018 COMPANHIA DE SEGUROS ALIANÇA DO BRASIL, S.A.)	R.Senador Dantas, 105 29 parte, 30 e 31. Andares. São Paulo-SP (Brazil)	■ BB MAPFRE PARTICIPAÇÕES S.A.	100.0000	100.0000	(A)	(7)
MAC INVESTIMENTOS S.A (En 2019 MAPFRE ADMINISTRAÇÕES DE CONSORCIO S.A.)	Avenida das Nações Unidas, 12.495 11º Andar Brooklin São Paulo-SP (Brazil)	■ MAPFRE INVESTIMENTOS E PARTICIPAÇÕES S.A.	100.0000	100.0000	(A)	(1)
MAPFRE SAUDE LTDA	Avenida das Nações Unidas, 12.495 11º Andar Brooklin São Paulo-SP (Brazil)	■ MAPFRE BRASIL PARTICIPAÇÕES, S.A. ■ MAPFRE HOLDING DO BRASIL LTDA	99.9900 —	— 99.9900	(A)	(1)
PROTENSEG CORRETORA DE SEGUROS LTDA	Avenida das Nações Unidas, 12.495 11º Andar Brooklin São Paulo-SP (Brazil)	■ MAPFRE BRASIL PARTICIPAÇÕES, S.A. ■ MAPFRE HOLDING DO BRASIL LTDA	100.0000 —	— 100.0000	(A)	(1)
LATAM NORTH						
MAPFRE TENEDORA DE ACC, S.A.	Costa del Este, diagonal al Business Park Panama (Panama)	■ MAPFRE AMERICA CENTRAL, S.A.	100.0000	100.0000	(A)	(9)
MAPFRE AMERICA CENTRAL S.A	Costa del Este, diagonal al Business Park Panama (Panama)	■ MAPFRE INTERNACIONAL, S.A.	99.9000	99.9000	(A)	(1)
MAPFRE SEGUROS HONDURAS S.A.	Avenida Berlin y Calle Viena, piso 7 Lomas del Guijarro Sur. Edificio Plaza Azul Tegucigalpa, M.D.C. (Honduras)	■ MAPFRE TENEDORA DE ACC, S.A. ■ MAPFRE AMERICA CENTRAL, S.A.	73.2569 25.1031	73.2569 25.1031	(A)	(9)
MAPFRE PANAMÁ S.A.	Costa del Este, diagonal al Business Park Panama (Panama)	■ MAPFRE AMERICA CENTRAL, S.A.	99.3772	99.3772	(A)	(1)
MAPFRE SEGUROS EL SALVADOR, S.A.	Alameda Roosevelt, 3107 Nivel 7 San Salvador (El Salvador)	■ MAPFRE AMERICA CENTRAL, S.A.	78.1065	78.1065	(A)	(9)
INMOBILIARIA AMERICANA S.A.	Alameda Roosevelt, 31-07 San Salvador (El Salvador)	■ MAPFRE AMERICA CENTRAL, S.A.	78.9000	78.9000	(A)	(9)
MAPFRE SEGUROS COSTA RICA S.A.	Barrio Tournón, Edificio Alvaca, 2do. Piso Diagonal al Periódico La República en intersección con Ctra de Guapiles (Ruta 32) San José (Costa Rica)	■ MAPFRE TENEDORA DE ACC, S.A.	100.0000	100.0000	(A)	(9)
MAPFRE SEGUROS GUATEMALA S.A.	5a Avenida 5-55 Zona 14 Europlaza Europlaza Torre 4 Nivel 16 y PH. Guatemala City (Guatemala)	■ MAPFRE TENEDORA DE ACC, S.A.	100.0000	100.0000	(A)	(9)
MAPFRE SEGUROS NICARAGUA S.A.	Edificio Invercasa, 1er. Piso Managua (Nicaragua)	■ MAPFRE TENEDORA DE ACC, S.A.	100.0000	100.0000	(A)	(9)
MAPFRE DOMINICANA S.A.	Ave Abraham Lincoln, 952 esq. José Amado Soler Ensanche Plantini, Santo Domingo (Dominican Republic)	■ MAPFRE INTERNACIONAL, S.A. ■ CREDIPRIMAS, S.A.	99.9999 0.0001	99.9999 0.0001	(A)	(9)
MAPFRE BHD COMPAÑÍA DE SEGUROS, S.A.	Ave Abraham Lincoln, 952 esq. José Amado Soler Ensanche Plantini, Santo Domingo (Dominican Republic)	■ MAPFRE DOMINICANA S.A.	51.0000	51.0000	(A)	(9)
CREDIPRIMAS, S.A.	Ave Abraham Lincoln, 952 esq. José Amado Soler Ensanche Plantini, Santo Domingo (Dominican Republic)	■ MAPFRE BHD COMPAÑÍA DE SEGUROS S.A.	100.0000	100.0000	(A)	(9)
MAPFRE MÉXICO S.A. (En 2018 MAPFRE TEPEYAC S.A.)	Avenida Paseo de la Reforma 243 Colonia Cuauhtémoc Delegación Cuauhtémoc. Mexico City, 06500 (Mexico)	■ MAPFRE INTERNACIONAL, S.A. ■ GRUPO CORPORATIVO LML S.A.	55.6602 44.3398	55.6602 44.3398	(A)	(7)
GRUPO CORPORATIVO LML S.A. DE C.V.	Avenida Paseo de la Reforma 243 Colonia Cuauhtémoc Delegación Cuauhtémoc. Mexico City, 06500 (Mexico)	■ MAPFRE INTERNACIONAL, S.A.	100.0000	100.0000	(A)	(1)

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Name	Address	Holder	Participation in Capital		Consolidation method	Integration method for Solvency
			Percentage			
			2019	2018		
MAPFRE UNIDAD DE SERVICIOS S.A. DE C.V.	Avenida Paseo de la Reforma 243 Colonia Cuauhtémoc Delegación Cuauhtémoc. Mexico City, 06500 (Mexico)	■ MAPFRE MÉXICO S.A.	99.9982	99.9982	(A)	(7)
MAPFRE DEFENSA LEGAL S.A. DE C.V. (En 2018 MAPFRE ASSET DEFENSA LEGAL MEXICANA S.A. DE C.V.)	Avenida Paseo de la Reforma 243 Colonia Cuauhtémoc Delegación Cuauhtémoc. Mexico City, 06500 (Mexico)	■ MAPFRE MÉXICO S.A.	100.0000	100.0000	(A)	(7)
MAPFRE TEPEYAC INC.	109 Este San Ysidro Blvd No. 65 San Isidro California, (U.S.A)	■ MAPFRE MÉXICO S.A.	100.0000	100.0000	(A)	(7)
MAPFRE SERVICIOS MEXICANOS S.A.	Avenida Paseo de la Reforma 243 Colonia Cuauhtémoc Delegación Cuauhtémoc. Mexico City, 06500 (Mexico)	■ MAPFRE MÉXICO S.A.	99.9900	99.9900	(A)	(7)
CESVI MÉXICO, S.A.	Calle 1 Sur No. 101 Parque Industrial Toluca 2000 Toluca Mexico, State of Mexico (Mexico)	■ MAPFRE MÉXICO S.A.	16.6700	16.6700	(D)	(9)
MAPFRE FIANZAS S.A.	Avenida Paseo de la Reforma 243 Colonia Cuauhtémoc Delegación Cuauhtémoc. Mexico City, 06500 (Mexico)	■ MAPFRE MÉXICO S.A.	100.0000	100.0000	(A)	(7)
LATAM SOUTH						
MAPFRE ARGENTINA HOLDING S.A.	Avda. Juana Manso, 205 C 1107CBE Puerto Madero Buenos Aires (Argentina)	■ MAPFRE INTERNACIONAL, S.A. ■ APOINT S.A.	99.9997 0.0003	99.9997 0.0003	(A)	(1)
MAPFRE ARGENTINA SEGUROS S.A.	Avda. Juana Manso, 205 C 1107CBE Puerto Madero Buenos Aires (Argentina)	■ MAPFRE ARGENTINA HOLDING S.A.	99.9988	99.9988	(A)	(1)
CLUB MAPFRE ARGENTINA S.A.	Avda. Juana Manso, 205 C 1107CBE Puerto Madero Buenos Aires (Argentina)	■ MAPFRE ARGENTINA HOLDING S.A. ■ MAPFRE ARGENTINA VIDA S.A.	97.0000 3.0000	97.0000 3.0000	(A)	(1)
MAPFRE ARGENTINA SEGUROS DE VIDA S.A.	Avda. Juana Manso, 205 C 1107CBE Puerto Madero Buenos Aires (Argentina)	■ MAPFRE INTERNACIONAL S.A. ■ MAPFRE ARGENTINA HOLDING S.A.	64.0000 36.0000	64.0000 36.0000	(A)	(9)
CESVI ARGENTINA, S.A.	Calle 9 y 17. Parque Ind.Pilar Buenos Aires (Argentina)	■ MAPFRE ARGENTINA SEGUROS S.A.	60.6400	60.6400	(A)	(1)
MAPFRE CHILE SEGUROS S.A.	Isidora Goyenechea 3520 p 16 Las Condes Santiago de Chile (Chile)	■ MAPFRE INTERNACIONAL S.A.	100.0000	100.0000	(A)	(1)
MAPFRE CHILE ASESORIAS, S.A	Isidora Goyenechea 3520 p 16 Las Condes Santiago de Chile (Chile)	■ MAPFRE CHILE SEGUROS S.A. ■ MAPFRE INTERNACIONAL S.A.	99.9999 0.0001	99.9999 0.0001	(A)	(1)
MAPFRE COMPAÑIA DE SEGUROS GENERALES DE CHILE S.A.	Isidora Goyenechea 3520 p 16 Las Condes Santiago de Chile (Chile)	■ MAPFRE CHILE SEGUROS S.A. ■ MAPFRE CHILE ASESORIAS, S.A	87.2900 12.7100	87.2900 12.7100	(A)	(1)
MAPFRE CHILE VIDA, S.A.	Isidora Goyenechea 3520 p 16 Las Condes Santiago de Chile (Chile)	■ MAPFRE INTERNACIONAL S.A.	100.0000	100.0000	(A)	(9)
MAPFRE COMPAÑIA DE SEGUROS DE VIDA DE CHILE S.A.	Isidora Goyenechea 3520 p 16 Las Condes Santiago de Chile (Chile)	■ MAPFRE CHILE VIDA S.A. ■ MAPFRE INTERNACIONAL S.A.	99.9968 0.0032	99.9968 0.0032	(A)	(9)
MAPFRE SEGUROS GENERALES DE COLOMBIA S.A.	Carrera, 14, n° 96-34 Santa Fè de Bogotá (Colombia)	■ MAPFRE INTERNACIONAL, S.A. ■ APOINT S.A. ■ MAPFRE COLOMBIA VIDA SEGUROS S.A.	93.7178 6.2768 0.0021	93.7178 6.2768 0.0021	(A)	(1)
CREDIMAPFRE S.A.	Carrera, 14, n° 96-34 Santa Fè de Bogotá (Colombia)	■ MAPFRE SEGUROS GENERALES DE COLOMBIA S.A.	100.0000	100.0000	(A)	(1)
MAPFRE COLOMBIA VIDA SEGUROS S.A. (En 2018 MAPFRE COLOMBIA VIDA S.A.)	Carrera, 14, n° 96-34 Santa Fè de Bogotá (Colombia)	■ MAPFRE INTERNACIONAL, S.A. ■ APOINT S.A.	94.3541 5.6459	94.3541 5.6459	(A)	(1)
CESVI COLOMBIA, S.A.	Carrera 87, Num.15-87 Santa Fè de Bogotá(Colombia)	■ MAPFRE SEGUROS GENERALES DE COLOMBIA S.A. ■ MAPFRE COLOMBIA VIDA SEGUROS S.A.	5.4434 62.3309	5.4434 62.3309	(A)	(1)
MAPFRE SERVICIOS EXEQUIALES SAS	Carrera, 14, n° 96-34 Santa Fè de Bogotá (Colombia)	■ CREDIMAPFRE S.A.	100.0000	100.0000	(A)	(1)
MAPFRE ATLAS COMPAÑIA DE SEGUROS, S.A.	Kennedy e Norte, Justino Cornejo y Avda, Luis Orrantía. Edificio Torres Atlas Guayaquil (Ecuador)	■ MAPFRE INTERNACIONAL S.A.	60.0000	60.0000	(A)	(9)
MAPFRE PARAGUAY COMPAÑIA DE SEGUROS S.A.	Av.Mariscal López, 910 Asunción (Paraguay)	■ MAPFRE INTERNACIONAL S.A.	89.5400	89.5400	(A)	(9)
MAPFRE PERÚ COMPAÑIA DE SEGUROS Y REASEGUROS S.A.	Av.Veintiocho de Julio, 873 Miraflores- Lima 18 (Peru)	■ MAPFRE INTERNACIONAL S.A.	99.2900	99.2900	(A)	(1)
MAPFRE PERÚ ENTIDAD PRESTADORA DE SALUD	Av.Veintiocho de Julio, 873 Miraflores- Lima 18 (Peru)	■ MAPFRE INTERNACIONAL S.A. ■ MAPFRE PERÚ CIA. SEGUROS Y REASEGUROS S.A.	98.5900 1.4100	98.5900 1.4100	(A)	(9)
MAPFRE PERÚ VIDA, COMPAÑIA DE SEGUROS Y REASEGUROS, S.A.	Av.Veintiocho de Julio, 873 Miraflores- Lima 18 (Peru)	■ MAPFRE INTERNACIONAL S.A.	67.4071	67.4071	(A)	(1)
CORPORACIÓN FUNERARIA, S.A. (En 2018 CORPORACIÓN FINISTERRE, S.A.)	Av.Veintiocho de Julio, 873 Miraflores- Lima 18 (Peru)	■ MAPFRE PERÚ VIDA S.A.	100.0000	100.0000	(A)	(1)
APOINT S.A.	Col. 993 Piso 3 Montevideo (Uruguay)	■ MAPFRE INTERNACIONAL S.A.	100.0000	100.0000	(A)	(9)
MAPFRE URUGUAY SEGUROS S.A. (En 2018 MAPFRE LA URUGUAYA S.A.)	Juncal 1385 piso 2 Montevideo (Uruguay)	■ MAPFRE INTERNACIONAL S.A.	100.0000	100.0000	(A)	(9)

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Name		Address	Participation in Capital			Consolidation method	Integration method for Solvency
			Holder	Percentage			
				2019	2018		
MAPFRE LA SEGURIDAD C.A. DE SEGUROS (En 2018 MAPFRE LA SEGURIDAD S.A.)		Avenida Francisco de Miranda, Torre Financiera Caracas, piso 14, Urbanización La Castellana. Chacao, Estado Miranda (Venezuela)	■ MAPFRE INTERNACIONAL S.A.	99.5159	99.5159	(A)	(9)
CENTRO DE FORMACION PROFESIONAL SEGUROS LA SEGURIDAD C.A. (En 2018 CEFOPROSEG C.A.)		Avenida Francisco de Miranda, Torre Financiera Caracas, piso 14, Urbanización La Castellana. Chacao, Estado Miranda (Venezuela)	■ MAPFRE LA SEGURIDAD C.A. DE SEGUROS	100.0000	100.0000	(A)	(9)
INVERSORA SEGURIDAD-FINANCIADORA DE PRIMAS, C.A. (En 2018 INVERSORA SEGURIDAD C.A.)		Avenida Francisco de Miranda, Torre Financiera Caracas, piso 14, Urbanización La Castellana. Chacao, Estado Miranda (Venezuela)	■ MAPFRE LA SEGURIDAD C.A. DE SEGUROS	100.0000	100.0000	(A)	(9)
CLUB MAPFRE S.A.		Avenida Francisco de Miranda, Torre Financiera Caracas, piso 14, Urbanización La Castellana. Chacao, Estado Miranda (Venezuela)	■ MAPFRE LA SEGURIDAD C.A. DE SEGUROS	100.0000	100.0000	(A)	(9)
AUTOMOTRIZ MULTISERVICAR-VENEZUELA, C.A. (En 2018 AUTOMOTRIZ MULTISERVICAR, C.A.)		Avenida Francisco de Miranda, Torre Financiera Caracas, piso 14, Urbanización La Castellana. Chacao, Estado Miranda (Venezuela)	■ MAPFRE LA SEGURIDAD C.A. DE SEGUROS	97.0000	97.0000	(A)	(9)
AMA-ASISTENCIA MEDICA ADMINISTRADA, C.A.		Avenida Francisco de Miranda, Torre Financiera Caracas, piso 14, Urbanización La Castellana. Chacao, Estado Miranda (Venezuela)	■ MAPFRE INTERNACIONAL S.A.	99.7000	99.7000	(A)	(9)
UNIDAD EDUCATIVA D.R FERNANDO BRAVO PEREZ CA		Avenida Francisco de Miranda, Torre Financiera Caracas, piso 14, Urbanización La Castellana. Chacao, Estado Miranda (Venezuela)	■ MAPFRE LA SEGURIDAD C.A. DE SEGUROS	99.7000	99.7000	(A)	(9)
NORTH AMERICA							
MAPFRE INSURANCE COMPANY OF FLORIDA		5959 Blue Lagoon Drive, Suite 400, Miami (U.S.A.)	■ COMMERCE INSURANCE	100.0000	100.0000	(A)	(7)
MAPFRE INSURANCE COMPANY		100 Campus Drive New Jersey 07932-2007 (U.S.A.)	■ COMMERCE INSURANCE	100.0000	100.0000	(A)	(7)
MAPFRE INTERMEDIARIES		5959 Blue Lagoon Drive, Suite 400, Miami (U.S.A.)	■ COMMERCE INSURANCE	100.0000	100.0000	(A)	(7)
MAPFRE USA CORPORATION INC		211 Main Street, Webster, MA 01570 (U.S.A)	■ MAPFRE INTERNACIONAL, S.A.	100.0000	100.0000	(A)	(1)
THE COMMERCE INSURANCE COMPANY		211 Main Street, Webster, MA 01570 (U.S.A)	■ MAPFRE USA CORPORATION	100.0000	100.0000	(A)	(7)
THE CITATION INSURANCE COMPANY		211 Main Street, Webster, MA 01570 (U.S.A)	■ MAPFRE USA CORPORATION	100.0000	100.0000	(A)	(7)
MAPFRE TECH USA CORPORATION		211 Main Street, Webster, MA 01570 (U.S.A)	■ MAPFRE USA CORPORATION	100.0000	100.0000	(A)	(7)
ACIC HOLDINGS COMPANY, INC.		215 Main Street, Webster, MA 01570 (U.S.A)	■ MAPFRE USA CORPORATION	100.0000	100.0000	(A)	(1)
AMERICAN COMMERCE INSURANCE COMPANY		3580 Twin Creeks Drive, Columbus, OH 43204 (U.S.A)	■ ACIC HOLDINGS	100.0000	100.0000	(A)	(7)
MM REAL ESTATE, LLC		Blue Lagoon, Drive Suite, 200 Miami (U.S.A)	■ COMMERCE INSURANCE	100.0000	100.0000	(A)	(7)
THE COMMERCE WEST INSURANCE COMPANY		4301 Hacienda Drive, Suite 200, Pleasanton, CA 94588 (U.S.A)	■ ACIC HOLDINGS	100.0000	100.0000	(A)	(7)
MAPFRE INSURANCE COMPANY OF NEW YORK (Salida en 2019 por venta)		20 Main Street Hempstead, NY 11550 (U.S.A)	■ ACIC HOLDINGS	—	100.0000	(H)	(H)
BIGELOW & OLD WORCESTER, LLC		211 Main Street, Webster, MA 01570 (U.S.A)	■ COMMERCE INSURANCE	100.0000	100.0000	(A)	(1)
BFC HOLDING CORPORATION		211 Main Street, Webster, MA 01570 (U.S.A)	■ MAPFRE USA CORPORATION	100.0000	100.0000	(A)	(1)
VERTI INSURANCE COMPANY		211 Main St, Webster, MA 01570 (U.S.A)	■ MAPFRE USA CORPORATION	100.0000	100.0000	(A)	(7)
MAPFRE PRAICO CORPORATION		Urb. Tres Monjitas Industrial 297 Avda.Carlos Chardón Hato Rey San Juan (Puerto Rico)	■ MAPFRE INTERNACIONAL, S.A.	100.0000	100.0000	(A)	(1)
MAPFRE PRAICO INSURANCE COMPANY		Urb. Tres Monjitas Industrial 297 Avda.Carlos Chardón Hato Rey San Juan (Puerto Rico)	■ MAPFRE PRAICO CORPORATION	100.0000	100.0000	(A)	(1)
MAPFRE PAN AMERICAN INSURANCE COMPANY		Urb. Tres Monjitas Industrial 297 Avda.Carlos Chardón Hato Rey San Juan (Puerto Rico)	■ MAPFRE PRAICO CORPORATION	100.0000	100.0000	(A)	(1)
MAPFRE INSURANCE AGENCY OF PUERTO RICO, INC.		Urb. Tres Monjitas Industrial 297 Avda.Carlos Chardón Hato Rey San Juan (Puerto Rico)	■ MAPFRE PRAICO CORPORATION	100.0000	100.0000	(A)	(1)
MAPFRE FINANCE OF PUERTO RICO CORP.		Urb. Tres Monjitas Industrial 297 Avda.Carlos Chardón Hato Rey San Juan (Puerto Rico)	■ MAPFRE PRAICO CORPORATION	100.0000	100.0000	(A)	(1)
MAPFRE LIFE INSURANCE COMPANY OF PUERTO RICO (En 2018 MAPFRE LIFE INSURANCE COMPANY)		Urb. Tres Monjitas Industrial 297 Avda.Carlos Chardón Hato Rey San Juan (Puerto Rico)	■ MAPFRE PRAICO CORPORATION	100.0000	100.0000	(A)	(1)

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Name		Address		Participation in Capital			Consolidation method	Integration method for Solvency
				Holder	Percentage			
					2019	2018		
MAPFRE SOLUTIONS, INC	Urb. Tres Monjitas Industrial 297 Avda.Carlos Chardón Hato Rey San Juan (Puerto Rico)	■ MAPFRE PRAICO CORPORATION	100.0000	100.0000	(A)	(1)		
MULTISERVICAR INC	Calle Celestial Esq. Joaquina Bo. Cangrejo Arriba Carolina (Puerto Rico)	■ MAPFRE PRAICO CORPORATION	100.0000	100.0000	(A)	(1)		
EURASIA								
VERTI VERSICHERUNG AG	Rheinstraße 7a 14513 Teltow (Germany)	■ MAPFRE INTERNACIONAL, S.A.	100.0000	100.0000	(A)	(1)		
VERTI ASSICURIZIONI S.P.A.	Via Alessandro Volta, 16 20093 Cologno Monzese (MI) (Italy)	■ MAPFRE INTERNACIONAL, S.A.	100.0000	100.0000	(A)	(1)		
MAPFRE MIDDLESEA P.L.C.	Middle Sea House Floriana JTL, 16 (Malta)	■ MAPFRE INTERNACIONAL, S.A.	54.5627	54.5627	(A)	(1)		
MAPFRE M.S.V. LIFE P.L.C.	Middle Sea House Floriana FRN 9010 (Malta)	■ MAPFRE MIDDLESEA INSURANCE P.L.C.	50.0000	50.0000	(A)	(1)		
BEE INSURANCE MANAGEMENT LTD	4th Floor Development House st.Anne Street Floriana FRN 9010 (Malta)	■ MAPFRE MIDDLESEA INSURANCE P.L.C.	100.0000	100.0000	(A)	(1)		
GROWTH INVESTMENTS LIMITED	Pjazza Papa Giovanni XXIII, Floriana, FRN 1420,(Malta)	■ MAPFRE M.S.V. LIFE P.L.C.	100.0000	100.0000	(A)	(4)		
CHURCH WARF PROPERTIES	Middle Sea House, St Publius Street Floriana FRN 1442 (Malta)	■ MAPFRE MIDDLESEA INSURANCE P.L.C.	50.0000	50.0000	(B)	(9)		
EURO GLOBE HOLDINGS LIMITED	Middle Sea House, St Publius Street Floriana FRN 1442 (Malta)	■ MAPFRE M.S.V. LIFE P.L.C.	50.0000	50.0000	(B)	(9)		
EUROMED RISKS SOLUTIONS LIMITED	4th Floor Development House st.Anne Street Floriana FRN 9010 (Malta)	■ MAPFRE MIDDLESEA INSURANCE P.L.C.	100.0000	100.0000	(B)	(9)		
MAPFRE SIGORTA, A.S.	Yenişehir Mah. İmkan Cad. No:11. 34435 Sallıpazarı İstanbul (Turkey)	■ BEE INSURANCE MANAGEMENT LTD	100.0000	100.0000	(A)	(1)		
MAPFRE YASAM SIGORTA, A.S.	Yenişehir Mah. İmkan Cad. No:11. 34435 Sallıpazarı İstanbul (Turkey)	■ MAPFRE INTERNACIONAL, S.A.	99.7450	99.7450	(A)	(1)		
GENEL SERVİS YEDEK PARÇA DAĞITIM TİCARET A.S. (En 2018 GENEL SERVİS A.S.)	Çevreyolu Caddesi No.2 34020 Bayrampaşa İstanbul (Turkey)	■ MAPFRE SIGORTA, A.S.	99.5000	99.5000	(A)	(1)		
MAPFRE INSULAR INSURANCE CORPORATION	Acacia Ave Mandirigal Business Park Ayala Alabarg MuntinlupaCity (Philippines)	■ MAPFRE SIGORTA, A.S.	51.0000	51.0000	(A)	(1)		
PT ASURANSI BINA DANA ARTA TBK	Plaza ABDA 27 Th floor Jl. Jend. Sudirman Kav. 59 JAKARTA 12190 (Indonesia)	■ MAPFRE INTERNACIONAL, S.A.	74.9384	74.9384	(A)	(9)		
ASSISTANCE								
MAPFRE ASISTENCIA COMPAÑIA INTERNACIONAL DE SEGUROS Y REASEGUROS, S.A.	Ctra. Pozuelo, 52 Majadahonda Madrid (Spain)	■ MAPFRE, S.A.	99.9970	99.9970	(A)	(1)		
IBERO ASISTENCIA, S.A.	Edificio Europa, Av. José Malhoa, 16 F, 7º, 1070-159 Lisbon, (Portugal)	■ MAPFRE ESPAÑA, S.A.	0.0030	0.0030	(A)	(1)		
MAPFRE ASISTENCIA LTDA	Alameda Ásia, 42. Tamboré Santana de Parnaíba São Paulo (Brazil)	■ MAPFRE ASISTENCIA, S.A.	100.0000	100.0000	(A)	(1)		
MAPFRE SOLUTIONS DO BRASIL LTDA	Alameda Mamore 989, Alphaville Barueri São Paulo (Brazil)	■ MAPFRE ASISTENCIA, S.A.	99.9990	99.9990	(A)	(1)		
AFRIQUE ASSISTANCE, S.A.	Immeuble Tamayouz, 4ème Etage, 1082 Centre Urbain Nord Tunis 1002 (Tunisia)	■ MAPFRE HOLDING DO BRASIL LTDA	—	0.0010	(A)	(1)		
SERVICIOS GENERALES VENEASISTENCIA, S.A.	4ta transversal de Moteoristo, Edificio Axxa, Planta Baja, Los Dos Caminos, Caracas, (Venezuela)	■ MAPFRE BRASIL PARTICIPAÇÕES, S.A.	0.0010	—	(A)	(1)		
ANDIASISTENCIA COMPAÑIA DE ASISTENCIA DE LOS ANDES, S.A.	Carrera 14 N 96 -34 Piso 2 Bogotá (Colombia)	■ MAPFRE ASISTENCIA LTDA	99.9990	99.9990	(A)	(1)		
FEDERAL ASSIST COMPANY	7300 Corporate Center Drive, Suite 601 Miami Florida 33126 (U.S.A.)	■ IBEROASISTENCIA S.A.	0.0010	0.0010	(A)	(1)		
IBEROASISTENCIA, ARGENTINA S.A.	Lavalle 344/346/348, PB y 3º Ciudad de Buenos Aires (Argentina)	■ MAPFRE ASISTENCIA, S.A.	99.9980	99.9980	(A)	(1)		
SUR ASISTENCIA, S.A.	Av.Apoquindo 4499 Santiago de Chile (Chile)	■ MAPFRE RE, S.A.	0.0020	0.0020	(A)	(1)		
IBEROASISTENCIA, S.A.	Ctra. Pozuelo, 52 Majadahonda. Madrid (Spain)	■ MAPFRE ASISTENCIA, S.A.	99.9980	99.9980	(A)	(1)		
IRELAND ASSIST, LTD	22-26 Prospect Hill Galway (Ireland)	■ MAPFRE ASISTENCIA, S.A.	98.0900	98.0900	(A)	(1)		
GULF ASSIST, B.S.C.	Manama Centre Building Manama (Bahrain)	■ IBEROASISTENCIA S.A.	1.9100	1.9100	(A)	(1)		
INSURE AND GO	1 Victoria Street, Bristol Bridge Bristol BS1 6AA (United Kingdom)	■ MAPFRE ASSISTANCE USA INC.	100.0000	100.0000	(A)	(1)		
IBEROASISTENCIA, ARGENTINA S.A.	Lavalle 344/346/348, PB y 3º Ciudad de Buenos Aires (Argentina)	■ MAPFRE ASISTENCIA, S.A.	98.4200	98.4200	(A)	(1)		
SUR ASISTENCIA, S.A.	Av.Apoquindo 4499 Santiago de Chile (Chile)	■ IBEROASISTENCIA S.A.	1.5800	1.5800	(A)	(1)		
IBEROASISTENCIA, S.A.	Ctra. Pozuelo, 52 Majadahonda. Madrid (Spain)	■ MAPFRE ASISTENCIA, S.A.	99.0000	99.0000	(A)	(1)		
IRELAND ASSIST, LTD	22-26 Prospect Hill Galway (Ireland)	■ MAPFRE ASISTENCIA, S.A.	1.0000	1.0000	(A)	(1)		
GULF ASSIST, B.S.C.	Manama Centre Building Manama (Bahrain)	■ MAPFRE ASISTENCIA, S.A.	99.9300	99.9300	(A)	(1)		
INSURE AND GO	1 Victoria Street, Bristol Bridge Bristol BS1 6AA (United Kingdom)	■ MAPFRE ASISTENCIA, S.A.	0.0700	0.0700	(A)	(1)		
IBEROASISTENCIA, ARGENTINA S.A.	Lavalle 344/346/348, PB y 3º Ciudad de Buenos Aires (Argentina)	■ MAPFRE ASISTENCIA, S.A.	100.0000	100.0000	(A)	(1)		
SUR ASISTENCIA, S.A.	Av.Apoquindo 4499 Santiago de Chile (Chile)	■ IBEROASISTENCIA S.A.	74.6250	74.6250	(A)	(1)		
IBEROASISTENCIA, S.A.	Ctra. Pozuelo, 52 Majadahonda. Madrid (Spain)	■ MAPFRE ASISTENCIA, S.A.	100.0000	100.0000	(A)	(1)		
IRELAND ASSIST, LTD	22-26 Prospect Hill Galway (Ireland)	■ MAPFRE ASISTENCIA, S.A.	100.0000	100.0000	(A)	(1)		
GULF ASSIST, B.S.C.	Manama Centre Building Manama (Bahrain)	■ MAPFRE ASISTENCIA, S.A.	100.0000	100.0000	(A)	(1)		
INSURE AND GO	1 Victoria Street, Bristol Bridge Bristol BS1 6AA (United Kingdom)	■ MAPFRE ASISTENCIA, S.A.	100.0000	100.0000	(A)	(1)		

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Name	Address	Holder	Participation in Capital		Consolidation method	Integration method for Solvency
			Percentage			
			2019	2018		
INSURE AND GO AUSTRALIA	Suite4 Level 1, 19 Harris Street, Pymont NSW 2009 Sydney, NSW 2000 (Australia)	■ MAPFRE ASISTENCIA, S.A.	100.0000	100.0000	(A)	(1)
TRAVEL CLAIMS SERVICES LIMITED	1 Victoria Street, Bristol Bridge Bristol BS1 6AA (United Kingdom)	■ INSURANCE AND GO	100.0000	100.0000	(A)	(1)
EUROSOS ASSISTANCE, S.A.	473 Messogion Avenue 15343 Agia Paraskevi, Athens (Greece)	■ IBEROASISTENCIA S.A. ■ MAPFRE ASISTENCIA, S.A.	0.5000 99.5000	0.5000 99.5000	(A)	(1)
CARIBE ASISTENCIA, S.A.	Avda. Tiradentes Esq.Pres. Gonzalez. Edif.La Cumbre. Ens. Naco.Domingo (Dominican Republic)	■ MAPFRE ASISTENCIA, S.A.	83.5823	83.5823	(A)	(1)
ECUASISTENCIA, S.A.	Avda.Doce de Octubre, N42 -562 N42 -562 y Luis Cordero Quito (Ecuador)	■ MAPFRE ASISTENCIA, S.A. ■ ANDIASISTENCIA S.A.	99.2600 0.7399	99.2600 0.7399	(A)	(1)
CONSULTING DE SOLUCIONES Y TECNOLOGÍAS SIAM, S.A.	Ctra. Pozuelo, 52 Majadahonda Majadahonda, Madrid (Spain)	■ MAPFRE ASISTENCIA, S.A. ■ IBEROASISTENCIA S.A.	99.9259 0.0741	99.9259 0.0741	(A)	(1)
PERÚ ASISTENCIA, S.A.	Av. 28 de Julio No. 873 URB. Leuro Lima - Miraflores Lima (Peru)	■ MAPFRE ASISTENCIA, S.A. ■ IBEROASISTENCIA S.A.	99.9856 0.0144	99.9856 0.0144	(A)	(1)
MÉXICO ASISTENCIA, S.A.	Av. Insurgentes Sur no.2453 Piso 15, Col. Tizapán San Angel Deleg. Alvaro Obregon. 01090 Mexico City (Mexico)	■ MAPFRE ASISTENCIA, S.A.	99.9998	99.9998	(A)	(1)
ALLMAP ASSIST GESELLSCHAFT FÜR BEISTANDSLEISTUNGEN MBH	Im Rosengarten, 256 61118 Bad Vilbel (Germany)	■ MAPFRE ASISTENCIA, S.A. ■ IBEROASISTENCIA S.A.	99.9500 0.0500	99.9500 0.0500	(A)	(1)
PANAMÁ ASISTENCIA, S.A.	Costa del Este – Avenida la Rotonda, Torre GMT, Piso 1 – Edificio Mapfre Panama City (Panama)	■ MAPFRE ASISTENCIA	84.0000	82.0700	(A)	(1)
TUR ASSIST, LTD.	19 Mayıs Cd.İsmet Öztürk Sk.Şişli Plaza Ofis Blokları E Blok B-2 Şişli İstanbul (Turkey)	■ MAPFRE ASISTENCIA, S.A. ■ IBEROASISTENCIA S.A.	99.6500 0.3500	99.6500 0.3500	(A)	(1)
URUGUAY ASISTENCIA,S.A.	Plaza Cagancha 1335, oficina 901 Montevideo (Uruguay)	■ MAPFRE ASISTENCIA, S.A. ■ IBEROASISTENCIA S.A.	97.9000 2.1000	97.9000 2.1000	(A)	(1)
QUETZAL ASISTENCIA, S.A.	Ba. Ave. 3-80 Zona 14 Edificio La Rambla II nivel 5 Of. 5-2 (Guatemala)	■ MAPFRE ASISTENCIA, S.A.	99.9920	99.9920	(A)	(1)
EL SALVADOR ASISTENCIA, S.A.	Alameda Roosevelt No. 3107 Edificio La Centro Americana, Nivel 7. San Salvador (El Salvador)	■ MAPFRE ASISTENCIA, S.A. ■ IBEROASISTENCIA S.A.	99.9900 0.0100	99.9900 0.0100	(A)	(1)
LLC MAPFRE WARRANTY	Denisovskiy Pereulok 26 105005, Moscow (Russia)	■ MAPFRE ASISTENCIA, S.A.	100.0000	100.0000	(A)	(1)
NICASIT, S.A.	Edificio Invercasa, Torre II, 5to. piso, modulo # 501 Managua, (Nicaragua)	■ MAPFRE ASISTENCIA, S.A.	100.0000	100.0000	(A)	(1)
BENELUX ASSIST, S.A.	Rue de Treves, 45 Brussels, (Belgium)	■ MAPFRE ASISTENCIA, S.A.	100.0000	100.0000	(A)	(1)
MAPFRE WARRANTY S.P.A.	Strada Trossi 66 13971 Verone (Italy)	■ MAPFRE ASISTENCIA, S.A.	100.0000	100.0000	(A)	(1)
MAPFRE WARRANTIES	Route des Trois Cantons 11 18399 Windhof (Luxembourg)	■ MAPFRE WARRANTY S.P.A.	100.0000	100.0000	(A)	(1)
NORASSIST, INC D/B/A ROAD CANADA	2445 Eagle Steet North Cambridge. ON N3H 4R7, (Canada)	■ MAPFRE ASISTENCIA, S.A.	100.0000	100.0000	(A)	(1)
D/B/A ROAD AMERICA MOTOR CLUB	7300 Corporate Center Drive, Suite 601 Miami Florida 33126 (U.S.A.)	■ MAPFRE ASISTENCIA, S.A.	100.0000	100.0000	(A)	(1)
ROAD CHINA ASSISTANCE Co, LTD	RM 603, Zhongyu Plaza, A6 North Gongti Road, Chaoyang District, Beijing, PR (China)	■ MAPFRE ASISTENCIA, S.A.	100.0000	100.0000	(A)	(1)
MAPFRE ABRAXAS SOFTWARE, LTD	9, Blenheim Court Beaufort Park Almondsbury, Bristol BS32 4NE (United Kingdom)	■ MAPFRE ASISTENCIA, S.A.	100.0000	100.0000	(A)	(1)
ABRAXAS INSURANCE	1 Victoria Street, Bristol Bridge Bristol BS1 6AA (United Kingdom)	■ MAPFRE ABRAXAS SOFTWARE, LTD	100.0000	100.0000	(A)	(1)
MAPFRE WARRANTY UK LIMITED	1 Victoria Street, Bristol Bridge Bristol BS1 6AA (United Kingdom)	■ MAPFRE ABRAXAS SOFTWARE, LTD	100.0000	100.0000	(A)	(1)
HOME 3	1 Victoria Street, Bristol Bridge Bristol BS1 6AA (United Kingdom)	■ MAPFRE ABRAXAS SOFTWARE, LTD	100.0000	100.0000	(A)	(1)
INDIA ROADSIDE ASSISTANCE PRIVATE LIMITED	205,Hyde Park, Sakivihar road Andheri East Mumbai Maharashtra (India)-400072	■ MAPFRE ASISTENCIA, S.A. ■ IBEROASISTENCIA S.A.	99.6300 0.3700	99.6300 0.3700	(A)	(1)
ARABA ASSIST FOR LOGISTIC SERVICES	Abdel Hamid Sharaf Street, The plenary Center, Bldg. No. 74, 2nd floor P.O. Box 5906 Amman (11953) - (Jordan)	■ MAPFRE ASISTENCIA, S.A.	100.0000	100.0000	(A)	(1)

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Name		Address	Participation in Capital			Consolidation method	Integration method for Solvency
			Holder	Percentage			
				2019	2018		
ROADSIDE ASSIST ALGERIE SPA	45, Rue des Freres Adessalami 5eme étage. Vieux Kouba, Algiers 16050 (Argelia)	■ MAPFRE ASISTENCIA, S.A. ■ IBEROASISTENCIA S.A. ■ CONSULTING SOL. Y TEC. SIAM S.A.	60.3000 0.4000 0.3000	60.3000 0.4000 0.3000	(A)	(1)	
NILE ASSIST	18th Floor, Apartment No. 1804 of Holiday Inn Maadi Hotel building Comeish Maadi Cairo - (Egypt)	■ MAPFRE ASISTENCIA, S.A. ■ IBEROASISTENCIA S.A. ■ CONSULTING SOL. Y TEC. SIAM S.A.	98.0000 1.0000 1.0000	98.0000 1.0000 1.0000	(A)	(1)	
MAPFRE ASISTENCIA LIMITED	RM 1101-02 8 Jordan Road Yaumatei, Kowloon (Hong Kong)	■ MAPFRE ASISTENCIA, S.A.	100.0000	100.0000	(A)	(1)	
MAPFRE ASISTENCIA COMPANY LIMITED	10F., No.73, Zhouzi St., Neihsu Dist., Taipei City 114 - (Taiwan)	■ MAPFRE ASISTENCIA, S.A.	100.0000	100.0000	(A)	(1)	
MIDDLESEA ASSIST LIMITED	18 ^a , Europa Centre, John Lopez Str Floriana, FRN 1400, (Malta)	■ MAPFRE ASISTENCIA, S.A. ■ MIDDLESEA INSURANCE P.L.C.	51.0000 49.0000	51.0000 49.0000	(A)	(1)	
INSURE & GO INSURANCE SERVICES USA CORP.	7300 Corporate Center Drive, Suite 601 Miami, FL 33126 (U.S.A)	■ MAPFRE ASSISTANCE USA INC	100.0000	100.0000	(A)	(1)	
MAPFRE ASSISTANCE USA INC.	7300 Corporate Center Drive, Suite 601 Miami, FL 33126 (U.S.A)	■ MAPFRE ASISTENCIA, S.A.	100.0000	100.0000	(A)	(1)	
MAPFRE WARRANTY CORPORATION OF FLORIDA	5959 Blue Lagoon Drive, Suite 400 Miami, FL 33126 (U.S.A)	■ MAPFRE ASSISTANCE USA INC	100.0000	100.0000	(A)	(1)	
CENTURY AUTOMOTIVE SERVICES COMPANY	6565 Americas Parkway NE. Suite 1000. Albuquerque NM 87110 (U.S.A.)	■ MAPFRE ASSISTANCE USA INC	100.0000	100.0000	(A)	(1)	
PT MAPFRE ABDA ASSISTANCE	Plaza Kelapa Gading (Ruko Inkopal) Blok A, n° 9 Jalan. Raya Boulevard Barat Kelapa Gading 14240 Jakarta Utara (Indonesia)	B ■ MAPFRE ASISTENCIA, S.A. ■ PT ASURANSI BINA DANA ARTA TBK	51.0000 49.0000	51.0000 49.0000	(A)	(1)	
PARAGUAY ASISTENCIA CIA. DE SERVICIOS S.A.	Av.Mariscal López, 930 Asunción (Paraguay)	■ MAPFRE ASISTENCIA, S.A. ■ IBEROASISTENCIA S.A.	98.9500 1.0500	98.9500 1.0500	(A)	(1)	
REINSURANCE							
MAPFRE RE COMPAÑIA DE REASEGUROS, S.A.	Paseo de Recoletos, 25 Madrid (Spain)	■ MAPFRE, S.A. ■ MAPFRE ESPAÑA, S.A.	93.7719 0.0003	92.2454 0.0003	(A)	(1)	
CIAR INVESTMENT (Salida en 2019 por venta)	45, Rue de Trèves Brussels (Belgium)	■ MAPFRE RE, S.A. ■ MAPFRE INTERNACIONAL, S.A.	— —	99.9900 0.0100	(H)	(H)	
MAPFRE CHILE REASEGUROS, S.A.	Avda.Apoquindo, 4499 Santiago de Chile (Chile)	■ MAPFRE RE, S.A.	99.9900	100.0000	(A)	(1)	
CAJA REASEGURADORA DE CHILE S.A.	Avda.Apoquindo, 4499 Santiago de Chile (Chile)	■ MAPFRE CHILE REASEGUROS S.A.	99.8467	99.8467	(A)	(1)	
INMOBILIARIA COSTA DE MONTEMAR, S.A. (Salida en 2019 por liquidación)	Avda.Apoquindo, 4499 Santiago de Chile (Chile)	■ MAPFRE CHILE REASEGUROS S.A.	—	31.4400	(H)	(H)	
C R ARGENTINA, S.A.	Bouchard 547 piso 14 Buenos Aires (Argentina)	■ MAPFRE CHILE REASEGUROS S.A.	99.9960	99.9960	(A)	(1)	
MAPFRE RE DO BRASIL COMPAÑIA DE REASEGUROS	Rua Olimpiadas, 242,5º andar conjunto 52 Vila Olimpia; São Paulo (Brazil)	■ MAPFRE RE, S.A. ■ MAPFRE ASSISTENCIA LTDA	99.9999 0.0001	99.9999 0.0001	(A)	(1)	
MAPFRE RE ESCRITORIO DE REPRESENTACION COMPAÑIA DE REASEGUROS	Rua Olimpiadas, 242,5º andar conjunto 52 Vila Olimpia; São Paulo (Brazil)	■ MAPFRE RE, S.A. ■ MAPFRE RE DO BRASIL	99.9999 0.0001	99.9999 0.0001	(B)	(9)	
INMOBILIARIA PRESIDENTE FIGUEROA ALCORTA, S.A.	Bouchard 547 piso 14 B. Aires (Argentina)	■ MAPFRE RE, S.A.	99.9985	99.9985	(B)	(9)	
MAPFRE MANDATOS Y SERVICIOS, S.A.	Bouchard 547 piso 14 B. Aires (Argentina)	■ MAPFRE RE, S.A. ■ MAPFRE ARGENTINA HOLDING	95.0000 5.0000	95.0000 5.0000	(B)	(9)	
REINSURANCE MANAGAMENT INC.	100 Campus Drive 07932 New Jersey (U.S.A.)	■ MAPFRE RE, S.A.	100.0000	100.0000	(A)	(1)	
MAPFRE EURO BONDS FUND	Ctra. Pozuelo, 50. Majadahonda. Madrid, (Spain)	■ MAPFRE RE, S.A.	100.0000	100.0000	(A)	(1)	
MAPFRE RE VERMONT CORPORATION	122 Cherry Tree Hill Road 05651 East Montpelier Vermont (U.S.A.)	■ MAPFRE RE, S.A.	100.0000	100.0000	(F)(A)	(F)(1)	
RISK MED SOLUTIONS, S.L.	Paseo de Recoletos, 25 Madrid (Spain)	■ MAPFRE RE, S.A.	100.0000	—	(G)(A)	(G)(1)	
OTHER							
MAPFRE INTERNACIONAL S.A.	Ctra. Pozuelo, 52. Majadahonda. Madrid (Spain)	■ MAPFRE, S.A.	100.0000	100.0000	(A)	(1)	
MAQUAVIT INMUEBLES, S.L.	Ctra. Pozuelo, 52. Majadahonda. Madrid (Spain)	■ MAPFRE, S.A.	100.0000	100.0000	(A)	(1)	
PROVITAE CENTROS ASISTENCIALES S.L.	C/ Fuencarral, 123 Madrid (Spain)	■ MAQUAVIT INMUEBLES, S.L.	50.0000	50.0000	(C)	(3)	
BIOINGENIERIA ARAGONESA, S.L. (Salida en 2019 por disolución)	C/ Monasterio de las Huelgas, n° 2 Nave 6 P.I. Alcalde Caballero 50014 Zaragoza (Spain)	■ MAQUAVIT INMUEBLES, S.L.	—	100.0000	(H)	(H)	
FANCY INVESTMENT S.A..	Avda. 18 de Julio, 841 Montevideo (Uruguay)	■ MAPFRE, S.A.	100.0000	100.0000	(A)	(1)	
PREMINEN PRICE COMPARISON HOLDINGS LIMITED	Ty Admiral, David Street, Cardiff, CF10 2EH (United Kingdom)	■ MAPFRE, S.A.	50.0000	50.0000	(E)	(9)	
MAPFRE AM INVESTMENT HOLDING, S.A.	Ctra. Pozuelo, 52. Majadahonda. Madrid (Spain)	■ MAPFRE, S.A.	100.0000	100.0000	(A)	(1)	
LA FINANCIERE RESPONSABLE	52, rue dePonthieu 75008 Paris (France)	■ MAPFRE AM INVESTMENT HOLDINGS, S.A	24.9500	24.9500	(C)	(4)	

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Name		Address	Participation in Capital			Consolidation method	Integration method for Solvency
			Holder	Percentage			
				2019	2018		
STABLE INCOME REAL STATE FUN GP S.A.R.L.	15, rue Bender L-1229 (Luxembourg)	■ MAPFRE AM INVESTMENT HOLDINGS, S.A.	100.0000	100.0000	(F)(A)	(F)(1)	
MAPFRE GLOBAL RISK AGENCIA DE SUSCRIPCION	Ctra. Pozuelo, 52. Majadahonda. Madrid (Spain)	■ MAPFRE, S.A.	100.0000	100.0000	(F)(A)	(F)(1)	
MAPFRE PARTICIPACIONES, S.A. (En 2018 SERVIFINANZAS, S.A. SOCIEDAD UNIPERSONAL)	Ctra. Pozuelo, 52. Majadahonda. Madrid (Spain)	■ MAPFRE, S.A.	100.0000	100.0000	(A)	(1)	
MAPFRE GLOBAL RISKS (Salida en 2019 por Escisión - Nota 6.25)	Ctra. Pozuelo, 52. Majadahonda. Madrid (Spain)	■ MAPFRE, S.A.	—	100.0000	(H)	(H)	
INDUSTRIAL RE S.A.	23, Avenue Monterey L-2163 (Luxembourg)	■ MAPFRE PARTICIPACIONES S.A. ■ MAPFRE GLOBAL RISKS S.A.	100.0000 —	— 100.0000	(A)	(1)	
SOLUNION SEGUROS DE CREDITO S.A.	Avda.General Perón,40 Madrid (Spain)	■ MAPFRE PARTICIPACIONES S.A. ■ MAPFRE GLOBAL RISKS S.A.	50.0000 —	— 50.0000	(E)	(3)	

CONSOLIDATION METHOD OR PROCEDURE

- (A) Subsidiaries consolidated by global integration
- (B) Subsidiaries excluded from consolidation
- (C) Equity-accounted associated and investee companies
- (D) Associated and investee companies excluded from consolidation
- (E) Joint ventures consolidated using the equity method
- (F) Companies added to the scope of consolidation in 2018
- (G) Companies added to the scope of consolidation in 2019
- (H) Companies removed from the scope of consolidation in 2018

INTEGRATION METHOD FOR SOLVENCY CALCULATION

- (1) Full consolidation
- (3) Adjusted equity-accounting
- (4) Sectorial standards
- (7) Local standards
- (9) Exclusion from the scope of group supervision, pursuant to article 214 of Directive 2009/138/EC

(*) MAPFRE holds the majority voting rights in the Annual General Shareholders' Meeting

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APPENDIX 2. FINANCIAL INFORMATION FOR MAIN COMPANIES AT DECEMBER 31, 2019							
Name	Effective tax rate	Activity	Year-end figures (thousand euros)				
			Assets	Equity	Revenue	Result for the year	
IBERIA							
MAPFRE ESPAÑA COMPAÑIA DE SEGUROS Y REASEGUROS S.A.	25% (1)(2)	Insurance and reinsurance	9,560,060	2,486,604	5,412,307	244,240	
VERTI ASEGURADORA, COMPAÑIA DE SEGUROS Y REASEGUROS, S.A	25% (1)(2)	Insurance and reinsurance	177,721	72,190	86,674	(1,638)	
FUNESPAÑA, S.A.	25% (1)	Burial services	108,041	71,533	2,148	2,859	
MAPFRE VIDEO Y COMUNICACIÓN S.A.	25% (1)	Asset Management	94,553	73,854	8,967	1,340	
PUY DU FOU ESPAÑA,S.A.	25%	Theme park and related activities	72,187	72,187	—	—	
MAPFRE INMUEBLES, S.G.A.	25% (1)	Real Estate	650,389	501,370	25,034	5,440	
MAPFRE TECH, S.A.	25% (1)(2)	IT	73,125	18,082	193,136	(2,552)	
MAPFRE SEGUROS GERAIS S.A.	25%	Insurance and reinsurance	259,500	95,460	104,321	5,550	
MAPFRE PORTUGAL SEGUROS DE VIDA S.A.	25.00%	Insurance	341,673	48,562	53,775	3,555	
MAPFRE VIDA SOCIEDAD ANÓNIMA DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA	25% (1)(2)	Insurance and reinsurance	16,216,965	1,414,266	2,808,896	224,478	
MAPFRE INVERSIÓN SOCIEDAD DE VALORES S.A.	25% (1)(2)	Investment company	222,289	169,822	83,387	37,235	
BANKIA MAPFRE VIDA, S.A. DE SEGUROS Y REASEGUROS	25% (1)(2)	Insurance and reinsurance	7,667,170	334,045	784,267	96,797	
BANKINTER SEGUROS DE VIDA, S.A.	25%(2)	Insurance	2,110,801	169,666	486,004	60,767	
CAJA CASTILLA LA MANCHA VIDA Y PENSIONES, S.A.	25%(2)	Insurance	932,344	74,406	105,527	17,341	
CAJA GRANADA VIDA	25%(2)	Insurance	231,868	40,191	23,386	2,882	
CAJAMURCIA VIDA	25%(2)	Insurance	130,616	24,936	24,011	4,174	
BRAZIL							
MAPFRE SEGUROS GERAIS S.A.	45.00%	Insurance	2,797,356	533,049	1,698,021	20,054	
MAPFRE VIDA S.A.	45.00%	Insurance	280,010	99,374	214,827	14,240	
MAPFRE PREVIDENCIA S.A.	45.00%	Insurance	739,961	18,326	175,216	(3,625)	
ALIANÇA DO BRASIL SEGUROS, S.A.	45.00%	Insurance	191,031	42,234	137,562	12,938	
BRASILSEG COMPANHIA DE SEGUROS S.A.	45.00%	Insurance	3,024,177	278,542	2,035,614	314,213	
LATAM NORTH							
MAPFRE SEGUROS HONDURAS S.A.	30.00%	Insurance	104,809	27,427	82,841	6,263	
MAPFRE PANAMÁ S.A.	25.00%	Insurance	338,320	91,409	234,025	7,839	
MAPFRE SEGUROS EL SALVADOR, S.A.	25.00%	Insurance	82,936	24,220	75,069	3,968	
MAPFRE SEGUROS GUATEMALA S.A.	25.00%	Insurance	72,635	23,574	78,155	6,311	
MAPFRE BHD COMPAÑIA DE SEGUROS, S.A.	27.00%	Insurance	223,997	66,703	163,625	23,181	
MAPFRE MEXICO S.A.	30.00%	Insurance	2,062,345	209,703	1,383,448	23,940	
LATAM SOUTH							
MAPFRE ARGENTINA SEGUROS S.A.	35.00%	Insurance	219,035	36,887	244,401	3,753	
MAPFRE COMPAÑIA DE SEGUROS GENERALES DE CHILE S.A.	27.00%	Insurance	624,771	67,744	274,578	3,729	
MAPFRE SEGUROS GENERALES DE COLOMBIA S.A.	33.00%	Insurance	1,717,025	132,210	303,678	14,411	
MAPFRE COLOMBIA VIDA SEGUROS S.A.	33.00%	Insurance	936,634	35,258	175,251	(10,758)	
MAPFRE PARAGUAY COMPAÑIA DE SEGUROS S.A.	10.00%	Insurance	97,242	41,471	78,423	7,731	
MAPFRE PERÚ COMPAÑIA DE SEGUROS Y REASEGUROS S.A.	30.00%	Insurance and reinsurance	650,633	114,603	345,960	16,586	
MAPFRE PERÚ VIDA, COMPAÑIA DE SEGUROS, S.A.	30.00%	Insurance	487,537	95,035	228,271	18,127	
MAPFRE URUGUAY SEGUROS S.A.	25.00%	Insurance	151,176	28,893	101,454	3,692	

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Name	Effective tax rate	Activity	Year-end figures (thousand euros)				
			Assets	Equity	Revenue	Result for the year	
NORTH AMERICA							
MAPFRE INSURANCE COMPANY OF FLORIDA	21.00%	Insurance	92,821	33,003	53,310	915	
THE COMMERCE INSURANCE COMPANY	21.00%	Insurance	2,570,552	765,563	1,579,385	36,168	
THE CITATION INSURANCE COMPANY	21.00%	Insurance	206,450	71,866	125,082	872	
AMERICAN COMMERCE INSURANCE COMPANY	21.00%	Insurance	311,750	121,523	163,312	3,751	
MAPFRE TECH USA CORPORATION	21.00%	IT	76,204	61,564	6,849	(6,399)	
THE COMMERCE WEST INSURANCE COMPANY	21.00%	Insurance	167,725	61,077	102,117	5,703	
MAPFRE PRAICO INSURANCE COMPANY	20.00%	Insurance	980,791	173,573	312,716	13,390	
EURASIA							
VERTI VERSICHERUNG AG	20.00%	Insurance	632,790	169,846	355,989	9,637	
VERTI ASSICURIZIONI S.P.A.	27.50%	Insurance	1,488,154	323,824	499,567	2,139	
MAPFRE MIDDLESEA P.L.C.	35.00%	Insurance	131,765	28,935	93,675	20,698	
MAPFRE M.S.V. LIFE P.L.C.	35.00%	Insurance	2,497,078	147,337	568,795	11,773	
MAPFRE SIGORTA, A.S.	22.00%	Insurance	721,638	120,261	507,126	7,166	
MAPFRE INSULAR INSURANCE CORPORATION	30.00%	Insurance	83,961	27,107	30,085	(1,011)	
PT ASURANSI BINA DANA ARTA TBK	25.00%	Insurance	163,412	78,212	60,442	5,304	
ASSISTANCE							
MAPFRE ASISTENCIA COMPANIA INTERNACIONAL DE SEGUROS Y REASEGUROS, S.A.	25% (1)(2)	Insurance and reinsurance	812,122	177,538	497,764	(112,771)	
CENTURY AUTOMOTIVE SERVICES COMPANY	21.00%	Special risks	301,340	13,605	159,429	672	
REINSURANCE							
MAPFRE RE COMPANIA DE REASEGUROS, S.A.	25% (1)(2)	Reinsurance	8,467,376	1,696,414	6,829,683	52,352	
CAJA REASEGURADORA DE CHILE S.A.	27.00%	Reinsurance	106,890	13,083	10,502	(377)	
MAPFRE RE DO BRASIL COMPANIA DE REASEGUROS S.A.	45.00%	Insurance and reinsurance	212,461	41,930	83,178	2,632	
MAPFRE RE VERMONT CORPORATION	21.00%	Insurance and reinsurance	336,322	53,390	400,837	3,400	
OTHER							
SOLUNION SEGUROS DE CREDITO S.A.	25.00%	Insurance and reinsurance	381,382	111,080	205,549	4,516	

TAX GROUP

- (1) Company belonging to Tax Group 9/85
(2) Company belonging to VAT Group 87/10

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CONSOLIDATED MANAGEMENT REPORT

MAPFRE S.A.

FISCAL YEAR 2019

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The content of this Consolidated Management Report (hereinafter "the Report") was prepared in accordance with the recommendations set out in the "Guide for the preparation of management reports by listed companies" published by the Spanish National Securities and Exchange Commission (the CNMV).

The Alternative Performance Measures (APMs) used in the report, which refer to financial measures not defined or specified in the applicable financial reporting framework, along with their definition and method of calculation, can be found on our website at the following address: <https://www.mapfre.com/corporate/institutional-investors/financial-information/>

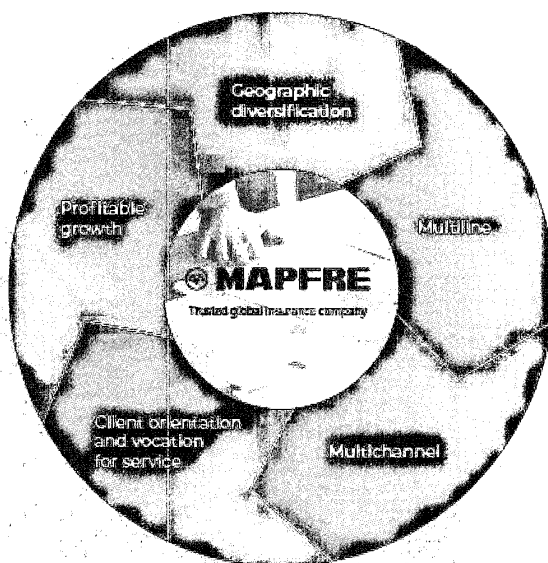
Some of the figures included in this Report have been rounded. Therefore, discrepancies may occur in the tables between the totals and the amounts listed due to this rounding.

ORGANIZATION OVERVIEW

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 decisive focus on the client, both private and corporate, a multi-channel 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 ready to act swiftly in order to offer all its stakeholders value experiences. The business model that MAPFRE has adopted is not focused solely on financial results, but also on the social sphere.



Accordingly, MAPFRE:

- Is firmly committed to growth, both in terms of business volume and geographic development, generating adequate and sufficient profitability from its activities.
- Manages its business in an efficient manner and constantly improves productivity, reducing structural costs on a continuing basis in order to enhance its competitiveness.
- Professionally manages the risks it assumes, ensuring sustainable growth and results.
- Steers its development by diversifying its portfolio of insurance, reinsurance and service businesses as a means of boosting growth and minimizing risks.
- Deploys a global management model with ample capacity for local implementation, ensuring an appropriate balance between corporate involvement and business development in each country.
- Makes its resources available to the entire organization, thus harnessing the synergies derived from sharing talent, processes and tools.
- Promotes specialized management as a means of continuously optimizing results and enhancing service quality.

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 following values, which assist in executing the mission and achieving the company's vision:

- **Solvency**: financial strength with sustainable results and full capacity to meet all obligations to stakeholders.
- **Integrity**: ethical conduct as a core element in how everyone (senior executives, employees, agents and collaborators) behaves, with a socially responsible focus on all long-term activities and commitments.
- **Vocation for service**: the constant quest for excellence in the pursuit of its activities and a continuous focus on building strong relationships with clients.
- **Innovation for leadership**: differentiation as a key aspect of continuous growth and improvement, using technology to service the different businesses and their objectives.
- **Committed team**: full engagement of employees, senior executives, agents and other collaborators with the MAPFRE project and continuous development of the team's skills and abilities.

ORGANIZATIONAL STRUCTURE AND GOOD GOVERNANCE

A) ORGANIZATIONAL STRUCTURE

MAPFRE is a multinational company chiefly devoted to insurance and reinsurance activities, and operates in 44 countries across five continents.

The Group's parent company is 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, IBEX Top Dividend, Stoxx Europe 600 Insurance, Euro Stoxx Insurance, MSCI Spain, FTSE All-World, FTSE Developed Europe, FTSE4Good, FTSE4Good IBEX, Dow Jones Sustainability World and Ethibel Sustainability Index- Excellence Europe indices.

MAPFRE S.A. is a subsidiary of CARTERA MAPFRE, S.L. a single-member company that is wholly controlled by Fundación MAPFRE.

The Group pursues its business activities through an organizational structure made up of four Business Units (Insurance, Assistance, Global Risks and Reinsurance); three Territorial Areas (IBERIA, LATAM and INTERNATIONAL); and six Regional Areas (Iberia

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(Spain and Portugal), Brazil, LATAM North (Mexico and the subregion comprising Central America and the Dominican Republic), LATAM South, North America and EURASIA (Europe, Middle East, Africa and Asia-Pacific).

The Insurance Business Unit is organized in line with the MAPFRE Regional Areas, which are the geographic units that plan, support and oversee the region.

The Reinsurance and Global Risks units are merged within MAPFRE RE.

The activities of the different Business Units are supplemented by those of the Corporate Areas (Internal Audit, Strategy and M&A, Finance and Resources, Investments, Business and Clients, Operations, People and Organization, External Relations and Communication, General Counsel and Legal Affairs, Business Support, and IT and Processes), which have jurisdiction over all MAPFRE companies worldwide in terms of the definition, development, implementation and monitoring of global, regional and local corporate policies.

The fact that the different MAPFRE companies belong to a business group implies, without prejudice to their legal autonomy, that they form an integral part of an organic structure that regulates their interrelations, the coordination of their activities, and the oversight of the controlled companies by the controlling companies and, in the final instance, by the parent company.

The MAPFRE S.A. Board of Directors is the senior management and supervisory body for the entire Group. It features a Steering Committee that acts within all of its powers, except those which cannot be ceded by law, bylaws or the regulations of the Board of Directors, and three delegate committees (Audit and Compliance, Appointments and Remuneration, and Risks).

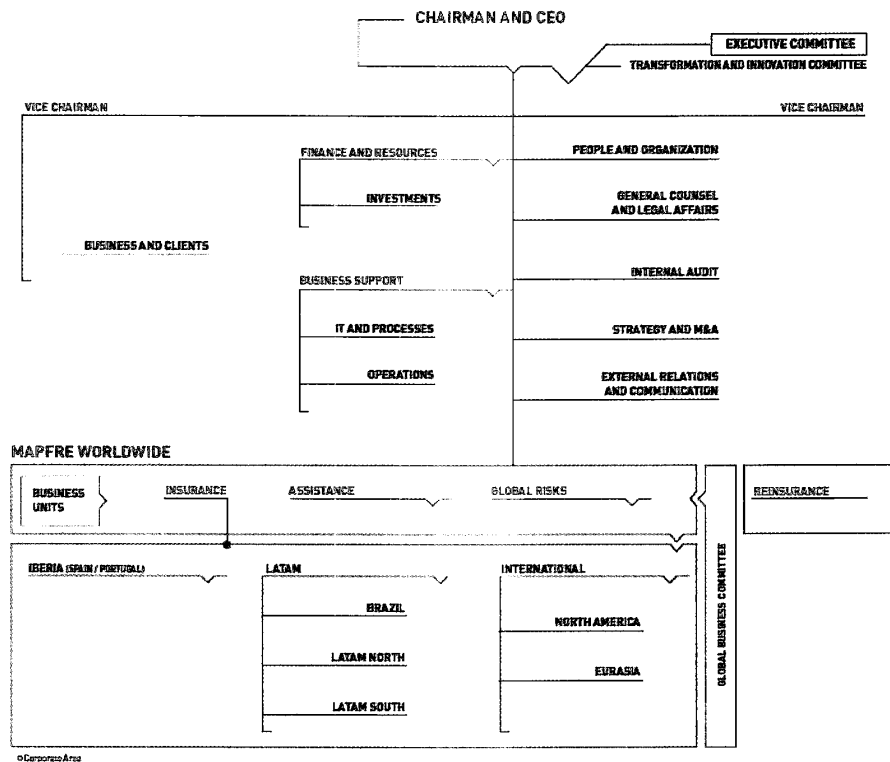
The Executive Committee is the body that exercises direct supervision over management of the Business Units and coordinates the various Areas and Units in the Group. The Transformation and Innovation Committee reports to the Executive Committee and has decision-making powers in relation to all transformation and innovation initiatives within MAPFRE.

The Global Business Committee is also responsible for analyzing the development of MAPFRE's insurance business and services throughout the world, its compliance with approved plans, and for proposing measures to correct or improve them.

The management, coordination and supervision of the activities of the different Units and Areas are carried out, according to their respective remit, by the local, regional and business unit management committees as well as the Executive Committee.

Each of the subsidiary companies has its own governing bodies, in which the structure and complexity depend on the importance of their activities and any legal provisions that may be applicable. They usually feature a Board of Directors and, depending on the importance of their activities, a Management Committee as well. In the case of shell or very small companies, these bodies are replaced by two administrators.

The Group's current organizational chart is as follows:



B) GOOD GOVERNANCE

MAPFRE has constantly and decidedly striven from the start to adopt the best corporate governance practices. MAPFRE's good governance practices are oriented toward creating sustained financial and social value over the long-term. The company's objective is to ensure financial stability and safeguard the interests of shareholders, while maximizing the positive impact on society as a whole.

MAPFRE is governed by the Recast Text of the Spanish Companies Act and has a series of Institutional, Business and Organizational Principles in place that have been

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approved by the Board of Directors of MAPFRE S.A. which, together with its Bylaws and the Board of Directors' Regulations, define the structure, composition and functions of each of its governing bodies and make up the minimum mandatory compliance framework for all of the companies in the MAPFRE Group and their respective governing bodies. In addition, MAPFRE's governance system is supplemented by a group of corporate policies¹.

MAPFRE complies fully with 93.75 percent, and fully or partially with 98.44 percent, of the recommendations set out in the CNMV Good Governance Code for listed companies at December 31, 2019.

The 2019 Annual Corporate Governance Report offers a detailed explanation of the structure of MAPFRE's governance system and its operation in practice², providing the minimum content established by Article 540 of the Recast Text of the Spanish Companies Act.

OPERATIONAL FRAMEWORK

The Group's activities are carried out through its Business Units.

The Insurance Business Unit is organized in line with the structure of the Territorial and Regional Areas.

The IBERIA Territorial Area overlaps with the Iberia Regional Area, which is made up of Spain and Portugal. The LATAM Territorial Area is subdivided into the Regional Areas of Brazil, LATAM North (Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama and the Dominican Republic), and LATAM South (Argentina, Colombia, Chile, Ecuador, Paraguay, Peru, Uruguay and Venezuela). The INTERNATIONAL Territorial Area comprises the Regional Areas of North America (Canada, United States and Puerto Rico) and EURASIA (which includes operations in Europe – except Spain and Portugal –, the Middle East, Africa, Australia, China, Philippines, Indonesia, Japan, Malaysia and Singapore).

The MAPFRE distribution network is the largest in the Spanish insurance industry and one of the largest belonging to a financial group in Latin America.

¹ Institutional, Business and Organizational Principles of the MAPFRE Group and other corporate regulations are available on the Company's website (www.mapfre.com).

² For further information, please consult the Annual Corporate Governance Report 2019, which forms an integral part of this Consolidated Management Report.

MAPFRE is committed to multichannel distribution and is adapting its sales structure to the legislation governing the countries in which it operates.

Some of the key features behind the success of its business model include its client focus, global product offering and adaptation to the legal and commercial nature of each market.

At the end of 2019, MAPFRE's global distribution network consisted of 13,024 offices.

The breakdown is shown below:

OFFICES	2019	2018
IBERIA		
Direct and Delegate	3,136	3,084
Bancassurance	2,519	2,329
Subtotal IBERIA	5,655	5,413
LATAM		
Direct and Delegate	1,419	1,629
Bancassurance	5,354	4,941
Subtotal LATAM	6,773	6,570
INTERNATIONAL		
Direct and Delegate	555	543
Bancassurance	41	--
Subtotal INTERNATIONAL	596	543
TOTAL OFFICES	13,024	12,526

At fiscal year-end, MAPFRE's presence in Spain consisted of 3,030 offices, as well as Brazil, which has 647 offices, and Turkey, with 427 offices.

In 2019, more than 79,000 intermediaries, including agents, delegates and brokers, collaborated in the distribution of our products. The following table shows the breakdown of this group:

SALES NETWORK		2018
IBERIA		
Agents	10,231	9.850
Delegates	2,791	2.753
Brokers	4,541	5.311
Subtotal IBERIA	17,563	17.914
LATAM		
Agents	13,623	18.106
Delegates	3,824	3.952
Brokers	34,737	34.624
Subtotal LATAM	52,184	56.682
INTERNATIONAL		
Agents	7,212	9.786
Delegates	198	121
Brokers	2,082	2.061
Subtotal INTERNATIONAL	9,492	11.968
TOTAL SALES NETWORK	79,239	86.564

MAPFRE's own distribution networks are supplemented by the distribution capabilities provided for under agreements with various companies, most notably with regard to bancassurance (Bankia, Bankinter, CCM, Banco do Brasil, Bhd Leon and Bank of Valleta, among others). MAPFRE distributed its products in 2019 through 7,914 bancassurance offices (2,519 in Spain, 5,140 in Brazil, 214 in the Dominican Republic and 41 in Malta).

Within the insurance business, MAPFRE is the largest Spanish insurer in the world, with 14.1 percent of the Non-Life insurance and 7.9 percent of the Life insurance markets in Spain. It is the 11th largest insurer in Europe and is present in nearly every country in Latin America, where it is the leading Non-Life insurance group, with a market share of 7.2 percent (according to the figures for 2018, the latest available). Furthermore, the Group's reinsurance business (MAPFRE RE) holds position 16 in the global reinsurance ranking³, while in the Assistance sector, MAPFRE is the fourth largest company in the world by revenue.

³ Source: S&P Global Ratings

BUSINESS PERFORMANCE AND RESULTS

ECONOMIC CONTEXT AND DEVELOPMENT OF INSURANCE MARKETS

Economic context

General aspects

In 2019, the world economy experienced estimated modest growth of 3.0 percent. The G7 group of economies grew by 1.6 percent, with the United States at 2.3 percent and the eurozone at 1.2 percent. As for emerging economies, while they grew at a different level, they were not free of deceleration; China grew by 6.1 percent (compared to 6.6 percent in the previous year), the emerging and developing group dropped to 3.9 percent from 4.5 percent, and emerging Asiatic economies fell to 5.9 percent from 6.4 percent.

Several factors burdening manufacturing and investment contributed to this deceleration in activity: trade tensions between the United States and China; the prospect of increased tariffs on other US sales partners; the uncertainty over Brexit; and from a structural perspective, the point in the economic cycle in which the global economy found itself.

In this atmosphere of weakening economic activity and decline in inflation expectations, the majority of central banks worldwide changed their monetary policy, lowering interest rates at the pace that the drop in US Federal Reserve interest rates, low inflation and exchange rates against the dollar allowed them.

Without doubt, the drop in interest rates worldwide will have a mitigating effect on the slowdown, but it cannot be expected to provide the basis for a solid, strong recovery in and of itself. To achieve this, governments also need to implement fiscal policies, as monetary policy is losing its effectiveness and may be feeding asset bubbles.

Many uncertainties need to be dispelled for a rapid recovery to occur, which is unlikely; therefore, the central scenario in the outlook for the next two years is slower growth.

Regarding the economy of the United States, markets are concerned over the possibility of a recession, but the strength of the labor market and the service sector would not indicate that this is imminent.

In the case of China, its economy grew by 6.1 percent, manifesting a certain resilience in the global context. A successful package of measures (lowering taxes and encouraging private sector borrowing) was implemented to stimulate internal demand and counteract deceleration in the export sector caused by the trade war. All the same, confirmation as to whether the minimum trade agreement between China and the United States announced in October will materialize is yet to be confirmed.

In Europe, 2019 was marked by elections in several countries, leadership renewals in the European Commission and the European Central Bank (ECB) and Brexit. With the European economy decelerating, the ECB lowered deposit rates to -0.50 percent in September, and resumed asset purchasing.

A more detailed analysis of the most important markets in which MAPFRE operates is presented below:

Eurozone

The eurozone is slowing down, with GDP growth at 1.2 percent. Inflation, for its part, has been falling for a year and moving further away from the 2 percent objective. The ECB, in light of the extent of the fall in deposit rates, announced the reactivation of the purchase program in the amount of 20 billion per month starting in November, with no defined end. Moreover, it reiterated that governments must also act with fiscal stimuli, reflecting that monetary stimuli are reaching the limits of their effectiveness.

The Euro Stoxx 50 index ended the year with a rally of 24.8 percent, to 3,745 points spurred on by corporate earnings and new monetary stimuli.

Spain

The Spanish economy grew by 2.0 percent in 2019, confirming the announced slowdown. The economy is expected to grow by 1.7 percent in 2020, meaning the slowdown will gain traction, albeit smoothly, in particular as the ECB's monetary stimulus and accommodative policies from the central banks begin to take effect.

However, year-on-year inflation for 2019 dropped to 0.8 percent, with fuel, food and non-alcoholic beverage prices showing stability compared to the declines posted in 2018.

The unemployment rate fell to 13.8 percent, but the pace of job creation, an aspect that shapes consumption growth, is slowing.

The IBEX 35 Index was up 11.8 percent for the year, closing at 9,549 points.

United States

The average growth forecast for 2019 is 2.2 percent, dropping from the 2.9 percent recorded in the previous year. Leading indicators confirm the slowdown and how this translates into confidence with economic agents.

Inflation rebounded slightly in November to 2.1 percent, with the closing estimate at 1.8 percent. The Federal Reserve decided to lower interest rates three times to the range of 1.50-1.75 percent, and announced that it will continue to inject liquidity into the interbank market.

The dollar closed the year at 1.12 USD/EUR (an increase of 2.2 percent), partly due to the persistent growth and interest rate differential between the United States and the eurozone.

The S&P 500 index showed an increase of 29 percent and ended the year at 3,231 points, spurred on by the drop in interest rates and the resumption of the expansion of the balance sheet of the Federal Reserve, in a stronger economic environment than that of Europe.

Brazil

In Brazil, the projected growth of the economy for 2019 is 0.8 percent. With fewer inflationary pressures (3.3 percent in 2019), and in line with the drop in interest rates worldwide, the Central Bank lowered interest rates on four occasions in 2019, from 6.50 percent to 4.50 percent.

Following the approval of the social security reform, the Brazilian real recovered to a level close to 4.0 BRL/USD, where it finished out the year.

In the stock market, the BOVESPA Index ended the year at 115,645 points, an increase of 31.6 percent for the year.

Mexico

In Mexico, the economy is stagnating and GDP growth in 2019 is estimated to be close to zero.

Inflation, for its part, is estimated to reach 3.2 percent in 2019. Taking advantage of the lack of inflationary pressures, the Bank of Mexico, along with many central banks worldwide, lowered its interest rates four times in 2019, from 8.25 percent to 7.25 percent.

The exchange rate has ended the year at 18.93 MXN/USD. The Mexican Stock Exchange rose by 4.6 percent in the year, ending at 43,541 points.

Turkey

Turkey's economy strung together three quarters of contraction until the second quarter of 2019. It grew 0.9 percent in the third quarter and a growth of 0.2 percent is expected for the year's average.

Inflation in 2019 stood at 10.5 percent, falling from last year's highs of 25.2 percent, enabling the Central Bank to reduce interest rates aggressively, from 24 percent in June to 12 percent by year-end.

2019 saw a slight recovery in the Turkish economy, assisted by the low interest rate environment, both locally and in the United States.

The exchange rate appeared to have found stability in the range 5.60-5.80 TRY/USD, although at year-end it reached 6.0 TRY/USD.

The Istanbul BIST30 Index dropped by 21.4 percent for the year to 138,830 (10.1 percent in euro terms).

Development of Insurance Markets

Spanish market⁴

Written premiums in the Spanish insurance market reached 64.16 billion euros to December 2019, a figure quite close to that for last year, with a slight increase of 0.4 percent. While the Life line showed negative performance (-5.1 percent), Non-Life lines grew 3.4 percent.

Item	Dec-19	Dec-18	% Var. 19/18
Life	27,526	28,995	-5.1%
Non-Life	36,629	35,430	3.4%
TOTAL Direct Insurance	64,155	64,425	-0.4%

Figures in million euros

Health and Multirisk insurance continued to drive Non-Life business, with increases of 4.8 percent and 4.0 percent respectively, while automobile insurance continued to show moderate increases (1.5 percent). Within the larger volume lines, the increases in Burial (3.9 percent) and Third-party responsibility (4.25 percent) should also be noted. Another line that showed solid performance in 2019 was Transport, with an increase of 8.93 percent in premium income and positive variations in all lines.

⁴ Source: ICEA.

Item	Dec-19		% Var. 19/18
	Dec-19	Dec-18	
Automobile	11,307	11,138	1.5%
Health	8,923	8,516	4.8%
Multirisk	7,521	7,234	4.0%
Other Non-Life lines	8,879	8,542	3.9%
TOTAL NON-LIFE	36,630	35,430	3.4%

Figures in million euros

As far as Life insurance premiums go, Life Protection volume by rose 3.0 percent, well down on the 12.1 percent recorded in 2018. Savings insurance continued to perform poorly in this period, with a 6.6 percent decrease in premiums to December 2019.

September 2019 data showed that the technical profitability of the Non-Life lines improved by 0.6 percentage points (pp) compared to the same period for the previous year, due to a drop in the loss ratio of 1 pp and an increase in the expense ratio of 0.3 pp. Multirisk insurance in particular contributed to this improvement, with a 5 pp improvement in its combined ratio in the period.

	TOTAL NON-LIFE		AUTOMOBILE		MULTIRISK		HEALTH	
	Sept-19	Sept-18	Sept-19	Sept-18	Sept-19	Sept-18	Sept-19	Sept-18
Loss ratio	70.1%	71.1%	75.8%	75.9%	60.7%	65.6%	79.5%	79.4%
Expense ratio	22.1%	21.8%	18.9%	18.5%	31.2%	31.2%	12.5%	12.0%
Combined ratio	92.3%	92.9%	94.7%	94.4%	91.9%	96.9%	92.0%	91.4%

Although Life premium growth was negative over the last two years, technical provisions have continued to increase, reaching 19.47 billion euros by the end of 2019, 3.3 percent greater than for the previous year. Mutual fund assets in turn grew by 7.4 percent in 2019, reaching 27.66 billion euros, due principally to the returns generated by fund portfolios. According to Inverco, the favorable performance of the stock markets allowed the variable income fund portfolios to deliver considerable growth. Finally, the volume of assets managed by pension plans amounted to 11.64 billion euros in December 2019, which represents an increase of 8.9 percent compared to 2018. The pension plans finished 2019 with the best profitability of the historical series at year-end, with an average of 8.8% for the year.

Item	Dec-19		% Var. 19/18
	Dec-19	Dec-18	
Life insurance	194,685	188,467	3.3%
Mutual funds	276,557	257,551	7.4%
Pension funds	116,419	106,886	8.9%
TOTAL	587,661	552,904	6.3%

Latin American markets

The latest data published by the Latin American supervisors referring to 2019 (latest official information available) shows that all countries in the region increased premium volume in nominal terms, with the exception of Nicaragua. Again with the exception of Nicaragua, all the markets saw increases in Non-Life lines over the previous 12 months, many of which were double digit, such as in Argentina, Colombia and Mexico. As for the Life business lines, Paraguay saw decreases, while the rest of the countries showed very positive performances, most notably the 17.9 percent increase registered in Brazil, the largest market in the region in this segment.

COUNTRY	DATE	NON-LIFE	LIFE	TOTAL
Argentina	Sept-19	35.1%	26.2%	33.9%
Brazil	Nov-19	2.3%	17.9%	11.9%
Chile	Sept-19	8.7%	2.6%	11.5%
Colombia	Oct-19	12.3%	9.0%	11.2%
Mexico	Sept-19	11.6%	12.0%	11.9%
Peru	Nov-19	7.4%	12.4%	9.6%
Puerto Rico	Dec-18	8.2%	17.7%	9.1%

Source: MAPFRE Economic Research, using data from the supervisors in each country.

Brazil and Mexico, the two largest markets in the region, recorded positive variations in premium volume over the course of 2019. Brazil recovered from the decrease in 2018 due to the drop in Life premiums, while the Non-Life lines showed some moderation in their performance, with a variation of 2.3 percent to November (5.4 percent for November 2018), with a drop in Automobile (-6.2 percent). Rates for compulsory personal damage insurance caused by land motor vehicles dropped significantly for 2019, after the release of a new resolution by the National Council of Private Insurers with new rates for the year. Furthermore, in November 2019 the country's supervisory body, SUSEP, announced the submission of Provisional Measure No. 904/19, which terminates this insurance, commencing January 1, 2020 because it is not deemed to have been effective. Subsequently, the Supreme Court suspended the effectiveness of said Provisional Measure.

In addition, SUSEP also ceased to regulate the insurance broker profession under its Provisional Measure No. 905/19, issued by the President of the Republic, as published

in the Official Gazette of the Union on November 12. This measure was justified by the fact that brokers are prepared to operate in a more flexible environment without the presence of the regulator, and self-regulation will result in more efficiency and freedom in the insurance industry.

Mexico delivered double-digit growth in both Life (12 percent) and Non-Life (11.6 percent) premiums, the latter being affected by the renewal of the comprehensive insurance policy for Petróleos Mexicanos (PEMEX) in June 2019, which covers a 24-month period.

Other markets

United States

Based on data from the National Association of Insurance Commissioners (NAIC) for the first six months of 2019, direct Property & Casualty insurance premiums experienced an increase of 4.3 percent compared to the same period last year, with positive performance across all business lines (personal, commercial and combined lines). Rates continued to strengthen in 2019 due to two years of severe losses and a low interest-rate environment. Life insurance in turn showed an increase of 5 percent, with good performance in annuities, which grew by 10 percent. Finally, Health insurance also performed well, increasing 5.8 percent in the first six months of 2019 due mainly to public protection programs, Medicare and Medicaid.

Turkey

Based on data from the Turkish Insurance Association, the Turkish insurance market closed the third quarter of 2019 with a nominal increase of 21.8 percent, although it should be borne in mind that year-on-year inflation was 13.5 percent in September 2019. Life insurance premiums experienced an extraordinary increase of 35.6 percent, with significant stimulus for loan-related Life insurance. As for the Non-Life segment, it increased 19.3 percent, with significant increases in all major lines. Automobile insurance, with the largest volume, recorded growth of 17.3 percent, and the Health, Homeowners and Commercial lines also performed well, with increases of 34.3 percent and 22.4 percent respectively. Finally, it should be noted that Presidential Decree no. 47 was published in October 2019 in the country's Official Bulletin, creating an independent institution responsible for regulating the insurance industry, the Pension and Private Insurance Supervision and Regulation Agency. Supervision of the insurance industry previously came under the Ministry of the Treasury and Finance.

BUSINESS PERFORMANCE

Revenues on operations

ITEM	DECEMBER 2019	DECEMBER 2018	Δ%
Total written and accepted premiums	23,043.9	22,537.1	2.2%
Investments financial income	3,287.5	2,575.2	27.7%
Revenue from non-insurance companies and other revenue	2,140.8	1,477.5	44.9%
Total consolidated revenue	28,472.2	26,589.7	7.1%

Figures in million euros

The consolidated revenues of the Group reached 28.47 billion euros, up 7.1 percent, mainly due to the increase in premium issuing and higher financial income.

Accepted direct insurance and reinsurance premiums, which represent the vast majority of business volume, amounted to 23,0 billion euros, with an increase of 2.2 percent.

Gross investment income amounted to just under 3.30 billion euros, 27.7% higher than the same period last year.

Other income, which primarily includes non-insurance activities and non-technical income, was up 44.9 percent, mainly due to an increase in positive currency conversion differences.

Earnings

The chart below gives a summary of the consolidated income statement as on December 2019, showing the various elements of MAPFRE's earnings and the comparison with the same period of the previous year.

ITEM	DECEMBER 2019	DECEMBER 2018	Δ %
INSURANCE BUSINESS REVENUE	24,154.8	22,833.4	5.8%
Premiums earned, net	19,172.9	19,212.0	
Investment income	3,235.4	2,490.3	
Positive currency conversion differences	1,589.2	959.4	
Other income	157.3	171.7	
INSURANCE BUSINESS EXPENSES	(22,621.1)	(21,413.4)	-5.6%
Incurred claims for the period, net	(14,699.5)	(14,010.0)	
Net operating expenses	(5,108.3)	(4,988.7)	
Investment expenses	(847.5)	(949.9)	
Negative currency conversion differences	(1,589.5)	(946.7)	
Other expenses	(376.3)	(518.1)	
INSURANCE BUSINESS RESULT	1,533.7	1,420.0	8.0%
OTHER ACTIVITIES	(232.9)	(70.7)	
RESULT ON RESTATEMENT OF FINANCIAL ACCOUNTS	(21.6)	(18.7)	
RESULT	1,279.2	1,330.5	-3.9%
TAX ON PROFITS	(323.9)	(453.0)	
RESULT AFTER TAX	955.3	877.5	8.9%
RESULT AFTER TAX FROM DISCONTINUED OPERATIONS	0.0	0.0	
RESULT FOR THE PERIOD	955.3	877.5	8.9%
Attributable to non-controlling interests	346.0	348.7	
Attributable to the controlling Company	609.2	528.9	15.2%

Figures in million euros

The increase shown under the heading of Investment income is mainly due to the revaluations of investment portfolios. These investments are linked to Life Savings policies, and so the increase in income is reflected in an increase in expenses, as shown in claims for the period.

The increase in the positive currency conversion differences heading is reflected symmetrically in the negative currency conversion differences heading.

The result of the insurance business is 1.53 billion euros, 8.0 percent higher than the previous year.

The result deriving from other non-insurance activities equates to a loss of 233 million euros and the result before tax stands at 1.28 billion euros, 3.9 percent less than the last financial year.

Tax on profits reached 323.9 million euros, 28.5 percent down on the previous year. The lower tax expense stems principally from Brazil and companies registered in Spain. The attributable profit accrued as of December 2019 amounted to 609.2 million euros, an increase of 15.2 percent. It must be taken into account that the year 2018 is affected by the extraordinary deterioration of goodwill amounting to 173.5 million euros, (recorded in the Non-Life result), while, in fiscal 2019, the extraordinary deterioration of goodwill and the provision for restructuring expenses in MAPFRE ASISTENCIA investee companies, which have had an overall impact of 75.6 million euros on the Group's attributable result, (recorded in the result for Other activities).

Non-Life

Non-Life results reached 919.6 million euros, up 24.5% on the previous year.

MAPFRE ESPAÑA continues to be the largest contributor to Group earnings, maintaining its leadership position in the Spanish market.

The positive rate of contribution to the earnings of the Non-Life business in BRAZIL, LATAM NORTH and NORTH AMERICA is also noteworthy, while EURASIA presented positive Non-Life business results in excess of those recorded last year.

MAPFRE RE's result deteriorated due to the adverse evolution of the non-catastrophic loss experience, with several incidents of relevant intensity during the year, such as the damages resulting from the drought in Brazil, the extraordinary damages caused by typhoons Faxai and Hagibis and the riots in the fourth quarter in Chile.

Life

The Life result amounted to 614.1 million euros, a decrease of 9.9 positive over the previous year. On the positive side, the solid evolution of the business of Spain should be highlighted, where the results show sustained growth. Brazil showed a deterioration, due to, on the one hand, the fact that in 2018 there was an extraordinary positive effect of 130.0 million euros as a result of the reduction in

technical provisions in the Life business in order to adapt them to more accurate actuarial estimations In addition, the Life Protection business in Brazil was affected by the increase in acquisition costs in the bancassurance channel.

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Other activities

The increase in the loss of the result of Other Activities has its origin in MAPFRE ASISTENCIA, coming on the back of the extraordinary provision of 75.6 million euros already mentioned, as well as expenses related to innovation, digitalization and other strategic initiatives developed by the most relevant units.

Balance sheet

ITEM	DECEMBER 2019	DECEMBER 2018	Δ %
Goodwill	1,773.2	1,689.0	5.0%
Other intangible assets	1,526.9	1,383.3	10.4%
Other fixed assets	265.5	259.7	2.2%
Cash	2,537.5	2,201.4	15.3%
Real estate	2,435.0	2,096.2	16.2%
Financial investments	44,995.9	41,246.0	9.1%
Other investments	1,044.1	1,487.4	-29.8%
Unit-Linked investments	2,510.2	2,242.5	11.9%
Participation of reinsurance in technical provisions	6,386.1	5,883.2	8.5%
Receivables on insurance and reinsurance operations	4,879.4	4,547.3	7.3%
Deferred taxes	307.0	333.6	-8.0%
Assets held for sale	264.2	341.5	-22.6%
Other assets	3,585.0	3,579.7	0.1%
TOTAL ASSETS	72,509.9	67,290.8	7.8%
Equity attributable to the Controlling company	8,850.3	7,993.8	10.8%
Non-controlling interests	1,251.7	1,203.8	4.0%
Equity	10,106.0	9,197.6	9.9%
Financial debt	2,973.7	2,670.3	11.4%
Technical provisions	51,031.6	48,723.6	4.7%
Provisions for risks and expenses	709.3	641.5	10.6%
Debt due on insurance and reinsurance operations	2,469.1	1,947.4	26.8%
Deferred taxes	703.1	499.3	40.8%
Liabilities held for sale	135.9	194.0	-29.9%
Other liabilities	4,381.2	3,417.1	28.2%
TOTAL LIABILITIES	72,509.9	67,290.8	7.8%

Figures in million euros

Assets reached 72.51 billion euros as on December 31, 2019, rising 7.8 percent compared to the end of the previous year. The most relevant fluctuations are analyzed below:

1. The increase in the financial year 2019 of the Financial Investments and Technical Provisions sections includes, in addition to own growth derived from insurance activity, the effect of the increase in the valuation of the financial investment portfolios due to the drop in interest rates and the improvement of stock markets. In addition, the inclusion of Caja Granada Vida and Cajamurcia Vida in the Group scope has led, as at December 2019, an increase in financial investments of 324.2 million euros and in technical provisions of 273.8 million euros. The increase in the valuation of the financial investment portfolio also has its accounting reflection in the equity and deferred taxes of the Group.
2. The increase in the Goodwill and Intangible Assets sections originates from the inclusion in the Group scope of Caja Granada Vida and Cajamurcia Vida Group, as well as the inclusion in the Group of the company acquired from Santander Bank which, as a whole, represent an increase of 210.5 million euros. This increase has been reduced by 65.6 million euros due to the extraordinary deterioration of the goodwill at MAPFRE ASISTENCIA subsidiaries.
3. The entry into force on January 1, 2019 of IFRS-EU 16 regulations on leases has led to an increase in the Assets/Real Estate heading amounting to 285 million euros and other liabilities amounting to 310 million euros. As of December 2019, the impact on the Group's result due to the application of this new standard translates into costs rising by 4.1 million euros.
4. As of December 31, 2019, the Assets held for Sale heading mainly includes the valuation of Funespaña's businesses in the amount of 127.9 million euros.
5. Variations in the Assets and Liabilities headings for insurance and reinsurance operations have come about as a result of the business management process itself.

Managed funds

The following charts show the performance of managed savings, including both technical provisions of Life insurance companies, and the Life provisions of multiline insurance companies, which are presented in the Group's consolidated balance sheet.

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In addition to the Life insurance operations, MAPFRE manages its clients' savings through pension and mutual funds.

Managed savings

The following chart shows the details of and changes in managed savings, which includes both items:

ITEM	DECEMBER 2019	DECEMBER 2018	Δ%
Life technical provisions	30,547.8	28,536.5	7.0%
Pension funds	5,479.1	4,874.7	12.4%
Mutual funds and other	4,636.0	4,336.4	6.9%
Subtotal	40,663.0	37,747.6	7.7%

Figures in million euros

The variation in managed savings in relation to December of last year reflects the growth of Life technical provisions, of managed savings in pension funds and investment funds.

Assets under management

The following chart reflects the performance of assets under management, which includes the total Group investment portfolio as well as pension and mutual funds, and which shows growth of 8.8 percent:

ITEM	DECEMBER 2019	DECEMBER 2018	Δ%
Investment portfolio	53,522.7	49,273.5	8.6%
Pension funds	5,479.1	4,874.7	12.4%
Mutual funds and other	4,636.0	4,336.4	6.9%
TOTAL	63,637.8	58,484.6	8.8%

Figures in million euros

Key indicators

Return on shareholders' equity (ROE)

Return on equity (ROE), which represents the relationship between net profit attributable to the parent company (deducting the share of non-controlling interests) and average shareholders' equity, was 7.2 percent (6.4 percent in 2018).

Management ratios

The combined ratio measures the impact on premiums of management costs and the loss ratio for the period. In both 2019 and 2018, this ratio was 97.6 percent.

The following table shows how the main management ratios performed, by business unit:

	EXPENSE RATIO ⁽¹⁾		LOSS RATIO ⁽²⁾		COMBINED RATIO ⁽³⁾	
	2019	2018	2019	2018	2019	2018
IBERIA	21.2%	21.0%	73.1%	72.8%	94.4%	93.8%
LATAM NORTH	31.2%	32.2%	63.5%	65.9%	94.7%	98.1%
LATAM SOUTH	36.8%	36.2%	63.2%	61.1%	100.0%	97.3%
BRAZIL	37.0%	37.0%	55.1%	61.5%	92.2%	98.5%
NORTH AMERICA	28.5%	28.1%	71.8%	74.0%	100.4%	102.1%
EURASIA	26.1%	22.2%	80.0%	84.4%	106.1%	106.7%
MAPFRE RE ⁽⁴⁾	30.5%	27.8%	70.5%	67.8%	101.0%	95.6%
Reinsurance	30.0%	27.2%	69.3%	68.8%	99.2%	96.1%
Global Risks	37.5%	32.8%	86.0%	59.3%	123.5%	92.1%
MAPFRE ASISTENCIA	41.1%	41.1%	62.2%	62.4%	103.3%	103.5%
MAPFRE S.A.	28.6%	27.8%	69.0%	69.8%	97.6%	97.6%

(1) (Operating expenses, net of reinsurance - other technical revenues + other technical expenses) / Allocated premiums, net of reinsurance. Figures refer to Non-Life insurance.

(2) (Incurred claims for the period, net of reinsurance + variation in other technical provisions + profit sharing and returned premiums) / Allocated premiums, net of reinsurance. Figures refer to Non-Life insurance.

(3) Combined ratio = expense ratio + loss ratio. Figures refer to Non-Life insurance.

(4) For comparison purposes, the 2018 data includes Global Risks.

Information by Business Unit

MAPFRE structures its business through the following Business Units: Insurance, Reinsurance, Global Risks and Assistance. The Reinsurance and Global Risks Units are integrated into MAPFRE RE.

The accompanying chart shows the premiums, attributable result, and Non-Life combined ratio for each Business Unit:

Key figures

AREA/BUSINESS UNIT	Premiums			Attributable result			Combined ratio	
	DECEMBER 2019	DECEMBER 2018	Δ%	DECEMBER 2019	DECEMBER 2018	Δ%	DECEMBER 2019	DECEMBER 2018
IBERIA	7,717.8	7,657.9	0.8%	497.8	480.6	3.6%	94.4%	93.8%
LATAM	7,547.3	6,887.3	9.6%	214.9	156.9	36.9%	94.4%	98.2%
INTERNATIONAL	4,027.3	4,191.0	-3.9%	93.7	47.4	97.6%	102.3%	103.5%
TOTAL INSURANCE	19,292.4	18,736.2	3.0%	806.4	684.9	17.7%	96.5%	97.8%
REINSURANCE AND GLOBAL RISKS*	5,580.5	4,960.9	12.5%	57.5	168.7	-65.9%	101.0%	95.6%
ASISTENCIA	861.0	911.0	-5.5%	(88.0)	(10.1)	—	103.3%	103.5%
Holding, eliminations and other	(2,690.0)	(2,071.2)	-29.9%	(166.7)	(314.6)	47.0%	—	—
MAPFRE S.A.	23,043.9	22,537.1	2.2%	609.2	528.9	15.2%	97.6%	97.6%

Figures in million euros

* For comparison purposes, the 2018 data includes Global Risks.

Insurance companies

IBERIA

IBERIA encompasses the business activities of MAPFRE ESPAÑA and its subsidiary in Portugal, as well as the Life business managed by MAPFRE VIDA and its bancassurance subsidiaries.

Information by country

REGION/COUNTRY	Premiums			Attributable result			Combined ratio	
	DECEMBER 2019	DECEMBER 2018	Δ%	DECEMBER 2019	DECEMBER 2018	Δ%	DECEMBER 2019	DECEMBER 2018
IBERIA	7,717.8	7,657.9	0.8%	497.8	480.6	3.6%	94.4%	93.8%
SPAIN	7,582.3	7,524.0	0.8%	488.7	466.7	4.7%	94.4%	93.7%
PORTUGAL	135.4	133.9	1.1%	9.1	13.9	34.4%	95.9%	96.5%

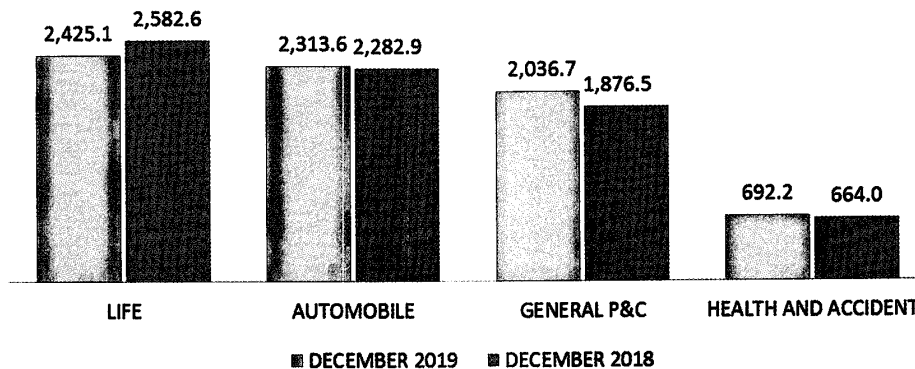
Figures in million euros

IBERIA premiums grew by 0.8 percent. Non-Life business premiums rose 4.3 percent and reflect the good evolution of the Automobile, Health, Condominium and Homeowners businesses. Life business premiums fell by 6.1 percent due mainly to the low interest rate environment, which makes it difficult to sell savings insurance, and to lower bancassurance issuing by banks, who in 2018 underwrote certain group business and launched savings products, activity that was not repeated with the same intensity in 2019.

Attributable earnings amounted to 497.8 million euros, an increase of 3.6 percent over the previous year.

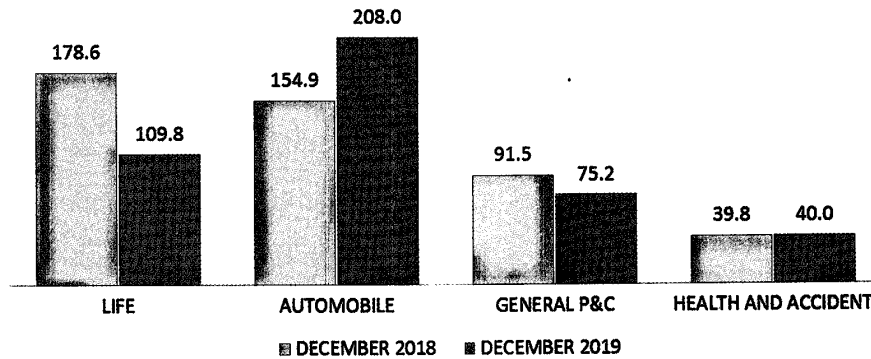
The heavy rainfall and storm that hit Spain in the second half of the year cost an estimated 23 million euros.

Written premiums in key lines



Figures in million euros

Earnings



Figures in million euros

The fall in Automobile earnings illustrates the intense competition in this line in Spain, with growing vehicle repair costs and significant rate pressure. This effect is offset by the improvement of the General P&C result, and above all by the growth in earnings of the Life line, especially Life Savings.

The market shares in Spain* and Portugal as at December and September of 2019, respectively, are shown here:

SPAIN	Dec-19	Dec-18
Automobile	20.0%	20.0%
Health	6.5%	6.5%
Other Non-Life	14.2%	14.2%
Total Non-Life	14.1%	14.2%
Total Life	7.9%	7.9%
TOTAL	11.4%	11.3%

* Estimated market shares, using data published by ICEA, which only takes into account direct insurance written premiums.

PORTUGAL	Sept-19	Sept-18
Automobile	2.2%	2.4%
Total Non-Life	2.0%	2.1%
Total Life	0.5%	0.4%
TOTAL	1.1%	1.1%

Source: Portuguese Association of Insurance Companies

LATAM

LATAM includes the LATAM North, LATAM South and Brazil Regional Areas.

Information by region

REGION	Premiums			Attributable result			Combined ratio	
	DECEMBER 2019	DECEMBER 2018	Δ%	DECEMBER 2019	DECEMBER 2018	Δ%	DECEMBER 2019	DECEMBER 2018
BRAZIL	3,977.5	3,972.2	0.1%	97.0	54.1	79.1%	92.2%	98.5%
LATAM NORTH	1,973.1	1,309.3	50.7%	63.1	43.7	44.6%	94.7%	98.1%
LATAM SOUTH	1,596.7	1,605.7	-0.6%	54.8	59.1	-7.3%	100.0%	97.3%

Figures in million euros

In Brazil, issued premiums remained stable in euro terms, while in Brazilian reais the increase amounts to 2.1 percent. This is due to the depreciation of the Brazilian real by 1.9 percent in the year-on-year comparison.

The evolution of the attributable result in Brazil has been very satisfactory, reaching the figure of 97.0 million euros, with growth of 79.1 percent. The improvement of the result has its origin in the favorable evolution of the Automobile business, where the combined ratio improved from 114.7 percent to 107.5 percent and General P&C Insurance, where the combined ratio improved from 80.8 percent to an excellent 77.9 percent.

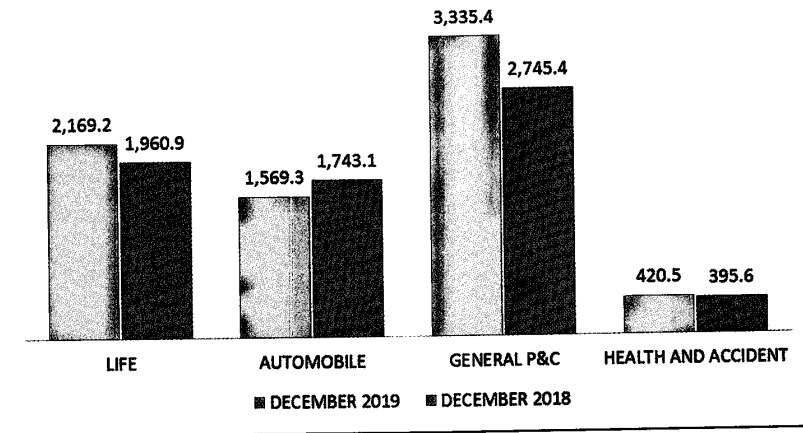
In LATAM North, the positive performance of Mexico, the Dominican Republic and Guatemala, together with the appreciation of the main currencies in the region, are the main reasons behind premium growth. The exceptional growth of 50.7 percent is partly due to the fact that during the month of June, the PEMEX comprehensive multiannual damages policy (two years) was renewed for the amount of 502.9 million dollars (449.8 million euros).

There was a significant improvement in results in the LATAM North region, supported by the favorable evolution of the business in Mexico, where earnings increased by 38.9 percent and the combined ratio of 101.8 percent went to 98.1 percent, thanks to the falling Automobile combined ratio, which ended the year at 94.7 percent.

Premiums in LATAM South slipped by 0.6 percent, with the drop stemming mainly from lower issuing in Colombia, Chile, Uruguay and Argentina, although Peru was up, with premiums 12.3 percent better. The fall in Argentina's premiums by 14.7 percent is mainly due to the strong depreciation of the Argentine peso.

LATAM South produced earnings of 54.8 million euros, down 7.3 percent, mainly explained by the extraordinary capital gain of 25 million euros recorded in 2018, deriving from the sale of a property in Chile. The combined Non-Life ratio stood at 100.0 percent and is higher than the previous year, due to an unfavorable evolution in claims.

Written premiums in key lines



Figures in million euros

The following table shows market shares for direct Non-Life insurance in the main countries in the region:

COUNTRY	Ranking (at Dec-2018)	Market share ⁽¹⁾	Market share date
Argentina	17	1.9%	Sept-19
Brazil	2	12.8%	Nov-19
Chile	7	5.1%	Sept-19
Colombia	7	5.3%	Oct-19
Honduras	3	16.4%	Sept-19
Mexico	9	8.3%	Sept-19
Panama	3	16.2%	Sept-19
Peru	3	19.0%	Nov-19
Dominican Republic	4	11.5%	Nov-19

⁽¹⁾ Figures according to the latest available information for each market.

Source: MAPFRE Economic Research, using data from the supervisors in each country.

INTERNATIONAL

This territorial area comprises the North America and EURASIA Regional Areas.

Information by region

REGION	Premiums			Attributable result			Combined ratio	
	Δ%	DECEMBER 2019	DECEMBER 2018	Δ%	DECEMBER 2019	DECEMBER 2018	Δ%	DECEMBER 2019
NORTH AMERICA	2,331.7	2,425.3	-3.9%	78.6	35.0	124.8%	100.4%	102.1%
EURASIA	1,695.5	1,765.8	-4.0%	15.1	12.5	21.0%	106.1%	106.7%

Figures in million euros

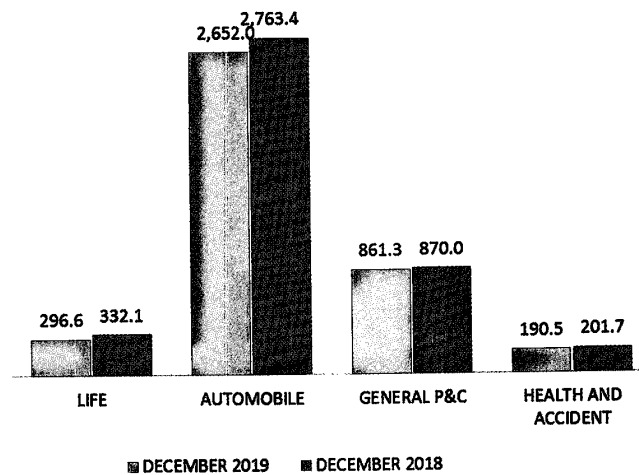
In North America, premiums registered a drop of 3.9 percent. The lower issuing is mainly due to the technical measures adopted in the underwriting of the businesses in the states outside the Northeast region and in the exit from five states, which took place at the end of last year.

Earnings show very positive progress with respect to the previous year, due to an improvement in the technical result and the drop in the Automobile claim rate, where the combined ratio went from 105.3 percent to 104.0 percent, as well as to the absence of economically significant adverse atmospheric phenomena.

In EURASIA, premiums registered a fall of 4.0 percent as a result of the strong depreciation of the Turkish lira (13.1 percent) and the unfavorable evolution of issuing in Malta, Indonesia and Italy. Germany showed premium growth of 4.7 percent and the Philippines was up 0.8 percent.

EURASIA recorded an attributable result of 15.1 million euros, which represents a rise of 21 percent over the result for the previous year.

Written premiums in key lines



Figures in million euros

MAPFRE's market shares in the INTERNATIONAL Territorial Area are shown below, as per the most recently available data for each country.

In the state of Massachusetts (USA), the market shares were as follows:

LINE	MASSACHUSETTS	
	Dec-18	Dec-17
Automobile	22.0%	22.6%
Total Non-Life	11.5%	11.8%
Total Life	0.0%	0.0%
TOTAL	3.3%	3.3%

Source: MAPFRE Economic Research, using data from the supervisors in each country

In Puerto Rico:

LINE	PUERTO RICO	
	Dec-18	Dec-17
Automobile	14.6%	13.9%
Non-Life (w/o Health)	16.7%	15.2%
Total Non-Life	3.5%	3.0%
Total Life	0.3%	0.4%
TOTAL	3.2%	2.8%

Source: MAPFRE Economic Research, using data from the supervisors in each country.

In the EURASIA region:

LINE	GERMANY		ITALY		MALTA		TURKEY	
	Dec-18	Dec-17	Sept-19	Sept-18	Dec-18	Dec-17	Sept-19	Sept-18
Automobile	1.2%	1.1%	3.0%	2.9%	36.2%	36.9%	4.7%	5.0%
Total Non-Life	0.3%	0.3%	1.5%	1.5%	33.5%	32.9%	5.2%	5.7%
Total Life	0.0%	0.0%	0.0%	0.0%	77.8%	74.4%	0.4%	0.4%
TOTAL	0.2%	0.2%	0.4%	0.4%	63.3%	61.3%	4.4%	4.9%

Source: MAPFRE Economic Research, using data from the supervisors in each country.

LINE	PHILIPPINES	
	Dec-18	Dec-17
Automobile	3.0%	4.0%
Total Non-Life	2.0%	2.9%
Total Life	0.0%	0.0%
TOTAL	5.0%	0.8%

Source: MAPFRE Economic Research, using data from the supervisors in each country

MAPFRE RE

MAPFRE RE is a global reinsurer and is the professional reinsurer of the MAPFRE Group.

MAPFRE RE offers reinsurance services and capacities, providing all kinds of solutions for reinsurance treaties and facultative reinsurance, in all Life and Non-Life lines.

MAPFRE RE also encompasses the Global Risks Unit, which is the specialized unit within the MAPFRE Group for managing global insurance programs for large

multinationals (policies that cover aviation, nuclear power, energy, civil liability, fire, engineering and transport for example).

The key data relating to MAPFRE RE is presented here. The 2018 full-year figures have been expressed in comparative terms, including in same the relevant data for the Global Risks Unit.

Key figures

ITEM	DECEMBER 2019	DECEMBER 2018	Δ %
Written and accepted premiums	5,580.5	4,960.9	12.5%
- Non-Life	4,986.8	4,360.5	14.4%
- Life	593.7	600.5	-1.1%
Premiums earned, net	3,444.3	3,352.2	2.7%
Gross profit	76.7	230.9	-66.8%
Tax on profits	(19.2)	(62,2)	—
Non-controlling interests	57.5	168.7	-65.9%
Attributable net result	101.0%	95.6%	5.4 p.p.
Combined ratio	30.5%	27.8%	2.7 p.p.
Expense ratio	70.5%	67.8%	2.7 p.p.

Figures in million euros

ITEM	DECEMBER 2019	DECEMBER 2018	Δ %
Written and accepted premiums	5,580.5	4,960.9	12.5%
Reinsurance business	4,520.4	3,787.1	19.4%
Global Risks business	1,060.1	1,173.8	-9.7%
Net attributable result	57.5	168.7	-65.9%
Reinsurance business	76.7	149.1	-48.5%
Global Risks business	(19.2)	19.5	-198.5%
Combined ratio	101.0%	95.6%	5.4 p.p.
Reinsurance business	99.2%	96.1%	3.2 p.p.
Global Risks business	123.5%	92.1%	31.5 p.p.
Expense ratio	30.5%	27.8%	2.7 p.p.
Reinsurance business	30.0%	27.2%	2.8 p.p.
Global Risks business	37.5%	32.8%	4.8 p.p.
Loss ratio	70.5%	67.8%	2.7 p.p.
Reinsurance business	69.3%	68.8%	0.4 p.p.
Global Risks business	86.0%	59.3%	26.7 p.p.

Figures in million euros

(*) 2018 Global Risks figures are restated for comparison effect.

Total premium issuing at MAPFRE RE grew by 12.5 percent compared to the same period of the previous year.

Premiums for the Reinsurance business amounted to 4.52 billion euros, which represents 19.4 percent growth over the previous year, thanks to an increase in Reinsurance participation with important clients. In addition, issuing for this period grew due to the new reinsurance structure, through the MAPFRE RE subsidiary in Vermont (USA).

Premiums at the Global Risks Unit, integrated in MAPFRE RE, amounted to 1.06 billion euros, down 9.7 percent on the previous year, mainly as a consequence of the transfer of the facultative business underwritten in the European branches to MAPFRE RE and the non-renewal of some unprofitable businesses.

MAPFRE RE's net earnings totaled 57.5 million euros, 65.9 percent worse than the previous year. This lower attributable result is due to:

- The catastrophic impact of typhoons Faxai and Hagibis in Japan, for a net amount of 106.5 million euros.
- The damages caused by the riots in Chile, which have had a net impact of 20.1 million euros.
- The effect of large claims, for a net amount of 56.2 million euros.
- Damages arising from drought in Brazil, for a net amount of 10.4 million euros.
- An increase in attritional claims.

The combined Non-Life ratio stood at 101.0 percent, 5.4 percentage points higher than the previous year.

The attributable result of the Global Risks business showed a loss of 19.2 million euros due to the fall in the retention rate of the Global Risks businesses and net earned premiums and to the occurrence of several distinct claims that had a net impact of 27.1 million euros.

Composition of premiums

The breakdown of premium weight distribution to December 2019 is as follows:

ITEM	%
By Type of business:	
Pro-rata	65.5%
Non-proportional	11.2%
Facultative	23.3%
By Region:	
IBERIA	1.3%
EURASIA	51.1%
LATAM	28.0%
NORTH AMERICA	19.6%

ITEM	%
By Ceding company:	
MAPFRE	47.0%
Other cedents	53.0%
By Line:	
General P&C	41.4%
Life and Accident	13.7%
Automobile	18.8%
Global Risks Business	19.0%
Transport	2.4%
Other Lines	4.8%

MAPFRE ASISTENCIA

MAPFRE ASISTENCIA specializes in travel assistance, roadside assistance, and other specialty risks of the Group.

Key figures

ITEM	DECEMBER 2019	DECEMBER 2018	Δ %
Operating revenue	978.8	982.7	-0.4%
- Written and accepted premiums	861.0	911.0	-5.5%
- Other revenue	117.8	71.7	64.3%
Premiums earned, net	629.7	637.4	-1.2%
Result from other activities	(74.6)	18.2	—
Gross profit	(90.2)	(0.7)	—
Tax on profits	3.9	(8.1)	—
Non-controlling interests	(1.7)	(1.3)	—
Attributable net result	(88.0)	(10.1)	—
Combined ratio	103.3%	103.5%	-0.1 p.p.
Expense ratio	41.1%	41.1%	0.0 p.p.
Loss ratio	62.2%	62.4%	-0.2 p.p.

Figures in million euros

MAPFRE ASISTENCIA's operating revenues reduced by 0.4 percent after exiting some loss-making businesses last year. The attributable result of the Unit stands at a loss of 88.0 million euros as at the end of December 2019.

MAPFRE ASISTENCIA's result is strongly determined by the goodwill impairment of several investee companies, following a review of business expectations in the operations in the United Kingdom, the United States and Canada.

The extraordinary goodwill impairment and the provision for restructuring expenses in investee companies of MAPFRE ASISTENCIA have had a joint impact of 75.6 million.

SIGNIFICANT ECONOMIC AND CORPORATE EVENTS

Significant economic events.

Impairment of goodwill in MAPFRE ASISTENCIA investee companies.

The Group has updated its business forecast for assistance, travel insurance and specialty risks in the United Kingdom and North America as part of its strategic planning. Due to the drop in expected profits in the United Kingdom as a result of the complex socioeconomic environment and predictable slowdown of its economy due to the uncertainty over Brexit, it was decided to recognize a total impairment of goodwill for the MAPFRE ASISTENCIA companies in that country, in the amount of 48.4 million euros. Also, as part of a decrease in unprofitable business in the United States and Canada, goodwill attributed to those countries was revised, resulting in an impairment of goodwill in the amount of 17.2 million euros.

This impairment of goodwill has no effect whatsoever on the liquid assets generated by the Group in the fiscal year, and it does not affect its financial strength or flexibility, or the capital models supporting current ratings and the high solvency margin of the Group and its subsidiaries, as the goodwill is excluded in their calculation, and thus maintains its important dividend generating capacity.

Extraordinary catastrophic events.

The typhoons Faxai and Hagibis that occurred in Japan in the months of September and October, as well as the damages produced in the recent riots in Chile, have meant that MAPFRE's attributable result for the 2019 fiscal year, mainly via the reinsurance business, will be impacted in the amount of 130.3 million euros.

Significant corporate events.

Operational restructuring.

– **Restructuring of business in MAPFRE ASISTENCIA's affiliated companies.**

MAPFRE is in the middle of an ongoing process of geographic reorganization of its activities in several of the countries where MAPFRE ASISTENCIA operates. The decision to speed up the geographic reorganization process for the Asistencia Unit has involved including in the result to December a provision for restructuring expenses, for an attributed amount of 10.0 million euros.

– **MAPFRE's new configuration for the large industrial and commercial risk insurance business.**

Administrative authorization was obtained in March 2019 to complete the business restructuring operation of MAPFRE GLOBAL RISKS, whereby:

1. Purely insurance or reinsurance activities of MAPFRE GLOBAL RISKS and the assets and liabilities related to them were transferred to MAPFRE ESPAÑA and MAPFRE RE, respectively.
2. A company was constituted that will continue the operations of MAPFRE GLOBAL RISKS, involving the analysis and underwriting of large industrial and commercial risks, and acting as an agent of MAPFRE ESPAÑA and MAPFRE RE.

Execution of the restructuring has had no significant impact on the consolidated financial statements of the Group.

– **Reorganizing VERTI Italy as a branch office.**

The management of MAPFRE S.A. and the Group companies involved agreed to convert VERTI Italy into a branch of VERTI Spain. This will be handled via a cross-border merger, with VERTI Spain absorbing VERTI Italy and creating a branch office in Italy to which the insurance portfolio of that company will be assigned. A spin-off transaction will later take place, with MAPFRE INTERNACIONAL spinning off the shares that it receives from the contribution of VERTI Italy, so that MAPFRE ESPAÑA will again become the sole holder of the shares in VERTI Spain. Both the merger and the subsequent spin-off will be subject to the fiscal neutrality regime in force in Spain.

Underway at the end of 2019, this operation is in the process of obtaining the respective administrative authorizations.

– **MAPFRE and SantaLucía partnership for joint development of its business in Spain.**

On June 5, 2019, MAPFRE and SantaLucía formed a strategic partnership for the joint development of their respective funeral businesses in Spain. The preliminary value of assets contributed to the partnership is 322.5 million euros, pending final adjustments that are to be completed on the effective date of conclusion of the transaction. Once the final values are set, it is agreed that MAPFRE will hold 25 percent of the share capital through its branch FUNESPAÑA, and SantaLucía the remaining 75 percent, for which payment will be made in cash between the parties for the amount required to reach the indicated swap.

MAPFRE ESPAÑA and SantaLucía will contribute the funeral business that they have in our country from the companies FUNESPAÑA and Albia, both leading companies in the sector. An authorization request has been submitted for this partnership with the National Commission on Markets and Competition (CNMC); the authorization is expected to be granted shortly.

– **Rastreator insurance comparison tool.**

The transaction between MAPFRE, Admiral and Oackley Capital that was intended to unify their Spanish insurance comparison engine businesses, Rastreator Spain and Acierto, was canceled as a result of the delay in obtaining the corresponding administrative authorizations.

Business development. Acquisitions and disposals.

– **Purchase from Bankia of 51 percent of Caja Granada Vida and Cajamurcia Vida y Pensiones and Bankia network Non-Life insurance distribution agreement.**

In December of 2018 MAPFRE and Bankia reached an agreement for the reorganization of its bancassurance partnership, with MAPFRE VIDA acquiring 51 percent of the share capital of the insurance companies Caja Granada Vida, Compañía de Seguros y Reaseguros, S.A. and Cajamurcia Vida y Pensiones de Seguros y Reaseguros, S.A., for a total price of 110.3 million euros.

The corresponding administrative authorizations were obtained in the first quarter of 2019, thereby finalizing the acquisitions mentioned. Consequently, the financial statements of these companies were included in the consolidated statements of the Group starting from March.

A partial, non-extinguishing, modifying novation agreement of the agency contract for the exclusive distribution of Non-Life insurance was signed with Bankia in December 2018 to expand the exclusive sale of MAPFRE general P&C solutions to the entire network arising from BMN, which would convert MAPFRE into an exclusive distributor of Non-Life insurance for the entire Bankia network. This agreement took effect on January 14, 2019, the date on which the fixed initial commission for 51.4 million euros became effective.

– **MAPFRE – Banco Santander agreement.**

On January 21, 2019, MAPFRE and Banco Santander, S.A. reached a partnership agreement whereby the financial institution will market and distribute Automobile, Multirisk Commercial, Multirisk SME and Third-Party Liability insurance exclusively via its network in Spain through December 2037.

Based on this binding agreement, in June 2019 MAPFRE S.A. acquired 50.01 percent of a newly created company in the amount of 82.3 million euros from Banco Santander through its MAPFRE ESPAÑA subsidiary. This company will manage the exclusive marketing of the insurance lines indicated, via the Banco Santander network.

During the month of November 2019, operational authorization was received from the Directorate General for Insurance. The new company is expected to commence activities in the first quarter of 2020.

– **Bancassurance agreement with Actinver in Mexico.**

MAPFRE concluded a strategic partnership with the financial institution Actinver in Mexico in 2019. The agreement involves exclusivity of sale via the Actinver channel in any manner of all MAPFRE Mexico insurance products, and also includes a partnership agreement to share the results obtained by MAPFRE as a business product on the Actinver channel. The agreement involved an upfront payment amounting to 24.8 million euros, plus a variable amount depending on the evolution of the business.

The agreement went into effect in March, immediately after signing.

– **Acquisition of 10 percent of the capital of Abante.**

MAPFRE and Abante signed a strategic partnership related to asset management and insurance in the Spanish market. The insurance group took a 10 percent share of Abante via a capital expansion involving a payment of 14.4 million euros, and holds an option to acquire an additional 10 percent, up to a maximum of 20 percent, within three years. This payment was made on October 22, 2019.

– **Transfer of the MAPFRE INVERSION business to BNP.**

During the year, MAPFRE INVERSIÓN, SOCIEDAD DE VALORES, S.A. concluded the sale of its group investment institutional custodian and voluntary social protection entities business to BNP Paribas Securities Services, S.C.A., Sucursal en España, for a price of 4 million euros in cash plus a variable amount related to the performance of the business transferred.

– **Sale of MAPFRE RE shares.**

On June 21, 2019, MAPFRE sold shares representing 1.07 percent of the capital of MAPFRE RE to non-controlling interests in the amount of 18.3 million euros, as part of the business restructuring of MAPFRE GLOBAL RISKS.

Additionally, on November 13, 2019, MAPFRE proceeded to purchase shares representing 0.76 percent of MAPFRE RE's capital from non-controlling interests for an amount of 13.2 million euros.

As a result of these transactions, MAPFRE S.A.'s participation in MAPFRE RE stood at 93.77 percent at the end of fiscal year 2019.

– **Sale of occupational risk insurance portfolio in Peru.**

In the fourth quarter of 2019, MAPFRE PERÚ sold the long-term occupational risk portfolio in force as of January 31, 2018, classified in the balance sheet as an asset held for sale, for an amount of 69 million euros. This transaction generated a surplus of 3.8 million euros, net of taxes.

ISSUES RELATING TO THE ENVIRONMENT, SECURITY AND EMPLOYEES

Environment

MAPFRE is committed to environmentally sustainable development, and notably distinguishes itself in this regard in the fight against climate change. Its determination to play a relevant part in these issues requires a short-, medium- and long-term strategy, for which it is constantly analyzing the climate scenario and the global context.

The Group has an Environmental Policy in place, approved by the Board of Directors of MAPFRE S.A., which is implemented in all Group companies and which is currently being reviewed to incorporate new commitments undertaken toward a circular economy.

During 2019, MAPFRE worked to redesign its environmental strategic model to manage all aspects associated with environmental and energy sustainability, greenhouse gas emissions and the circular economy. The model enables plans and programs to be defined, minimizing the risks identified and promoting the exploitation of opportunities that arise.

In terms of environmental aspects, certifications have already been issued to 37 Group company locations in Spain, Brazil, Mexico, Colombia, Puerto Rico, Paraguay, Portugal, Argentina, Chile and Turkey, to which can be added the 20 office complexes located in Spain with energy management certification.

As for the Company's Carbon Footprint, the expansion of the scope of UNE-EN-ISO 14064 continues to progress, and the carbon footprint of the Group companies located in Spain, Italy, Puerto Rico, Colombia, Peru, Portugal and Mexico has been verified.

In relation to mitigation and adaptation to Climate Change, the implementation of the measures defined in the Energy Efficiency and Climate Change Strategic Plan 2020 continues, having achieved the established goals ahead of schedule.

In addition, and as our leadership in climate issues shows, MAPFRE has established new and ambitious objectives:

- Over the medium-term, MAPFRE is committed to being a carbon-neutral company by 2030.
- In the short-term, it is committed to achieving neutrality in its activities in Spain and Portugal by 2021.

The adoption of the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) of the Financial Stability Board (FSB) continues to be analyzed to determine the financial impact of climate change. For this reason, MAPFRE along with 21 insurers and reinsurers worldwide are part of the Work Group coordinated with the UNEP-FI of the United Nations, whose principal objective is to develop metrics and financial models for dealing with possible implications of climate change in business in a sound manner.

Furthermore, bearing in mind the conditions that climate change provokes in the biological diversity of our planet, specific programs will continue to be developed for conservation, including those that continue to sponsor the project for reforestation of

the Doñana National Park through the “100 Companies for Forests” initiative of WWF Spain, as well as the annual protection of an endangered species and its habitat, with the species selected in 2019 being the tiger.

Regarding promotion of environmental responsibility in society, the corporate volunteering day “Everyone for the Environment” was held for the third year in a row with more than 2,300 volunteers, including employees from 70 different cities in 25 countries around the world, undertaking reforestation tasks in degraded areas, planting more than 1,800 trees and collecting more than 14 tons of garbage on riverbanks and beaches, demonstrating once again the commitment and involvement of our employees in this area.

Security

Work continued throughout 2019 on achieving a secure environment in which MAPFRE can pursue its everyday activities through the protection of tangible and intangible assets, including services offered to clients in accordance with the provisions of the Corporate Security and Privacy Policy approved by the MAPFRE S.A. Board of Directors on December 13, 2018. This all takes place in a continuously more complex context characterized by more and more frequent cyber attacks and extreme weather phenomena, increasing regulatory pressure and growing instability in countries and regions in which the Group has a significant presence, particularly in Latin America.

In dealing with protection against cyber risks, MAPFRE has continued to improve its existing protection, detection and response mechanisms. The development of consistent criteria and the application of rigorous mechanisms, controls and procedures for responding to cyber threats designed to facilitate the secure adoption of cloud computing technologies are prominent in this regard. In the event of a possible cyber incident, it is important to note that MAPFRE provides insurance protections specifically designed to reduce the economic impact of such an event.

The capacity for monitoring and responding to cyber attacks was also certified in 2019 by MAPFRE’s CCG-CERT under ISO standard 27001, the worldwide standard in cyber security and data security. This certification is combined with ISO 9001, which this Center has.

Regarding the privacy and protection of data, separate projects have been implemented designed to automate and optimize processes related to compliance with the General Data Protection Regulation (GDPR). Various efforts have also been launched to take advantage of possible existing synergies with the GDPR related to MAPFRE’s adaption with local regulations that have been implemented; of note are

the adaptation with the Brazilian Data Protection Act (LGPD), which will enter in force in August 2020, and the specific regulations regarding Cyber Security in Colombia.

MAPFRE continued to work on the updating and improvement of crisis management and business continuity procedures, as well as the verification of their effectiveness, by testing the various strategies that have been implemented in accordance with the Business Continuity Policy approved by the Board of Directors of MAPFRE S.A.

Situations have arisen during the reporting period requiring the implementation of defined plans in several countries such as the USA, Brazil, Chile, Ecuador, Colombia or Spain, where an effective and appropriate response was provided to our clients during difficult moments.

In the area of Business Continuity, the granting by AENOR of ISO 22301 Certification to the Business Continuity Management Systems of MAPFRE INVERSIÓN and MAPFRE VIDA should be noted, combined with those previously obtained by GLOBAL RISKS, MAPFRE RE and the Benefits and Provider Areas, the scope of which was expanded this year with the Non-Life Technical Area and MULTIMAP, and the Operations area of MAPFRE ESPAÑA.

Regarding personal security, work is ongoing on improving the capacity to provide reliable information in real time, allowing for a proactive response to risks that may affect personal integrity and operational and movement capacity, using tools that allow the sharing of information, remote access and the development of agile and flexible processes.

MAPFRE continues its commitment to talent and delivering constantly more specialized training to its workforce so they can perform to the best of their abilities in an increasingly complex and challenging environment. Consequently, the number of professional certifications in security-related areas surpassed 400 in 2019.

Employees

The chart below shows the headcount at the end of 2019, compared with the headcount for the previous fiscal year.

CATEGORIES	TOTAL NUMBER	
	2019	2018
BOARD DIRECTORS ^(*)	18	18
EXECUTIVES	48	40
SENIOR MANAGEMENT	1,627	1,508
MANAGERS	4,253	4,774
ADVISORS	17,073	16,933
ASSOCIATES	11,305	12,117
TOTAL	34,324	35,390

^(*) Executive board directors of Spanish companies.

The Corporate People and Organization Area supports the business in its transformation and is in charge of adapting the organization to new social requirements, utilizing new technologies and digital solutions to do so. It is also responsible for identifying and retaining the talent required by the company, as well as employee development. It performs those tasks in a flexible, inclusive and diverse working environment that promotes collaboration and innovation.

People management is particularly important in a global company such as MAPFRE, and is based on three key pillars: the continuous challenge of talent, promoting and driving diversity, and the inclusion, transformation and organization of the work environment in the face of the digital challenge. This is all in line with a new way of working, making the employee experience the key focus of all processes.

The MAPFRE Group applies policies approved by the Board of Directors of MAPFRE S.A. covering all Group employees.

In implementing its Diversity and Equal Opportunities Policy, MAPFRE has undertaken a series of public commitments in gender diversity and functional diversity.

With regard to gender diversity, MAPFRE undertakes to ensure that by 2021, 45 percent of the managerial vacancies that arise in the company will be filled by women. As such, the company has started to take steps to ensure that all of the selection and mobility processes for managerial positions will require action to be taken to promote the representation of women. In 2019, 48.3 percent of managerial vacancies were filled by women.

Functional diversity includes championing the integration of people with disabilities in the workplace. To that end, MAPFRE is committed to ensuring that 3 percent of its workforce is made up of people with disabilities by 2021. Since 2015, the Group has

had a Corporate Disability Program in place that has been implemented in every country, which includes measures to promote integration and a culture of awareness. In 2019, 2.9 percent of the workforce was comprised by people with some form of disability.

MAPFRE operates worldwide and has employees of 84 nationalities, which brings great cultural diversity to the Group, provides the talent the business needs, and facilitates the cognitive intelligence of employees to be pooled. As such, over the past few years, the Knowledge Management project has been developed, which was concluded this year with the creation of a knowledge repository on the corporate Intranet called Eureka, a distinctive taxonomy with over 530 terms and the identification of 1,572 knowledge references in the Group. At the end of 2019, 510 pieces of knowledge had been added to the repository. Meanwhile, as part of the comprehensive management of knowledge, the monitoring programs have continued to be developed, with 211 mentor employees and 247 mentees; and self-learning with 231 actions.

MAPFRE's employees span five generations, and in 2019, a new project was designed, the objective of which is to consolidate a workplace in which all the available talent is leveraged in the company, regardless of age, which focuses on creating a culture that favors generational integration in terms of the organization, professional development, job flexibility, social protection, health and well-being of senior talent.

The Respect for People Policy guarantees a workplace that does not tolerate any manifestation of harassment or violent or offensive behavior against the rights and dignity of others. The Group expressly opposes, and does not tolerate, any harassment in the workplace, regardless of the identity of the victim or the harassing person. This commitment must be present in relationships among employees and in relationships between employees and providers, clients, collaborators and other stakeholders. It also extends to all organizations with which MAPFRE is involved.

The Promotion, Selection and Mobility Policy encourages professional development opportunities for employees in order to increase their employability, their professional satisfaction and their commitment to the company.

In 2019, functional mobility, our main development tool, reached 14.9 percent of the workforce and international mobility led 129 employees to switch their job position to one of 25 different countries.

The company has introduced new behaviors and habits in order to promote an environment of collaboration, innovation, agility, respect and communication. Over the year, 133,661 hours of training were imparted, geared toward communicating the

new behaviors, and the MAPFRE innova intrapreneurship program was carried out, involving 3,300 employees.

The Compensation Policy is intended to set appropriate remuneration levels for each function and job position and performance by professionals, and to serve as a source of motivation and satisfaction for staff, thus encouraging them to reach their objectives and deliver on MAPFRE's strategy. The policy guarantees equality and external competitiveness in each market and forms part of the internal development of employees. In 2019, the criteria for variable remuneration by objectives were updated, and new recognition programs were launched in 21 countries with 16,592 employees.

A new performance evaluation system was defined and implemented that reinforces the development of the new behaviors, allowing activities that facilitate compliance with the objectives to be defined and monitored regularly. This system offers continuous feedback and 360° evaluation. In 2019, evaluations were completed on 26,416 employees, representing 84 percent of the workforce.

The objective of the Policy on Health, Well-being and Prevention of Occupational Risks is to protect and promote a safe and healthy workplace and improve the health of our employees and their families, both within and beyond the workplace.

To facilitate well-being and a satisfactory work-life balance, MAPFRE offers its employees a wide range of social benefits, which accounted for an investment of 178.3 million euros in 2019.

In 2019, a new measurement model was introduced that allows the company to constantly deepen our analysis of the employee experience. This model is based on three types of measurements that streamline the implementation of improvement actions.

RECOMMENDATION, SATISFACTION AND ENGAGEMENT: through a survey carried out twice yearly that generates various indications, including the following:

- Relational eNPS®: Employee net promoter score, measures the likelihood that employees will recommend MAPFRE as a company to work for. In 2019, measurements were taken in 11 countries, and in 86 percent of the workforce assessed, a very good or excellent result was obtained.
- Engagement Survey (Employee Satisfaction Index – ESI): measures employee satisfaction through the assessment of 10 elements: Knowledge of Objectives, Pride in Work Carried Out, Recognition for Work Carried Out, Contribution to the Company, Receipt of Quality Feedback, Opportunities for Development,

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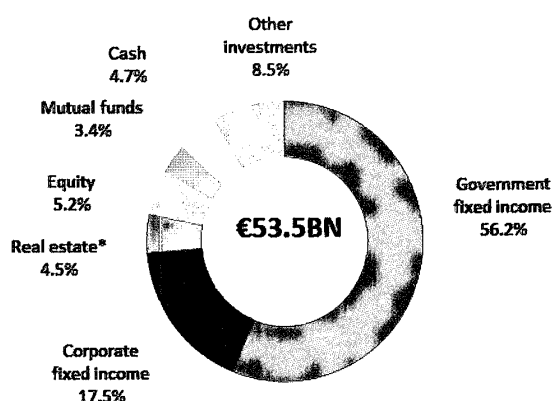
The English version is a translation of the original in Spanish for information purposes only. In case of discrepancy, the Spanish version shall prevail.

Collaboration, Working Tools, Care for People, Pride in the Social Footprint. In 2019, the result was 68 percent.

LIQUIDITY AND CAPITAL RESOURCES

INVESTMENTS AND LIQUID FUNDS

The breakdown of the investment portfolio by asset type as at December 31 of each fiscal year is shown below (the figures for the previous year are written in a smaller font):



ITEM	DECEMBER 2019	DECEMBER 2018	Δ %
Government fixed income	30,088.8	27,595.9	9.0%
Corporate fixed income	9,354.9	8,921.6	4.9%
Real estate*	2,435.0	2,096.2	16.2%
Equity	2,761.0	2,407.1	14.7%
Mutual funds	1,826.1	1,330.4	37.3%
Cash	2,537.5	2,201.4	15.3%
Other investments	4,519.4	4,720.8	-4.3%
TOTAL	53,522.7	49,273.5	8.6%

Figures in million euros

*"Real Estate" includes both investment property and real estate for proprietary use (at acquisition price).

A breakdown of the Fixed Income portfolio by geographical area and asset type follows:

ITEM	Government	Total corporate debt	Total
Spain	18,181.8	2,378.6	20,560.4
Rest of Europe	5,015.8	3,802.6	8,818.4
United States	1,588.7	2,133.3	3,721.9
Brazil	3,020.6	2.0	3,022.5
Latin America - Other	1,828.3	778.1	2,606.3
Other countries	453.7	260.4	714.1
TOTAL	30,088.8	9,354.9	39,443.7

Figures in million euros

Four different types of portfolios are managed within the investment portfolio:

- Those that aim for a strict immunization from the obligations derived from insurance contracts, and which minimize interest rate risk, through matching adjustments, by means of immunization techniques based on matching cash flow or duration.
- Portfolios that cover unit-linked policies composed of assets for which the risk is borne by policyholders.
- Conditioned actively management portfolios that aim to exceed the guaranteed return and achieve the highest return for the policyholders within prudential parameters, such as portfolios with profit sharing.
- Actively open-management portfolios where active management is only conditioned by legal rules and internal risk limits.

Below is a breakdown of actively managed Fixed Income portfolios:

	Market Value	Accounting Yield	Market Yield	Modified Duration
Non-Life (IBERIA + MAPFRE RE + GLOBAL RISKS)				
12/31/2018	7,162.7	2.11%	1.42%	6.75%
03/31/2019	7,007.3	1.99%	1.09%	7.12%
06/30/2019	7,403.2	2.02%	0.74%	8.06%
09/30/2019	7,485.6	1.89%	0.50%	8.18%
12/31/2019	7,271.9	1.95%	0.78%	8.25%
Life (IBERIA)				
12/31/2018	6,238.8	3.91%	1.05%	6.60%
03/31/2019	6,389.1	3.72%	0.74%	6.68%
06/30/2019	6,740.3	3.69%	0.32%	7.01%
09/30/2019	6,871.9	3.64%	0.14%	7.03%
12/31/2019	6,821.6	3.53%	0.33%	6.89%

Figures in million euros

As on December 31, 2019, the freely actively managed portfolios in IBERIA and MAPFRE RE had unrealized net gains in assets and mutual funds of 47 million euros.

Real estate

In 2019, the MAPFRE Group real estate investments strategy was in line with the previous year in terms of indirect and direct investments; that is focused on office buildings, in central areas within the eurozone, profitable assets and first-rate tenants and long-term contracts. The market continues to experience a strong compression in yields, particularly in the top European cities. As Brexit has caused some corporate headquarters to be moved from London to Paris or Frankfurt and other cities, demand has risen, which led to an increase in rents in certain downtown areas. In addition, the market changes as a result of the activity of coworking companies has driven prices up in certain areas and cities, such as Berlin, Paris, Barcelona and Madrid.

The backdrop of low interest rates significantly hinders the search for direct investment opportunities, particularly in Madrid and Barcelona, where SOCIMIs (Sociedades Anónimas Cotizadas de Inversión Inmobiliaria – listed limited real estate investment companies) are very active, as they can leverage more debt (due to their tax breaks and unlimited tax deductibility in the financial expenses generated) and therefore be more aggressive in offering a greater ROE.

As for direct investment, activity focused on making improvements to buildings and modernizing facilities in profitable buildings as well as those for own use. Noteworthy among the profitable buildings are the works on Avenida General Perón 40 in Madrid and Torre MAPFRE in Barcelona. MAPFRE's real estate portfolio now includes more than 139,000 square meters with the LEED Gold, BREEAM or Energy Star rating.

In the own-use buildings, efficiency and optimization work is still being done on the space in the central headquarters, regional headquarters and offices in the sales network. This policy is universal for MAPFRE in every country in which it operates.

In indirect investments, also with the objective of operating in the eurozone, a special-purpose vehicle (SPV) was established in Luxembourg, in addition to the two from 2018. In 2019, the acquisitions that stood out were those in Hamburg, Paris and Milan. These investments were made with local manager partners and a low level of leverage. The increase in net asset value (NAV) in 2019 compared to some of the operations carried out in 2018 and 2019 was significant.

Notable among divestments in 2019 was the sale of the Brussels building, Rue de Treves 45 in Belgium. With regard to land, the sale of the El Cantizal residential plot in Laz Rozas, Madrid, stands out.

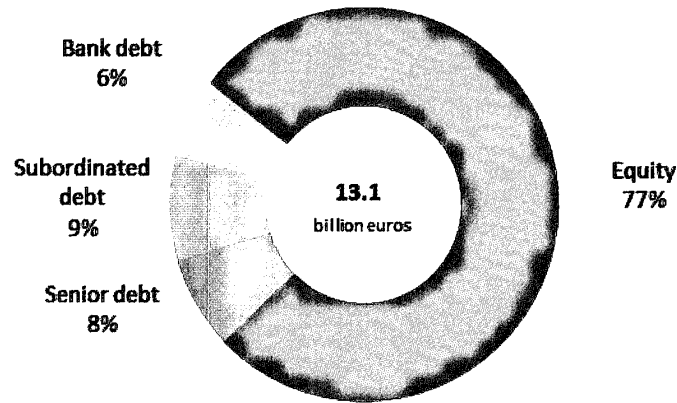
At the end of the 2019 fiscal year, MAPFRE's real estate investments at market value amounted to 3.3 billion euros, with a net book value equal to 4.6 percent of total investments.

The occupancy level of buildings rented to third parties was 92 percent, and the return on the appraisal value was 4.16 percent.

CAPITAL RESOURCES

Capital structure

The accompanying chart shows the composition of the capital structure at the 2019 fiscal year-end:



The capital structure amounts to 13.1 billion euros, of which 77 percent corresponds to equity. The Group has a leverage ratio of 22.7 percent, up by 0.2 percentage points compared to the end of 2018. The increase in debt as of December 2019 stems mainly from the acquisition of the BMN Bankia and Banco Santander businesses.

Debt instruments and leverage ratios

The following chart shows the evolution of the Group's debt instruments and leverage ratios:

ITEM	DECEMBER 2019	DECEMBER 2018
Total equity	10,106.9	9,197.6
Total debt	2,973.7	2,670.3
- of which: senior debt - 5/2026	1,004.8	1,004.0
- of which: subordinated debt - 3/2047 (First Call 3/2027)	617.8	617.6
- of which: subordinated debt - 9/2048 (First Call 9/2028)	503.3	503.0
- of which: syndicated loan 02/2023 (1 billion euros)	610.0	490.0
- of which: bank debt	237.8	55.6
Earnings before tax	1,279.2	1,330.5
Financial expenses	78.5	76.5
Earnings before tax and financial expenses	1,357.7	1,407.0
Leverage	22.7%	22.5%
Equity / Debt coverage	3.4	3.4
Earnings before tax and financial expenses / financial expenses (x)	17.3	18.4

Figures in million euros

Equity developments

Consolidated equity reached the figure of 10.11 billion euros as on December 31, 2019, compared to 9.2 billion euros as on December 31, 2018. As on December 31, 2019, 1.25 billion euros corresponded to non-controlling interests' participation in subsidiaries, mainly financial companies in Spain and Brazil with which MAPFRE maintains bancassurance agreements. Consolidated equity attributable to the controlling Company per share was 2.87 euros as on December 31, 2019 (2.60 euros as on December 31, 2018).

The accompanying chart shows changes in equity attributable to the controlling Company in the period:

ITEM	DECEMBER 2019	DECEMBER 2018
BALANCE AT 12/31 PREVIOUS FISCAL YEAR	7,993.8	8,611.3
Adjustments for changes in accounting criteria	(8.4)	0.0
Additions and deductions recognized directly in equity:		
Financial assets available for sale	1,435.1	(472.7)
Currency conversion differences	35.8	(102.8)
Shadow accounting	(719.6)	143,9
Other	(4.9)	1,4
TOTAL	737.9	(430,2)
Result for the period	609.2	528,9
Dividends	(446.5)	(446,5)
Other changes in equity	(40.1)	(269,7)
BALANCE AS AT PERIOD END	8,854.3	7,993,8

Figures in million euros

The evolution of the equity attributable to the controlling Company at the end of fiscal year 2019 includes:

- An increase of 1.44 billion euros in the market value of the portfolio of financial assets available for sale due to the drop in interest rates in Europe and the United States, as well as the rise in European and North American stock markets, which is reflected to the corresponding amount in shadow accounting.
- A net increase of 35.7 million euros due to currency conversion differences, mainly due to the appreciation of the dollar and other Latin American currencies.
- Earnings as at December 2019.
- A reduction of 446.5 million euros comprising the final dividend for the 2018 fiscal year, approved at the Annual General Meeting of March 2019 and paid in the month of June 2019, in the amount of 261.7 million euros, and the interim dividend for the fiscal year 2019 approved during the third quarter and paid during the month of December 2019, in the amount of 184.8 million euros.

The breakdown of equity attributable to the controlling Company is as follows:

ITEM	DECEMBER 2019	DECEMBER 2018
Capital, retained earnings and reserves	8,616.7	8,482.3
Treasury stock and other adjustments	(66.4)	(41.4)
Net capital gains	1,006.3	290.8
- Unrealized capital gains (Available-for-sale portfolio)	3,565.2	2,130.1
- Shadow accounting	(2,558.4)	(1,839.3)
Currency conversion differences	(704.2)	(737.9)
Attributable equity	8,854.3	7,993.8

Figures in million euros

The financial statements of companies domiciled in countries with high inflation rates or hyperinflationary economies are adjusted or restated so as to take account of the effects of changes in prices before their conversion into euros. The Group's accounting policy for recording transactions in hyperinflationary economies consists in recording in Reserves both the revaluation of non-monetary items and the currency conversion differences generated by converting the restated financial statements of the subsidiaries in these countries to euros.

The amounts recognized in Reserves in the last two years deriving from both effects are as follows:

ITEM	DECEMBER 2019	DECEMBER 2018	Variation
Restatement for inflation	564.8	542.8	22.0
Currency conversion differences	(1,102.8)	(1,070.8)	(32.0)
TOTAL	(538.0)	(528.0)	(10.0)

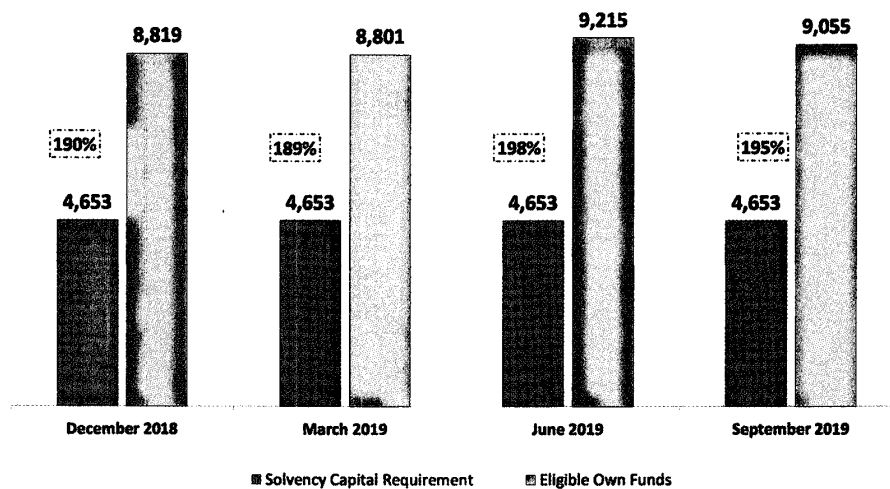
Figures in million euros

SOLVENCY II

The Solvency II ratio for the MAPFRE Group was 194.6 percent in September 2019, compared to 198.0 percent at the close of June 2019, including transitional measures. Excluding the effects of said measures, this ratio would have been 179.3 percent. Eligible own funds reached 9.06 billion euros in the same period, of which 86.7 percent are high-quality funds (Tier 1).

The ratio shows a high level of solidity and stability, backed by high diversification and strict investment and Asset and liability management (ALM) policies, as can be seen in the charts below.

Solvency margin breakdown (Solvency II)



Figures in million euros

The amount of SCR is calculated annually, as recalculation is not required during the year unless there has been a significant change in the risk profile.

Impact of transitional measures and matching and volatility adjustments

Ratio at 09/30/2019	194.6%
Impact of transitional measures on technical provisions	-14.3%
Impact of transitional measures on equity	-1.0%
Impact of transitional measures on non-euro currency assets	0.0%
Total ratio without transitional measures	179.3%

Ratio at 09/30/2019	194.6%
Impact of matching adjustment	1.8%
Impact of volatility adjustment	-1.4%
Total ratio without reconciliation and volatility adjustments	194.9%

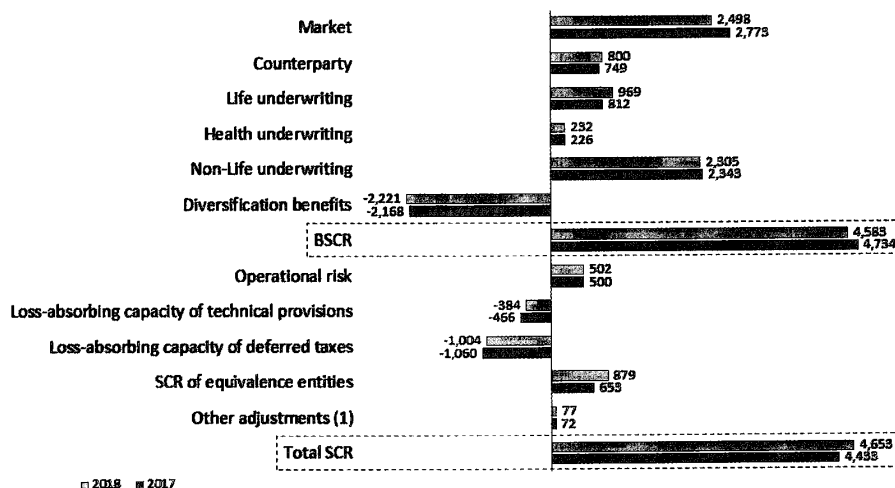
IFRS and Solvency II Capital Reconciliation

IFRS equity	09.30.2019	10,305
Participations not included under SII	-484	
Adjustment to participations (mainly from equity-accounted companies)	-1,003	
Intangible assets	-3,000	
Real estate capital gains	681	
Adjustment in the rest of investments and assets	-14	
Adjustment in technical provisions	2,005	
Foreseeable dividends	-174	
Subordinated debt	1,202	
Change in deferred taxes	123	
Adjustment in non-controlling interests for excess in Own Funds over SCR	-415	
Other	-172	
Solvency II Eligible own funds	09.30.2019	9,055

Figures in million euros

Breakdown of Solvency Capital Requirement (SCR)

The SCR for the last two fiscal years calculated for December 2018 and 2017 is indicated below.



(1) Includes other financial sectors, non-controlled participations and residual undertakings.

Figures in million euros

ANALYSIS OF CONTRACTUAL OPERATIONS AND OFF-BALANCE SHEET OPERATIONS

At the fiscal year-end, MAPFRE had the following formal agreements for the development and distribution of insurance products in Spain with different companies, some of which have undergone, or are currently immersed in, processes related to the restructuring of the banking system:

- Agreement with Bankia, S.A. in relation to the strategic partnership begun in 1998 with its predecessor Caja de Ahorros y Monte de Piedad de Madrid. The contract was redrafted in 2014 to include a new agreement for the exclusive distribution of MAPFRE Life and Non-Life insurance through the entire Bankia sales network (hereinafter the "Agreement") and the continued joint participation in BANKIA MAPFRE VIDA (previously called MAPFRE-CAJA MADRID VIDA), which specializes in marketing Life insurance through the aforementioned sales network. The Agreement involved the restructuring of the bancassurance business and included an assurbanking agreement through which MAPFRE distributes Bankia financial products using its sales network.

The Agreement also involved the acquisition in 2014 of 51 percent of shares in Aseval and Laietana Vida and 100 percent of shares in Laietana Generales, for an overall price of 151.7 million euros.

The final economic value of the Agreement will depend on the future level of fulfillment with the agreed Business Plan.

In addition, an agreement was reached in December 2018 with MAPFRE VIDA acquiring 51 percent of Caja Granada Vida and Cajamurcia Vida y Pensiones for a total price of 110.3 million euros. The definitive closing of this transaction took place in March 2019, once approval was obtained from the corresponding regulatory and supervisory authorities.

This agreement also extends the scope of activity of the current partnership for general P&C in the Non-Life line to the BANCO MARE NOSTRUM network.

- Agreement with Banco Castilla-La Mancha, S.A. (as the successor to the banking and para-banking activity of Caja Castilla-La Mancha) for the exclusive distribution of personal insurance and pension schemes of the jointly owned company CCM Vida y Pensiones (of which MAPFRE owns 50 percent) through the company's network.

The acquisition price for the shares was 112 million euros in cash, plus additional payments to be made in 2012 and 2021. In 2012, the sum of 4.5 million euros was paid to Caja de Ahorros Castilla La Mancha (now Banco Castilla-La Mancha), and at the end of the year there was a provision for possible payments amounting to 24.4 million euros.

- Agreement with Bankinter S.A. for the exclusive distribution of Life and Accident insurance and pension schemes of the jointly owned company Bankinter SEGUROS DE VIDA (of which MAPFRE owns 50 percent), through the bank's sales network.

The acquisition price for the shares was 197.2 million euros in cash, plus two payments of 20 million euros each plus interest to be paid, in light of the degree of compliance with the business plan, in the fifth and tenth year of said plan. In 2012, the degree of compliance with the business plan led to payment of the first additional amount, namely 24.2 million euros. As the long-term objectives were not achieved, the provision set up in the amount of 29 million euros was canceled during the first quarter of 2017.

On April 1, 2016 Bankinter Seguros de Vida, owned 50-50 by Bankinter and MAPFRE, purchased the insurance business of Barclays Vida y Pensiones in Portugal for the sum of 75 million euros.

- Agreement with Bankinter S.A. for the exclusive distribution of general and business insurance (excluding Automobile, Travel and Homeowners insurance) for the jointly owned company Bankinter Seguros Generales (of which MAPFRE owns 50.1 percent), through the bank's sales network.

The acquisition price of the shares was 12 million euros in cash (in addition to the payment of 3 million euros for the purchase of shares on December 27, 2011), plus an additional 3 million euros to be paid in the event of full compliance with the "December 2012 Business Plan" by the end of 2015. This additional price has not accrued due to non-compliance with this Business Plan.

- Agreement with Banco Santander S.A. for the exclusive distribution of certain Non-Life products. In January 2019, an agreement was reached whereby MAPFRE ESPAÑA would acquire from Banco Santander 50.01 percent of a newly established company to sell automobile insurance, multirisk commercial, multirisk SME and third-party liability insurance exclusively via its Banco Santander network in Spain, for a period until December 31, 2037. The remaining 49.99 percent of said company's capital still belongs to Banco Santander, through its subsidiary Santander Seguros.

The operation, which amounts to 82.2 million euros, came to a close in June 2019 upon receiving the approval of the corresponding authorities.

In November 2019, a Ministerial Order was issued by the Ministry of Economy and Enterprise allowing the new company known as SANTANDER MAPFRE SEGUROS Y REASEGUROS S.A. to operate in the stated lines.

The restructuring of the strategic partnership with Banco do Brasil began in 2018. The result of this restructuring was that commencing November 30, 2018, MAPFRE held 100 percent (previously 50 percent) of all of the business (Life and Non-Life) generated by the agency channel, and the automobile and large-risk businesses that are distributed through the bank channel. It also maintains its current share (25 percent) in BB MAPFRE, which incorporates homeowners insurance from the bank channel into its business.

In addition, MAPFRE and Euler Hermes have a strategic partnership in place to jointly develop the surety and credit insurance business in Spain, Portugal and Latin America. Under this agreement, both companies hold a 50 percent stake in a joint venture

called Solunion, integrating the businesses of both groups in the aforementioned markets. Solunion covers risks in countries all around the world and has an international network of risk analysts located in more than 50 countries, who continuously monitor the situation regarding the risks of their insured, in addition to an extensive distribution network in countries in which it is present.

Lastly, the non-controlling shareholders of MAPFRE RE have a put option on the shares of this company. If exercised, MAPFRE or a MAPFRE Group company would have to acquire the shares from the selling minority shareholder. The purchase price for the MAPFRE RE shares will be calculated using the previously agreed formula. At December 31, 2019, based on the variables included in the aforementioned formula, the commitment assumed by MAPFRE if this option were exercised would amount to a total of approximately 109 million euros.

MAIN RISKS AND UNCERTAINTIES

MAPFRE's risk management system (RMS) is based on the integrated management of each and every business process and the alignment of risk levels to the defined strategic objectives.

FINANCIAL AND CREDIT RISK

Market and interest rate risks

A significant part of the results and assets is subject to financial market fluctuations. These changes in market prices may reduce the value of or revenues deriving from the investment portfolio, which in turn may have a negative impact on the Group's financial situation and consolidated results.

Prudent selection of financial assets with adequate characteristics to cover the obligations assumed is the principal measure for mitigating the possible adverse effects of variations in market prices.

MAPFRE mitigates its exposure to market and interest rate risks by means of a prudent investment policy characterized by a high proportion of investment-grade fixed income securities. Investments in fixed income securities represent 88.7 percent of the entire financial investment portfolio in 2019 (88.5 percent in 2018). The market price of the securities may fluctuate as a result of changes in interest rates (interest-rate risk), the exposure to which is mitigated by searching for an adequate matching level between assets and liabilities. The market price of fixed income securities may also fluctuate

due to changes in the perception of the solvency margin of issuers (spread risk), the treatment of which is explained in the section on Credit Risk.

Investments in equity instruments and mutual funds have a limited weight in the portfolio, accounting for approximately 10.2 percent of total financial investments in 2019 (9.1 percent in 2018).

During 2019, various markets have continued to see historically low interest rates, a trend that is expected to carry on into 2020. This influences consumer behavior and may affect the savings business in particular.

Revenues from MAPFRE's Life insurance and asset management operations are directly related to the value of the assets managed (whether fixed income or equities), which means that a fall in markets could have a negative impact on these revenues.

Exchange rate risk

Changes in the value of the euro affect the value of the Group's assets and liabilities, and, therefore, its equity, operating results and cash flows. The currency conversion differences recorded in the shareholders' equity attributable to the controlling Company implied the positive recognition of 35.7 million euros in 2019 (a negative recognition of 102.8 million euros in 2018).

While most governments of the countries in which MAPFRE operates have not imposed bans on repatriating dividends or capital divestment, restrictive exchange control policies may be established in the future.

Turning to technical provisions for operations abroad, the Group generally applies a policy of investing in assets denominated in the same currency as the commitments acquired by the insurer, thereby mitigating the exposure to exchange rate risk.

Credit risk

Returns on investments are also sensitive to changes in the general economic conditions, including variations in the general credit rating of debt security issuers. Accordingly, the value of a fixed income instrument may be reduced by changes to the credit rating or insolvency of the issuer. There are similar risks in exposures to insurance, reinsurance and banking counterparties.

Exposure to credit risks is mitigated through a policy based on the prudent selection of security issuers and counterparties on the basis of their solvency; seeking i) an elevated degree of geographic correspondence between issuers of assets and the commitments assumed; ii) maintenance of an appropriate level of diversification; and iii) securing, if necessary, guarantees, collateral and other additional coverages.

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The Credit Risk Management Policy sets limits by issuer in accordance with the risk profile of the counterparty or the investment instrument, as well as exposure limits in relation to the counterparty's rating.

OPERATIONAL RISKS

Regulatory risk

The Group works in a complex environment under increasing regulatory pressure, not only in the insurance sector, but also in matters of technology, corporate governance or corporate criminal responsibility, among others.

Insurance companies are subject to special laws and regulations in the countries where they operate, and various local authorities are responsible for ensuring compliance therewith. Taking into account the financial or economic conditions, some of these authorities are considering strengthening the regulatory requirements with the purpose of preventing future crises or ensuring the stability of the entities under their supervision.

Legislative changes can (i) involve a risk if the Group is unable to adapt to them or (ii) affect the operations of the Group to the extent that the supervisory authorities have broad administrative control over various aspects of the insurance business. This control may affect premium amounts, marketing and sales practices, the distribution of profits among policyholders and shareholders, advertising, license agreements, policy models, solvency, capital requirements, and permitted investments. Changes in taxation may affect the benefits of certain products marketed by the company or its subsidiaries that currently enjoy favorable tax treatment.

Operational risk

Operational risk is inherent in the execution of any activity, and its occurrence may give rise to a loss and/or an adverse impact on results. Among the main risks are cyber risks, the impact of which can affect both the operation of IT equipment as well as the private data stored on it.

MAPFRE has systems in place to monitor and control the risk of potential losses due to failures or unsuitability of the internal processes, people and/or systems. While the result of the evaluations and analyses carried out in the 2019 fiscal year does not show any process to be at a critical level, the possibility of suffering operational losses cannot be ruled out, given how hard it is to forecast and quantify this type of risk.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) RISKS

The concept of sustainability is founded on three fundamental pillars: economic, social and environmental development. For this reason, managing risks and business opportunities associated with environmental, social and governance (ESG) issues plays a key role in sustainable development.

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.

The management of ESG risks helps in decision-making on important issues such as underwriting, investment, innovation in products and services, sustainability, the environment and reputation management, the latter being essential to gaining the trust of our stakeholders. Consequently, ESG risks are naturally incorporated into the management and control processes implemented by the Group.

Climate change is part of the MAPFRE sustainability strategy. 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 society as a whole. The increase in frequency and severity of natural disasters and MAPFRE's presence in countries with a high exposure to this risk can impact the Group's results. To forecast these events and minimize their economic impact, MAPFRE companies are working on a variety of aspects: i) efficient control of exposure to catastrophic risks; ii) ensuring proper loss assessment; and iii) coordinating a sufficient response and service to the affected clients.

ADDITIONAL INFORMATION

Note 7, "Risk Management," of the Consolidated Annual Report includes detailed information about the different types of risk that affect the Group.

SIGNIFICANT EVENTS AFTER THE FISCAL YEAR-END

No significant events materialized after the year-end.

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INFORMATION ON EXPECTED PERFORMANCE

OUTLOOK

The world economy in general remains stable, although with a rather modest performance. For 2020, average global growth in the range of 3 percent is expected, possibly accelerating during subsequent quarters, converging toward the average of the second half of the last decade, around the global potential. Recession is ruled out at the moment unless as-yet unforeseen risks emerge, provoking an adjustment in a systemic economy.

Within the projected growth scenario, a significant contribution is not expected from advanced countries, which will slow down and veer away from their potential, growing 2 percent or less on average during the next two years. Emerging economies, meanwhile, are set to make more significant contributions to global activity, growing steadily by about 4.5% on average over the coming years thanks to more benign financial conditions, improving terms of trade for commodity-producing countries, a recovery for some important economies (Brazil, Mexico and Turkey), as well as a likely easing of sociopolitical issues that are triggering uncertainty and disruption in several emerging economies (Andean countries, Hong Kong, etc.).

The cyclical moment is the stabilization of activity at low levels, which has forced a rethink of the design and implementation of public policy. In the United States, GDP growth looks set to stabilize at below 2 percent, based primarily on domestic demand, thanks to Federal Reserve (Fed) support. The Economic and Monetary Union (EMU) has re-registered a stubborn recession, which has forced the extension of a lax monetary position, while the need to complement it with significant fiscal impulses is also discussed.

China maintains activity levels with the inertia of the past, and despite the fact that high-frequency data show some loss of dynamism, growth (in official data) remains at high levels.

In emerging markets, although many of the vulnerabilities are softened with the about turn made in American monetary policy, their dependence on external savings makes them very sensitive to external corrections, and their financial woes run the risk of spreading across the region. As such, while the cyclical moment will be more dynamic, its fragility will also be more pronounced.

A recession would be the alternative scenario, which needs to be considered, in that it would accelerate geopolitical tendencies (such as the globalization backlash and growing current social discontent) that are again a sign of the times in the third decade of this century.

The expected risks are essentially the same as last year, although in some ways exacerbated by the most recent events:

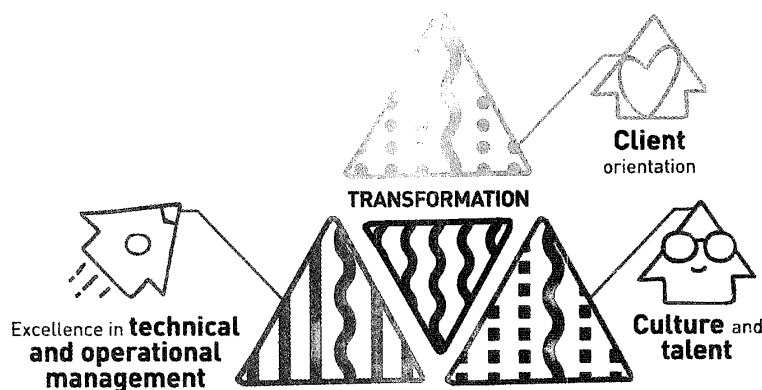
- Eurozone governance: the European challenge continues to depend on greater internal cohesion and the search for broad consensus with which to face the sum of geopolitical risks facing the eurozone. The new configuration of the European institutions (European Commission, Council of Europe, European Central Bank, etc.) eliminates doubts about the future institutional path of the Union.
- The risk deriving from economic policy in the United States: with the reduction of 75 bps in the benchmark rate, the Federal Reserve considers the risk of recession has waned sufficiently, while consensus among members of the Federal Open Market Committee (FOMC) means stronger visibility for the rate path throughout 2020 at least.
- The macro-financial adjustment in China: The Chinese economic model continues to shift toward internal equilibrium supported by domestic sources of growth and external equilibrium driven by flexibilization and the opening up of the country's economy. The ability to offer stimulus via economic policy could become pro-cyclical and prove inadequate in the face of high debt levels accumulated by the country and liquidity transmission mechanisms that remain insufficient.
- Debt: the vulnerability associated with global debt levels remains on the rise, with debt reaching over 250 trillion dollars (220% GDP). Prolonged low interest rates have buoyed risk-taking and debt accumulation while problems in repo markets and indications of illiquidity in certain sectors and products are beginning to trigger warning signs and caution with regard to credit ratings, which have deteriorated further.
- Geopolitics: although the outcome of the UK election and progress in trade negotiations between China and the US have eased the geopolitical tensions that had been shaping the international landscape, global growth remains

threatened by political uncertainty, rising protectionist sentiment and instability in the Persian gulf.

If some of the risks were activated, and these gave rise to confidence and/or supply shocks (on the liquidity, productive or raw material side), the foreseeable recovery could be transformed into a recession, although this hypothesis does not constitute the central scenario.

STRATEGIC PLANNING

At MAPFRE, we are transforming ourselves to grow profitably. Digitalization and innovation are key components of this evolution. Transformation will be ever present in all that we do, acting as a veritable driver across the entire company. Our strategy is based on three pillars:



The first year of the Strategic Plan 2019-2021 “Transforming ourselves for growth and improved profitability” was a year marked by environmental catastrophes (typhoons such as Faxai and Habbis are some examples of catastrophes that have had a high impact on the attributable result of MAPFRE) and by the political, economic and social volatility and uncertainty in the different markets where MAPFRE operates. In light of these circumstances, the public aspirational objectives for the period 2019-2021 have been adjusted, focusing on six of them and aligning them to the reality of the markets, without foregoing the ambition that has always characterized MAPFRE

The main developments in the aspirational objectives and initiatives that drive each of the plan’s pillars are:

1. Profitable growth

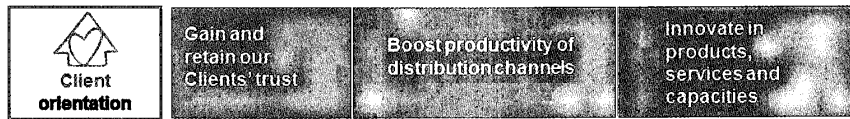
Objectives from a profitable growth perspective:

Profitable Growth	Create sustainable value for Shareholders	Grow sustainably above market levels	Profitably drive Life business
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- At the close of 2019, the Group's ROE stood at 8.0 percent (without goodwill adjustments).
- With regard to the objective of achieving sustainable growth, revenue at the close of the year was 28.47 billion euros.
- Digital business revenue reached 1.33 billion euros, growing 16.7 percent compared to 2018.
- On the objective of profitably boosting the Life business, at the end of 2019 the growth in Life Protection premiums at constant value was 9.2 percent.

2. Client orientation

The objectives in this pillar are:



- In measuring the quality perceived by the client, the number of markets in which MAPFRE has an **NPS®** greater than its competitors at the close of the year was 86.3 percent. In this first year, various activities have been carried out to improve the client experience, which it is hoped will positively impact the indicator.
- In order to innovate in products and services applying solutions originating in our *MAPFRE Open Innovation* platform, at the close of 2019, products and services have been developed that have reached a little over 244,700 clients.

3. Excellence in technical and operational management

The objectives in this pillar are:



- With regard to the objective of rigorously managing risks, at the close of 2019, the Non-Life combined ratio stood at 97.6 percent.
- Concerning operational management, work continued on carrying out activities to improve efficiency and automation during key client touchpoints. At the close of 2019, the increase in automated transactions was 5.3 million, reaching a total of 18.7 million transactions.

4. Culture and talent

The objectives in this pillar are:



- MAPFRE continues to strive to increase the commitment and development of employees and collaborators. At the close of 2019, the culture and talent index stood at 80.8 percent.

- In our efforts to boost gender equality in the Group, the percentage of new positions of responsibility occupied by women was 48.3 percent at the close of the half-year.
- As another objective, the company has undertaken to position MAPFRE as a benchmark in sustainability. The Board of Directors of MAPFRE S.A. has approved the lines of action, projects and objectives of the Global Sustainability Plan 2019-2021.
- With regard to diversity, the percentage of the workforce with a disability at the close of 2019 was 2.9 percent.

Future prospects for the Strategic Plan 2019-2021

The fiscal year 2019 has been marked by the impact of catastrophic events and social uncertainty in the different markets in which MAPFRE operates. Therefore, it has been necessary to adjust the aspirational public objectives for the 2019-2021 period, which are to be presented at the Annual General Meeting.

R&D+i ACTIVITIES

INNOVATION

MAPFRE has a long history of being an innovative company, and innovation is one of its main levers in driving organic growth and projecting its strategic horizon, constantly generating differential value propositions for clients from a transversal and integrated vision that allows it to respond to the challenges the business faces.

In 2018, the MAPFRE innovation model was designed around the proven internal strategic capabilities and digitalization of models and solutions for clients, but also organizing an open relationship model that connects external agents and the innovation ecosystem (technology-based startups and other market players who are able to offer disruptive solutions at some link in the insurance value chain - Insurtechs). This model is called MAPFRE Open Innovation.

During 2019, firm steps were taken to accelerate the transformation at MAPFRE and strengthen the leadership position, adapting faster and moving toward new business models and innovative solutions that arise from the digital and technological changes that are being experienced, in order to offer the best solutions and services to clients.

Of the relevant actions carried out during the fiscal year, the following are of note:

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- Launch of two insur_space calls, with the participation of different startups in the two program modules available: Acceleration and Adoption.
- MAPFRE's participation as an anchor investor in the venture capital fund "Alma Mundi Insurtech Fund, FCRE," exclusively focused on the insurtech space and which has taken stakes in seven startups in the sector.
- Consolidation of #innova, MAPFRE's intrapreneurship program.

DIGITAL TRANSFORMATION

During 2019, work continued on digitalization in countries where MAPFRE operates with a clear objective, responding quickly to clients (consumer clients, distributor clients, providers and internal clients).

More than 130 projects have been undertaken, with more than 445 digital assets deployed and more than 80 million digital transactions completed in major markets by the end of 2019, resulting in annual growth above the established target.

All of this effort has made it possible to make significant achievements in the digitalization of client relationships and operations:

- For consumer clients, attraction has improved, increasing the number of quotes generated in the countries (Spain, Brazil, USA, Peru and Turkey) by more than 14.4 percent, thanks to the smart pricing calculator strategy.
In addition, new processes have continued to be promoted and made available to clients on both web and mobile self-direction platforms, which saw usage rise by more than 32 percent.
- In the case of distributor clients, the commitment to provide them with mobility solutions to facilitate and improve overall relations and management was maintained. New implementations of corporate CRM have been deployed, totaling 17 implementations.
In addition, and given the importance of intermediaries for MAPFRE, a new operational model and self-direction platform for intermediaries was developed during 2019 and is expected to be completed in 2020, with a view to being rolled out in different countries.
- With regard to service providers, thanks to solutions that facilitate the automatic processing and assignment of services in Automobiles (Digital Dispatch), more than 80 percent of the services requested from providers were managed through this platform. In the case of Homeowners, over 86 percent of repairs in Spain were managed via mobility solutions made available to repair workers, which saved them over 270,000 hours in the last year.

- With respect to internal clients or employees, the Digital Challenge corporate strategic initiative continued, which is driving knowledge management and collaborative, flexible and agile work through the use of collaborative tools and agile work methodologies. This new working model has already been deployed in major countries. This process of transformation involves assimilating new technologies, but, above all, understanding that the key to success lies in people and their transformation.
- Finally, significant advances were made in the digitalization of operations, with over 17 million automated transactions completed in 2019.

In addition, MAPFRE has made significant progress in providing an advanced analytics solution that enables more sophisticated models to be built that can help improve the company's internal processes and those related to client relationships. This solution has already been implemented in Spain and is in the process of being deployed in Brazil and the USA.

In the field of Artificial Intelligence, additional models for predictive valuation of vehicle damages have been evaluated and chat bot assistants have seen further development, with the aim of improving customer service agility and progressing further along the road to operational excellence.

MAPFRE continues to transform and digitize itself so as to provide an agile response to client needs.

QUALITY

To evaluate the quality perceived by clients, the MAPFRE Quality Observatory applies a global client experience measurement model, through client surveys in all countries where the Group operates, covering lines of insurance and assistance services on a twice-yearly basis. This is done through the analysis of the Net Promoter Score (NPS®) that evaluates client satisfaction and critical client touchpoints, and recommendations are drawn up regarding the main areas that could be improved.

In 2019, the eighth and ninth NPS® measurement waves were carried out, involving a representative sample of MAPFRE's portfolios. These waves, with over 140,000 respondents, cover 81.9 percent of the total private Non-Life premiums of the Group.

In addition, once a year, the Observatory measures the client experience level of MAPFRE's major competitors in each country/line of business, analyzing approximately 120 companies around the world. This analysis reveals that the objective set for 2019 was met, namely, to obtain an NPS® from the MAPFRE's clients greater than the average NPS of competitors analyzed for in excess of 71 percent of the premium volume measured.

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To complement these measurements of relational NPS®, the Quality Observatory defined a Global Model for transactional NPS®, which allows MAPFRE to find out, in real time, a client's perception after interacting with the company. This model is currently in place in Brazil and Spain.

Likewise, in 2019 the Quality Observatory carried out the second measurement on the experience of internal clients (iNPS®) and on the cedents and brokers for the reinsurance services provided by MAPFRE RE.

ACQUISITION AND DISPOSAL OF TREASURY STOCK

MAPFRE SA treasury stock transactions have been adjusted to reflect established the regulations in force, the relevant agreements adopted at the Annual General Meeting, and the current 2019 MAPFRE Group Treasury Stock Policy, which regulates the handling of transactions which involve the company's own shares.

In 2019, a total of 7,897,336 treasury stocks were purchased in the market and 1,889,387 shares were delivered to executives of subsidiaries as part of their variable remuneration, representing an increase of 6,057,949 treasury stocks, equivalent to 0.1967 percent of capital and amounting to 15,585,821.85 euros. In the previous fiscal year, 2,079,216 treasury stocks were sold, representing 0.0675 percent of capital and amounting to 4,106,350.17 euros. At December 31, 2019 and 2018 the total treasury stock balance was 30,489,839 and 24,431,890, respectively, representing 0.9901 and 0.7934 percent of the capital, amounting to 63,835,547.24 and 48,249,725.39 euros, respectively.

The treasury stock transactions referred have a legitimate purpose, and always fully respect the recommendations on treasury stock discretionary transactions issued by the Spanish National Securities and Exchange Commission (the CNMV), "legitimate purpose" being understood to mean transactions including, but not limited to, the following:

- Favoring trading liquidity and regularity in the purchase of MAPFRE shares.
- Allowing MAPFRE to access the securities it requires in order to meet potential obligations to deliver treasury stock, for example as a result of shareholder, executive or employee remuneration or loyalty schemes, or issues of corporate stock or operations.

In all cases, treasury stock transactions have always been executed under conditions that ensure neutrality in the price setting of MAPFRE shares in the market and complete transparency in relationships with market supervisors and governing bodies.

Furthermore, these transactions have never been carried out on the basis of privileged information.

Following the publication on January 13, 2020 of the communiqué from the National Securities and Exchange Commission, overruling the criteria on discretionary treasury stock operations of 2013, the Board of Directors of the Company, at its meeting of February 11, 2020, agreed to cancel the Company's treasury stock policy. By virtue of the foregoing, hereinafter, transactions for purchase and sale of MAPFRE SA shares, where appropriate, will be executed in accordance with the provisions of the Market Abuse Regulation and Circular 1/2017 of the National Securities and Exchange Commission.

OTHER RELEVANT INFORMATION

THE MAPFRE SHARE

The table below shows the key information relating to MAPFRE shares at the 2019 fiscal year-end:

Number of shares outstanding	3,079,553,273 fully underwritten and paid up
Face value of each share	0.1 euros
Share class	Common, represented by book entries. All outstanding shares carry identical voting and dividend rights
Stock exchange listings	Madrid and Barcelona Stock Exchanges (continuous market)
Stock market index membership	<ul style="list-style-type: none"> – IBEX 35; IBEX Top Dividend – STOXX Europe 600 Insurance; EURO STOXX Insurance – MSCI Spain – FTSE All-World; FTSE Developed Europe; – FTSE4Good⁵ and FTSE4Good IBEX⁵ – DJSI World⁵ – Ethibel Sustainability Index- Excellence Europe⁵
ISIN code	ES0124244E34

In 2019 MAPFRE S.A. shares traded for 253 days on the continuous market with a frequency index of 100 percent. According to data published by the Spanish Stock Exchanges and Markets (BME), an average of 5,128,636 shares were traded daily on this platform compared to 5,515,638 in 2018, a decrease of 7.02 percent. The effective

⁵ Indices that measure the outcome of a company's actions to uphold and support sustainable development and human rights.

average daily transactions totaled 12.9 million euros, compared to 14.6 million euros in the previous year, a decrease of 11.4 percent.

At the end of 2019, four Spanish and international investment banks had "buy" recommendations for the Company's shares, compared to seven who held "hold" recommendations, while six had the stock on their "sell" lists.

VALUE AND RETURN

The share price performance is shown in the following table, compared to two key benchmark indices (the selective IBEX 35 and the sectorial STOXX Europe 600 Insurance indices):

	1 YEAR	3 YEARS	5 YEARS
MAPFRE	1.7%	-18.6%	-16.1%
STOXX Europe 600 Insurance	24.4%	19.7%	28.8%
IBEX 35	11.8%	2.1%	-7.1%

MAPFRE's earnings per share (EPS) during the same period are shown below:

	2019	2018	2017	2016	2015
EPS (euros)	0.20	0.17	0.23	0.25	0.23
INCREASE	14.4%	-24.5%	-9.7%	9.4%	-16.1%

SHAREHOLDER STRUCTURE AND REMUNERATION

At 2019 fiscal year-end, Fundación MAPFRE held 67.7 percent of the Company's shares, excluding treasury stock, which represented 1 percent of the shareholding. Spanish institutional shareholders accounted for 3.8 percent and institutional shareholders in other countries accounted for 19.5 percent. The remaining 8 percent is for non-institutional shareholders.

The dividend policy establishes that shareholder remuneration must be linked to the Company's profits, solvency, liquidity and investment plans, and also aligned with the interests of all its shareholders. Among the objectives set for the three-year period 2019-2021 is adequate shareholder remuneration.

On December 23, 2019, the interim dividend against the 2019 results was paid, amounting to 0.0606 euros gross per share, after applying the amount corresponding to treasury stock in proportion to the remaining shares. The total dividend paid out in the year was 0.145 euros per share, giving a total remuneration of 446.5 million euros.

The final dividend for fiscal year 2019 to be proposed at the Annual General Meeting is a dividend of 0.085 euros per share (before tax). Consequently, the total dividend against the 2019 results amounts to 0.145 euros per share before tax, representing a payout ratio of 73.3 percent.

Dividend payments paid in the fiscal year and the dividend yield, calculated on an average share price basis, are indicated below:

	2019	2018	2017	2016	2015
DIVIDEND PER SHARE (euros)	0.145	0.145	0.145	0.13	0.14
DIVIDEND YIELD	5.7%	5.5%	4.9%	5.8%	4.9%

CREDIT RATING MANAGEMENT

In January 2019, Fitch confirmed the credit rating of MAPFRE S.A. and raised its subsidiaries' financial strength rating. These same ratings were ratified in September.

In November, S&P raised the rating of MAPFRE S.A. credit issuer from "BBB" to "A-." It also raised MAPFRE RE's financial strength rating from "A" to "A+." Both ratings have a stable outlook.

In August, Moody's ratified MAPFRE ASISTENCIA's rating as an "A2" with stable outlook. In October, A.M. Best reaffirmed the financial strength credit ratings of MAPFRE RE and MAPFRE ESPAÑA as "A" with stable outlook.

Furthermore, following the total spin-off of GLOBAL RISKS as a result of the business reorganization of the large industrial and commercial risks insurance business during the first half of the year, the S&P, Fitch, Moody's and A.M. Best agencies withdrew the credit rating of MAPFRE GLOBAL RISKS.

The current status of credit ratings for the companies headquartered in Spain is provided below, with positive updates during the 2019 fiscal year highlighted.

	S&P ⁽¹⁾	Fitch ⁽²⁾	Moody's ⁽³⁾	A.M. Best ⁽⁴⁾
MAPFRE S.A. - Debt issuer	A- (Stable)	A- (Stable)	-	-
MAPFRE S.A. - Senior debt	A-	BBB+	-	-
MAPFRE S.A. - Subordinate debt	BBB	BBB-	-	-
Fortaleza Financiera				
- MAPFRE RE	A+ (Stable)	A+ (Stable)	-	A (Stable)
- MAPFRE ESPAÑA	-	A+ (Stable)	-	A (Stable)
- MAPFRE VIDA	-	A+ (Stable)	-	-
- MAPFRE ASISTENCIA	-	A+ (Stable)	A2 (Stable)	-

In May 2019, A.M. Best declared the financial strength rating of the main MAPFRE U.S.A. Corp. members as "A" with stable outlook.

In August 2019, Fitch raised the financial strength rating of MAPFRE SIGORTA to "AA+ (tur)" from "AA (tur)" with stable outlook.

In December 2019, A.M. Best confirmed MAPFRE MEXICO's rating as "A" with stable outlook.

The current situation of the credit ratings of the main Group companies domiciled outside Spain is as follows, with the positive updates during the 2019 fiscal year highlighted in green.

Company	Country	Rating type	Rating	Outlook
Fitch				
MAPFRE SIGORTA A.S.	Turkey	Financial strength	AA+ (tur)	Stable
MAPFRE SEGUROS GENERALES DE COLOMBIA	Colombia	Financial strength	AA (col)	Stable
A.M. Best				
MAPFRE U.S.A. Group	USA	Financial strength	A	Stable
MAPFRE PRAICO	Puerto Rico	Financial strength	A	Stable
MAPFRE MÉXICO	Mexico	Financial strength	A	Stable

TRANSPARENCY PLAN

In 2019, work began to redesign the corporate website, simplifying its structure and combining the corporate information with other informative content. This will bring the actions, strategy and attributes for which MAPFRE wants to be known even closer to all stakeholders.

Meetings, discussions and interventions by directors have also continued to be broadcast live across the different channels and social networks (Twitter, Facebook, YouTube, etc.) in order to further raise awareness.

All precontractual documents (Prior Information Notices and Product Information Documents (PIDs) for Non-Life insurance), as well as the general product terms and conditions, are managed via the Document Manager, which automatically updates the mapfre.es website and retains the previous versions, although not visibly.

The mapfre.es website has a section named "Information of interest," which has been redesigned so that the precontractual documents are presented by product. This provides clients with the location of the documents and the client will shortly receive a personalized electronic notification with a link to the website.

In addition, the Document Manager is also operational for large agreements, bancassurance operators and brokers so that they can connect via the website and have the most up-to-date information on their systems at all times.

In Life, work has begun to replace paper versions of the Prior Information Notice and the Key Information Documents (KID) with electronic notifications, or specific mention in the suitability test. MAPFRE VIDA has also begun using the Document Manager to manage various document versions and to update them on the website.

The corporate Intranet is the internal communication channel for employees, where there are new spaces available for each of the Group's companies. There is a space called "Organization chart and Appointments," where employees can view MAPFRE's organization chart and the most senior representatives, the governing bodies, and stay up to date on any appointments that take place in the companies and countries.

Throughout 2019, the People Space on the Intranet was continuously developed. This space incorporates both global and local content and news on people management that is of interest to employees, and the new design has involved a complete change in the structure, content and form in which the information is presented to employees, as well as the browser, which is now simpler and more intuitive.

The Intranet also has specific spaces for each of the companies and areas of the business that are used to share knowledge: news, documents, best practices, audiovisual material, links, etc.

This year, the number of channels through which information is disseminated to employees has increased, such as the People app, a tool that 5,000 employees are

already using and which aims to make life easier for the people who work at MAPFRE via a series of features.

Throughout 2019, the support communities have continued to grow on the Intranet. There are 452 active communities in which 6,310 employees participate. At the end of the year, all employees were given access to a knowledge repository known as eureka, available in all three corporate languages, which already has 510 knowledge items stored on it. Employees can look up documents, news articles and best practices using the search engine and also contribute anything they deem worth sharing.

A Strategy space was also created and a very comprehensive campaign has been launched so that all employees are familiar with the objectives, global goals, change agenda and strategic initiatives.

There is also a corporate magazine (*The World of MAPFRE*) distributed quarterly around the world that keeps the entire team informed regarding the latest developments and the current status of the company. It is published in print and digital format.

Through its social network profiles on Facebook, Instagram, Twitter, LinkedIn and YouTube, MAPFRE communicates and interacts with its employees.

In terms of attracting and managing talent, 2019 saw the rollout of SuccessFactors, a new global selection and mobility system, in the majority of the group's companies, which has led to improvements in this process. It is an automated process whereby all participants are duly notified of any progress. MAPFRE received a prize at the SAP Quality Awards in recognition of the quality and innovation of the design and rollout of this tool.

As part of the Digital Challenge strategic initiative, momentum is being given to new ways of working with technological tools used to work in an open, transparent and collaborative way.

A new 360° feedback model has been rolled out worldwide for all employees, with continuous feedback on objectives, activities and behavior, not only between supervisors and collaborators, but also between internal peers and clients.

Plans have executed to publicly recognize employees for their work and achievements in relation to the new behavior and habits of the organization (be agile, collaborate and innovate), as well as other specific plans.

The learning management tool has already been defined and implemented at a global level, which is used to manage on-site and online training for every employee in the

world. Furthermore, it helps promote the “self-learning” feature, a space where each employee can access MAPFRE’s catalog of training content.

With a view to ensuring ongoing comprehensive monitoring of the processes that impact the commitment and development of employees, in 2019 an internal indicator was defined and implemented called Culture and Talent. This indicator measures employee satisfaction via an EMPLOYEE SATISFACTION INDEX (ESI) survey, which assesses ten specific aspects, the turnover and seniority of employees, in addition to functional mobility, the percentage of employees with assigned development plans and the internal promotion rate for positions of responsibility.

In 2019, a new model was introduced to measure the employee experience, which facilitates a more in-depth analysis of the employee experience on a continuous basis. This model is based on three measurement types:

- Relational eNPS®: measures the probability that employees would recommend MAPFRE as a company to work for.
- Employee life cycle: an analysis model of the different moments in the employee's life cycle has been designed, and will be launched in 2020. This model includes using focus groups and questionnaires to measures the experience of the employees in their interaction in each of the different moments of the life cycle: selection, onboarding, performance evaluation, recognition, mobility and change, among others.
- Human resources Perceived Quality Index: a perceived quality survey that analyzes how employees perceive the quality of service provided by the Human Resources areas. The result was 7.2 points on a scale of 1 to 10.

ECONOMIC CONTRIBUTION TO SOCIETY

Insurance activities generate direct economic value through the constant flow of transactions (premium payments, benefit payments, investment management, etc.), which have an effect on the different aspects related to the economic and social development of the environment in which the company operates.

Of the consolidated revenues of 28.47 billion euros generated in the fiscal year (26.59 billion euros in 2018), MAPFRE has made economic contributions to society in general via multiples payment types, which are detailed below.

Item	2019	2018	% 19/18
Benefits paid ⁽¹⁾	16,120.2	17,083.6	-5.6%
Payments to providers ⁽²⁾	7,761.6	5,588.5	38.9%
Wages and salaries, and other ⁽³⁾	1,504.4	1,491.9	0.8%
Activity subtotal	25,386.2	24,164.0	5.1%
Dividends ⁽⁴⁾	844.1	863.1	-2.2%
Shareholders subtotal	844.1	863.1	-2.2%
Net income tax payment	430.8	529.3	-18.6%
Social security	257.0	237.2	8.3%
Public administrations subtotal	687.8	766.5	-10.3%
Interest paid	69.8	57.3	21.8%
Financing subtotal	69.8	57.3	21.8%
Total	26,987.8	25,850.9	4.4%

Figures in million euros

- (1) Benefits paid and related expenses of direct insurance and accepted reinsurance.
- (2) Includes payment of commissions and other activity services.
- (3) Wages and salaries amounted to 1,251.1 million euros in 2019 (1,257.8 million euros in 2018).
- (4) Dividend payments made during the fiscal year.

Furthermore, in its capacity as an insurer, the company makes commitments to its insured in exchange for the management of resources that are invested in assets, particularly financial assets.

The following table shows information about the company as an institutional investor at the close of the last two fiscal years.

Item	2019	2018	% 19/18
THIRD-PARTY FUNDS UNDER MANAGEMENT ⁽⁵⁾	40,663.0	37,747.6	7.7
TOTAL INVESTMENTS	47,363.4	43,977.0	7.7
Financial investments	44,995.9	41,246.0	9.1
Fixed income	39,443.7	36,517.5	8.0
- Issued by governments	30,088.8	27,595.9	9.0
- Other fixed income securities	9,354.9	8,921.6	4.9
Other financial investments	5,552.2	4,728.5	17.4
Real estate investments ⁽⁶⁾	1,323.4	1,243.6	6.4
Other investments	1,044.1	1,487.4	-29.8

Figures in million euros

⁽⁵⁾ Technical provisions for Life, pension funds, mutual funds and managed portfolios, before shadow accounting adjustments.

⁽⁶⁾ Excluding real estate for own use.

PROVIDER PAYMENT TERMS

Details of the payments made by the Group's fully consolidated Spanish companies to providers in the fiscal years 2019 and 2018 are shown below.

Item	Days	
	2019	2018
Average provider payment period	5.44	6.66
Ratio of paid operations	5.24	6.49
Ratio of operations pending payment	24.76	19.43

Item	Figures in million euros	
	2019	2018
Total payments made	1,989.00	1,693.75
Total pending payments exceeding the maximum statutory term	20.43	21.60

OTHER INFORMATION

The content corresponding to the Non-Financial Information Statement, which is reflected in the MAPFRE Integrated Report, is part of this Consolidated Management

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The English version is a translation of the original in Spanish for information purposes only. In case of discrepancy, the Spanish version shall prevail.

Report and meets the reporting requirements established by Law 11/2018 of December 28.

The following table provides an overview of the content in the Non-Financial Information Statement mentioned above:

NON-FINANCIAL INFORMATION STATEMENT		
Contents of Law 11/2018		GRI reporting standards (See GRI Contents Index in Section 7 of the MAPFRE Integrated Report 2019)
General topics		
Business model	A brief description of the group's business model	GRI 102-2 GRI 102-7
	Markets served	GRI 102-3 GRI 102-4 GRI 102-6
	Organizational objectives and strategies	GRI 102-14
	Main factors and trends that may affect their future evolution	GRI 102-14 GRI 102-15
General	Reporting framework	GRI 102-54
Management approach	Description of the policies that apply	GRI 103-2
	The results of these policies	GRI 103-2
	The main risks related to these issues linked to the activities of the group	GRI 102-15
Issues relating to the environment		
Environmental management	Current and foreseeable effects of the company's activities on the environment and, where appropriate, health and safety	GRI 102-15 GRI 103-2
	Environmental assessment or certification procedures	GRI 103-2
	Resources devoted to the prevention of environmental risks	GRI 103-2
	Application of the precautionary principle	GRI 102-11
	Quantity of provisions and guarantees for environmental risks	GRI 103-2
Pollution	Measures to prevent, reduce or repair carbon emissions (also includes noise and light pollution)	GRI 103-2
Circular economy and waste prevention and management	Prevention, recycling, reuse, other forms of waste recovery and disposal measures	GRI 103-2 GRI 306-1 GRI 306-2
	Actions to combat food waste	GRI 103-2 GRI 306-2
Sustainable use of resources	Water consumption and water supply in accordance with local limitations	GRI 303-5 (Version GRI 2018)
	Consumption of raw materials and measures taken to improve the efficiency of their use	GRI 301-1 GRI 301-2 GRI 301-3
	Direct and indirect consumption of energy	GRI 302-1 GRI 302-3
	Measures taken to improve energy efficiency	GRI 302-4
	Use of renewable energies	GRI 302-1

Climate change	Significant elements of greenhouse gas emissions generated as a result of the company's activities	GRI 305-1 GRI 305-2 GRI 305-3 GRI 305-4
	Measures taken to adapt to the consequences of climate change	GRI 201-2
	Voluntary medium- and long-term reduction targets for reducing greenhouse gas emissions and the means implemented for this purpose	GRI 305-5
Protection of biodiversity	Measures taken to preserve or restore biodiversity	GRI 304-3
	Impacts caused by activities or operations in protected areas	GRI 304-1 GRI 304-2
Issues relating to society and employees		
Employment	Total number and distribution of employees by country, gender, age and professional category	GRI 102-8 GRI 405-1
	Total number and distribution of contract of employment modalities	GRI 102-8
	Annual average by type of contract (permanent, temporary, and partial), gender, age, and professional classification	GRI 102-9
	Number of layoffs by gender, age and professional categories	GRI 103-2
	Salary gap	GRI 103-2 GRI 405-2
	Average remuneration and its evolution disaggregated by gender, age and professional classification or equal value	GRI 103-2 GRI 405-2
	Average remuneration of board directors and executives, including variable remuneration, travel, subsistence and accommodation allowances, compensation, payment to long-term savings schemes and any other categories broken down by gender	GRI 103-2 GRI 405-2
	Implementation of work disconnection policies	GRI 103-2
	Employees with disabilities	GRI 405-1
	Organization of working time	GRI 103-2
Work organization	Number of hours of absenteeism	GRI 403-9 (Version GRI 2018)
	Measures aimed at facilitating a work-life balance and encouraging both parents to adopt such measures	GRI 401-3
	Occupational health and safety conditions	GRI 403-1 GRI 403-2 GRI 403-3 GRI 403-7 (Version GRI 2018)
Health and safety	Accidents at work, in particular their frequency and severity, broken down by gender	GRI 403-9 GRI 403-10 (Version GRI 2018)
	Occupational diseases, broken down by gender	GRI 403-9 GRI 403-10 (Version GRI 2018)
Social relations	Organization of social dialog, including procedures for informing, consulting and negotiating with personnel	GRI 103-2
	Percentage of employees covered by collective bargaining agreements by country	GRI 102-41
	The balance of collective agreements, particularly in the field of health and safety at work	GRI 403-4 (Version GRI 2018)
Training	Policies implemented in the field of training	GRI 103-2 GRI 404-2
	Total number of training hours per professional category	GRI 404-1
Accessibility	Universal accessibility of people with disabilities	GRI 103-2

Equality	Measures taken to promote equal treatment and equal opportunities for women and men	GRI 103-2
	Equality plans (Chapter III of Organic Law 3/2007, of March 22, for the effective equality of women and men)	GRI 103-2
	Measures adopted to promote employment, protocols against sexual and gender-based harassment, integration and universal accessibility of people with disabilities	GRI 103-2
	Policy against all forms of discrimination and, where appropriate, the management of diversity	GRI 103-2
Information on respect for human rights		
Human Rights	Implementation of human rights due diligence procedures, prevention of risks of human rights violations and, where appropriate, measures to mitigate, manage and redress possible abuses committed	GRI 102-16 GRI 102-17 GRI 410-1 GRI 412-1 GRI 412-2 ; 412-3
	Complaints about cases of human rights violations	GRI 103-2 GRI 406-1
	Promotion of and compliance with the provisions of the fundamental conventions of the International Labor Organization relating to respect for freedom of association and the right to collective bargaining, the elimination of discrimination in employment and occupation, the elimination of forced or compulsory labor, the effective abolition of child labor	GRI 103-2 GRI 407-1 GRI 408-1 GRI 409-1
Information on fighting corruption and bribery		
Corruption and bribery	Measures taken to prevent corruption and bribery	GRI 103-2 GRI 102-16 GRI 102-17 GRI 205-2 GRI 205-3
	Measures to combat money laundering	GRI 103-2 GRI 102-16 GRI 102-17 GRI 205-2 GRI 205-3
	Contributions to foundations and non-profit entities	GRI 102-13 GRI 201-1 GRI 415-1
Información sobre la sociedad		
The company's commitments to sustainable development	Impact of the company's activity on employment and local development	GRI 103-2 GRI 203-2 GRI 204-1
	Impact of the company's activity on local populations and the territory	GRI 411-1 GRI 413-1 GRI 413-2
	Relationships maintained with local community actors and the modalities of dialog with them	GRI 102-43 GRI 413-1
	Association or sponsorship actions	GRI 103-2 GRI 201-1
Subcontracting and providers	Inclusion of social, gender equality and environmental issues in the purchasing policy	GRI 103-2
	Consideration in relationships with suppliers and subcontractors of their social and environmental responsibility	GRI 102-9 GRI 308-1 GRI 414-1
	Supervision systems and audit and their results	GRI 102-9 GRI 308-2 GRI 414-1

Consumers	Measures for the health and safety of consumers	GRI 103-2 GRI 416-1 GRI 417-1
	Complaints systems, grievances received and their resolution	GRI 103-2 GRI 418-1
Tax Information	Profits obtained country-by-country	GRI 207-4 (2019)
	Tax on profits paid	GRI 207-4 (2019)
	Public subsidies received	GRI 201-4

CORPORATE GOVERNANCE REPORT

The company's Annual Corporate Governance Report, issued pursuant to the provisions of Article 49.4 of the Spanish Code of Commerce can be found below.



ANNUAL REPORT ON THE CORPORATE GOVERNANCE OF PUBLICLY TRADED

ISSUER'S IDENTITY DATA

End date of the reference fiscal year:

12/31/2019

Tax ID:

A08055741

Company Name:

MAPFRE S.A.

Registered office:

CARRETERA DE POZUELO A MAJADAHONDA, 52 EDIF.1 (MAJADAHONDA) MADRID



ANNUAL REPORT ON THE CORPORATE GOVERNANCE OF PUBLICLY TRADED COMPANIES

A. OWNERSHIP STRUCTURE

A.1. Complete the following table on the company's share capital:

Date of last modification	Share capital (€)	Number of shares	Number of voting rights
07/01/2011	307,955,327.30	3,079,553,273	3,079,553,273

Indicate if there are different kinds of shares with different rights associated with them:

[] Yes
[v] No

A.2. State the direct and indirect holders of substantial interests in the company at the close of the fiscal year, excluding board directors:

Name or company name of the shareholder	% voting rights attributed to shares		% voting rights through financial instruments		% total voting rights
	Direct	Indirect	Direct	Indirect	
FUNDACIÓN MAPFRE	0.00	67.71	0.00	0.00	67.71

Detail of indirect interests:

Name or company name of the indirect holder	Name or company name of the direct holder	% voting rights attributed to shares	% voting rights through financial instruments	% total voting rights
FUNDACIÓN MAPFRE	CARTERA MAPFRE, S.L. SINGLE-MEMBER COMPANY	67.60	0.00	67.60
FUNDACIÓN MAPFRE	FUNDACIÓN CANARIA MAPFRE GUANARTEME	0.11	0.00	0.11

State any significant modifications in the shareholding structure that have occurred during the fiscal year:



**ANNUAL REPORT ON THE CORPORATE GOVERNANCE OF
PUBLICLY TRADED COMPANIES**

A.3. Complete the following tables about the members of the Board of Directors of the company who have voting rights on company shares:

Name or company name of the board director	% voting rights attributed to shares		% voting rights through financial instruments		% total voting rights	% of voting rights <u>that</u> can be transferred through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MR. ANTONIO HUERTAS MEJÍAS	0.01	0.00	0.00	0.00	0.01	0.00	0.00
MR. IGNACIO BAEZA GÓMEZ	0.01	0.00	0.00	0.00	0.01	0.00	0.00
MS. CATALINA MIÑARRO BRUGAROLAS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR. JOSÉ MANUEL INCHAUSTI PÉREZ	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR. JOSÉ ANTONIO COLOMER GUIU	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MS. ANA ISABEL FERNÁNDEZ ÁLVAREZ	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MS. MARÍA LETICIA DE FREITAS COSTA	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MS. ROSA MARÍA GARCÍA GARCÍA	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR. ANTONIO GÓMEZ CIRIA	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	0.00	0.03	0.00	0.00	0.03	0.00	0.00
MR. FRANCISCO JOSÉ MARCO ORENES	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR. FERNANDO MATA VERDEJO	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR. ANTONIO MIGUEL- ROMERO DE OLANO	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MS. MARÍA DEL PILAR PERALES VISCASILLAS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR. ALFONSO REBUELTA BADÍAS	0.00	0.00	0.00	0.00	0.00	0.00	0.00



**ANNUAL REPORT ON THE CORPORATE GOVERNANCE OF
PUBLICLY TRADED COMPANIES**

Total % of voting rights held by the Board of Directors	0.05
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Detail of indirect interests:

Name or company name of the board director	Name or company name of the direct holder	% voting rights attributed to shares	% voting rights through financial instruments	% total voting rights	% of voting rights that <u>can be transferred</u> through financial instruments
No data					

A.4. Where applicable, list any family, commercial, contractual or corporate relationships between holders of significant interests, insofar as the company is aware of them, unless they are of little relevance or due to ordinary commercial traffic and exchange, excluding those reported in section A.6:

Related name or company name	Type of relationship	Brief description
No data		

A.5. Where applicable, list any family, commercial, contractual or corporate relationships between holders of significant interests, and the company and/or its group, unless they are of little relevance or due to ordinary commercial traffic and exchange:

Related name or company name	Type of relationship	Brief description
No data		



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- A.6. Describe the relationships, unless they are barely relevant for both parties, that exist between the significant shareholders or those represented on the board and the board directors, or their representatives, in the case of legal company administrators.

Explain, as the case may be, how significant shareholders are represented. Specifically, those board directors who have been appointed on behalf of significant shareholders, those whose appointment would have been promoted by significant shareholders, or who are linked to significant shareholders and/or companies of their group, explaining the nature of such relationships, shall be indicated. In particular, the existence, identity and position of members of the board, or representatives of board directors, of the listed company, who are, in turn, members of the administrative body, or its representatives, in companies that hold significant interests in the listed company or in companies of the group of said significant shareholders:

Name or company name of the related board director or representative	Name or company name of the affiliated significant shareholder	Company name of the significant shareholder group	Description relationship/position
MR. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	CARTERA MAPFRE, S.L. SINGLE-MEMBER COMPANY	CARTERA MAPFRE, S.L. SINGLE-MEMBER COMPANY	Appointed board director as proposed by the significant shareholder
MR. ANTONIO MIGUEL-ROMERO DE OLANO	CARTERA MAPFRE, S.L. SINGLE-MEMBER COMPANY	CARTERA MAPFRE, S.L. SINGLE-MEMBER COMPANY	Appointed board director as proposed by the significant shareholder
MR. ALFONSO REBUELTA BADÍAS	CARTERA MAPFRE, S.L. SINGLE-MEMBER COMPANY	CARTERA MAPFRE, S.L. SINGLE-MEMBER COMPANY	Appointed board director as proposed by the significant shareholder
MR. ANTONIO HUERTAS MEJÍAS	CARTERA MAPFRE, S.L. SINGLE-MEMBER COMPANY	CARTERA MAPFRE, S.L. SINGLE-MEMBER COMPANY	Chairman of the Board of Directors of CARTERA MAPFRE, S.L. SINGLE-MEMBER COMPANY
MR. IGNACIO BAEZA GÓMEZ	CARTERA MAPFRE, S.L. SINGLE-MEMBER COMPANY	CARTERA MAPFRE, S.L. SINGLE-MEMBER COMPANY	Board Director of CARTERA MAPFRE, S.L. SINGLE-MEMBER COMPANY
MR. JOSÉ MANUEL INCHAUSTI PÉREZ	CARTERA MAPFRE, S.L. SINGLE-MEMBER COMPANY	CARTERA MAPFRE, S.L. SINGLE-MEMBER COMPANY	Board Director of CARTERA MAPFRE, S.L. SINGLE-MEMBER COMPANY
MR. FERNANDO MATA VERDEJO	CARTERA MAPFRE, S.L. SINGLE-MEMBER COMPANY	CARTERA MAPFRE, S.L. SINGLE-MEMBER COMPANY	Board Director of CARTERA MAPFRE, S.L. SINGLE-MEMBER COMPANY



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A.7. Indicate if any shareholder agreements have been disclosed to the company that affect it under art. 530 and 531 of the Companies Act. Where applicable, briefly describe them and list the shareholders bound by such agreement:

☐ Yes
☒ No

Indicate whether the company knows of the existence of concerted actions among its shareholders. If so, describe them briefly:

☐ Yes
☒ No

If there have been any modifications or terminations of said pacts or agreements or concerted actions during the fiscal year, indicate this expressly.

A.8. Indicate whether any person or organization exercises or may exercise control over the company pursuant to article 4 of the Securities Market Act. If so, identify them:

☒ Yes
☐ No

Name or company name
FUNDACIÓN MAPFRE

A.9. Complete the following tables regarding the company's treasury stock:

As at the closing date of the fiscal year:

Number of direct shares	Number of indirect shares (*)	Total % of the share capital
30,489,839		0.99

(*) Through:

Name or company name of the direct holder of the interests	Number of direct shares
No data	



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Explain the significant variations during the fiscal year:

Explain significant changes

In 2019, a total of 6,057,949 treasury stocks were added, representing 0.20 percent of capital and amounting to 15,585,821.85 euros.

A.10. Describe the terms and conditions of the current Annual General Meeting authorization to the Board of Directors to issue, buy back or transfer treasury stock.

The Board of Directors is currently authorized by the Annual General Meeting so that the Company can increase the share capital once or several times by up to a maximum of 153,977,663.65 euros, equivalent to 50 percent of the share capital. The duration of the authorization is five years calculated from the date of the resolution, passed on Friday, March 9, 2018.

The Board of Directors is currently authorized by the shareholders at the Annual General Meeting to allow the company to proceed, directly or through subsidiaries, to the derivative acquisition of treasury stock, subject to the following limits and requirements:

- a) Schemes: Acquisition by sale or by any other transaction Inter vivos for good and valuable consideration, of shares free of any liens or encumbrances.
- b) Maximum number of shares to be acquired: Shares whose face value, added to the face value of the shares already owned by the company and its subsidiaries, does not exceed 10 percent of the share capital of MAPFRE S.A.
- c) Minimum and maximum acquisition price: 90% and 110%, respectively, of their market value on the date of acquisition.
- d) Duration of the authorization: Five years calculated from the date of the resolution, passed on March 11, 2016. The shares purchased may be fully or partially used: (i) for disposal or amortization, (ii) delivery to workers, employees or administrators of the company or its group whenever there is a recognized right to do so directly or as a result of exercising call option rights held thereby as provided for in the last paragraph of article 146, section 1, letter a) of the Recast Text of the Companies Act, and (iii) reinvestment plans involving dividends or similar instruments.

A.11. Estimated floating capital:

	%
Estimated floating capital	31.25

A.12. Indicate whether there are any restrictions (statutory, legal or otherwise) on the transfer of securities and/or any restriction on the right to vote. Particularly, the existence of any type of restrictions that may make it difficult to take control of the company through the acquisition of its shares in the market shall be communicated, as well as those authorization or prior notice systems that, over the acquisitions or transfers of financial instruments of the company, are applicable by sectoral regulations.

[] Yes
[x] No



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A.13. Indicate whether the Annual General Meeting has approved measures to counteract a public acquisition bid, pursuant to Law 6/2007.

☐ Yes
☒ No

If so, explain the measures approved and the terms and conditions under which the restrictions would become inefficient:

A.14. Indicate whether the company has issued securities that are not traded on a regulated EU market.

☐ Yes
☒ No

If so, indicate the different kinds of shares and, for each kind of shares, the rights and obligations conferred:

B. ANNUAL GENERAL MEETING

B.1. Indicate and, where applicable, give details, about whether there are any differences from the minimum standards established under the Companies Act with respect to the quorum and constitution of the Annual General Meeting:

☐ Yes
☒ No

B.2. Indicate, and where applicable give details, whether there are any differences from the minimum standards established under the Companies Act with respect to the adoption of corporate resolutions:

☒ Yes
☐ No

	Reinforced majority different from that established in art. 201.2 of the Companies Act for the cases cited in art.	Other cases of reinforced majority
% established by the company for adopting agreements	0.00	50.01

Article 201 of the Spanish Companies Law establishes that, to adopt the agreements referred to in article 194, if the present or represented capital exceeds 50 percent, it will be enough for the agreement to be adopted by absolute majority. However, the favorable vote of two thirds of the capital present or represented at the meeting will be required when at the second call there are shareholders who represent 25 percent or more of the share capital with voting rights without reaching fifty percent. At the second call, a minimum of 25 percent of capital is required.



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Pursuant to the provisions of article 26 of the Corporate Bylaws, the amendment of the provisions of Title IV "Protection of the Company's General Interest" (articles 26 to 29) can only be amended by a resolution approved with the votes in favor of more than 50 percent of the share capital at the Extraordinary Annual General Meeting specifically called for this purpose.

B.3. Indicate the rules applicable to amendment of the company's bylaws. In particular, indicate the majorities established for the amendment of the bylaws, as well as, where applicable, the rules established for protection of the partner's rights in the amendment of the bylaws.

There are no particularities other than those established in the legislation in force for amendment of the company's bylaws, except for the amendment of articles 26 to 29 (Title IV- Protection of the Company's General Interest). As stated in the previous paragraph B.2, a resolution adopted with the favorable vote of more than 50 percent of share capital at the Extraordinary General Meeting called for that purpose is necessary.

B.4. Give attendance data on the Annual General Meetings held during the fiscal year to which this report refers and those from the two previous fiscal years:

Date of board meeting	Attendance data					Total
	% of physical presence	% in representation	% remote voting			
3/10/2017	68.88	13.42	0.00	0.90		83.20
Of which floating capital	1.15	13.42	0.00	0.90		15.47
3/9/2018	68.73	13.10	0.00	0.24		82.07
Of which floating capital	1.26	13.10	0.00	0.24		14.60
3/8/2019	68.64	12.69	0.00	1.05		82.38
Of which floating capital	0.12	12.69	0.00	1.05		13.86

B.5. Indicate whether at the General Meetings held during the fiscal year there has been any item on the agenda that, for whatever reason, has not been approved by the shareholders:

☐ Yes
☒ No

B.6. Indicate if there are any statutory restrictions that establish a minimum number of shares required to attend the Annual General Meeting, or to vote remotely:

☒ Yes
☐ No

Number of shares necessary to attend the Annual General Meeting	1,000
Number of shares required to vote remotely	1



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B.7. Indicate whether it has been established that certain decisions, other than those established by law, involving an acquisition, transfer, contribution to another company of essential assets or other similar corporate operations, must be submitted for approval by the Annual General Meeting:

☐ Yes
☒ No

B.8. Indicate the address and method of access to the company's website, to the information on corporate governance and other information on Annual General Meetings that must be available to shareholders through the Company's website:

Access is as follows: www.mapfre.com
Section titled Shareholders and Investors.



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C. GOVERNANCE STRUCTURE OF THE COMPANY

C.1. Board of Directors

C.1.1 Maximum and minimum number of board directors foreseen in the bylaws and the number set out by the Annual General Meeting:

Maximum number of board directors	20
Minimum number of board directors	5
Number of board directors set by the Annual General Meeting	15

C.1.2 Complete the following table on the board members:

Name or company name of the board director	Representative	Category of the board director	Position on the Board	Date of first appointment	Date of last appointment	Election procedure
MR. ANTONIO HUERTAS MEJÍAS		Executive	CHAIRMAN AND CEO	12/29/2006	3/9/2018	ANNUAL GENERAL MEETING RESOLUTION
MR. IGNACIO BAEZA GÓMEZ		Executive	FIRST VICE CHAIRMAN	3/8/2008	3/11/2016	ANNUAL GENERAL MEETING RESOLUTION
MS. CATALINA MIÑARRO BRUGAROLAS		Independent	SECOND VICE CHAIRMAN	10/30/2013	3/9/2018	ANNUAL GENERAL MEETING RESOLUTION
MR. JOSE MANUEL INCHAUSTI PÉREZ		Executive	THIRD VICE CHAIRMAN	7/18/2018	3/8/2019	ANNUAL GENERAL MEETING RESOLUTION
MR. JOSE ANTONIO COLOMER GUIU		Independent	BOARD DIRECTOR	2/9/2016	3/11/2016	ANNUAL GENERAL MEETING RESOLUTION
MS. ANA ISABEL FERNÁNDEZ ALVAREZ		Independent	BOARD DIRECTOR	7/26/2016	3/10/2017	ANNUAL GENERAL MEETING RESOLUTION



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Name or company name of the board director	Representative	Category of the board director	Position on the Board	Date of first appointment	Date of last appointment	Election procedure
MS. MARÍA LETICIA DE FREITAS COSTA		Independent	BOARD DIRECTOR	7/23/2015	3/11/2016	ANNUAL GENERAL MEETING RESOLUTION
MS. ROSA MARÍA GARCÍA GARCÍA		Independent	BOARD DIRECTOR	9/26/2019	9/26/2019	CO-OPTING
MR. ANTONIO GÓMEZ CIRIA		Independent	BOARD DIRECTOR	1/1/2019	3/8/2019	ANNUAL GENERAL MEETING RESOLUTION
MR. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ		Nominee	BOARD DIRECTOR	4/17/1999	3/8/2019	ANNUAL GENERAL MEETING RESOLUTION
MR. FRANCISCO JOSÉ MARCO ORENES		Executive	BOARD DIRECTOR	3/10/2017	3/10/2017	ANNUAL GENERAL MEETING RESOLUTION
MR. FERNANDO MATA VERDEJO		Executive	BOARD DIRECTOR	1/1/2017	3/10/2017	ANNUAL GENERAL MEETING RESOLUTION
MR. ANTONIO MIGUEL-ROMERO DE OLANO		Nominee	BOARD DIRECTOR	4/17/1999	3/8/2019	ANNUAL GENERAL MEETING RESOLUTION
MS. MARÍA DEL PILAR PERALES VISCASILLAS		Independent	BOARD DIRECTOR	1/1/2018	3/9/2018	ANNUAL GENERAL MEETING RESOLUTION
MR. ALFONSO REBUELTA BADÍAS		Nominee	BOARD DIRECTOR	4/17/1999	3/8/2019	ANNUAL GENERAL MEETING RESOLUTION

Total number of board directors

15



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Indicate the changes that, whether due to resignation, dismissal or for any other reason, have taken place in the board of directors during the informed period:

Name or company name of the board director	Category of the board director on termination	Date of last appointment	Termination date	Specialized committees of which he was a member	Indicate whether the change occurred before the end
MR. GEORG DASCHNER	Independent	3/8/2019	8/18/2019	Steering Committee (member) Risk Committee (Chairman)	YES

Causes of the change and other observations

D. Georg Daschner resigns from his duties on the grounds of having reached the maximum age provided for in the Company's bylaws. Mr. Daschner explained the reasons for his resignation in a letter addressed to all members of the Board of Directors.

C.1.3 Complete the following tables on the Board members and their different kinds of board directorship:

EXECUTIVE DIRECTORS		
Name or company name of the board director	Position within company organization	Profile
MR. ANTONIO HUERTAS MEJÍAS	CHAIRMAN AND CEO	Holds a law degree from the University of Salamanca. Has occupied, among others, the positions of Chairman and CEO of MAPFRE FLORIDA and MAPFRE PUERTO RICO, General Director of MAPFRE MUTUALIDAD, Chairman of MAPFRE FAMILIAR and Third Vice Chairman of MAPFRE. For more information on the current positions, please see sections A.6, C.1.10 and C.2.1.
MR. IGNACIO BAEZA GÓMEZ	FIRST VICE CHAIRMAN	Degree in Economics from the Complutense University of Madrid. He has spent a large part of his professional career at MAPFRE, holding several senior executive positions since he joined. For more information on the current positions, please see sections A.6, C.1.10 and C.2.1.
MR. JOSÉ MANUEL INCHAUSTI PÉREZ	THIRD VICE CHAIRMAN	A Law graduate from the Complutense University of Madrid who also completed the Senior Management Program at IESE. He has spent a large part of his professional career at MAPFRE, holding several senior executive positions since he joined. CEO of the IBERIA Territorial Area since 2015. For more information on the current positions, please see sections A.6 and C.1.10.
MR. FRANCISCO JOSÉ MARCO ORENES	GROUP CHIEF BUSINESS SUPPORT OFFICER AND MEMBER OF THE BOARD	Has a degree in Medicine and Surgery from the University of Murcia. He is a specialist in Geriatrics from the University of Murcia and in Nutrition from the University of Granada and he has a Masters Degree in Company Administration from the IDAE. He has held various senior management positions at MAPFRE since joining. Group Chief Business Support Officer



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EXECUTIVE DIRECTORS		
Name or company name of the board director	Position within company organization	Profile
		since 2015. For more information on the current positions, please see section C.1.10.
MR. FERNANDO MATA VERDEJO	CFO AND MEMBER OF THE BOARD	Has a degree in Business Science from the Universidad Autónoma de Madrid (Autonomous University of Madrid). He has spent much of his professional career in MAPFRE, holding different senior management positions since he started. CFO of the Corporate Finance and Resources Area since 2017. For more information on the current positions, please see sections A.6 and C.1.10.

Total number of executive board directors	5
% of total board	33.33

NOMINEE EXTERNAL DIRECTORS		
Name or company name of the board director	Name or denomination of the significant shareholder whom he/she represents or who has suggested his/her appointment	Profile
MR. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	CARTERA MAPFRE, S.L. SINGLE-MEMBER COMPANY	A Law graduate from the Complutense University of Madrid, Official Industrial and Intellectual Property Agent in Spain and European Patent Agent. He was a member and board member of Elzaburu, S.L.P. until 2016 and is a member of the International Association for the Protection of Intellectual Property. For more information on the current positions, please see sections A.6, C.1.10 and C.2.1.
MR. ANTONIO MIGUEL-ROMERO DE OLANO	CARTERA MAPFRE, S.L. SINGLE-MEMBER COMPANY	Agricultural Engineer graduate from the Polytechnic University of Madrid. Also holds a Masters in Business Administration (MBA) from the Madrid Business Institute. From 1986 to 2005 he was Deputy Risk Manager at FIAT FINANCIERA. For more information on the current positions, please see sections A.6, C.1.10 and C.2.1.
MR. ALFONSO REBUELTA BADÍAS	CARTERA MAPFRE, S.L. SINGLE-MEMBER COMPANY	Is a graduate in Business Sciences from Pontificia Comillas University and also holds a Masters in Business Administration (MBA) from the University of Colombia (New York). He was Vice Chairman of JP Morgan and Vice Chairman of Citibank until 1991, a partner at Heidrick & Struggles and consultant partner at Asset Executive. He has been a partner at Signium International since 2004. For more information on the current positions, please see sections A.6, C.1.10 and C.2.1.

Total number of nominee board directors	3
% of total board	20.00



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INDEPENDENT EXTERNAL BOARD DIRECTORS	
Name or company name of the board director	Profile
MS. CATALINA MIÑARRO BRUGAROLAS	Degree in law. State attorney on leave of absence. For more information on the current positions, please see sections C.1.10 and C.2.1.
MR. JOSÉ ANTONIO COLOMER GUIU	Business Administration Degree (School of Business Management and Administration - Barcelona). For more information on the current positions, please see sections C.1.10 and C.2.1.
MS. ANA ISABEL FERNÁNDEZ ÁLVAREZ	Has a Degree and Doctorate in Economics and Business Science from the Universidad de Oviedo (Oviedo University). Member of the Board of Directors of BME Bolsas y Mercados Españoles, S.A., member of the corporate reporting consultative committee of the European Securities Authority, General Director of CUNEF and member of the Board of Directors of the Princesa de Asturias Foundation and the Banco de Sabadell Foundation. She is also a Professor of Financial Economics at the University of Oviedo and Professor of Finances at CUNEF. For more information on the current positions, please see sections C.1.10 and C.2.1.
MS. MARÍA LETICIA DE FREITAS COSTA	Holds a degree in Product Engineering and a Master's Degree in Business Administration (MBA). Manager of the Insper Center for Strategic Research and a partner at Prada Assessoria. For more information on the current positions, please see section C.1.10.
MS. ROSA MARÍA GARCÍA GARCÍA	Has a degree in Law from the Autonomous University of Madrid. She has been non-executive Chairman of the SIEMENS GAMESA Board of Directors, Chairman and CEO of SIEMENS SPAIN. She is a member of the Board of Directors of Tubacex, S.A. and Sener Grupo de Ingeniería, S.A. For more information on the current positions, please see section C.1.10.
MR. ANTONIO GÓMEZ CIRIA	A graduate in Economic and Business Sciences and in Mathematical Sciences from the Complutense University of Madrid who holds an Executive MBA from the IESE. He is a member of the Board of Directors of Red Eléctrica Corporación, S.A. and Chairman of its Audit Committee and a member of the Advisory Board of Experts on Accounting and Financial Information of the General Board of the College of Economists. For more information on the current positions, please see sections C.1.10 and C.2.1.
MS. MARÍA DEL PILAR PERALES VISCASILLAS	Law degree from the Autonomous University of Madrid and PhD in law from the Carlos III University of Madrid. Professor of mercantile law at the Carlos III University of Madrid. For more information on the current positions, please see sections C.1.10 and C.2.1.
Total number of independent board directors	7
% of total board	46.67



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Indicate whether any board director classified as independent receives from the company, or from its Group, any amount or earning for an item other than the board director's remuneration, or maintains or has maintained, during last fiscal year a business relationship with the company or with any company from its Group, whether on his behalf or as a significant shareholder, board director or senior management member of a company that maintains or has maintained such a relationship.

If so, include a reasoned statement from the Board on the reasons why it considers that this board director may perform his functions as an independent board director.

Name or company name of the board director	Relationship description	Reasoned statement
No data		

No board director classified as Independent receives, from the Company or the Group, any amount or benefit for an item other than board director's remuneration.

OTHER EXTERNAL BOARD DIRECTORS

Identify other external board directors and explain in detail the reasons for which they cannot be considered nominee or independent board directors, as well as their affiliations with the company, its management or its shareholders:

Name or company name of the board director	Reasons	Company, executive or shareholder with whom holds the affiliation	Profile
No data			

Total number of external board directors	N/R
% of total board	N/R

Indicate any changes that may have occurred during the period in the type of category for each board director:

Name or company name of the board director	Date of change	Previous category	Current category
No data			

C.1.4 Complete the following table with information relating to the number of female board directors at the closure of the last four fiscal years, as well as the category of these female board directors:

	Number of female board directors				% of the total of board directors of each category			
	Fiscal year 2019	Fiscal year 2018	Fiscal year 2017	Fiscal year 2016	Fiscal year 2019	Fiscal year 2018	Fiscal year 2017	Fiscal year 2016
Executives					0.00	0.00	0.00	0.00
Nominees					0.00	0.00	0.00	0.00



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	Number of female board directors				% of the total of board directors of each category			
	Fiscal year 2019	Fiscal year 2018	Fiscal year 2017	Fiscal year 2016	Fiscal year 2019	Fiscal year 2018	Fiscal year 2017	Fiscal year 2016
Independent	5	4	4	4	71.43	66.67	66.67	57.14
Other External					0.00	0.00	0.00	0.00
Total	5	4	4	4	33.33	28.57	26.67	23.53

C.1.5 Indicate whether the company has diversity policies regarding the board of directors with regard to issues such as age, gender, disability, or professional training and experience. Small and medium-sized companies, in accordance with the definition established in the Account Audit Law, shall have to inform, at least, of the policy they have established regarding gender diversity.

☒ Yes
☐ No
☐ Partial policies

If yes, please describe such diversity policies, their objectives, the measures and the way in which they have been implemented and their results in the fiscal year. The specific measures adopted by the board of directors and the appointments and remuneration committee should also be indicated in order to achieve a balanced and diverse presence of board directors.

Should the company not apply a diversity policy, please explain the reasons why.

Description of the policies, objectives, measures and manner in which they have been applied, as well as the results obtained

The Institutional, Business and Organizational Principles of the MAPFRE Group, approved by the MAPFRE Board of Directors on June 24, 2015, expressly state that the MAPFRE Board of Directors will develop a plan for filling vacancies that guarantees the suitability of the applicants to these vacancies, based on their skills and professional and geographical backgrounds as well as on a sufficient presence of members of both genders.

Likewise, MAPFRE has established a Policy for the Selection of Board Directors that establishes that in the selection process any type of implicit bias that may involve discrimination and, in particular, that hinders the selection of persons from gender or the other will be avoided and that in 2020 the number of female board directors will represent at least thirty percent of the total members of the Board of Directors. On September 26, 2019, Mrs. Rosa María García García was appointed as an independent board director, the percentage of women's representation on the Board of Directors consequently reaching 33 percent.

Similarly, it is established that the competent bodies of Group companies will ensure that, when vacancies arise, equal opportunities are guaranteed for candidates regardless of their gender, and they must seek to achieve an effective presence of board directors of both genders.

The Board of Directors currently consists of fifteen members, who as a whole possess knowledge, qualifications and experience relating to the following areas: insurance and financial markets, business strategy and business models, governance systems, financial and actuarial analysis and regulatory framework. Currently five of the fifteen members of the Board of Directors are women and the majority participate in the specific committees of the Board and/or have a key role: i) Ms. Catalina Mifarro Brugarolas is the 2nd Vice Chairman of the Board of Directors and the Steering Committee, Chair of the Appointments and Remuneration Committee and Independent Lead board director; ii) Ms. Ana Isabel Fernández Álvarez is a member of the Audit and Compliance Committee and the Risk Committee; and iii) Ms. María del Pilar Perales Viscasillas is a member of the Audit and Compliance Committee.

Geographic and cultural diversity is also visible at Board level, with two nationalities represented: Spanish and Brazilian.



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- C.1.6** Explain the measures which, where applicable, the Appointments Committee has agreed so that the procedure for filling Board vacancies has no implicit bias against women candidates, and the company makes a conscious effort to include women with the target profile among the candidates for Board seats, and achieve a balanced presence of women and men:

Explanation of the measures

The Appointments and Remuneration Committee must ensure that during the candidate selection process any kind of implicit biases are always avoided, which may involve discrimination and, in particular, those biases that interfere with the selection of persons of either gender.

In 2015 the Appointments and Remuneration Committee approved a renewal plan for the Board of Directors establishing the steps to follow in the period 2015-2020 to adapt the structure of the Board of Directors to the new legal requirements and recommendations contained in the Code of Good Governance of the National Securities and Exchange Commission.

When, in spite of the measures which, where applicable, have been adopted, there are few or no female board directors, explain the reasons that justify this.

Explanation of the reasons

Not applicable.

- C.1.7** Explain the conclusions of the Appointments Committee on the verification of compliance with the Board of Directors Selection Policy. In particular, explain how this policy is promoting the objective that by 2020 the number of female board directors represents at least 30 percent of the total of members of the Board of Directors.

MAPFRE's Board of Directors Selection Policy aims to ensure that the proposals for nomination and re-election of board directors are based on a preliminary analysis of the Board of Directors needs, and to promote a diversity of knowledge, experiences and gender on the Board. It expressly sets out the commitment to ensure that in the year 2020 the number of female board directors shall represent at least 30 percent of the total of members of the Board of Directors.

As indicated in section C.1.6 above, with the appointment of Ms. Rosa María García García as an Independent board director, the objective set in the aforementioned policy (to get the number of female board directors to represent at least thirty percent of the total members of the Board of Directors in 2020) was reached. In accordance with the provisions of the Board of Directors renewal plan, this participation will be maintained or increased, depending on the suitability of the proposed candidates.

Throughout the year, the Appointments and Remuneration Committee has carried out a constant analysis of the structure, size and composition of the Board and of the principles and objectives established in the Board of Directors Selection Policy and in the renewal plan, which have already been described in sections C.1.5 and C.1.6 above, all based on the needs of the company, regulatory requirements and best corporate governance practices.

In particular, the Appointments and Remuneration Committee verified compliance with the Board of Directors Selection Policy during fiscal year 2019 when preparing the proposals for the appointment of Mrs. Rosa María García García and the re-election of Mr. José Manuel Inchausti Pérez, Mr. Antonio Gómez Ciria, Mr. Georg Daschner (who resigned as a board director on August 18, 2019), Mr. Luis Hernando de Larramendi Martínez, Mr. Antonio Miguel-Romero de Oiano and Mr. Alfonso Rebuelta Badías.

- C.1.8** Explain, where applicable, the reasons why nominee board directors have been appointed at the behest of shareholders whose shareholding is less than 3 percent of the capital:

Name or company name of the shareholder	Justification
No data	



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Indicate whether formal petitions for a seat on the board have been ignored from shareholders whose holding is equal to or higher than others at whose behest nominee board directors were appointed. Where applicable, explain why these petitions have been ignored:

☐ Yes

☒ No

C.1.9 Indicate, if any, the powers delegated by the board of directors on board directors or committees of the board:

Name or company name of the board director or committee	Brief description
STEERING COMMITTEE	The Steering Committee is the delegate body of the Board of Directors for the executive management and permanent supervision of the everyday management of the Company and its subsidiaries in strategic and operational aspects and for the adoption of decisions necessary for their proper functioning. It has general decision-making capacity, with express delegation in its favor of all the powers that correspond to the Board of Directors except those that are not delegable by the Law, the Company's Bylaws or the Board of Directors Regulations. It may delegate to any of its members the necessary powers for the final adoption of decisions previously discussed by the Committee, and for the implementation of the agreements it adopts.

C.1.10 Identify, where applicable, any members of the Board holding posts as board directors, representatives of board directors or managers in other companies that are part of the listed company of the group:

Name or company name of the board director	Company name of the Group company	Position	Do they have executive functions?
MR. ANTONIO HUERTAS MEJÍAS	MAPFRE INTERNACIONAL, S.A.	CHAIRMAN AND CEO	NO
MR. IGNACIO BAEZA GÓMEZ	MAPFRE ASISTENCIA, COMPAÑÍA INTERNACIONAL DE SEGUROS Y REASEGUROS, S.A.	CHAIRMAN	NO
MR. IGNACIO BAEZA GÓMEZ	MAPFRE PARTICIPATIONS, S.A.U.	ADMINISTRATOR	NO
MR. IGNACIO BAEZA GÓMEZ	MAPFRE INTERNACIONAL, S.A.	BOARD DIRECTOR	NO
MS. CATALINA MIÑARRO BRUGAROLAS	MAPFRE ESPAÑA, COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A.	BOARD DIRECTOR	NO
MS. CATALINA MIÑARRO BRUGAROLAS	MAPFRE VIDA SOCIEDAD ANÓNIMA DE SEGUROS Y RESASEGUROS SOBRE LA VIDA HUMANA	BOARD DIRECTOR	NO



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Name or company name of the board director	Company name of the Group company	Position	Do they have executive functions?
MS. CATALINA MIÑARRO BRUGAROLAS	MAPFRE INTERNACIONAL, S.A.	BOARD DIRECTOR	NO
MR. JOSÉ MANUEL INCHAUSTI PÉREZ	MAPFRE ESPAÑA, COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A.	FIRST VICE CHAIRMAN AND MANAGING DIRECTOR	YES
MR. JOSÉ MANUEL INCHAUSTI PÉREZ	MAPFRE VIDA SOCIEDAD ANÓNIMA DE SEGUROS Y RESASEGUROS SOBRE LA VIDA HUMANA	BOARD DIRECTOR	NO
MR. JOSÉ MANUEL INCHAUSTI PÉREZ	MAPFRE INTERNACIONAL, S.A.	BOARD DIRECTOR	NO
MR. JOSÉ MANUEL INCHAUSTI PÉREZ	MAPFRE GLOBAL RISKS, AGENCIA DE SUSCRIPCIÓN, S.A.	BOARD DIRECTOR	NO
MR. JOSÉ MANUEL INCHAUSTI PÉREZ	MAPFRE SEGUROS GERAIS	CHAIRMAN	NO
MR. JOSÉ MANUEL INCHAUSTI PÉREZ	VERTI ASEGURADORA, COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A.	ADMINISTRATOR	NO
MR. JOSÉ MANUEL INCHAUSTI PÉREZ	SANTANDER MAPFRE SEGUROS Y REASEGUROS, S.A.	CHAIRMAN	NO
MR. JOSÉ MANUEL INCHAUSTI PÉREZ	MAPFRE RE, COMPAÑÍA DE REASEGUROS, S.A.	BOARD DIRECTOR	NO
MR. JOSÉ ANTONIO COLOMER GUIU	MAPFRE ESPAÑA, COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A.	BOARD DIRECTOR	NO
MR. JOSÉ ANTONIO COLOMER GUIU	MAPFRE VIDA SOCIEDAD ANÓNIMA DE SEGUROS Y RESASEGUROS SOBRE LA VIDA HUMANA	BOARD DIRECTOR	NO
MS. ANA ISABEL FERNÁNDEZ ÁLVAREZ	MAPFRE GLOBAL RISKS, AGENCIA DE SUSCRIPCIÓN, S.A.	BOARD DIRECTOR	NO
MS. ANA ISABEL FERNÁNDEZ ÁLVAREZ	MAPFRE RE, COMPAÑÍA DE REASEGUROS, S.A.	BOARD DIRECTOR	NO
MS. MARÍA LETICIA DE FREITAS COSTA	BB MAPFRE PARTICIPAÇÕES, S.A.	BOARD DIRECTOR	NO
MS. MARÍA LETICIA DE FREITAS COSTA	MAPFRE PARTICIPAÇÕES, S.A.	VICE CHAIRMAN	NO



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Name or company name of the board director	Company name of the Group company	Position	Do they have executive functions?
MS. ROSA MARÍA GARCÍA GARCÍA	MAPFRE ESPAÑA, COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A.	BOARD DIRECTOR	NO
MR. ANTONIO GÓMEZ CIRIA	MAPFRE ESPAÑA, COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A.	BOARD DIRECTOR	NO
MR. ANTONIO GÓMEZ CIRIA	MAPFRE RE, COMPAÑÍA DE REASEGUROS, S.A.	BOARD DIRECTOR	NO
MR. ANTONIO GÓMEZ CIRIA	MAPFRE VIDA SOCIEDAD ANÓNIMA DE SEGUROS Y RESASEGUROS SOBRE LA VIDA HUMANA	BOARD DIRECTOR	NO
MR. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	MAPFRE INTERNACIONAL, S.A.	BOARD DIRECTOR	NO
MR. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	MAPFRE ESPAÑA, COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A.	SECOND VICE CHAIRMAN	NO
MR. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	MAPFRE VIDA SOCIEDAD ANÓNIMA DE SEGUROS Y RESASEGUROS SOBRE LA VIDA HUMANA	SECOND VICE CHAIRMAN	NO
MR. FRANCISCO JOSÉ MARCO ORENES	MAPFRE INTERNACIONAL, S.A.	BOARD DIRECTOR	NO
MR. FRANCISCO JOSÉ MARCO ORENES	MAPFRE GLOBAL RISKS, AGENCIA DE SUSCRIPCIÓN, S.A.	CHAIRMAN	NO
MR. FRANCISCO JOSÉ MARCO ORENES	FUNESPAÑA, S.A.	CHAIRMAN	NO
MR. FERNANDO MATA VERDEJO	MAPFRE INTERNACIONAL, S.A.	BOARD DIRECTOR	NO
MR. FERNANDO MATA VERDEJO	MAPFRE ESPAÑA, COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A.	BOARD DIRECTOR	NO
MR. FERNANDO MATA VERDEJO	MAPFRE VIDA SOCIEDAD ANÓNIMA DE SEGUROS Y RESASEGUROS SOBRE LA VIDA HUMANA	BOARD DIRECTOR	NO
MR. FERNANDO MATA VERDEJO	MAPFRE INMUEBLES S.G.A., S.A.	ADMINISTRATOR	NO
MR. FERNANDO MATA VERDEJO	MAPFRE PARTICIPATIONS, S.A.U.	ADMINISTRATOR	NO



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Name or company name of the board director	Company name of the Group company	Position	Do they have executive functions?
MR. ANTONIO MIGUEL-ROMERO DE OLANO	MAPFRE ASISTENCIA, COMPAÑÍA INTERNACIONAL DE SEGUROS Y REASEGUROS, S.A.	BOARD DIRECTOR	NO
MR. ANTONIO MIGUEL-ROMERO DE OLANO	MAPFRE ESPAÑA, COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A.	BOARD DIRECTOR	NO
MR. ANTONIO MIGUEL-ROMERO DE OLANO	MAPFRE VIDA SOCIEDAD ANÓNIMA DE SEGUROS Y RESASEGUROS SOBRE LA VIDA HUMANA	BOARD DIRECTOR	NO
MS. MARÍA DEL PILAR PERALES VISCASILLAS	MAPFRE ASISTENCIA, COMPAÑÍA INTERNACIONAL DE SEGUROS Y REASEGUROS, S.A.	VICE CHAIRMAN	NO
MS. MARÍA DEL PILAR PERALES VISCASILLAS	MAPFRE GLOBAL RISKS, AGENCIA DE SUSCRIPCIÓN, S.A.	BOARD DIRECTOR	NO
MR. ALFONSO REBUELTA BADÍAS	MAPFRE GLOBAL RISKS, AGENCIA DE SUSCRIPCIÓN, S.A.	VICE CHAIRMAN	NO
MR. ALFONSO REBUELTA BADÍAS	MAPFRE INTERNACIONAL, S.A.	BOARD DIRECTOR	NO

C.1.11 Detail, where appropriate, the board directors or representatives of legal persons of their company, who are members of the board of directors or representatives of legal persons of other companies listed on official securities markets other than their group, which have been notified to the company:

Name or company name of the board director	Company name of the listed company	Position
MS. CATALINA MIÑARRO BRUGAROLAS	ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A.	BOARD DIRECTOR
MS. ANA ISABEL FERNÁNDEZ ÁLVAREZ	BOLSAS Y MERCADOS ESPAÑOLES, SOCIEDAD HOLDING DE MERCADOS Y SISTEMAS FINANCIEROS, S.A.	BOARD DIRECTOR
MS. ROSA MARÍA GARCÍA GARCÍA	TUBACEX, S.A.	BOARD DIRECTOR
MR. ANTONIO GÓMEZ CIRIA	RED ELÉCTRICA CORPORACIÓN, S.A.	BOARD DIRECTOR



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C.1.12 Indicate and, if applicable, explain if the company has established rules on the maximum number of boards of companies in which its board directors can be part, identifying, where appropriate, where it is regulated:

☒ Yes
☐ No

Explanation of the rules and identification of the document where it is regulated

According to article 4 of the MAPFRE Regulation of the Board of Directors, no board director can simultaneously be a member of more than five Boards of board directors of companies that do not form part of the Group, except for personal or family companies.

C.1.13 Indicate the amounts of the items related to the overall remuneration of the following board of directors:

Remuneration accrued in the fiscal year in favor of the board of directors (thousands of euros)	10,252
Amount corresponding to the rights accumulated by current board directors regarding pensions (thousands of euros)	26,809
Amount corresponding to the rights accumulated by former board directors regarding pensions (thousands of euros)	

C.1.14 Identify those executive management members who are not also executive board directors, and indicate the total remuneration earned by them during the fiscal year:

Name or company name	Position/s
MR. ÁNGEL LUIS DÁVILA BERMEJO	GENERAL COUNSEL
MR. JOSÉ LUIS JIMÉNEZ GUAJARDO-FAJARDO	GROUP CHIEF INVESTMENT OFFICER
MS. EVA PIERA ROJO	GROUP CHIEF EXTERNAL RELATIONS AND COMMUNICATION OFFICER
MS. MARÍA ELENA SÁNZ ISLA	GROUP CHIEF PEOPLE OFFICER
MR. JOSÉ MANUEL CORRAL VÁZQUEZ	GROUP CHIEF BUSINESS OFFICER
MR. JOSÉ LUIS GURTUBAY FRANCIA	GROUP CHIEF STRATEGY AND M&A OFFICER
MS. MARÍA LUISA GORDILLO GUTIÉRREZ	GROUP CHIEF INTERNAL AUDIT OFFICER
MR. JOSÉ ANTONIO ARIAS BERMÚDEZ	GROUP CHIEF OPERATIONS OFFICER
Total remuneration of executive management employees (in thousands of euros)	4,391

C.1.15 Indicate whether during the fiscal year there has been any change in the board regulations:

☒ Yes
☐ No

Description of amendments

The Board of Directors, at its meeting on December 13, 2019, approved the following amendments to the Rules of Procedure of the Board of Directors:



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- Amendment of article 2 in order to include the new non-delegable jurisdiction of the Board of Directors introduced by Law 11/2018, of December 28, which amends the Commercial Code, the Recast Text of the Spanish Companies Law approved by Royal Legislative Decree 1/2010, of July 2, and Law 22/2015, of July 20, on Account Auditing, regarding non-financial information and diversity.

- Amendment of section 3 of article 9 in order to eliminate a minimum annual number of meetings to be held by the Steering Committee.

- Amendment of sections 1 and 3 of article 12 in order to eliminate references to the former functions of the Compliance Risk Committee.

C.1.16 Indicate procedures for selection, appointment, re-election and removal of board directors. List the competent bodies, the procedures to be followed and the criteria to be employed in each procedure.

The persons to whom the position of board director of MAPFRE S.A. or of a subsidiary company is offered must make a prior, true and full statement of their personal, family, professional or business circumstances, specially stating: (i) the persons or companies that have, with respect to him/her, the status of related persons in accordance with the provisions of the current legislation; (ii) any circumstances that could entail any incompatibility in accordance with the laws, the Bylaws and the Regulations of the Board of Directors, or a situation of conflict of interest; (iii) his/her remaining professional obligations, in case they could interfere with the dedication required for the position; (iv) criminal cases in which he/she appears as the defendant or prosecuted party; and (v) any other event or situation that affects him/her and that may be relevant for his/her performance as a Board director. This declaration must be made on the form provided for such purposes by MAPFRE, and shall include an express acceptance of the regulations set out in the Corporate Bylaws and other internal regulations, as well as in current legislation.

Any person who holds the position of board director must be of renowned prestige in his/her professional and business area, and hold all necessary professional qualifications or experience as provided by law for financial institutions or insurance companies subject to supervision by Public Authorities.

Specifically, people cannot be members of the Board of Directors if they hold significant shares in, or provide professional services to, competing businesses of the Company or of any company of the Group, or if they work as employees, managers, or administrators of them, unless they are granted express authorization from the Board of Directors.

- Proposals for the appointment or reappointment of Independent Board Directors must be preceded by a proposal from the Appointments and Remuneration Committee. The proposed reappointment of such board directors must include an assessment of the performance of their positions by board directors during the previous mandate and, where appropriate, of the positions performed by candidates on the Board, taking into account or assessing the amount and quality of the work done by them, and their commitment to the position.

- The formulation of proposals for appointment or reappointment by the Board of Directors must be preceded:

a) In the case of Nominee Board Directors, by a suitable proposal of the shareholder backing their appointment or reappointment.

b) In the case of Executive Board Directors, as well as the Secretary, whether or not a Board Director, by a suitable proposal from the Chairman of the Board.

Both types of proposals must also be preceded by the corresponding report from the Appointments and Remuneration Committee.

- The proposed reappointment of Nominee and Executive Board Directors must be subject to a prior report issued by the Appointments and Remuneration Committee, which must include an assessment of the performance of their positions by board directors during the previous mandate and, where appropriate, of the positions performed by candidates on the Board, taking into account or assessing the amount and quality of the work done by them, and their commitment to the position.

In any case, the proposals for appointment and reappointment of Board Directors must be accompanied by an explanatory report from the Board which assesses the responsibility, experience and merits of the candidate.

The Board of Directors shall not propose to the Annual General Meeting that any independent board director be removed from office before the end of the term for which the board director has been elected unless the Board of Directors considers, based on a report from the Appointments and Remuneration Committee, that there are grounds for doing so. In particular, the removal proposal shall be deemed justified when the Board Director has failed to comply with the duties inherent to the position, has not complied with any requirement set forth for Independent Board Directors, or has incurred in an insuperable conflict of interest according to the provisions of current legislation.



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C.1.17 Explain how the annual assessment of the board has led to significant changes in its international organization and in the procedures that apply to its activities:

Description of amendments

In line with international best practices, in 2019 the Board of Directors agreed to hire Deloitte Legal S.L.P. as an external advisor to evaluate the functioning of the Board and its committees as well as the Chairman of the Board. Based on the result of the annual self-assessment, the Board of Directors resolved to take the following measures for 2020:

- Introduce executive summaries to accompany documentation presented to facilitate the understanding thereof, where appropriate.
- Publish documentation from meetings in advance.
- Assess the possibility of incorporating new profiles, when there are future vacancies, with sectoral knowledge and experience in other companies or businesses of an international nature.
- Develop basic MAPFRE terminology (acronyms, etc.) that also facilitates the onboarding of new board directors.
- To evaluate the incorporation to the Appointments and Remuneration Committee of a third independent board director, in line with recommendation 47, pertaining to a majority of independent directors, of the Code of Good Governance of the CNMV.
- To develop the program of training of Board Directors and to complete the planning schedule for this in the medium-term (one year), so as to facilitate adequate planning on the part of the Board Directors.
- Continue developing programs to update the knowledge of board directors on matters related to their specific needs.
- To develop a competency matrix that defines the skills and knowledge that members of the Board of Directors should cover based on the characteristics of the MAPFRE Group, so as to facilitate the Committee with the definition of the adequate profiles required for future Board Incorporation.
- To promote a succession protocol for the Chairman and CEO, which contemplates a succession plan that would allow the Group to be sufficiently prepared to tackle unforeseen situations and guarantee the project's long-term stability.

Describe the assessment process and the areas assessed by the board of directors with the assistance, where applicable, of an external consultant, regarding the operation and composition of the board and its committees and any other area or aspect that has been subject to assessment.

Description of the assessment process and assessment areas

In accordance with the provisions of the Regulations of the Board of Directors of MAPFRE, the Board undertakes an annual assessment of the quality of its work, the performance of the Chairman based on the report drawn up for this purpose by the Appointments and Remuneration Committee, and the operation of its Committees and Steering Committee. Where appropriate, it proposes an action plan to correct any deficiencies detected.

For this fiscal year we relied on the collaboration of Deloitte Legal, S.L.P. and it has been based on a questionnaire and personal interviews with the board directors, including the Chairman, and the best practices of corporate governance at a national and international level. The process has focused on the following matters: structure, composition and operation of the Board and its Committees during the 2019 fiscal year.

The report containing the conclusions was submitted to the Board of Directors on December 13, 2019. Based on the report, the Board undertook the evaluation of its composition and operation during fiscal year 2019, as well as that of its Committees and Steering Committee.

C.1.18 Itemize, in those fiscal years in which the assessment was carried out with an external consultant, the business relationships that the consultant or any company of its group maintains with the company or any company of its group.

Deloitte, a group to which Deloitte Legal S.L.P. belongs, has participated throughout the fiscal year by providing other consulting services for the Company. The Appointments and Remuneration Committee favorably reported on the independence of Deloitte Legal S.L.P. as an external advisor in the evaluation process of the Board of Directors of MAPFRE S.A. and its delegated bodies in 2019 considering that the relationships between the Company and Deloitte are not significant.

C.1.19 Indicate the circumstances under which board directors are obliged to resign.

In accordance with the Corporate Bylaws, the Board of Directors Regulation and the MAPFRE Group's Institutional, Business and Organizational Principles, all members of the Board of Directors will formally resign their post at the age of 70, for the purposes of which they must submit the corresponding resignation. The Chairman, Vice Chairmen and Board Directors who perform executive functions, and the Secretary of the Board must retire from office on reaching 65 years of age or, on any earlier date



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according to the terms and conditions of their respective contracts, submitting the corresponding resignations, but they may continue as members of the Board without any executive duties for a maximum of five years in the same conditions as external nominee board directors.

All Board Directors must resign from their directorship on the Board of Directors and any office held, such as on the Committees and Steering Committee, and tender their formal resignation should the Board of Directors deem it pertinent, in the following cases:

- a) Whenever they are removed from the executive office associated with their appointment as members of these governing bodies.
- b) Should they become subject to any disqualification or prohibition laid down under law.
- c) If they are accused of (or a court issues an order for the opening of a trial for) allegedly committing any crime or are involved in disciplinary proceedings involving a serious or very serious fault at the Instance of the supervisory authorities.
- d) If they receive a serious warning from the Audit and Compliance Committee due to infringement of their obligations as board directors.
- e) When they are affected by circumstances in which their remaining on any such management bodies might cause damage to the Company's credit or reputation, or place its interests at risk. When such events or circumstances are well-known or public, the Appointments and Remuneration Committee, by agreement of the majority of its members, may request the resignation of the affected Board Director.
- f) If the reasons (if any expressly exist) for which they were appointed cease to apply.

Resignation from these positions must be formally tendered in a letter addressed to all members of the Board of Directors.

Board directors who, at the time of their appointment, do not hold any executive position or perform any executive functions in the Company, or in another Group company, will not be able to perform any executives functions unless they first resign their directorship, even though they may subsequently remain eligible for the position.

Nominee Board Directors must also tender their resignation when the shareholder that appointed them sells its shareholding. When a shareholder reduces its shareholding, a proportionally equivalent number of Nominee Board Directors that it has appointed must resign.

MAPFRE's Independent Board Directors must also tender their resignation when they have held office for 12 years in a row.

C.1.20 Are reinforced majorities required, aside from legal majorities, for any type of resolution?

- ☐ Yes
☒ No

If so, describe the differences.

C.1.21 Explain whether there are specific requirements, other than those regarding board directors, to be appointed chairman of the board.

- ☒ Yes
☐ No

Requirements description

In accordance with the provisions of article 5 of the Regulations of the MAPFRE Board of Directors, the position of Chairman must go to an Executive Board Director who has the status of most senior management representative, and such a designation requires the favorable vote of two thirds of the members of the Board of Directors.

C.1.22 Indicate whether the bylaws or the board regulations establish any age limit for board directors:

- ☒ Yes
☐ No



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	Age limit
Chairman	65
Managing Director	65
Board Director	70

C.1.23 Indicate whether the bylaws or the board's regulations establish a limited mandate or other stricter requirements than those legally provided for independent board directors, other than that established in the regulations:

☐ Yes
☒ No

C.1.24 Indicate whether the bylaws or the regulations of the board of directors establish specific regulations for delegating votes on the board of directors in favor of other board directors, how to do it, and in particular, the maximum number of delegations a board director may have, as well as whether any limit has been established regarding the categories in which it is possible to delegate, beyond the limits imposed by legislation. If so, describe such regulations briefly.

[There are no specific regulations for delegating votes on the Board of Directors.]

C.1.25 Indicate the number of meetings the board of directors has held during the fiscal year. Where applicable, indicate how many times the board has met without the chairman in attendance. In calculating this number, attendance shall mean proxies given with specific instructions.

Number of board meetings	10
Number of board meetings not attended by the chairman	0

Indicate the number of meetings held by the lead board director with the rest of the board directors, without the assistance or representation of any executive board director:

Number of meetings	0
--------------------	---

Indicate the number of meetings the board's different committees have held during the fiscal year.

Number of meetings of the STEERING COMMITTEE	5
Number of meetings of the AUDIT AND COMPLIANCE COMMITTEE	10
Number of meetings of the APPOINTMENTS AND REMUNERATION COMMITTEE	6
Number of meetings of the RISK COMMITTEE	6



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C.1.26 Indicate the number of meetings the board of directors has held during the fiscal year and the attendance information of its members:

Number of meetings with in person attendance of at least 80 percent of board directors	10
% of attendance over total votes during the year	100.00
Number of meetings with in person attendance, or representations made with specific instructions, from all board directors	10
% of votes cast with in person attendance and representations made with specific instructions, on total votes during the fiscal year	100.00

C.1.27 Indicate whether the individual and consolidated annual accounts presented to the board for formulation were certified beforehand:

[v] Yes
[] No

Where applicable, identify the person(s) who certified the individual and consolidated annual accounts to be drawn up by the board:

Name	Position
MR. FERNANDO MATA VERDEJO	FINANCIAL GENERAL DIRECTOR
MS. MARÍA LUISA GORDILLO GUTIÉRREZ	GENERAL DIRECTOR OF THE CORPORATE AREA OF INTERNAL AUDIT
MR. CARLOS BARAHONA TORRIJOS	ASSISTANT GENERAL DIRECTOR OF CONTROL AND FINANCIAL INFORMATION

C.1.28 Explain the mechanisms, if any, established by the board of directors to prevent the individual and consolidated accounts that it draws up from being presented to the Annual General Meeting with reservations in the audit report.

The company has never issued financial statements with reservations in the auditor's report.

The company has Corporate Finance and Resources, General Counsel and Internal Audit Areas to oversee all aspects of the annual accounts, as well as the MAPFRE Audit and Compliance Committee, which is a delegate body that was created by the Board for this purpose and granted supervisory powers in 2000.



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According to article 25 of the Regulation of the Board of Directors of MAPFRE, the Board of Directors must always draw up the annual accounts so that the External Auditor has no reservations or provisos regarding them. Nonetheless, when the Board considers that it must maintain its criteria, the Chairman of the Audit and Compliance Committee will publicly explain the content and scope of the discrepancies that may have led to these reservations or provisos.

C.1.29 Is the board secretary a board director?

☐ Yes
☒ No

If the secretary does not have the status of board director, complete the following table:

Name or company name of the secretary	Representative
MR. ÁNGEL LUIS DÁVILA BERMEJO	

C.1.30 Indicate the specific mechanisms established by the company to preserve the independence of the external auditors, as well as, if any, the mechanisms to preserve the independence of the financial analysts, the investment banks and the rating agencies, including how they have implemented the legal provisions in practice.

In addition to abiding by statutory provisions, the Company has decided to voluntarily propose compliance with a number of general guidelines that clearly and precisely aim to achieve and uphold the necessary independence of the external auditors in such regard as is advocated by the MAPFRE Board of Directors Regulations, which set out the following criteria in respect of the relationship with external auditors:

- The relationship of the Board of Directors with the Company's External Auditor shall be maintained through the Audit and Compliance Committee.
- The Board of Directors shall refrain from hiring any auditing firms that receive or that will receive annual fees from the Group, where the amount for all items exceeds 5 percent of its total annual revenue; and it shall report, in the annual public documentation, the total fees that the Group paid the External Auditor for the various services it provided.

Apart from the Audit and Compliance Committee's powers and functions as specified in the bylaws and the Board of Directors Regulations, the Audit Committee will be informed at least once every six months of all services rendered by the external auditor and their corresponding fees.

Every year, the Audit and Compliance Committee assesses the Accounts Auditor, the scope of the audit and the external auditor's independence, considering whether the quality of the audit control measures is adequate and any services other than accounts audit services are compatible with the auditor's independence.

Furthermore, the Audit and Compliance Committee verifies the independence of the external auditor in relation to the Company and its subsidiaries, receiving from it the declaration of its independence and issuing the Committee the corresponding report on the independence of the auditor.

In accordance with the provisions of the Internal Code of Conduct regarding listed securities issued by MAPFRE, which sets out the procedures relating to the publication of relevant information, the financial analysts will not be provided with any relevant information that is not available to the public at large.

C.1.31 Indicate whether the Company changed its external auditor during the fiscal year. If so, identify the incoming and outgoing auditors:

☐ Yes
☒ No



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If there were disagreements with the outgoing auditor, explain the grounds.

Yes
☐ No
☒

C.1.32 Indicate whether the audit firm does other work for the company and/or its group other than the audit. If so, declare the amount of fees received for such work and the percentage of such fees in the total fees charged to the company and/or its group:

☒ Yes
☐ No

	Company	Group companies	Total
Amount for work other than audit (thousands of euros)	173	1,438	1,611
Amount from jobs other than audit / Amount audit jobs (in percentage)	35.03	19.94	20.91

C.1.33 Indicate whether the audit report on the annual financial statements for the previous fiscal year contained reservations or exceptions. If any, indicate the reasons given to the shareholders at the Annual General Meeting by the Chairman of the Audit Committee to explain the content and scope of said reservations or exceptions.

☐ Yes
☒ No

C.1.34 Indicate the number of fiscal years during which the current audit firm has been continuously performing the audit of the individual and/or consolidated annual accounts of the company. Indicate the percentage of the number of fiscal years audited by the current auditing firm to the total number of fiscal years in which the annual financial statements have been audited:

	Individual	Consolidated
Number of fiscal years underway	5	5

	Individual	Consolidated
Number of fiscal years audited by current audit firm/number of fiscal years the company or its group has been audited (in percentage)	16.66	16.66

C.1.35 Indicate and, where applicable, give details on the existence of a procedure for board directors to obtain the information they need to prepare the meetings of the management bodies in sufficient time:

☒ Yes
☐ No



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Details of the procedure

In accordance with the provisions of the Regulations of the Board of Directors, the meeting shall always include the agenda, which shall be established by the Chairman, and shall be accompanied by the appropriate information on the matters to be discussed, and duly prepared.

The agenda will be circulated to all members at least five days in advance of the meeting and will specifically state those items that are for information purposes and those that require a Board resolution. The documentation will be circulated among members at least three days ahead of the meeting, to allow for due analysis and study of the same by board directors.

The Chairman of the Board of Directors, as the person responsible for the effective operation thereof, shall take the necessary measures to ensure that the Directors receive sufficient information in advance of the meeting on the items on the agenda.

In addition, Directors are vested with the broadest powers to obtain information on any aspect of the Company, to examine their books, records, documents and other background on social operations. This right to information is extended to the Group companies to the extent necessary to enable the effective performance of their duties by the board directors.

This aspect is subject to a specific analysis by the Board of Directors of the Company in its annual self-evaluation session.

C.1.36 Indicate and, where applicable, give details on whether the company has established rules obliging board directors to inform and, where applicable, to resign in those cases that may harm the company's credit and reputation:

☒ Yes
☐ No

Explain the rules

The board directors must place their office(s) at the disposal of the Board of Directors, both as board directors and any other position they might hold on any Committee or Steering Committees thereof, and formalize any resignation, should the Board deem it necessary, in the following cases:

- Whenever they are removed from the executive office associated with their appointment as a member of these governing bodies.
- Should they become subject to any disqualification or prohibition laid down under law.
- If they are accused of (or a court issues an order for the opening of a trial for) allegedly committing any crime or are involved in disciplinary proceedings involving a serious or very serious fault at the instance of the supervisory authorities.
- If they receive a serious warning from the Audit and Compliance Committee due to infringement of their obligations as board directors.
- When they are affected by circumstances that might harm the company's credit or reputation or place its interests at risk were they to remain on these governing bodies. When such events or circumstances are well-known or public, the Appointments and Remuneration Committee, by agreement of the majority of its members, may request the resignation of the affected board director.
- If the reasons (if any expressly exist) for which they were appointed cease to apply.

C.1.37 Indicate whether any member of the Board of Directors has informed the company of being sued or having any court proceedings opened against him or her for any of the offenses listed in article 213 of the Companies Act.

☐ Yes
☒ No



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C.1.38 List the significant resolutions adopted by the company and that take effect, are amended or conclude in the event of a change in control of the company on account of a public takeover bid, and its effects.

There are no significant resolutions adopted by the company and that take effect, are amended or conclude in the event of a change in control of the company on account of a public takeover bid.

C.1.39 Identify individually, when referring to board directors, and in aggregate form in all other cases and indicate, in detail, resolutions between the company and its administrative and management positions or employees that provide indemnification, guarantee clauses or shielding, when they resign or are dismissed unfairly or if the contractual relationship is terminated on the occasion of a public invitation to tender or other transactions.

Number of beneficiaries	0
Beneficiary type	Description of the resolution
N/R	The term of the contracts of the executive directors is related to their time as an executive director. Removal from this position entails the lifting of the suspension of the relationship prior to the appointment as such. Executive directors must have an exclusive relationship with the company, and there are no contractual conditions relating to post-contractual non-competition agreements or continuity of service. Early termination of the previous relationship entails indemnification under the terms established in the workers' statute in relation to unfair dismissal, except where there is good cause for dismissal. In the event of an early termination decided by the Company, the latter must notify the board director of the termination with a notice period of three (3) months with respect to the date of termination. Contracts governing the prior relationship establish the termination of this relationship as January 1 of the year after which the board director reaches the age of 60, unless annual extensions are implemented at the initiative of the company until the date on which the executive reaches the age of 65, as a maximum. There are no clauses related to signing bonuses.

Indicate whether, other than the cases stipulated in the regulations, these contracts have to be communicated and/or approved by the bodies of the company or its group. If so, specify the procedures, foreseen assumptions and the nature of the bodies responsible for approving or communicating them:

	Board of Directors	Annual General Meeting
Body authorizing the clauses	✓	
	Yes	No
Is the Annual General Meeting informed of the clauses?		✓



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C.2. Board of Directors' Committees

C.2.1 List all the Board of Directors' committees, their members and the percentage of executive, nominee, independent and other external directors that compose them:

STEERING COMMITTEE		
Name	Position	Category
MR. ANTONIO HUERTAS MEJÍAS	CHAIRMAN AND CEO	Executive
MR. IGNACIO BAEZA GÓMEZ	VICE CHAIRMAN	Executive
MS. CATALINA MIÑARRO BRUGAROLAS	VICE CHAIRMAN	Independent
MR. JOSÉ ANTONIO COLOMER GUIU	MEMBER	Independent
MR. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	MEMBER	Nominee
MR. ANTONIO MIGUEL-ROMERO DE OLANO	MEMBER	Nominee

% of executive board directors	33.33
% of nominee board directors	33.33
% of independent board directors	33.33
% of other external board directors	0.00

Explain the functions that this committee has attributed, and describe the procedures and rules of organization and operation thereof. For each of these functions, indicate its most important actions during the fiscal year and how it has performed in practice each of the functions attributed to it, whether in the law, in the bylaws or other corporate agreements.

Is the delegate body of the Board of Directors, responsible for the executive management and permanent oversight of the strategic and operational aspects of the company's ordinary business affairs and those of its subsidiaries. It also makes any decisions necessary for proper operation. It has the general capacity of decision and has been expressly delegated all the powers that correspond to the Board of Directors, except for those that may not be delegated by legal imperative or, where applicable, by express provision in the Corporate Bylaws or in the Regulations of the Board of Directors of MAPFRE S.A.

A maximum of 10 members, all members of the Board of Directors. Its Chairman, First and Second Vice Chairmen and Secretary will automatically be members of the Board. Members must be appointed with a favorable vote from two-thirds of the members of the Board of Directors.

During the 2019 fiscal year, the Steering Committee was responsible for being familiar with the economic information of the Company and its Group, authorizing the acquisition and disposal transactions of subsidiary and Investee companies, approving the Group's real estate transactions, being familiar with relationships with official bodies and the main contentious issues of the Group's companies, and being familiar with the purchase of MAPFRE shares by members of governing and management bodies, among other things.

AUDIT AND COMPLIANCE COMMITTEE		
Name	Position	Category
MS. ANA ISABEL FERNÁNDEZ ÁLVAREZ	CHAIRWOMAN	Independent
MR. JOSÉ ANTONIO COLOMER GUIU	MEMBER	Independent
MR. ANTONIO MIGUEL-ROMERO DE OLANO	MEMBER	Nominee
MS. MARÍA DEL PILAR PERALES VISCASILLAS	MEMBER	Independent



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% of executive board directors	0.00
% of nominee board directors	25.00
% of independent board directors	75.00
% of other external board directors	0.00

Explain the functions, including, as the case may be, those additional to those legally provided, that this committee has attributed, and describe the procedures and rules of organization and operation thereof. For each of these functions, indicate its most important actions during the year and how it has performed in practice each of the functions attributed to it, whether in the law, in the bylaws or other corporate agreements.

The Audit and Compliance Committee has the following responsibilities:

- a) To apprise the Annual General Meeting of matters that are the responsibility of the Committee and, in particular, regarding the results of the audit, explaining how the committee has contributed to the integrity of the financial information and role that the Committee had in said process.
- b) To supervise the efficacy of internal controls at the Company, internal audits and risk management systems, as well as discussing with the External Auditor any significant weaknesses identified in the internal control system in the course of audits.
- c) To supervise the process for drawing up and presenting the mandatory financial information, and present recommendations or proposals to the Board of Directors with a view to safeguarding its integrity.
- d) Bringing before the Board of Directors the proposals for the selection, appointment, re-election and substitution of the External Auditor, being accountable for the selection process as contemplated in the pertinent legislation in force, as well as the conditions of his/her hiring and regularly gather from him/her information regarding the audit plan and its execution.
- e) To establish appropriate relationships with the External Auditor in order to receive information concerning those issues which may jeopardize their independence, so that they may be examined by the Committee, and any other issues relating to the accounts auditing process, and where appropriate, authorizations for services other than those prohibited in the terms contemplated in the corresponding legislation currently in force for auditing accounts, for the regime of independence, as well as other communications envisaged in account audit legislation and auditing standards.
- f) To issue a yearly report, prior to the publication of the accounts audit report, expressing an opinion concerning whether the independence of the External Auditor has been compromised.
- g) To ensure that, as far as possible, the External Auditor of the Group takes responsibility for auditing all the companies belonging to it.
- h) To ensure the independence and efficacy of the Internal Audit; to propose the selection, appointment, reappointment and removal of its most senior management, as well as its annual budget; to receive regular information on its activities; and to check that the executive management takes the conclusions and recommendations of its reports into account.
- i) To inform the Board of Directors in advance on all matters provided in the law, the Corporate Bylaws and Board of Directors Regulations.
- j) To establish and supervise a mechanism that enables employees to communicate confidentially any irregularities they notice within the company that may be of potential importance, especially financial and accounting irregularities.
- k) To verify the application of the established good governance regulations at all times.
- l) To supervise compliance with internal and external regulations, especially with internal codes of conduct, regulations and procedures for the prevention of money laundering and financing terrorism, as well as making proposals for their improvement.
- m) To supervise the adoption of actions and measures resulting from inspection reports or actions taken by administrative supervision and control authorities.
- n) Any other responsibilities which may be assigned by the Board of Directors or attributed to it in the Regulations of the said body.

The Committee is made up of a minimum of three and a maximum of five members, all of which must be non-executive, and the majority of which must be independent directors, one of which must be designated based on his or her knowledge and experience in the area of accounting, auditing or both. Overall, the members of the Committee should have the pertinent technical knowledge in relation to the company's sector of activity. Its Chairman must be an Independent Board Director and they must be substituted in this position every four years, only to be reelected to the post one year after leaving that position. The Secretary of this Committee will be the secretary to the Board of Directors. The Group Chief Internal Audit Officer shall attend the meetings as a guest.

In 2019 the Audit and Compliance Committee was responsible for, among other things, issuing an opinion on the Annual Accounts for fiscal year 2018, supervising the efficacy of the Company's internal control, supervising the information of the Company and its Group in the framework of Solvency II, supervising the internal audit and the risk management systems of the Company and the Group, reporting on transactions with significant shareholders and senior management, approving extra fees from the External Auditor, reporting on the relationship with the External Auditor, being familiar with appointments in Internal Audit and being familiar with the quarterly financial information presented to the Spanish National Securities and Exchange Commission, and ensuring the correct application



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within the company and Group of the good governance rules and external and internal regulations.

For more information, please check the Report on the Composition and Functioning of the Committee during fiscal year 2019, available on the Company's website, which is made available to shareholders for the Annual General Meeting.

Identify the members of the audit committee that have been appointed taking into account their knowledge and experience in accounting, auditing or both and report on the date of appointment of the Chairman of this committee in such position.

Names of experienced board directors	MS. ANA ISABEL FERNÁNDEZ ÁLVARE / MR. JOSÉ ANTONIO COLOMER GUIU
Date of appointment of the chairman in the position	8/18/2019

APPOINTMENTS AND REMUNERATION COMMITTEE		
Name	Position	Category
MS. CATALINA MIÑARRO BRUGAROLAS	CHAIRWOMAN	Independent
MR. JOSÉ ANTONIO COLOMER GUIU	MEMBER	Independent
MR. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	MEMBER	Nominee
MR. ALFONSO REBUELTA BADÍAS	MEMBER	Nominee

% of executive board directors	0.00
% of nominee board directors	50.00
% of independent board directors	50.00
% of other external board directors	0.00

Explain the functions, including, as the case may be, those additional to those legally provided, that this committee has attributed, and describe the procedures and rules of organization and operation thereof. For each of these functions, indicate its most important actions during the year and how it has performed in practice each of the functions attributed to it, whether in the law, in the bylaws or other corporate agreements.

The Appointments and Remuneration Committee is the delegate body of the Board of Directors for the coordinated development of appointment and remuneration policy regarding the Board Directors and Senior Management of the Group.

It has the following responsibilities:

- a) To evaluate the balance of skills, knowledge and experience required on the Board, defining the functions and capabilities required of the candidates to fill each vacancy accordingly and deciding the time and dedication necessary for them to properly perform their functions.



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- b) To establish a representation target for the gender least represented on the Board of Directors and to draw up guidelines on how to achieve this target.
- c) To bring before the Board of Directors the appointment proposals of Independent Board Directors for them to be designated by co-opting or for them to be subject to the decision of the Annual General Meeting, as well as proposals for reappointment or removal, and to report on cases related to proposals that affect the remaining Board Directors.
- d) To notify proposals for the appointment and termination of senior managers and their basic contractual conditions.
- e) To examine and organize the succession of the Chairman of the Board, and where appropriate, to make the corresponding proposals to the Board so that this succession is orderly and well-planned.
- f) To propose to the Board of Directors the remuneration policy for Board Directors and general managers or anyone who performs executive management functions under the direct control of the Board, the Steering Committee or the Managing Directors, as well as individual remuneration and other conditions of the contracts of Executive Board Directors, ensuring their enforcement.
- g) To propose to the Board of Directors the candidates for Fundación MAPFRE Trustees whose appointment is the responsibility of the Company.
- h) To authorize the appointment of External Directors in the other Group companies.

The Committee is made up of a minimum of three and a maximum of five members, all of whom must be non-executive, and at least two of whom must be Independent Directors. The Chairman must be an Independent Board Director. The Secretary of the Board of Directors will also be the secretary of the Committee.

In 2019 the Appointments and Remuneration Committee was responsible for, among other things, reporting on the appointments and removals of board directors and executives, reporting on the Chairman's actions during fiscal year 2018, bringing before the Board of Directors the re-election proposals concerning the Independent board directors, proposing to the Board of Directors the Compensation Policy for Directors and the Medium-Term Incentive Plan 2019-2021, approving the salary remuneration of Senior Management for fiscal year 2019, authorizing the granting of pension commitments, approving the granting of management contracts and proposing to the Board of Directors candidates for the appointment of Fundación MAPFRE Trustees.

For more information, please check the Report on the Composition and Functioning of the Committee during fiscal year 2019, available on the Company's website, which is made available to shareholders for the Annual General Meeting.

RISK COMMITTEE

Name	Position	Category
MR. JOSÉ ANTONIO COLOMER GUIU	CHAIRMAN	Independent
MS. ANA ISABEL FERNÁNDEZ ÁLVAREZ	MEMBER	Independent
MR. ANTONIO MIGUEL-ROMERO DE OLANO	MEMBER	Nominee
MR. ANTONIO GÓMEZ CIRIA	MEMBER	Independent

% of executive board directors	0.00
% of nominee board directors	25.00
% of independent board directors	75.00
% of other external board directors	0.00

Explain the functions that this committee has attributed, and describe the procedures and rules of organization and operation thereof. For each of these functions, indicate its most important actions during the fiscal year and how it has performed in practice each of the functions attributed to it, whether in the law, in the bylaws or other corporate agreements.

This delegate body of the Board of Directors supports and advises the Board on the definition and evaluation of the Group's risk management policies and on the determination of susceptibility to risk and the risk strategy.

It has the following functions:



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a) Provides support and advice to the Board of Directors in the definition and evaluation of the risk policies of the Group and in the determination of the susceptibility to risk and the risk strategy.

b) To assist the Board of Directors in overseeing the application of the risk strategy.

c) To be familiar with and assess the risk management methods and tools, monitoring the models applied regarding results and validation.

The Committee will be made up of a minimum of three and a maximum of five members, all of whom must be non-executive, and at least two of whom must be Independent Board Directors. The chairman must be an Independent Board Director. The Board of Directors must designate a Secretary, a position which need not be filled by a Board Director. The Senior Director who oversees the Group's risk area will attend the Committee as a guest.

During fiscal year 2019, the Risk Committee was responsible, among other things, for the review of the solvency position of the Company and its subsidiaries, for the review of the policies approved by the Company in the framework of Solvency II, and for the determination of risk propensity and risk strategy.

C.2.2 Complete the following table with information related to the number of board directors who have belonged to Board of Directors' Committees at the closing of the last four fiscal years:

	Number of female board directors							
	Fiscal year 2019		Fiscal year 2018		Fiscal year 2017		Fiscal year 2016	
	Number	%	Number	%	Number	%	Number	%
STEERING COMMITTEE	1	16.67	1	16.67	1	12.50	1	10.00
AUDIT AND COMPLIANCE COMMITTEE	2	50.00	2	50.00	2	40.00	2	40.00
APPOINTMENTS AND REMUNERATION COMMITTEE	1	25.00	1	25.00	2	50.00	2	50.00
RISK COMMITTEE	1	25.00	1	25.00	1	20.00	0	0.00

C.2.3 Indicate, where applicable, the existence of regulations for the board committees, where they can be consulted and any amendments made to them during the fiscal year. Indicate whether an annual report on the activities of each committee has been drawn up voluntarily.

STEERING COMMITTEE

The regulation of the Steering Committee is included in the company's bylaws (article 21) and in the Board Regulations (articles 9 and 13). These documents, as well as the composition of the Committee, are always available for consultation on the company's website, www.mapfre.com.

In fiscal year 2019, Article 9 of the Regulations for the Board of Directors was modified in order to eliminate the minimum number of annual meetings to be held by the Steering Committee.

The Steering Committee submitted a report on its own functioning to the Board of Directors in fiscal year 2019.

AUDIT AND COMPLIANCE COMMITTEE

The regulation of the Audit and Compliance Committee is included in the company's bylaws (article 22) and in the Board Regulations (articles 10 and 13). These documents, as well as the composition of the Committee, are always available for consultation on the company's website, www.mapfre.com.

In fiscal year 2019, article 2 of the Regulations for the Board of Directors was modified in order to include the new non-delegable competence of the Board of Directors introduced by Law 11/2018, of December 28, which modifies the Commercial Code, the



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Recast Text of the Companies Law approved by Royal Legislative Decree 1/2010, of July 2, and Law 22/2015, of July 20, on Account Auditing, regarding non-financial information and diversity.

The Audit and Compliance Committee submitted a report on its functioning in fiscal year 2019 to the Board of Directors.

APPOINTMENTS AND REMUNERATION COMMITTEE

The regulation of the Appointments and Remuneration Committee is included in the company's bylaws (article 23) and in the Board Regulations (articles 11 and 13). These documents, as well as the composition of the Committee, are always available for consultation on the company's website, www.mapfre.com.

No changes have been made to the operating system of the Appointments and Remuneration Committee.

The Appointments and Remuneration Committee submitted a report on the functioning of the Appointments and Remuneration Committee for fiscal year 2019 to the Board of Directors.

RISK COMMITTEE

The regulation of the Risk Committee is included in the company's bylaws (article 24) and in the Board Regulations (articles 12 and 13). These documents, as well as the composition of the Committee, are always available for consultation on the company's website, www.mapfre.com.

In fiscal year 2019, article 12 of the Regulations for the Board of Directors was modified in order to eliminate references to the Committee's old functions in terms of compliance.

The Risk Committee submitted a report on the functioning of the Risk Committee for fiscal year 2019 to the Board of Directors.



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D. RELATED-PARTY TRANSACTIONS AND INTRA-GROUP TRANSACTIONS

D.1. Explain, where applicable, the procedure and competent bodies for approving related-party and intra-group transactions.

MAPFRE has a policy for managing conflicts of interest and related-party transactions with significant shareholders and senior representative or management positions, which regulates the procedure to be followed in relation to related-party transactions.

The Board of Directors shall be familiar with the transactions conducted by the Company, directly and indirectly, with Board Directors, with significant shareholders or shareholders represented on the Board of Directors, or with persons related to them, and these transactions shall require authorization by the Board of Directors, after receiving a report from the Audit and Compliance Committee, unless they are transactions that are part of the normal or ordinary activities of the parties concerned, which are undertaken under normal market conditions and for amounts that are insignificant or irrelevant to the Company.

Significant shareholders, board directors and senior management must inform the secretary of the Board of Directors of MAPFRE in writing regarding any transaction that they or individuals associated with them (in this last case, whenever the affected person is aware of it) intend to conduct with MAPFRE or with any other company of its Group and which constitutes a related-party transaction subject to authorization by the Board of Directors.

The notification must include sufficient information on the aspects of the transaction to make it possible for MAPFRE to properly identify it.

D.2. List any significant transactions between the company or its Group companies and the company's significant shareholders which are relevant due to their amount or subject matter:

Name or company name of the significant shareholder	Name or company name of the company or Group company	Nature of the relationship	Type of transaction	Amount (thousands of euros)
CARTERA MAPFRE, S.L. SINGLE-MEMBER COMPANY	MAPFRE S.A.	Corporate	Dividends and other profits distributed	304,568

D.3. List the transactions between the company or Group companies and the company's associates or executives which are relevant due to their amount or subject matter.

Name or company name of the associates or executives	Name or company name of the related party	Link	Nature of the transaction	Amount (thousands of euros)
No data				N/R



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- D.4. Report on the significant transactions in which the company has engaged with other companies belonging to the same group, as long as they are not eliminated in the process of drawing up the consolidated financial statements and are not part of the company's usual trade with respect to its purpose and conditions.

In any case, report any intra-group transaction carried out with companies established in countries or territories which have the consideration of tax haven:

Company name of the Group company	Brief description of the transaction	Amount (thousands of euros)
No data		N/R

- D.5. Detail the significant operations carried out between the company or Group companies and with other related parties, which have not been informed in the previous sections:

Company name of the related party	Brief description of the transaction	Amount (thousands of euros)
No data		N/R

- D.6. List the mechanisms in place to detect, determine and resolve possible conflicts of interest between the company and/or its Group, and its board directors, executives and/or significant shareholders.

All board directors and executives must make a Prior Declaration with regard to these matters at the time of their appointment. Furthermore, they are required to update this declaration on a regular basis, and whenever a potential situation of conflict arises.

Additionally, the internal code of conduct and the policy for managing conflicts of interest and related transactions with significant shareholders and senior representative or management positions regulate the special obligations relating to potential conflicts of interest.

The Board of Directors has the final decision on these issues. There is a special procedure for the approval of resolutions with regard to matters where there is a potential conflict of interest with a board director. The board director in question must refrain from attending or participating in these decisions.

- D.7. Is there more than one of the Group's companies listed in Spain as a publicly traded company?

☐ Yes
☒ No



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E. RISK CONTROL AND MANAGEMENT SYSTEMS

E.1. Explain the scope of the Risk Control and Management System of the company, including taxation:

The MAPFRE Group has a Risk Management System (RMS) based on the continuous and integrated management of each of the business processes and on the suitability of the level of risk to the established strategic objectives, consolidating said management by area, business unit, activities, subsidiaries, geographical areas and corporate support areas,

The different types of risks have been grouped under four areas, or categories, as described below:

- Insurance Activity Risks: This groups together, separately for Life and Non-Life, the risk of premium shortfalls and insufficient technical and catastrophe provisions.
- Financial and Credit Risks: This includes interest rate, liquidity, exchange rate and credit risks.
- Strategic Risks and Corporate Governance: This includes business ethics and corporate governance risks as well as risks related to the organizational structure, alliances, mergers and acquisitions derived from the regulatory environment, including those of a tax nature, and competition risks.
- Operational Risks: This includes possible losses arising from the unsuitability or malfunction of internal processes, personnel or systems, or arising from external events (not including risks arising from strategic decisions or reputational risk).

Operational Risks include the risk of non-compliance that includes the risk of material financial sanctions and losses as a result of non-compliance with internal and external laws, regulations and standards, as well as the risks of fiscal non-compliance (risks of discrepancies in the interpretation of tax regulations and the determination of market prices between related companies).

E.2. Identify the bodies of the company which are responsible for the preparation and implementation of the system for the control and management of risks, including of a tax nature:

The internal control and risk management systems are integrated into the organizational structure of the Group according to the three-lines-of-defense model, so that all the staff of the organization are assigned responsibilities for the compliance with the control and risk management objectives.

The Board of Directors is ultimately responsible for guaranteeing the effectiveness of the internal control and risk management systems. It is its sole competence to determine the general policies and strategies, and in particular the policy for the identification, management and control of risks, including fiscal risks, and the supervision of internal information and control systems.

The Steering Committee is the delegate body of the Board of Directors for the executive management and permanent supervision of the ordinary management of the company and its subsidiaries in its strategic and operational aspects, and acts with all its powers except those that are not delegable by legal imperative or, where appropriate, by express provision in the company's bylaws or in the Regulations for the Board of Directors of MAPFRE S.A.

The Risk Committee has the following functions:

- To support and advise the Board of Directors on the definition and evaluation of the risk policies of the Group and on the determination of the susceptibility to risk and the risk strategy.
- To assist the Board of Directors in overseeing the implementation of the risk strategy.
- To be familiar with and assess the risk management methods and tools, monitoring the models applied regarding results and validation.

The Audit and Compliance Committee is the delegate body of the Board of Directors with the responsibility of overseeing the effectiveness of internal control, internal audit and the risk management systems; monitoring the development and presentation of financial information, establishing appropriate relationships with the External Auditor; monitoring the implementation of good governance standards; and monitoring compliance with internal and external regulations, in particular internal codes of conduct and the rules and procedures for the prevention of money laundering and financing of terrorism.



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- E.3. List the main risks, including tax risks and, to the extent that they are significant, those derived from corruption (understood within the scope of Royal Decree Law 18/2017), which may impact the achievement of business objectives:

1. Insurance Activity Risk

The organization of MAPFRE, specializing in various business lines, requires them to be highly autonomous in the management of their business, in particular in terms of underwriting and tariff fixing, as well as the indemnification or provision of services in case of incident.

The adequacy of premiums is an element of particular importance and its determination is supported by specific computer applications. The adequacy of premiums and provisions are an element of special importance and are basic principles of insurance management. Technical provisions are estimated by the actuarial teams of the different companies and their amount is validated by an independent party that did not participate in the calculation. The relevance of the personal damage business in MAPFRE, with a rapid settlement of claims, as well as the low importance of long-term insured risks (such as asbestos or professional liability) are mitigating elements of the risk of inadequacy of technical provisions.

MAPFRE operates in countries highly prone to disasters (earthquakes, hurricanes, etc.), which calls for special treatment of these types of risk. Exposed companies have access to specialized catastrophic exposure analyses, which are generally prepared by independent experts, which estimate the scope of losses should a catastrophic event occur. Underwriting catastrophic risks is undertaken based on this information and the economic capital available to the underwriting company. Where appropriate, the equity exposure to these types of risk is mitigated by taking out specific reinsurance coverage.

In this regard, it is important to highlight the contribution of MAPFRE RE, which brings to the management of the Group its long experience in the market of catastrophic risks, determining annually the global catastrophic capacity by territory and establishing the maximum underwriting capabilities per risk and event. MAPFRE RE also has risk retrocession protection programs to cover deviations or increases in the catastrophic loss ratio in different territories.

MAPFRE's policy regarding reinsurance risk is to transfer business to reinsurers of proven financial capacity that meet the credit quality conditions set out in the MAPFRE Group's Reinsurance Policy. Business is ceded to other reinsurers on an exceptional basis after an internal analysis verifying the possession of a solvency margin equivalent to the aforementioned classification or if adequate guarantees are provided.

2. Financial and Credit Risks

MAPFRE mitigates its exposure to this type of risk by means of a prudent investment policy characterized by a high proportion of investment-grade fixed income securities.

Four different types of portfolios are managed within the Investment portfolio:

- Those that seek strict immunization from the obligations deriving from Insurance contracts.
- Portfolios that cover unit-linked policies made up of assets whose risk is assumed by the policyholders.
- Those that look to exceed the guaranteed return and achieve the highest return for the policyholders within prudential parameters, such as portfolios with profit sharing.
- Open-management portfolios where the active management is only conditioned by legal rules and internal risk limits.

In the first case, the immunized portfolios minimize the interest rate risk through immunization techniques based on the matching of flows or durations.

In the second case, portfolios that cover the unit-linked policies are made up of financial instruments whose risk is assumed by the policyholders.

A certain degree of market risk is accepted in the remaining portfolios, as set out below:

- The variable of interest rate risk management is the modified duration that is conditional on the limits established in the Investment Plan.
- Exposure to the exchange rate risk is minimized in the case of insurance liabilities. The Transferable Security and Real Estate Investment Plan establishes the maximum net position limit in currencies that can be adopted in asset management.
- Investments in shares are subject to a maximum limit of the investment portfolio.
- The risk limitations are established in easily observable quantitative terms of variables. However, a risk analysis in probabilistic terms is carried out in accordance with past volatility and correlations.



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With regard to credit risk, the policy is based on applying criteria of prudence in line with the issuer's solvency and seeking a high degree of geographical correspondence between the Issuers of the assets and the commitments.

Thus, limits are established according to the risk profile of the counterparty or the investment instrument and in relation to the solvency of the counterparty, and there is a system for monitoring and reporting the exposure to credit risk.

The Security Committee also reviews the main exposures to Insurance and reinsurance counterparties. [THE INFORMATION IN THIS SECTION

CONTINUES IN SECTION H.1 OF THIS REPORT]

E.4. Identify whether the company has a tolerance levels for risks, including tax risks:

The Risk Appetite Policy of the MAPFRE Group, approved by the Board of Directors of MAPFRE S.A., establishes the risk level that the Group would be ready to assume to attain its business objectives with no relevant deviations, even in adverse situations. That level, which defines limits and sub-limits per risk type, constitutes the MAPFRE Group's Risk Appetite.

As one of its risk management objectives, the MAPFRE Group strives to maintain an amount of eligible own funds at the consolidated level which is equivalent to a target solvency ratio of 200 percent of the solvency capital required under Solvency II, with a tolerance of 25 percentage points. A secondary risk management objective is to maintain a sufficient level of economic capital at the consolidated level to meet its obligations in accordance with a rating of "A" or higher, or its equivalent.

The prospective capital required of the insurance and reinsurance subsidiaries is generally determined pursuant to an estimation based on the budgets for the following fiscal year, and it is reviewed on a regular basis during the course of the year in line with risk trends.

For metrics that quantify the aggregate risks of the MAPFRE Group, tolerance levels are established and risk exposure is monitored through a measurement scale based on the distance of the risk level from its maximum limit: i) green zone: risk that can be assumed and maintained without restrictions; ii) yellow zone: risk that has reached a sufficient level of exposure and that requires monitoring and control measures; and iii) red zone: risk that exceeds the maximum tolerance and that requires the immediate adoption of control and mitigation measures.

The Governing Bodies receive information relating to the quantification of the main risks to which the Group is exposed and the capital resources available to cover them, as well as information relating to compliance with the established Risk Appetite limits and other specific risk policies.

E.5. Indicate the risks, including tax risks, which have arisen during the fiscal year:

During fiscal year 2019, a large industrial accident has been registered in MAPFRE RE (19.6 million euros net of reinsurance) and risks of the insurance activity have materialized as a result of catastrophic events, for example, typhoons in Japan and heavy rains on the east coast of Spain. While these events have had a significant effect on the profit attributable for the fiscal year (147.5 million euros), it should be noted that the reinsurance protection for this type of event has been effective, so that the Group maintains its compliance with the legal solvency requirements and remains within the limits of tolerance foreseen in the risk appetite.

In addition, within the Financial and Credit Risks, there was an appreciation of the euro during fiscal year 2019 with respect to the currencies of some of the main subsidiaries, such as the Brazilian real and the Turkish lira, with the subsequent negative effect on the Group's shareholders' equity (through negative currency conversion differences) and operating results and cash flows in euros from the said subsidiaries.

E.6. Explain the response and supervision plans for the main company risks, including fiscal risks, as well as the procedures followed by the company to ensure that the board of directors responds to the new challenges that arise:

The integration of internal control and risk management systems into the organizational structure is performed under the three-lines-of-defense model, assigning responsibilities regarding compliance with the internal control and risk management objectives according to the said model:

1) A first line of defense consisting of employees, management, and the business and supporting operating areas which are responsible for maintaining effective control over the activities carried out as an inherent part of their day-to-day work. Therefore, they assume the risks and are responsible for designing and applying the control mechanisms that are necessary to mitigate the risks associated with the processes that they carry out and to ensure that they do not exceed established limits.

2) A second line of defense integrated by the key functions of risk, actuarial and compliance management and other insurance functions, which guarantee the operation of the internal control and risk management systems.



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3) A third line of defense consisting of Internal Audit, which carries out the independent assessment of the suitability, adequacy and effectiveness of the internal control and risk management systems, communicating any deficiencies to the parties responsible for applying the corrective measures in a timely manner, including senior management positions and governing bodies, as the case may be.

To ensure effective control and management of risks, MAPFRE has a written policy on Internal Control and has developed a set of risk management policies in which (i) the different types of risk faced are identified and (ii) the risk appetite considered acceptable, the measures envisaged to mitigate the impact of the identified risks and the information and internal control systems to be used in relation to them are established.

The Risk Management Teams of the companies coordinate the set of strategies, processes and procedures necessary to identify, measure, monitor, manage and continuously notify the risks to which the entity is or may be exposed, as well as their interdependencies.

The General Counsel and Corporate Legal Affairs Area offers the Governing Bodies and the different Corporate Areas and Business Units legal, fiscal and corporate governance advice; and actively defends the interest of the Group in these matters, both in the processes of application of current regulations and in the elaboration and processing of new provisions. Likewise, through the Corporate Tax Advisory Department, this corporate division has information regarding the tax risks detected in each country.

In any case, the actions to adopt regarding the risks identified are decided by the Board of Directors, which is informed immediately of any risk which:

- Depending on how it evolves, may exceed the established risk limits.
- May lead to losses equal to or in excess of the established risk limits.
- May endanger compliance with the solvency requirements or the continuity of the Group's operation.

The Group Risk Office provides assistance and advises the Governing Bodies, Executive Chairman and executive management of the Group within the scope of their powers and informs the Governing Bodies on the level of exposure to the different risks, taking into consideration their interdependencies, and compliance with the limits established.

The foregoing includes the internal risk and solvency assessment of the Group, as well as the reports requested by the Governing Bodies on certain risk areas.

In addition, the Group promotes different procedures for the identification and assessment of risks and controls that involve the main areas and departments, showing a comprehensive and complete view of all the risks intrinsic to the business and identifying those risks that may be faced by the company throughout the period set out in its business plan.

Likewise, the Group companies promote the preparation and reporting to the respective Governing Bodies of the periodic reports of monitoring of operational risks, which include, among others, risk control reports and periodic reports of monitoring of incidents and operational risk events.

At the operational level, the MAPFRE Group also has the following key actions:

- The MAPFRE Group has a Corporate Business Continuity Model developed by the Corporate Security Office, the ultimate aim of which is to be able to provide a timely and effective response should a high-impact incident occur, therefore minimizing the damage caused. The model adopts the form of contingency plans that include recovery strategies for each process based on the criticality of the process and situation and the availability of the elements affected (employees, buildings, technology and providers).
- The Corporate Anti-Fraud Plan, also coordinated by the Corporate Security Office, which establishes the response and lines of action of the Group in the fight against fraud in all its aspects (prevention, detection, investigation and prosecution), as well as the measures to minimize their effects in the most efficient way possible.



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F. INTERNAL RISK CONTROL AND MANAGEMENT SYSTEMS IN RELATION TO THE FINANCIAL REPORTING PROCESS (ICFR)

Describe the mechanisms that comprise control systems and risk management in relation to the company's procedure for the issuing of financial information (ICFR).

F.1. Control environment of the company.

Report on the following, indicating the main characteristics:

- F.1.1 Which bodies and/or functions are responsible for: (i) the existence and maintenance of an adequate and effective ICFR; (ii) its implementation; and (iii) its supervision.

The MAPFRE Internal Control System takes the form of a set of continuous processes for which the MAPFRE S.A. Board of Directors is ultimately responsible. The Board is assisted by the Executive Committee and the executive teams of the different units, companies, corporate areas and other departments as regards the implementation, update and monitoring of the tasks and processes related to compliance with the objectives of the Internal Control System. The MAPFRE Internal Control System is implemented across the organization through the three-lines-of-defense model, as indicated in the latest update to the Group's Internal Control Policy, approved by the Board of Directors on February 6, 2019.

The Regulation of the Board of Directors, which was amended and approved on December 13, 2019 includes the functions and responsibilities of the Board of Directors, the Steering Committee and other Board committees (Audit and Compliance, Appointments and Remuneration, and Risk).

The Board of Directors delegates ordinary management to the Steering Committee and the executive management, and reserves the approval of risk control and management policies and approval of the periodic monitoring of both internal information and control systems and financial information to be published, owing to its status as a listed company.

The Executive Committee is the body which, under mandate from the Board of Directors, exercises direct supervision over management of the Business Units and Corporate Areas and ensures the coordinated actions of the same.

On the other hand, the Audit and Compliance Committee, in its capacity as Delegate Body of the Board of Directors, has - in relation to the information and internal control systems - the power to, among other things: supervise the process of preparation and presentation of mandatory financial information and submit recommendations or proposals to the Board of Directors aimed at safeguarding their integrity; supervise the effectiveness of internal control, internal auditing and risk management systems and provide information, in advance, to the Board of Directors particularly in terms of financial information that the Company must publish periodically.

The document titled "Internal Audit Policy and Charter," in force in fiscal year 2019, was updated and approved by the Audit and Compliance Committee on December 11, 2018 and by the Board of Directors on February 6, 2019, and sets out the main Internal Control System supervisory activities as well as those relating to the Solvency II Directive, conducted by the Audit and Compliance Committee through the Corporate Internal Audit Area, which are listed in section F.5.1 of this document.

- F.1.2 Whether there are, particularly relative to the procedure for the preparation of financial information, the following items:

- Departments and/or mechanisms in charge of: (i) the design and review of the organizational structure; (ii) the clear definition of lines of responsibility and authority, with an appropriate distribution of tasks and functions; and (iii) ensuring the existence of sufficient procedures for correct diffusion in the company:

The regulation on the Institutional, Business and Organizational Principles of the MAPFRE Group, approved by the Board of Directors of MAPFRE S.A. at its meeting on June 24, 2015 and amended on February 7, 2017 with effect from March 10, 2017, is the minimum mandatory framework for all the companies making up MAPFRE and their respective governing bodies.

The Board of Directors reviews and authorizes the Group's organizational structure and approves the lines of responsibility and authority based on the organizational structure defined. During fiscal year 2019 there were only changes in the denomination of some corporate areas, which were approved in the Executive Committee of July 22, 2019, effective September 1, 2019. The new Management Organization Chart entered into force on that date.



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The distribution of functions and definition of scopes of activity/authority and of hierarchical levels are undertaken in line with the Organizational Structure Manual approved by the Corporate People and Organization Area.

Concordance between the organization of positions and the hierarchical structure is essential because it maps functions to roles and responsibilities, ensuring that business activities are conducted properly.

The Corporate Finance and Resources Area establishes the accounting policies and standards applicable to the Group and is responsible for the coordination between the various Business Units and Corporate Areas in relation to the consolidated financial information preparation procedure.

- Code of conduct, approval body, degree of diffusion and instruction, principles and values included (indicating if there are specific mentions to the registry of operations and preparation of financial information), body entrusted with analyzing noncompliance and recommending corrective measures and sanctions:

The Code of Ethics and Conduct was approved by the Board of Directors on July 25, 2019, replacing the one previously approved in 2017.

It aims to reflect corporate values and the basic principles that should guide the conduct of MAPFRE and its staff.

As at December 31, 2019, 20,875 employees worldwide have completed the one-hour e-learning course on the Code of Ethics and Conduct.

The content of the online course on the Code of Ethics and Conduct is currently being updated and will be finalized by 2020. However, this Code is public both on the Intranet and on the Group's website, and can be consulted by anyone who wishes to do so.

The Code sets out specific principles that are binding for all employees, regarding the processing of the Group's financial information so as to ensure its confidentiality, integrity and availability in accordance with MAPFRE's data security standards. It also states that all employees are responsible for ensuring that the information provided is accurate, clear and truthful.

To guarantee application of the Code, as well as supervision and control of its compliance, the Ethics Committee is entrusted with ensuring its compliance and analyzing and resolving any complaints lodged as a result of its violation. Any employee who has a query about the application of the Code, or who observes a situation that might involve a breach or violation of any of the principles and rules of ethics or conduct, must report it to the Ethics Committee, which acts within the scope of its advisory functions or resolves any complaints that may arise regarding breaches of the Code. Queries and complaints to the Ethics Committee can be communicated by post, by email or through the Whistleblower Channel with direct access through the Group's internal portal. The operation of this channel is set out in the Code of Ethics and Conduct.

Every year, the Ethics Committee reports to the Steering Committee on the activities carried out during the fiscal year.

- Whistleblower channel that allows employees to report financial and accounting irregularities to the audit committee, in addition to possible breaches of the code of conduct and irregular activities in the organization, indicating whether any of the information reported is confidential:

In addition to the Ethics Committee Whistleblower Channel indicated in the previous section, there is a Financial and Accounting Whistleblower Channel which allows Group employees to report any potentially significant financial and accounting irregularities they observe to the Audit and Compliance Committee confidentially, via an electronic general queries mailbox or written correspondence to a specific address.

The operating standards of the Financial and Accounting Whistleblower Channel of the MAPFRE Group, with its last update approved by the Audit Committee in 2016, are published on the Intranet or internal portal of the Group.

The Audit and Compliance Committee receives the complaints and reviews and resolves them by addressing each one as it deems appropriate. In order to perform its functions properly, it relies on assistance from General Counsel and the Corporate Internal Audit Area.

In cases of complaints concerning the Group's subsidiary companies which have their own mandatory Whistleblower Channel, the Audit and Compliance Committee and the competent body of the subsidiary company liaise in handling and resolving any complaints received.



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The parties involved in the Channel have controls for restricting access to the information, and the confidentiality of the whistleblower's identity is assured through the collection of personal data provided in accordance with the requirements of current data protection legislation.

General Counsel issues an annual report for the Audit and Compliance Committee outlining the activities conducted through the Whistleblower Channel and the final result of the complaints made.

Regular training and refresher programs for staff involved in the preparation and review of financial information, as well as evaluation of the ICFR, covering at least the accounting rules, audit, internal control and risk management.

MAPFRE has a Global Training Model, and a learning strategy that is implemented globally. All our training knowledge and actions designed and deployed are associated with specific objectives of the BSC (MAPFRE's strategy map). All knowledge, depending on its nature, is channeled through Schools within the framework of the MAPFRE Corporate University.

MAPFRE has set a goal so that in 2019 77% of the training effort worldwide will have technical and sales content and programs. In this area of technical knowledge is financial training, which is channeled through the School of Finance, the objective of which is to provide all professionals in all areas of MAPFRE with financial knowledge in risk management, management control and accounting, to become more effective and competitive within this function.

In 2019 MAPFRE organized several training programs in Spain on financial, risk and internal control issues, representing a total of 3,314.8 training hours delivered to 1,239 participants.

Additionally, the Iberia Regional Area has continued to develop the financial certification training plan for the MAPFRE Sales Network taught by the FEF School (Fundación Estudios Financieros).

The agreement signed by MAPFRE and FEF grants a wide group of professionals from the Commercial Organization throughout Spain to have access to a high level program that qualifies them as Financial Advisors approved by the Spanish National Securities and Exchange Commission (the "CNMV") as required by MiFID II standard. This training adds great value to the MAPFRE sales network by providing cutting-edge, complete and practical knowledge that will significantly help sales efforts related with savings and investments.

At the close of 2019, 512 employees and 677 brokers had received certification.

The program has a minimum duration of 280 hours and uses a blended system: in-person, video training, website and forums.

In the e-learning training modality, it is worth mentioning the course on "Internal Control Standards," which has been renewed in our three corporate languages in 2019. In MAPFRE, the Internal control model is represented with a three-dimensional cube-shaped matrix, in which each face represents a dimension. In this online program these dimensions are detailed, as well as the lines of defense and who supervises the internal control. As at December 31, 2019, 3,887 employees have completed said program at the GLOBAL level.

MAPFRE also offers an e-learning course on the Regulatory Compliance Function, the objective of which is to advertise this function, objectives and responsibilities and the importance acquired by the implementation thereof in organizations to minimize the risk of legal and regulatory non-compliance to which they are exposed. As at the close of 2019, 1,039 employees had undertaken this program since it was launched in 2015.

In 2017, a 45-minute e-learning course was developed on the Solvency II regulations, aimed at all employees around the world who perform their functions in the Risk, Financial, Actuarial, Compliance and Audit Areas. This program is available in Spanish and English. As at the close of 2019, 738 employees have completed this program since it was launched in 2017.

The global online training program "Management of Risks in Insurance Matters" continued in 2019, with a duration of 280 hours, resulting in certification in this area, aimed at 28 employees, in 6 countries.

Internal Audit training also continued in 2019, aiming to provide all professionals in MAPFRE audit areas around the world with the knowledge necessary to perform internal audits and to share established management tools and best practices.

In December 2019, a training seminar was held for the auditors of Spain and Portugal for an approximate duration of 12 hours, in which 65 employees participated, and the content of which focused on deepening business knowledge and areas directly related to Internal Audit, in addition to learning about the evolution and status of the implementation of IFRS 17 in MAPFRE, the new version of Auditmap, the Map of insurance within MAPFRE and the current IT situation and technological positioning within MAPFRE, among others.



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F.2 Financial information risk assessment.

Report on at least the following:

F.2.1 The main characteristics of the risk identification process, including error or fraud risks, in relation to:

- Whether the process exists and is documented:

MAPFRE has a Risk Management System (hereinafter, RMS) that applies to Group companies, in accordance with the internal regulations of each of the risk categories considered.

The description of the RMS is included in Section E. Risk Control and Management Systems of this Corporate Governance Report.

Regarding the Risk Control System, risk factors are identified for each of the processes that the Group considers to be critical, which are classified into 24 risk types. Among the risk factors considered for each process, one is always included regarding the registration and accounting of operations with an economic or accounting impact.

These risk factors are associated with the key figures for the main items in financial statements. In this process of identifying the key figures, quantitative and qualitative factors (complexity of transactions, risk of fraud and other aspects) were considered.

These risk factors are evaluated by the areas and departments of the companies during the development of the risk control activities that, among other aspects, allow: i) the identification of risks through specific questionnaires on controls and risks, ii) finding out about the risk factors that have been relevant so far and iii) the adoption of corrective measures in those cases, where necessary.

- The procedure covers all financial information objectives (existence and occurrence; integrity; assessment; presentation, breakdown and comparability; and rights and obligations), whether it is updated and how frequently.

Identifying the risks that cover the objectives of existence and occurrence, integrity, assessment, presentation, breakdown and comparability, and rights and obligations of financial information is materialized through the process of preparing the quarterly questionnaire of internal controls over financial reporting.

The purpose of this procedure is to identify and verify that controls are implemented during the process of preparing the financial information, to create documentary evidence of the controls carried out by the company relating to Cash and Investment, Consolidation, Accounting and Tax processes, as well as of the result of its application, and acting as an internal communication channel to share the relevant information related to the issuance of financial information.

The procedure was reviewed in the first quarter of 2018, the main change being the increase in the number of controls in each of the four above-mentioned processes, from a total of 105 in the last quarter of 2017 to 234 controls in the questionnaire of the first quarter of 2018. This procedure remained operational during 2019.

- Existence of a procedure for identifying the consolidation scope, bearing in mind, inter alia, the possible existence of complex corporate structures, instrumental companies or those with a special purpose:

The MAPFRE Consolidation Manual, prepared by the Corporate Finance and Resources Area, describes the process for identifying the scope of consolidation, which encompasses all the companies of the Group and is updated on a monthly basis.

The Consolidation Supervisor of each Subgroup receives details from the Consolidation Assistant Management of the companies included in the scope of consolidation with the percentages of direct and indirect participation and the method of consolidation that applies. Any modification to the information provided must be reported to the Consolidation Assistant Management, which will make a decision on the modification after analyzing the reasons given.

The functional structure and the tasks assigned to the process supervisors are reflected in the Consolidation Manual.



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- Whether the procedure takes into account the effects of other risk types (operational, technological, financial, legal, fiscal, reputational, environmental, etc.) insofar as they affect financial statements:

Risk control takes into account the different types of operational, technological, financial, legal, reputational and environmental risks, as well as the risks inherent in the insurance and reinsurance business.

In this process, each risk factor, where appropriate, is linked to the section of the financial statements that would be affected if the potential risk became a reality, the main sections being: premiums, provisions, financial returns, acquisition expenses, administration expenses and benefit expenses.

Risk control is promoted in the Group, both in Spain and abroad, through the Riskm@p computer application, which is developed internally by MAPFRE and which aids in the creation of company Risk Maps. These maps analyze the significance and probability of occurrence of different risks. The management model is based on a dynamic analysis by processes, in which the managers of each area or department identify and assess the potential risks that affect business and support processes, as well as key economic figures, among other aspects, by completing self-evaluation questionnaires.

- Which of the company's governing bodies oversees the process:

The Audit and Compliance Committee, in regards to the information and internal control systems, has the competence, among other tasks, to periodically review the internal control systems and the risk identification and management systems, an ongoing task undertaken throughout the year by Internal Audit.

Regarding the ICFR report prepared by the Financial Department, External Audit reviews and analyzes its contents, issuing its own report on the consistency or incidents of the information that could impact it.

The ICFR report, alongside the report prepared by External Audit, is supervised by the Audit and Compliance Committee prior to its approval by the Board of Directors.

F.3. Control activities.

Indicate whether at least the following are in place and describe the main characteristics:

- F.3.1** Procedures for reviewing and authorizing financial information and the description of the ICFR, to be published in stock markets, indicating who is responsible for them, as well as descriptive documentation of the flows of activities and controls (including those related to fraud risk) of the various types of transactions that may materially affect the financial statements, including the accounting closing procedure and the specific review of the relevant judgments, estimates, valuations and projections.

The financial reports on the annual accounts, and biannual and quarterly information prepared by the Corporate Finance and Resources Area, are submitted to the Audit and Compliance Committee first and then to the Board of Directors.

In the case of individual and consolidated annual accounts, the Chief Financial Officer, the Chief Internal Audit Officer and the executive responsible for preparing these accounts certify their accuracy and integrity to the Board of Directors.

The closing calendar, prepared by the Procedures and Supervision Assistant Management, lists the main activities of the process of consolidating and preparing the annual and biannual accounts and the corresponding controls, providing deadlines for compliance.

The different Group companies report financial information through their assigned supervisors, which the Corporate Finance and Resources Area consolidates to prepare the reports. During the consolidation process, controls are in place to detect any errors liable to significantly affect the financial statements.

The Audit and Compliance Committee supervises the following information:

- The management report and individual and consolidated annual accounts of MAPFRE S.A. and its subsidiaries.
- The report on the limited review of the consolidated abridged interim financial statements of MAPFRE S.A. corresponding to the intermediate period ending on June 30 of each fiscal year.
- The information that MAPFRE S.A. sends to the Spanish National Securities and Exchange Commission (the "CNMV") every quarter.



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- The information prepared by MAPFRE S.A. for investors and analysts, which is reviewed and analyzed by the Audit and Compliance Committee before publication.
- Documents relating to Pillar II and Pillar III of Solvency II: ORSA (Own Risk and Solvency Assessment) and SFCR (Solvency and Financial Condition Report).

Additionally, as indicated in the previous section, each quarter the companies complete the questionnaire on internal controls of financial information. This questionnaire includes documented evidence of the activities and controls performed with regard to the main financial information processes.

Control activities are performed through the risk control process. The departmental and area supervisors prepare internal control manuals and other descriptive documents, which contain procedures, activities and the parties involved in them, identifying the associated risks and the controls for mitigating them, including those related to fraud risk and the accounting close process. The knowledge and documentation of controls allows those responsible for the various areas and departments of MAPFRE companies to evaluate the effectiveness of the established controls, to find out if the relevant risks that have been identified are sufficiently controlled and take the necessary corrective measures.

Regarding the judgments and estimates, the Board of Directors makes them based on assumptions on the future and about uncertainties which are mainly related to technical provisions; losses due to deterioration of certain assets; the calculation of provisions for risks and expenses; the actuarial calculation of liabilities and commitments for post-employment remuneration; the useful life of intangible assets and tangible fixed assets; and the fair value of certain non-listed assets.

The estimates and assumptions used are included in the accounting close instructions, are reviewed regularly, and are based on historical experience and on other factors that may be considered more reasonable at the time. If the review leads to changes in estimates in a given period, their effect is applied during that period and, if applicable, in subsequent periods.

F.3.2 Internal control policies and procedures for information systems (inter alia, safe access, change control, operation, operational continuity and separation of functions) that concern the company's relevant procedures in relation to the preparation and publication of financial information.

The Corporate Security and Environmental Division (DISMA), which until July 18, 2018, was dependent on the Corporate Resources and Institutional Coordination Area, becomes dependent from that date on the Corporate Business Support Area, which is managed by the General Director of Business Support. These changes were approved by the Board of Directors of MAPFRE S.A. on June 18, 2018. The DISMA acts directly on the regulations regarding data security.

In particular, the measures established are specified in a Documentary Data Security System (SDSI) or Regulatory Body for Data Security (CNSI), which derives from the Master Plan for Security and Environment and the Corporate Security and Privacy Policy, both documents whose latest update was approved by the Board of Directors of MAPFRE S.A., at its meeting held on December 13, 2018. In this version, these documents have been adapted to the new regulatory requirements, mainly regarding the General Data Protection Regulations (GDPR), and the creation of the Privacy and Data Protection Committee as the delegate body of the Security and Environment Committee, and as a support body of the Crisis and Business Continuity Committee.

"These security controls and procedures established on information systems can be classified as: preventive, detective and corrective, and result in the development and dissemination of standards, the establishment of design security, the monitoring of networks and systems, the review of measures and controls implemented, and the ability to respond to possible security incidents that may occur."

Among other aspects, the Data Security Regulations set out the following: information systems must be tracked and monitored through inventory procedures to identify the resources and the information that they contain; verification of the identity of the people who use them; and the use of passwords in keeping with the password strength criteria laid down in the regulations, which help maintain the appropriate separation of functions.

Likewise, MAPFRE also has an e-learning Security course, developed and integrated in the eCampus platform, whose purpose is to raise awareness and train its employees in this area, its objectives and responsibilities and the importance that this acquires in organizations to minimize risks and fulfill their responsibilities in this regard. During 2019 a new updated and improved version of this course has been distributed, which also provides a recurring process to update awareness in this area.

To facilitate compliance with the responsibilities and commitments established in the Data Security Regulations, MAPFRE has a General Control Center (which acts as a Computer Emergency Response Team (CERT) and belongs to the international network known as FIRST or Forum of Incident Response and Security Teams). This center monitors activity in the networks and in the Group's information systems, and is the body responsible for responding to potential security incidents.

Additionally, every year the Corporate Security and Environment Division implements a calendar of security checks to verify the security controls in place and discover any vulnerabilities in the information systems.

Both the Corporate Security and Privacy Policy and the Security and Environment Governance Model, and the rules and standards of the Data Security Regulatory Body, are published on the Global Intranet in order to enable access to all employees.



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In addition, the Group has a Corporate Business Continuity Model consisting of a Policy, a Governance Framework and a Business Continuity Methodology that define the framework and the necessary actions to be taken to ensure the correct development of the operation before the materialization of a high Impact Incident, so that the damage caused is minimized.

Every two years, the Corporate Internal Audit Area verifies the proper functioning of the Internal Control System of the main IT Systems whose scope is the general controls of information technology (IT), the IT control environment, and the application controls. In those years where no specific review is carried out, the identified action plans are monitored and their status is reviewed.

F.3.3 Internal control policies and procedures designed to supervise the management of activities subcontracted to third parties, as well as those aspects of evaluation, calculation or valuation entrusted to independent experts, which may have a material effect on financial statements.

All services subcontracted to third parties are articulated through specific contracts, and the contracting units or areas directly supervise the providers, except in the case of exceptional services (that are not recurring over time), of reduced amount, duration and lesser importance which are processed through the system based on the provider's offer.

Providers are selected on the basis of objective criteria that assess factors such as quality, price, provider infrastructure, market recognition and, in particular, membership of the groups of associates that collaborate with the Group's companies and their track record in terms of service quality.

Compliance with prevailing legislation in the various countries and the implementation of security measures where warranted are prerequisites. Other highly rated attributes include response times, after-sales service, geographic reach and the added value they can contribute.

Currently under development by the Purchase and Resources Division is a project to be deployed in the countries of the Purchase and Contracting Services Global Model (which is already present in 15 countries), which includes different categories including the category corresponding to services of independent professionals, which includes services with a possible financial impact derived from the evaluation, calculation or valuation assigned.

In implementing this plan, in 2013 the Steering Committee approved the Procurement Regulations which contain the principles and basic criteria for the procurement of goods and services by all Group companies, irrespective of their geographic location and type of business. A Purchasing Procedure is also defined and approved internally that completes the Purchasing Standard, which was updated during 2017 and which entered into force on January 1, 2018. Both documents were reviewed and updated in January 2019 according to recommendations provided by Internal Audit and based on experience gained in the years since they were approved.

Additionally, each organization or country that has been given the ability to negotiate contracts, by having enough agency, must develop a specific procedure to regulate its hiring, always respecting and in compliance with the minimum criteria established in the Purchase Standard and General Procedure.

In general, providers are approved and contracted by the Procurement Area, and once the contract has been formalized it is the requester who ensures that the service is delivered correctly and in line with current legislation.

Notwithstanding the foregoing, in cases where the services of outsourced independent professionals have to be treated with special confidentiality (M&A) it is the area itself that directly hires and supervises the service, although minimal information to document the hiring, as established in the Procedure for Sensitive Hiring, must be registered in the system.

Currently, the main providers that are contracted repeatedly (those with an annual turnover of more than thirty thousand euros) have been approved and, in line with the Procurement Procedure, the objective is to approve all recurring providers or providers with special relevance for the MAPFRE Group as stated in the Purchase Procedure.



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F.4. Information and Communication.

Indicate whether at least the following are in place and describe the main characteristics:

- F.4.1** A specific function responsible for defining, keeping accounting policies up-to-date (accounting policies area or department) and resolving queries or disputes derived from their interpretation, maintaining continuous communication with those responsible for operations in the organization, as well as an updated manual of accounting policies that is communicated to the units through which the company operates.

The Accounting Regulations Assistant Management, which reports to the Corporate Area of Finance and Resources, is entrusted, among other things, with updating accounting policies and applicable rules that concern the Group's financial information, and for resolving consultations and disputes deriving from the interpretation thereof.

It also maintains a close and fluid relationship with the financial divisions of the different companies and with the Corporate Areas, to which it communicates formally established accounting procedures and rules.

With regard to the preparation of financial information, General Counsel and the Corporate Finance and Resources Area issued memos containing instructions and updates on applicable regulations. In addition, financial supervisors have specific models and instructions for preparing financial information, using the Accounting Models and the Consolidation Manual (which includes applicable accounting standards and policies), which are updated annually.

The subsidiaries of the Group receive the information about the applicable procedures and standards through the parent entities of the Subgroups, which in turn receive the instructions directly from the Accounting Regulations Assistant Management and the Procedures and Supervision Assistant Management.

The Procedures and Supervision Assistant Management updates the individual and consolidated Annual Accounting Models used by the various Group companies, which include accounting policies and breakdowns of information to be presented.

The Consolidation Assistant Management of the Corporate Finance and Resources Area specifies the instructions on accounting policies and breakdowns for preparation of the Group's consolidated information using the Consolidation Manual.

At least once a year, and during the last quarter of the fiscal year, the Annual Accounting Models and the Consolidation Manual are reviewed and any changes are reported to the parties involved. However, whenever there are changes that affect periods of time of less than one year, these changes are reported immediately.

- F.4.2** Mechanisms for the capture and preparation of financial information with standard formats, for application and use by all units of the company or the Group, that support the main financial statements and notes, as well as information provided on the ICFR.

The financial information of MAPFRE Group companies is managed through the corporate consolidation application, a tool that represents a centralized database (common and single data repository). This application has been programmed to automatically execute the consolidation entries and process controls, which guarantees that the criteria set out in the consolidation manual are applied uniformly to all the automatic entries and minimizes the likelihood of errors.

Within the procedure for preparing financial information, the consolidation certificates constitute the channel of communication about the information required in the consolidation procedure or in the preparation of consolidated financial statements. The certificates are reviewed and updated at least once a year.

Based on the information contained in the consolidation certificates and following the Accounting Models prepared by the Procedures and Supervision Assistant Management, the Consolidation Assistant Management prepares the consolidated annual accounts and other financial statements.

The Internal Accounting Control Assistant Management is responsible for the preparation of the report on the ICFR. To do this, it identifies the areas involved in the financial information preparation process, sends them instructions on how to complete the report, and at least once a year asks them to update the support documentation for the actions performed.



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F.5. Supervision of the system's operation.

Report on the following, indicating the main characteristics:

- F.5.1** The supervision activities of the ICFR conducted by the audit committee and whether the company has an internal audit function that includes supporting the committee in its supervision of the internal control system, including the ICFR. Additionally, the scope of the ICFR evaluation carried out during the fiscal year and the procedure by which the person in charge of carrying out the evaluation will communicate their results will be reported, as well as information about whether the company has an action plan detailing the possible corrective measures, and if its impact on financial information has been considered.

MAPFRE S.A. has a Corporate Internal Audit Area consisting of six Internal Audit Services located in Spain (Seguros Iberia, Seguros Latam, Seguros Internacional, Reinsurance, Assistance and Global Risks, and Information Technologies), a Continuous Internal Audit Unit in Spain and 27 Internal audit units and departments abroad that are fully independent, and which review and assess the suitability and correct functioning of the Group's processes, as well as the Internal Control System.

The structure of MAPFRE's Corporate Internal Audit Area depends functionally on the Board of Directors of MAPFRE S.A. through the Audit and Compliance Committee (Delegate Body of the Board) and on the Chairman in particular.

The directors of the audit departments and units depend (functionally and hierarchically) on the Group Chief Internal Audit Officer.

The Audit and Compliance Committee supervises the financial information described in the previous Section F.3.1 of this report, and also approves the Internal Audit Plan and monitors it on a quarterly basis.

The Audit Plan outlines the supervisory work that the Corporate Internal Audit Area will carry out during the next fiscal year, the content and scope of which are established in terms of the risks identified, requests received and own experience. The plan is managed uniformly through a single Group-wide technological platform that allows the information to be processed in line with the access levels established for the different responsibilities. The 2019 Internal Audit Plan was approved by the Audit and Compliance Committee in the session held on February 5, 2019.

The MAPFRE Group Internal Audit Statute and Policy in force in fiscal year 2019, which was approved by the Board of Directors on February 6, 2019, states that the Corporate Area of Internal Audit has the following exclusive functions, among others:

- To supervise the suitability and efficacy of the Internal Control System and other elements of the Governance System, which is centered on:
 - * Evaluating the suitability, sufficiency and efficacy of elements of the Internal Control System.
 - * Evaluating the Risk Management System (RMS), based on the integrated management of all the business processes and suitability of the risk level to MAPFRE's strategic objectives by reviewing, as a minimum requirement, the quantification and qualification processes for the types of risks provided for in the Solvency II Directive.
 - * Evaluating the suitability and performance of the key Functions set out in the Governance System provided for in the Solvency II Directive.
- Contributing to good Corporate Governance by verifying compliance with the rules established by the MAPFRE Group's Institutional, Corporate and Organizational Principles and the Solvency II Directive.
- In accordance with the Annual Audit Plan or as specified, evaluating the reliability and integrity of accounting and individual and consolidated information and other economic information prepared by MAPFRE S.A., its Subsidiaries, Business Units, Territorial Areas, Regional Areas and Corporate Areas, as well as the validity, sufficiency and application of the accounting and legal principles and rules.

The evaluation and assessment of the MAPFRE Internal Control System conducted by the Internal Audit Corporate Area follows a methodology based on variables such as the review of the IT Internal control, the assessments of the audits conducted during the year and compliance with recommendations, which are first approved by the Audit and Compliance Committee. The result of this review is reflected in the Internal Control System Assessment Report. Whenever appropriate, individual recommendations are made to the company with a view to improving the Internal Control System and then the Audit and Compliance Committee monitors their compliance.

Every year the Audit and Compliance Committee analyzes the assessments and any recommendations issued by the Corporate Internal Audit Area on the Internal Control System (which includes those from the ICFR). The Corporate Internal Audit Area assesses the performance of the Internal Control System for the main IT systems, as indicated in section F.3.2 above.

Additionally, the Corporate Internal Audit Area carries out a check on the work carried out throughout the year in relation to the ICFR.

Likewise, as part of the audit procedures performed to validate the annual financial statements, the external auditor issues a memorandum of recommendations after his/her interim visit, which is presented to the Audit and Compliance Committee.



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F5.2 Whether there is a procedure for discussion whereby the account auditor (pursuant to the provisions of the NTAs), the internal audit function and other experts can notify the executive management and the audit committee or company executives of any significant weaknesses in internal control identified during procedures to review the annual accounts or others that have been entrusted to them. Also indicate whether there is an action plan that endeavors to correct or mitigate the weaknesses observed.

The previous section F.5.1 Indicates the procedure used by the Corporate Internal Audit Area to report assessments of aspects relating to internal control.

Communication with the external auditor is very frequent and fluid in the MAPFRE Group. Both at the beginning, during and at completion of work to review the company's annual accounts by the external auditors, planning, follow-up and coordination meetings are held and attended by the external auditors, internal auditors, General Counsel and the Corporate Finance and Resources Area. Additionally, on completion of the work a meeting is held with the Group Chief Internal Audit Officer to discuss the results and conclusions detected. The external auditor attends the Audit and Compliance Committee when the agenda includes topics regarding the review of the annual and half-yearly accounts, their preliminary review, and whenever required on account of other issues.

F.6. Other relevant information.

There is no other relevant information about the ICFR that has not been included in this report.

F.7. External auditor report.

Indicate:

F.7.1 Whether the ICFR information sent to the markets has been reviewed by the external auditor. If so, the company should attach the relevant report as an annex. Otherwise, state the reasons.

The ICFR information has been reviewed by the external auditor, whose report is attached as an annex.



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i. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the extent to which the company follows the recommendations of the Good Governance Code for listed companies.

In the event that any recommendation is not followed or is partially followed, a detailed explanation of the reasons should be included so that shareholders, investors and the market in general have enough information to assess the conduct of the company. No general explanations will be accepted.

1. The bylaws of listed companies should not place a maximum limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by purchasing their shares on the market.

Complies ☒ Explain ☐

2. When a parent and a subsidiary company are publicly traded, both should provide detailed disclosure on:
 - a) The respective areas of activity and possible business relationships between them, as well as those of the dependent subsidiary listed with the other companies in the group.
 - b) The mechanisms in place to resolve possible conflicts of interest.

Complies ☐ Complies in part ☐ Explain ☐ Not applicable ☒

3. During the Annual General Meeting, in addition to broadcasting the annual corporate governance report, the chairman of the board of directors must inform the shareholders verbally, in sufficient detail, of the most relevant corporate governance aspects of the company and, in particular:
 - a) The changes that have occurred since the last Annual General Meeting.
 - b) The specific reasons why the company does not follow any of the recommendations of the Corporate Governance Code and, if applicable, the alternative rules that it applies on these matters.

Complies ☒ Complies in part ☐ Explain ☐

4. The company shall define and promote a new policy on communication and contact with shareholders, institutional investors and proxy advisors that is fully respectful of the rules against market abuse and treats all shareholders in the same position equally.

The company shall make this policy public through its website, including information relating to the way in which it has been put into practice and identifying the interlocutors or those responsible for this happening.

Complies ☒ Complies in part ☐ Explain ☐



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5. At the Annual General Meeting, the board of directors shall not put forward a proposal for delegating powers to issue shares or convertible values, excluding the right of first refusal, for more than 20 percent of the capital at the time of delegation.

When the board of directors approves any issuance of shares or convertible bonds, excluding the right of first refusal, the company shall publish the reports on this exclusion, referred to by corporate legislation, on its website immediately.

Complies ☒ Complies in part ☐ Explain ☐

6. The listed companies that prepare the reports indicated below, whether on a mandatory or voluntary basis, shall publish them on their website with sufficient notice before the Annual General Meeting is held, even if their distribution is not mandatory:

- a) Report on the independence of the auditor.
- b) Report on the operation of the audit committee and the appointments and remuneration committee.
- c) Report of the audit committee on related operations.
- d) Report on the corporate social responsibility policy.

Complies ☒ Complies in part ☐ Explain ☐

7. The company shall broadcast the Annual General Meeting live on its website.

Complies ☒ Explain ☐

8. The audit committee shall ensure that the board of directors seeks to present accounts to the Annual General Meeting without limitations or reservations in the audit report. When this is not possible, both the chairman of the audit committee and the auditors must clearly explain the content and scope of these limitations or reservations.

Complies ☒ Complies in part ☐ Explain ☐

9. On its website, the company shall make publicly and permanently available the requirements and procedures that it shall accept to support the ownership of shares, the right to attend the Annual General Meeting and voting or proxy voting.

These requirements and procedures shall promote attendance and the exercising of rights of the shareholders and must be applied in a non-discriminatory manner.

Complies ☒ Complies in part ☐ Explain ☐



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10. When, prior to the Annual General Meeting, any entitled shareholder has exercised the right to complete the agenda or present new proposals for resolution, the company:

- a) Shall immediately broadcast these new and additional proposals for resolution.
- b) Shall publicize the model attendance card or proxy or distance vote form with the necessary modifications so that they can vote on the new points in the agenda and proposed alternatives for resolution in the same terms as those proposed by the board of directors.
- c) Shall submit all of those points and proposed alternatives to voting and apply the same voting rules as those set by the board of directors, including, in particular, the presumptions or inferences on how to vote.
- d) Following the Annual General Meeting, it shall communicate the breakdown of the vote on those additional points or proposed alternatives.

Complies ☐ Complies in part ☐ Explain ☐ Not applicable ☒

11. If the company plans to pay attendance premiums for the Annual General Meeting, it shall establish a general policy on those premiums previously and this policy must be permanent.

Complies ☒ Complies in part ☐ Explain ☐ Not applicable ☐

12. The board of directors shall perform its functions with a unified purpose and independent judgment, treat all shareholders in the same position equally and be guided by corporate interest, understood as a profitable business that is sustainable in the long-term and that promotes the continuation and maximization of the economic value of the company.

In the pursuit of corporate interest, in addition to compliance with the laws and regulations and a behavior based on good faith, ethics and in compliance with the commonly accepted uses and good practices, it shall seek to reconcile, as appropriate, corporate interest with the legitimate interests of its employees, providers, clients and those of the other stakeholders that may be affected, as well as the impact of the company's activities on the community as a whole and the environment.

Complies ☒ Complies in part ☐ Explain ☐

13. The board of directors shall be of the required size to permit its efficient and participatory operation, meaning that it is advisable for it to comprise between five and 15 members.

Complies ☒ Explain ☐



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14. The board of directors shall approve a board director selection policy which:

- a) Is specific and verifiable.
- b) Ensures that the appointment or reappointment proposals are based on a prior analysis of the needs of the board of directors.
- c) Promotes diversity of knowledge, experience and gender.

The results of the prior analysis of the needs of the board of directors shall be included in the explanatory report of the appointments committee that is published when the Annual General Meeting is called, to which the ratification, appointment or reappointment of each board director is submitted.

The board director selection policy shall promote the objective for the number of directors in 2020 to represent at least 30 percent of the total members of the board of directors.

The appointments committee shall verify the compliance with the board director selection policy annually and shall inform on this in the annual corporate governance report.

Complies ☒] Complies in part ☐] Explain ☐]

15. The nominee and independent board directors shall constitute a large majority of the board of directors, and the number of executive board directors should be the minimum required to deal with the complexity of the corporate group and reflect the percentage of shares held in the company by the executive board directors.

Complies ☒] Complies in part ☐] Explain ☐]

16. The percentage of nominee board directors of the total number of non-executive board directors should not be greater than the ratio between the company capital represented by these board directors and the rest of the capital.

This criterion can be relaxed:

- a) In large cap companies where there are few equity stakes that are legally considered as significant.
- b) In companies with a plurality of shareholders represented on the board of directors who are not related.

Complies ☒] Explain ☐]



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17. Independent directors should account for at least half of the total number of board directors.

However, when the company is not large cap, or when, even though it is, it has one or several shareholders acting in unison controlling more than 30 percent of the share capital, the number of independent board directors should represent at least a third of all board directors.

Complies ☒ Explain ☐

18. Companies shall publish the following board director particulars on their website and keep them permanently updated:

- a) Professional and biographical profile.
- b) Other boards to which they belong, whether or not listed companies, as well as other paid activities performed, whatever their nature.
- c) An indication as to whether the directorship is executive, indicating shareholder-nominated or independent; in the case of nominee board directors, stating the shareholder they represent or to whom they are affiliated.
- d) The date of first and subsequent appointments as a company board director, as well as later reappointments.
- e) Company shares, and share options, of those which are held.

Complies ☒ Complies in part ☐ Explain ☐

19. The annual corporate governance report, following verification by the appointments committee, shall disclose the reasons for the appointment of nominee board directors at the behest of shareholders controlling less than three percent of capital; and it should explain any rejection of a formal request for a board place from shareholders whose equity stake is equal to or greater than that of others appointed for a nominee directorship.

Complies ☐ Complies in part ☐ Explain ☐ Not applicable ☒

20. Nominee board directors must resign when the shareholders they represent transfer their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to nominee board directors, the number of such nominee board directors should be reduced accordingly.

Complies ☐ Complies in part ☐ Explain ☐ Not applicable ☒



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21. The board of directors must not propose the removal of independent board directors before the expiry of their term in office pursuant to the bylaws, except where due cause is found by the board of directors, based on a report from the appointments committee. In particular, it must be understood that there is just cause when the board director takes on new positions or contracts new obligations that prevent him/her from devoting the necessary time to the performance of the functions of a board director, fails to comply with the work inherent to his/her position or is involved in any of the circumstances that cause the loss of his/her independent status, in accordance with that established in applicable legislation.

The removal of independent board directors can also be proposed as a result of public takeover bid, merger or similar corporate actions that cause changes in the capital structure of the company, when these changes in the structure of the board of directors are supported by the proportionality criteria, indicated in recommendation 16.

Complies ☒ Explain ☐

22. Companies shall establish rules obliging board directors to inform the board of directors of any circumstance that might undermine the organization's name or reputation, tendering their resignation as the case may be, with particular mention of any criminal charges brought against them and the progress of any subsequent proceedings.

If a board director is indicted or tried for any of the crimes stated in corporate law, the board of directors should examine the matter as soon as possible and, in view of the particular circumstances, decide whether or not he/she should be called on to resign. The board of directors should also disclose all of this in the annual corporate governance report.

Complies ☒ Complies in part ☐ Explain ☐

23. The board directors should clearly express their opposition when they consider that a resolution submitted to the board of directors may go against the corporate interest. In particular, independent board directors and other board directors unaffected by the potential conflict of interest should challenge any decision that could go against the interests of shareholders lacking representation in the board of directors.

When the board of directors adopts important or reiterated resolutions on issues about which a board director has expressed serious reservations, it must draw the pertinent conclusions. If chosen to resign, the reasons for this must be set out in the letter referred to in the following recommendation.

This recommendation should also apply to the secretary of the board of directors, even if the secretary is not a board director.

Complies ☒ Complies in part ☐ Explain ☐ Not applicable ☐



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24. If leaving office before the end of his/her term, whether due to resignation or other reasons, the board director should explain the reasons in a letter sent to all members of the board of directors. Whether or not such resignation is filed as a significant event, the reasons for leaving must be explained in the annual corporate governance report.

Complies ☒ Complies in part ☐ Explain ☐ Not applicable ☐

25. The appointments committee must ensure that non-executive board directors have sufficient time available to perform their functions correctly.

The board regulations establish the maximum number of company directorships that can form part of their board directors.

Complies ☒ Complies in part ☐ Explain ☐

26. The board of directors should meet with the necessary frequency to perform its functions properly, and at least eight times a year, following the schedule of dates and matters established at the beginning of the fiscal year, to which each board director may propose the addition of other items individually.

Complies ☒ Complies in part ☐ Explain ☐

27. Board directors should keep their absences to a bare minimum. Absences should be quantified in the annual corporate governance report. When they have to be absent, they should delegate their representation with instructions.

Complies ☒ Complies in part ☐ Explain ☐

28. When board directors or the company secretary express concerns about a proposal or, in the case of board directors, about the company's performance, and such concerns are not resolved by the board of directors, the person expressing them may request that they be recorded in the minutes.

Complies ☒ Complies in part ☐ Explain ☐ Not applicable ☐

29. The company must establish the appropriate channels for the board directors to obtain precise advice for the fulfilment of their functions, including, if the circumstances demand it, external advice at the company's expense.

Complies ☒ Complies in part ☐ Explain ☐

30. Irrespective of the knowledge demanded of the board directors to perform their functions, companies also offer refresher programs, when the circumstances so dictate.

Complies ☒ Explain ☐ Not applicable ☐



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31. The agenda of the sessions must clearly indicate the points about which the Board of Directors must make a decision or a resolution that enables the board directors to study or previously obtain the information required for this to take place.

When, in exceptional circumstances, as a matter of urgency, the board director wishes to submit decisions or resolutions that are not part of the agenda to the board of directors, prior and express consent must be obtained from the directors present, which must be duly recorded in the minutes.

Complies ☒ Complies in part ☐ Explain ☐

32. The board directors must be informed periodically on the transactions of the shareholders and the opinions that the significant shareholders, investors and ratings agencies have on the company and group.

Complies ☒ Complies in part ☐ Explain ☐

33. The chairman, as the person responsible for the effective functioning of the board of directors, in addition to exercising the functions that he has been legally and statutorily assigned, must prepare and submit to the board of directors a program of dates and matters to be discussed; organize and coordinate the periodic evaluation of the board, as well as, where appropriate, that of the company's chief executive; and must be responsible for the management of the board and the effectiveness of its operation; and must ensure that sufficient discussion time is devoted to strategic issues, and agree and review refresher programs for each board director, when the circumstances so dictate.

Complies ☒ Complies in part ☐ Explain ☐

34. When there is a lead board director, the bylaws or regulations of the board of directors, as well as the powers that are legally entitled, he/she is assigned the following: to chair the board of directors in the absence of the chairman and vice chairmen, if applicable, voice the concerns of the non-executive board directors, maintain contact with investors and shareholders to be aware of their points of view in order to form an opinion on their concerns, particularly in relation to the corporate governance of the company, and coordinate the succession of the chairman.

Complies ☐ Complies in part ☒ Explains ☐ Not applicable ☐

The company complies with the entire recommendation, except with respect to assigning the Lead Board Director with the power to chair the Board of Directors in the absence of the Chairman, to maintain contact with investors and shareholders, and to coordinate the succession of the Chairman. The Regulations of the Board of Directors assigns the Lead Board Director the powers to request the Board of Directors to be convened, or the inclusion of new points in the agenda from a Board meeting already convened, to coordinate and bring together the non-executive Board Directors and, if required, direct the periodic evaluation of the Chairman of the Board of Directors.

In accordance with the Board of Directors Regulations, in the absence of the Chairman and Vice Chairmen, the oldest board director is called upon to chair the meeting. However, the Lead female Director is also the Second Vice Chairwoman of the Board and, accordingly, is entrusted with chairing meetings in the absence of the Chairman and the First Vice Chairman.

With respect to relationships with shareholders and investors, article 21 of the Board of Directors Regulations establishes that the Board of Directors is responsible for establishing and supervising appropriate communications and relations mechanisms with shareholders and investors, establishing the pertinent communications channels in the Policy for Communication with Shareholders, Institutional Investors and Proxy Advisors. The company considers that this configuration ensures better and more efficient coordination of the company's relationships with its investors and shareholders.



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Finally, the Board of Directors' Regulations assign the Appointments and Remuneration Committee the power to examine and organize the succession of the Chairman of the Board, as established in article 529 of the Companies Act.

35. The secretary of the board of directors should in particular ensure that board of directors has the recommendations on good governance at hand during its actions and decisions applicable to the company. These are contained in this Good Governance Code.

Complies ☒ Explain ☐

36. The board of directors should evaluate and adopt an action plan in full once a year, if applicable, that corrects the weaknesses detected, in relation to:

- a) The quality and efficiency of the operational aspects of the board of directors.
- b) The operational aspects and composition of its committees.
- c) The diversity in the composition and responsibilities of the board of directors.
- d) The performance of the chairman of the board of directors and the chief executive of the company.
- e) The performance and contribution of each board director, paying special attention to those responsible for the different board committees.

The various committees are evaluated on the basis of the report that they present to the board of directors, and for the latter, on the report presented to the appointments committee.

Every three years, the board of directors shall be assisted by an external advisor to perform the evaluation, the independence of whom shall be verified by the appointments committee.

The business relationships maintained by the advisor or any company in its group with the company or any company in its group must be indicated in the annual corporate governance report.

The process and the areas evaluated must be described in the annual corporate governance report.

Complies ☒ Complies in part ☐ Explain ☐

37. When there is an executive committee, the breakdown of its members by board director category should be similar to that of the board of directors. The secretary of the board should also act as secretary to the executive committee.

Complies ☒ Complies in part ☐ Explain ☐ Not applicable ☐

38. The board of directors should be kept fully informed of the matters discussed and resolutions adopted by the executive committee. To this end, all members of the board of directors should receive a copy of the executive committee's minutes.

Complies ☒ Complies in part ☐ Explain ☐ Not applicable ☐



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39. All members of the audit committee, particularly its chairman, should be appointed with regard to their knowledge and background in accounting, auditing and risk management. The majority of these members should be independent board directors.

Complies ☒ Complies in part ☐ Explain ☐

40. Under the supervision of the audit committee, there should be a unit that assumes the internal audit function that ensures the proper performance of the information and internal control systems, and functionally operates under the non-executive director of the board or the audit committee.

Complies ☒ Complies in part ☐ Explain ☐

41. The manager of the unit that assumes the internal audit function must present an annual work program to the audit committee, report to it directly about any incidents arising during its implementation, and present an activity report at the end of each fiscal year.

Complies ☒ Complies in part ☐ Explain ☐ Not applicable ☐



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42. In addition to the provisions of the law, the audit committee has the following functions:

1. In relation to the information and internal control systems:
 - a) To supervise the process of preparing the financial information and its integrity for the company and group, reviewing compliance with regulatory requirements, checking the scope of the consolidation perimeter and making sure that the accounting principles are applied properly.
 - b) To ensure the independence of the unit that assumes the internal audit function; to propose the selection, appointment, reappointment and removal of the internal audit officer; to propose the budget for the internal audit department; to approve the guidance and work programs, ensuring that the unit's activity primarily focuses on risks relevant to the company; to receive periodic information on its activities; and to check that the executive management takes the conclusions and recommendations of its reports into account.
 - c) To establish and supervise a mechanism that enables employees to confidentially and, if this is deemed possible and appropriate, anonymously report any irregularities they notice within the company which may be of potential importance, especially financial and accounting irregularities.
2. With respect to the external auditor:
 - a) Should the external auditor resign, to examine the circumstances leading to the resignation.
 - b) To ensure that the remuneration of the external auditor for his/her work does not compromise his/her quality or independence.
 - c) To ensure that the company notifies any change of auditor to the Spanish National Securities and Exchange Commission (the "CNMV") as a significant event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for these.
 - d) To ensure that the external auditor holds an annual plenary meeting of the board of directors to inform them about the work performed, the accounting situation and any risks to the company.
 - e) To ensure that the company and the external auditor respect the prevailing standards on the provision of services other than auditing, the limits on the concentration of the auditor's business and, in general, other standards established to guarantee auditors' independence.

Complies [X]

Complies in part []

Explain []

43. The audit committee can summon any company employee or executive, even ordering their appearance without the presence of another executive.

Complies [X]

Complies in part []

Explain []



ANNUAL REPORT ON THE CORPORATE GOVERNANCE OF PUBLICLY TRADED COMPANIES

44. The audit committee must be informed of any corporate and structural modifications which the company plans to make so that, in advance of the next board of directors meeting, the committee can analyze these modifications and draw up a report about any economic conditions and accounting impact, particularly as regards the proposed exchange ratio.

Complies ☒ Complies in part ☐ Explain ☐ Not applicable ☐

45. The risk control and management policy should specify at least the following:

- a) The different types of risk, both financial and non-financial (operational, technological, legal, social, environmental, political and reputational), faced by the company. In the case of financial or economic risks, the contingent liabilities and other off-balance-sheet risks must be identified.
- b) The fixing of the risk level that the company considers acceptable.
- c) The measures established to mitigate the impact of the risks identified, should they materialize.
- d) The internal oversight and reporting systems that will be used to control and manage these risks, including contingent liabilities and off-balance-sheet risks.

Complies ☒ Complies in part ☐ Explain ☐

46. Under the direct supervision of the audit committee, or, if applicable, a specialized committee of the Board of Directors, there should be an internal risk control and management function performed by a unit or department within the company that is expressly assigned the following functions:

- a) To ensure that the risk control and management systems function properly and, in particular, that they identify, manage and quantify all the significant risks that affect the company.
- b) To actively participate in the development of the risk strategy and important decisions regarding its management.
- c) To ensure that the risk control and management systems mitigate the risks properly and in accordance with the policy defined by the board of directors.

Complies ☒ Complies in part ☐ Explain ☐

47. The members appointed to the appointments and remuneration committee—or the appointments committee and remuneration committee if separate—must have the knowledge, skills and experience appropriate for the functions that they are called to fulfill. The majority of these members should be independent board directors.

Complies ☒ Complies in part ☐ Explain ☐



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48. The large cap companies have a separate appointments committee and a remuneration committee.

Complies []

Explain [X]

Not applicable []

The company considers the issues regarding appointments and remuneration to be closely related, and it is therefore seen as appropriate for them to be analyzed by the same committee.

49. The appointments and remuneration committee must consult with the chairman of the board of directors and the chief executive, particularly with respect to matters relating to executive board directors.

Any board director may ask the appointments committee to take into consideration any candidates he/she deems suitable to fill a board director vacancy.

Complies [X]

Complies in part []

Explain []

50. The remuneration committee must perform its functions independently and, in addition to the functions assigned by law, the following ones:

- a) To propose the basic conditions for the contracts of the top executives to the board of directors.
- b) To check compliance with the compensation policy set by the company.
- c) To periodically review the compensation policy applicable to board directors and top executives, including compensation systems with shares and the application thereof, as well as to guarantee that individual remuneration is proportional to that paid to the rest of the board directors and top executives of the company.
- d) To ensure that possible conflicts of interest do not compromise the independence of the external advice provided to the committee.
- e) To check the information on remuneration of board directors and top executives contained in the different corporate documents, included in the annual report on the remuneration of board directors.

Complies [X]

Complies in part []

Explain []

51. The remuneration committee must consult with the chief executive, especially with respect to matters related to executive board directors and senior managers.

Complies [X]

Complies in part []

Explain []



ANNUAL REPORT ON THE CORPORATE GOVERNANCE OF PUBLICLY TRADED COMPANIES

52. The rules governing the composition and operation of the supervision and control committees must be included in the regulations of the board of directors and be consistent with those applicable to legally obliged committees in line with the previous recommendations, including:
- a) They are formed exclusively of non-executive board directors, with a majority of independent board directors.
 - b) Their chairmen are independent board directors.
 - c) The Board of Directors appoints the members of these committees based on their knowledge, skills and experience and the terms of reference of each committee; discusses its proposals and reports; and reports on and defends its activity at the first plenary board of directors meeting held after its own meetings.
 - d) The committees may engage external advice when it is considered necessary for the performance of their functions.
 - e) Minutes must be taken at their meetings and made available to all board directors.

Complies [X]

Complies in part []

Explain []

Not applicable []



ANNUAL REPORT ON THE CORPORATE GOVERNANCE OF PUBLICLY TRADED COMPANIES

53. The supervision of compliance with corporate governance rules, internal codes of conduct and the corporate social responsibility policy must be attributed to one or distributed among several committees of the board of directors, which may be the audit commission, the appointments committee, the corporate social responsibility committee, if these exist, or a specialized commission that the board of directors, in the exercise of its powers of self-organization, decides to create for this purpose, to which the following minimum functions are specifically attributed:

- a) Supervision of the company's compliance with its internal codes of conduct and rules of corporate governance.
- b) Supervision of the communication strategy and relationship with shareholders and investors, including small and medium shareholders.
- c) Periodic assessment of the suitability of the company's corporate governance system to fulfill its mission of promoting the corporate interest and bearing in mind, as applicable, the legitimate interests of the remaining stakeholders.
- d) Review of the company's corporate responsibility policy to ensure that it is aimed at the creation of value.
- e) Monitoring of the corporate social responsibility strategy and practices and evaluation of the degree of compliance.
- f) Supervision and evaluation of the relational processes with other stakeholders.
- g) Evaluation of everything relating to the non-financial risks of the company, including operational, technological, legal, social, environmental, political and reputational.
- h) Coordination of the report process for non-financial and diversity information, in line with the applicable regulations and international reference standards.

Complies []

Complies in part [X]

Explain []

Functions a) and c) expressly correspond to the Audit and Compliance Committee and function g) to the Risk Committee.

As indicated in recommendation 34, the Board of Directors itself is responsible for establishing and supervising appropriate communication mechanisms and relations with shareholders and investors.

With regard to the responsibilities relating to corporate social responsibility, the company has a Corporate Social Responsibility Committee. This permanent internal body has executive functions and is responsible, among other things, for approving the Social Responsibility strategy and proposing specific actions, objectives and deadlines. In accordance with the Corporate Social Responsibility Policy, this Committee reports annually to the MAPFRE S.A. Board of Directors and/or to the delegate body of this that is competent in this respect, on the degree of compliance with the Corporate Social Responsibility Policy and strategy.



ANNUAL REPORT ON THE CORPORATE GOVERNANCE OF PUBLICLY TRADED COMPANIES

54. The corporate social responsibility policy shall include the principles and commitments which the company assumes voluntarily in its relationship with other stakeholders and it should identify at least the following:

- a) The objectives of the corporate social responsibility policy and development of support instruments.
- b) The corporate strategy related to sustainability, the environment and social issues.
- c) Specific practices on matters relating to: shareholders, employees, clients, providers, social issues, the environment, diversity, fiscal responsibility, respect for human rights, and the prevention of illegal conduct.
- d) Methods or systems for monitoring the results of the application of the specific practices indicated above, as well as the associated risks and their management.
- e) Mechanisms for supervising non-financial risk, ethics and corporate conduct.
- f) Channels of communication, participation and dialog with stakeholders.
- g) Responsible communication practices that prevent information manipulation and protect honor and integrity.

Complies [X] Complies in part [] Explain []

55. The company reports on matters relating to corporate social responsibility in a separate document or within the management report, using one of the internationally accepted methodologies.

Complies [X] Complies in part [] Explain []

56. The remuneration of directors must be sufficient to attract and retain board directors from the desired profile and reward the commitment, qualification and responsibility demanded by the position, but not so high that the independence of criteria for non-executive board directors is compromised.

Complies [X] Explain []

57. The executive board directors must receive the variable remuneration relating to the performance of the company and their individual performance, as well as remuneration in the form of shares, options or rights on shares and instruments referenced to the share value and long-term saving systems such as pension plans, retirement systems or other social protection systems.

The delivery of shares shall be considered as remuneration for non-executive board directors on condition that the shares are held for the duration of the directorship. This does not apply to the shares that a board director needs to transfer, if necessary, to meet the costs related to their acquisition.

Complies [X] Complies in part [] Explain []



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58. In the case of variable remuneration, the compensation policies must include the limits and specific technical safeguards to ensure that the remuneration reflects the professional performance of the beneficiaries and not simply the general progress of the markets, the company sector or similar circumstances.

In particular, the variable elements of the remuneration:

- a) Are linked to performance criteria that are predetermined and measurable, and these criteria must take into account the risk accepted for achieving a result.
- b) Promote the sustainability of the company and include non-financial criteria that are suitable for creating long-term value, such as compliance with the internal rules and procedures of the company and its policies for risk control and management.
- c) These are established on the basis of a balance between the fulfillment of short-, medium- and long-term objectives that allow remuneration of performance for continued performance over a period of sufficient time for its contribution to the sustainable creation of value to be appreciated, so that the elements of measurement of that performance do not revolve solely around specific, occasional or extraordinary events.

Complies [X] Complies in part [] Explain [] Not applicable []

59. The payment of a significant portion of the variable components of remuneration is deferred for a minimum period that is sufficient to verify compliance with the previously established performance conditions.

Complies [X] Complies in part [] Explain [] Not applicable []

60. Remuneration linked to the company's results takes into account any reservations that are mentioned in the external auditor's report and may compromise the results.

Complies [X] Complies in part [] Explain [] Not applicable []

61. A significant percentage of the variable remuneration of the executive board directors is linked to the delivery of shares or financial instruments referenced to the share value.

Complies [X] Complies in part [] Explain [] Not applicable []



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62. Once shares, or options or rights to corresponding shares, are allocated to the remuneration system, board directors cannot transfer ownership of a number of shares equivalent to twice their fixed annual remuneration, or exercise any options or rights until after a period of at least three years from their allocation.

This does not apply to the shares that a board director needs to transfer, if necessary, to meet the costs related to their acquisition.

Complies ☒] Complies in part ☐ Explain ☐ Not applicable ☐]

63. The contractual agreements include a clause that allows the company to file a claim for re-payment of variable elements of remuneration when payment has not been adjusted to the performance conditions or when it has been awarded on the basis of data which is subsequently shown to be incorrect.

Complies ☒] Complies in part ☐ Explain ☐ Not applicable ☐]

64. Payments for contract termination do not exceed a fixed amount equivalent to two years' total annual remuneration, and shall not be paid until the company has confirmed that the board director has met the pre-established performance criteria.

Complies ☐] Complies in part ☒] Explains ☐ Not applicable ☐]

For external board directors, there is no indemnification for leaving the position.

Regarding executive board directors, leaving the position means lifting the suspension of the relationship prior to the appointment as executive board director.

The early termination of the previous relationship (prior, in all cases, to the approval of the Good Governance Code for listed companies), except when there is good cause for dismissal, implies indemnification under the terms established by the workers' statute in relation to unfair dismissal.



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H. OTHER USEFUL INFORMATION

1. If there is any relevant aspect regarding corporate governance in the company or in the group companies that has not been covered in the remaining sections of this report, but that should be included in order to provide more complete and explanatory information about the structure and governance practices of the company or group, please provide a brief explanation here.
2. This section may also include any other relevant information, clarification or detail related to previous sections of the report so long as they are relevant and not repetitive.

Specifically, indicate whether the company is subject to the corporate governance legislation of any country other than Spain and, if so, include the compulsory information to be provided when different from that required by this report.

3. The company may also indicate if it has voluntarily adhered to other codes of ethical principles or best practices, international, sectoral or of another scope. If applicable, the code in question will be identified as well as the date of accession. In particular, it shall mention whether it has adhered to the Code of Good Taxation Practices, of July 20, 2010.

CONTINUATION OF SECTION E.3

3. Strategic and Corporate Governance Risks

The ethical principles applied to business management, whose strict application is considered as the most effective action to mitigate this type of risk, have been a constant in MAPFRE and are part of its bylaws and daily work.

MAPFRE's global dimension and its presence in markets with very different corporate governance regulations recommend having some basic regulations that contain the institutional and governance principles applicable to all of them. In order to standardize the business culture, the Board of Directors of MAPFRE S.A., on June 24, 2015, approved the "Institutional, Business and Organizational Principles of the MAPFRE Group" which, along with the Code of Ethics and Conduct and the Policy of Corporate Governance constitute the minimum framework binding on all companies that make up MAPFRE and their respective governing bodies.

Together with the foregoing, also of note are the Corporate Fiscal Policy, the Corporate Social Responsibility Policy, the Internal Code of Conduct relating to listed securities issued by MAPFRE, and the Policy of Conflicts of Interest and Operations Linked to Significant Shareholders and Senior Roles of Representation and Management.

To reinforce the strict application of the ethical principles of business management and the corporate values set forth in these standards, MAPFRE has a corporate structure and executive organization that is determined by high and rigorous control and supervision at all levels: local, regional and global.

To ensure compliance and monitoring of any possible irregularities, MAPFRE has established two channels for consultation and communication of complaints, which are accessible to employees:

- The Ethical Channel, which allows any employee of the Group who has doubts about the application of the code of ethics and conduct or who observes a situation that could lead to a breach or violation of the established norms of conduct, can communicate this to the Ethics Committee in a confidential manner.
- The Whistleblower Channel enables Group employees to confidentially report any potentially significant financial and accounting irregularities they observe to the Audit and Compliance Committee of MAPFRE S.A.

Additionally, the Criminal Risk Prevention Model approved in April 2017 by the Board of Directors of MAPFRE S.A. establishes the basis of the Criminal Risk Prevention System adopted by MAPFRE, providing the organization with a supervisory model to prevent the commission of crimes that may be attributed to the companies. This model is used to raise awareness on the types of criminal risks to which entities are exposed, and to establish the methodology for the management and evaluation of the controls implemented to prevent or mitigate potential crimes. The Criminal Risk Prevention Model applies to MAPFRE's legal representatives, its associates, its executives, its employees and all the other persons who are under the authority or control of the above-mentioned persons or who work in their area of management, supervision, vigilance or control.

In October 2019, news about a complaint of alleged irregular action by MAPFRE in Brazil in 2009/2010 in relation to its alliance with Banco do Brasil were published in some digital media. In spite of the months that have elapsed since the publication, the Company has not received any additional news on the matter, nor has it received notification or requirement from the competent administrative or judicial authorities in relation to the aforementioned alleged action. Nonetheless, an exhaustive internal investigation process has been initiated and is currently underway, and to date, no irregularity whatsoever has been unearthed.



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4. Operational Risks

Operational risks are identified and assessed through the risk control model, which is based on a dynamic analysis of each company process by process, in which the managers of each area or department assess the potential risks that affect their activities and the effectiveness of the controls related to each process. This control is conducted using risk self-evaluation questionnaires, internal control manuals, inventory of controls associated with risks, assessment of their effectiveness, and the corrective measures in place to mitigate or reduce the risks and/or improve the control environment.

With respect to tax risks, the performance of the Group in the field of taxation has always been dominated by compliance with current tax legislation in the territories in which it operates, which constitutes a practical application of the institutional principle of ethically and socially responsible taxation. The risks are handled internally in each jurisdiction by the Administration and Tax Affairs departments, subcontracting tax consulting services with the leading companies in the sector whenever required.

Since July 22, 2010 the company has adhered to and complies with the Code of Good Taxation Practices approved and sponsored by the Forum for Large Companies and the Spanish Tax Agency.

This annual report on corporate governance was approved by the company's Board of Directors at its meeting on:

02/11/2020

Indicate whether any board directors voted against the report or abstained.

☐ Yes
☒ No



KPMG Auditores, S.L.
Paseo de la Castellana, 259 C
28046 Madrid

Auditor's Report on the "Information concerning the System of Internal Control over Financial Reporting (ICFR)" of MAPFRE, S.A. for 2019

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

To the Directors of MAPFRE, S.A.

As requested by the Board of Directors of MAPFRE, S.A. (the "Company") and in accordance with our proposal letter dated 9 January 2020, we have applied certain procedures to the "Information concerning the ICFR" attached in section F of the Annual Corporate Governance Report of MAPFRE, S.A. for 2019, which summarises the Company's internal control procedures for annual financial reporting.

The Directors are responsible for adopting appropriate measures to reasonably ensure the implementation, maintenance and oversight of an adequate system of internal control, the development of improvements to that system and the preparation and definition of the content of the information concerning the ICFR attached.

In this respect, it should be borne in mind that irrespective of the quality of the design and operation of the internal control system adopted by the Company in relation to annual financial reporting, the system may only provide reasonable, but not absolute assurance in relation to the objectives pursued, due to the limitations inherent in any internal control system.

In the course of our audit work on the annual accounts and in accordance with Technical Auditing Standards, our evaluation of the Company's internal control was solely aimed at enabling us to establish the scope, nature and timing of the audit procedures on the Company's annual accounts. Consequently, the scope of our evaluation of the internal control, performed for the purposes of the audit of accounts, was not sufficient to enable us to issue a specific opinion on the efficiency of this internal control over regulated annual financial reporting.

For the purposes of issuing this report, we have applied only the specific procedures described below and set out in the Guidelines for preparing the auditor's report on the information on the system of internal control over financial reporting of listed entities, published on the website of the Spanish National Securities Market Commission (CNMV), which defines the work to be performed, the minimum scope of the work and the content of this report. As the scope of the work resulting from these procedures is in any event limited and substantially less than that of an audit or review of the internal control system, we do not express an opinion on its effectiveness or design or operational efficiency, with respect to the Company's annual financial reporting for 2019 described in the attached Information concerning the ICFR. Consequently, had additional procedures other than those defined in the aforementioned Guidelines been applied, or an audit or review been performed of the internal control system in relation to regulated annual financial reporting, other events or matters could have been identified, which would have been reported to you.

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Moreover, as this special engagement does not constitute an audit of accounts nor is it subject to prevailing legislation regulating the audit of accounts in Spain, we do not express an audit opinion in the terms envisaged in such legislation.

The procedures applied were as follows:

1. Reading and understanding of the information prepared by the Company in relation to the ICFR – disclosures included in the directors' report – and evaluation of whether it covers all the information required, taking into account the minimum content described in Section F, concerning the description of the ICFR, the Annual Corporate Governance Report model set out in Spanish National Securities Market Commission (CNMV) Circular 5/2013 of 12 June 2013, subsequently amended by CNMV Circular 7/2015 of 22 December 2015 and CNMV Circular 2/2018 of 12 June 2018 (hereinafter, the CNMV Circulars).
2. Inquiries of personnel responsible for preparing the information detailed in point 1 above in order to: (i) gain an understanding of the preparation process; (ii) obtain information that allows us to assess whether the terminology used conforms to the definitions contained in the reference framework; (iii) obtain information on whether the control procedures described are in place and operational in the Company.
3. Review of explanatory documentation supporting the information detailed in point 1 above, and which will mainly include that made directly available to those responsible for preparing the descriptive information on the ICFR. This documentation includes reports prepared by internal audit, senior management and other internal or external specialists supporting the audit and compliance committee.
4. Comparison of the information detailed in point 1 above with the understanding of the Company's ICFR gained as a result of the procedures performed within the framework of the audit work on the annual accounts.
5. Reading of the minutes of the meetings of the Board of Directors, audit and compliance committee and other committees of the Company for the purposes of assessing the consistency of the matters discussed at these meetings in relation to the ICFR with the information detailed in point 1 above.
6. Procurement of a representation letter concerning the work performed, duly signed by those responsible for preparing and drawing up the information detailed in point 1 above.

As a result of the procedures applied to the Information concerning the ICFR, no inconsistencies or incidents have come to light that could affect it.



This report has been prepared exclusively in the context of the requirements established in article 540 of the Revised Spanish Companies Act and the CNMV Circulars for the purposes of the description of the ICFR in Annual Corporate Governance Reports.

KPMG Auditores, S.L.

(Signed on original in Spanish)

Jorge Segovia Delgado

12 February 2020

The Consolidated Annual Accounts for MAPFRE S.A., on the preceding pages 1 to xxx herein, and the Consolidated Management Report on the preceding pages xxx to xxx herein, corresponding to financial year 2019, endorsed by the Secretary of the Board, have been drafted by the Board of Directors at its meeting held on February 11, 2020. The Board Members declare that, as far as they are aware, the aforementioned accounts have been prepared in accordance with the applicable accounting principles and offer a true and fair view of the equity, financial situation, and results of the Company and the companies comprising the consolidation as a whole. Likewise, the Management Report includes a true and fair analysis of the development of the results and of the position of the Company and the Group, and broadly informs, along with the Consolidated Annual Report, of the risks and uncertainties they faces.

Mr. Antonio Huertas Mejías
Chairman

Mr. Antonio Gómez Ciria
Member

Mr. Ignacio Baeza Gómez
1st Vice Chairman

Mr. Luis Hernando de Larramendi Martínez
Member

Ms. Catalina Miñarro Brugarolas
2nd Vice Chairman

Mr. Francisco J. Marco Orenes
Member

Mr. José Manuel Inchausti Pérez
3rd Vice Chairman

Mr. Fernando Mata Verdejo
Member

Mr. José Antonio Colomer Guiu
Member

Mr. Antonio Miguel-Romero de Olano
Member

Ms. María Leticia de Freitas Costa
Member

Ms. Pilar Perales Viscasillas
Member

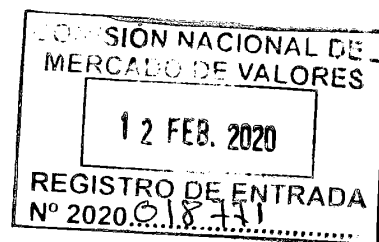
Ms. Ana Isabel Fernández Álvarez
Member

Mr. Alfonso Rebuelta Badías
Member

Ms. Rosa M.^a García García
Member

Mr. Ángel Luis Dávila Bermejo
Secretary and Non-Member

The English version is a translation of the original in Spanish for information purposes only. In case of discrepancy, the Spanish version shall prevail.



INTEGRATED REPORT 2019

MAPFRE S.A.

INTEGRATED REPORT 2019

The English version is a translation of the original in Spanish for information purposes only. In case of discrepancy, the Spanish version shall prevail.

 **MAPFRE**

INTEGRATED REPORT 2019

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1. LETTER FROM THE CHAIRMAN AND CEO

[GRI 102-14]

Dear Friends,

In an environment as uncertain and volatile as the one we find ourselves in, with enormous impacts for our climate-related activity and a complex economic, political and social context in many of our countries, it is a pleasure for me to start this letter indicating that 2019 has been a good year for MAPFRE and, by association, for all its stakeholders.

The business has progressed well: we maintained profitable growth at our operations in Spain, and we substantially improved earnings results in both Brazil and the United States, the second and third most relevant markets for MAPFRE. We produced positive returns in practically all countries, which shows that we are successfully executing our strategy based on profitable growth. Attributable earnings from the insurance business, our main activity, exceeded 806 million euros, which is a solid and recurring result, consistent with the strength of our company.

Additionally, the reinsurance business also made a notable contribution to the Group's profit: 77 million euros. A remarkable figure in that it has been achieved despite the fact that the impact stemming from natural disasters, particularly intense in the Asia-Pacific area, rose substantially last year. MAPFRE Global Risks has also felt the brunt of this rising loss experience. The effects of these natural disasters, despite their exceptional nature or virulence, and regardless of whether they impact on insurance or reinsurance, are in fact the very essence of what our clients expect of us: MAPFRE responds. And this is what we do.

As a global insurer, we assume that responsibility around the world and demonstrate the company's strength and our resilience by making good on each and every one of our commitments. As you will see in the Report, we maintain our solvency ratio very close to 200 percent, within the objective range that we have set for ourselves and with 87 percent of the assets rated Tier 1, that is to say, of the highest quality.

Therefore, although we work to maximize our capabilities and always look for more for MAPFRE, we believe that 2019 has once again been a good year for the Group and, for this reason, we have maintained the dividend for our shareholders, in recognition of the trust they confer on us by investing in the company.

From the business point of view, as I have indicated, the Group is advancing strongly, growing profitably, developing agreements and strengthening the alliances we have and simultaneously, undertaking an intense process of transformation to adapt to the digital

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environment and continue being a leading insurance company, able to accompany its clients wherever they are headed, regardless of the prevailing conditions.

The Report that I present here shows you an integrated vision of how MAPFRE, in a complex socio-economic environment, is moving forward with its strategy, obtains solid results and generates value for interest groups and society at large.

On previous occasions, I have made notable mention that we believe in a committed company model, a company that holds that, without ethics, there can be no business, and that all our activity has to be tackled in a sustainable manner.

We are working to build the future, firstly, that of our clients, who we protect and help to grow what is important to them, now and into the future, when it will be most necessary. We help companies and institutions, who thanks to MAPFRE, can cover their risks and concentrate their efforts on business development and the creation of wealth and employment. We also build the future of society: we are stable and reliable funders of the sovereign debt of many countries. We invest approximately 40 billion euros in these securities, which allows nation states to finance economic and social policy. And we also build a future for our shareholders, because the sum total of our commitment to sustainability is applied at MAPFRE in all its decisions: we grow, we boost profitability, we approach operations and projects, we execute the day-to-day thinking not just about the present, but also about the future, striving to leave a better company to the generations that come after us.

In 2019, MAPFRE's Board of Directors approved the Sustainability Plan 2019-2021, a transversal roadmap for the entire Group that is allowing us to advance our commitments in environmental, social and governance matters.

"Playing our part" is the rallying cry of all our communication on sustainability: those thousands of individual gestures that coalesce to shape the common objective of protecting the planet and building a future for its inhabitants. Simple but important gestures, such as the fact that the Annual General Meeting 2020 will be the first one certified as both a sustainable and carbon-neutral event.

Among other actions, we actively participated and supported the United Nations Climate Change Conference (COP25) held in Spain, because MAPFRE as a company is taking action to combat the climate emergency. We are working relentlessly to be an emissions-neutral company in Spain and Portugal by 2021, and across the Group as a whole by 2030.

Like any company, we also protect our main assets, and among them, our employees and their talent come first. We are diverse, we defend equal opportunities and we act decisively in the face of all manner of gaps. We integrate people from all walks of life, including those with a disability, and we provide them with healthy working

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environments that enhance their capacity to create and innovate. Diversity makes us unique, and having the vision of people of more than 80 nationalities heading in the same direction greatly strengthens the capacity and talent of our company.

We promote socially responsible investment because we understand that it is part of the solution to the great challenges facing society. In fact, we are the first company, and so far the only one in the world, to develop an investment fund founded on the greater profitability enjoyed by inclusive companies that actively employ people with disabilities.

We are also good corporate citizens. We are close to the people who need us. Last year, more than 125,000 people received the support and help of 10,300 MAPFRE professionals and their families worldwide, through their commitment to the Corporate Volunteering Program.

We assume our responsibility in sustainable development, fully committing to the United Nations Global Compact and the Sustainable Development Goals (SDGs) of the 2030 Agenda. But we know that we cannot do it alone, nor do we want to do it alone, we need to be accompanied by our employees, clients, shareholders, providers, distributors and society in general, on the road we started out on more than eight decades ago, so that together, we can continue making the future possible.

On my own behalf and on that of the Board of Directors, I conclude by expressing my gratitude for the support and trust that our shareholders and other stakeholders show in us. This drives us to continue advancing in our double commitment: to generate a powerful financial dividend, and to generate an enormous social dividend.

Antonio Huertas Mejías

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2. MAPFRE GROUP

[GRI 102-1, 102-2, 102-3, 102-4, 102-5, 102-18; L.11/2018]

2.1. Functional and shareholder structure

MAPFRE S.A. (hereinafter the "Company") is a global company principally engaged in insurance and reinsurance activities in 44 countries worldwide.



The company's origins can be traced to MAPFRE MUTUALIDAD, created in 1933 by the Association of Owners of Rural Properties in Spain to mutually cover the risks arising from their farming activities. In the 1960s, it embarked on a process of business expansion consisting of the creation of subsidiary trading companies. In 1980, these companies were grouped into the holding company CORPORACIÓN MAPFRE (now MAPFRE S.A.) and international expansion ensued, mainly in Latin America.

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Today, MAPFRE is the largest Spanish-owned insurance company in the world and the third largest insurance group in Latin America.

MAPFRE has:

Present in 44 countries	34,324 employees	13,024 offices	79,239 intermediaries	Revenues 28.48 billion euros	Shareholders' equity 8.85 billion euros	Attributable result 609 million euros
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The Group pursues its business activities through an organizational structure made up of four Business Units (Insurance, Assistance, Global Risks and Reinsurance); three Territorial Areas (IBERIA, LATAM and INTERNATIONAL); and six Regional Areas (Iberia (Spain and Portugal), Brazil, LATAM North (Central America and the Dominican Republic), LATAM South, North America and EURASIA (Europe, Middle East, Africa and Asia-Pacific).

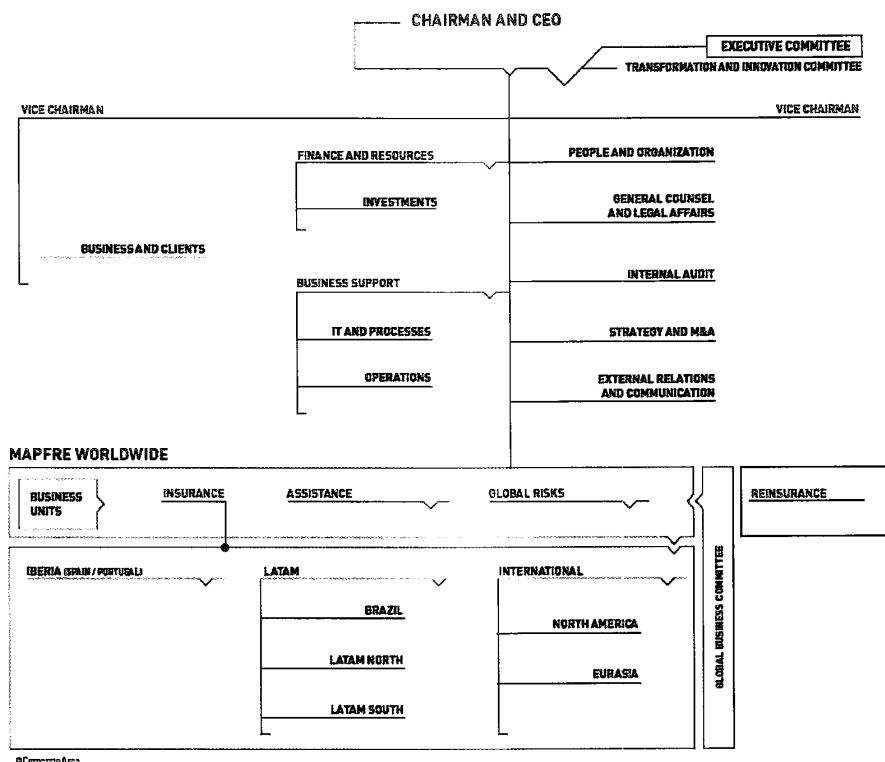
The Insurance Business Unit is organized in line with the regional areas, which are the geographic units that plan, support and oversee the region. The Reinsurance and Global Risks units are merged within MAPFRE RE.

The activities of the different Business Units are supplemented by those of the Corporate Areas (Internal Audit, Strategy and M&A, Finance and Resources, Investments, Business and Clients, Operations, People and Organization, External Relations and Communication, General Counsel and Legal Affairs, Business Support, IT and Processes), which have global competencies for all MAPFRE companies in the world in terms of the development, implementation and monitoring of global, regional and local corporate policies.

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

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The Group's current organizational chart is as follows:



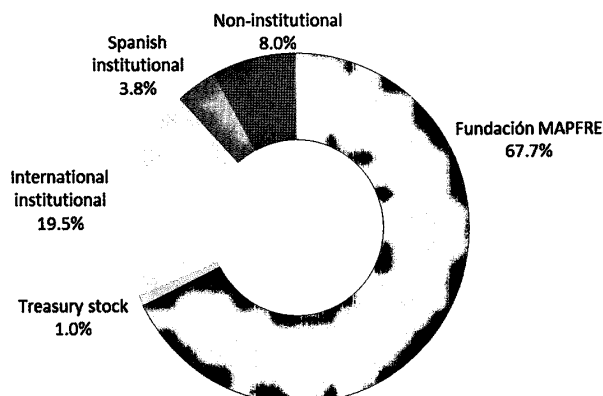
Shareholder composition

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, IBEX Top Dividend, STOXX Europe 600 Insurance, EURO STOXX Insurance, MSCI Spain, FTSE All-World, FTSE Developed Europe, FTSE4Good, FTSE4Good IBEX, Dow Jones Sustainability World and Ethibel Sustainability Index (ESI) Excellence Europe indices.

The majority shareholder of MAPFRE S.A. shares is Fundación MAPFRE, which owns 67.7 percent of the share capital, thus guaranteeing the Group's independence and institutional stability. Fundación MAPFRE engages in activities of general interest in the fields of Social Action, Insurance and Social Protection, Culture, Accident Prevention and Road Safety, and Health Promotion.

At the close of the financial year, MAPFRE S.A. has 30,489,839 treasury shares, representing 0.99 percent of the capital.

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2.2. Deployment

[GRI 102-4, 102-6, 102-7]

MAPFRE operates in a total of 44 countries through 221 companies, with a network of 13,024 offices (7,914 of them for bancassurance) and more than 79,000 agents and intermediaries.

The following is the geographic presence of MAPFRE through its business units:

COUNTRY	BUSINESS			
	ASISTENCIA	GLOBAL RISKS	REINSURANCE	DIRECT INSURANCE
GERMANY			•	•
ALGERIA	•			
ARGENTINA	•		•	•
AUSTRALIA	•			
BAHRAIN	•			
BELGIUM			•	
BRAZIL	•		•	•
CANADA	•		•	
CHILE	•		•	•
CHINA	•		•	
COLOMBIA	•		•	•
COSTA RICA	•			•
ECUADOR	•			•
EL SALVADOR	•			•
UNITED ARAB EMIRATES	•			
SPAIN		•	•	•
UNITED STATES	•		•	•
PHILIPPINES	•		•	•
FRANCE			•	

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COUNTRY	BUSINESS			
	ASISTENCIA	GLOBAL RISKS	REINSURANCE	DIRECT INSURANCE
GREECE	•			
GUATEMALA	•			•
HONDURAS	•			•
HUNGARY	•			
INDONESIA	•			•
IRELAND	•			
ITALY	•		•	•
JAPAN			•	
JORDAN	•			
MALAYSIA			•	
MALTA	•			•
MEXICO	•		•	•
NICARAGUA	•			•
PANAMA	•			•
PARAGUAY	•			•
PERU	•			•
PORTUGAL	•		•	•
PUERTO RICO				•
UNITED KINGDOM	•		•	
DOMINICAN REPUBLIC	•			•
SINGAPORE			•	
TUNISIA	•			
TURKEY	•			•
URUGUAY	•			•
VENEZUELA	•			•

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The number of employees in the Group per country is as follows:

COUNTRY	No. EMPLOYEES	COUNTRY	No. EMPLOYEES	COUNTRY	No. EMPLOYEES
GERMANY	566	UNITED STATES	2,616	PERU	1,536
ALGERIA	49	PHILIPPINES	314	PORTUGAL	411
ARGENTINA	1,105	FRANCE	53	PUERTO RICO	614
AUSTRALIA	64	GREECE	110	UNITED KINGDOM	546
BAHRAIN	15	GUATEMALA	187	DOMINICAN REPUBLIC	424
BELGIUM	21	HONDURAS	219	TUNISIA	74
BRAZIL	5,762	INDIA	6	TURKEY	1,289
CANADA	15	INDONESIA	548	URUGUAY	178
CHILE	503	IRELAND	92	VENEZUELA	440
CHINA	139	ITALY	877	OTHERS (Hungary, Japan, Taiwan and Singapore)	46
COLOMBIA	959	JORDAN	49		
COSTA RICA	72	MALTA	318		
ECUADOR	334	MEXICO	1,748		
EL SALVADOR	180	NICARAGUA	122		
UNITED ARAB EMIRATES	9	PANAMA	486		
SPAIN	11,032	PARAGUAY	196		
TOTAL EMPLOYEES AS ON 31.12.2019					34,324

Offices and intermediaries are broken down by geographic area as follows:

OFFICES	2019	2018
Total	13,024	12,526
IBERIA	5,655	5,413
LATAM	6,773	6,570
INTERNATIONAL	596	543

INTERMEDIARIES	2019	2018
Total	79,239	86,564
IBERIA	17,563	17,914
LATAM	52,184	56,682
INTERNATIONAL	9,492	11,968

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2.3. Key figures

[GRI 102-7, 201-1]

ITEM	DECEMBER 2019	DECEMBER 2018	Var.% 19/18
RESULTS			
Revenues	28,472.2	26,589.7	7.1%
Written and accepted premiums	23,043.9	22,537.1	2.2%
- Non-Life	17,559.1	17,060.9	2.9%
- Life	5,484.8	5,476.2	0.2%
Attributable net result	609.2	528.9	15.2%
Non-Life Loss Ratio	69.0%	69.8%	-0.8 p.p
Non-Life Expense Ratio	28.6%	27.8%	0.8 p.p
Non-Life Combined Ratio	97.6%	97.6%	0.0 p.p
Earnings per share (euros)	0.20	0.17	15.2%
BALANCE			
Total assets	72,509.9	67,290.8	7.8%
Assets under management	63,637.8	58,484.6	8.8%
Shareholders' equity	8,854.3	7,993.8	10.8%
Debt	2,973.7	2,670.3	11.4%
ROE	7.2%	6.4%	0.9 p.p
Adjusted ROE*	8.0%	8.4%	-0.5 p.p
EMPLOYEES AT THE CLOSE OF THE PERIOD			
Total	34,324	35,390	-3.0%
- Spain	11,032	10,918	1.0%
- Other countries	23,292	24,472	-4.8%
THE MAPFRE SHARE			
Market capitalization	7,267.7	7,144.6	1.7%
Share price (euros)	2.36	2.32	1.7%

ITEM	SEPTEMBER 2019	DECEMBER 2018	Var.% 19/18
SOLVENCY			
Solvency ratio	194.6%	189.5%	5.1 p.p

Figures in million euros

*Excluding goodwill writedown

MAPFRE S.A. and its subsidiaries are rated by the main ratings agencies. These agencies were selected on the basis of their international presence, their relevance for the insurance industry and capital markets, and for their level of experience.

The most important credit ratings currently granted by the main ratings agencies are listed next.

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	S&P	Fitch	Moody's	A.M. Best
MAPFRE S.A. - Issuer	A- (Stable)	A- (Stable)	-	-
MAPFRE S.A. - Senior debt	A-	BBB+	-	-
MAPFRE S.A. - Subordinated debt	BBB	BBB-	-	-
Financial strength				
- MAPFRE RE	A+ (Stable)	A+ (Stable)	-	A (Stable)
- MAPFRE ESPAÑA	-	A+ (Stable)	-	A (Stable)
- MAPFRE VIDA	-	A+ (Stable)	-	-
- MAPFRE ASISTENCIA	-	A+ (Stable)	A2 (Stable)	-
Company	Country	Rating type	Rating	Outlook
Fitch				
MAPFRE SIGORTA A.S.	Turkey	Financial strength	AA+ (tur)	Stable
MAPFRE SEGUROS GENERALES DE COLOMBIA	Colombia	Financial strength	AA (col)	Stable
A.M. Best				
MAPFRE U.S.A. Group	USA	Financial strength	A	Stable
MAPFRE PRAICO	Puerto Rico	Financial strength	A	Stable
MAPFRE MÉXICO	Mexico	Financial strength	A	Stable

(1) S&P Global Ratings Europe Limited.

(2) Fitch Ratings Limited

(3) Moody's Investors Service Ltd.

(4) A.M. Best Europe – Rating Services Ltd.

The companies indicated above are established in the European Union and registered as credit rating agencies in compliance with Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of September 16, 2009.

2.4. Regulatory framework and environment

[GRI 102-15]

Regulatory framework

MAPFRE is a limited liability company constituted in Spain, regulated by the Recast Text of the Corporation Act approved by Royal Legislative Decree 1/2010 of July 2, 2010 and corresponding regulations.

As the dominant company in a consolidated group that includes insurance companies, MAPFRE must maintain the consolidated solvency margin required under Law 20/2015 of July 14, 2015 regarding the ordering, supervision and solvency of insurance and reinsurance companies, under Royal Decree 1060/2015 of November 20, 2015 regarding the ordering, supervision and solvency of insurance and reinsurance companies and the accounting standards that regulate insurance activity.

Since January 1, 2016, the Company and its insurance and reinsurance subsidiaries operating in the European Union are subject to the supervision and solvency regulations of Directive 2009/138/EC of the European Parliament and of the Council of November 25, 2009, regarding life insurance, access to insurance and reinsurance activity and its exercise (Solvency II) and corresponding regulations. In March 2019, the European Commission adopted the amendment of Delegated Regulation (EU) 2015/35 on Solvency II, which affects several elements used in the calculation of solvency capital requirement under the standard formula.

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In addition, the consolidated annual accounts of the Group are prepared in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS-EU). In 2019, IFRS-EU 16 "Leasing," which sets out the principles applicable to the recognition, valuation and presentation of leases, as well as information to be disclosed, entered into force. In addition, the Group is analyzing the impact of IFRS-EU 17 "Insurance Contracts," which is expected to apply to the fiscal years starting on January 1, 2022.

The insurance companies in which MAPFRE holds an interest are subject to the specific regulations governing this activity in the various countries in which they operate.

Environment

The growth of the world economy has fallen from 3.6 percent in 2018 to 3 percent in 2019. This evolution is a consequence of the commercial tensions between the United States and China; the prospect of raising tariffs in other countries; the uncertainty of Brexit, and, from a structural perspective, the point of the economic cycle at which the global economy finds itself.

In developed countries, the group of G7 economies grew by 1.6 percent, with the United States up 2.3 percent and the eurozone at 1.2 percent. In addition, emerging economies have maintained their high levels of growth, although these are lower than the previous year: China rose 6.1 percent, the group of emerging economies increased by 3.9 percent, and Asian emerging economies were up 5.9 percent.

For the year 2020 globally, the average growth is expected to be again around 3 percent, and will possibly accelerate after 2021. A recession can be ruled out at the moment, unless undetected risks arise that cause an adjustment in a systemic economy.

Predictions on the development of macroeconomic figures for the principal markets in which MAPFRE operates are as follows:

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ITEM	BRAZIL		SPAIN		UNITED STATES		MEXICO		TURKEY	
	2019 (E)	2020 (P)	2019 (E)	2020 (P)	2019 (E)	2020 (P)	2019 (E)	2020 (P)	2019 (E)	2020 (P)
GDP (% YoY, average)	0.8%	1.7%	2.0%	1.8%	2.3%	1.6%	0.0%	1.1%	0.2%	2.5%
CPI (% YoY, average)	3.3%	3.7%	0.8%	1.4%	1.8%	2.0%	3.2%	3.4%	10.5%	10.8%
Unemployment (% EAP*, average)	11.1%	10.1%	13.8%	12.9%	3.5%	3.6%	3.6%	3.9%	13.6%	12.8%
Official interest rate	4.0%	5.0%	0.0%	0.0%	1.5%	1.5%	7.3%	7.3%	14.8%	12.8%
Population (Millions of people)	211.8	213.3	47.1	47.2	331.2	333.5	128.3	129.6	83.4	84.3

Source: MAPFRE Economic Research. Data 2019 estimated (E) and 2020 forecasted (F)

*EAP = Economically Active Population

The development of the Non-Life and Life Protection insurance business maintains its strong relationship with the behavior of the economic cycle. In this sense, premium growth is limited by investment and consumption patterns. In the case of emerging countries, the low insurance penetration rate means that the long-term growth trend is positive and increasing.

In addition, the Life Savings insurance business is negatively affected by the continuity of the accommodative policies of the main central banks. The lax monetary bias will cause the negative or flat interest rate curves of many developed countries to be maintained for quite some time, with the consequential implications that this has for the financial profitability of insurance companies.

In 2018, the latest data available, the world insurance market registered estimated growth of 1.5 percent in real terms, generating a total value of direct insurance premiums of 5.2 billion dollars.

The sector ratios for the Non-Life segment in principal markets where MAPFRE operates have shown the following development:

COUNTRY	COMBINED RATIO (Market)			Date	ROE (Market) 2018
	Loss Ratio	Expense Ratio	Total		
Brazil	41.7%	50.1%	91.8%	Sept-19	17.3%
Spain	70.1%	22.1%	92.3%	Sept-19	11.4%
United States	71.4%	27.3%	98.7%	Dec-19	9.0%
Mexico	73.6%	29.3%	102.8%	Sept-19	22.1%
Turkey	77.1%	28.2%	105.3%	Sept-19	25.1%

Source: MAPFRE Economic Research.

The Combined Ratios for Mexico and Brazil include Non-Life and Life

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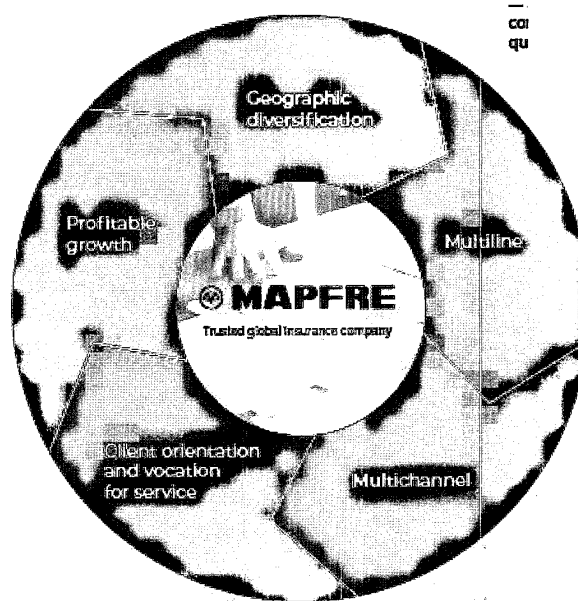
3. BUSINESS MODEL, STRATEGY AND PERFORMANCE

[GRI 102-2, 102-6, 102-14]

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. It is designed to achieve profitable growth with clear and decisive focus on the client, both private and corporate, a multi-channel 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 swiftly 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.



Accordingly, MAPFRE:

- Is firmly committed to growth, both in terms of business volume and geographic development, generating suitable and sufficient profitability from its activities.

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- Manages its business in an efficient manner and constantly improves productivity, reducing structural costs continuously in order to enhance its competitiveness.
- Professionally manages the risks it assumes, ensuring sustainable growth and results.
- Steers its development by diversifying its portfolio of insurance, reinsurance and service businesses as a means of boosting growth and minimizing risks.
- Deploys a global management model with ample capacity for local implementation, ensuring an appropriate balance between corporate involvement and business development in each country.
- Makes its resources available to the entire organization, thus harnessing the synergies derived from sharing talent, processes and tools.
- Promotes specialized management as a means of continuously optimizing results and enhancing service quality.

[GRI 102-16]

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 following values, which assist in executing the mission and achieving the company's vision:

- **Solvency**: financial strength with sustainable results and full capacity to meet all obligations to stakeholders.
- **Integrity**: ethical conduct as a core element in how everyone (executives, employees, agents and collaborators) behaves, with a socially responsible focus on all long-term activities and commitments.
- **Vocation for service**: the constant quest for excellence in the pursuit of its activities and a continuous focus on building strong relationships with clients.
- **Innovation for leadership**: differentiation as a key aspect of continuous growth and improvement, using technology to service the different businesses and their objectives.
- **Committed team**: full engagement of employees, senior executives, agents and other collaborators with the MAPFRE project and continuous development of the team's skills and abilities.

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The resources that MAPFRE deploys to create sustained value are its main assets, and correspond to the following dimensions:

1. **Financial Dimension**: economic resources to develop the business, generated either through operations or investments or obtained through financing.
2. **Productive Dimension**: assets or goods and services used to pursue different activities.
3. **Human Dimension**: the skills, knowledge, abilities and experience of the people employed by the organization.
4. **Intellectual Dimension**: knowledge-based intangible assets that favor both intellectual property as well as knowledge of systems, procedures and protocols.
5. **Natural Dimension**: appropriate management of natural resources and contribution to climate change mitigation and biodiversity conservation.
6. **Social and Relational Dimension**: trust-based relationships generated with stakeholders; contribution to the development and well-being of the community; and other intangible assets related to the brand and its reputation.

MAPFRE offers people a complete personal lines insurance program that is adapted to the different countries in which it operates, through a wide insurance offering of Life, Health, Accident, General P&C (homeowners, automobile, third-party liability, family, etc.), Savings and Investment, Retirement, Burial, Travel and Lifestyle policies.

MAPFRE helps professionals, entrepreneurs, self-employed people and small companies to develop their commercial undertakings, offering a broad portfolio of products and services that enable them to concentrate on their professional activity (with solutions for vehicles, third-party liability and assets, agriculture and livestock, commercial establishments, etc.), while also insuring their personal risks (accidents, health, Life, retirement, savings and investments).

The company also offers specific solutions for small and medium-sized enterprises as well as large corporations, with a range of products and services adapted to the activity of each organization, at local, national and global level, and tailored to the management model of each client, with products for Vehicles, Third-Party Liability and General P&C, Engineering and Buildings, Hulls and Aviation, Goods Transportation, Agribusiness, Surety and Credit, Group Health, Accident, Life and Retirement Insurance, among others.

Additionally, MAPFRE supplements its insurance activities with a range of reinsurance products.

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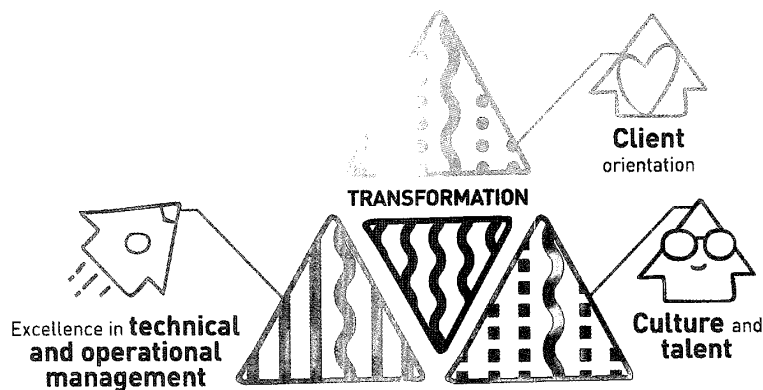
MAPFRE is determined to maintain its own networks in the countries where it operates, which are compatible with the use of other distribution channels. Some of the key features behind the success of MAPFRE's business model are its client orientation, global product offering, and adaptation to the legal and commercial nature of each market.

MAPFRE's own networks are supplemented by its distribution capacity as a result of the signing of agreements with different companies, notably its bancassurance agreements, but also including those with other financial companies, automobile dealerships, shopping malls and service companies, etc.

MAPFRE's stated mission is to develop the best possible relationships with its stakeholders, which include employees, clients, distributors, providers, shareholders and society in general. For more information, please consult the Social and Relational Dimension chapter.

3.2. Strategy

At MAPFRE we are transforming ourselves to grow profitably. Digitalization and innovation are key components of this evolution. Transformation will be ever present in all that we do, acting as a veritable driver across the entire company. Our strategy is based on three pillars:



Client orientation

Our team is 100 percent client oriented. We are committed to a competitive model, which puts clients at the center of everything we do, with the aim of offering an optimal experience at every moment of contact with MAPFRE. We want to know, understand and enhance client loyalty, increase productivity in all our channels and innovate in products, services and experiences for our clients.

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Excellence in technical and operational management:

We work to improve our efficiency, adapting our structure to offer an excellent service, with a global, flexible and open technology that enables us to increase our competitiveness.

Culture and Talent:

Strengthening the commitment of everyone working at MAPFRE, we wish to continue adapting to changes with new skills that allow us to face future challenges. We keep working to be a benchmark in terms of sustainability. MAPFRE is a group committed to sustainable development and, especially, to the fight against climate change.

The first year of the Strategic Plan 2019-2021 "Transforming ourselves for growth and improved profitability" has been a year marked by environmental catastrophes (typhoons such as Faxai and Hagibis are some examples of catastrophes that have had a high impact on the attributable result of MAPFRE) and the volatility and political, economic and social uncertainty in the different markets where MAPFRE operates. In light of these circumstances, we have made an adjustment to the public aspirational objectives for the period 2019-2021, creating six points and aligning these to the reality of the markets without losing sight of the ambition that has always characterized MAPFRE.

3.3. Progress of the Plan in 2019 and future prospects

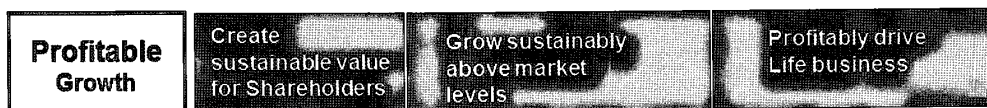
[GRI 102-15]

3.3.1. Progress of the Plan in 2019

The main developments in the aspirational objectives and initiatives that drive each of the plan's pillars were:

1. Profitable growth

Objectives from a profitable growth point of view:



2019 data:

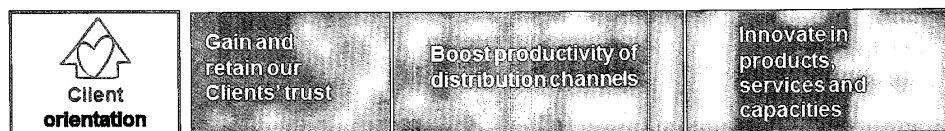
- ROE: 8.0 percent (excluding goodwill impairment adjustments).
- Revenue: 28.47 billion euros.

The English version is a translation of the original in Spanish for information purposes only. In case of discrepancy, the Spanish version shall prevail.

- Digital business revenues: 1.33 billion euros (+16.7).
- Growth in Life Protection Premiums at constant value: 9.2 percent.

2. Client orientation

The objectives for this pillar are:



2019 data:

- Percentage of businesses with an NPS® higher than the market average: 86.3%.
- Number of clients for MAPFRE Open Innovation products and services: 244,723.

To speed up changes to this pillar, investments have been made in a number of initiatives:

- **Client focus:** we are adapting our sales offering and value proposition, our operations, structure and technology, to offer a better quality and an enhanced client experience.
- **Digital business plan:** we continue to strengthen our digital business by increasing investment in digital marketing, price comparison tools and digital tools in the operations of VERTI, INSUREANDGO and MAPFRE DIGITAL.
- **Digital health:** we are taking advantage of the opportunities offered by digitalization to develop a business model that allows us to lead in the Health line.
- **Large cities:** by understanding the new dynamics of big cities, initiatives are being developed that will allow us to increase our market share, having started in Madrid and Barcelona.
- **SAM 3.0:** we are developing capabilities in response to new trends in the world of cars and new mobility (ADAS, UBI, etc.).

3. Excellence in technical and operational management

The objectives for this pillar are:



2019 data:

- Non-Life combined ratio: 97.6 percent.
- Number of automated transactions: 18.7 million transactions.

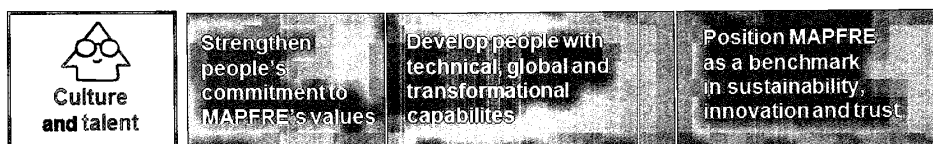
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To speed up changes to this pillar, investments have been made in a number of initiatives:

- **Global efficiency model:** initiative that seeks to increase efficiency, productivity and a decrease of operational costs by means of the development of operational models that address standardization, integration, improvement of processes and automation, among other things, with full focus on the client, to improve the competitiveness of MAPFRE.
- **Advanced Analytics:** we are making a determined investment in data, developing a platform that will enable us to move from a decision-making process based on structured information to incorporate new sources of unstructured data, which will allow us to better understand and meet the needs of our clients. In line with this objective, the post of Chief Data Officer was created in 2019.

4. Culture and talent

The objectives for this pillar are:



2019 data:

- Culture and talent index: 80.8 percent.
- Percentage of new managerial job positions covered by women: 48.3 percent.
- Percentage of workforce with a disability: 2.9 percent.

Another objective was to position MAPFRE as a benchmark in sustainability. The Board of Directors of MAPFRE S.A. approved the lines of action, projects and objectives of the global sustainability plan 2019-2021.

The main initiative underpinning this pillar is the Digital Challenge, which is managing the change involved in adapting the organization to the new digital requirements, providing the work environment with flexibility and agility and tools that allow collaborative work and knowledge-sharing. In addition, new behaviors (collaborating, innovating and streamlining) are being promoted, and digital and strategic profiles and new forms of leadership are being developed.

3.3.2. Future prospects for the Strategic Plan 2019-2021

The English version is a translation of the original in Spanish for information purposes only. In case of discrepancy, the Spanish version shall prevail.

The year 2019 was marked by the impact of catastrophic events and social uncertainty in the different markets in which MAPFRE operates. Therefore, it has been necessary to adjust the aspirational public objectives for the 2019-2021 period, which are to be presented at the General Shareholders Meeting.

3.4. Business performance

[GRI 102-2, 102-6]

3.4.1. Relevant events

[GRI 102-10]

Among the relevant corporate events of the 2019 fiscal year, the following should be noted:

Significant economic events

Impairment of goodwill in MAPFRE ASISTENCIA investee companies.

The Group has updated its business forecast for assistance, travel insurance and specialty risks in the United Kingdom and North America as part of its strategic planning. Due to the drop in expected profits in the United Kingdom as a result of the complex socioeconomic environment and predictable slowdown of its economy due to the uncertainty over Brexit, it was decided to recognize a total impairment of goodwill for the MAPFRE ASISTENCIA companies in that country, in the amount of 48.4 million euros. Also, as part of a decrease in unprofitable business in the United States and Canada, goodwill attributed to those countries was revised, resulting in an impairment of goodwill in the amount of 17.2 million euros.

This impairment of goodwill has no effect whatsoever on the liquid assets generated by the Group in the fiscal year, and it does not affect its financial strength or flexibility, or the capital models supporting current ratings and the high solvency margin of the Group and its subsidiaries, as the goodwill is excluded in their calculation, and thus maintains its important dividend generating capacity.

Other relevant events in sustainability

- MAPFRE is named in the Dow Jones Sustainability World Index for a second consecutive year, and in the FTSE4Good for the 13th consecutive year. These indices are acknowledged as two of the most important international barometers in measuring corporate performance in terms of sustainability and CSR.
- MAPFRE was included in the Sustainability Yearbook 2019, prepared by the investment consultant RobecoSAM.

The English version is a translation of the original in Spanish for information purposes only. In case of discrepancy, the Spanish version shall prevail.

- MAPFRE partnered with SpainSIF, a non-profit organization that is a reference point for all financial institutions in terms of sustainable and responsible investment in Spain.
- Together with La Financière Responsable, MAPFRE launched a fund to invest in companies that promote the inclusion of people with disabilities, the first of its kind to be launched globally.
- MAPFRE participated in the United Nations Climate Change Conference (COP25), demonstrating its commitment to environmental protection.

3.4.1 Information by business unit.

[GRI FS6]

The information in this chapter is supplemented by the Annual Accounts and Consolidated Management Report, which are available on the corporate website.

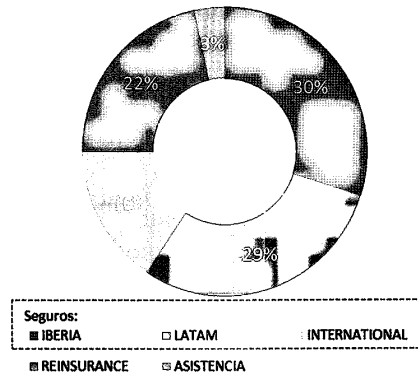
The Non-Life combined ratios, premiums and attributable results are detailed by business unit:

Key figures

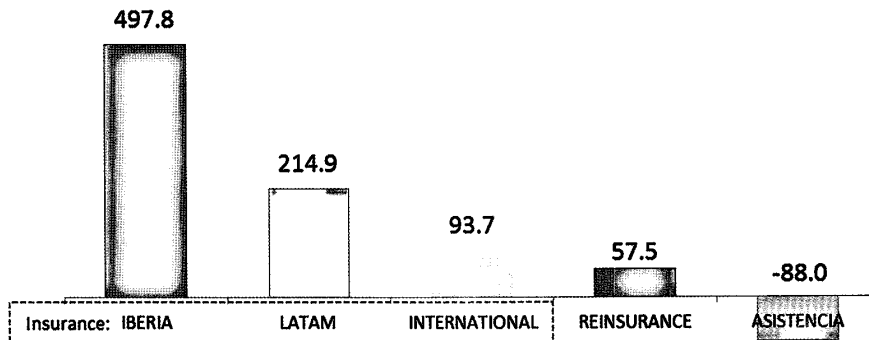
	PREMIUMS		ATTRIBUTABLE RESULT		COMBINED RATIO	
	DECEMBER 2019	Var. % 19/18	DECEMBER 2019	Var. % 19/18	DECEMBER 2019	DECEMBER 2018
IBERIA	7,717.8	0.8%	497.8	3.6%	94.4%	93.8%
LATAM	7,547.3	9.6%	214.9	36.9%	94.4%	98.2%
INTERNATIONAL	4,027.3	-3.9%	93.7	97.6%	102.3%	103.5%
TOTAL INSURANCE	19,292.4	3.0%	806.4	17.7%	96.5%	97.8%
REINSURANCE AND GLOBAL RISKS*	5,580.5	12.5%	57.5	-65.9%	101.0%	95.6%
ASISTENCIA	861.0	-5.5%	(88.0)	—	103.3%	103.5%
Holding, eliminations and other	(2,690.0)	-29.9%	(166.7)	47.0%	—	—
MAPFRE S.A.	23,043.9	2.2%	609.2	15.2%	97.6%	97.6%

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Premiums by geographic area



Attributable Result by Business Unit



Figures in million euros

The Group's consolidated revenues amounted to 28.47 billion euros, an increase of 7.1 percent, mainly due to the increase in the issuing of premiums and higher financial income.

The accepted direct insurance and reinsurance premiums, which represent the vast majority of volume, amounted to 23.04 billion euros, up by 2.2 percent, mainly due to positive performance by countries such as Mexico, Peru and the Dominican Republic. In June 2019, the PEMEX comprehensive multi-year damage policy (two years) was renewed for 502.9 million dollars (449.8 million euros).

This increase in premium growth is framed within the Group's strategy of profitable growth, which aims to improve profitability mainly in Non-Life insurance.

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Cumulative attributable profits to December 2019 were 609.2 million euros, an increase of 15.2 percent. It should be borne in mind that the financial year 2018 was affected by the extraordinary deterioration of goodwill amounting to 173.5 million euros, while, in 2019, the extraordinary deterioration of goodwill and the provision for restructuring expenses in participating companies of MAPFRE ASISTENCIA have had a joint impact of 75.6 million euros on the Group's attributed result. If both effects are eliminated, the recurring result would fall by 3.1 percent against the previous financial year.

INSURANCE UNIT

3.4.2.1. IBERIA

IBERIA encompasses the business activities of MAPFRE ESPAÑA and its subsidiary in Portugal, as well as the Life business managed by MAPFRE VIDA and its bancassurance subsidiaries. It represents 30 percent of the total premiums of the Group.

Information by country

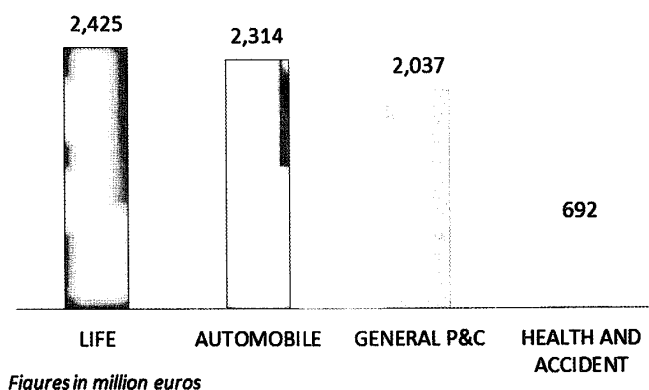
	Premiums		Attributable result		Combined ratio	
	DECEMBER 2019	Var. % 19/18	DECEMBER 2019	Var.% 19/18	DECEMBER 2019	DECEMBER 2018
IBERIA	7,717.8	0.8%	497.8	3.6%	94.4%	93.8%
SPAIN	7,582.3	0.8%	488.7	4.7%	94.4%	93.7%
PORTUGAL	135.4	1.1%	9.1	-34.4%	95.9%	96.5%

Figures in million euros

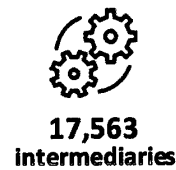
Spain is MAPFRE's main market in terms of contribution to the business.

In 2019, MAPFRE ESPAÑA continued to lead the Non-Life insurance rankings in 2019, maintaining its position as a benchmark insurance company in Spain.

Premiums for main lines of business

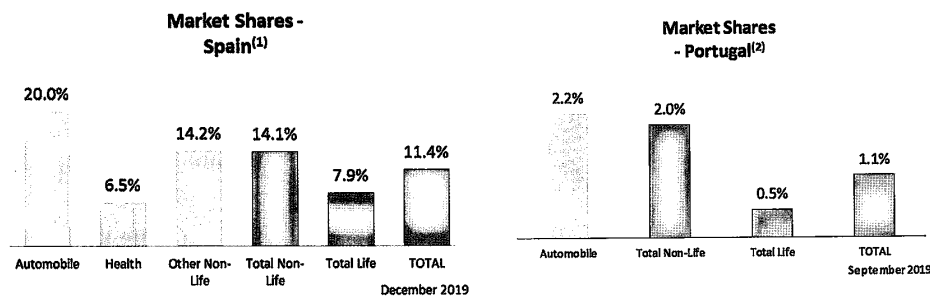


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Workforce and distribution network

* Does not include Corporate Areas

MAPFRE maximizes the backing and strength of its sales network.

Market shares

- (1) Estimated market shares, using provisional data published by ICEA, which only takes into account direct insurance premiums written. The figures include premiums written by MAPFRE GLOBAL RISKS.
- (2) Source: Portuguese Association of Insurance Companies

MAPFRE maintains an outstanding position in the Direct Insurance market, growing for ten consecutive quarters above the market in Spain.

The overall figures for market share in the Direct Insurance market in Spain are provided below:

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DIRECT INSURANCE - RANKING BY GROUPS 2019		
No.	Group	Market share* (%)
1	VIDACAIXA	13.38
2	MAPFRE	11.43
3	MUTUA MADRILEÑA GROUP	8.50
4	ALLIANZ	5.35
5	GRUPO CATALANA OCCIDENTE	4.76
6	ZURICH	4.60
7	AXA GROUP	4.60
8	SANTALUCÍA	3.83
9	GENERALI	3.80
10	SANTANDER SEGUROS	2.64
11	GRUPO CASER	2.36
	Other companies	34.75
	Total sector	100.0

* Estimated market shares, using provisional data published by ICEA, which only takes into account direct insurance premiums written. The figures include premiums written by MAPFRE GLOBAL RISKS.

3.4.2.2. LATAM

LATAM comprises the regional areas of Brazil, LATAM North and LATAM South and represents 29 percent of total Group premiums.

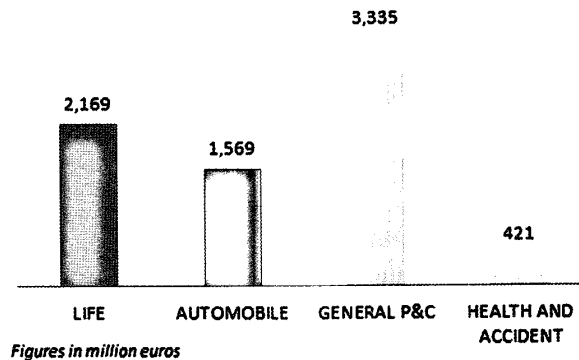
Information by region

	PREMIUMS		ATTRIBUTABLE RESULT		COMBINED RATIO	
	DECEMBER 2019	Var. % 19/18	DECEMBER 2019	Var. % 19/18	DECEMBER 2019	DECEMBER 2018
BRAZIL	3,977.5	0.1%	97.0	79.1%	92.2%	98.5%
LATAM NORTH	1,973.1	50.7%	63.1	44.6%	94.7%	98.1%
LATAM SOUTH	1,596.7	-0.6%	54.8	-7.3%	100.0%	97.3%

Figures in million euros

The English version is a translation of the original in Spanish for information purposes only. In case of discrepancy, the Spanish version shall prevail.

Premiums for main lines of business



Workforce and distribution network


12,443 *
employees


6,773
offices


52,184
intermediaries

* Does not include Corporate Areas

Market shares

The overall figures for market share in the Non-Life insurance market in Latin America are provided below:

NON-LIFE INSURANCE-RANKING BY GROUP 2018			
No.	Group	Premiums (million USD)	Market share (%)
1	MAPFRE	6,023	7.2
2	ZURICH	3,570	4.3
3	PORTO SEGURO	3,497	4.2
4	GRUPO SURA	3,350	4.0
5	TRIPLE-S	2,914	3.5
6	INNOVACARE	2,610	3.1
7	CHUBB	2,370	2.9
8	AXA	2,347	2.8
9	MCS	2,195	2.6
10	TALANX	2,099	2.5
Subtotal		30,975	37.1
Total sector		83,095	100

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Source: MAPFRE Economic Research (with data from the supervisory bodies of the region)

BRAZIL

This regional area encompasses insurance activity in Brazil.

Brazil represents 15 percent of the total premiums of the Group, and is the second largest market for MAPFRE based on contribution to business.

Performance for main lines of business

	PREMIUMS		ATTRIBUTABLE RESULT	
	DECEMBER 2019	Var.% 19/18	DECEMBER 2019	Var.% 19/18
LIFE	1,502.5	10.8%	50.9	1.1%
AUTOMOBILE	842.7	-16.9%	-18.8	66.4%
GENERAL P&C	1,629.6	1.9%	66.6	46.4%

Figures in million euros

Market shares

MAPFRE holds second place in the Non-Life group ranking in Brazil, with a market share in November 2019 of 12.8 percent.

LATAM NORTH

This includes operations in Mexico and the sub-region of Central America and the Dominican Republic, which includes Panama, the Dominican Republic, Honduras, Guatemala, Costa Rica, El Salvador and Nicaragua.

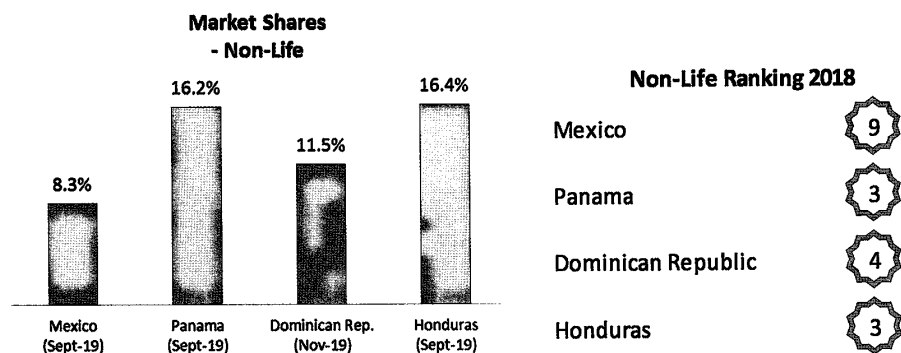
It represents 8 percent of the total premium volume of the Group.

Performance of key countries

	PREMIUMS		ATTRIBUTABLE RESULT		COMBINED RATIO	
	DECEMBER 2019	Var.% 19/18	DECEMBER 2019	Var.% 19/18	DECEMBER 2019	DECEMBER 2018
MEXICO	1,324.8	84.2%	25.1	38.9%	98.1%	101.8%
PANAMA	223.0	9.3%	7.0	65.8%	95.4%	99.1%
DOMINICAN REPUBLIC	149.4	13.9%	11.7	25.3%	86.2%	88.0%
HONDURAS	79.0	2.2%	6.2	8.7%	87.1%	81.4%
GUATEMALA	74.3	18.3%	6.3	62.0%	87.5%	93.8%

Figures in million euros

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Market shares

Source: MAPFRE Economic Research, using data from the supervisory body in each country

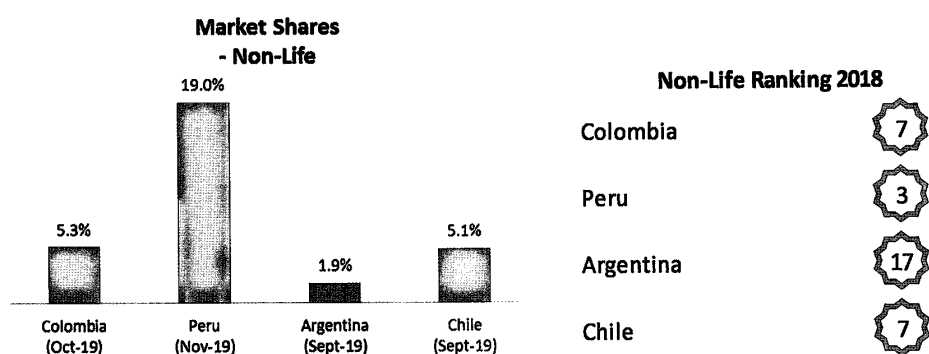
LATAM SOUTH

This regional area encompasses business activities in Peru, Colombia, Argentina, Chile, Uruguay, Paraguay and Ecuador, and contributes 6 percent of MAPFRE's total premium volume.

Performance of key countries

	PREMIUMS		ATTRIBUTABLE RESULT		COMBINED RATIO	
	DECEMBER	Var. %	DECEMBER	Var. %	DECEMBER	DECEMBER
	2019	19/18	2019	19/18	2019	2018
COLOMBIA	379.9	-2.9%	5.2	153.5%	99.6%	97.6%
PERU	551.7	12.3%	29.2	-6.7%	97.2%	92.7%
ARGENTINA	170.7	-14.7%	4.9	--	107.2%	107.2%
CHILE	276.0	-4.6%	5.5	-82.9%	104.7%	96.7%
URUGUAY	93.9	-15.5%	3.7	--	95.1%	102.0%
PARAGUAY	69.5	1.7%	6.9	9.9%	90.8%	90.8%

Figures in million euros

Market shares

Source: MAPFRE Economic Research, using data from the supervisory body in each country

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3.4.2.3. INTERNATIONAL

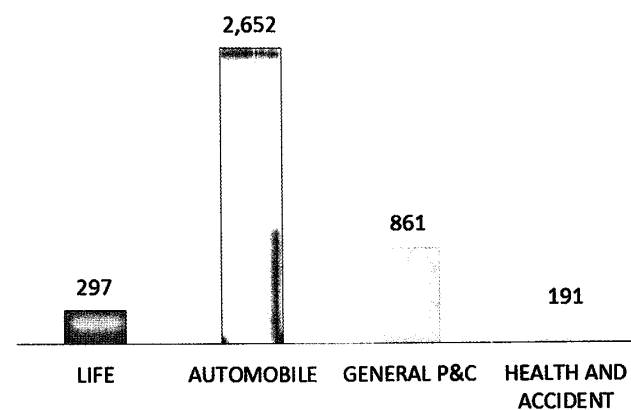
INTERNATIONAL comprises NORTH AMERICA and EURASIA, and represents 16 percent of the Group's total premiums.

Information by region

	PREMIUMS		ATTRIBUTABLE RESULT		COMBINED RATIO	
	DECEMBER 2019	Var.% 19/18	DECEMBER 2019	Var.% 19/18	DECEMBER 2019	DECEMBER 2018
NORTH AMERICA	2,331.7	-3.9%	78.6	124.8%	100.4%	102.1%
EURASIA	1,695.5	-4.0%	15.1	21.0%	106.1%	106.7%

Figures in million euros

Premiums for main lines of business



Figures in million euros

Workforce and distribution network


6,093*
employees


596
offices


9,492
intermediaries

* Does not include Corporate Areas

NORTH AMERICA

This regional area has its headquarters in Webster, MA (USA) and encompasses operations in NORTH AMERICA (United States and Puerto Rico).

North America produces 9 percent of total Group premiums.

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Performance of key countries

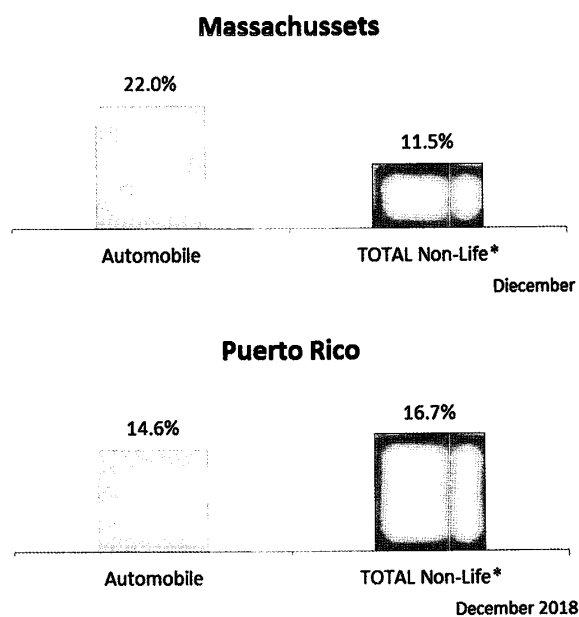
	PREMIUMS		ATTRIBUTABLE RESULT		COMBINED RATIO	
	DECEMBER 2019	Var. % 19/18	DECEMBER 2019	Var. % 19/18	DECEMBER 2019	DECEMBER 2018
UNITED STATES	1,950.0	-4.3%	57.2	—	101.8%	104.1%
PUERTO RICO	381.7	-1.3%	21.5	-19.9%	90.5%	88.0%

Figures in million euros

The main regional market is the United States, with operations in 14 states across the nation and with a strong position on the Northeast coast, especially in Massachusetts, where MAPFRE is the leading provider of automobile, homeowners and commercial lines insurance.

Market shares

In the state of Massachusetts (USA) and Puerto Rico, the market shares were as follows:



Source: MAPFRE Economic Research, using data from the supervisory body in each country

* Does not include the Health line

EURASIA

This regional area includes Italy, Germany, Turkey, Malta, Indonesia and the Philippines, and it contributes 7 percent of total Group premium volume.

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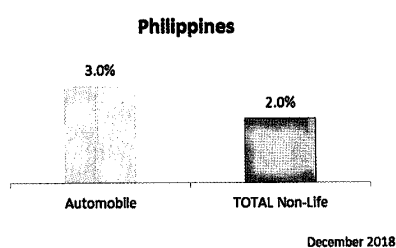
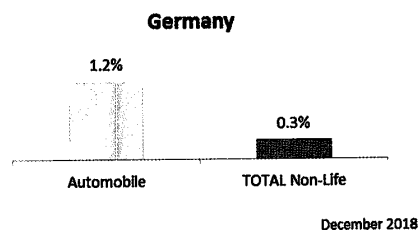
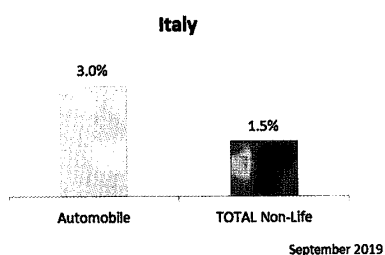
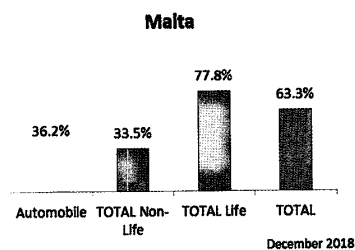
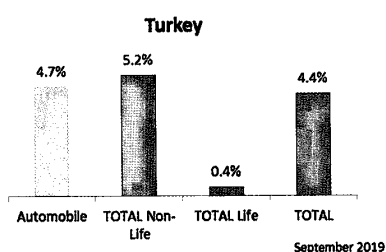
Performance of key countries

	PREMIUMS		ATTRIBUTABLE RESULT		COMBINED RATIO	
	DECEMBER 2019	Var. % 19/18	DECEMBER 2019	Var. % 19/18	DECEMBER 2019	DECEMBER 2018
TURKEY	448.3	-7.7%	7.2	-49.6%	113.5%	112.2%
ITALY	470.9	-0.7%	-1.5	60.9%	106.0%	108.9%
GERMANY	342.7	4.7%	5.8	115.3%	98.7%	98.6%
MALTA	357.3	-8.3%	4.9	12.7%	90.3%	92.9%
PHILIPPINES	27.4	0.8%	-0.8	--	112.4%	98.7%
INDONESIA	48.9	-21.0%	-0.3	87.7%	107.9%	102.9%

Figures in million euros

Market shares

In the EURASIA region, the market shares are as follows:



Source: MAPFRE Economic Research, using data from the supervisory body in each country

ASISTENCIA UNIT

This unit specializes in travel assistance, roadside assistance, and other Group specialty risks. It operates in 36 countries. MAPFRE ASISTENCIA is the fourth largest company in

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the sector by revenue in the world, and has one of the most extensive assistance networks worldwide, contributing 3 percent of total Group premiums.

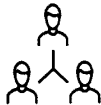
MAPFRE ASISTENCIA covers all assistance needs of travelers, their companions and their luggage, before, during and after each trip, anywhere in the world.

Key figures

	DECEMBER 2019	Var. % 19/18
Operational revenues	978.8	-0.4%
- Written and accepted premiums	861.0	-5.5%
- Other income	117.8	64.3%
Attributable net result	-88.0	—

Figures in million euros

Workforce


4,349
employees

REINSURANCE UNIT

MAPFRE RE is a global reinsurer and is the professional reinsurer of the MAPFRE Group. It offers reinsurance services and capacities, providing all kinds of solutions for reinsurance agreements and facultative reinsurance, in all Life and Non-Life lines.

The Unit operates through a global network of 19 offices.

Premiums from this business unit represented 22 percent of the Group's total in the past financial year.

Key figures

	DECEMBER 2019	Var. % 19/18
Written and accepted premiums	5,580.5	12.5%
- Non-Life	4,986.8	14.4%
- Life	593.7	-1.1%
Attributable net result	57.5	-65.9%

Figures in million euros

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BUSINESS MODEL, STRATEGY AND PERFORMANCE

	DECEMBER 2019	Var.% 19/18
Written and accepted premiums	5,580.5	12.5%
Reinsurance business	4,520.4	19.4%
Global Risks business	1,060.1	-9.7%
Net attributable result	57.5	-65.9%
Reinsurance business	76.7	-48.5%
Global Risks business	-19.2	-195.8%
Combined ratio	101.0%	5,4 p.p.
Reinsurance business	99.2%	3,2 p.p.
Global Risks business	123.5%	31,5 p.p.
Expense ratio	30.5%	2,7 p.p.
Reinsurance business	30.0%	2,8 p.p.
Global Risks business	37.5%	4,8 p.p.
Loss ratio	70.5%	2,7 p.p.
Reinsurance business	69.3%	0,4 p.p.
Global Risks business	86.0%	26,7 p.p.

Figures in million euros

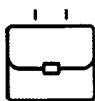
Breakdown of premium distribution to December 2019 is as follows:

ITEM	%
By Type of business:	
Pro-rata	65.5%
Non-proportional	11.2%
Facultative	23.3%
By Region:	
IBERIA	1.3%
EURASIA	51.1%
LATAM	28.0%
NORTH AMERICA	19.6%

ITEM	%
By Ceding company:	
MAPFRE	47.0%
Other cedents	53.0%
By Line:	
General P&C	41.4%
Life and Accident	13,7%
Automobile	18,1%
Global Risks Business	19.0%
Transport	2.4%
Other Lines	4.8%

Workforce and distribution network


656
employees


19
representation offices

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Market shares

Over the last few years, MAPFRE RE has established itself as one of the major reinsurers worldwide by premium volume.

The latest available global data for reinsurance groups based on gross premiums issued to third parties is shown here.

No.	Group	NET PREMIUMS 2018 (million USD)
1	Swiss Reinsurance Co.	34,042
2	Munich Reinsurance Co.	33,686
3	Hannover Rück SE	19,953
4	Berkshire Hathaway Re	16,532
5	SCOR SE	15,803
6	China Reinsurance (Group) Corp	10,678
7	Reinsurance Group of America, Inc.	10,544
8	Lloyd's	9,969
9	Everest Re Group Ltd.	7,414
10	PartnerRe Ltd.	5,803
11	General Insurance Corporation of India	5,678
12	MS&AD Insurance Group Holdings, Inc.	5,080
13	Korean Reinsurance Co.	4,772
14	Transatlantic Holdings Inc.	3,969
15	Sompo Holdings, Inc.	3,900
16	MAPFRE RE	3,497
17	R+V Versicherung AG	3,170
18	Fairfax Financial Holdings Limited	2,790
19	Tokio Marine & Nichido Fire Insurance Co. Ltd.	2,693
20	AXIS Capital Holdings Ltd.	2,334

Source: S&P. Global Reinsurance Highlights 2019

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4. CORPORATE GOVERNANCE

4.1. Corporate governance system

[GRI 102-14, 102-16, 102-18, 102-19, 102-20, 102-22, 102-23, 102-26, 102-35, 102-36, 102-37, FS1; L.11/2018]

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 Board is the company's main decision-making and supervisory body, as well as the supervisory body of all subsidiary companies, while the day-to-day management is carried out by the company's management and executive bodies and by the relevant management bodies of the aforementioned subsidiary companies.

The Board of Directors has a Steering Committee in place that acts on its behalf and with all of its powers, except those that cannot be ceded by law or, where applicable, if expressly prohibited by the bylaws or the regulations of the Board of Directors.

The Board of Directors also has three additional delegate committees:

- Audit and Compliance Committee.
- Appointments and Remuneration Committee.
- Risk Committee.

The functions and composition of the governing bodies are as follows:

Steering Committee

The Steering Committee's functions are the senior management and oversight of the day-to-day operations and strategies of the company and its subsidiaries. It comprises a maximum of ten members, all of whom are also members of the Board of Directors.

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Audit and Compliance Committee

The Audit Committee's functions include reporting to the Annual General Meeting on any issues that arise in relation to matters within its remit, overseeing the efficiency of internal control and the process for preparing and presenting financial information, submitting this to the Board of Directors, proposals for the appointment of the external auditor and building an appropriate relationship with this figure, and ensuring the independence and efficiency of the Internal Audit function. It is also the body responsible for supervising the proper application of good governance standards and external and internal regulations at the company and the Group. It comprises a minimum of three and a maximum of five members of the Board of Directors, all non-executive and most of them independent directors.

Appointments and Remuneration Committee

The Appointments and Remuneration Committee coordinates the implementation of the assignment and remuneration policy for directors and senior executives of the Group. It comprises a minimum of three and a maximum of five members of the Board of Directors, all non-executive and at least two of whom are independent directors.

Risk Committee

This committee provides support and advisory services to the Board of Directors in the definition and evaluation of the Group's risk management policies and in the determination of its risk appetite and risk strategy. It comprises a minimum of three and a maximum of five members of the Board of Directors, all non-executive and at least two of whom are independent directors.

The composition of the governing bodies resulting from the agreements that are expected to be adopted on March 13, 2020 is as follows:

The English version is a translation of the original in Spanish for information purposes only. In case of discrepancy, the Spanish version shall prevail.

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

(1) Executive board directors

(2) Nominee external board directors

(3) Independent external board directors

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Honorary Chairmen
Julio Castelo Matrán
José Manuel Martínez Martínez

Executive Committee
Chairman
Antonio Huertas Mejías
First Vice Chairman
Ignacio Baeza Gómez
Vice Chairman
José Manuel Inchausti Pérez
Members
Aristóbulo Bausela Sánchez
Alfredo Castelo Marín
José Manuel Corral Vázquez
Francisco José Marco Orenes
Fernando Mata Verdejo
Eduardo Pérez de Lema
Elena Sanz Isla
Jaime Tamayo Ibáñez
Member-Secretary
Angel L. Dávila Bermejo

Diversity and experience

[GRI 405-1; L.11/2018]

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 of the date of this Report, the Company had reached the objective set in terms of female representation on the Board, with female directors accounting for 33 percent of the total. Most participate in Board committees and/or have a significant role:

- Catalina Miñarro Brugarolas: Second Vice Chairwoman of the Board of Directors and of the Steering Committee, Chairwoman of the Appointments and Remuneration Committee and independent coordinating director.
- Ana Isabel Fernández Álvarez: Chairwoman of the Audit and Compliance Committee and member of the Risk Committee.

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- Pilar Perales Viscasillas: member of the Audit and Compliance Committee.

ITEM	2019	2018	2017	2016
% of women over Board total	33.3%	28.6%	26.7%	23.5%

The composition of the Steering Committee and the various Special Committees of the Board of Directors by gender as on December 31, 2019 is presented below:

ITEM	Steering Committee		Audit and Compliance Committee		Appointments and Remuneration Committee		Risk Committee	
	M	W	M	W	M	W	M	W
Number of Board 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

Geographic and cultural diversity is also visible at Board level, with two nationalities represented: Spanish and Brazilian.

The selection of candidates in accordance with the provisions of the MAPFRE S.A. Board of Directors Regulations will include an evaluation of the competencies, knowledge and the experience necessary to hold a seat on the Board of Directors. The Board currently consists of 15 members, who as a whole possess knowledge, qualifications and experience relating to the following areas: insurance and financial markets, business strategy and business models, governance systems, financial and actuarial analysis and regulatory framework.

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Other Corporate Governance indicators:

ITEM	2019	2018	2017	2016
QUORUM FOR ANNUAL GENERAL MEETING	82.38%	82.07%	83.20%	82.76%
Board Directors	15	14	15	17
- Men	10	10	11	13
- Women	5	4	4	4
Executive board directors	5	5	5	5
Independent external board directors	7	6	6	7
Nominee external board directors	3	3	4	5
Board meetings	10	10	10	9
Steering Committee meetings	5	5	3	6
Audit and Compliance Committee meetings ⁽¹⁾	10	14	11	6
Appointments and Remuneration Committee meetings ⁽²⁾	6	5	7	6
Risk Committee meetings	6	6	5	6

Data in numbers

- (1) Irrespective of the meetings mentioned, the Committee adopted agreements by written procedure, without a meeting, by means of a circular dated February 21, 2019.
- (2) Irrespective of the meetings mentioned, the Committee adopted agreements by written procedure, without a meeting, by means of a circular dated February 4, 2019

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

The total remuneration of the Board Directors of the company during fiscal year 2019 was as follows:

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ITEM	2019
Number of Directors	16
Accrued remuneration in the Company	7,906
Accrued remuneration in Group companies	2,346
TOTAL	10,252
Contributions to savings systems with vested rights and as an amount of accumulated funds	1,471

Figures in thousand euros

In order to comply with the legal requirements for remuneration of directors and to continue adhering to corporate governance best practices regarding remuneration, the Regulations of the Board of Directors govern the areas related to remuneration of the Board of Directors and the Appointments and Remuneration Committee.

The Ordinary Annual General Meeting of March 8, 2019 approved the Compensation Policy for Board Directors for the 2019-2021 period, effective as of January 1, 2019. This policy includes the various components of the remuneration package of the directors, which have been established on the basis of the following general principles and foundations:

- Prioritization of the creation of value and profitability in the medium- and long-term over short-term results.
- Reasonable proportion between the company's economic situation and the market standards of comparable companies.
- Alignment with the commercial and risk management strategy, risk profile, objectives, and risk management practices.
- Appropriate and efficient risk management within the established risk tolerance limits.
- Attraction and retention of talent.
- Appropriate remuneration for dedication, qualification and responsibility.
- Appropriate proportion of fixed and variable components, avoiding excessive reliance on variable components.
- Deferred payment of a significant portion of the variable remuneration.
- Possibility of ex-post adjustments to the variable remuneration.

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- Avoidance of conflicts of interest.

The remuneration system differentiates between external directors and executive directors:

A) External Board Directors.

External directors receive a fixed amount as basic remuneration for their membership on the Board of Directors and, as applicable, on the Steering Committee and Special Committees, which may be higher for those who occupy positions on the Board or chair its Committees. In addition, members of the Steering Committee receive an allowance for attending its meetings. This remuneration shall be supplemented with other non-monetary benefits (Life or illness insurance, discounts on products marketed by companies of the MAPFRE Group) established on a general basis for the company's personnel.

B) Executive Board Directors.

Executive directors do not receive the fixed amount established for external directors. The remuneration of Board Directors for carrying out their executive functions is determined according to those functions, levels of responsibility and professional profile, in accordance with the criteria governing the remuneration of MAPFRE Group senior executives and according to what appears in their respective contracts.

Executive directors are entitled to the allowances or social benefits established for Company personnel in general, as stipulated in the collective bargaining agreement signed by MAPFRE.

Only executive directors receive variable remuneration, of which there are two types:

(i) Short-term variable remuneration, linked to the consolidated net profit of the company. This remuneration is always paid in cash.

(ii) Medium- and long-term variable remuneration, which corresponds to a medium-term incentive plan of an extraordinary and multiannual nature that cannot be consolidated. Its evaluation period on the degree of achievement of Plan objectives extends from January 1, 2019 until December 31, 2021, with deferred payment of incentives in the period 2023-2025 for some of its beneficiaries, which include executive directors in their capacity as senior managers. The payment of incentives is subject to the fulfillment of the Plan objectives, as well as remaining within the Group, under the terms set out in that Plan. The Plan consists of a cash incentive and a stock incentive in MAPFRE S.A., and is subject to reduction and clawback clauses.

In relation to the establishment of an appropriate balance between fixed and variable components of remuneration, the MAPFRE compensation policy for the rest of the workforce includes a variable structure that is calculated as a percentage of total

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remuneration and is paid according to the degree to which employees have achieved their objectives. The weight of the variable remuneration is determined by the position held within the organization, increasing in line with the level of responsibility and the impact of employees' professional activities within the company.

Employee categories that may have a material impact on the company's risk profile have a variable short-term remuneration system linked to the achievement of objectives directly connected to strategic plans that is also subject to deferral rules. 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.

Moreover, MAPFRE publishes the following corporate policies and standards on its website (www.mapfre.com), therefore making them available for all stakeholders:

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- Institutional, Business and Organizational Principles
- Code of Ethics and Conduct
- Treasury Stock Policy
- Dividend Policy
- Corporate Governance Policy
- Corporate Tax Policy
- Policy on the Management of Conflicts of Interest and Operations Linked to Significant Shareholders and Senior Representative and Managerial Posts
- Board Directors Selection Policy
- Policy for Communication with Shareholders, Institutional Investors and Proxy Advisors
- Policy on Attendance Allowances
- Corporate Social Responsibility Policy
- Diversity and Equal Opportunities Policy
- Promotion, Selection and Mobility Policy
- Policy on Health, Well-being and Prevention of Occupational Risks
- Respect for People Policy
- Security and Privacy Policy
- Environmental Policy
- Criminal Risk Prevention Model

Company structure

MAPFRE employs a simple, efficient and decentralized company structure that enables it to meet its business objectives in a suitable 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.

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4.2. Sustainability by conviction

[GRI 102-16, 102-18, 102-19, 102-20, 102-33, 102-34, 205-1, 205-2, 205-3, 405-1, 419-1 FS1, FS3, FS4, FS13, FS15; L.11/2018]

4.2.1. Sustainability vision

MAPFRE has been working with a strong commitment to people and the planet for more than 85 years. As an insurance company, it strives to take care of and protect people and assist in developing the business community of the countries in which it operates.

MAPFRE is a company that believes in diversity, in equal opportunities and in the talent of its professionals. It believes in people and invests in their professional development and maintains a safe and healthy, flexible work environment that promotes creativity and innovation.

MAPFRE's strong social commitment manifests itself through corporate volunteering and social action, which are promoted with the help of employees.

The company's principles, values and ethical conduct are shared with its providers, which drives opportunities for mutual growth.

MAPFRE is a company that takes care of the environment each and every day, and in how it does business, through public commitments and by focusing on climate change, on the circular economy and on the efficient management of its own facilities.

MAPFRE develops and promotes honest and equitable relations with its stakeholders, and seeks to create dialog that helps advance sustainable development. In addition, it identifies those topics that are relevant to the company and its stakeholders, and tackles global challenges by seeking out solutions from its business activity.

MAPFRE works for sustainable development, focusing on the present and looking forward to the future.

The company's sustainability model, published on the corporate website, is aligned with MAPFRE's vision, mission and values, with the Institutional and Business Principles and with its strategy; and its very design contemplates the basic pillars of sustainability – environmental, social and governance – along with profitable and sustainable growth.

4.2.2. Governance model for sustainability

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MAPFRE assumes the highest level of government approval and monitoring of the Sustainability Strategy. In 2019, the Board of Directors of MAPFRE S.A. approved five public commitments in the social and environmental field, which are included in the Group's Sustainability Plan 2019–2021.

The company has a Corporate Sustainability Committee in place, the members of which are appointed by the Executive Committee. This Committee, positioned at the highest executive level, is responsible for, among other matters, proposing the strategy to the Board of Directors as regards the Group's sustainability, promoting the scope of the plan and addressing those matters that are relevant to the Group in this area.

Furthermore, a Group Sustainability Office has been tasked with managing the operational and coordination. This office participates in different internal committees, such as the Risk Management of MAPFRE Asset Management, and working groups such as that created on the circular economy and 2030 Agenda.

5 sustainability commitments for 2021

- 1. A total of 45 percent of vacancies for managerial positions will be filled by women.**
- 2. 3 percent of the workforce will be made up of people with a disability.**
- 3. MAPFRE's facilities in Spain and Portugal (IBERIA) will be carbon neutral by 2021, and by 2030 for the rest of the Group.**
- 4. No investment will be made in utility companies that generate 30 percent or more of their revenue from coal-produced energy.**
- 5. No insure the construction of new coal-powered electric plants or the operation of new coal mines will not be insured.**

4.2.3. Sustainability strategy:

For MAPFRE, sustainability involves:

- Complying with the public commitments assumed in this area by the company. (See page 132, Social and Relational Capital).
- Finding a balance between environmental, social and economic/governance (ESG) concerns in the medium- to long-term, and defining how these affect the company and the stakeholders with which the company maintains relationships. (See page 150, Materiality)
- Managing the impact of the company on society and identifying opportunities for sustainable development to create shared value. (See page 62, Risks and Opportunities)

These objectives are made manifest through the Social Responsibility Policy and the Sustainability Plan 2019-2021.

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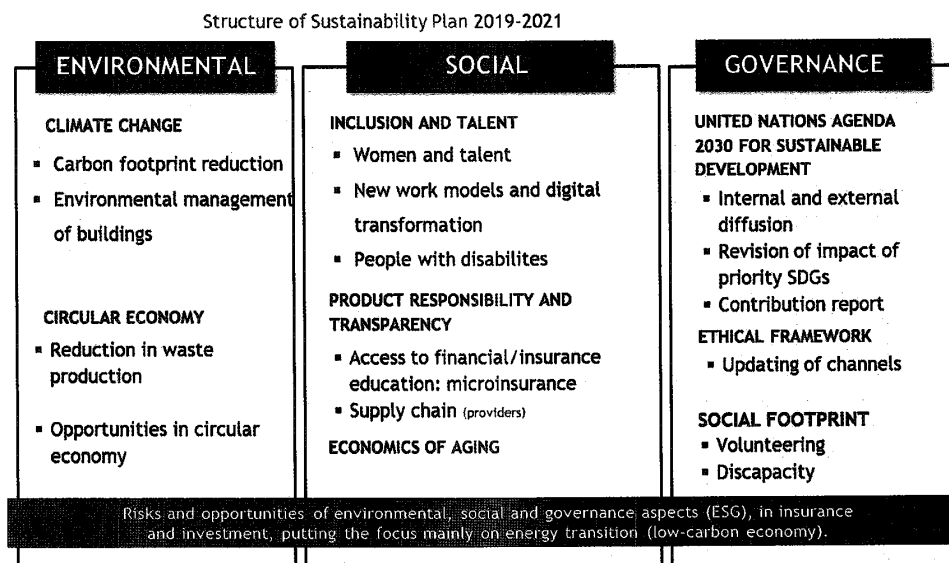
The Corporate Social Responsibility Policy, approved by the Board of Directors of MAPFRE S.A. on July 23, 2015, establishes the reference framework that allows all MAPFRE Group companies to develop and promote socially responsible behavior, irrespective of whether it is related to conventional or digital business.

This policy includes objectives and general principles of action related, among other things, to topics such as compliance, human rights, fiscal responsibility, good governance, transparency, the environment and promotion of the Corporate Social Responsibility (CSR) policy. It also defines specific principles for each of the following stakeholders: shareholders, employees, providers, distributors, clients and society in general.

The Policy can be accessed by employees on the Global Intranet, and on the corporate website by other stakeholders.

The effective application of this policy and the monitoring and control of its actions are followed up by the Group's Sustainability Committee.

The Sustainability Plan 2019-2021, adopted in July 2019 by the Board of Directors, focuses on those global challenges to which the Group can contribute through its activities. It evenly addresses its actions in the three dimensions of sustainability: environmental, social and governance.



The plan includes specific lines of work with actions for its development, the people responsible for carrying them out, the scope of action and indicators for its monitoring. Furthermore, the members of the Corporate Sustainability Committee act as sponsors

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in different lines of work. The development and implementation of the plan is reported on twice a year to the Board of Directors.

Sustainability training:

[GRI FS4]

MAPFRE has two specific online courses:

- "A walk through Corporate Social Responsibility" launched in 2018, through which 7,607 employees have been trained over the years.
- "MAPFRE and the Environment", launched in 2017, through which a total of 14,652 employees have been trained over the years.

Also through the Global Intranet and the MAPFRE Blog, employees can access specific information, news and events related to sustainability.

4.3. Ethical behavior: main compliance and prevention measures

MAPFRE's anti-corruption framework

[GRI 102-33, 102-34; 205-1, 205-2, 205-3, 406-1, 407-1, 408-1, 409-1, 410-1, 411-1, 412-3, 415-1 L.11/2018]

As a signatory to the United Nations Global Compact, MAPFRE makes a firm commitment to avoid bribery, extortion and other forms of corruption, and to also develop specific policies and programs that specifically address the issue.

As stated in the MAPFRE Code of Ethics and Conduct, employees may not solicit or accept, or otherwise promise, offer or bestow, directly or indirectly, gifts, payments, invitations, commissions, compensation, favors or advantages of any type to obtain remuneration or to attempt to inappropriately influence their commercial or professional relations with public or private companies, public officials, employees, managers or administrators of public or private companies or bodies, organizations and political parties, politicians or candidates for public office.

MAPFRE also has a Criminal Risk Prevention model which is approved by the MAPFRE S.A. Board of Directors, and which is the basis of the System for the Prevention of the Risk of Criminal Behavior adopted. This outlines the design and structure of the supervisory model applied by the organization in order to prevent offenses being committed that could be attributed to the companies. It describes the risks of criminal behavior to which the companies are exposed and establishes a methodology for managing these risks and for evaluating the checks introduced to reduce the number of offenses. An extract from this Model can be found on the corporate website

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The Model applies to MAPFRE's legal representatives, company administrators, executives, as well as its employees and all other persons who are under the authority or control of the above-mentioned persons or who work in their area of management, supervision, vigilance or control. This includes all groups of individuals who act in the name of, on behalf of, or in some way or other in the interest of the Group.

The supervision and control of the model corresponds to the Group's Compliance Area, which also informs the Audit and Compliance Committee of the significant incidents or anomalies and the degree of compliance with the prevention measures in force at any given time. MAPFRE has a Criminal Risk Committee in place, which allows the Group to react and act diligently to a possible breach of the Model by following a procedure for dealing with possible suspicious activity.

There are specific reporting channels available to any person, including MAPFRE employees, who has indications or suspicions of a crime being committed that may be attributed to any of the Group's companies or a violation of the rules.

Maximum confidentiality is ensured regarding the identity of the person who makes the report, without prejudice to the legal obligations and protection of the rights concerning the companies and persons accused unjustly or in bad faith. There is also a ban on retaliations against anyone who has reported a violation.

Failure to comply with the principles and values referred to in the Model represents a breach of professional conduct and may be sanctioned accordingly, or denounced in the case of groups acting in the name of, on behalf of, or in any other way in the interests of MAPFRE. It may also result in the termination of their contractual relationship, without prejudice to any administrative or criminal penalties that may apply.

The Model is evaluated and updated periodically, taking into account both the changes related to the activities under control and the internal organizational modifications, as well as possible changes to the applicable regulations.

Instruments for prevention and whistleblower channels provided in the Model:

Instruments for prevention	Prevention and whistleblower channels
<p>Policies, standards and procedures</p> <ul style="list-style-type: none"> • Institutional, Business and Organizational Principles of the MAPFRE Group • The Statutes of each of the companies in the Group • The regulations of the Board of Directors of MAPFRE S.A. • Code of Ethics and Conduct • Internal Rules of Conduct 	<ul style="list-style-type: none"> - The Query and Whistleblower Channel concerning the Code of Ethics for employees and providers - The Financial and Accounting Whistleblower Channel for employees - A form for processing queries and requests from shareholders and investors, both private and

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<ul style="list-style-type: none"> • Corporate policies and standards, among others: <ul style="list-style-type: none"> – Corporate governance policy – Tax policy – Policy on the management of conflicts of interest and operations linked to significant shareholders and senior representative and senior managerial posts – Board Directors selection policy – Policy for communication with shareholders, institutional investors and proxy advisors – Corporate social responsibility policy – Security and privacy policy – Code of Best Tax Practices – Sponsorship approval standard – Rules for the prevention of money laundering – Procedure for the analysis of potential acquisitions, disposals and other restructuring and data security operations – Procurement regulations • Solvency Policy II <p>Other instruments:</p> <ul style="list-style-type: none"> • Internal and external Audit Reports • Continuous training • Corporate website (www.mapfre.com) 	<p>institutional. Available on the corporate website (www.mapfre.com)</p>
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In 2019, a total of 30,634 employees received 38,638 hours of training in matters within the anti-corruption framework of MAPFRE.

Prevention of money laundering and financing terrorism

[GRI 102-33, 102-34; L.11/2018]

MAPFRE has a manual in place that is accessible to employees through the Intranet, which includes the internal prevention and communication policies and procedures and the control bodies established in the Group, as well as the catalogs of operations that may be related to money laundering or the financing of terrorism for insurance companies and for investment services companies.

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 (of 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 that any suspicious operation is detected. In 2019, 8,354 employees received 12,339 hours of training, the cumulative of the last three years being 34,518 employees and 53,832 hours.

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Fraud prevention

[GRI 102-33, 102-34; L.11/2018]

The Group has developed an anti-fraud technological platform for the detection, prevention and analysis of fraud in different business and support processes. In addition, it has an operational model in place to combat fraud that includes the definition of the necessary structures and most optimal functions, the design of specific processes and procedures for this matter, the definition of policies and regulations, as well as the design of the indicators map (both operational and risk). In 2019, 2,069 employees received 3,447 hours of training, the cumulative of the last three years being 9,706 employees and 12,180 hours.

Code of Ethics and Conduct

[GRI 102-16, 102-17, 102-33, 102-34, 205-1, 205-2, 205-3, 406-1, 407-1 407-2, 408-1, 409-1, 410-1, 412-3, 415-1; L.11/2018]

Updated in July 2019, the Code of Ethics and Conduct is inspired by the Institutional, Business and Organizational Principles of the Group and reflects the corporate values and basic principles that should guide the actions of its people, in everyday work and in their relationships with stakeholders. This code covers the following aspects:

Principles of ethical, transparent and socially responsible behavior	
<ul style="list-style-type: none"> • Compliance with current legislation • Respect for and protection of Human Rights • Social responsibility • Respect for the environment • Confidentiality of information and protection of personal data • Corporate brand, image and reputation • Intellectual and industrial property 	
Code of conduct in relations with and among employees	Code of conduct in relations with third parties
<ul style="list-style-type: none"> • Respect for people • Equal opportunities and non-discrimination • Work-life balance • Commitment and cooperation in the workplace, efficiency and professional development • Health, well-being and risk prevention • Resources and equipment for pursuing professional activities 	<ul style="list-style-type: none"> • Relations with clients • Information for shareholders • Relations with providers and collaborating companies • Relations with competitors • Relations with governments and authorities • Relations with partners • Gifts and hospitality • Conflicts of interest • Anti-corruption, bribery • Transparency of information • Prevention of money laundering and financing terrorism

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Compliance with the Code of Ethics and Conduct

Ethics Committee (composition and competences)

Query and Whistleblower communication channels (operating framework)

Ethics Committee

[GRI 102-17, 102-33, 102-34, 205-1, 205-2, 205-3, 406-1, 408-1, 409-1, 410-1, 412-3, 415-1; L.11/2018]

This body is responsible for ensuring the implementation of the MAPFRE Code of Ethics and Conduct and for supervising compliance with same. Its functions therefore include consultation, resolution, oversight and promotion of the Code.

This committee acknowledges and resolves the complaints and queries received, dealing with each case in the manner it deems most appropriate. It carries out each intervention with complete independence and respect for the individuals affected, while at all times guaranteeing confidentiality in the handling of the complaints and queries it processes. Their decisions are binding for the company and for the people subject to its scope of action.

Whistleblower channels

[GRI 102-17, 102-33, 102-34, 406-1, 407-1, 407-2; 409-1, L.11/2018]

MAPFRE has created two channels for use by employees:

- The Financial and Accounting Whistleblower Channel enables Group employees to confidentially report any potentially significant financial and accounting irregularities they observe within their company to the Audit and Compliance Committee of MAPFRE S.A.
- Ethics queries and complaints. The Code of Ethics establishes three communication channels: the Internet, accessible to employees and providers, which are available in Spanish, English, Portuguese and Turkish; postal mail and e-mail. Complaints and queries are received directly by the secretary of the Ethics Committee, guaranteeing they remain confidential.

During fiscal year 2019, the Ethics Committee registered a total of two complaints through the complaints channel: one for harassment, which was resolved through the internal procedure of prevention and treatment of harassment directed by the Corporate Area of People and Organization; and another for alleged breach of labor regulations, which was analyzed and dismissed by the Ethics Committee. No complaints were received from providers.

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Grievances and complaints

[GRI 102-33, 102-34, 417-2]

MAPFRE ensures that its clients in any country around the globe where it operates in direct insurance have an internal channel to defend their rights arising 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.

See Annex, Note 1 for the main figures regarding grievances and complaints processed in the Group in 2019.

Compliance

[GRI 205-1, 205-2, 205-3; L.11/2018]

Among the essential values governing MAPFRE's operations, integrity - which is understood as the requirement of ethical, transparent and socially responsible values - is a component of the Institutional, Business and Organizational Principles approved formally by the Board of Directors of MAPFRE S.A.

MAPFRE's commitment to integrity further involves strict compliance with laws and contracts and the obligations arising therefrom, as well as good commercial usages and practices.

To strengthen the effective observance of this commitment, in 2014 the Board of Directors of MAPFRE S.A. approved the Group Compliance Policy, summarizing the general principles, structure, authority, responsibilities and procedures for this function.

As a key function within its governing system, MAPFRE's Compliance function contributes to minimizing the legal and non-compliance risk of the Group, promoting awareness of conformity and compliance with internal and external requirements and ensuring that such considerations are perfectly internalized in its culture and activities.

Within the framework of the Compliance Policy, the Corporate Compliance Division and under its functional dependence, the compliance officers of the insurance and reinsurance companies of the supervision group, develop various preventive actions in relation to the compliance matters within their scope. These include the identification and evaluation of the risks of non-compliance and the effectiveness of controls, legal and regulatory changes, the fulfillment of periodic obligations with the supervisor, the annual review and self-assessment of internal policies, training, etc.

In 2019, in line with the corporate strategic objectives, compliance activities in these areas focused on the implementation of the global and uniform methodology for the

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management of legal risk. This involves any regulatory, jurisprudential or administrative change that may adversely affect the company or the Group, the verification of the risk of non-compliance, and the review and self-evaluation of internal policies.

In 2019, the assessment of the degree of compliance with internal policies was carried out on the following:

- Actuarial policy
- Policy on the Constitution of Technical Provisions
- Business Continuity policy
- Corporate Social Responsibility Policy

The aforementioned evaluation was carried out at both corporate and individual level in insurance companies domiciled in Spain, Portugal, Malta, Germany, Italy, Turkey, Argentina, Chile, Colombia, Mexico, Panama, Peru, Puerto Rico and the United States, in MAPFRE RE and MAPFRE ASISTENCIA, resulting in a degree of compliance in excess of 75 percent.

Additionally, all insurance and reinsurance companies domiciled in Spain and MAPFRE S.A. have monitored the action plans defined for compliance with the MAPFRE Criminal Prevention Model.

All these activities were supplemented by the activities carried out in other areas or functions with responsibilities or competences related to specific compliance matters, such as data security and protection of personal data, prevention of money laundering, etc., that make up the MAPFRE Compliance function as a whole.

MAPFRE has a specific online compliance training in place that has been completed by 1,039 employees since its launch in 2015.

Internal control

[GRI L.11/2018]

In 2019, in coordination with the Corporate People and Organization Area, the contents of the online internal control course were updated on the eCampus corporate training platform, which provides employees of all MAPFRE companies with basic knowledge in terms of risk management and internal control. As on December 31, 2019, 3,887 employees have completed this program globally. Over the last three years, 20,165 employees have received 17,531 hours of training in internal control.

The topics and contents of this course facilitate the dissemination to all employees of MAPFRE's risk and control culture, an understanding of the main actions of the Internal Control System, and provide examples and common cases of control points in the

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processes. There are also audiovisual materials aimed at raising awareness of the responsibilities of employees and senior management, in the operational, business and support areas, regarding the control and management of risks in day-to-day activities.

In terms of risk assessment, both the monitoring and quarterly reporting of indicators and compliance with the risk limits to the governing bodies and executive bodies of the companies and the Group have been promoted in the main Group companies.

With regard to the control activities already established, monitoring of the risk indicators and controls implemented in the Group's operations has been carried out, an action that is supported by the Riskm@p corporate platform and that has involved the participation of process managers from 25 countries and corporate areas (805 participants).

In terms of the monitoring of risks and controls, no major changes have been revealed with respect to the 2018 evaluation, so the corrective measures that were already underway to improve or establish controls and to define response procedures in case of materialization of the identified risks have been continued.

In terms of information and communication, significant progress has been made in the Group with the deployment to all entities of the Global Intranet, along with the various spaces that this tool enables for sharing and managing knowledge. In this regard, it should be noted that in 2019 MAPFRE launched its Knowledge Management model, a proposal that allows knowledge to be shared among all employees in different countries and subjects, which includes contents related to internal control and risk management.

As for the Internal Control System of financial information, the major companies of the Group have proceeded to draw up the Quarterly Financial Information Internal Control (SCIIF) Questionnaire, providing documentary evidence of activities and controls carried out for the main financial information preparation processes.

Regarding supervision activities, internal control supervisors from 41 companies across the Group have carried out the annual self-assessment on the presence and operation of the different actions that make up the internal control system, which together with the respective independent assessments carried out by Internal Audit allows us to find out the level of control in the organization and identify actions for improvement.

Internal audit

[GRI 102-33, 102-34; L.11/2018]

This independent and objective function helps the organization to comply with its objectives by providing a systematic and disciplined approach to evaluate and improve

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the efficiency of risk management, internal control and corporate governance processes.

The Corporate Internal Audit Area has the following functions, among others:

- To supervise compliance with and the effectiveness of the Internal Control System and of other elements of the Governance System.
- To prepare an Annual Internal Audit Plan, adopting a risk-based approach when deciding on priorities.
- To comply with the Audit Plan, reporting the deficiencies that have been detected and monitoring them for each work area.
- To effectively coordinate the communication of information between the Board of Directors and the internal and external auditors through the Audit and Compliance Committee.
- To support the Organization in fulfilling its objectives by providing it with professionals in areas where independent opinions or support may be required for their development.
- To coordinate the work of External Auditors and analyze their conclusions before they are finalized.
- To gather the information necessary to support the MAPFRE S.A. Audit and Compliance Committee, and other audit committees that are established at subsidiaries due to a legal obligation or on a voluntary basis, and the office of the MAPFRE Chairman.
- To evaluate compliance with plans, policies, procedures, laws and regulations that may significantly impact strategic and operational objectives.
- To coordinate and review audit requests from clients and/or providers.
- To play an active role in the fight against fraud in relation to the prevention, detection and communication of fraud in the Audit works that it performs, in addition to attending to the requirements and requests of the different areas involved.

Security

[GRI 102-33, 102-34, 410-1; L11/2018]

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.

- Employees are protected by providing a safe working environment, starting from the project phase, and maintaining protection measures at its facilities; providing self-protection plans in the workplace; designing and implementing specific travel

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and relocation measures (particularly in unstable regions), including training measures; and direct and specialized assistance when risk or crisis situations appear.

- The commitment to data security related to clients, employees, providers and other stakeholders is implemented through aspects such as setting high standards of compliance with data privacy and protection regulations. To achieve this, various measures are applied to guarantee alignment with principles related to processing ("legality, loyalty and transparency," "limitation of purpose," "minimization of data," "accuracy," "integrity and confidentiality" and "proactive responsibility"), and so responding to the trust placed in MAPFRE by clients, employees, shareholders and other interest groups. In 2019, various projects aimed at automating and optimizing processes related to compliance with the General Data Protection Regulation (GDPR) were implemented. Numerous efforts have also been made to take advantage of possible existing synergies with the GDPR related to MAPFRE's adaption with local regulations that have been implemented; of note are the adaptation with the Brazilian Data Protection Act (LGPD), which will enter in force in August 2020, and the specific regulations regarding cyber security in Colombia.
- In terms of availability, business continuity solutions are designed and implemented to prevent the interruption of the services provided to clients in the event of serious contingencies, thus contributing to the sustainability and resiliency of business operations and services provided. In this area, the granting by AENOR of ISO 22301 Certification to the Business Continuity Management Systems of MAPFRE INVERSIÓN and MAPFRE VIDA should be noted, combined with those previously obtained by MAPFRE GLOBAL RISKS, MAPFRE RE and the Benefits and Providers Areas, the scope of which was expanded this fiscal year with the Non-Life Technical Area and MULTIMAP, and the Operations area of MAPFRE ESPAÑA. The merit and coherence of business continuity plans has been evident on the occasion of crisis situations that have occurred in several countries throughout the year (United States, Brazil, Chile, Ecuador and Spain).

MAPFRE also has procedures, tools and highly specialized personnel 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.

Protection of employees from moral and sexual harassment in the workplace

[GRI 102-33, 102-34, 406-1; L.11/2018]

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MAPFRE rejects any display 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 the 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.

MAPFRE has a Respect for People policy in place that was approved on July 23, 2015, for which the general principles of action in this area are:

1. To contribute to maintaining a workplace that is free of harassment and behavior that is violent or offensive to people's rights and dignity, and to guarantee that, if it occurs, there are appropriate procedures for dealing with the problem and correcting it.
2. To reject any manifestation of harassment, whether moral, sexual, psychological or of any other type, and also any behavior that is violent or offensive to people's rights and dignity, and consider respect for people and their dignity as one of the organization's basic principles of action.

MAPFRE has mechanisms in place in every country where it is present to help prevent harassment situations, and where they should they arise, it also has suitable procedures for dealing with and rectifying the problem.

During the year, 14 harassment claims were brought within the Group, and these were resolved using the in-house procedures put in place to this end. In four cases, the defendant was dismissed, in two cases, disciplinary measures other than dismissal were adopted and in eight cases the absence of harassment was verified. All the professionals providing instruction on this topic first received specific training themselves.

5. RISKS AND OPPORTUNITIES

[GRI 102-15, 102-29, 102-30, 102-31, 201-2, 203-2, 205-1, 205-2, 205-3, 305-5, 410-1, FS1, FS2, FS3; FS5, FS9; L.11/2018]

5.1. Risk management at MAPFRE

Given the overall nature of the Group, proper risk management and organizational flexibility are vital. MAPFRE has internal control processes and an effective risk management system that complies with local regulations and promotes actions for risk

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management, identification of emerging risks, training and dissemination of the risk culture in the organization. MAPFRE has a Risk Management System (RMS) based on the continuous and integrated management of each of the business processes and on the suitability of the level of risk to the strategic objectives, consolidating said management by area, business unit, activities, subsidiaries, geographical areas and corporate support areas.

In order to ensure efficient administration of risks, a set of risk management policies was developed that assign responsibilities, establish general guidelines, basic principles and 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.

All significant aspects related to risk management are handled by the Group Risk Office, which releases guidelines and reference criteria to be followed by the risk areas in the individual companies, with adaptations as required.

The governing bodies regularly receive information on a half-yearly basis relating to the quantification of the main risks to which the Group is exposed and the capital resources available to cover them, as well as information relating to compliance with the established Risk Appetite limits.

Assigned capital is established in general based on estimates in accordance with the budgets from the preceding year, and it is periodically reviewed throughout the year depending on the development of risks.

In addition to the quantitative treatment of risks, the main areas or departments of the Group entities assess the risks that could pose a threat to the fulfillment of their business plan, rating objectives or regulatory capital, or they could prevent the continued level of capitalization. The risks identified that may have a more relevant impact in the future are:

- Declining profitability of financial investments as a result of the medium-term maintenance of a low-interest-rate environment.

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- Possible impact on the results of unusual concentrations of natural disaster losses.
- Occurrence or increase of cyberattacks, affecting the protection of confidentiality, integrity, availability and storage of information.

For more information, see the Solvency and Financial Condition Report of MAPFRE S.A. and subsidiaries (SFCR) on its corporate website and in Note 7 “Risk Management” in the MAPFRE Annual Consolidated Accounts for 2019.

Additionally, and related to non-financial risks, in October 2019, news about a complaint of alleged irregular action by MAPFRE in Brazil in 2009/2010 in relation to its alliance with Banco do Brasil were published in some digital media. In spite of the months that have elapsed since the publication, the Company has not received any additional news on the matter, nor has it received notification or requirement from the competent administrative or judicial authorities in relation to the aforementioned alleged action. Nonetheless, an exhaustive internal investigation process has been initiated and is currently underway, and to date, no irregularity whatsoever has been unearthed.

5.2. Integration of environmental, social and governance (ESG) aspects as risks and opportunities within MAPFRE.

[GRI 102-15, 102-29, 102-30, 102-31, 205-1, 201-2, 205-2, 205-3, 410-1, FS1, FS2, FS3, FS5, FS9; L.11/2018]

An adequate monitoring of environmental, social and governance (ESG) factors allows for additional information on social movements and transformations, and the expectations of stakeholders and the market that affect the organization. This knowledge helps in the identification and assessment of potential risks (ESG) and business opportunities.

At MAPFRE, the integration of these ESG risks, together with the traditional risks of the insurance activity, is carried out naturally in the management and control processes that the Group has established.

MAPFRE uses different risk assessment and analysis systems, which are complementary and allow the integration of ESG risks:

- **Own risk and solvency assessment (ORSA)**, integrated within the risk management system, which has mechanisms to identify, measure, monitor, manage and report any short- or long-term risks identified by the Group throughout the period reflected in the strategic plan, as well as to measure the sufficiency of capital resources based on the understanding of its actual solvency needs.

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Annually, the Group Risk Office coordinates the preparation of the ORSA report, which is submitted for approval by the Board of Directors.

- **Materiality analysis** which analyzes the ESG aspects based on their relevance to participating stakeholders (employees, providers, clients and experts) and the impact these issues have on MAPFRE. This analysis enables the identification of potential risks to the company, and establishes appropriate prevention and mitigation measures. (See page 150.)
- **Analysis of reputational risk**, which analyzes key ESG topics, especially those related to compliance with international standards such as the 10 principles of the United Nations Global Compact, using the RepRisk methodology, among others.

Moreover, as of 2018, MAPFRE has participated in the United Nations Environment Program Finance Initiative (UNEP FI) pilot project, in order to assess the impact of climate change and to incorporate the recommendations of the Task Force on Climate-related Financial Disclosures (TFCD) in the insurance industry. As a global insurance company, MAPFRE has jointly pledged to contribute to defining, analyzing and commencing to adopt a standard of technical and financial action for the entire sector that will help the insurance industry manage the risks and opportunities of transitioning to a low-carbon economy, and reduce the impact of climate change for the whole of society. (See page 123 Natural Dimension.)

Through these systems, all the significant and potential sources of risk the Group faces are contemplated, and the taking of initiatives for their management and mitigation is facilitated.

In addition to the risks identified in the previous section (decrease in the profitability of investments due to low interest rates, unusual concentrations of natural disasters and increased incidents of cyberattacks), there are other factors linked to sustainability which, due to their nature and special protection, can become risks for the company. These type of ESG risks increasingly interrelate with the risks inherent to the organization's activity.

The analysis of these ESG factors, and how they may affect the business in the short-, medium- and long-term, will determine their relationship and inclusion in the typology of risks established by the company and in the adoption of prevention and mitigation measures.

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RISKS AND OPPORTUNITIES

MAPFRE has focused on the following topics: ESG topics		How might they affect the business?	Monitoring and mitigation techniques
Environmental topics	Adaptation to and mitigation of climate change; Carbon footprint, Natural resources; Waste management.	<ul style="list-style-type: none"> • The climate variable can affect insurance and reinsurance underwriting. Related to underwriting risk • Greater regulation on both a local and regional level. Related to risk of non-compliance • Increased social protection. Related to reputational risk 	<ul style="list-style-type: none"> - See page 128 - Natural Dimension: Climate Change Strategy - See 66. Framework for integrating ESG risks into underwriting and investment - See p. 150 Materiality
Social topics:	Demographic changes: longevity, mortality and demographic challenges	<ul style="list-style-type: none"> • That affect the Life/health business. Related to underwriting risk • May affect the internal management of companies: delayed retirement age, aging of the workforce, etc. Related to operational risk 	<ul style="list-style-type: none"> - See p. 48: Sustainability by conviction - See Solvency and Financial Condition Report 2018: web - See p. Human Dimension - See Human Resources Report 2019
	Equality, diversity and non-discrimination in the company	<ul style="list-style-type: none"> • Greater regulation on both a local and regional level. Related to risk of non-compliance • Affects the public commitments made by the company. Related to corporate governance risks and reputational risk • Regulation proliferation. Related to legal risk or risk of non-compliance 	<ul style="list-style-type: none"> - See p. 91 Human Dimension - See Human Resources Report 2019 - See p. 150 Materiality
Corporate governance topics	Business ethics: corruption and internal fraud	<ul style="list-style-type: none"> • Regulation proliferation. Related to legal risk, risk of non-compliance, strategic risk and corporate governance • Related to the company's accident prevention systems and to employees. <p>May lead to economic loss for the company, sanctions and loss of reputation</p>	<ul style="list-style-type: none"> - See p. 51: framework for anti-corruption - See the Solvency and Financial Condition Report on the corporate website and Note 7 "Risk Management" in the MAPFRE Consolidated Annual Accounts 2019. - See p. 150 Materiality

5.2.1. Framework for integrating environmental, social and governance (ESG) aspects into the MAPFRE underwriting processes

MAPFRE has an underwriting policy in place that was approved by the Board of Directors of MAPFRE S.A., and which is applicable to all insurance and reinsurance companies. It also has a Global Business Committee and a Group Underwriting Policy Committee that, among other functions, are responsible for the correct application of the underwriting policy and that analyzes and proposes operational exclusion rules on ESG topics.

Since 2019, MAPFRE has made public a commitment in terms of coal (2019-2021), and does not insure the construction of new coal-fired power generation plants, or the

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operation of new coal mines. Case-by-case exceptions may be made and assessed taking into account the company's internal systems of environmental, social and governance analysis. In addition, criteria such as the state of development of the country in line with the UN classification, the country's dependence on coal or the consideration of renewable or low-coal content alternatives will be included in the evaluation.

Regarding Reinsurance underwriting, these commitments have been transferred in full to the Underwriting Policy for specific acceptances of these risks, applying to the entire Group.

During the 2019 fiscal year, MAPFRE did not approve any exceptions to the commitment made in terms of coal.

In addition, for the underwriting of global risks, MAPFRE has developed an internal ESG evaluation model that considers, in the decision-making process, a company's ESG risk exposure with the ESG risk exposure of the countries and sectors in which the company has been exposed and the reputational risk analysis. The model assigns a rating to the operation, from AAA (best possible evaluation) to a D (worst possible evaluation). According to this evaluation, different levels of authorization are established: for a CC, C and D rating, the authorization of the Large Risk Unit Steering Committee is required and, where appropriate, the additional authorization of the CEO is also required. In this case, if the operation is authorized, with the corresponding mitigation measures, the Group Sustainability Office is informed.

5.2.1.1 Natural Disasters

Action in relation to natural disasters requires appropriate prediction of these events and the right assessment of possible losses are essential elements of an insurer's management system. These two lines of action determine the economic impact on the company and the response it will be able to offer its clients and this management is inherent in its operations.

The Reinsurance Unit is entrusted with various tasks related to exposure control and catastrophic risk management of the Group, as well as providing adequate reinsurance coverage to each company individually and the Group as a whole.

The MAPFRE catastrophic risk management framework includes several functions:

- **Cumulation control**: addressing all catastrophic exposures that the companies face and which may be affected by a natural disaster.
- **Modeling of catastrophic risks**: knowing all the information about exposures, estimating probabilistic loss scenarios to calculate the possible financial impact of natural disasters.

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- Design of appropriate reinsurance safeguards to cover risks that are to be ceded and ensure that catastrophic events do not compromise the Group's solvency or liquidity.
- Monitoring and managing the credit risk exposed to through reinsurance placements, as well as the liquidity risk that it could be exposed to.
- Contingency plans: in the event of a catastrophic event materializing, the ability to continue serving clients becomes critical. This is why business continuity plans are developed, implemented, tested and updated to ensure, in addition to the personal safety of the teams and collaborators, the ability to recover effectively and efficiently from these serious contingencies, thus fulfilling its obligations to clients and other interest stakeholders.

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

The typhoons Faxai and Hagibis that occurred in Japan in the months of September and October, as well as the damages produced in the recent riots in Chile, have meant that MAPFRE's attributable result for the 2019 fiscal year, mainly via the reinsurance business, will be impacted in the amount of 130.3 million euros.

5.2.1.2. The management of meteorological events in MAPFRE ESPAÑA.

MAPFRE ESPAÑA has an action protocol in place for crisis management in the event of special/exceptional situations that allows it to address, in a systematic and homogeneous manner, an unexpected situation that may pose a risk to people, business or commitments to its clients.

This protocol establishes the procedures for action, responsibilities and actions to be developed by those who have to intervene in crisis management. This is all part of the crisis management mechanisms defined by the Group. In addition, specific measures are included as well as the potential activation of the corresponding Business Continuity Plan.

The protocol is part of the business continuity management system, certified by AENOR and ENAC according to ISO 22301.

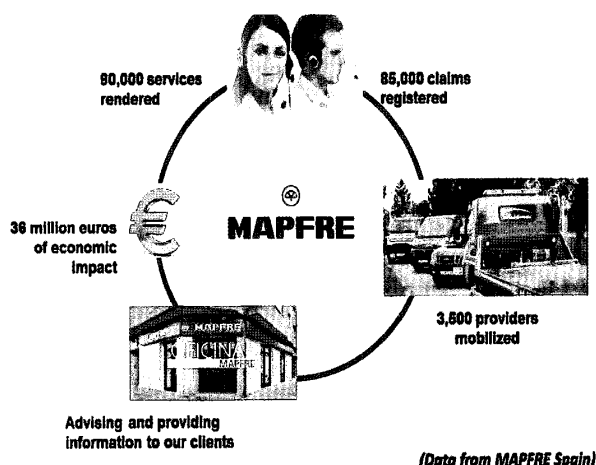
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How does the protocol work in the event of a weather event? Once the probability of a significant event has been identified, a first alert is issued to all the groups involved in the management of the claims (telephone centers, processing centers and groups of providers and appraisers) and different actions are carried out to respond to clients, in particular:

- Daily monitoring of reported claims.
- Constant review of the capacity of the processing equipment and, in case of saturation, part of its workload should be transferred to other processing centers.
- Constant review of the ability of appraisers and providers, and if necessary, reinforcement thereof by transferring professionals from other areas.
- Centralized decision-making and transfer of said information to all groups for homogeneous and unitary application.
- Assessment of mass sending of informative messages to the insureds depending on the seriousness of the situation.
- Communications to the sales network, providing information about the magnitude of the event and reminding them of how to communicate their own claims and underwriting syndicate catastrophe coverage claims, and the scope of the ordinary and extraordinary coverage that may be applicable.
- Press releases, informing on the impact and the measures taken by the company to serve its clients.

A daily crisis committee, made up of those responsible for the Operations, Providers and Benefits teams continuously analyzes the latest information, while coordinating appropriate courses of action and making the most appropriate decisions, always performed with the objective of maintaining the level of customer service.

In the 2019 fiscal year, the impact of the adverse weather in Spain was particularly relevant, especially in the last four months of the year, during which there was a succession of different events with an unprecedented intensity, frequency and successiveness. More specifically, there were up to four episodes of Isolated Depression at High Levels (DANA), six storms, four Atypical Cyclonic Storms (TCA) and

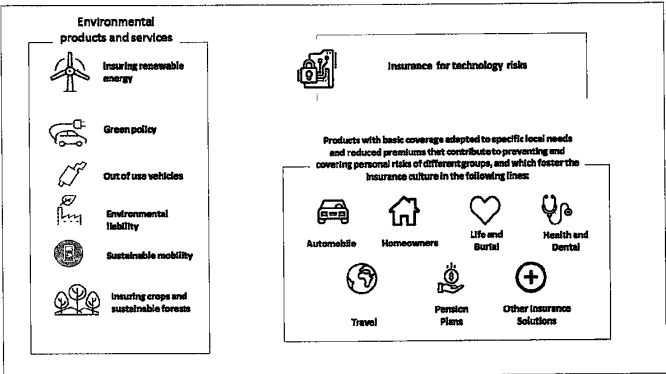


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several floods and tornadoes occurred.

5.2.1.3 Underwriting business opportunity:

Work continued on the design of sustainable solutions, also for emerging risks, while analyzing market options and moving toward new business models and solutions that arise from the digital and technological changes being experienced, with the ultimate goal of offering the best solutions and services to current and future clients.



See Annex, Note 7 - Environmental Products and Services

5.2.2. Framework for integrating environmental, social and governance (ESG) aspects into MAPFRE's investment processes

Socially responsible investment is constantly evolving, following the pace of the great global trends in relation to the risks and opportunities of ESG factors.

In 2017, MAPFRE adhered to the United Nations-supported Principles for Responsible Investment (PRI) and established the framework for action of the Group on Socially Responsible Investment (SRI), which focuses on those key aspects that have to accompany the organization in the scope, implementation, process of integration of the ESG aspects and are complemented by those determined in each case.

The principles of SRI of the United Nations coexist with the obligation assumed by the company as the custodian of clients' savings and investments and the strength of their own balance sheet. Therefore, prudent investment criteria are adhered to, seeking long-term value creation through the application of ESG factors alongside traditional information.

MAPFRE has its own ESG analysis framework that is reviewed periodically to incorporate best practices in this area. It also has a qualified SRI working group and, in addition, it has an Investment Risk Committee, which periodically analyzes the composition of the portfolios, its ESG evaluation and analyzes any controversies that may arise.

Within the scope of the SRI, the investment team has the following functions:

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- Regularly issues ESG reports, which are analyzed by the SRI team prior to their presentation by the Risk Committee.
- Constant monitoring in order to alert on any controversies or risks in the ESG field that may arise during the normal course of operations, and to inform the Risk Committee.
- The investment team is responsible for applying any grounds for exclusion approved by MAPFRE.

In the case of management delegation, the company that is managing the portfolios shall be informed so that the exclusions are applied, with the time limit of their implementation being determined by common agreement.

MAPFRE's Corporate Investment Area is responsible for ensuring that the organization complies with the established responsible investment principles and submits an annual report to the Sustainability Committee, which is the most senior part of the aforementioned area.

With regard to SRI strategies, MAPFRE supports the implementation of the integration strategies as a priority, although it does not rule out the use of other strategies such as exclusion, engagement, best-in-class or proxy-voting strategies.

In 2019, MAPFRE agreed to not invest in electricity companies that generate over 30 percent of their revenue from coal-produced energy. It incorporates this exclusion rule into its SRI framework, which reinforces the Group's climate strategy.

In line with its commitment to the UN 2030 Agenda, a portfolio impact measurement methodology for the Sustainable Development Goals has been incorporated. Created in collaboration with the University of Siena, this methodology has already been implemented in the portfolio from a new Inclusión Responsable Fund and will be extended to all portfolios.

Furthermore, in 2019, MAPFRE joined Spainsif, (a prestigious forum in the area of sustainable and responsible investment in Spain) also becoming a member of its board of directors. MAPFRE Asset Management also holds ISO 14001 and 50001 certification.

5.2.2.1. ESG Opportunities: Socially Responsible Mutual Funds (SRI)

MAPFRE Asst Management, MAPFRE's asset manager, has three specific funds:

- Inclusión Responsable, launched in December 2019. This is an equity fund that invests in companies that are particularly committed to the inclusion of people with disabilities. The fund, which has been included in the United Nations Global Compact 2019 report as an example of best practice, combines the search for financial profitability with the promotion of an improved society. In fact, the management

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team has carried out a historical simulation that shows that, over the last five years, the portfolio of companies selected for their promotion of inclusion was almost four times more profitable than the market as a whole. The asset management team, in collaboration with La Financière Responsable (LFR), a French asset manager in which MAPFRE owns 25 percent of the capital, applies a methodology based on seven themes with 40 variables.

- **Capital Responsable**, launched in 2018. This fund seeks to preserve capital without giving up long-term growth, and thus, it has a balanced portfolio of fixed income assets and European shares (about 70 percent bonds and 25 percent shares). The objective is to favor companies and entities that have a strategy committed to monitoring the ESG criteria, under the assumption that these entities provide a more appropriate risk-return profile. The equity fund closed 2019 with assets amounting to just over 35 million euros and has provided an institutional class return of 6.08 percent and a retail class yield of 5.58 percent in the last 12 months. MAPFRE also has a pension plan that replicates this fund and has generated strong interest, given that its equity already exceeds 100 million euros — the same as all three funds together. Therefore, the funds and the pension scheme total over 200 million euros.
- **MAPFRE Good Governance**, launched in 2017. This is a global variable income fund whose portfolio includes companies with good corporate governance in which the assets are temporarily undervalued by the market. In fact, two studies by the University of Siena and the Cranfield School of Management confirm that investment in socially responsible and well-managed companies is more profitable in the long-term.
A total of 63 million euros has already been taken in to date, with a 16.77 percent return on institutional investment in the last twelve months and 7.6 percent on the retail side, (which was rolled out at the end of January 2019 and so missed out on the market appreciation of that month).

MAPFRE has placed special importance on the communication and information of SRI Funds to specialist clients (current and potential), and to society in general. This has been implemented in a different way, in accordance with the values that represent these funds for the company, responsible investment and its contribution to sustainable development.

During the presentation of the Inclusión Responsable Fund, MAPFRE AM focused on the product's financial profitability and social profitability, presenting disability as a positive value for companies. For its launch in Spain, a round table was organized with investors and specialists, including the Chair of Family and Disability at Comillas Pontifical University and with Corporate Universitas at Salamanca Pontifical University. The

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opening of the meeting was carried out by a group of people with disabilities in the San Juan de Dios center, with a performance prepared especially for this meeting.

In France, the Inclusión Responsable Fund was presented alongside MAPFRE AM's partner in France, LFR.

MAPFRE AM promotes the SRI by generating specific information through interviews, participating in workshops and events, reference articles in specialized media and value-added videos on the MAPFRE corporate website.

MAPFRE maintains a permanent line of dialog with ESG investors and managers and relevant journalists in the asset management sector, while also holding meetings with different media to promote SRI.

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6. CREATION OF SHARED VALUE: *WE ARE SUSTAINABLE*

Value creation for an organization is achievable when the company defines its different types of resources and identifies the main areas to work on and the stakeholders impacted or potentially impacted.

Value creation is not static, and projects are therefore undertaken within a much longer time frame, in line with the Strategic Plan. This chapter describes the main milestones reached in 2019.

The information in this chapter is supplemented by the Annual Accounts and Consolidated Management Report and the MAPFRE People and Organization 2019 report, which are available on the corporate website.

6.1. FINANCIAL DIMENSION

[GRI 102-2, 102-6, 102-7, 201-1; L.11/2018]

WE ARE SOLVENCY	Solvency is one of the fundamental values that helps MAPFRE execute its mission and achieve the Group's vision. The business model is built on the basis of financial strength and a strategy of sustainable results over time, and this guarantees that we can meet all obligations we have with our stakeholders.
What are we working on to create value? <ul style="list-style-type: none"> • Shareholders' equity • Investments • Financing operations • The MAPFRE share 	
Link to MAPFRE's priority SDGs: <ul style="list-style-type: none"> 8. Decent Work and Economic Growth 9. Industry, Innovation and Infrastructure 17. Partnerships to achieve the Goal 	

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

SHAREHOLDERS' EQUITY

SHAREHOLDERS' EQUITY	
EQUITY	10,106
Equity attributable to the Controlling company	8,854

Figures in million euros

Consolidated equity amounted to 10.1 billion euros as on December 31, 2019, compared to 9.2 billion euros as on December 31, 2018. Of this amount, 1.25 billion euros correspond to non-controlling interests' shares in subsidiaries, primarily financial entities in Spain and Brazil that MAPFRE has bancassurance agreements with. Consolidated equity attributable to the controlling Company per share was 2.87 euros as on December 31, 2019 (2.60 euros as on December 31, 2018).

INVESTMENTS

INVESTMENTS	
INVESTMENT PORTFOLIO	53,523
Fixed income	39,444

Figures in million euros

MAPFRE manages its investments giving due consideration to the risks undertaken and taking assumable risks. The investment policy of the Group aims to ensure the company is in a position to satisfy the commitments of its insureds and pursue the preservation of asset value, which requires a prudent investment selection and risk assumption policy.

MAPFRE seeks to develop a solvent and profitable business, but never at the expense of sustainable engagement with the environment it operates in.

INVESTMENT POLICY BASIC PRINCIPLES	
✓	Principle of covering the commitments insured
✓	Principle of prudence
✓	Principle of operational security
✓	Principle of liquidity
✓	Principle of profitability
✓	Principle of responsibility
✓	Principle of sustainable investment
✓	Principle of homogeneity
✓	Principle of efficient management

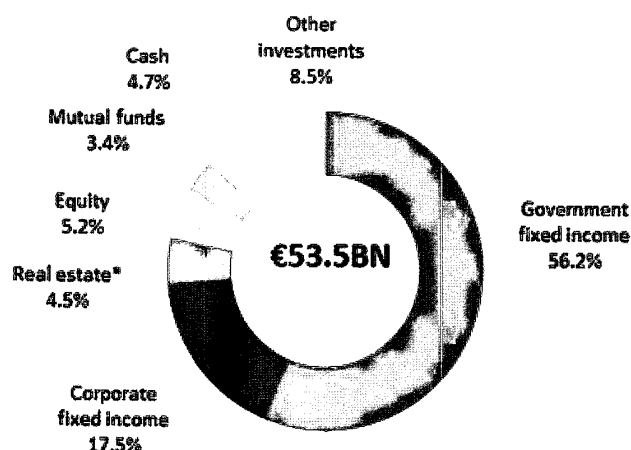
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✓ Relationships with intermediaries and external collaborators in general

In 2017, MAPFRE signed up to the Principles for Responsible Investment of the United Nations (see page 70, Integration Framework for ESG aspects in MAPFRE investment processes).

Details of the investment portfolio by asset type are given below.

Breakdown by asset type



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

The breakdown of the Fixed Income portfolio by geographic area and by asset type is as follows:

ITEM	Government	Corporate Debt	Total
Spain	18,181.8	2,378.6	20,560.4
Rest of Europe	5,015.8	3,802.6	8,818.4
United States	1,588.7	2,133.3	3,721.9
Brazil	3,020.6	2.0	3,022.5
Latin America - Other	1,828.3	778.1	2,606.3
Other countries	453.7	260.4	714.1
TOTAL	30,088.8	9,354.9	39,443.7

Figures in million euros

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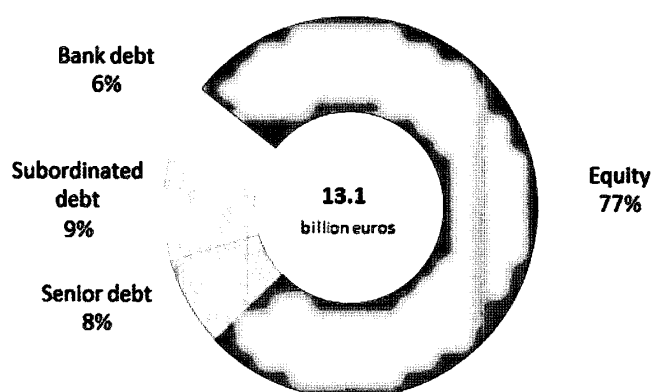
FINANCING OPERATIONS

FINANCING	
CAPITAL STRUCTURE	13,080
Debt	2,974
Equity	10,106

Figures in million euros

The chart below shows the composition of the capital structure at the close of the 2019 fiscal year-end:

Capital structure



Capital structure reached 13.1 billion euros, of which 77 percent corresponds to equity.

Leverage ratios

The Group has a leverage ratio of 22.7 percent, up 0.2 percentage points compared to the 2019 fiscal year-end.

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The following table breaks down the development in Group leverage ratios:

ITEM	DECEMBER 2019
Total equity	10,106.9
Total debt	2,973.7
Earnings before tax	1,279.2
Financial expenses	78.5
Earnings before tax and financial expenses	1,357.7
Leverage	22.7%
Equity / Debt	3.4
Earnings before tax & financial expenses / financial expenses (x)	17.3

Figures in million euros

MAPFRE has converted its 1 billion euro syndicated line of credit (which was to expire in December 2021) into a sustainable loan, thereby becoming the first insurance company in the world to execute a transaction of this nature for general corporate needs, while strengthening its commitment to sustainability and corporate social responsibility.

Both MAPFRE's credit rating and the development of sustainability parameters for the company are taken into consideration when setting the interest rate.

MAPFRE has thus reaffirmed its dedication to sustainability in all areas of the organization and strengthens its position as a company that is committed to social responsibility, the environment and society in general, as well as to reducing its financing expenses and extending financing maturity, while ensuring more advantageous conditions and taking into consideration the performance of the financial markets.

THE MAPFRE SHARE

PERFORMANCE / MAPFRE SHARE	
RESULT FOR THE PERIOD ATTRIBUTABLE TO THE CONTROLLING COMPANY	609
Earnings per share (euros)	0.20

Figures in million euros except for Earnings per share

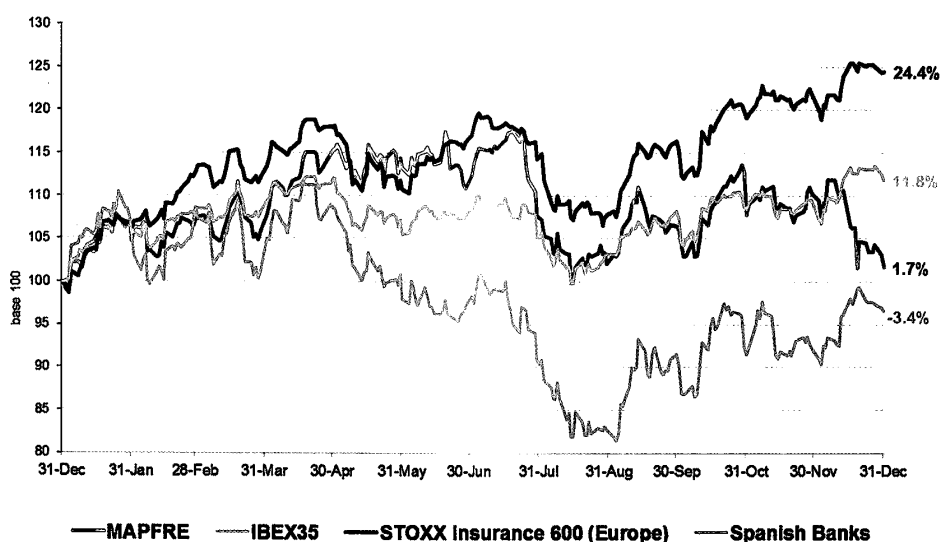
The accompanying charts show information regarding the MAPFRE share and its performance.

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CREATION OF SHARED VALUE: WE ARE SUSTAINABLE

ITEM	12/31/2019
Total outstanding shares	3,079,553,273
Market capitalization (million euros)	7,267.75
Share price (euros)	2.360
Book value per share (euros)	2.875
Price / Book value	82.1%
Dividend per share (last 12 months)	0.145
Nominal share price (euros)	0.1

Share price movement: January 1, 2019 – December 31, 2019

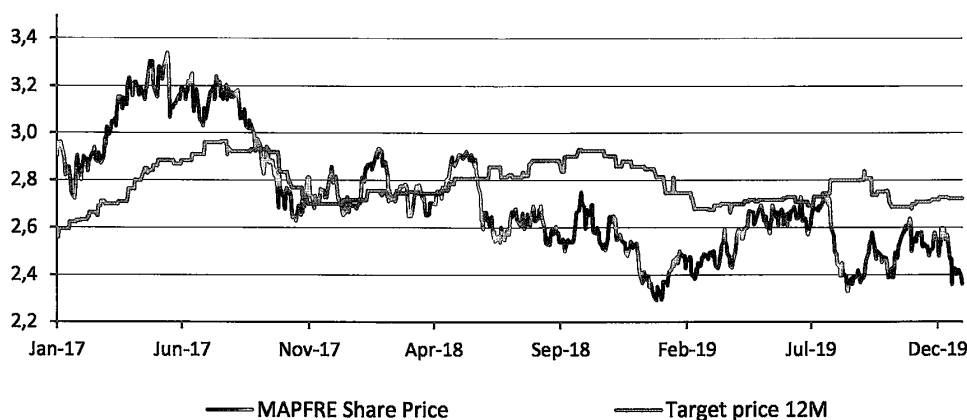


Source: Bloomberg and own calculations

Spanish banks: the six Spanish banks with the largest market capitalization

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Target price (average provided by analysts) and quote: January 1, 2017 – December 31, 2019:



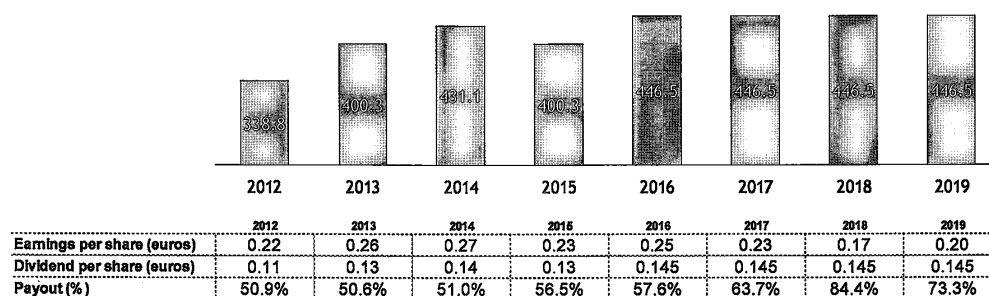
Source: Bloomberg

Dividend and payout

The dividend policy of the Group states that remuneration of shareholders must be tied to MAPFRE's profits, 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 earnings (in million euros)



Figures in million euros

The final dividend for fiscal year 2019 to be proposed at the Annual General Meeting is a dividend of 0.085 euros per share before tax. Consequently, the total dividend against the 2019 result for the period amounts to 0.145 euros per share before tax, representing a payout ratio of 73.3 percent.

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6.2. PRODUCTIVE DIMENSION

WE ARE SERVICE	We organize our activity thinking about the client, adapting our commercial offering and value proposition, our operations, structure and technology to offer then better quality and an enhanced experience.
What are we working on to create value? <ul style="list-style-type: none"> • Focus on the client • Digital business • Providers • Quality 	
Link to MAPFRE's priority SDGs:	
8. Decent Work and Economic Growth 9. Industry, Innovation and Infrastructure 11. Sustainable Cities and Communities	13. Climate Action 1. No Poverty 17. Partnerships to achieve the Goal

FOCUS ON THE CLIENT

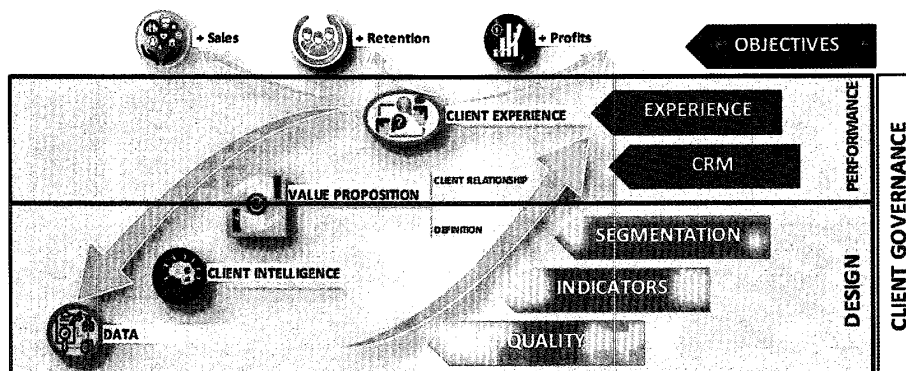
In 2019, extensive work was completed on Client Orientation. To date, in the corporate strategic initiative "Client Relationship Model," the activity had focused on establishing a homogeneous framework that was aligned with a high technological orientation and capacity development.

The corporate strategic initiative has been redefined under the name of "Client Focus." Its main objective is to ensure that the MAPFRE Client understands that they enjoy a differentiated experience as a result of their link to the company, and that distinctive proposals are adapted to their profile and requirements. In this way:

- Improving the client experience becomes the cornerstone of everything.
- Generating value propositions with an impact on business is a priority.
- Training in data management, customer intelligence and CRM (client relationship management) continues to play a role as long as it supports business performance.

Measurement has also been reoriented, leaving only the degree of client orientation as an indicator of the progress in capabilities. The key is the business impact metrics, which enable us to assess the improvements obtained in terms of Client growth, retention, average client policies and NPS®.

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Using this frame of reference and always taking the business objectives and maturity of local capacity into account, 101 projects have been developed with a budget of 11.5 million euros in the main countries in the group.

		GERMANY	BRAZIL	SPAIN	ITALY	MEXICO	PERU	PUERTO RICO	TURKEY	USA
CLIENT ACTIONS	CROSS SELLING	✓		✓	✓					✓
	ACQUISITION				✓	✓				
	RETENTION		✓	✓		✓	✓	✓	✓	✓
	LOYALTY									
	CUSTOMER EXPERIENCE	✓	✓	✓			✓		✓	
DEVELOPMENT OF CAPABILITIES	VALUE PROPOSAL AND FAMILIES			✓			✓			
	DATA IMPROVEMENT	✓	✓			✓		✓		✓
	SEGMENTATION AND INDICATORS		✓	✓		✓	✓			✓
	CRM	✓	✓				✓		✓	

The purpose of the model is to improve relations with the approximately 26 million clients that MAPFRE has in insurance unit operations, highlighting the more than 7.4 million clients in IBERIA and more than 8.6 million in Brazil at year-end.

Multichannel distribution and customer service

MAPFRE is committed to multichannel distribution, and this can clearly be seen in the current highly balanced distribution mix among the five types of "distributor client" that are managed to ensure proper management: direct, exclusive agency networks, non-exclusive agency networks, bancassurance and distribution agreements. All of them

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move in the range of relative weights between 20 and 30 percent, on a global basis. This mix differs substantially in each country, in that it adapts to the most advantageous conditions to develop business activity in each market.

In 2019, plans to improve distribution models were implemented across practically all operations, with a high reuse of best practices and successful experiences. These have been collected in recent years and systematized in different management models: exclusive networks, bancassurance, key accounts, direct/delegate offices and automobile manufacturers, among others.

In those countries where the development of exclusive agency networks is possible, with Spain being the most relevant, this distribution channel is reinforced and supported as a priority. These networks have developed greatly in Turkey, LATAM North and LATAM South, where significant growth in business volume and active agents has been recorded in most countries. In those countries where exclusive distribution is not as common, progress has been made in boosting the degree of connection with non-exclusive agency networks. Brazil and the United States are the most significant examples, but not the only ones. The widespread use of agency networks allows MAPFRE to be very close to its clients and offer the best advice and service at all times. It is worth noting the progress that has been made in providing these exclusive agency networks with digital tools in order to facilitate the transition to hybrid distribution models (digital and face-to-face), where the agent can take full advantage of advances in new technologies.

As for business mediated by brokers, 2019 was an important year for the development of this distribution channel, with significant improvements in the value propositions for all segments. Progress was made in the systematization of the management model of local brokers, and business volume was consolidated. The company also worked more closely with the big global brokers.

MAPFRE has agreements in place with banks and financial institutions, in particular existing agreements with Bankia, Bankinter and CCM in Spain, Banco Do Brasil in Brazil, Bank of Valletta in Malta, and BHD in the Dominican Republic. In 2019, MAPFRE reached significant agreements with important institutions: Banco Santander for the distribution of automobile and company insurance in Spain; Actinver focused on the sale of Life products in Mexico and Sicredi, in Brazil.

An increasingly important "distributor client" and one with high development potential involves distribution agreements with non-financial companies. This is the case for automobile manufacturers, retailers, dealers, utility providers, etc. MAPFRE manages numerous agreements through which it significantly expands its distribution capacity, offering distinctive value propositions and high quality to clients.

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	IBERIA	LATAM	INTERNATIONAL
OFFICES			
Direct and delegate	3,136	1,419	555
Bancassurance	2,519	5,354	41
INTERMEDIARIES			
Agents	10,231	13,623	7,212
Delegates	2,791	3,824	198
Brokers	4,541	34,737	2,082

Customer service centers

In order to address client needs and guarantee the best possible service, the Group operates the following service centers, broken down by country of operation:

Service centers	Number	Countries
In-house claims handling and rapid payment centers	108	15
In-house automobile service centers	53	3
Automobile diagnostic units	8	5
Repair shops with signed agreements	10,986	24
In-house repair shops	10	3
Research and development centers	6	6
In-house health care polyclinics	22	3
Clinics with signed agreements	15,657	17
In-house dental clinics	6	1
Corporate business management centers	6	4

DIGITAL BUSINESS

MAPFRE operates in digital business through four business lines, and has a structured, focused and participatory strategic model in place that provides for continuous updating of the plan, both at corporate level and in each of the regions, countries and business units. In 2019, MAPFRE generated revenues of 1.33 billion euros from its digital business, an increase of 16.7 percent over the previous year.

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To boost growth profitably in Digital Business across the Group, the following lines of action were executed in 2019:

- **Strategy and development of digital business:** VERTI Germany rolled out a completely digital Life Protection product. Demand for digital Life products has also been analyzed in several countries.

This bears testimony to the fact that the marketplaces phenomenon is becoming increasingly relevant in clients' activities. MAPFRE has advanced its positioning in this channel in 2019 to improve brand awareness, attractiveness and sales.

In addition to these projects, and once the strategic digital business framework was defined in 2018 for pure and mixed models, in 2019 we worked to secure the necessary tools to further boost digitalization, so as to encourage decision-making in an orderly and uniform manner.

In 2019, the detection and export of best practices enabled us to activate more than 30 projects resulting from these best practices in different operations.

- **Digital marketing:** MAPFRE continues to evolve in its digital attractiveness model based on data and on the knowledge and identification of client groups determined by technical management teams. This enables us to improve campaign results, by personalizing them more and by using the most effective digital media, both organic and paid. Artificial intelligence models have been applied to optimize actions and automate processes, and a data management platform that has further optimized campaign results in this market has been used in Spain. Furthermore, agreements with the main global digital media operators have been strengthened. Finally, the platform of portals and sales websites has evolved to optimize the positioning of the contents and the ease with which they are managed, and in 2019 sessions on the main sales and servicing sites increased by more than 30 percent, surpassing 76 million visits. We have also optimized the use of office and agent positioning on search platforms, with an increase in activity of approximately 80 percent.

- **Digital techniques:** with the aim of continuing to improve the profitability of the digital business and its technical management, in 2019, special attention was paid to the prevention of fraud at the time of issuing, with actions aimed at improving the selection and quality of the underwritten risk. Technical indicators were also developed that allow the company to discover the evolution of client value, new business, renewals and the profitability of digital business. Progress has continued in the optimization of prices for renewal, adapting the price to each client's risk.

- **Comparison engines:** with the aim of competing in a more sophisticated manner in the comparison engine channel, progress was made in price optimization for each

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client in real time, which has optimized the company's positioning in comparison engines. MAPFRE has also expanded its presence in comparison engines in Mexico and has evaluated new ways of closing business via WhatsApp on the RASTREATOR site. In addition, several drivers helped to understand behavior and impact in the comparison engine channel, such as "Green Forest" and "Price Guaranteed," both of which were carried out at VERTI Spain. The global online comparison engine program was taught at the MAPFRE Corporate University, in the Digital Business Room, which enabled 315 Group professionals to train up in this area.

- **Sales and client retention:** in 2019, significant progress was made in improving the pricing and digital contracting of products, in terms of further simplification and better adaptation to mobile devices, as well as in the ROPO processes (research online, purchase offline) to bring digital leads to contact centers and sales networks. Online underwriting was close to 5.5 million and approximately 700,000 policies sold can be classified as 100 percent online. The platform for the development of digital underwriters and contractors evolved to facilitate the development of advanced front ends that are managed by business teams, incorporating advanced chatbot processes and virtual underwriting and contracting assistants as new sales channels. Improvements in the usability of the pricing calculators, awarded the "Insurance Digital shopping experience award" by J.D. Power in the United States, continue to be promoted. The methodology for optimizing the conversion rate in the sales information, underwriting and online sales processes was also deployed. Finally, a corporate campaign management solution has been deployed in the main Group companies, which enables the development of coordinated and personalized actions focused on offering clients the most appropriate solutions at any time based on their profile.
- **Digital data and analytics:** data is becoming increasingly important, especially in the digital world. As such, the collection, analysis and integration of digital data with internal systems and big data were all promoted in 2019. A model for the generation of corporate models in big data has been developed, which enables rapid application and adaptation to each company, and retraining of the models with local data. Development of the first industrialized models has begun: the propensity to purchase model, the personalization model and the attribution model in digital processes, as well as reporting and alert systems.

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PROVIDERS

[GRI 102-9, 102-10, 214-1; L.11/2018]

The objective of MAPFRE is to ensure an ethical and socially responsible process in the performance of all professionals and companies that provide a service, either to the Group or directly to clients. This is all while obtaining an adequate level of quality in hiring and service to clients, and an increase of internal control in all phases of the project.

To achieve this, MAPFRE has a Purchasing standard designed to establish economic, environmental, social and governance criteria and mandatory compliance principles that must be observed in all hiring concluded on behalf of MAPFRE. The Group Code of Ethics and Conduct contains a specific section for providers and collaborating companies that defines the framework within which the relationship must be developed.

The Group works with more than 177,000 providers, making a distinction between **service providers and specific providers** (those who perform services and assistance as per insurance or service contracts offered by the Group's insurance companies or its subsidiaries to its clients) and **support or general providers** (those who do not work directly with insureds, but rather with the company as it conducts its affairs, such as supply, consulting firms, printers, etc.). The following table shows the breakdown by number and total cost:

	IBERIA		LATAM		INTERNATIONAL	
	No. of providers	Cost (million euros)	No. of providers	Cost (million euros)	No. of providers	Cost (million euros)
Of services (Specific)	73,665	1,684	50,371	847	34,512	503
Of support (General)	3,692	423	8,950	290	6,007	293

To strengthen the relationship with providers and provide better customer service, MAPFRE supplies various materials, training dossiers, tools, and online and on-site courses for providers, in order to facilitate them as they go about their work and to keep them updated regarding regulatory changes, technological developments and other relevant topics in the area of sustainability.

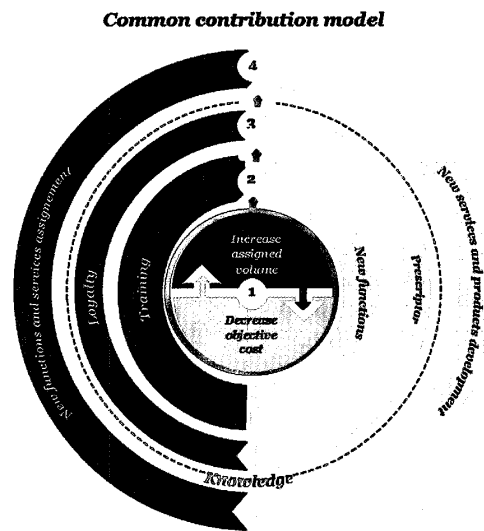
Service provider management model

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In many cases, service providers are the party that interacts directly with the client on behalf of MAPFRE. Given its importance, the company has a specific model for managing service providers developed under the strategic initiative of "Providers as Brand Ambassadors."

The model is based on applying general principles, which are client orientation, optimization of client contact, two-way commitment, provider value, provider classification and cost optimization.

This common contribution model involves continuous feedback regarding the commitments between MAPFRE and the provider, such that any increase in the relationships in the model results in the establishment of new commitments by both parties. Obviously, these commitments are adjusted based on the category of provider involved.



Provider category defined by MAPFRE and mutual

MAPFRE's commitment Provider's commitment

commitments:

	MAPFRE's Commitments	Provider's Commitments
Known	Transactional relationship: Sporadic collaboration under an agreement limited to service delivery and service payments	
Occasional	Occasional services assignment derived from strategic and/ or operational necessities	Quality value-added service delivery Legal requirements compliance
Recommended	Professionalism and solvency in service payments	Corporate Social Responsibility adoption and fulfilment Integrity in service delivery
Recommended (+)	Willingness to maximize provider capacity by assigning more services Technical and new functions training Increase Provider's portfolio of services	Participation in the company's financial model Integration with MAPFRE's service management processes
Ambassador	Assignment priority New collaboration opportunity proposals Recognition of provider's contribution to MAPFRE's business development	MAPFRE brand prescription Service management participation Collaboration in new products and services development

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In 2019, work continued on promoting transformation projects in 24 countries on the back of the implementation of the common contribution model, as well as on policing the main project efficiency and quality indicators.

Sustainable management of providers

[GRI 308-1, 308-2, 403-7, 408-1, 409-1, 410-1, 412-3, 414-1, 414-2; L.11/2018]

Within the Sustainability Plan 2019-2021, the ESG (Environmental, Social and Governance) management line of service providers initiated in the previous sustainability plan is continued and expanded. The purpose is to analyze and guide sustainability practices that providers carry out so that they are aligned with MAPFRE standards. This management includes the ESG approval of service providers as well as other training in Human Rights and awareness in the 2030 Agenda.

The following objectives have been established in the MAPFRE Sustainability Plan 2019-2021, to be achieved by 2021:

- To expand the sustainable management of providers model to the Homeowners and Automobile lines, selecting providers that have a more significant relationship with MAPFRE ("ambassadors," "recommended+" and "recommended" categories).
- Provide training in Human Rights for 75 percent of providers who meet ESG criteria in the Group. This training is provided by the United Nations Global Compact Spanish Network.
- Raise awareness of the United Nations 2030 Agenda for sustainable development, among at least 50 percent of approved providers.

ESG approval process

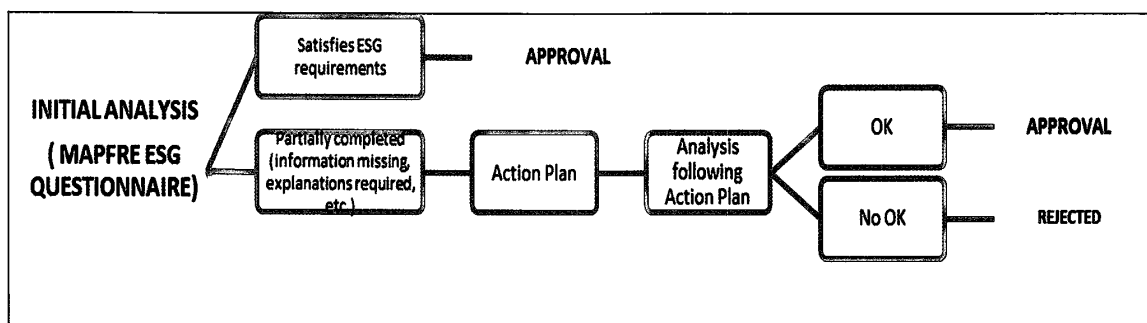
This approval and control process involves an initial analysis of the sustainability practices of the providers, which is carried out through a specific questionnaire that includes the following risk factors:

- Occupational safety and workers' health.
- Human Rights: child and forced labor, basic human rights, etc.
- Environmental practices and sanctions.
- Inclusion, diversity and non-discrimination.

Based on providers' answers in an initial questionnaire, the following steps shall be taken: if all the criteria are correct, the ESG process is approved and, if not, an action plan is proposed to turn the situation around. Through this process, it is possible to have a risk map and include mitigation measures through the action plan. This process is recurring and also applies to provider renewals.

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ESG APPROVAL PROCESS FOR SERVICE PROVIDERS



In 2019, the model was consolidated in Colombia and launched in Mexico. Since 2017, a total of 6,834 providers were invited to participate in approval processes with ESG criteria, with 78.68% of those invited to participate passing the approval process satisfactorily as of December 31, 2019.

QUALITY

To evaluate the quality perceived by clients, the MAPFRE Quality Observatory applies a global model for measuring the MAPFRE client experience, the aims of which are as follows:

- To constantly be aware of the level of client satisfaction in the different countries and businesses, using a consistent methodology.
- To identify those aspects that impact on the client experience, so they can be enhanced.
- To provide countries with a tool to help them define and implement initiatives, assigning the most appropriate priority level.
- To set goals for improvement and aspire to be a benchmark in client experience across all countries and lines.

Additionally, the MAPFRE Quality Observatory is responsible for measuring the quality perceived and delivered, and conducts client surveys in every country where the Group operates. These surveys cover all lines of insurance and assistance services and are conducted every six months. This is done through the analysis of the Net Promoter Score (NPS®) that evaluates client satisfaction and critical client touchpoints, and recommendations are drawn up regarding the main areas that could be improved.

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The reports drawn up by the Quality Observatory provide data on the client experience, assisting with the decision-making process in the different business areas.

In 2019, the eighth and ninth NPS® measurement waves were carried out, involving a representative sample of MAPFRE's portfolios. These waves, with over 140,000 respondents, each involve 23 countries and lines of business and cover 81.9 percent of the total private Non-Life premiums of the Group.

In addition, once a year, the Observatory measures the client experience level of MAPFRE's major competitors in each country/line of business, analyzing approximately 120 companies around the world. This analysis reveals that the objective set for 2019 was met, namely, to obtain an NPS® from MAPFRE's clients greater than the average NPS® of competitors analyzed, in excess of 71 percent of the premium volume measured.

To complement these measurements of relational NPS®, the Quality Observatory defined a Global Model for transactional NPS®, which allows MAPFRE to find out, in real time, a client's perception after interacting with us. This model is currently in place in Brazil and Spain.

Likewise, in 2019 the Quality Observatory carried out the second measurement on the experience of internal clients (iNPS®) and on the assignors and brokers for the reinsurance services provided by MAPFRE RE.

MAPFRE has 220 people - a significant number of employees - assigned to quality control and monitoring throughout the world, and several companies are in possession of quality certifications. To renew these certifications, these companies must maintain high customer service standards.

MAPFRE holds ISO 9001 certification in Brazil, Spain and Turkey. MAPFRE ASISTENCIA holds this same quality certification in Algeria, Argentina, Bahrain, Brazil, Chile, China, Colombia, Ecuador, Philippines, Italy, Mexico, the Dominican Republic and Tunisia.

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6.3. HUMAN DIMENSION

WE ARE TALENT	MAPFRE is a company of opportunities; it is diverse and inclusive and has the best professionals ready to serve its clients and develop the business. Its human capital comprises a team of committed and talented people, with a management model where professional development, knowledge management and acquisition and solidarity are tirelessly promoted.
What are we working on to create value? <ul style="list-style-type: none"> • Management model • Diversity and inclusion • The continuing talent challenge • Transformation and organization • Employee experience 	
Link to MAPFRE's priority SDGs:	
3. Good Health and Well-being 4. Quality Education 5. Gender Equality 8. Decent Work and Economic Growth	13. Climate Action 1. No Poverty 17. Partnerships to achieve the Goal

MANAGEMENT MODEL:

[GRI 401-1, 401-2, 404-1, 404-2, 404-3, 405-1, FS1; L11/2018]

Employee management is particularly relevant in a global company such as MAPFRE, which has a worldwide presence and employees from 84 countries. This management goes hand in hand with the business as it undergoes transformation, enhancing employee commitment to the company's values and contributing to the development of technical, global and transformational skills in a healthy, diverse and collaborative work environment.

Some of the most relevant aspects of this management are:

- The integration of all generations of employees who work together in the company, maximizing each person's the knowledge.
- The use of new technologies and social networks for employee development.
- Communication and transparency with employees, in order to make them feel part of MAPFRE's strategy, objectives and culture.

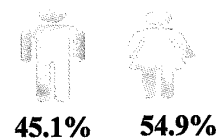
The English version is a translation of the original in Spanish for information purposes only. In case of discrepancy, the Spanish version shall prevail.

- Planning for professional careers and continuous training.
- A firm commitment to the occupational and geographic mobility of employees to ensure that the organization has global versatile teams in place.

This dimension is complemented by the People and Organization 2019 report, verified and published on the corporate website.

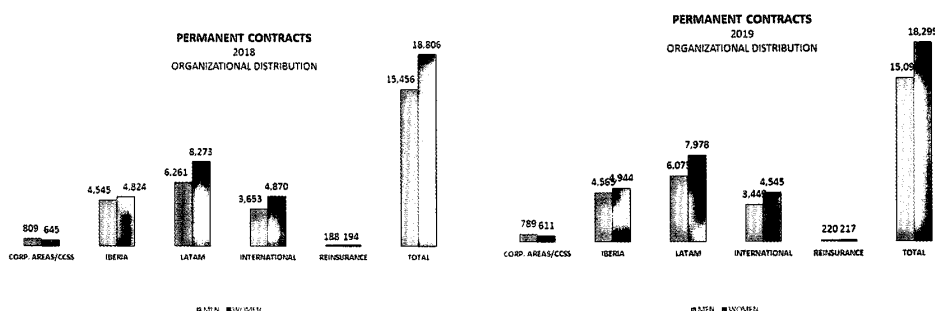
GENERAL INFORMATION [GRI 102-7, 102-8, 401-1; L.11/2018]

Total workforce	2019	2018
Workforce at December	34,324	35,390
Average workforce	34,645	35,658



Total number of employees by type of employment contract (permanent or temporary) and by gender

BUSINESS UNIT	PERMANENT		TEMPORARY		TOTAL	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
CORPORATE AREAS	623	451	10	10	633	461
INSURANCE	12,422	15,358	181	264	12,603	15,622
ASISTENCIA	1,736	2,163	198	252	1,934	2,415
GLOBAL RISKS	97	106	0	3	97	109
REINSURANCE	220	217	4	9	224	226
TOTAL	15,098	18,295	393	538	15,491	18,833



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Total number of employees by employment contract/gender (according to MAPFRE Group structure: Regional, Business Units and Central Services)

ORGANIZATIONAL DISTRIBUTION	PERMANENT		TEMPORARY		TOTAL	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
CORPORATE AREAS / CENTRAL SERVICES	789	611	10	13	799	624
IBERIA	4,565	4,944	76	166	4,641	5,110
LATAM	6,075	7,978	141	166	6,216	8,144
INTERNATIONAL	3,449	4,545	162	184	3,611	4,729
REINSURANCE	220	217	4	9	224	226
TOTAL	15,098	18,295	393	538	15,491	18,833

Type of contract, by gender, age and professional category

BUSINESS UNIT	PERMANENT		TEMPORARY		TOTAL	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
CORPORATE AREAS	633	459	0	2	633	461
INSURANCE	12,240	13,991	363	1,631	12,603	15,622
ASISTENCIA	1,744	2,024	190	391	1,934	2,415
GLOBAL RISKS	97	109	0	0	97	109
REINSURANCE	224	223	0	3	224	226
TOTAL	14,938	16,806	553	2,027	15,491	18,833

Total number of employees by type of employment contract (full-time or part-time) and by gender

JOB POSITION	CONTRACT TYPE	BABY BOOMERS		GENERATION X		GENERATION Y		GENERATION Z		VETERANS		TOTAL
		MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	
C-SUITE	PERM.	33	3	14	9							59
	TEMP.											
SENIOR MANAGEMENT	PERM.	403	114	611	319	94	51	1		12	4	1,609
	TEMP.											
MIDDLE MANAGERS	PERM.	571	302	1,206	1,027	524	481	10	8	9	8	4,146
	TEMP.											
ADVISORS	PERM.	1,463	1,066	3,175	3,562	2,640	2,727	364	459	45	41	15,542
	TEMP.	5	4	22	35	76	100	47	33		1	323
ASSOCIATES	PERM.	468	793	936	2,485	1,337	2,544	521	898	38	47	10,067
	TEMP.	3	8	35	38	129	215	69	96		1	594
TOTALS		2,946	2,290	5,999	7,475	4,800	6,118	1,012	1,494	104	102	32,340

In this table, the entire workforce (94.2%) is represented, except for 1,984 employees of Banco do Brasil.

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New additions, average age, average seniority, unwanted Group turnover by gender

	2019		2018	
	M	W	M	W
New hires	41.7%	58.3%	40.6%	59.4%
Average age	41.5	39.5	40.9	38.9
Average seniority	11.6	10.3	11.2	9.9
Unwanted turnover (*)	7.3%	8.2%	8.7%	8.9%
Total turnover	16%	17.9%	17.3%	18.2%

(*) Unwanted turnover is calculated using the following formula: voluntary resignations/average headcount. Considering the size of the Group, the level is considered low.

Managing the different generations that work together, offering employees the opportunity to develop their professional career and personalizing their options, fostering collaboration in work and knowledge management and introducing new technologies as a tool for providing efficiency and effectiveness are just some of the challenges that MAPFRE has implemented solutions for to contribute to reaching its objectives through four pillars: diversity and inclusion, the continuing talent challenge, transformation and organization and employee experience.

DIVERSITY AND INCLUSION

[GRI 102-8, 102-22, 405-1, 405-2; L.11/2018]

A diverse workforce **adds value to the company** since it fosters learning, supports experience and simultaneously enriches project planning and execution.

MAPFRE has a Global Diversity and Equal Opportunity Policy in place, approved by the Board of Directors of MAPFRE on July 23, 2015, and for three years now, the company has been publicly committed to both gender diversity and functional diversity.

Gender diversity

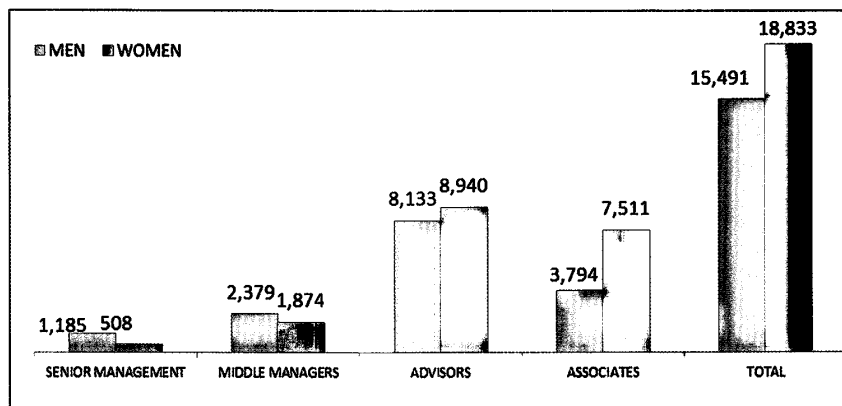
[GRI 405-1; L.11/2018]

In 2019, 40.1 percent of positions of responsibility were held by women. All countries have an action policy that promotes equality in each of the personnel management processes.

	2019	2018
Percentage of women in positions of responsibility	40.1%	40.8%
Number of women in managerial positions	2,382	2,584

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Workforce distribution by job position level.



For the three-year period 2019-2021, MAPFRE has publicly committed ensuring that at least 45 percent of annual vacancies in managerial positions are filled by women by 2021. In 2019, the result was 48.3 percent.

In 2019:

- 58.3 percent of new hires were women.
- 81 women occupy C-Suite positions or positions on Boards of Directors. The Board of Directors of MAPFRE S.A. includes five women among its members, which equates to 33.3 percent of its members as on December 31, 2019.
- 25 percent of employees in managerial positions classified as "Top Management" are women, in addition to 41 percent of employees in positions classed as "Junior Management."
- 40.6 percent of job positions of responsibility in business are held by women.

There are networks in place in Mexico, the United States, Brazil, Turkey and Spain to foster women's leadership, which take the form of inclusive dialog spaces designed to promote initiatives related to gender diversity.

In Spain, one of the initiatives executed in 2019 was the first internal program aimed at female leadership, in which 18 women participated.

Cultural diversity

MAPFRE has 34,324 employees of 84 nationalities, which brings great cultural and knowledge diversity to the company.

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International mobility is actively encouraged, and in 2019 this enabled 129 employees to relocate to another country. These employees originate from 25 countries and have been seconded to 24 countries.

With regard to C-Suite and executives who work in the Group companies outside Spain, 80.5 percent are hired locally.

Generational diversity

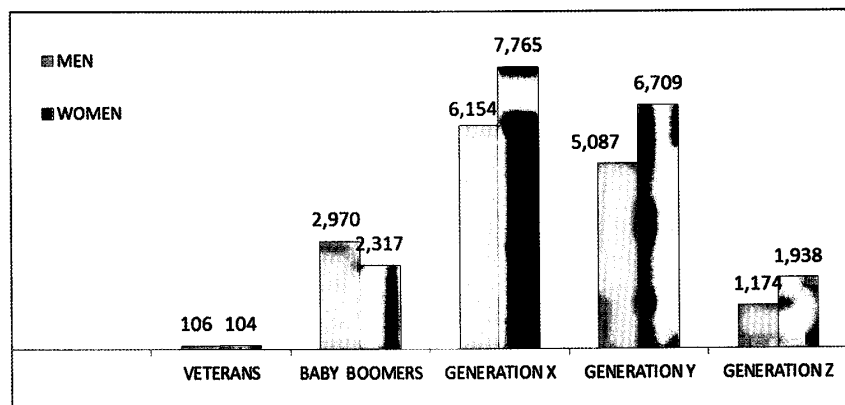
At MAPFRE, different generations work together with different values, expectations and motivations.

Challenges in this area are:

- To build an inclusive culture and enable different generations to share knowledge.
- To recognize and maximize everyone's strengths and capabilities so that they give the best of themselves.
- To implement work models that address the needs of the different generations.

In 2019, the Aging project was launched in Spain, with the objective of working on specific programs for the group of senior workers, based on three fundamental principles: professional development, employee experience and social protection.

Several generations work together at MAPFRE, as shown in the accompanying graph.



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)

The global mentoring program also continued during the year, both traditional and inverse, as part of an initiative that began in 2016 and which promotes a development process across different generations. The mentoring plan involved 211 mentors and 247 mentees over the course of this year.

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Functional diversity

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

This program has, among others, measures to improve the quality of life of people with disabilities who are part of the Company. These measures range from personalized attention to employees with disabilities, to the review of the accessibility of work centers and environments, in order to propose the necessary reforms and adaptations. In addition, periodic information campaigns are carried out for the emergence of possible cases of employees with disabilities who have not yet communicated to the company, in order to provide them with the necessary support and access to all the measures at their disposal.

For three years, MAPFRE has publicly committed to having its workforce comprised of a minimum percentage of people with disabilities working in the company. By 2021, the commitment is to have 3 percent of people with disabilities in the workforce.

	2019		2018	
	No.	%	No.	%
People with a disability on the workforce	938	2.9	902	2.5

Principal activities undertaken in 2019 regarding disability:

- Awareness:
 - 827 employees trained via the 2019 e-learning course on disability.
 - 164 volunteer activities involving disabled people.
 - 72 discussions and awareness activities in development training programs.
 - 42 reports on the Intranet.
- Workplace integration actions:
 - In 2019, 96 people with disabilities joined the workforce.
 - 82 interns with a disability gained work experience at MAPFRE.
 - Donations totaling 289,603 euros.
 - Promotion of indirect employment through contracts with special employment centers or similar companies totaling 151,255 euros.

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THE CONTINUING TALENT CHALLENGE

[GRI 404-2, FS4; L.11/2018]

MAPFRE has a Promotion, Selection and Mobility Policy in place approved on July 23, 2015. This policy manages talent by promoting the professional development of all employees. Three years ago, a global project was implemented that identified the necessary profiles for the business strategy and the talent of the organization. It defines the individual development plans of each employee, while ensuring succession and management plans, as well ensuring strategic needs are covered. These plans help to develop employees with the necessary knowledge and skills, depending on business needs. The plans include training, mentoring, mobility, recognition and remuneration. Development plans were formulated in 2019 for 3,806 employees, involving the implementation of 5,561 activities.

<i>PERSONAL DEVELOPMENT PLANS</i>		<i>% of total</i>
IBERIA	1,225	32.2%
NORTH AMERICA	294	7.7%
BRAZIL	274	7.2%
LATAM NORTH	524	13.8%
LATAM SOUTH	469	12.3%
EURASIA	293	7.7%
Corporate Areas	249	6.5%
Reinsurance Unit	130	3.4%
Global Risks Unit	57	1.5%
Asistencia Unit	291	7.6%
Total	3,806	100%

The company continues to roll out professional career plans, which 4,778 employees had in 2019. These included underwriters, actuaries, auditors and sales advisors. In addition, in 2019, 2,907 employees developed their careers through training paths for claims handlers, issuers and telephone agents, incorporating new collectives to acquire the knowledge established by these paths.

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These itineraries establish common technical training worldwide for all countries.

CAREER PLANS

<i>Group</i>	<i>No. of employees</i>
• Actuaries	303
• Auditors	188
• Sales advisors	1,985
• Specialized underwriters	670

Attracting external talent

In 2019, the launch of the new Career page was completed globally, with additional features and a more attractive design the referral channel was activated as an additional source of recruitment, involving the employees of the company in the process; this was recognized by the SAP Quality Awards 2019 owing to its high level of innovation and quality.

A total of 898 selection processes were published in 2019, and the number of followers on online portals increased from 179,138 to 282,708.

MAPFRE continues its commitment to **young talent**, promoting its global "Grow with Us" program to implement practices in the company, and two new training programs were launched for trainees in 2019.

- **Global Internship Plan:** 259 agreements with universities, business schools and third-level institutions. In 2019, 1,179 students completed internships in various areas and across 28 countries.
- **Trainee Programs:** the main objective of these programs is to recruit recent graduates who are fully prepared and have high potential. In 2019, two Trainee initiatives (Global Actuarial and Tech & Learn) were developed, which involved 21 young people of five nationalities, who join the 125 employees selected from other programs in recent years.

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Functional mobility

[GRI 202-2, 404-2; L.11/2018]

Mobility remains key to successful employee development and employability. In 2019, 14.9 percent of the workforce enjoyed some form of mobility, representing 4,885 employees:

- Of total managerial movements, 84.1 percent were covered internally.
- Out of 5,326 job positions advertised, 33 percent were covered by internal mobility, and 46 percent involved a promotion.
- Through geographic mobility, namely international careers, global mobility and temporary transfers, 24 countries were able to benefit from the services of professionals from 25 other countries. Currently, 269 managers and employees are working outside their country of origin.

Employees may also participate in the temporary mobility program, Task Force, which involves the launch of new businesses or transversal transformation projects through the immediate and coordinated actions of a specialist team. This mobility encourages employee development and the development of global skills, thanks to its international scope. A total of 21 employees participated in related projects in 2019.

Learning and knowledge management

[GRI 404-1, 404-2; L.11/2018]

MAPFRE's commitment to the training of its employees is included in its Code of Ethics and Conduct, as well as, in several of its policies, including the Promotion, Selection and Mobility Policy and the Diversity and Equal Opportunity Policy.

MAPFRE promotes employee learning through the Corporate University, focusing on strategy and business objectives.

The implementation of the MAPFRE Knowledge Management Model was completed in 2019, and the Eureka knowledge repository was created on the Corporate Intranet.

Since 2014, the **Corporate University** has deployed all learning actions globally through its 17 Schools, 14 Learning Rooms and an InnoLAB. The Corporate University is in operation in all countries where MAPFRE operates, providing training in the three corporate languages and five local languages.

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TECHNICAL KNOWLEDGE SCHOOLS	
SCHOOLS	ROOMS
Insurance School	Life Room
	Business Room
	Digital Business Room
	Automobile Room
	Assets Room
	Health Room
	Assistance Room
Sales and Business Development School	Sales Room
	Clients Room
Reinsurance School	
Operations School	
Actuarial School	
Finance School	Investments Room
	Risks Room
Strategy School	
Technology and Processes School	
Auditing School	
Human Resources School	
Legal School	
Digital Technical Knowledge Room	
CROSS-DISCIPLINARY SCHOOLS	
Skills School	Digital Skills Room
Culture school	
Global Policy School	
Language School	
Leadership School	
Professional Development School	
InnoLab	
Director's Room	

Some relevant information:

- In 2019, training was provided to 100 percent of the workforce through 1,518,412 hours of training, representing an average of 44.2 hours of training per employee.

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	HOURS OF TRAINING	
	MEN	WOMEN
EXECUTIVES	48,192	27,347
MIDDLE MANAGERS	106,893	92,203
ADVISORS	375,727	416,465
ASSOCIATES	147,341	304,244
TOTAL	678,153	840,259

- More than 60 global technical and transversal programs were carried out.
- A total of 18.41 million euros was invested in training, an average of 536 euros per employee. Investment in training has declined in recent years due to the increased use of virtual courses and training with in-house professionals. However, the number of hours and people trained increases year after year.
- The Culture in a Digital World program provided training in the new MAPFRE behaviors and habits. A total of 8,685 employees have completed e-learning training and 19,038 have completed classroom training.
- Technical sales training represented 76.9 percent of the total training provided and is fully aligned with the needs of the business.

The transfer of knowledge in the workplace is assessed taking into account the effective use of the knowledge, skills, abilities and attitudes learned as a result of the training initiatives carried out. This evaluation is carried out by those responsible for the training received by their employees. On a global level in 2019, 3,796 questionnaires were completed by those responsible for attending these programs, and the percentage of responses with an assessment of at least four out of six in the degree of knowledge application to the job position was 88.3 percent.

Self-learning, implemented in MAPFRE globally, offers employees training content through open catalogs that enable them to design their own learning path. In 2019, more than 44,700 self-enrolled employees registered to make use of the 230 training resources available.

Mentoring programs

Throughout 2019, development of the mentoring program continued, both traditional and inverse, as a form of development, collaboration and transmission of knowledge among teams. Mentoring not only promotes development but also transmits the company culture and collaborative, respectful and accepting behavior.

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- **Traditional mentoring**, where the mentor (the senior partner) transfers their knowledge, experience and culture to the mentee (junior partner). In 2019, there were 158 mentors and 190 mentees.
- **Inverse mentoring**, where the mentor (junior digital partner) supports the mentee (senior partner) in developing digital skills, the use of technological tools and collaborative platforms, knowledge of digital trends and use of social networks. In 2019, there were 53 mentors and 57 mentees.

CULTURE AND TALENT INDEX

In 2019, an internal index was defined to measure the engagement and development of employees across the organization. The Culture and Talent Index measures two main variables:

Culture (engagement), through:

- **ENGAGEMENT SURVEY:** a new survey that is used to measure employee satisfaction through the evaluation of their knowledge of the objectives, pride in work done, recognition received for work done, contribution to the company, receiving quality feedback, development opportunities, collaboration, work-related tools, caring for people and pride in MAPFRE's social footprint.

The scoring scale of the survey is 0 to 100, and based on the scores the following engagement levels were defined:

Main results of the Engagement Survey in 2019:

Percentage of employees engaged (score greater than 66)	68%
Global objective for 2019	50.5%
Percentage of employees covered by the survey	23,336 employees 68 percent of the total workforce

- **TURNOVER:** the percentage of employees who leave the company, voluntarily or involuntarily.
- **SENIORITY:** the number of years of service of MAPFRE employees.

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Talent (development), through:

- **MOBILITY:** the number of people who have enjoyed functional or geographical mobility.
- **DEVELOPMENT PLANS:** employees who have career and development plans assigned to them.
- **INTERNAL PROMOTION:** percentage of managerial positions that are covered internally.

TRANSFORMATION AND ORGANIZATION

#Digitalchallenge

Driving us forward at **MAPFRE**

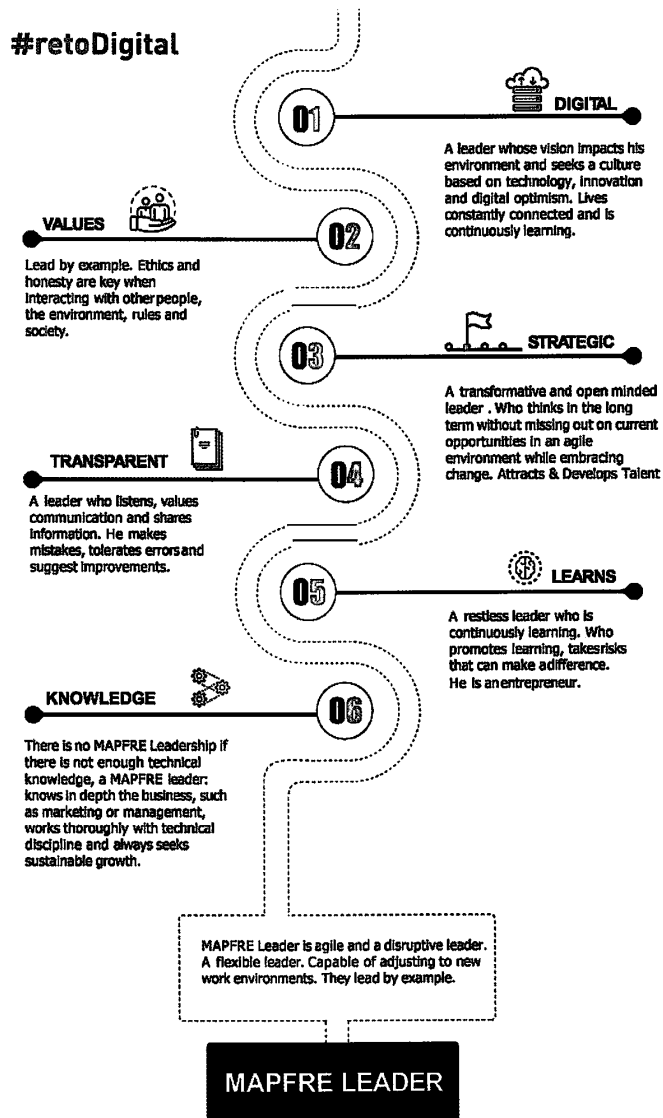
THE DIGITAL CHALLENGE

The Digital Challenge strategic initiative was created at MAPFRE in mid-2017 to champion the transformation and change that the organization needs in order to adapt to new digital requirements, involving a flexible working environment with tools that facilitated collaborative working, the development of digital profiles and new forms of leadership. This project involved work along four lines:

- **Work environment**, where progress has been made in the implementation of flexible hours and remote working, technological mobility and open and collaborative physical spaces. At the end of 2019, a total of 19,290 employees in the organization were availing of a flexible schedule, 6,704 were able to work remotely and 11,613 were working in open-plan spaces.
- **Collaborative work and knowledge management.** In 2019 there were 452 active communities, where 6,310 employees from numerous countries interact continuously. In addition, the eureka knowledge repository was created, where at year-end, 510 pieces of knowledge were stored.
- **Culture in a digital world.** Three approaches were defined for all employees: collaborating, innovating and streamlining. These were promoted throughout the organization through different communication and learning actions, including an e-learning course that by the end of 2019 had been completed by 8,685 employees. Team leaders, in addition to these three behaviors, are trained in two more ways: respect and communicate. In 2019, 89 MAPFRE executives attended the MAPFRE Leader Program, where participants worked on the characteristics that a MAPFRE

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leader must possess: be a digital leader, be a role model in terms of values, be strategic, be transparent, care about learning and be a leader of technical knowledge.



In 2020 this program will be extended to all supervisors in the company.

- **New forms of remuneration and recognition.** The new evaluation system was implemented globally throughout 2019. This system covers objectives, quarterly activities related to objectives and key results (OKR methodology), continuous feedback and the evaluation of new behaviors. By the close of the year, 53,629

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activities had been added, 251 employees had per-project bonuses assigned to them and 16,592 employees had a defined recognition plan.

In 2019, the People App was launched in Spain as a new channel, **which can be accessed by 5,000 employees**, and which facilitates a more agile and immediate dialog with employees while promoting communication and transparency through a series of functionalities:

- Notifications that arrive immediately to mobile devices.
- Procedures such as requesting authorizations, vacations and medical appointments, and consulting and downloading your paycheck.
- Operational information about the site at which the employee is located
- Quick learning: these are information capsules for learning about a topic in a quick and fun way.
- Surveys.

Additional features will be added in 2020, and will be rolled out in other countries.

Remuneration and recognition

[GRI 102-35, 102-36, 102-37, 201-3, 401-2, 404-3, 405-2; L.11/2018]

MAPFRE has a global compensation policy in place that is applicable to all Group companies, and which is designed to establish adequate remuneration based on the function and job position and the performance of its professional staff. This policy also acts as a motivating and satisfaction component that enables the achievement of defined objectives and compliance with company strategy.

The MAPFRE Group compensation policy, approved by the Board of Directors of MAPFRE S.A. on December 21, 2016, guarantees equality and internal and external competitiveness in all markets. The pay structure comprises the following items:

- Fixed remuneration
- Annual variable remuneration tied to objectives
- Multi-year variable remuneration, and a three-year cash and stock plan for 260 managers at global level, with the aim of enhancing the medium-term strategic objectives and commitment from the organization's top managers
- Bonus by project and recognition programs
- Social benefits

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○ Other allowances

In order to determine the percentage of variable remuneration compared to fixed remuneration, the following optimal target percentages of variable remuneration have been established with respect to fixed remuneration for each job position level.

Job position level	Variable remuneration as a percentage of total fixed remuneration
Executives	40%
Middle managers	30%
Advisors	20%
Associates	10%

The assignment and settlement of annual variable remuneration happens through the objectives-based management model implemented worldwide, which determines the weight of the various categories of objectives for each job position level. In this way it is possible to align each person with the strategic objectives, those of MAPFRE as a whole, or those of their region or country. Increasing weight is assigned for this type of objective based on the greater responsibility of the job position, and lending - in the case of the advisory and associate teams - greater weight related to the specific functions with which they contribute to the general objectives.

MAPFRE MBO 2018		GROUP OBJECTIVES			
JOB POSITION	(*) GLOBAL BSC	CORP. AREA/BUSINESS UNIT/REGIONAL/TERRI TORIAL	COUNTRY/COMPANY	AREA / DEPARTMENT	INDIVIDUAL OBJECTIVES
CHAIRMAN AND CEO	100%				
EXECUTIVE COMMITTEE	60%	40%			
C-SUITE	40%	30%	30%		
SENIOR MANAGEMENT	10%	10%	40%	40%	
MIDDLE MANAGERS	5%	5%	30%	60%	
ADVISORS AND ASSOCIATES	5%	5%	10%	20%	60%

* BSC refers to goals related to the MAPFRE Strategic Plan on a global level. The figure for earnings after taxes and non-controlling interests of MAPFRE S.A. is generally applied.

[GRI 102-37]

New performance assessment system

MAPFRE has put in place a global, standardized performance evaluation process in which 26,416 employees participated in 2019, representing 84 percent of the workforce.

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Over the course of 2019, the new Performance Evaluation model was rolled out at MAPFRE, which complies with the prerequisites of agility, continuous feedback and a multi-source system. After an intense communication program, all phases of the 2019 process were covered, and the 360° evaluation was initiated. In this phase, an intense evaluation activity takes place among peers and internal clients, which were selected in November. This is one of the most innovative aspects within the model, and it will offer the widest vision of the perception of employee performance from every angle. The process will be completed at the end of January, with the overall assessment and potential of the employee.

Pay gap (L. 11/2018)

In 2018, a methodology for calculating the pay gap was defined, applied and verified by the consultant Ernst & Young (EY), which calculates two types: the gross Gap and the adjusted Gap. The terms 'Gender pay gap' and 'Equal pay gap' are used, respectively.

The gross Gap is calculated as follows:

$$\text{GENDER PAY GAP} = \frac{\text{MEDIAN SALARY MEN} - \text{MEDIAN SALARY WOMEN}}{\text{MEDIAN SALARY MEN}}$$

The most precise measure is one in which the detail can be obtained by homogeneous comparable groups: the adjusted gap. Three factors are used to calculate this: job position level, family and seniority. These three factors create comparison groups or clusters within which people with the same comparison criteria are grouped. The formula for calculating this type of gap is:

$$\text{EQUAL PAY GAP} = \sum_{n=1}^N \left(\frac{\text{GENDER PAY GAP IN EACH CLUSTER} * \text{NUMBER OF EMPLOYEES IN THE CLUSTER}}{\text{TOTAL NUMBER OF EMPLOYEES ANALYZED}} \right)$$

Clusters are established locally based on these factors. If a pay gap is determined when these calculations are made, an action plan will be established.

The Corporate People and Organization Area is currently working on an action plan that includes a series of recommendations to address the wage gap situations.

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There follows details of the adjusted gap on fixed remuneration in the main countries where this methodology is already applied¹:

COUNTRY EQUAL PAY GAP

<i>Spain</i>	5.96%
<i>Brazil</i>	1.17 %
<i>Peru</i>	2.96%
<i>Turkey</i>	0.42%
<i>Italy</i>	0.68%
<i>Germany</i>	1.89%

The adjusted global gap in fixed remuneration for the Group, as calculated for 90 percent of the workforce, is 3.06 %².

See Note 3 and Note 4 for information on average remuneration.

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, which assists in the definition of strategic profiles and knowledge within the organization.

In 2019, work began on the dynamic structures project and progressed in the definition of the roles of each job position, implementing collaborative tools for both project management and knowledge management.

In 2019, 1,200 people worked with agile methodologies, and 59 projects were deployed to and through them.

EMPLOYEE EXPERIENCE

[GRI 403-1, 403-2, 403-4, 404-3, 404-4; L.11/2018]

Employee experience is a transversal element in the people management strategy. This is a new people management approach, in which the employee is at the center of our processes and in which the company empathizes with the employee at each life cycle touchpoint in the company, so as to offer workers what they need, when they need it

¹ In the rest of the countries, an analysis has been carried out using clusters that exclusively take into account the professional level factor, generally due to the small workforce.

² The calculation does not include the following countries: China, Egypt, United States, Japan, Singapore and Sweden.

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and the way they need it, in order to help them to perform at their best (talent and productivity) and commit to MAPFRE (engagement).

The MAPFRE employee experience management model considers the design of an Employee Journey (employee life cycle) that identifies the different moments of employee interaction with the company, from before joining the company until the moment they leave, and a system that facilitates continuous analysis.

With the objective of personalizing and segmenting employee proposals and thus improving their experience, the HR Analytics project was launched to enhance people management. The first predictive model for identifying job positions and employees with a higher probability of rotation was established in 2018, and parameters and levers to work on each situation were defined. The predictive compensation model was developed during 2019.

Additionally, in 2019 an analysis model of the different touchpoints in the employee's life cycle was designed and this will be launched in 2020.

Conciliation and well-being

[GRI 401-2, 401-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-8; L.11/2018]

Work-life balance measures	No. of employees benefiting
Flexible work schedule	19,290
Part-time work arrangements	2,553
Reduced workday	1,073
Teleworking	1,529
Paid and unpaid leave	16,198
• Parental leave	560
• Maternity leave	837
Sabbaticals for study/family purposes	47
Employee reintegration program following a protracted leave of absence	79

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Type of social benefit	Percentage of employees who enjoyed social benefits from among the entitled employees
Health insurance	95.3%
Retirement/Life insurance systems	96.6%
Insurance discounts	67.2%
Length of service awards	21.6%
Educational grants for the children of employees	42.9%
Newborn child bonus	4.1%
Loans	19.2%

All benefits are offered regardless of whether employees are on permanent or temporary contracts. The total amount allocated to social benefits in 2019 amounted to 178.3 million euros.

Aid was also made available to employees for special situations, normally resulting from health problems. In 2019, the total for this aid amounted to 78,123 euros. Likewise, financial aid was granted to retired employees in the amount of 671,647 euros.

MAPFRE has a Health and Well-Being Policy and a Occupational Risk Prevention Policy in place, approved by the MAPFRE S.A. Board of Directors on July 23, 2015, the general principles of which are:

1. Achieving a healthy working environment that ensures well-being and allows all employees to carry out their work in the best physical, mental and social conditions.
2. Achieving an optimal level of occupational safety, beyond mere compliance with regulations in the area of prevention of occupational risk.

It also adopts a prevention model through which workers may actively participate in everything that might affect their health and safety at work, for which there are legally established representation channels. A total of 29,552 employees, or 86.10 percent of the workforce, are represented on joint management-employee health and safety committees, which have been set up to help, monitor and advise on this issue. Some of the main issues discussed in these committees are:

- Evacuation and emergency control plans.
- Frequency and content of medical examinations for employees.
- Occupational Health and Safety Management Systems.
- Return after long-term injuries.
- Specific studies of certain job positions.
- Health monitoring plans.

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- Performing occupational risk assessments in the workplace.
- Analysis of labor casualties and absenteeism.

MAPFRE has a healthy company model that systematizes the actions to be carried out in terms of promoting both physical and mental health, and in the work environment as well as in the personal and family life of employees. The model considers five areas in which the company can work in terms of health: work environment, personal environment, health promotion, nutrition and physical activity, and mental well-being. The MAPFRE Health Promotion strategy involves working on the main causes of death and illness worldwide, which according to the WHO and other international organizations essentially means intervening for the prevention of non-communicable diseases and for psychological-emotional well-being.

Maternity leave was taken by 837 employees in 2019, while paternity leave was taken by 560 employees. At the end of this leave³, 83 percent of women and 98 percent of men returned to work. Out of the 1,832 employees taking maternity or paternity leave in 2018, 1,095 remained in the workforce, resulting in a retention rate⁴ of 59.8 percent.

Accident data

[GRI 403-9, 403-10; L.11/2018]

	2019	
	Men	Women
WORK-RELATED ACCIDENT FREQUENCY RATE	26.14	21.71
OCCUPATIONAL ILLNESS FREQUENCY RATE	0.52	0.86
INCIDENCE RATE OF OCCUPATIONAL ILLNESSES	12.79	21.04
INCIDENCE RATE OF WORK-RELATED ACCIDENTS	639.67	531.24
RATE OF LOST DAYS	1.13	2.27
EMPLOYMENT ABSENTEEISM RATE	0.11	0.23
FREQUENCY INDEX	3.91	3.25
SEVERITY INDEX	0.16	0.32
DEATHS FROM WORK-RELATED ACCIDENTS	0	0
DEATHS FROM OCCUPATIONAL ILLNESS	0	0
NO.OF WORK-RELATED ACCIDENTS	100	101
NO. OF OCCUPATIONAL ILLNESSES	2	4
NO. OF HOURS LOST THROUGH ABSENTEEISM DUE TO NON-WORKPLACE ACCIDENTS AND COMMON ILLNESSES	491,469	1,299,069

³ **Return-to-work rate:** (total number of employees who returned to work after parental leave/total figure of employees who were due to return to work after parental leave) *100

⁴ **Retention rate:** (total number of employees retained 12 months after returning from parental leave/total number of employees who return after parental leave during the reporting period) *100.

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See Note 5 of this report: calculation method.

One of the key factors in the healthy company model is training in health and healthy habits, and prevention of work-related risks. In this regard, in this fiscal year:

- Employees received a total of 13,015 hours of specific training.
- During the week of June 10 to 14, 2019, the fourth edition of MAPFRE Week was held, covering the topics of health and well-being, in 31 countries and representing 84.7 percent of the workforce. A total of 862 activities were organized: 806 in Health and Well-being, 36 in the field of the work environment, 208 in health promotion, 269 in physical activity and nutrition, 138 in mental well-being, 155 in personal environment and 56 in Diversity.
- Global campaigns were organized on the Corporate Intranet related to Stroke and Gender Health and Breast Cancer prevention (the Think Pink movement), and 9 volumes of the Choose Health campaign of Fundación MAPFRE were distributed.

To find out more about the Group's campaigns, please consult the MAPFRE People and Organization 2019 report.

- **Internal climate: Organizational climate surveys**

In 2019, a new model was introduced to measure the employee experience, which enables a more in-depth analysis on a continuous basis. This model is based on three types of measurements that provide agility for implementing improvement actions:

Through a survey performed twice a year, different indicators are obtained:

- **Relational eNPS®:** this shows how likely employees are to recommend MAPFRE as a company to work for. In 2019 it was measured in 11 countries, in addition to the Business Units and Corporate Areas. Of the total staff of these groups, 86 percent are in countries that have a very good or excellent Employee Net Promoter Score.
- **Root causes level 1 and level 2:** the main reasons why an employee recommends MAPFRE to a lesser or greater extent as a company to work for. They highlight as the reason for their highest level of recommendation, first of all, the conditions and benefits that MAPFRE offers to its employees, specifically job stability and work-life balance, and secondly, the company's culture and vision, stressing the

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employees' appreciation of the way in which the company's values are put into practice on a day-to-day basis and MAPFRE's ability to transform itself.

- **Supervisor's recommendation: Leader Index** measures the extent to which employees would recommend their supervisors. In 2019, on a recommendation scale of 0 to 10, **57 percent** of employees gave a score of 9 or 10.
- **Employee Satisfaction Index:** measures employee satisfaction through the assessment of 10 factors: Knowledge of objectives; Pride in work carried out; Recognition of one's work; Contribution to the company; Receiving quality feedback; Development opportunities; Collaboration; Work-related tools; Taking care of people; Pride in the corporate footprint. In 2019, 68 percent of employees scored these variables with an average of **8, 9 or 10** (on a scale of 0 to 10).
- **General Satisfaction Index:** measures the overall satisfaction of employees. In 2019, 72 percent of employees rated their level of satisfaction with the company at **8, 9 or 10** (on a scale of 0 to 10).
- **Index of perceived quality of people management in MAPFRE:** In the year 2019, for the first time, a survey of Perceived Quality of HR was launched in order to assess how employees perceive the quality of service provided by the Human Resources areas.

Volunteering

[GRI 413-1, 413-2; L.11/2018]

MAPFRE has a Corporate Volunteering Program in place that is integrated into the Human Resources and Sustainability strategies, aligned with the Sustainable Development Goals. This program has been developed in 28 countries through Fundación MAPFRE.

Throughout 2019, more than 10,380 volunteers took part, including employees and family members, and more than 1,610 activities were developed throughout the world in relation to education, nutrition, health, emergency assistance, etc. that directly impacted more than 125,000 people. More than 20 percent of the workforce has had volunteering experience.

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Among the activities carried out in 2019, it is worth highlighting the following global activities:

MAPFRE's Global Volunteering Day, in which, under the slogan *"United for the Environment,"* more than 2,300 volunteers from 25 countries participated in 78 activities with an environmental theme. More than 1,900 trees were planted and more than 14 tons of garbage were collected.

24-hour blood drive, in which more than 870 liters of blood were collected, with the participation of 1,936 donors in 25 countries and benefiting more than 5,800 people

MAPFRE has several bodies that encourage and monitor Volunteering, the Volunteering Committee and the Work Group, made up of MAPFRE senior management representatives from corporate areas, regional areas and business units, and with the participation of Fundación MAPFRE.

It should be noted that in Spain the AENOR certificate has been obtained for the management of this program, and in the United States, volunteers have been recognized by Webster Public Schools, by the Worcester Community Action Council, by the Commonwealth of Massachusetts State Senate, and the Best Buddies Spirit of Inclusion Award has also been awarded to the company for the Identity Dissociative Disorder adult training program, in which volunteers served as mentors. In China, volunteers have been recognized for their efforts by the Changning Special School.

In addition, employees take part in other social projects such as the "Solidarity Euro" in Spain and "Dollar for Dollar" in the United States. This initiative offers employees the opportunity to donate one euro/dollar per month from their paycheck to a non-profit project of their choice, with MAPFRE matching every euro/dollar donated.

To date in Spain, a total of 346,696 euros have been donated to social projects. The projects benefitting in 2019 were the APACU (Association of Parents with Children with Autism of Cuenca) and Fundación Aladina (an organization that fights against childhood cancer), receiving a total of 128,332 euros.

In the United States, the project that benefited in 2019 was "The Adam Bullen Memorial Foundation," which supports people with cancer and their families, and which received 22,719 dollars.

See Note 9, Contribution of Volunteering to the 2030 Agenda

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6.4. INTELLECTUAL DIMENSION

WE ARE INNOVATION	We generate proposals of differential value for customers, from a transversal and integral vision that allows us to respond to business challenges involving our stakeholders.
What are we working on to create value? <ul style="list-style-type: none"> • Innovation • Cybersecurity • Brand and reputation 	
Link to MAPFRE's priority SDGs:	
8. Decent Work and Economic Growth 9. Industry, Innovation and Infrastructure	13. Climate Action 17. Partnerships to achieve the Goal

INNOVATION

MAPFRE has a long history of being an innovative company. Innovation is in its DNA and is one of its main levers to boost organic growth and project its strategic outlook. This permanently generates differential value propositions for clients, with a transversal and integral vision that means it can respond to business challenges.

In 2018, a further step was taken when the MAPFRE innovation model was articulated to consider the proven internal strategic capabilities and digitalization of models and solutions for clients. An open relationship model was also set up that connects with external agents and the innovation ecosystem (technology-based startups and other players in the market that are capable of offering disruptive solutions at some link in the insurance value chain - insurtechs). This is why it is called MAPFRE Open Innovation.

In 2019, concrete steps were taken to accelerate the transformation in MAPFRE and strengthen its leadership position, adapting more swiftly and moving toward new business models and innovative solutions that arise from the digital and technological changes that are taking place, with the ultimate goal of offering the best solutions and services to clients.

The evolution of MAPFRE Open Innovation in such a short time has achieved excellent results in each of its elements.

CESVIMAP, MAPFRE's Road Safety and Experimentation Center, which is a global benchmark technology center for the design, safety, use, maintenance, repair and recycling of vehicles and other mobility solutions. It focuses its technological research

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on the reduction of the accident rate and the definition of more efficient repair processes, reducing the cost and environmental impact of same, and is MAPFRE's research laboratory in new products and services focusing on Usage-Based Insurance (UBI) and Advanced Driver Assistance Systems (ADAS) in combination with crash test or traffic accident reconstruction, etc. It plays an important role in the development of MAPFRE's value proposition regarding automobile insurance and new mobility business.

Disruptive Innovation, which represents the closest link to the insurtech ecosystem, focuses on three pillars: the insur_space accelerator, which facilitates direct interaction with selected startups that are relevant for MAPFRE; venture capital stakes that allow for a broader knowledge of disruptive innovation in insurtech, as well as being in a favorable position during its success; and finally agreements with universities and research centers that facilitate access to talent and knowledge.

Strategic innovation, where the value proposition focuses on achieving the short-term business challenges and objectives identified in the strategic plans and driving the business of countries, units and corporate areas with measurable objectives. It has a transversal vision and vocation, keeping different types of clients at the center of the entire life cycle of projects.

Of the relevant actions taken in 2019, the following are highlighted:

- Launch of two calls for insur_space, with the participation of various startups in its two programs: Acceleration and Adoption.
- MAPFRE's participation as an anchor investor in the venture capital fund "Alma Mundi Insurtech Fund, FCRE," which focused exclusively on the insurtech space and has taken part in seven startups in the industry.
- Consolidation of #innova, MAPFRE's intrapreneurship program, the second edition of which ended with 25 percent of employees invited from LATAM-Caribbean countries taking part in face-to-face ideation workshops.
- Decontamination by CESVIMAP of a total of 2,556 vehicles in the year, with more than 71,000 parts removed which generated a saving in CO₂ emissions due to the second life of these parts totaling 50,260 metric tons.

For another year, MAPFRE has reinforced its strategic vision and client orientation with an open innovation model that positions the Group before the market to face the challenges and changes of the insurance industry.

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CYBERSECURITY

[GRI 418-1; L.11/2018]

In the current context, in which companies and individuals are increasingly dependent on information and communications systems, the issue of technological disruption is ever present, which impacts on a large part of the areas that make up our community. MAPFRE views cybersecurity as a key factor and a priority, and has identified that the following are in critical need of protection:

- Information regarding third parties (clients, employees and other stakeholders) that is provided by them so that MAPFRE can satisfy their requirements and so that they can be provided with the services they purchase as and when needed
- The information owned by MAPFRE that gives it a competitive advantage and/or contributes to brand value
- The technological systems and the information that support the company's business processes

In order to achieve the foregoing, MAPFRE has in place a series of strategic lines that are articulated through cybersecurity and which are intended to contribute to the sustainability and resilience of operations:

Protection against cyber risks	<ul style="list-style-type: none"> • Evaluation and improvement of prevention, detection and response mechanisms against cyber attacks, including those that may occur in cloud computing environments. • Continuous development of information systems and communication networks protection mechanisms. • Evaluation and improvement of disaster recovery mechanisms.
Proactive Privacy	<ul style="list-style-type: none"> • Timely conformity with privacy regulations applicable in the different areas where we operate. • Centralization and concentration of capacities at the Corporate Office for Privacy and Data Protection (OCPD).
Culture of cybersecurity and privacy	<ul style="list-style-type: none"> • Activities to raise the awareness of employees, clients and other stakeholders. • Educational and training activities for employees and agents. • Promotion of the attainment of recognized certifications in terms of security, privacy and data protection.
Cybersecurity and privacy from the start	<ul style="list-style-type: none"> • Integrating cybersecurity and privacy in the life cycle of new initiatives of the company, guaranteeing protection by design and default, including analyzing the impact on privacy of new procedures and the corresponding implementation of controls and measures. • Evaluation of cybersecurity and privacy in processes covering the procurement of technology solutions and the contracting of technology services.

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The lines of action include the protection of information when gathered, transmitted, stored or processed that makes it possible to exercise diligence when establishing preventive measures and detecting and responding to cyber attacks or business interruption incidents.

They also include mechanisms intended to provide early identification and to monitor and respond to essential external factors that may necessitate modification in the protection needs of various assets:

- Cyber threats, with increasingly lower barriers for hackers and the more common appearance of systemic vulnerabilities and/or "zero-day" and advanced attacks.
- Regulatory or legislative changes, such as the Brazilian Data Protection Law or new security, privacy or data protection laws in the various countries in which MAPFRE operates, as well as the growing demand and requirements of large clients that MAPFRE services, with respect to protecting information in general and clients' personal data in particular.
- Business initiatives associated with the need for agility and the use of new technological trends involved in the digital transformation of companies.

In addition to the above, the MAPFRE Group has specific insurance protection for cyber risks, in order to reduce the economic impact of a potential cyber incident.

Furthermore, MAPFRE makes use of its cybersecurity capacities to generate added value in business terms through efforts such as process digitalization, harnessing the capabilities of electronic signatures, the fight against fraud or the defining and underwriting of cyber-risk products.

To carry out its strategy in this area, MAPFRE, through the Corporate Security and Environment Division, has advanced capabilities aimed at increasing the "cyber-resilience" of the company. These capacities include:

- Highly specialized and accredited personnel (176 personal certifications in cybersecurity and privacy, with a total of 74 certified employees), in charge of identifying, defining, designing and, where appropriate, implementing and operating both the various security controls and technological tools designed to protect the company's digital assets; as well as incorporating cybersecurity requirements, controls and functionalities (including privacy) into the company's new initiatives.
- Specific monitoring, detection and protection technologies covering security incidents that have been integrated into the corporate technology platform.

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- Tools, methodologies and specialists continually reviewing and evaluating the level of cybersecurity, covering all assets and participants involved (information systems, people, etc.) and identifying deficiencies and absences of control in a timely manner.
- A General Control Center (CCG-CERT), integrated into the FIRST network and the CSIRT.es group, which receives alerts of global threats and attacks for 24/7 monitoring both of the information contained in the technology platform operated by MAPFRE as well as the information that it owns that is accessible via third-party systems, acting as a global SOC and thereby enabling the early detection of any cyber incidents and providing an swift response to them. The CCG-CERT is certified in ISO 9001 and ISO 27001 standards.
- Incident and crisis situation response plans, which are subject to constant and systematic updating. In this area, three cyber incident management drills with different scopes have been carried out, ranging from global and corporate, involving the main corporate areas, to more technical drills, aimed at verifying the effectiveness of technologies, tools and internal procedures.

Specifically, in relation to protecting the privacy of the data entrusted to it by clients and other stakeholders, MAPFRE has a Corporate Data Protection and Privacy Committee, a Corporate Data Protection Officer and a specific area within the Corporate Security Office responsible for ensuring compliance with existing regulations regarding privacy and personal data protection. In this area, throughout 2019 we have worked on:

- The automation and optimization of the processes associated with compliance with the European Data Protection Regulation.
- Timely compliance with the Brazilian Data Protection Act (LGPD).
- The adaptation to specific cybersecurity regulations in Colombia.
- Consolidation of the Corporate Office for Privacy and Data Protection (OCPD), whose mission is to be the point of reference for all activities relating to privacy and data protection in the MAPFRE Group, providing a single comprehensive view of the subject, encouraging uniformity in all processes and criteria relating to this area and improving its efficiency.

Throughout 2019, three security incidents were reported to the Control Authority in compliance with the provisions of the General Data Protection Regulation (GDPR).

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MAPFRE's stance on the subject of cybersecurity is integrated within the corporate security model, based on risk management and the comprehensive protection of tangible and intangible assets, via the establishment of measures linked to the value of these assets and also to all those elements that interact with same (people, information systems, facilities and processes).

BRAND AND REPUTATION

In today's society, in an environment of excessive supply where standing out from the crowd is not only essential but increasingly difficult, intangibles are becoming more important and are a competitive advantage for companies. The brand must therefore be a true reflection of the company it represents. At MAPFRE, brand positioning is defined based on the business strategy, its vision and its corporate values.

According to MAPFRE's vision, trust is the most important aspect, but it must also have substance. Credible content that brings value to the company, with a general approach, but which can be adapted to the local characteristics of each market. Therefore, content is being designed by listening to the client, through advertising, communication and sponsorship. An example of this is the various activities carried out around corporate sponsorships such as Rafael Nadal or the F-1 Renault team. Through all the actions carried out, the aim is to increase visibility, i.e. the knowledge of the brand in each market, and its recognition and appreciation.

MAPFRE is the ninth most valuable brand in Spain and the leader in the insurance industry in 2019, according to the international consultancy firm Brand Finance. It was selected as the most successful and most reputable insurance brand in Spain by the Advice Strategic Consultant economic consultancy firm. In addition, according to Branz España, MAPFRE was the most valuable Spanish insurance brand in its 2019 ranking, and ranked 18 in the overall ranking with a value of 737 million euros.

Since the brand image is how a company manifests itself, and reputation is how it is perceived, MAPFRE is aware of the importance of maintaining a good reputation among its stakeholders, since it is a key intangible element in the development and existence of companies.

In 2019, the new corporate reputation measurement model, created specifically for MAPFRE, was consolidated. This model, which was implemented in several countries, includes the strategic indicator of reputational relevance, which reflects MAPFRE's reputation among its clients, employees and the general public, major stakeholders for the company. The results in 2019 place MAPFRE with a good reputation, which is synonymous with trust and respect. In addition, it also allows society's perception of the main brand attributes of MAPFRE to be measured.

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In 2019, MAPFRE in Spain was included in the ten companies with the best reputation, and was ranked first in the insurance industry, on the Business Corporate Reputation Monitor (MERCO). In Argentina, Ecuador, Mexico, Panama, Peru, Portugal and Uruguay the company is ranked among the 100 best companies. MAPFRE in Spain held tenth position in the Merco Talent ranking, and once again led the insurance sector, while in Peru and Argentina it remained one of the 100 best-rated companies.

MAPFRE was recognized as Best Workplace in 2019 in Costa Rica, Ecuador, El Salvador, Spain, Guatemala, Honduras, Mexico, Panama, Peru, the Dominican Republic and Turkey and, in general, in Latin and Central America and the Caribbean.

Lastly, it should be noted that MAPFRE belongs to Corporate Excellence, a platform composed of a relevant group of multinationals working to promote and measure corporate branding and reputation management as strategic values for companies. This enables us to share best practices and to discover the latest trends in this field.

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6.5. NATURAL DIMENSION

WE ARE THE ENVIRONMENT	We do business in such a way that respects the environment. We take care of the environment and minimize our environmental footprint. We have an action strategy against climate change in place and we promote environmental culture.
What are we working on to create value? <ul style="list-style-type: none"> • Environmental strategy model • Climate change action strategy 	
Link to MAPFRE's priority SDGs:	
3. Good Health and Well-being 8. Decent Work and Economic growth 9. Industry, Innovation and Infrastructure	11. Sustainable Cities and Communities 13. Climate Action 17. Partnerships to achieve the Goal

As a company, we are aware that environmental topics, such as climate change, have an impact on people, their environment and their quality of life and that everyone has the right to enjoy an adequate and healthy environment. Therefore, MAPFRE is firmly committed to climate action, strategically addressing the reduction of its carbon footprint, efficient management of its resources, protection of biodiversity, social and environmental awareness, as well as the integration of environmental, social and governance aspects in its business.

The Group's Sustainability Plan 2019-2021 incorporates the three dimensions of Sustainability (environmental, social and governance). In terms of the environmental dimension, the plan focuses on climate change, the circular economy and the integration of environmental, social and governance aspects, as a risk and as an opportunity in the business, and the United Nations 2030 Agenda. (See section 5. Risks and opportunities, and 6.6. Social dimension)

ENVIRONMENTAL STRATEGY MODEL

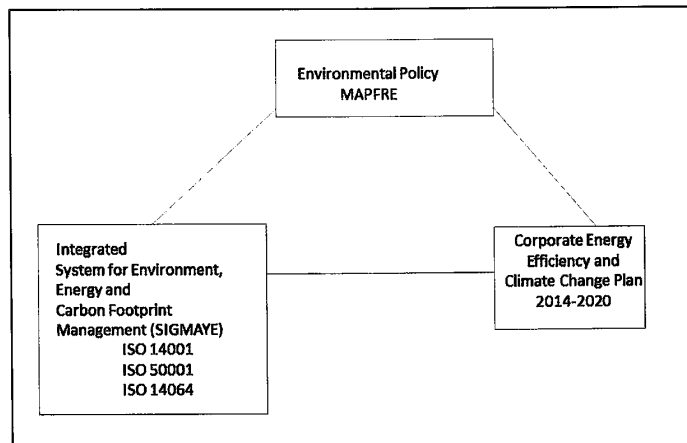
[GRI 102-11, FS1, FS3, FS4, FS9, L.11/2018]

MAPFRE has an **Environmental Policy** in place that was approved by the Board of Directors of MAPFRE S.A. on December 13, 2018, which is implemented in all Group companies. It also has an integrated management model called **SIGMAYE**, in which risks are identified and specific action plans are defined to prevent and minimize the impact

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of the company on the environment, thereby complying with the principle of precaution.

Structure of the corporate environmental management model:



SIGMAYE is an integrated management system that incorporates environmental, energy and carbon footprint management. In 2019 it was considered necessary to incorporate the circular economy and natural capital into this current system, which will result in the new **SIGMAYEc³**, operational from 2020.

This comprehensive system includes the reference standards ISO 14001, ISO 50001, ISO 14064 and, throughout 2020, the AENOR Zero Waste regulation will be included, increasing the effectiveness and efficiency of the strategic model in the detection and minimization of risks and in the identification of opportunities for continuous improvement.

In addition, the system can define plans and programs for each of the Group's companies in the short-, medium- and long-term, taking as a baseline the control of legal requirements, the optimization of resources (water, energy, raw materials), the minimization of the environmental footprint, zero waste, the identification of environmental risks and opportunities for the organization, sustainable mobility, the promotion of low carbon products and services, as well as the generation of value in the supply chain.

The soundness of the management system, and its evolution in recent years, is a guarantee for success. This is because its transversal design allows for the environmental management of corporate processes in a coordinated and transparent manner, ensuring evolution in the process of continuous improvement and reaching all activities carried out by the Group in the countries where it operates.

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The degree of progress in implementation of the system, as well as future development objectives, is shown below.

ISO 14001

2019 Coverage

Germany
USA
Brazil
Italy
Peru
Expansion of Spain scope

2019 Coverage

11,759
37
bertura primas:
71.12%

2021 OBJECTIVES

Portugal
Puerto Rico
Expansion of Spain scope

2019 Coverage

16,945
7
Premiums
covered: 71.46%

2021 OBJECTIVES

*Brazil: adaptation of
ISO 14064
Turkey
Germany
USA

ISO 50001

2019 Coverage

6,730
20
Premiums
covered: 57.03%

2021 OBJECTIVES

Portugal
Puerto Rico
Expansion of Spain scope

ISO 14064

2019 Coverage

16,945
7
Premiums
covered: 71.46%

2021 OBJECTIVES

*Brazil: adaptation of
ISO 14064
Turkey
Germany
USA

Legend:

SIGMAYE certifications
 SIGMAYE objective

***Brazil Registro Público de Emissões. The Brazilian GHG Protocol Program in place since 2013. Adapting to ISO 14064 set as a goal for 2021**
**** Brazil not included, because in 2019 there was a change in the registered office the country. In 2020, the new headquarters will be certified.**

In line with this system, the new corporate Environmental Footprint Plan 2020-2030, which will lead on from the current corporate Energy Efficiency and Climate Change Plan 2014-2020, was established in 2019.

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This Plan will establish new reduction objectives aimed at minimizing environmental, energy and carbon footprint impacts, as well as contributing to the Sustainable Development Goals.

In addition, the corporate Environmental Footprint Plan 2020-2030 will be aligned with the Sustainability Plan of the MAPFRE Group 2019-2021 in environmental matters.

Environmental performance of the MAPFRE Group

The following are the most relevant milestones achieved in 2019 arising from environmental plans, aimed at minimizing environmental impacts, energy impacts and the carbon footprint.

Energy Efficiency and Climate Change Strategic Plan

- **Energy:**
 - ✓ 1,258,148 kWh of savings thanks to the CoolBiz campaign in Spain.
 - ✓ 926,339 kWh of savings in electricity consumption at the Corporate Headquarters (Majadahonda and Aravaca) through the implementation of energy efficiency measures in 2019
 - ✓ 20 countries became members of Earth Hour
- **Emissions:**
 - ✓ Annual General Meeting 2019: carbon neutral event for the offsetting of 107 TmCO₂eq through a certified emission reduction project in Chile.
- **Sustainable mobility:**
 - ✓ 46 hybrid and electric cranes are part of the provider network.
- **Sustainable construction:**
 - ✓ 12 international offices with sustainable construction certification.
- **Responsible consumption and green purchasing:**
 - ✓ Reduction of paper consumption by biometric electronic signature, avoiding the emission of 142.27 TmCO₂eq in Spain and Portugal.
 - ✓ 67.58 percent green-certified paper consumption.

Environmental Expansion Plan:

- **Water:**
 - ✓ 68 percent savings in water consumption in car repair shops in Spain due to the implementation of best practices.
 - ✓ Saving of 7,238 m³ in the consumption of the Headquarters Building in Mexico through the installation of water recovery equipment (57 percent of consumption of the installation).
- **Training and awareness-raising:**

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- ✓ Participation of 2,300 volunteers from 25 countries in the Global Environmental Volunteering Day. Planting of 1,800 trees and collection of 14 tons of garbage.
- ✓ On the occasion of World Environment Day, MAPFRE BRAZIL offset the carbon footprint of 50 employees (530 TmCO₂eq). The carbon credits have been invested in the Ecomapuá project, which, in addition to conserving the biodiversity of the Amazon, collaborates with local communities to contribute to the sustainable development of the region.
- ✓ For the fifth consecutive year, collaboration with the NGO WWF Spain, with participating employees choosing the species and habitat to protect, namely the tiger. In addition, MAPFRE collaborates at the local level with other organizations in the preservation of biodiversity: *Funzel* (El Salvador), *Bird Life* and *Nature Trust* (Malta), and *Para la Naturaleza* (Puerto Rico).
- ✓ For the third year, contribution in the "100 Companies for Forests" initiative for the reforestation of three hectares in the Doñana National Park.
- ✓ Environmental training for 2,495 employees in 2019.

Resource Management and Optimization Plan:

- Circular economy:
 - ✓ The MAPFRE Sin Plástico pledge, which meant that generation of 25.8 tons of plastic waste was avoided, along with the emission of 104 TmCO₂eq into the atmosphere.
 - ✓ Installation of collection points for used clothing and glasses at Corporate Headquarters (Majadahonda, Madrid).
 - ✓ Handling of 2,556 out-of-use vehicles, from which a total of 73,544 parts and components were recovered for reuse in Spain.
 - ✓ Donation of 1,447 pieces of office equipment and internal reuse of 225 units in Spain.

The milestones included in the Energy Efficiency and Climate Change Strategic Plan 2014-2020 have allowed us to reach and largely exceed the expected objective of 20 percent, defined for 2020, achieving a reduction of 56 percent in the footprint up to 2019.

For more information about the environmental performance indicators, see Note 6 in the Annex to this document.

CLIMATE CHANGE ACTION STRATEGY

The English version is a translation of the original in Spanish for information purposes only. In case of discrepancy, the Spanish version shall prevail.

[GRI 201-2, 305-5, FS2, FS5, L.11/2018]

Climate change is one of the great challenges of our time, and the term "climate emergency" has recently been coined to reflect both its magnitude and the need to act urgently on adaptation and mitigation. The scientific consensus puts us at a decisive moment if we want to avoid irreversible changes in important ecosystems and the planet's climate system.

With the objective of being an active player in this necessary and urgent transformation, MAPFRE defines its strategy to combat climate change through the following levers:

- **Decreasing the group's environmental footprint** through the rigorous measurement of its environmental footprint and the establishment of ambitious objectives for emission reductions and carbon neutrality.
- **Integration of the climate change variable within the business**, by incorporating the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in financial planning, as well as including environmental, social and governance (ESG) aspects in both investment and underwriting and defining low carbon products.
- **Promotion of the circular economy**, minimizing the generation of waste from activity and positioning the company as an agent of change in the transition to this type of economy, by promoting products and services and supporting companies specialized in the sector.
- **Preservation of biodiversity**, raising awareness and supporting initiatives to protect ecosystems that are more sensitive to the effects of climate change.

Decreasing the Group's environmental footprint

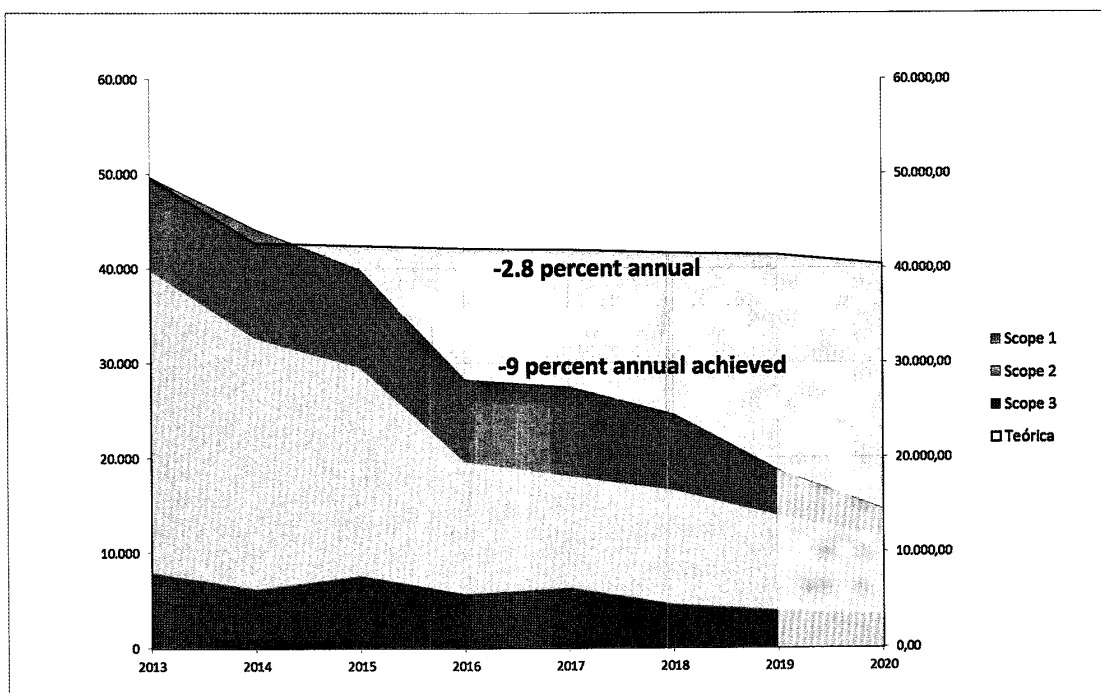
Contributing to decreasing greenhouse gas (GHG) emissions generated by the organization in its business is a key element of its actions concerning environmental responsibility.

In 2014, MAPFRE launched its Energy Efficiency and Climate Change Strategic Plan, with a time frame to 2020, calling for a 20-percent reduction in tons of CO₂e compared to the Group's 2013 carbon footprint (9,924 MtCO₂eq; 14,710,519 kWh; ranges 1 + 2 + 3). This plan meant an annual reduction rate of the carbon footprint of **2.8 percent**.

The lines of action taken during these six years have meant that the Group's tons of CO₂eq (27,803 TmCO₂eq) have been reduced by 56 percent since 2013. The annual global carbon footprint reduction rate has been **9 percent**, almost three times higher than planned, and 2 points higher than the new requirements identified by the Intergovernmental Panel on Climate Change (IPCC).

Evolution of MAPFRE Group carbon footprint associated with the Energy Efficiency and Climate Change Strategic Plan 2014-2020*.

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(*) Baseline scope 2013: countries included: Spain, Argentina, Brazil, Chile, Colombia, USA, Mexico, Puerto Rico and Turkey. Categories included: Scope 1 (natural gas, building diesel, fuel for company vehicles); Scope 2 (electricity); Scope 3 (paper consumption, emissions avoided due to recycling paper and company travel).

In 2019, MAPFRE set new and ambitious targets for minimizing its global environmental footprint:

- In the medium- and long-term, MAPFRE is committed to being a **carbon-neutral company by 2030**.⁵
- In the short-term, MAPFRE will accelerate the decarbonization of the Group's activities by **neutralizing the Group's Iberia territorial area up to 2021**.⁶

Both objectives are part of the company's Sustainability Plan 2019-2021 (referenced on page 49) and are being implemented through the current Energy Efficiency and Climate Change Plan.

Integration of the climate change variable within the business

⁵ Emissions correspond to the activity carried out by the MAPFRE Group in 26 countries using 2017 emissions as a baseline: 62,920.59 TmCO₂eq.

⁶ Emissions corresponding to the activity carried out in Spain and Portugal (MAPFRE IBERIA). Using 2017 emissions as a baseline: 38,574 TmCO₂eq (61 percent of the Group's emissions).

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The adaptation of the company's financial planning to climate change, both from a risk and an opportunity approach, will be implemented according to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) set up by the Financial Stability Board (FSB). For this reason, MAPFRE, along with other global insurers and reinsurers, is part of the UNEP-FI Working Group. The main objective of this group is to analyze scenarios that allow metrics and financial models to be developed to adequately estimate the possible implications of climate change on business.

For more information on how the company has begun implementing the TCFD's recommendations, see paragraph 5, Risks and opportunities.

MAPFRE is part of the Carbon Footprinting Working Group, promoted by the CRO Forum. The objective of the Working Group is to define a methodology for calculating the carbon footprint of the risks underwritten by insurance and reinsurance companies that can serve as a standard for the industry.

MAPFRE demonstrates its commitment through the creation and promotion of products and services with environmental content. For more information, see Note 7 of this Report.

Since March 2019, the company has not invested in electricity companies with more than 30 percent of their revenues coming from coal, and has ceased to insure the construction of new coal thermal plants or mines for extracting this mineral. (See paragraph 5, Risks and opportunities.)

Promotion of the circular economy

The transition to a circular economy is one of the main global challenges to streamlining the use and consumption of natural resources, which will contribute to reducing the environmental impact of economic activity.

MAPFRE has included a specific line of work in the Sustainability Plan 2019-2021 and has created an internal working group on the circular economy, to address this issue both from an internal and a business perspective.

From the perspective of internal management, MAPFRE focuses its priorities on the use of sustainable materials, the promotion of responsible consumption and the proper management of waste. Of particular note in this regard is the recovery of waste generated for its transformation into raw material, which can be returned to production cycles, thereby avoiding the consumption of natural resources, and the recovery of out-of-use vehicles that is carried out in CESVI RECAMBIOS.

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For 2021, MAPFRE has set itself the objective of certifying the company's registered office under the AENOR Zero Waste standard, which includes actions to combat food waste, despite this not being a significant issue for MAPFRE. For this reason, the need to integrate this regulation into the company's integrated management system (new SIGMAYEc³) has been identified.

Biodiversity preservation

[GRI 304-1, FS4, L.11/2018]

Although MAPFRE work centers are not located in protected or cataloged spaces of high diversity, the development of the business depends directly on natural capital, which includes both biodiversity and the services provided by ecosystems, as well as natural resources (water, energy, fuels, etc.). Therefore, there is also an indirect dependence on natural capital, through the activities insured and those in which the group invests.

MAPFRE believes that biological diversity is of common interest to humanity, given its importance for life on the planet, social well-being and economic development, and even more so in a context of climatic emergency in which the planet's ecosystems and climate system face irreversible changes with the consequent extinction of species.

Since 2014, the Group's Environmental Policy includes among its commitments the preservation of biodiversity, and in 2015 MAPFRE joined the Pact for Biodiversity of the Spanish Business and Biodiversity Initiative, under the slogan "Without biological diversity there is no economic diversity."

The Group's commitment to the conservation and sustainable use of natural capital, specifically with biological diversity, translates into the development of actions that are integrated into actions developed to manage climate change and that are contained in the Energy Efficiency and Climate Change Plan 2014-2020.

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6.6. SOCIAL AND RELATIONAL DIMENSION

WE ARE COMMITMENT	We are sustainable and we undertake the challenges presented by the United Nations 2030 Agenda with the involvement of our stakeholders.
<p>What are we working on to create value?</p> <ul style="list-style-type: none"> • Management of the relationship with stakeholders: <ul style="list-style-type: none"> ○ Stakeholders ○ Stakeholder relationship channels • Human Rights and United Nations 2030 Agenda 	

MANAGEMENT OF THE RELATIONSHIP WITH STAKEHOLDERS

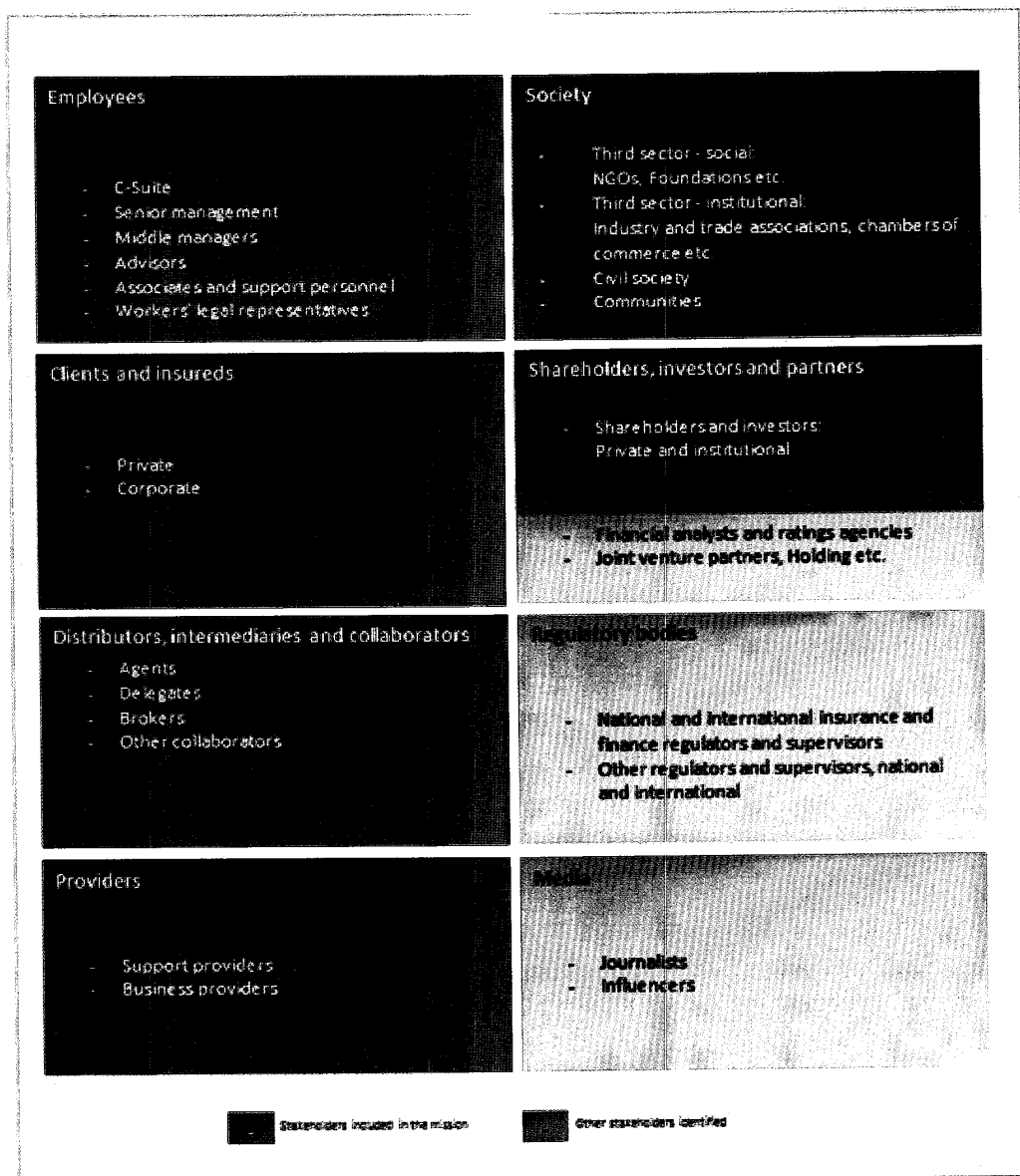
[GRI 102-40, 102-42, 102-43, 102-44, 103-1, 103-2; L.11/2018]

Stakeholders

MAPFRE's strategy with the various stakeholders has already been covered in the very definition of its mission and vision, the objective being to create long-term trust relationships based on commitment and dialog and developed from integrity, responsibility and transparency, thereby contributing to the creation of a sustainable value model pursued by the Group.

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Stakeholder map



Relationship channels

[GRI 102-43, 102-44, 407-1; L.11/2018]

Management of relationships with stakeholders involves multiple factors, including having adequate relationship channels available. A summary of some of the relevant communication channels that MAPFRE has established with stakeholders included in the companies mission are as follows.

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Employees

- Specific mailboxes
- Specific contact numbers
- Corporate and country-specific website
- Corporate Intranet
- People App
- Performance evaluation 360°
- Representative and participation bodies
- Regular meetings
- Lectures
- Survey regarding materiality
- Other surveys and polls

Clients and insureds

- Specific mailboxes
- Specific contact numbers
- Client-specific web pages
- Network of offices, agents and intermediaries
- Online office
- Client-specific apps
- Survey regarding materiality
- Other surveys and polls
- Channels and mailboxes for grievances and complaints
- Generic and specific magazines and newsletters for stakeholders

Providers

- Specific mailboxes
- Specific contact numbers
- Supervisor for specific providers and work groups
- Specific online tools and portals
- Specific app stakeholders
- Survey regarding materiality
- Other surveys and polls
- Social Networks

Shareholders, investors and partners

- Specific mailboxes
- Specific contact numbers
- Corporate website
- Specific online spaces for stakeholders
- Specific app
- Regular meetings
- Lectures
- Social Networks

Distributors, intermediaries and collaborators

- Specific mailboxes
- Specific contact numbers
- Specific online tools and portals
- Meetings and video conferences
- Survey regarding materiality
- Generic and specific magazines and newsletters for stakeholders

Society

- Public and generic mailboxes and contact numbers
- Office Network
- Website
- Generic apps
- Survey regarding materiality
- Other polls and surveys
- Social Networks

Stakeholder

Relationship channels

Investor and shareholders relation channels:

Among the initiatives developed in 2019 to improve relationships with shareholders and investors, the following are noteworthy:

- The Investor Day in March, attended by some 60 investors, analysts and finance experts.
- Within the framework of "MAPFRE Shareholders, A Unique Value" plan, meetings were held during the year in Madrid and Barcelona to explain to shareholders the business' performance and to answer their questions and listen to their comments.

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- In collaboration with Club MAPFRE, the MAPFRE Te Cuidamos Accionista customer loyalty plan continues apace, which allows shareholders owning at least 1,000 shares to benefit from the advantages of this program.
- Quarterly publication of the infographic and interactive newsletter on the website with up-to-date information on MAPFRE, results and main corporate news.
- The "Shareholders and Investors" section of the website has been restructured to improve access to financial information, with the creation of a financial documentation center, as well as a repository of historical documentation.

Summary of the communication activity with shareholders and investors in 2019:

Relationship channels	No. of Interactions
The shareholder telephone service (toll-free Number 900 10 35 33)	1,009 queries
Mailbox enabled on corporate website, as well as email addresses relacionesconinversores@mapfre.com and oficinadelaccionista@mapfre.com	724 contacts
The electronic shareholders' forum	310 visits 223 unique visits

Summary of the communication activities conducted with capital markets in 2019:

Relationship channels	No. of activities conducted	No. of participants
Investor Day	1	60
Conferences and face-to-face meetings with investors	42	191
Telephone meetings with investors	31	42
Face-to-face meetings with analysts	7	14
Telephone meetings with analysts	100	118
Meetings with shareholders	4	121
TOTAL	185	546

Relationship channels with insured parties and clients.

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Identifying and understanding client needs is one of the MAPFRE strategic pillars. This is why communication channels are made available to stakeholders, including:

- The network of offices for face-to-face and personal services for our clients and policyholders:
 - 5,110 own-use offices (direct and delegate)
 - 7,914 bancassurance offices
 - More than 79,000 delegates, agents and brokers
- 56 contact centers worldwide.
- The MAPFRE Portal and the MAPFRE Internet Office, both the web version and the cellphone App are digital tools through which they can consult and manage personal data and contracts, submit and manage claims, request and provide documentation, request contact, etc.
- The grievances and complaints channel which can be accessed via web/email, postal address and by using forms available at the offices.
- In Spain, clients can consult and download information from the website information on insurance, which gives them peace of mind at the time they are researching and buying.

Relationship channels for employees and their representatives:

[GRI 102-41,402-1, 403-1, 407-1; L.11/2018]

- Employee relationship channels: MAPFRE maintains a permanent and direct dialog with employees, reporting information on all relevant developments, listening to their opinions and requesting their active participation through different channels such as:
 - The Corporate Intranet, where, in addition to all the news related to the Group and the business, there are contact mailboxes, blogs, forums, opinion spaces and the virtual assistant @Ane, which responds to employee queries and helps them use the different resources and features that the Intranet offers.
 - The twice-yearly eNPS® survey (Employee Net Promoter Score), and the Employee Satisfaction Index (ESI), which provide insight into the extent to which employees recommend the company, as well as their level of satisfaction and commitment to the company.
 - The materiality survey, which seeks to understand the sustainability-related issues that they consider important.
 - The HR perceived quality survey that assesses the service that the Human Resources areas provide to employees.

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- Employee representative relationship channels: 53.7 percent of the workforce are represented by legal representatives. Please note that in countries such as Venezuela, Uruguay, Greece, Spain and Italy, 100 percent of the MAPFRE workforce are represented in this way.

Since collective bargaining is not structured in the same way in every country, MAPFRE does not have a collective agreement applicable across several countries as it does not meet the legal or social conditions or the conditions regarding the type of business or sector that would enable the implementation of this. For this reason, in MAPFRE there are 20,005 employees covered by collective agreements in 11 countries (Argentina, Belgium, Brazil, Spain, Greece, Italy, Malta, Peru, Portugal, Uruguay and Venezuela).

However, the coverage by collective agreement that MAPFRE has in the countries indicated below is notable — a high percentage of the workforce are covered by a collective agreement.

COUNTRY	% EMPLOYEES COVERED BY A COLLECTIVE AGREEMENT
Belgium	52.38
Argentina	76.03
Brazil	51.65
Spain	100
Greece	100
Italy	100
Portugal	87.77
Uruguay	100
Venezuela	100
Malta	34.59

The relationship between the company and the employees' legal representatives is fostered through the following channels:

- Company participation bodies with the employees' legal representatives and formal committees.
- Periodic meetings agreed by both parties.
- Direct contact via phone or email.

Similarly, employees' legal representatives communicate with employees through specific email accounts or Intranet spaces, visits to work centers and meeting or assembly spaces that the company makes available for communication and dialog with employees.

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In 2019, the main collective bargaining agreements reached with the employees' legal representatives were (i) in Spain, the 2018-2021 Equality Plan, logging in and out, the Cajamurcia conditions agreement, the Caja Granada conditions agreement, the SAU Operations integration agreement and the Life Operations integration agreement.

MAPFRE has drafted a policy proposal on digital disconnection which is currently in a consultation phase with the workers' legal representatives in Spain.

Distributor relationship channels:

In order to develop the best relationship with distributors, various specific channels are available, including:

- Online tools that streamline and facilitate processes and sales activities.
- Broker portals with resources and features that promote sales activity.
- Meetings and video conferences.

Provider relationship channels:

In order to strengthen relationships and communication with providers, several specific channels are available, including:

- Web platforms and specific portals, such as the Corporate Procurement platform and the provider relationship management platform, Sygris.
- Provider and work group supervisors that manage the relationship with them.
- Specific newsletters.

Institutional Supervisors and Regulatory Bodies

[GRI 102-12, 102-13; L.11/2018]

Relationships with governments and authorities

MAPFRE conducts its business activities in full compliance with current legislation and respects the regulatory bodies and all authorities in the countries in which it operates, adopting a neutral political stance.

In addition to strictly complying with all laws and contracts and obligations arising therefrom, MAPFRE adheres to the principles of ethical, transparent and socially committed action, in recognition of the function and responsibility of private companies in the proper development and progress of the communities in which they operate.

In 2019, MAPFRE formalized its registration in the European Union Transparency Register with the objective of promoting transparency and openness in interaction with

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European Community institutions, enabling it to participate in the decision-making and public-policy-making process and ultimately contribute to boosting trust in public institutions.

Collaboration with industry and business organizations

MAPFRE collaborates and participates in business and industry organizations, helping it to obtain a more comprehensive and global view of the environment in which the insurance industry operates, its impacts, risks and opportunities, and the key factors in an increasingly complex and interconnected economic and social reality.

This collaboration with institutions allows for an orderly and inclusive dialog with certain stakeholders on topics that are material for all parties involved in the company's business. This generates more value by building relationships with stakeholders in general, and with the regulatory authorities and bodies in particular.

To this end, MAPFRE promotes strict observance of the Group's Institutional Principles, values and Code of Ethics and Conduct, as well as the company's anti-corruption framework. In particular, the concept of integrity—understood as meaning the need to act in an ethical and socially responsible manner that generates long-term trust—is established as a core value in MAPFRE's institutional relationships.

There follows a list of the main business and industry associations, foundations, chambers of commerce, and other non-profit organizations through which the MAPFRE Group carries out its institutional activities:

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The Spanish Chamber of Commerce	SPAIN
Spanish Confederation of Employers' Organizations (CEOE)	
Spanish Association of Insurers and Reinsurers (UNESPA)	
Foundation for Applied Economics Studies (FEDEA)	
Cooperative Research among Insurance Institutions and Pension Funds (ICEA)	
Spanish Association of Collective Investment Schemes and Pension Funds (INVERCO)	
Institute for the Development and Integration of Health (IDIS)	
Association of Self-employed Workers (ATA)	
Spanish Confederation of Young Entrepreneurs Associations (CEAJE)	
Business Council Alliance for Ibero-America (CEAPI)	
Ibero-American Business Foundation (FIE)	
Brazil-Spain Chamber Of Commerce	
US Chamber of Commerce in Spain	
Spain-ASEAN Business Association (ASEMPEA)	
Hispanic-Turkish Chamber of Commerce	
Federação Nacional de Capitalização (FENACAP)	BRAZIL
Federação Nacional de Previdência Privado e Vida (FENAPREVI)	
Federação Nacional das Ressure Companies (FENABER)	
Federação Nacional de Seguros Gerais (FENSEG)	
Mexican Insurance Institution Association (AMIS)	MEXICO
Massachusetts Insurance Federation Inc.	UNITED STATES
Ohio Insurance Institute	
Insurance Association Of Connecticut	
American Property Casualty Insurance Association	
Puerto Rico Association of Insurance Companies	PUERTO RICO
Puerto Rico Chamber of Commerce	
Insurance Association of Turkey - TSB	TURKEY
Istanbul Ticaret Odasi (Istanbul Chamber Of Commerce)	
Associazione Nazionale fra Le Imprese Assicuratrici	ITALY
Gesamtverband Der Deutschen Versicherungswirtschaft (German Insurance Association)	GERMANY
Industrie - und Handelskammertag (Chamber of Commerce and Industry)	

Additionally, MAPFRE is a partner of the following industry organizations at European and global levels:

Institute of International Finance
CRO Forum
Pan-European Insurance Forum
The Geneva Association
European Financial Services Roundtable
International Insurance Society
Global Reinsurance Forum
The European Insurance CFO Forum

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Spending on contributions to the aforementioned industry and institutional entities was approximately 2.93 million euros in 2019.

Relationship channels relevant to all stakeholders: presence on social networks.

MAPFRE has a social network community of 2,550,532 users, 8 percent more than the previous year. In 2019, over 15,000 items were published on different social networks, and users interacted 27 million times with MAPFRE profiles. On Facebook alone, 1.1 billion users were reached, and content was viewed more than 1.37 billion times, generating an engagement rate of 1.16 percent.

	FB	TW	IG	YT	LN	TOTAL
Followers	2,020,530	137,394	67,069	29,338	296,201	2,550,532
Posts	5,580	6,745	2,017	1,171		15,513
Interactions	15,900,728	151,342	128,211	11,019,272		27,199,553

* Interactions in each network have been used.

Success stories:

- Corporate bot: Has registered 5,590 interactions. Information for journalists is the most requested item, and specifically, press releases. The most consulted item within shareholder information was the share price.
- Rafa Nadal automated responses: This bot provides automatic responses with information on the matches that Rafa Nadal is playing. 16,000 mentions of 249 unique authors have been collected.
- An economic KPI has been developed to measure brand presence on social networks economically, which represents the investment that you would need to get the impressions that you have obtained. The economic value of MAPFRE's presence on Facebook is 3.3 million euros.

HUMAN RIGHTS AND THE UNITED NATIONS 2030 AGENDA

[GRI 406-1, 407-1, 408-1, 409-1, 410-1, 411-1, 412-1, 412-2, 412-3, 413-1, 413-2, 414-1, 414-2, 415-1; L.11/2018]

Respect for human rights is present in each of the Sustainable Development Goals of 2030 Agenda. An agenda that is based on prosperity, the planet and people as essential axes for sustainable development.

MAPFRE's commitment to Human Rights:

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The protection of human rights is linked to the internal regulations of the Group, adopted at the highest level of the organization, and is expressly contained in MAPFRE'S Institutional, Business and Organizational Principles, the Code of Ethics and Conduct and the Corporate Social Responsibility Policy. It is also strengthened through adherence to international reference initiatives to which MAPFRE belongs or expressly assumes as the UN Global Compact, Principles for Sustainability Insurance (PSI) and also in the United Nations Principles of Responsible Investment (PRI)

This implies that within its sphere of influence, it must act resolutely to defend the human rights contained in the "International Bill of Human Rights," and ensure that none of the companies in the group is responsible, either by action or omission, for any form of violation of these rights.

Similarly, in regard to the principles related more specifically with the protection of workers' rights, MAPFRE's adhesion to the Global Compact directly commits us to the respect, defense and protection of human rights in the conventions of the International Labor Organization (ILO) and the Declaration on Fundamental Principles and Rights at Work. To this end, MAPFRE, and the people in it who are tasked with ensuring that these obligations are strictly fulfilled, therefore undertakes to:

- Avoid practices that are discriminatory or harm people's dignity.
- Reject child labor and forced or compulsory labor.
- Respect its employees' freedom of union, association and collective bargaining and the role and responsibilities that apply to workers' representation in accordance with the current legislation in each country.
- Offer decent employment.
- Implement supervisory procedures that allow the detection, with due diligence, of any possible situations of risk of human rights violations, and the introduction of mechanisms to prevent and mitigate these risks.

MAPFRE does everything within its power to involve the stakeholders it relates to, especially employees and collaborators, clients, providers and business partners in this commitment.

Measures taken to ensure respect for Human Rights

MAPFRE has, among others, the following due diligence mechanisms in place that facilitate monitoring and evaluation of Human Rights matters within the company and in its relationship with third parties:

- Internal systems and procedures established to detect cases of corruption, prevent fraud and prevent money laundering. (See p. 51.)

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- Specific internal mechanisms guaranteeing equality and non-discrimination in the workplace and in terms of personal development and pay, among others: comprehensive and standardized performance evaluation process, group-wide harassment protocol, equality plans (See Human dimension, pages 94.)
- With regard to occupational health and safety, the MAPFRE prevention model is participatory, makes use of legally established worker-representation channels and joint senior management/employee health and safety committees established to help control and advise on this matter. (See p. 109.)
- In addition, MAPFRE has a healthy company model in place, in which the risk factors that statistically cause the most deaths, illness and suffering in the world are identified and tackled to reduce their impact on workers (See Note 5.)
- MAPFRE is in constant dialog with workers' legal representatives and encourages communication and dialog between them and employees, providing specific resources such as dedicated e-mail accounts or spaces on the Intranet, visits to work centers, and resources and spaces for meetings or assemblies. (See p. 136.)
- There is a Financial and Accounting Whistleblowing Channel open to employees, as well as different channels for lodging ethics-related complaints arising from non-compliance with the Code of Ethics and Conduct, which are available to employees and providers. (See p. 56.)
- MAPFRE has specific provider-approval processes in operation that factor in criteria such as human rights, non-discrimination and compliance with environmental and labor laws.
- MAPFRE has specific channels and resources in place to protect clients' rights and managing their complaints. (See p. 56.)
- The impact self-assessment was first introduced in 2016; it is based on the Guide to Implementing the United Nations Guiding Principles on Business and Human Rights, drawn up by the Spanish Global Compact Network.
- The issues covered in the materiality study are correlated with the rights recognized in the Universal Declaration of Human Rights (See p. 141.)
- Environmental, social and governance (ESG) risk analysis is conducted for both the business and sustainable investment. (See p. 70.)
- Materiality survey: based on 18 issues that are directly related to fundamental rights recognized in the International Charter of Human Rights. The survey has been conducted in 15 countries, and employees, providers, clients, distributors and experts have participated. MAPFRE considers the protection of Human Rights as material.

For more information, see Note 8 of the summary table on compliance with the principles of the Global Compact and MAPFRE due diligence measures.

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MAPFRE maintains a permanent, open and honest dialog policy with its stakeholders, as well as any other groups that may be affected by the impact of the company's activity. In 2019, MAPFRE, as a company, did not receive any complaints regarding Human Rights violations.

MAPFRE assumes the task of awareness-raising and training in this field as part of its commitment and, since 2017, it has had in place a specific online course designed by the Spanish Network of the United Nations Global Compact to train employees and also the providers with which MAPFRE works. In 2019, more than 11,311 employees and 478 providers were trained, 403 of whom were security and surveillance providers representing 90 percent of trained suppliers.

United Nations 2030 Agenda. MAPFRE strategy in SDGs

Since the adoption of the United Nations 2030 Agenda in 2015, MAPFRE has included a specific line of work in its Sustainability plans, recognizing the importance of contributing to the largest global strategy for sustainable development.

Sustainability plan	Line of work	Target status
2016-2018	- Identification of the priority action SDGs for MAPFRE. SDGs Map	- 100 percent met
	- Dissemination and awareness of 2030 Agenda	- See MAPFRE 2018 Integrated Report, pages 134 to 148
	- Revision of SDGs map and measurement indicators	- Objective 2019-2020
2019-2021	- Dissemination and knowledge of 2030 Agenda, internal (involving employees) and external (with other stakeholders).	- Permanent objective throughout the plan period
	- MAPFRE's contribution report to the SDGs.	- Objective for 2021

Revision of SDGs map and measurement indicators

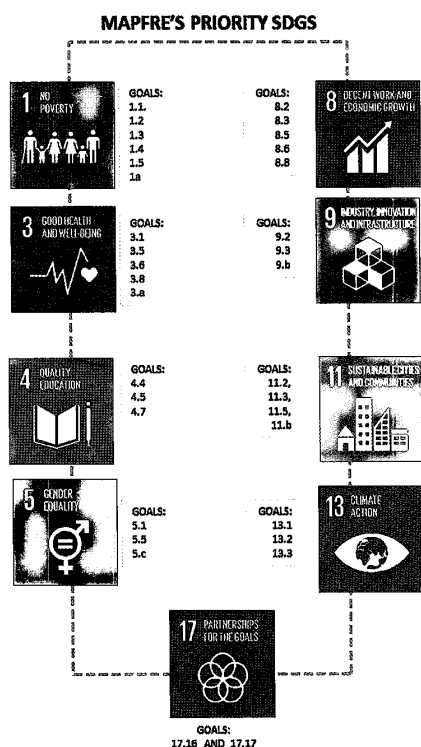
The 17 Sustainable Development Goals (SDGs), in addition to being interrelated, are dynamic goals that seek to evolve. Therefore, SDGs maps cannot be static, but must be periodically reviewed and aligned with the company's development.

In 2020, work will be completed to review the SDGs priority map for MAPFRE and its goals. This process began in 2019, in order to align, even more, MAPFRE's sustainability strategy with Agenda 2030.

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In order to carry out this review, the internal working group of SDGs, which is operational since 2017, has been advised by Newlink, experts in this field. In addition, MAPFRE, as a member of the Global Compact, also receives advice from the Spanish Global Compact Network.

MAPFRE's main milestones in its contribution to the SDGs



- With a commitment to sustainable economic growth and the continued mobilization of economic and human resources, it contributes to improving the quality of people and their environment.
- As institutional investors, promoting economic development and from their SRI products, social impact investment is encouraged.
- Insurance and reinsurance activity contributes to the development and protection of companies and people, their assets and their savings.
- The diversity of the workforce is managed: functional, gender related, cultural and generational.
- Inclusion is promoted from the business, with facilities for access to insurance for people and groups with low income.

- A healthy business model that takes care of and promotes the health of employees in the professional and personal fields is in place, improving flexibility and work-life balance.
- The health of clients and policyholders is protected through the different products and services on the market.
- Financial, technical and human resources are invested to provide new knowledge and develop the skills of employees.
- The talent of the employees and at their availability is showcased; tools that facilitate the exchange of knowledge.
- Providers are involved and made aware of sustainable development actions.
- Technological solutions are developed to get closer to MAPFRE clients and policyholders, while promoting constant connection.
- Innovative products and services are launched to meet the new needs of current and potential clients.

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- MAPFRE's commitment to the fight against climate change, efficient resource management, the circular economy and the protection of biodiversity is encouraged.
- Partnerships are promoted to facilitate the exchange of knowledge, information and the means necessary for the development of innovative and sustainable measures capable of meeting the new challenges.

Dissemination and awareness of 2030 Agenda

The current Sustainability Plan continues with the 2030 Agenda dissemination line to bring the SDGs closer to MAPFRE's stakeholders and society in general.

The materials of the COMPANIES4SDGs initiative, promoted by the Spanish United Nations Network, have been used with the aim of promoting the SDGs.

Below, the training activities that have been carried out this year are explained in detail:

- The videos of the COMPANIES4SDGs initiative have been released through MAPFRE's YouTube channel, accompanying the various news related to the SDGs that have been published internally and externally on the same.
- The 2019 table calendar has been fully devoted to the SDGs. The focus was promoting the origin and motivation of the 2030 Agenda. In addition, the pictures used were some of the photographs that won the creativity contest last year and which were based on the SDGs.
- On a daily basis, information displays in various buildings and lifts in Majadahonda have broadcasted different content to make the SDGs known to employees and visitors.
- Through the #COMparte platform, launched by the Spanish Network of the United Nations Global Compact, good practices related to the SDGs have been actively implemented.
- On the occasion of the fourth anniversary of the adoption of 2030 Agenda, MAPFRE has supported the #ODSeate and #AliadosdelosODS awareness campaigns promoted by the Spanish High Commissioner for 2030 Agenda and the Spanish Network of the United Nations Global Compact, respectively.
- *The World of MAPFRE* magazine has included a specific report on sustainability and the SDGs, urging everyone to contribute to this objective.
- In the new eureka knowledge repository on the Corporate Intranet, a training capsule on 2030 Agenda, developed by the Spanish Global Compact Network, has been made available to all employees.

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- All providers that are part of the ESG approval project have an awareness-raising capsule on the Sustainable Development Goals, which includes access to the COMPANIES4SDGs campaign videos.
- Taking advantage of the COP25, in which MAPFRE participated actively, an internal and external communication campaign was conducted, through which news, videos and other information content were disseminated to publicize all environmental SDGs and, in particular, SDG 13.

SDG contribution report.

MAPFRE reports its contribution to the SDGs annually by means of the Integrated Report under the heading "Our Footprint: Social Value, Shared Value". (See Annex, Note 9 of this document.) It also does so through the United Nations Global Compact Progress Report, which regularly reports on the impact and progress of this contribution. In order to carry out these reports, the criteria of the GRI standard are being taken into account.

In addition, MAPFRE has set the goal to publish a specific and detailed report that will facilitate the analysis and follow-up of its contribution to the SDGs by 2021.

For more information on MAPFRE's contribution to the SDGs see Note 9, Our Footprint: Social Value, Shared Value.

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7. ADDITIONAL INFORMATION

7.1. Basis of preparation and presentation of the Report

[GRI 102-11, 102-32, 102-45, 102-46, 102-48, 102-49, 102-50, 102-51, 102-53, 102-54, FS9; L.11/2018]

About this report

Integrated Report

This Report has been prepared in accordance with the Comprehensive option of the GRI Standards, the GRI financial sector endorsement (whose content index is attached as an Annex to this Report) and the recommendations of the information framework published by the International Council of the Integrated Report (IIRC).

Furthermore, the Report meets the reporting requirements established by Directive 2014/95/EU as regards the disclosure of non-financial and diversity information, as well as its respective transpositions in Spain (Law 11/2018 of December 28) and Italy (Legislative Decree No. 254/16 NFI). It also includes the information required from the Consolidated Non-Financial Information Statement, which forms part of the Consolidated Management Report of MAPFRE S.A.

The Consolidated Annual Accounts and Management Report have been taken into consideration, which is public information and may be consulted in full on MAPFRE's corporate website.

The Report offers a complete overview of MAPFRE, its deployment, business model, the challenges and risks faced, and its performance regarding social, environmental, economic and governance aspects. It constitutes a first approximation to the creation of financial and social value that has allowed progress to continue and to establish a better relationship between the business model and the effect on the resources referred to.

This report was analyzed by the company's Audit and Compliance Committee and drafted and ratified by the MAPFRE S.A. Board of Directors, at its meeting held on February 11, 2020.

Scope of information

The Integrated Report covers MAPFRE S.A. and its subsidiaries and investee companies, and has taken into consideration the scope of information established in the reports used as the basis for its preparation.

The Alternative Performance Measures (APMs) used in the Report, which refer to financial measures not defined or specified in the applicable financial reporting framework, can be found on our website at the following address:
<https://www.mapfre.com/corporate/institutional-investors/financial-information/>

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Some of the figures included in this Report have been rounded. Therefore, discrepancies may occur in the tables between the totals and the amounts listed due to this rounding.

Materiality, relevance and inclusiveness.

This Integrated Report includes all information pertinent to MAPFRE and its stakeholders. In 2019, a study was conducted in 15 countries to identify areas of greater interest for the company and its interest groups in terms of sustainability.

The relevant topics in the environmental, social and governance field are described in the material issues and information contained in this Integrated Report.

For more information, please see paragraph 7.2 of this document.

Furthermore, disclosures on certain issues are not included in this Report. They can be found in their entirety in:

- In section 7.3 "Notes" section of this same Report.
- Consolidated Annual Accounts, Consolidated Management Report; (published on the corporate website at www.mapfre.com).
- Annual Report of Fundación MAPFRE. (Published on the website www.fundacionmapfre.org).
- Annual Corporate Governance Report (published on the corporate website at www.mapfre.com).
- Annual Report on Remuneration of Board Directors of listed companies (published on the corporate website at www.mapfre.com).
- MAPFRE People and Organization 2019 report - www.mapfre.com.

Responsiveness

In addition to providing information that is of relevance to MAPFRE's stakeholders, the Report responds to the observations conveyed to the organization by these stakeholders throughout the course of the year. However, anyone interested in consulting or completing the information provided in this Report can contact MAPFRE by means of the following:

- The Group Sustainability Office: responsabilidadsocial@mapfre.com
- The Corporate External Relations and Communication Area: comunicacion@mapfre.com
- Environment Management: medioambiente@mapfre.com
- Investor Relations: relacionesconinversores@mapfre.com
- MAPFRE's corporate website: www.mapfre.com

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External assurance:

The qualitative and quantitative data of the indicators respond to the new GRI standards and have been verified externally by the firm KPMG Asesores S.L., including the data submitted for the activities of MAPFRE ASISTENCIA, MAPFRE GLOBAL RISKS, MAPFRE RE and MAPFRE Seguros carried out in Germany, Brazil, Colombia, Spain, USA, Italy, Mexico, Peru and Turkey that together represent 91.20 percent of the Group's business volume.

In addition, a limited review of the data provided by the rest of the MAPFRE companies has been carried out.

Balance

The Report reflects positive aspects of the organization's performance, and when results fall short of initial expectations this under-performance is noted in the corresponding headings.

7.2. Materiality

[GRI 102-15, 102-21, 102-29, 102-31, 102-43, 102-44, 102-47, 102-49, 103-1, 103-2, 103-3, 412-1, FS5; L.11/2018]

For MAPFRE, materiality services a double function; firstly, it is a requirement for the preparation of annual reports and, secondly, it is a tool that contributes to the internal operation of sustainability management, specifically the alignment of material issues with the sustainability strategy and the Group's Sustainability Plan. The 2018 Study was used for the definition of the 2019-2021 Sustainability Plan.

For the 2019 materiality study, the main topics related to sustainability have been classified according to two variables: impact and relevance. These two variables allow MAPFRE to understand how these topics should be managed to create opportunities and minimize risks.

MAPFRE has had an internal process in place since 2014, which is constantly being improved. Its review is also requested of GRI, which each year awards the MDS (Materiality Disclosures Service) Seal that appears in the GRI Indicators (see page 186 of this report).

The materiality process for 2019 was executed in line with the following phases:

Phase 1. Identification and selection of topics. The topics included were based on the 2018 study and adjusted with the following sources in mind:

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- External sources of sustainability information at a global level, including the 2030 Agenda, the Principles of the United Nations Global Compact, EU Directive 2014/95 as regards disclosure of non-financial and diversity information and Law 11/2018 on the same subject, the Dow Jones Sustainability Index (DJSI) and FTSE4Good indices as well as other sustainability analysts.
- Internal sources of the company, such as the MAPFRE Strategic Plan and public commitments, the Sustainability Plan 2019-2021 and the internal regulations as a whole, among others.

A total of 18 key themes for the study have been validated, which are directly related to fundamental rights recognized in the International Human Rights Charter. For this reason, a specific question related to this topic has not been included. MAPFRE considers the protection of Human Rights as material. (See p. 141, MAPFRE's commitment to Human Rights.)

Phase 2. Analysis variables. The following variables are used for the study:

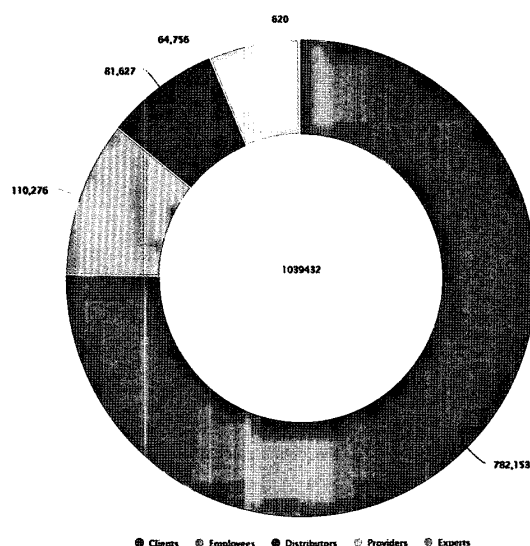
- **Relevance:** this represents the subjective importance that stakeholders attach to the 18 topics in relation to MAPFRE.
This represents the combined result of consultation with employees, clients, providers, distributors and experts.
- **Impact:** this represents the influence of each of the 18 topics on MAPFRE and vice versa.
For the analysis, MAPFRE's set of strategic plans, as well as the international commitments taken on by the Group and the public commitments entered into, have been considered. Sustainability standards, ESG reports from specialist analysts and investors, reports and regulatory activity at a national and international level on issues related to sustainability, and an assessment by the group of experts who participated in the study are also taken into account.

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Phase 3. Identification of stakeholders and definition of scope.

- Employees, clients, distributors and providers (service and support) have been included in the study, and a new category was recently created of experts formed by organizations from the third sector and academic sector.
- The scope of the study has been extended to 15 countries, 2 more than in the previous fiscal year, which together represent 77.54 percent of revenues (Argentina, Brazil, Chile, Colombia, Spain, United States, Italy, Mexico, Paraguay, Peru, Portugal, Puerto Rico, Dominican Republic, Turkey and Venezuela).

The external consultation process was carried out by CBI via an online questionnaire, and their participation again this year guarantees the anonymity and confidentiality of the responses received. A total of 1,039,432 evaluations were recorded this year, which is considered a broadly representative sampling, divided as follows.

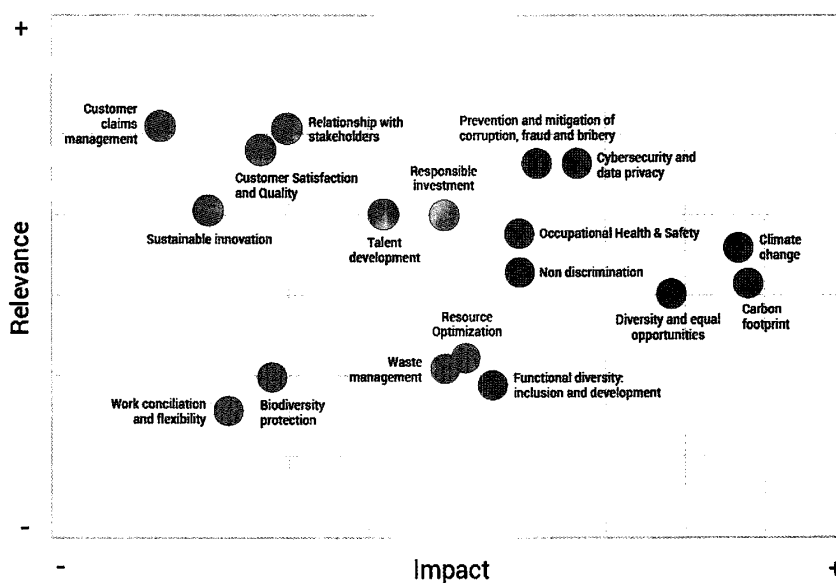
**Phase 4. Results**

The materiality matrix of MAPFRE 2019 is shown below:

CORPORATE MATERIALITY MATRIX

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ADDITIONAL INFORMATION



Categories



Localizing material issues table:

Material Issue	Location in the Report
Prevention and mitigation of corruption fraud and bribery	4.3. Ethical Behavior: main compliance and prevention measures / MAPFRE anti-corruption framework
Cybersecurity and data privacy	4.3. Ethical Behavior: main compliance and prevention / Security measures. 5. Risks and Opportunities / Risk management at MAPFRE 6.4 Intellectual Dimension - Cybersecurity
Occupational Health and Safety	Human Dimension: Employee experience
Non-discrimination	6.3. Human Dimension: Diversity and inclusion
Climate change	5. Risks and Opportunities 6.5 Natural Dimension
Carbon footprint	5. Risks and Opportunities 6.5 Natural Dimension

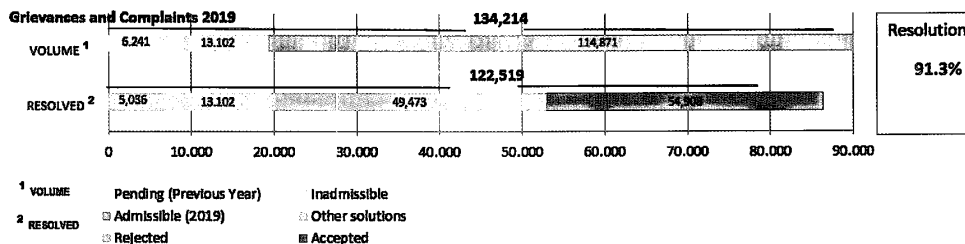
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7.3. Notes

Note 1. Grievances and complaints.

[GRI 102-33, 102-34, 417-2]

The main figures regarding grievances and complaints processed in the Group in 2019 are as follows:



MAPFRE has an Insured Party Defense Counsel in place, which was created in 1984, and in 2003 the Complaints Division was set up, which is the body in charge of processing and resolving complaints and grievances made by users against the companies of the Group that adhere to the Customer Protection Regulation.

During 2019, the Complaints Division received 16,763 written files. Of this number, 11,342 were admitted for processing, of which 5,775 complaints with specific financial claims were considered, together with 5,567 grievances related to lack of attention or neglect in the handling of benefit processing or issuing/purchase of policies. The rest of the submissions were not admitted for processing since they did not meet the legally prescribed requirements.

Of the complaints and grievances made, 22.7 percent were approved, with 33.1 percent being dismissed and other solutions granted in 12.5 percent of the cases, with the remaining 31.7 percent having been deemed inadmissible. In addition, user service levels were improved by reducing the average resolution time by 0.2 days, compared to the previous fiscal year – it now stands at 7.9 days, compared to the maximum two months allowed by law.

The Insured Party Defense Counsel, in the second instance, received 1,313 complaints in 2019, of which he accepted 5.0 percent, with 93.9 percent being deemed inadmissible and other solutions granted in 1.1 percent of the cases. The mean time for resolution by this body was 29.4 days, less than the statutory month envisaged.

In 2019, the Complaints Division issued 24 operations-related general criteria in its Annual Report, and the Insured Party Defense Committee set down 24 recommendations in its report, all of them related to the drafting, editing and

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interpretation of contracts as well as in management procedures, so as to reduce the number of complaints and grievances received from consumers.

Meanwhile, VERTI and its affiliated companies have a Claims Processing Office that received 223 written files, and admitted 212 complaints and grievances for processing, of which 19.67 percent were approved, 59.56 percent were rejected and 20.76 percent were assigned other solutions.

Note 2. New hires and employee departures in 2019 and dismissals by job position level.

[GRI 401-1]

New hires and employee departures

Reason for new hire	2019	2018
• Merger or acquisition	66	0
• External recruitment	4,247	5,037
• Return after leave of absence	132	142
• Return from international posting	6	2
• Temporary contract	437	359

Reason for departure	2019	2018
• Transfer	143	2
• Voluntary	2,708	3,131
• Dismissal	2,385	2,543
• Leave of absence	153	163
• Retirement	103	87
• Early retirement	7	3
• Death	13	26
• Disability	28	34
• Termination of temporary contract	412	344

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ADDITIONAL INFORMATION

Dismissals by job position level, gender and age in 2019

	VETERANS			BABY BOOMERS			GENERATION X			GENERATION Y			GENERATION Z		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
SENIOR MANAGEMENT	1	0	1	32	4	36	32	6	38	2	2	4	0	0	0
MIDDLE MANAGERS	2	0	2	24	18	42	73	39	112	29	27	56	1	1	2
ADVISORS	5	6	11	48	41	89	145	170	315	196	214	410	24	30	54
ASSOCIATES	4	6	10	33	37	70	77	197	274	194	344	538	113	208	321
TOTAL	12	12	24	137	100	237	327	412	739	421	587	1,008	138	239	377

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ADDITIONAL INFORMATION ADDITIONAL INFORMATION

Note 2 - Average remuneration and its evolution, broken down by gender, age and professional classification.

Average remuneration of Spain: figures in euros

2019							2018						
AGE AND JOB POSITION LEVEL	No. OF PEOPLE		AVERAGE FIXED REMUNERATION		AGE AND JOB POSITION LEVEL	No. OF PEOPLE		AVERAGE FIXED REMUNERATION					
	M	W	M	W		M	W	M	W				
VETERANS					VETERANS	27	16	73,039	35,942				
SENIOR MANAGEMENT	3		129,996		SENIOR MANAGEMENT	4		162,956					
MIDDLE MANAGERS					MIDDLE MANAGERS	1		62,108					
ADVISORS	8	4	91,272	48,050	ADVISORS	15	10	66,644	38,541				
ASSOCIATES AND SUPPORT PERSONNEL	4	3	41,103	29,791	ASSOCIATES AND SUPPORT PERSONNEL	7	6	36,924	31,609				
BABY BOOMERS					BABY BOOMERS	1,957	1,064	59,196	42,459				
SENIOR MANAGEMENT	233	39	135,534	105,060	SENIOR MANAGEMENT	247	39	130,620	102,306				
MIDDLE MANAGERS	397	126	61,266	55,262	MIDDLE MANAGERS	321	93	62,202	58,505				
ADVISORS	1033	590	48,908	41,356	ADVISORS	1,140	619	48,010	40,618				
ASSOCIATES AND SUPPORT PERSONNEL	245	296	36,885	34,420	ASSOCIATES AND SUPPORT PERSONNEL	249	313	35,685	33,874				
GENERATION X					GENERATION X	2,710	3,483	42,519	33,919				
SENIOR MANAGEMENT	209	94	100,534	89,744	SENIOR MANAGEMENT	177	76	98,883	88,226				
MIDDLE MANAGERS	545	365	47,509	44,912	MIDDLE MANAGERS	426	243	48,627	48,165				
ADVISORS	1692	1,917	38,598	34,418	ADVISORS	1,812	2,022	37,775	33,470				
ASSOCIATES AND SUPPORT PERSONNEL	280	1,109	29,568	28,771	ASSOCIATES AND SUPPORT PERSONNEL	295	1,142	29,016	28,069				
GENERATION Y					GENERATION Y	625	940	29,681	25,389				
SENIOR MANAGEMENT	15	5	81,310	73,378	SENIOR MANAGEMENT	11	3	74,455	61,500				
MIDDLE MANAGERS	56	51	44,970	37,513	MIDDLE MANAGERS	37	21	48,924	43,055				
ADVISORS	471	490	31,097	29,742	ADVISORS	459	470	29,376	28,665				
ASSOCIATES AND SUPPORT PERSONNEL	122	479	21,557	21,304	ASSOCIATES AND SUPPORT PERSONNEL	118	446	20,658	20,862				
GENERATION Z					GENERATION Z	41	55	17,295	17,844				
ADVISORS	34	39	21,943	22,388	ADVISORS	18	19	18,220	20,983				
ASSOCIATES AND SUPPORT PERSONNEL	31	47	17,598	17,527	ASSOCIATES AND SUPPORT PERSONNEL	23	36	16,570	16,188				

Average fixed remuneration per country, job position level and gender at December 2019: figures in local currency

COUNTRY	MANAGEMENT AND MIDDLE MANAGEMENT		ADVISORS		ASSOCIATES	
	Men	Women	Men	Women	Men	Women
GERMANY	91,039	69,934	47,500	40,930	31,036	29,866
ALGERIA ASISTENCIA	2,972,719	*	1,332,720	1,171,119	725,223	760,609
ARGENTINA	1,893,952	1,931,923	982,832	966,562	711,178	773,844
ARGENTINA ASISTENCIA	1,556,088	1,312,952	657,786	599,941	440,544	443,715
AUSTRALIA ASISTENCIA	116,457	83,423	51,666	57,395		63,942
BAHRAIN ASISTENCIA	13,632	*	*	*	5,454	*
BELGIUM ASISTENCIA	70,026	*	*	*	*	*
BRAZIL	191,031	160,615	70,579	61,441	35,471	25,451
BRAZIL ASISTENCIA	99,013	92,054	42,268	39,126	17,873	17,229
CANADA ASISTENCIA		*	*		27,370	30,618
CHILE	45,166,287	41,031,299	18,785,757	18,676,384	9,683,416	10,726,175
CHILE ASISTENCIA	35,081,788	33,166,532	15,844,542	19,181,015	9,837,711	9,254,906
CHINA ASISTENCIA	405,646	284,656	131,103	101,510	51,351	51,750
COLOMBIA	122,800,623	111,079,521	41,870,508	40,523,449	20,866,172	24,205,637
COLOMBIA ASISTENCIA	104,052,540	97,072,671	45,824,097	45,420,538	19,086,429	17,516,905
COSTA RICA	27,215,395	21,703,534	8,451,185	6,115,778	*	5,362,833
ECUADOR	40,467	28,997	11,227	12,406	9,257	9,388
ECUADOR ASISTENCIA	37,852	20,397	9,282	10,318	6,388	6,094
EL SALVADOR	40,746	41,462	14,461	14,562	8,625	8,527
EL SALVADOR ASISTENCIA	28,262	*	7,051	8,740	6,622	6,625
UNITED ARAB EMIRATES ASISTENCIA	294,304			169,932		*
SPAIN	73,343	56,131	40,751	34,874	30,287	27,515
UNITED STATES OF AMERICA	140,528	111,253	76,635	66,965	47,139	43,477
UNITED STATES OF AMERICA ASISTENCIA	93,868	77,269	52,983	42,569	33,640	33,123
PHILIPPINES	1,148,348	1,710,306	553,056	531,192	317,508	337,955
PHILIPPINES ASISTENCIA	1,479,231	892,322	223,532	234,011	*	288,275
FRANCE ASISTENCIA	55,931	52,820	37,010	26,931	27,443	27,537
GREECE ASISTENCIA	60,725	39,775	23,786	29,698	16,318	12,975
GUATEMALA	404,975	284,749	127,560	97,502	55,448	57,829
GUATEMALA ASISTENCIA	225,233	*	*	*	49,281	47,507
HONDURAS	1,156,042	773,544	314,556	263,679	179,070	187,799
HONDURAS ASISTENCIA	831,846	548,991	157,628	*	92,579	143,497
HUNGARY ASISTENCIA	*	6,855,600		*	*	*
INDIA ASISTENCIA	*	*			*	*
INDONESIA	396,852,095	446,550,996	75,217,445	86,525,046	53,679,316	5,9526,281
INDONESIA ASISTENCIA	223,976,568	*	*		51,718,439	5,7718,439
IRELAND ASISTENCIA	74,512	*	35,830	34,196	24,613	23,438
ITALY	69,058	56,882	41,913	40,299	27,034	29,046
ITALY ASISTENCIA	55,921	50,808	26,339	26,475	21,194	21,093
JORDAN ASISTENCIA	30,603	14,382	9,667	*	6,318	6,581

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MALTA	66,265	50,287	28,360	24,346	16,270	17,384
MALTA ASISTENCIA	33,442	21,485	18,628	*	14,597	13,812
MEXICO	1,195,336	661,611	275,752	322,494	145,871	190,662
MEXICO ASISTENCIA	340,995	456,025	150,150	155,493	75,186	73,629
NICARAGUA	763,882	1,236,403	302,970	256,297	176,556	173,158
NICARAGUA ASISTENCIA	559,772	*	161,123	*	121,511	128,930
PANAMA	70,587	49,748	18,106	15,264	10,975	10,633
PANAMA ASISTENCIA	44,152	*	21,179	*	8,881	10,687
PARAGUAY	202,739,516	146,803,302	57,148,040	58,983,912	36,425,555	41,308,411
PARAGUAY ASISTENCIA					*	
PERU	177,644	94,523	52,360	38,468	22,346	28,013
PERU ASISTENCIA						28,140
PORTUGAL	47,035	41,135	24,253	22,515	18,131	17,787
PORTUGAL ASISTENCIA	34,211	33,521	16,628	19,515	15,903	13,754
PUERTO RICO	94,882	69,330	40,799	36,428	20,979	23,176
UK ASISTENCIA	49,046	40,478	27,612	24,582	18,634	18,589
DOMINICAN REPUBLIC	2,127,371	1,602,282	724,167	627,270	328,720	337,503
DOMINICAN REPUBLIC ASISTENCIA	956,389	1,044,125	327,219	285,394	249,893	230,749
TAIWAN ASISTENCIA	*	*	511,800	*	370,703	350,148
TUNISIA ASISTENCIA	45,447	33,990	13,699	11,920	10,703	10,033
TURKEY	246,577	218,390	95,816	91,601	48,229	51,531
TURKEY ASISTENCIA	122,340	133,702	66,283	77,729	44,002	40,249
URUGUAY	2,713,585	2,607,903	1,645,214	1,440,637	962,167	1,145,499
URUGUAY ASISTENCIA	1,701,378	648,833	685,092	530,163	335,337	284,400
VENEZUELA	15,321,932	13,261,560	7,131,220	7,051,686	5,999,999	6,500,653
VENEZUELA ASISTENCIA	8,698,205	5,119,643	3,243,677	2,634,047	2,599,616	1,697,958

The countries displayed in the table correspond to 99 percent of employees of MAPFRE, in which the employees of the Banco de Brasil are not included.

* For data protection and confidentiality, in those countries where there are two or less men or women in a given group, the information is not published.

Note 4 - Average remuneration of Board Directors and executives, including variable remuneration, allowances, compensation, payment of long-term savings provision systems, by gender.

Spain executives by gender and age:

2019*				
AGE	No. OF PEOPLE		AVERAGE REMUNERATION	
	MEN	WOMEN	MEN	WOMEN
VETERANS	3		157,473	
BABY BOOMERS	228	39	200,432	151,791
GENERATION X	209	94	148,831	127,785
GENERATION Y	15	5	101,297	96,997

This table includes information on the Group's top executives worldwide based in Spain. All persons with MANAGERIAL position are included, excluding the directors of MAPFRE S.A. whose information is presented in the Annual Report on Remuneration of the Directors of listed corporations, Published on corporate website www.mapfre.com and Note 6.26 of the Consolidated Annual Accounts. **Board Directors: please refer to the Annual Report on Remuneration of Board Directors of listed companies, published on the corporate website www.mapfre.com and to Note 6.25 of the Consolidated Annual Accounts.*

Executives by gender and age: figures in local currency.

2019				
COUNTRY	MEN	AVERAGE MEN'S REMUNERATION	WOMEN	AVERAGE WOMEN'S REMUNERATION
GERMANY	7	191,697	1	*
ALGERIA ASISTENCIA	5	5,639,981		
ARGENTINA	23	3,440,177	13	3,861,321
ARGENTINA ASISTENCIA	5	3,341,489	4	2,388,562
BELGIUM ASISTENCIA	3	100,089		
BRAZIL	51	526,064	26	461,487
CHILE	19	78,019,564	8	92,483,362
CHILE ASISTENCIA	4	62,933,210	2	*
CHINA ASISTENCIA	4	737,418	5	583,266
COLOMBIA	7	308,096,743	10	240,835,359
COLOMBIA ASISTENCIA	3	261,631,676	2	*

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2019				
COUNTRY	MEN	AVERAGE MEN'S REMUNERATION	WOMEN	AVERAGE WOMEN'S REMUNERATION
COSTA RICA	4	47,154,250	5	28,435,961
ECUADOR	1	*	4	84,055
ECUADOR ASISTENCIA	4	78,269		
EL SALVADOR	8	67,749	4	82,137
UNITED STATES OF AMERICA	67	320,868	35	222,809
UNITED STATES OF AMERICA ASISTENCIA	14	155,775	7	111,796
PHILIPPINES	4	2,080,506	11	3,548,673
PHILIPPINES ASISTENCIA	3	3,194,403	4	1,911,510
GREECE ASISTENCIA	3	100,766	1	*
GUATEMALA	6	1,004,436	2	*
HONDURAS	6	1,890,893	7	1,268,833
INDONESIA	9	2,123,299,061	9	1,632,441,749
IRELAND ASISTENCIA	5	108,632	1	*
ITALY	4	190,980	3	151,053
ITALY ASISTENCIA	6	125,193	3	90,000
JORDAN ASISTENCIA	5	47,728	1	*
MALTA	15	100,624	6	99,808
MEXICO	35	2,688,007	11	2,056,695
MEXICO ASISTENCIA	8	899,225	8	1,121,538
NICARAGUA	3	1,912,895	6	2,708,186
PANAMA	16	146,732	15	94,367
PARAGUAY	9	378,353,022	10	246,284,441
PERU	65	393,009	18	213,635
PORTUGAL	14	90,603	4	86,148
PORTUGAL ASISTENCIA	2	*	3	57,113
PUERTO RICO	26	175,501	19	129,142

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2019				
COUNTRY	MEN	AVERAGE MEN'S REMUNERATION	WOMEN	AVERAGE WOMEN'S REMUNERATION
UK ASISTENCIA	8	89,596	3	95,367
DOMINICAN REPUBLIC	10	5,107,264	5	4,397,932
DOMINICAN REPUBLIC ASISTENCIA	2	*	4	2,096,749
TUNISIA ASISTENCIA	4	2,368,315	6	1,709,417
TURKEY	34	481,632	26	385,054
TURKEY ASISTENCIA	9	238,244	7	405,374
URUGUAY	6	5,098,400	1	*
VENEZUELA	14	29,838,822	8	29,465,806

* For data protection and confidentiality, in those countries where there are two or less men or women in a given group, the information is not published.

Average fixed remuneration by country and generation: figures in local currency

	VETERANS	BABY BOOMERS	GENERATION X	GENERATION Y	GENERATION Z
GERMANY	40,708	48,775	47,737	39,996	25,846
ALGERIA ASISTENCIA		*	2,394,725	1,062,124	591,779
ARGENTINA	1,024,309	1,301,449	1,250,273	968,643	671,925
ARGENTINA ASISTENCIA	*	1,190,620	1,113,165	497,908	437,718
AUSTRALIA ASISTENCIA	*	*	135,696	66,930	52,971
BAHRAIN ASISTENCIA			14,942	6,457	*
BELGIUM ASISTENCIA		43,183	71,546	*	*
BRAZIL	94,972	93,500	89,457	54,185	25,572
BRAZIL ASISTENCIA	*	33,612	51,461	25,287	17,998
CANADA ASISTENCIA		31,760	59,874	31,547	26,850
CHILE		31,617,654	25,703,458	19,687,140	12,144,967
CHILE ASISTENCIA	*	24,864,783	13,810,741	11,400,425	10,133,302
CHINA ASISTENCIA			254,155	100,884	43,688
COLOMBIA	*	73,567,492	57,687,701	35,844,051	23,563,393
COLOMBIA ASISTENCIA		28,482,427	54,945,936	27,355,236	19,960,456
COSTA RICA		*	19,905,644	9,061,909	6,100,857
ECUADOR		25,860	19,706	12,398	9,013
ECUADOR ASISTENCIA		6,036	11,070	8,809	6,273
EL SALVADOR		29,711	28,936	12,017	6,937

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	VETERANS	BABY BOOMERS	GENERATION X	GENERATION Y	GENERATION Z
EL SALVADOR ASISTENCIA			13,324	9,424	6,072
UNITED ARAB EMIRATES ASISTENCIA			224,020	*	
SPAIN	71,188	54,447	39,157	28,462	19,791
USA	80,626	84,250	78,368	57,164	41,035
USA ASISTENCIA	44,674	69,937	49,209	44,510	28,485
PHILIPPINES		1,026,985	1,265,221	534,804	311,503
PHILIPPINES ASISTENCIA			1,330,082	328,995	209,421
FRANCE ASISTENCIA		40,310	37,524	22,093	
GREECE ASISTENCIA		18,057	19,992	15,206	*
GUATEMALA		317,225	268,552	102,473	52,185
GUATEMALA ASISTENCIA			332,869	80,729	47,438
HONDURAS		571,908	587,600	247,556	147,741
HONDURAS ASISTENCIA		*	436,267	183,295	96,570
HUNGARY ASISTENCIA			9,053,280	2,792,581	
INDIA ASISTENCIA			*	211,948	
INDONESIA		551,537,162	162,654,000	84,774,134	53,670,690
INDONESIA ASISTENCIA			*	64,990,006	52,738,179
IRELAND ASISTENCIA		49,081	34,024	30,744	22,095
ITALY		41,341	38,034	32,863	
ITALY ASISTENCIA		42,704	31,672	23,346	21,018
JORDAN ASISTENCIA			17,724	11,637	5,340
MALTA		47,778	39,694	26,389	18,790
MALTA ASISTENCIA		15,849	18,054	22,591	13,742
MEXICO	*	1,445,654	467,104	309,422	209,634
MEXICO ASISTENCIA		218,831	234,947	169,913	97,386
NICARAGUA		650,133	730,644	316,420	164,819
NICARAGUA ASISTENCIA		*	521,119	181,461	140,104
PANAMA	*	45,778	33,293	18,801	11,705
PANAMA ASISTENCIA		*	24,335	12,730	7,989
PARAGUAY		*	168,597,034	69,044,880	36,975,250
PERU	63,940	91,745	71,290	39,714	25,611
PORTUGAL	*	33,979	25,549	20,376	16,656
PORTUGAL ASISTENCIA		22,235	20,579	13,323	*
PUERTO RICO	66,363	53,274	42,668	29,787	22,713
UK ASISTENCIA	20,444	29,411	33,674	24,599	18,467
DOMINICAN REPUBLIC		1,581,366	1,277,982	550,799	378,288
DOMINICAN REPUBLIC ASISTENCIA		1,363,134	640,357	334,407	238,549
TAIWAN ASISTENCIA		481,900	564,261	384,431	344,443
TUNISIA ASISTENCIA		79,112	22,653	11,683	*
TURKEY	66,814	180,466	121,564	86,136	55,298

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	VETERANS	BABY BOOMERS	GENERATION X	GENERATION Y	GENERATION Z
TURKEY ASISTENCIA	*	148,467	92,987	50,444	41,236
URUGUAY		2,930,544	1,884,332	1,362,590	867,053
URUGUAY ASISTENCIA		*	910,728	382,891	294,449
VENEZUELA	8,627,446	11,332,217	10,368,994	7,748,817	6,597,518
VENEZUELA ASISTENCIA		*	3,320,397	3,181,604	1,341,709

The countries shown in the table correspond to 99 percent of the workforce, excluding employees of BANCO DO BRASIL.

* For data protection and confidentiality, in those countries where there are two or less men or women in a given group, the information is not published.

Note 5 – Work-related accident data [GRI 403-9, 403-10; L.11/2018]

In 2019, work was carried out to homogenize accident data on a global level, rigorously adhering to GRI 403.

The formulas used to calculate these indices were:

- **ACCIDENT FREQUENCY RATE:** Represents the number of accidents with leave occurring during the workday for every one million hours worked.
- **OCCUPATIONAL ILLNESSES FREQUENCY RATE:** Represents the number of occupational illnesses with leave occurring for every one million hours worked.
- **INCIDENCE RATE OF OCCUPATIONAL ILLNESSES:** Represents the number of occupational illnesses resulting in an absence per 100,000 workers.
- **INCIDENCE RATE OF WORK-RELATED ACCIDENTS:** Represents the number of work-related accidents resulting in an absence per 100,000 workers.
- **RATE OF LOST DAYS:** Represents the number of days lost for every 1,000 hours worked.
- **EMPLOYMENT ABSENTEEISM RATE:** Refers to the number of days lost in the period in question in relation to the total days listed by the workforce in the same period, indicating how many days have been lost in every 100.
- **FREQUENCY INDEX:** Represents the number of accidents for every one million hours worked.
- **SEVERITY INDEX:** Represents the number of days lost for every 1,000 hours worked.
- **DEATHS FROM WORK-RELATED ACCIDENTS:** Represents the number of deaths resulting from a work-related accident for every one million hours worked.
- **DEATHS FROM OCCUPATIONAL ILLNESS:** Represents the number of deaths resulting from an occupational illness for every one million hours worked.

Note 6: environmental indicators [L.11/2018]

Table I. Environmental context

	UNIDADES	2019	2018	2017
Employees working under environmental reporting (Integrated Report)*	Employees	32,256	33,177	33,947
Employees working under environmental management certification (ISO 14001)	Employees	11,759	11,589	11,369
Employees working under energy management certification (ISO 50001)	Employees	6,730	6,588	4,885
Employees working under carbon footprint verification (ISO 14064)	Employees	16,945	15,546	12,701
Premium volume managed under SIGMAYE (ISO 14001): 71.12%				
* Data from 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.				

Table II. SIGMAYE Control

	GRI	UNITS	2019	2018	2017
Environmental diagnosis and inspections	FS9	Units	20	5	9
Internal environmental audits	FS9	Units	50	39	44
Environmental certification audits	FS9	Units	28	29	36
Assets subject to environmental controls	FS9	%	34.26%	32.75%	31.26%
Environmental compliance: In relation to environmental fines, there was no record of having received any fine in 2019. [GRI 307-1]					
Resources devoted to environmental risk prevention: €712,856					

The MAPFRE Group (in Europe and Brazil) has public liability insurance with specific coverage for the management of its environmental risks due to pollution (€300,000 - €10 million) and environmental responsibility (€300,000), as established by state legislation.

Table III. Carbon footprint broken down by scope. The following greenhouse gases are reported for the three scopes falling within the GHG Protocol and ISO 14064: CO₂, CH₄, N₂O, HFCS, PFCS, SF₆ and NF₃. MAPFRE's methodology for calculating its carbon footprint is carried out through financial control. For the calculation, emission factors of the generation mix for the corresponding country and the latest available information are applied: DEFRA, International Energy Agency, GHG Protocol.

	GRI	UNITS	2019	2018	2017
Carbon footprint (GHG emissions)					
Scope 1	305-1 305-5	TmCO ₂ eq	11,669	10,330	13,272
Scope 2 (market based)	305-1 305-5	TmCO ₂ eq	14,307	16,215	15,496
Scope 2 (location based)	305-1 305-5	TmCO ₂ eq	35,601	35,900	28,719
Scope 3	305-1 305-5	TmCO ₂ eq	33,049	26,435	28,352
Total GHG emissions (market based)	305-1 305-5	TmCO₂eq	59,025	52,980	57,120
Carbon footprint indicators					
Emissions per employee	305-4	TmCO ₂ eq/ employee	1.83	1.59	1.67
Emissions per premium	305-4	TmCO ₂ eq/ premium	2.34	2.78	2.95
*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.					

Table IV. Breakdown of carbon footprint and categories included in different scopes
[L.11/2018]

	GRI	UNITS	2019	2018	2017
Scope 1		TmCO ₂ eq	11,069.1	10,330	13,272
Natural gas	302-1	TmCO ₂ eq	3,154.4	2,604.1	2,350.7
	302-4				
	305-1	m ³	1,491,727.02	1,293,571	1,156,730

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Fuels in fixed installations	302-1	TmCO ₂ eq	792.86	1,135.33	1,481.76
	302-4				
	305-1	L	292,469	368,709	441,409
Refrigerant gases	302-1	TmCO ₂ eq	2,854.96	1,058.79	1,893.13
	302-4				
	305-1	Kg	1,489.58	536	941
Fuels in own vehicles	302-1	TmCO ₂ eq	4,866.87	5,531.85	7,546.13
	302-4				
	305-1	l	2,003,907	2,319,928	3,164,699
Scope 2		TmCO ₂ eq	14,307	16,215	15,496
Electricity	302-1				
	302-4	GWh	108.9	113.41	108.72
	305-2				
Scope 3		TmCO ₂ eq	33,048.81	26,435	28,352
Business travel (air, train and bus)	302-4	TmCO ₂ eq	9,447.77	6,976.85	8,118.36
	305-3	Km	43,167,836	53,428,757	46,305,542
Business travel (vehicles)	302-4	TmCO ₂ eq	1,461.04	1,594.31	1,701.24
	305-3	Km	8,249,786	8,825,915	9,325,947
Paper consumption	302-4 305-3	TmCO ₂ eq	1,633.32	1,526.79	1,925.53
Paper waste	302-4 305-3	TmCO ₂ eq	19.84	18.07	19.33
Toner use	302-4 305-3 -2	TmCO ₂ eq	91.26	87.39	51.71
Toner waste	302-4 305-3	TmCO ₂ eq	117.41	131.15	219.35
Fluorescent waste	302-4 305-3	TmCO ₂ eq	0.34	0.51	0.21
Commuting	302-4 305-3	TmCO ₂ eq	20,277.83	16,044.38	16,257.54
<p><i>Natural gas, fuel in buildings, refrigerant gases, fuel in own vehicles, electricity consumption, paper consumption, paper waste, toner consumption, toner waste, fluorescent waste:</i></p> <p><i>*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.</i></p> <p><i>Business travel (air, train and bus)</i></p> <p>2017: Data from Spain, Argentina, Brazil, Chile, Peru, USA, Puerto Rico, Portugal and Turkey.</p> <p>2018: Data from Spain, Argentina, Brazil, Chile, Peru, USA, Puerto Rico, Portugal, Turkey, Mexico, Costa Rica, Nicaragua, Dominican Republic, Uruguay and Malta.</p> <p>2019: Data from Spain, Argentina, Brazil, Chile, Peru, USA, Puerto Rico, Portugal, Turkey, Mexico, Dominican Republic, Uruguay and Germany.</p> <p><i>Business travel (vehicles)</i></p> <p>2017, 2018, 2019: Data from Spain</p>					

Commuting

2017: Spain, Colombia, Portugal and Puerto Rico

2018: Spain, Colombia, Portugal and Puerto Rico

2019: Spain, Colombia, Portugal, Puerto Rico and Mexico

Table V. Consumption of resources

	GRI	UNITS	2019	2018	2017
ENERGY					
Total energy consumption	302-1 302-4	GWh	148.89	155.96	159.35
Natural gas consumption	302-1 302-4	GWh	16.49	13.88	12.65
Fuel consumption fixed installations	302-1 302-4	GWh	2.83	4.55	5.07
Fuel consumption of mobile installations	302-1 302-4	GWh	20.64	24.12	32.92
Consumption of conventional electricity	302-1 302-4	GWh	42.66	47.71	40.25
Consumption of renewable energy	302-1 302-4	GWh	66.27	65.7	68.47
Energy consumption/employee	302-3	kWh / employee year	4,616	3,919	3,680
Energy consumption/premium	302-3	KWh/premium (thousand euros)	5.90	6.87	6.5
*Data for Spain, Argentina, Brazil, Chile, Colombia, USA, Italy, Mexico, Puerto Rico, Turkey, Costa Rica, El Salvador, Nicaragua, Honduras, Panama, Guatemala, Ecuador, Dominican Republic, Uruguay, Peru, Venezuela, Portugal, Philippines, Malta and Germany.					
WASTE					
Recycling**	GRI	MT	3,397.84	3,099.58	2,980.16
Paper	306-2	MT	929.05	844.95	888.54
Toner and cartridges	306-2	MT	9.61	10.26	17.31
Electrical appliances	306-2	MT	33.14	66.61	33.66
Donated electrical appliances	306-2	MT	16.24	13.07	8.77
Batteries	306-2	MT	1.69	1.58	2.20
IT support	306-2	MT	0.14	2.71	2.78

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	GRI	UNITS	2019	2018	2017
Mobile phones	306-2	MT	0.30	0.09	0.75
Bulbs and fluorescent lamps	306-2	MT	2.26	4.34	1.55
Expired medicines	306-2	MT	0.09	0.20	0.11
X-rays	306-2	MT	0.09	1.07	0.98
Workshops and maintenance	306-2	MT	1.699.14	1,696.74	1,645.54
Urban	306-2	MT	706.09	457.96	377.98
Landfill	306-2	MT	1,282.74	527.07	444.33
Urban	306-2	MT	1,241.85	500.68	391.91
Sanitary waste	306-2	MT	3.57	2.40	2.28
Workshops and maintenance	306-2	MT	36.66	23.11	47.43
Other	306-2	MT	0.66	0.89	2.71
Total waste generated	306-2	MT	4,680.58	3,626.65	3,424.49
*Data for Spain, Argentina, Brazil, Chile, Colombia, USA, Italy, Mexico, Puerto Rico, Turkey, Costa Rica, El Salvador, Nicaragua, Honduras, Panama, Guatemala, Ecuador, Dominican Republic, Uruguay, Peru, Venezuela, Portugal, Philippines, Malta and Germany.					
** Includes waste recycling and recovery operations.					
WATER					
Total water consumption	303-5	m3	711,795	665,874	615,356
Water consumption per employee	303-5	m3 / employee	22.07	19.93	18.01
*Data for Spain, Argentina, Brazil, Chile, Colombia, USA, Italy, Mexico, Puerto Rico, Turkey, Costa Rica, El Salvador, Nicaragua, Honduras, Panama, Guatemala, Ecuador, Dominican Republic, Uruguay, Peru, Venezuela, Portugal, Philippines, Malta and Germany.					
PAPER					
Total paper use	301-1	MT	1,878	1,818	2,136
Paper use with label	301-1	MT	1,269	1,359	1,311
*Data for Spain, Argentina, Brazil, Chile, Colombia, USA, Italy, Mexico, Puerto Rico, Turkey, Costa Rica, El Salvador, Nicaragua, Honduras, Panama, Guatemala, Ecuador, Dominican Republic, Uruguay, Peru, Venezuela, Portugal, Philippines, Malta and Germany.					
TONER					
Toner consumption	301-1	MT	9,628	9,220	5,455
*Data for Spain.					

Note 7: Social and environmental products and services

[GRI 102-2, 201-2,203-2, FS1, FS3, FS7, FS8, FS13, FS14, FS15; L.11/2018]

Products with high social content

These are products with basic coverage (Burial, Homeowners, Life etc.) that are adapted to very specific local necessities, with reduced premiums, which provide cover for personal risks of various collectives and also contribute to developing an insurance culture.

Country	Line	Type of product or service	% of total premiums	% of total for line	No. of insureds / beneficiaries
IBERIA TERRITORIAL AREA					
Spain*	Hospitalization and health	Health Choice: Healthcare assistance insurance that guarantees primary care and basic diagnosis tests at approved centers. For any other medical assistance the insured party may require, discounted prices payable by private patients are offered at recommended clinics.	0.13	0.13	8,214
	Life Protection	Burial Cover: Based on sliding pricing scale that is adapted to clients who wish to keep their burial insurance in force but are facing financial difficulties.	2.8	2.8	246,573
	* BANKIA MAPFRE VIDA has been launched the Microinsurance product linked to Microcredit. This is a single-premium life protection insurance that guarantees cancellation of the linked microcredit, with the insured capital limit of the insurance in accordance with the conditions contained in the policy. This microinsurance has a strong social component, since its main objective will be to protect the interests of entrepreneurs who are undergoing economic hardship. Due to its recent release, no marketing data is yet available.				
Brazil	Simple risks	Residential microinsurance: A social inclusion insurance, given the low premiums and coverage offered, that support policyholders in the event of unforeseen circumstances.	0.65	100	392,803
	Life	Protected Telephone Account Program: Protection for individuals in vulnerable situations. Financial protection insurance with coverage for payment of telephone bills in case of unemployment, disability, etc., thereby protecting clients in vulnerable situations.	0.02	0.13	23,215

ADDITIONAL INFORMATIONADDITIONAL INFORMATION

Country	Line	Type of product or service	% of total premiums	% of total for line	No. of insureds / beneficiaries
		<i>Crediamigo</i> Microcredit Program: Designed to drive economic growth and provide coverage for death or funeral costs, in addition to four monthly capitalization lotteries.	0.27	1.79	703,580
		Life Protection with Rewards: Microinsurance that combines protection for the insured party with monthly prize drawings. Sold by MAPFRE in association with Casas Bahía.	1	6.66	899,866
		<i>Agroamigo</i> : A new insurance solution that promotes economic growth for micro-entrepreneurs in formal or informal sectors of the economy in rural areas.	0.06	0.38	183,512
		<i>Proteção Financeira</i> : Credit protection products for people with low incomes, which guarantee the payment of debts when buying consumer goods.	0.54	3.63	952,914
		People microinsurance: Insurance that protects clients who use the Correspondent Banking Agency for loans or pay bills.	0.23	1.54	11,373
		CR personal accident microinsurance with rewards: Microinsurance that protects clients' purchases in CR Diementz stores.	0.00	0.03	536,855
		Solar microinsurance: Offered to protect clients' purchases in Solar stores.	0.00	0.00	17,954
	Other activities	Education Insurance: Protects the basic and essential needs of the population. Insurance intended to protect students while under the school's responsibility and coverage for the person responsible for the student's finances.	0.44	2.97	1,499,484
Colombia	Burial	Funeral insurance: Coverage of funeral expenses and financial support of up to 3,000 US dollars in case of accidental death of the principal insured party. The average monthly premium for a family plan (principal insured party, spouse and all children under 40 years of age) is three US dollars.	5	84	472,314
	Life	Life insurance: No age limit, includes terminal illness and coverage from the first payment that includes a lump sum and a monthly income. The monthly premium on a personal plan is three US dollars.	6	33	954,510

ADDITIONAL INFORMATIONADDITIONAL INFORMATION

Country	Line	Type of product or service	% of total premiums	% of total for line	No. of insureds / beneficiaries
	Accidents	Personal accident insurance: Provides death or permanent total disability indemnification, or a monthly income for temporary disability. Homicide is covered from the first year of the policy. The average monthly premium for a personal plan is three US dollars.	3	81	422,346
	Non-Life	Homeowner insurance: Intended for homeowners and tenants who can purchase insurance on a modular basis by selecting different kinds of coverage. Indemnification is paid at first loss up to the maximum insured amount, as no inspection is required. The average monthly premium is four US dollars.	0.36	1.06	28,086
Dominican Rep.	Hospitalization and health	Assistance program for entrepreneurs and SMEs who are Banco BHD León credit card holders: Set of services or assistance to the insured party's business, including plumbing, electricity, locksmith, legal assistance.	0.0011	0.0077	2,753
		Coverage for male cancer victims who are Banco BHD León credit card holders: coverage guaranteeing that the insured party receives the contracted face value in the event they are diagnosed for the first time with prostate cancer.	0.0007	0.0049	2,214
		Assistance granted to the insured party for holding a Banco BHD León Mujer credit card: Services include homeowners coverage, breakdown coverage, legal coverage and coverage for medical emergencies on domestic and international trips, as well as personal assistance.	0.009	0.0658	43,998
		Education insurance covering the death of a student's father: In the event of the death or total disability of the insured, the company will pay the insured sum to the school that certifies the enrollment of the children of the insured party.	0.038	0.0276	10,697
Mexico	Personal accidents	Accidents and illness: Protection insurance against accidents suffered by domestic workers.	ND	ND	3,000
	Hospitalization and health-care	Standardized basic insurance for major medical expenses: Individual or family insurance that provides indemnification for treatment or diagnosis of covered events and hospitalization.	ND	ND	9

ADDITIONAL INFORMATIONADDITIONAL INFORMATION

Country	Line	Type of product or service	% of total premiums	% of total for line	No. of insureds / beneficiaries
	Industrial risks	Cash theft: Protection for unauthorized cash withdrawals and transfers.	ND	ND	3,000,000
	Life Savings	Standardized basic personal accident insurance: Individual insurance that pays out the insured sum to the beneficiary in case the insured dies from a covered accident.	ND	ND	154
	Life Protection	Basic life: In the event of death, the insured sum is paid out to the beneficiaries. In the event of a diagnosis of cancer or hospitalization, the policyholder is compensated.	ND	ND	4,441,918
Venezuela	Hospitalization and health	Solidarity-based health insurance: This product is intended for individuals on the minimum wage, the elderly, pensioners and people with disabilities.	0.00	0.00	715
	Personal accidents	Life and personal accident solidarity policy: A product intended for individuals on the minimum wage, the elderly, pensioners and people with disabilities.	0.00	0.00	13
	Other activities	Funeral solidarity insurance: A product intended for individuals on the minimum wage, the elderly, pensioners and people with disabilities.	0.00	0.00	87

Environmental products and services

Insuring renewable energy

29,948.28 MW wind power

3,749.16 MW solar

24,292,406.5 million euros insured premiums

Green Policy:

46,837 low-emission vehicles insured

20,292,406.5 million euros insured premium

Out-of-use vehicles (OUV)

2,556 OUV vehicles

73,544 parts recovered

Environmental liability

160,000 policies with free coverage

8,273,260.5 million euros insured premium

Sustainable mobility

18 Hybrid tow-trucks

28 Electric tow-trucks

Insuring crops and sustainable forests

65,497 hectares insured

1,909 climate insurance policies

171,963 million euros insured premiums

Overall, 59,771policies covering environment-related aspects were issued in 2019, representing a premium volume of more than 57.8 million euros, which represents 0.25 percent of the Group's total premiums.

Environmental products and services				
Product/Service		2019	2018	2017
Environmental risk coverages	No. of policies	59,771	57,357	20,705
Insurance for sustainable projects	Net premiums (euros)	57,889,070	56,479,313	120,461,190
Environmental and energy-saving services	Revenue (euros)	306,531	408,517	235,177

In the case of environmental and energy services, some are directly associated with insurance policy benefits. Proof of this is that in 2019 the MAPFRE provider network has 28 100-percent electric vehicles with mobile recharging to provide roadside assistance for electric cars. These assistance vehicles are equipped with a generator that can charge cars anywhere, anytime. As a result, this service reduces carbon footprint, preventing

assistance tow trucks from traveling to the breakdown location and towing the vehicle back to a charging station.

In addition, MAPFRE is encouraging its providers to renew their tow truck fleets with hybrid vehicles, and there are already 18 light hybrid tow-trucks available for this roadside assistance service.

Other services are related to research on repairs for vehicles involved in accidents, conducted at the Road Safety Experimentation Centers (CESVI) in Spain and the Americas, which contributes to the reduced consumption of pollutants such as paint and solvents and helps minimize the environmental impact of vehicle repairs.

CESVIMAP, through CESVI RECAMBIOS, manages out-of-use vehicles. A total of 2,556 out-of-use vehicles were handled in Spain in 2019, from which 73,544 parts and components were recovered for reuse.

ADDITIONAL INFORMATIONADDITIONAL INFORMATION

Below are the main environment-related insurance products and services:

Country	Type of product or service	% of total premiums	% of line total	No. of insureds
IBERIA TERRITORIAL AREA				
Spain	Green policy: comprehensive pay-per-use insurance for electric, hybrid and eco-friendly vehicles.	0.14	0.15	6,127
	P&C and third-party liability insurance: product for solar farms and photovoltaic power stations, wind farms and cogeneration plants.	0.66	3.47	1,701
	Environmental liability cover in general third-party liability policies and multirisk policies: covers policyholder liability for damage caused due to environmental pollution.	0.026	ND	1,252
	FOREST: Mass Forest Fire Cover.	0.03	1.38	164
	SUSTAINABLE MOBILITY ELECTRIC SCOOTERS: A third-party liability coverage possibility is offered for those vehicles that enhance people's sustainable mobility.	6.28	0.08	17,725
Portugal	Environmental liability: covers the cost of repairs due to accidents or an imminent threat, damage to wildlife and habitats, water and land pollution.	0.27	ND	847
EURASIA TERRITORIAL AREA				
Germany	Low emissions car policy	5.0	5.0	40,710
	Electric and hybrid car policy	1.2	1.2	2,523
LATAM TERRITORIAL AREA				
Brazil	Environmental third-party liability: total risk insurance; namely, the insurance company guarantees the payment of damages up to the value of the maximum compensation limit. This insurance consists of basic coverage, mandatory requirements and additional coverage, as well as optional rent.	0.05	27.18	180
	Wreck disposal: policy for pleasure and general aviation craft that provides compensation to policyholders to recover damaged property and minimize environmental harm.	0.0	0.24	82
	RESIDENTIAL MICROSURANCE: The plans feature the assistance of ecological disposal, which allows the insureds to send their old/broken furniture or appliances to a company that specializes in the correct disposal of these materials.	0.65	100	392,803
	EXTENDED WARRANTY for Domestic Appliances: there are a number of goods that are characterized as "Troca Certa". These are small products (appliances) that, due to their repair cost, are simply exchanged, and these products are then collected from the insureds. These defective/broken products are sent to a company that ensures the materials and electronic components	0.37	25.83	1,421,067

ADDITIONAL INFORMATIONADDITIONAL INFORMATION

Country	Type of product or service	% of total premiums	% of line total	No. of insureds
	are disposed of correctly, ensuring that there is no impact on the environment.			
	SMART RESIDENTIAL / DISCHARGE: The insurer will send a professional to dispose of furniture, electronic equipment and appliances, in line with current sustainability practices and regulations. The removal of furniture and electronic equipment and appliances must take place within the insured's residence.	0.16	9.87	5,209
Country	Type of product or service	% of total premiums	% of line total	No. of insureds
Mexico	Safe gas station: insurance that includes public liability coverage against contamination.	0.025	ND	537
Colombia	TRANSPORTATION OF DANGEROUS GOODS AND HYDROCARBONS: This coverage is extended to cover third-party liability and defense expenses, in line with the decrees of Law 1609 of 2002 (hydrocarbons company), 4299 of 2005 (truck owners), 321 of 1999 and Law 1333 of 2009.	100	0.7	9
	Climate insurance: insurance that protects agricultural and livestock producers against the effects of natural events on their crops. This provides coverage for natural events such as drought or flooding, frost, strong wind, landslide, hail, avalanche and fire.	100	100	1,745
INTERNATIONAL TERRITORIAL AREA				
Puerto Rico	MCS-90: transportation policy that covers repairing damage resulting from contamination due to leaks of hazardous products.	0.04	0.15	274
GLOBAL BUSINESSES				
Damage and third-party liability policy: insurance that covers the different phases (design, construction, commissioning and operation) of large renewable energy thermosolar plants and wind farms. These products are marketed by MAPFRE GLOBAL RISKS.				
Wind farms		0.07	1.5	7
Solar energy		0.02	0.4	10

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Note 8 – Principles of the Global Compact and MAPFRE's human rights prevention and enforcement (human rights) measures

[GRI 102-17, 205-1, 205-2, 205-3, 406-1, 407-1, 408-1, 409-1, 410-1, 411-1, 412-1, 412-2, 412-3, 413-1, 413-2; L.11/2018]

In line with the United Nations Principles of Business and Human Rights, the following table shows the organization's commitment to the 10 Principles of the Global Compact and human rights, as well as the main prevention and mitigation measures, and the claim and repair mechanisms.

Global Compact Principles		MAPFRE's public commitment to human rights	Prevention and Mitigation (due diligence)	Claim and repair mechanisms
Human rights	Principle 1 "Companies must support and respect the protection of internationally proclaimed human rights under their sphere of influence."	<ul style="list-style-type: none">Institutional, Organizational and Business PrinciplesCode of Ethics and Conduct (express reference)Corporate Social Responsibility (Action Policy and the Organization's commitment to Human Rights)Social commitments 2019-2021, assumed at the Annual General Meeting held in 2019: 45 percent of vacancies in positions of responsibility occupied by women; 3 percent of workforce with people with disabilities	Internal regulation: <ul style="list-style-type: none">MAPFRE Anti-Corruption FrameworkSystems for the prevention and evaluation of internal risks and arising from MAPFRE's activity: Impact self-assessment - Guide to implementing the United Nations Guiding Principles on Enterprise and Human Rights, developed by the Spanish Global Compact Network.MAPFRE materiality survey (Detects Internal risks and risks arising from the activity)Environmental, Social and Governance Analysis (ESG) report on underwriting and investmentReprisk Report, to assess and monitor ESG risks of business conduct related, among others, to human rightsCommitment surveyPerformance evaluationDevelopment PlansInternal and external reputation surveysHealthy Company Model (occupational risk assessments: Safety, hygiene and ergonomics, psychosocial risks, medical examinations, epidemiological studies, etc.)	<ul style="list-style-type: none">Corporate Ethics Committee.Ethical complaints Channel for employees/collaborators and suppliersThe Financial and Accounting Whistleblower Channel for employees.Customer claim and complaint channelsEmployee harassment protocolHuman Resources departmentsEmployee Legal RepresentativesCorporate Sustainability Committee
	Principle 2 "Businesses must ensure that their businesses are not complicit in human rights violations."	Adherence to: <ul style="list-style-type: none">United Nations Global Compact:UNEFPF Principles for Sustainable Insurance (PSI):United Nations Principles for Responsible Investment (PRI)Paris Pledge for Action.		
	Principle 3 "Businesses must uphold freedom of association and effectively recognize the right to collective bargaining."			
Labor Standards	Principle 4 "Businesses must uphold the elimination of all forms of forced and compulsory labor."			
	Principle 5			

ADDITIONAL INFORMATIONADDITIONAL INFORMATION

Global Compact Principles		MAPFRE's public commitment to human rights	Prevention and Mitigation (due diligence)	Claim and repair mechanisms
Environment	"Businesses must uphold the eradication of child labor"	Commitment to UN Agenda 2030 and its Development Goals (SDGs)	<ul style="list-style-type: none">Internal, control and compliance auditsThe Financial and Accounting Whistleblower Channel for employees.Ethical complaint channels arising from failure to comply with the Code of Ethics and Conduct, available to employees and suppliers.Specific channels and resources for protecting rights and managing customer claims.Internal systems and procedures established to detect corruption situations and prevent fraud and money laundering.Environmental Management System (SIGMAYE)Vendor approval with environmental, social and governance (ESG) criteria including human rights, non-discrimination and compliance with environmental and labor standardsPermanent dialog with stakeholders and workers' legal representation	
	Principle 6			
	"Businesses must uphold the elimination of discrimination with respect to employment and jobs."			
	Principle 7			
	"Businesses must maintain a precautionary approach that favors the environment"			
Anti-corruption	Principle 8		Training in human rights for employees and suppliers as a preventive and awareness-raising measure on UN 2030 Agenda	
	"Businesses must encourage initiatives that promote greater environmental responsibility."			
	Principle 9			
	"Businesses must encourage the development and promotion of environmentally friendly technologies"			
	Principle 10			
	"Businesses must work against corruption in all its forms, including extortion and bribery."			

Note 9: Our footprint: social value, shared value
[GRI 201-1; L.11/2018]

ENVIRONMENTAL FOOTPRINT



ENVIRONMENTAL CERTIFICATIONS

- **11,759** employees working under environmental certification ISO 14001.
- **6,730** employees working under energy management certification ISO 50001.
- **16,940** employees working under carbon footprint verification ISO 14064.
- **12** international head offices certified as being sustainably constructed.



CARBON FOOTPRINT

- MAPFRE is committed to being **carbon neutral** in the Iberia territorial area (Spain and Portugal) by 2021.
- MAPFRE is committed to making **the entire Group carbon neutral by 2030**.
- The annual reduction in the carbon footprint globally has been an **average of 10 percent per year**.
- **1,258,148** kWh of savings since 2016, thanks to the CoolBiz campaign in Spain.
- The MAPFRE without Plastic campaign avoided the generation of **25.8** tons of plastic waste and the emission of **104** tons of CO2 into the atmosphere.



PRODUCTS AND SERVICES OFFERING ENVIRONMENTAL COVERAGE

- More than **58,000** policies in force with environment-related coverage.
- **160,000** policies with free environmental responsibility coverage.
- **65.497** hectares of agricultural land and sustainable forests insured.
- **33,697.44** MW derived from wind and solar renewables insured.
- **46,837** low-emission vehicles insured under eco policies.
- **46** hybrid tow trucks form part of our provider fleet.



ENVIRONMENT-RELATED TRAINING

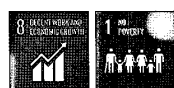
- **2,495** employees have received environment-related training.
- **2,388** volunteers planted **1,969** trees and collected **14.4** tons of trash on MAPFRE's second corporate Volunteering Day, under the banner of "Everyone for the Environment".



BIODIVERSITY AND ECOSYSTEM

- 2019 was the **third year** in which MAPFRE maintained its commitment to the *100 Empresas por los bosques* (100 Companies for the Forests) initiative.
- 2019 was the **fifth year** of collaboration with the WWF Spain for the conservation of biological diversity.

SOCIAL FOOTPRINT



DIRECT AND INDIRECT EMPLOYMENT

- **97.3** percent of employees on permanent contracts.
- **177,197** providers with whom MAPFRE maintains sales and service relationships.
- **79,239** agents, delegates and brokers work with MAPFRE.
- **6,835** approved providers participate in the ESG approval process.



FLEXIBILITY AND CONCILIATION

- **56.2** percent of employees avail of flexible working schedules.
- **3.1** percent of employees avail of reduced workdays.
- **1.6** percent of employees avail of parental leave.
- **16.9** percent of employees equipped for technological mobility (remote working).

- **1,529** teleworking employees.
- **14.9** percent of employees availed of internal mobility to change their job positions.
- **178.3** million euros invested in social benefits for employees.



TRAINING AND TALENT

- **100 percent** of the workforce received training via **1,518,412** hours of training, which represents an average of **44.2** hours per employee and an investment of **536.30** euros per employee.
- **15 percent** of employees have had career plans developed for them.
- More than **44,700** enrollments for the more than 230 training resources available.
- **259** agreements with Universities, business schools and third-level institutions.
- **1,179** students completed internships in the Group during 2018
- **478** providers received training in Human Rights, **403** of whom were security personnel.



HEALTH AND WELL-BEING

- **13,015** hours dedicated to training employees in Health and Well-being.
- **862** activities carried out in **31** countries as part of the IV MAPFRE Week: “**Health, Well-being and Diversity 2019**”.
- **1,741** workplace risk assessments completed.
- **2,642** psychosocial evaluations carried out.
- **51.1 percent** of employees availed of company medical check-ups.
- 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 the MAPFRE People and Organization 2019 report.*)
- Launch of Savia, a new health services digital platform.
- Health-related products aimed at vulnerable groups or people at risk of social exclusion. (*See Note 7.*)



DIVERSITY

- **54.9 percent** of the current workforce are women.
- **40.1 percent** of positions of responsibility are held by women.
- **289,603.06 euros** invested in workplace integration measures.
- **151,254.84 euros** in contracts conceded to special employment centers.
- **2.9 percent** of employees with some type of disability on the workforce.
- **53.9 percent** of employees trained via an e-learning course on disability.
- **164** volunteering activities directed at people with disabilities.
- The Group comprises employees from **84** nationalities.
- **5** generations (Veterans, Baby Boomer and Generations X, Y and Z) work side by side at MAPFRE.
- **211** mentors and **247** mentees taking part in the global traditional and inverse mentoring program that promotes continued development through the exchange of knowledge among generations.



INNOVATION

- **Second** insur_space call, with numerous startups participating.
- **Second** edition of the innova intrapreneurship program.
- Participation of MAPFRE as anchor investor in the venture capital fund "*Alma Mundi Insurtech Fund, FCRE*", which is focused on the insurtech space.
- **75** new products launched.



CORPORATE VOLUNTEERING

The Corporate Volunteer Program is aligned with the SDGs. Due to its specialty and the activities it carries out, it has an impact on other SDGs, in addition to the nine priorities for MAPFRE.

The following table shows, through each of the six lines of action, how volunteering activities carried out throughout 2019 impact on the different SDGs:

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Line of Action	Number of activities	Participating employees	Participation of employee family members	Number of direct beneficiaries	SDG
Health	655	4,236	978	35,258	
Nutrition	373	2,632	358	44,246	
Environment	137	2,464	1,385	3,849	
Education	375	2,934	468	37,585	
Sharing Solidarity	62	883	71	1,871	
Emergency response	13	87	32	2,300	
Total Volunteering Activities 2019	1,615	13,236	3,292	125,209	

*To complete the social work that MAPFRE carries out through Fundación MAPFRE, please consult the Fundación MAPFRE Annual Report 2019, available at www.fundacionmapfre.com

ECONOMIC FOOTPRINT



MAPFRE's insurance activity generates a direct economic impact through the constant flow of transactions made, among which the following are highlighted:

ITEM	2019
Benefits paid ⁽¹⁾	16,120.2
Payments to providers ⁽²⁾	7,761.6
Wages and salaries, and other ⁽³⁾	1,504.4
Activity subtotal	25,386.2
Dividends ⁽⁴⁾	844.1
Shareholders subtotal	844.1
Net income tax payment	430.8
Social security	257.0
Public administrations subtotal	687.8
Interest paid	69.8
Financing subtotal	69.8
Total	26,987.8

ITEM	2019
Third-party funds under management ⁽⁵⁾	40,663.0
Total investments	47,363.4
Financial investments	44,995.9
Fixed income	39,443.7
- Issued by governments	30,088.8
- Other fixed-income securities	9,354.9
Other financial investments	5,552.2
Real estate investments ⁽⁶⁾	1,323.4
Other investments	1,044.1

Figures in million euros

- (1) Benefits paid and related expenses of direct insurance and accepted reinsurance.
- (2) Includes payment of commissions and other activity services.
- (3) Wages and salaries amounted to 1,251.1 million euros in 2019 (1,257.8 million euros in 2018).
- (4) Dividend payments made during the fiscal year.
- (5) Technical provisions for Life, pension funds, mutual funds and managed portfolios, before shadow accounting adjustments.
- (6) Excluding real estate for own use.

Net payments for tax on profits per country:

COUNTRY	2019	COUNTRY	2019
IBERIA	-143.1	NORTH AMERICA	14.9
ESPAIN	-139.9	UNITED STATES	15.2
PORTUGAL	-3.2	VERTI USA	--
BRAZIL	-192.5	PUERTO RICO	-0.2
LATAM NORTH	-8.2	EURASIA	-3.1
MEXICO	-0.6	TURKEY	1.7
PANAMA	0.0	MALTA	-2.3
DOMINICAN REPUBLIC	-6.5	GERMANY	1.3
EL SALVADOR	--	ITALY	--
HONDURAS	-1.0	PHILIPPINES	--
GUATEMALA	0.3	INDONESIA	-3.8
COSTA RICA	--	CHINA	--
NICARAGUA	-0.3	TOTALINSURANCE	-400.5
LATAM SOUTH	-68.6	GLOBAL RISKS	--
COLOMBIA	-14.4	ASISTENCIA	-6.3
ARGENTINA	-5.0	MAPFRE RE	-36.8
CHILE	-38.6	HOLDING, ELIMINATIONS AND OTHER	12.8
PERU	-7.2	MAPFRE VENEZUELA	--
URUGUAY	-0.9	MAPFRE S.A.	-430.8
PARAGUAY	-1.9		
ECUADOR	-0.5		

Figures in million euros

Corporate income tax paid by region:

Geographic area	2019
IBERIA	17.3%
LATAM North	24.8%
LATAM South	23.2%
Brazil	31.4%
North America	26.4%
Reinsurance	25.0%
Total for MAPFRE GROUP	25.3%

7.4. Table of Contents GRI

[GRI 102–55]

Data responding to GRI Indicators and the requirements established by Directive 2014/95 EUA 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) was obtained through Sygris, the Group's social responsibility data-management tool.

Standard and Content GRI	PAGE No. / INFORMATION	Other references
GRI 101. Foundation 2016		
GRI 102. General contents 2016		
1. Organizational profile		
102-1. Name of the organization	MAPFRE P.7	
102-2. Activities, brands, products, and services	2. MAPFRE Group P.7 3. Business model, strategy, and performance P.17 3.4. Business performance P.24 6.1 Financial Dimension P. 73 7.3 Note 7 – Social and environmental products and services P. 170-171 7.3 Note 9: Our footprint: social value, shared value P.180-186	SDG 8,9,11
102-3. Location of headquarters	2. MAPFRE Group P.7 Madrid (Spain)	
102-4. Location of operations	2. MAPFRE Group P.7 2.2 Deployment P.10	
102-5. Ownership and legal form	2. MAPFRE Group P.7	
102-6. Markets served	2.2 Deployment P.10 3. Business model, strategy, and performance P.17 3.4. Business performance P.24 6.1 Financial Dimension P.73	SDG 8,17
102-7. Scale of the organization	2.2 Deployment. P.10 2.3 Key financial figures. P.13 6.1 Financial Dimension P.73 6.3 Human Dimension - General data P.91	SDG 8,17
102-8. Information on employees and other workers	6.3 Human Dimension – General information / Diversity management. P.91, 94-97	SDG 8,10
102-9. Supply chain	6.2 Productive Dimension - Providers P.80	SDG 8
102-10. Significant changes to the organization and its supply chain	3.4.1 General information - relevant issues P.24 6.2 Productive Dimension - Providers P.86	
102-11. Precautionary principle or approach	4.3 Ethical Behavior: main prevention and compliance measures P.51 5. Risks and Opportunities P.62 6.5. Natural Dimension P.123	SDG 13

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102-12. External initiatives	6.6 Social and Relational Dimension / Commitments to sustainability. P.138-141 See mapfre.com – International Commitments	SDG 16,17 Principles 1-10 of the Global Compact
102-13. Membership of associations	6.5 Social and Relational Dimension: relationship channels with stakeholders; Commitments to sustainability. P.138-141 See mapfre.com – International Commitments	SDG 17
2. Strategy		
102-14. Statement from senior decision-makers	1. Letter from the chairman and CEO. P.4 4.1 Governance System. P.39	
102-15. Key impacts, risks, and opportunities	2.4 Regulatory framework and environment. P.14 3.3 Future outlook. P.21-24 5. Risks and Opportunities P.62, 64-72 7.2 Materiality. P.150	SDG 8,17
3. Integrity and ethics		
102-16. Values, principles, standards, and norms of behavior	3.1 Business model. P.17-24 4.1 Governance System. P.39 4.2 Sustainability by conviction, Code of Ethics and Conduct P.48 4.3 Ethical Behavior: main prevention and compliance measures P.51-62	Principles 1-10 of the Global Compact SDG 16,17
102-17. Mechanisms for advice and concerns about ethics	4.3 Ethical Behavior: main prevention and compliance measures P.51-62 6.6 Social and relational dimension: Measures adopted to guarantee respect for Human Rights P.141-144 7.3. Note 8 - Global Compact Principles and measures adopted to prevent and comply with MAPFRE's Human Rights measures. P. 178-179 https://www.mapfre.com/corporate/responsible-business/definition-objectives-social-responsibility/code-ethics/	SDG 16, 17 Principles 1-10 of the Global Compact
4. Governance		
102-18. Governance structure	2. Mapfre Group. P.7 4.1 Governance System. P.39 4.2 Sustainability by conviction P.48	SDG 16
102-19. Delegating authority	4.1 Governance System. P.39 4.2 Sustainability by conviction P.48 Section C.2.1. of the Annual Corporate Governance Report (ACGR).	Principles 1-10 of the Global Compact
102-20. Executive-level responsibility for economic, environmental, and social topics	4.1 Governance System. P.39 4.2 Sustainability by conviction P.48 Section C.2.1. of the Annual Corporate Governance Report (ACGR).	Principles 1-10 of the Global Compact

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102-21. Consulting stakeholders on economic, environmental, and social topics	7.2 Materiality. P.150	Principles 1-10 of the Global Compact SDG 16
102-22. Composition of the highest governance body and its committees	4.1 Governance System. P.39 6.3 Human Dimension - Diversity and inclusion P.94-97	SDG 5,16
102-23. Chair of the highest governance body	4.1 Governance System. P.39	
102-24. Nominating and selecting the highest governance body	Sections C.1.16., C.1.5. and C.1.6. of the Annual Corporate Governance Report (ACGR).	SDG 5,16
102-25. Conflicts of interest	Sections D.6. and A.1. to A.8. of the Annual Corporate Governance Report (ACGR).	SDG 16
102-26. Role of highest governance body in setting purpose, values, and strategy	4.1 Governance System. P.39 Section C.2.1. of the Annual Corporate Governance Report (ACGR). Title I, Chapter II of the Board of Directors Regulation of MAPFRE: Duties and Responsibilities of the Board	SDG 16, 17
102-27. Collective knowledge of highest governance body	Sections C.1.35 of the Annual Corporate Governance Report (ACGR).	
102-28. Evaluating the highest governance body's performance	Section C.1.17. of the Annual Corporate Governance Report (ACGR). Given its relevance, we refer to the Board of Directors Regulation from MAPFRE and published on the corporate website. Title I. Board of Directors and Title II. Committees and Steering Committees.	SDG 16
102-29. Identifying and managing economic, environmental, and social impacts	5. Risks and Opportunities. P.62-72 7.2 Materiality. P.150 Sections E.1., E.2. and F.1. of the Annual Corporate Governance Report (ACGR). Given its relevance, we refer to the Board of Directors Regulation published on the corporate website. Chapter IV: Risk and Compliance Committee	Principles 1-10 of the Global Compact SDG 16
102-30. Effectiveness of risk management processes	5. Risks and Opportunities P.62-72 Sections E.2. and E.6. of the Annual Corporate Governance Report (ACGR). Given its relevance, we refer to the Board of Directors Regulation published on the corporate website. Chapter IV: Risk and Compliance Committee	Principles 1-10 of the Global Compact
102-31. Review of economic, environmental, and social topics	5. Risks and Opportunities P.62-72 7.2 Materiality. P.150 Section E.1. of the ACGR. of the Annual Corporate Governance Report (ACGR). Given its relevance, we refer to the Board of Directors Regulation published on the corporate website. Chapter IV: Risk and Compliance Committee	Principles 1-10 of the Global Compact

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102-32. Highest governance body's role in sustainability reporting	7.1 Bases of preparation and presentation of the report. P. 148 Section C.2.1. of the Annual Corporate Governance Report (ACGR). Given its relevance, we refer to the Board of Directors Regulation published on the corporate website. Title I Chapter I: Duties and Responsibilities of the Board	Principles 1-10 of the Global Compact
102-33. Communicating critical concerns	4.3 Ethical Behavior: main prevention and compliance measures P.51-62 7.3 Note 1 – Grievances and complaints. P.154	Principles 1-10 of the Global Compact
102-34. Nature and total number of critical concerns	Code of Ethics and Conduct https://www.mapfre.com/corporate/responsible-business/definition-objectives-social-responsibility/code-ethics/ Given its relevance, we refer to the Board of Directors Regulation published on the corporate website. Title I Chapter I: Duties and Responsibilities of the Board	
102-35. Remuneration policies		Law 11/2018: Questions related to personnel: employment
102-36. Process for determining remuneration	4.1 Governance System. P. 39 6.3 Human Dimension - Remuneration and Recognition Annual report on directors' remuneration P. 106-109 https://www.mapfre.com/corporate/institutional-investors/general-shareholders-meeting/	Law 11/2018: Questions related to personnel: employment Principles 1, 2, 3, 4, 6 and 10 of the Global Compact
102-37. Stakeholders' involvement in remuneration		SDG 16 Principles 1, 2, 3, 4, 6 and 10 of the Global Compact SDG 16
102-38. Annual total compensation ratio	The annual total compensation ratio in Spain is 19.91. This ratio is calculated at Spain level, where the Company's headquarters is located, without including the corporate areas or business units (MAPFRE RE, MAPFRE GLOBAL RISKS Y MAPFRE ASISTENCIA) and is	Principles 1, 2, 3, 4, 6 and 10 of the Global Compact

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	<p>taken as the ratio of the total compensation (fixed remuneration plus target variable remuneration) paid to the highest paid individual in the Company and the median of the annual total compensation of all full-time employees, excluding the highest-paid individual.</p> <p>The resulting data is considered reasonable taking the current workforce structure into account.</p> <p>Spain represents 27% of the Group's workforce.</p>	
102-39. Percentage increase in annual total compensation ratio	<p>The percentage increase in annual total compensation ratios is 17.57.</p> <p>This ratio is calculated for Iberia territorial employees located in Spain, as this is where the Company's headquarters are located, not including corporate areas or business units (MAPFRE RE, MAPFRE GLOBAL RISKS AND MAPFRE ASISTENCIA), as the ratio between the increase in the total annual compensation (fixed remuneration plus target variable remuneration) of the highest paid person of the Company and the percentage increase in the median total annual compensation (fixed remuneration plus target variable remuneration) of all employees, taking full-time annualized compensation into account, excluding the highest paid person.</p> <p>The Iberia territory in Spain represents 27% of the Groups total workforce.</p>	Principles 1,2, 3, 4,6 and 10 of the Global Compact
5. Participation of stakeholders		
102-40. List of stakeholder groups	6.6 Social and Relational Dimension – Management of relationships with Stakeholders. P.132-133	Principles 1-10 of the Global Compact
102-41. Collective bargaining agreements	6.6 Social and Relational Dimension – Management of relationships with Stakeholders. Relationship channels. P. 136-138	Principles 1, 2, 3, 4, and 6 of the Global Compact SDG 8
102-42. Identifying and selecting stakeholders	6.6 Social and Relational Dimension – Management of relationships with Stakeholders. P.132-133	
102-43. Approach to stakeholder engagement	6.6 Social and Relational Dimension – Management of relationships with Stakeholders. Relationship channels. P.132-141 7.2 Materiality. P.150	Principles 1-10 of the Global Compact
102-44. Key topics and concerns raised	6.6 Social and Relational Dimension – Management of relationships with Stakeholders. Relationship channels P.133-141 7.2 Materiality. P.150	Global Compact Principles 1-10

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6. Practices for drawing up reports		
102-45. Companies included in the consolidated financial statements	7.1 Bases of preparation and presentation of the report. P.148 Consolidated annual accounts and management report 2019 https://www.mapfre.com/corporate/institutional-investors/financial-information/annual-reports/	
102-46. Defining report content and topic Boundaries	7.1 Bases of preparation and presentation of the report. P.148	
102-47. List of material topics	7.2 Materiality. P.150	Principles 1-10 of the Global Compact
102-48. Restatements of information	7.1 Bases of preparation and presentation of the report. P. 148 7.6. External Assurance report. P.208	
102-49. Changes in reporting	7.1 Bases of preparation and presentation of the report. P.148 7.2. Materiality P.150	
102-50. Reporting period	7.1 Bases of preparation and presentation of the report. P.148	
102-51. Date of most recent report	7.1 Bases of preparation and presentation of the report. P.148 https://www.mapfre.com/corporate/responsible-business/annual-reports/	
102-52. Reporting cycle	Annual	
102-53. Contact point for questions regarding the report	7.1 Bases of preparation and presentation of the report. P.148	
102-54. Claims of reporting in accordance with the GRI Standards	7.1 Bases of preparation and presentation of the report. P.148	
102-55. GRI content index	7. Supplementary Information – Index of Indicators. P.187-203	
102-56. External assurance	7.6 External Assurance report. P.208	
GRI 103 – Focus on management 2016		
103-1 Explanation of the material topic and its Boundary	6.6 Social and Relational Dimension – Management of relationships with Stakeholders. P.136-141 7.2 Materiality. P.150	Principles 1-10 of the Global Compact
103-2 The management approach and its components	6.6 Social and Relational Dimension – Management of relationships with Stakeholders. P.136-141 7.2 Materiality. P.150	SDG 16
103-3 Evaluation of the management approach	7.2 Materiality. P.150	
GRI 201. Economic performance 2016		
201-1 Direct economic value generated and distributed	2.3 Key financial figures. P.13 3.4.2. Information by Business Unit P.25 6.1 Financial Dimension P.73 7.4. Nota 9- Our Footprint: social value, shared value. P.178-186	Principles 1-10 of the Global Compact SDG 1,2,5,7,8 and 9

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	Consolidated annual report 2019 https://www.mapfre.com/corporate/institutional-investors/general-meeting/	
201-2-Financial implications and other risks and opportunities due to climate change	5. ESG Risks and Opportunities P.62-72 6.5. Natural Dimension - Climate Change Action Strategy P.128 7.3 Note 7 – Social and environmental products and services. P.170-177 Consolidated annual report 2019 https://www.mapfre.com/corporate/institutional-investors/general-shareholders-meeting/	Principles 7, 8 and 9 of the Global Compact SDG 13
201-3- Defined benefit plan obligations and other retirement plans	6.3 Human Dimension - Remuneration and Recognition P.106-109	Principles 1, 6 and 10 of the Global Compact
201-4- Financial assistance received from government	<i>The public subventions received do not represent a significant amount as a percentage of Group total revenues.</i>	
GRI 202. Market presence 2016		
202-1 Ratios of standard entry level wage by gender compared to local minimum wage	MAPFRE applies the principle of equal opportunities and non-discrimination to all processes of selection, promotion and mobility, with the qualifications, merits, value and professional capacity of the candidates, the criteria to be taken into account in order to perform objectively the chose. In MAPFRE, the salary ratio of the initial standard category is established by level and the nature of the function to be developed, and does not distinguish by gender. Normally, the ratio of the initial standard category is determined by a Collective Agreement (sectorial or company). In general, in those countries where there is a local minimum wage, the MAPFRE entry-level wage is higher. For example, in Spain, headquarters of the Group, the quotient is 1.27.	SDG 8
202-2 Proportion of senior management hired from the local community	6.3 Human Dimension -- Internal Mobility P.100	SDG 8
GRI 203: Indirect Economic Impacts		
203-2 Significant indirect economic impacts	5. Risks and Opportunities. P.62-72 7.3 Note 7 – Social and environmental products and services P.170-177	ODS 1, 8

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GRI 204. Acquisition practices 2016		
204-1 Proportion of spending on local providers	6.2 Productive Dimension - Providers P.62-80	Principle 10 of the Global Compact SDG 1,5, 8
GRI 205. Anti-corruption 2016		
205-1- Operations assessed for risks related to corruption	4.2 Sustainability by conviction P.48 4.3 Ethical Behavior: main prevention and compliance measures P.51-62	Principle 10 of the Global Compact
205-2- Communication and training about anti-corruption policies and procedures	5. Risks and Opportunities P.62-72 7.3 Note 8 - Global Compact Principles and measures adopted to prevent and comply with MAPFRE's Human Rights P.178-179	SDG 16
205-3- Confirmed incidents of corruption and actions taken	In 2019, there were no significant corruption cases in the Group and, in those detected, all of low relevance, the internal control mechanisms functioned correctly, facilitating the detection of same and the application of the corresponding measures.	
GRI 206. Anti-competitive Behavior 2016		
206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	In 2019, no legal actions were taken for anti-competitive behavior, anti-trust, and monopoly practices.	Principle 10 of the Global Compact SDG 16
GRI 301. 2016 Materials		
301-1 Materials used by weight or volume	7.3 Note 6 – Environmental information P.165-169	Principles 7, 8, 9 and 12 of the Global Compact SDG 8, 12
301-2- Recycled input materials used	7.3 Note 6 – Environmental information. P.165-169	Principles 7, 8 and 9 of the Global Compact SDG 8, 12
GRI 302. Electricity 2016		
302-1- Energy consumption within the organization	7.3 Note 6 – Environmental information. P.165-169	

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302-2 Energy consumption outside of the organization		Principles 7, 8 and 9 of the Global Compact SDG 7,8,12 and 13
302-3- Energy intensity		
302-4- Reduction of energy consumption		
GRI 303. Water 2016		
303-5 – Water consumption	7.4 Nota 6 - Environmental information. P.165-169	Principles 7, 8 and 9 of the Global Compact ODS 6
GRI 304. Biodiversity 2016		
304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	6.5 Natural Dimension - Biodiversity Preservation P.131 MAPFRE does not have work centers in protected areas or in unprotected high biodiversity areas.	Principles 7, 8 and 9 of the Global Compact SDG 6,14 and 15
GRI 305. Emissions 2016		
305-1 Direct (Scope 1) GHG emissions	7.3 Note 6 – Environmental information. P.165-169	Principles 7, 8 and 9 of the Global Compact SDG 2,3,12,13, 14 and 15
305-2 Energy indirect (Scope 2) GHG emissions		
305-3- Other indirect (Scope 3) GHG emissions		
305-4 GHG emissions intensity	6.5 Natural Dimension - Climate change action strategy P. 128-131 7.3 Note 6 – Environmental information. P.165-169	Principles 7, 8 and 9 of the Global Compact SDG 13, 14, 15
305-5- Reduction of GHG emissions		
GRI 306. Effluents and waste 2016		
306-2- Wastes by type and disposal method	7.3 Note 6 – Environmental information. P.165-169	Principles 7, 8 and 9 of the Global Compact SDG 3, 6 and 12

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306-3- Significant spills	During 2019, no spills or leaks in establishments or facilities where MAPFRE carries out its activities were registered.		Principles 7, 8 and 9 of the Global Compact SDG 3,6,12,14 and 15
306-5 Water bodies affected by water discharges and/or runoff	The activity carried out by MAPFRE is mainly administrative and, by its nature, has a low environmental impact. This year no significant impacts have been identified in this area		Principles 7, 8 and 9 of the Global Compact SDG 6, 15
GRI 307. Environmental compliance 2016			
307-1 Non-compliance with environmental laws and regulations	The company does not have any record of having received a significant environmental fine in 2019.		Principles 7, 8, 9 and 10 of the Global Compact SDG 16
GRI 308. Provider environmental evaluation 2016			
308-1. New providers that were screened using environmental criteria	6.2 Productive Dimension - Providers ESG provider approval P.86		Principles 7, 8, 9 and 10 of the Global Compact
308-2- Negative environmental impacts in the supply chain and actions taken			
GRI 401. Employment 2016			
401-1 - New employee hires and employee turnover	6.3 Human Dimension – General information / Diversity management. P.92-94 7.3 Note 2 – New hires and departures. P.155 For more information see People and Organization 2019 report		Principles 1, 2, 3, 6 and 10 of the Global Compact
401-2- Benefits provided to full-time employees that are not provided to temporary or part-time employees	6.3 Human Dimension – Management model/ Remuneration and Recognition/Work-life balance and Well-being P.110-112 For more information see People and Organization 2019 report		Principles 1, 2, 3, 6 and 10 of the Global Compact SDG 3,5 and 8
401-3 Parental leave	6.3 Human Dimension - Work-life balance and Well-being P.110-111 For more information see People and Organization 2019 report		Principles 1, 2, 3, 6 and 10 of the Global Compact SDG 5,8

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GRI 402. Labor/Management Relations 2016		
402-1 - Minimum notice periods regarding operational changes	6.5 Social and Relational Dimension – Relationship channels with workers’ representatives P.137	Principles 1, 2, 3, and 6 of the Global Compact SDG 8
GRI 403. Occupational health and safety 2016		
403-1 - Occupational health and safety management system	6.3 Human Dimension P.111-113 For more information see People and Organization 2019 report	Principles 1, 2, 3, 4, 5, 6 and 8 of the Global Compact SDG 3, 8
403-2 - Hazard identification, risk assessment, and incident investigation		
403-3 Occupational health services		
403-4 - Worker participation, consultation, and communication on occupational health and safety		
403-5 Worker training on occupational health and safety		
403-6 Promotion of worker health		
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	6.2 Productive Dimension - Providers ESG provider approval P.88-89	
403-8 Workers covered by an occupational health and safety management system	6.3 Human Dimension: Management model / employee experience / conciliation and well-being P.110-111	
403-9 Work-related injuries	6.3 Human Dimension: Management model / employee experience / conciliation and well-being P.111-113	
403-10 Work-related ill health	7.3 Note 5 – Work related accident data P.164	
GRI 404. Training 2016		
404-1 - Average hours of training per year per employee	6.3 Human Dimension: Management model / Learning and knowledge management. P.98-103 For more information see People and Organization 2019 report	Principles 1, 2, 3, 4, 6 and 8 of the Global Compact SDG 4,5 and 8
404-2 Programs for upgrading employee skills and transition assistance programs	6.3 Human Dimension: Management model / Talent/ Internal Mobility / Learning and knowledge management P.98-103 For more information see People and Organization 2019 report	Principles 1, 2, 3, 4, 6 and 8 of the Global Compact SDG 8

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404-3 - Percentage of employees receiving regular performance and career development reviews	6.3 Human Dimension - Management model / Remuneration and recognition/ conciliation and well-being P.107-108 For more information see People and Organization 2019 report	Principles 1, 2, 3, 4, 6 and 8 of the Global Compact SDG 5,8 and 10
GRI 405. Diversity and equal opportunities 2016		
405-1- Diversity of governance bodies and employees	4. 1 Governance System - Diversity and Experience P.43 4.2 Ethics and Sustainability P.48 6.3 Human Dimension - Management model /Diversity and Inclusion P.91, 94-97 For more information see People and Organization 2019 report	Principles 1, 2, 3, 4 and 6 of the Global Compact SDG 5, 8
405-2 – Ratio of basic salary and remuneration of women to men	6.3 Human Dimension - Managing Diversity/Remuneration and Recognition P.106-109 7.3 Note 3 and 4 – Remunerations P.157-164 For more information see People and Organization 2019 report	Principles 1, 2, 3, 4 and 6 of the Global Compact SDG 5, 8, 10
GRI 406- Non-discrimination 2016		
406-1 – Incidents of discrimination and corrective actions taken	4.2 Sustainability by conviction P.48 4.3. Ethical Behavior: main prevention and compliance measures P.51-62 6.6 Social and Relational Dimension : Human Rights and Agenda 2030 (SDG) P.141-147 7.3 Note 8 – Global Compact Principles and measures adopted to prevent and comply with MAPFRE's Human Rights measures P.178-179	Principles 1, 2, 3, 4, 6 and 10 of the Global Compact SDG 5,8, 16
GRI 407. Freedom of association and collective bargaining 2016		
407-1- Operations and providers in which the right to freedom of association and collective bargaining may be at risk	4.2 Sustainability by conviction P.48 4.3. Ethical Behavior: main prevention and compliance measures P.51-62 6.6 Social and Relational Dimension – Relationship channels / Employees and their legal representatives / Human Rights and Agenda 2030(SDG) P.136-138, 141-144 7.3 Note 8 – Global Compact Principles and measures adopted to prevent and comply with MAPFRE's Human Rights measures P.178-179	Principles 1, 2, 3, 4, 6 and 10 of the Global Compact SDG 8
GRI 408.Child labor 2016		

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408-1 Operations and providers at significant risk for incidents of child labor	4.2 Sustainability by conviction P.48 4.3. Ethical Behavior: main prevention and compliance measures P.51-62 6.2 Productive Dimension - Providers P.86 6.5 Social and Relational Dimension: Human Rights and Agenda 2030(SDG) P.141-413 7.3 Note 8 – Global Compact Principles and measures adopted to prevent and comply with MAPFRE’s Human Rights measures P.178-179, 180-186	Principles 1, 2, 3, 5, 6 and 10 of the Global Compact SDG 8, 16
GRI 409. Forced or compulsory labor 2016		
409-1 Operations and providers at significant for incidents of forced or compulsory labor	4.2 Sustainability by conviction P.48 4.3. Ethical Behavior: main prevention and compliance measures P.51-62 6.2 Productive Dimension - Providers P.86 6.5 Social and Relational Dimension: Human Rights and Agenda 2030(SDG) P.141-147 7.3 Note 8 – Global Compact Principles and measures adopted to prevent and comply with MAPFRE’s Human Rights measures P.178-179, 180-186	Principles 1, 2, 3, 4, 6, 8 and 10 of the Global Compact SDG 8
GRI 410. Security practices 2016		
410-1 Security personnel trained in human rights policies or procedures	4.2 Sustainability by conviction P.48 4.3. Ethical Behavior: main prevention and compliance measures P.51-62 6.2 Productive Dimension - Providers P.86 6.6 Social and Relational Dimension: Human Rights and Agenda 2030(SDG) P.141-147 7.3 Note 8 – Global Compact Principles and measures adopted to prevent and comply with MAPFRE’s Human Rights measures. P.178-179	Principles 1, 2, 3, and 10 of the Global Compact SDG 16
GRI 411. Rights of indigenous peoples 2016		
411 - 1 Incidents of violations involving rights of indigenous peoples	4.3. Ethical Behavior: main prevention and compliance measures P.51-62 6.6 Social and Relational Dimension: Human Rights and Agenda 2030(SDG) P.141-147 7.3 Note 8 – Global Compact Principles and measures adopted to prevent and comply with MAPFRE’s Human Rights measures. P.178-179 There is no record of any incidents of violations involving rights of indigenous people.	Principles 1, 2, 3, and 10 of the Global Compact SDG 2
GRI 412. Human Rights Assessments 2016		
412-1 Operations that have been subject to human rights reviews or impact assessments	6.6 Social and Relational Dimension: Human Rights and Agenda 2030(SDG) P.141-147 7.2 Materiality. P.150	Principles 1-10 of the Global Compact

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	7.3 Note 8 – Global Compact Principles and measures adopted to prevent and comply with MAPFRE's Human Rights measures P.178-179	
412-2 Employee training on human rights policies or procedures	6.6 Social and Relational Dimension: Human Rights and Agenda 2030(SDG) - P.141-147 7.3 Note 5 – Global Compact Principles and measures adopted to prevent and comply with MAPFRE's Human Rights measures P.178-179	Principles 1-10 of the Global Compact
412-3 Significant investment agreements and contracts that include human rights clauses	4.2 Sustainability by conviction P.48 4.3. Ethical Behavior: main prevention and compliance measures P.51-62 6.2 Productive Dimension - Providers P.86 6.6 Social and Relational Dimension: Human Rights and Agenda 2030(SDG) P.141-147 7.3 Note 8 – Global Compact Principles and measures adopted to prevent and comply with MAPFRE's Human Rights measures P.178-179	Principles 1, 2, 3, 4, 5, 6, 7 and 10 of the Global Compact
GRI 413. Local communities 2016		
413-1 Operations with local community engagement, impact assessments and development programs	6.3 Human Dimension - Employee Experience Volunteering P.114-115 6.6 Social and Relational Dimension: Human Rights and Agenda 2030(SDG) P.141-147 7.3 Note 8 – Global Compact Principles and measures adopted to prevent and comply with MAPFRE's Human Rights measures P.178-178 www.fundacionmapfre.org For more information see People and Organization 2019 report	Principles 1, 2, 3, 4, 5, 6, 7 and 10 of the Global Compact
413-2 Operations with significant actual and potential negative impacts on local communities	6.3 Human Dimension - Employee Experience Volunteering P.114-115 6.6 Social and Relational Dimension: Human Rights and Agenda 2030(SDG) P.141-147 7.3 Note 8 – Global Compact Principles and measures adopted to prevent and comply with MAPFRE's Human Rights measures P.178-178 www.fundacionmapfre.org For more information see People and Organization 2019 report	Principles 1, 2, 3, 4, 5, 6, 7 and 10 of the Global Compact SDG 1, 2
GRI 414. Provider Social Assessment 2016		
414-1 New providers that were screened using social criteria	6.2 Productive Dimension – Providers P.86	Principles 1-10 of the Global Compact

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414-2 Negative social impacts in the supply chain and actions taken	6.6 Social and Relational Dimension: Human Rights and Agenda 2030(SDG) P.141-147	SDG 5, 8 and 16
GRI 415. Public policies 2016		
415-1 Political contributions	4.2 Sustainability by conviction P.49 4.3. Ethical Behavior: main prevention and compliance measures P.52-55 Institutional Relations, Institutional, Business and Organizational Principles of the MAPFRE Group https://www.mapfre.com/corporate/institutional-investors/corporate-governance/	Principle 10 of the Global Compact SDG 16
GRI 417. Marketing and labeling 2016		
417-1 Requirements for product and service information and labeling	6.6 Social and Relational Dimension: Institutional supervisors and regulatory bodies P.136 Varies according to local legislation.	SDG 12
417-2 Incidents of non-compliance concerning product and service information and labeling	4.3. Ethical Behavior: Grievances and complaints. P.51, 56-60 7.3 Note 1 – Grievances and complaints P.154	Principle 10 of the Global Compact SDG 12, 16
417-3 Incidents of non-compliance concerning marketing communications	No significant cases of non-compliance with regulations or voluntary codes assumed by the company were reported in 2019.	Principle 10 of the Global Compact SDG 16
GRI 418. Client privacy 2016		
418-1 Substantiated complaints concerning breaches of client privacy and losses of client data	6.4 Intellectual Dimension - Cybersecurity P.118-120	Principles 1, 2, 3, and 10 of the Global Compact SDG 16
GRI 419. Environmental compliance 2016		
419-1 Non-compliance with laws and regulations in the social and economic area	4.2 Sustainability by conviction P.48	Principles 1, 2, 3, and 10 of the Global Compact SDG 16

GRI FINANCE SUPPLEMENT INDICATORS	
GRI Indicators	Page / Information
Impact of products and services	

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FS1	Policies with specific environmental and social components applied to business lines.	4.1 Governance System. P.39 4.2 Sustainability by conviction P.48 5. Risks and Opportunities P.64 6.3 Human Dimension P.91 6.5 Natural Dimension – Strategic environmental model. P.123 7.3 Note 7 – Social and environmental products and services. P.170-177
FS2	Procedures for assessing and screening environmental and social risks in business lines.	5. Risks and Opportunities P.64 6.5 Natural Dimension – Strategic environmental model. P.128
FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions with clients.	4.2 Sustainability by conviction P.48 5. Risks and Opportunities P.64 6.5 Natural Dimension – Strategic environmental model. P.123 7.3 Note 7 – Social and environmental products and services. P.170-177
FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines.	4.2 Sustainability by conviction P.48 4.3. Ethical Behavior P.51 5. Risks and Opportunities P.64 6.3 Human Dimension – the continuing talent challenge P.98 6.5 Natural Dimension – Strategic environmental model. Biodiversity P.131
FS5	Interactions with clients, investors and business partners regarding environmental and social risks and opportunities.	5. Risks and Opportunities P.64 6.5 Natural Dimension – Strategic environmental model. P.128 7.2 Materiality. P.150
Product portfolio		
FS6	Percentage of the portfolio for each business line by specific region, size and sector.	3.4.2 Information by Business Unit. P.24
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by objective.	7.3 Note 7 – Social and environmental products and services. P.170-177
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by objective.	
Auditing		
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures.	5. Risks and Opportunities P.64 6.5 Natural Dimension – Strategic environmental model. P.123 7.1 Bases of preparation and presentation of the report. P.148 7.3 Note 6 – Environmental information: Environmental Audits. P.165
Active ownership		

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FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues.	This information is not available as of the close of this report
FS11	Percentage of assets subject to positive and negative environmental or social screening.	
Community		
FS13	Access points in low-populated or economically disadvantaged areas by type.	4.2 Sustainability by conviction P.48 7.3 Note 7 – Social and environmental products and services. Annual report of Fundación MAPFRE 2019 P.170-177
FS14	Initiatives to improve access to financial services for disadvantaged people	
Client health and safety		
FS15	Policies for the fair design and sale of financial products and services	4.2 Sustainability by conviction P.48 7.3 Note 7 – Social and environmental products and services. P.170-177
Marketing communications		
FS16	Initiatives to improve literacy and financial education by type of beneficiary	Annual report of Fundación MAPFRE 2019

7.5. Correspondence of GRI content and non-financial information status (Law 11/2018 of December 28)

Non-financial information - Law 11/2018, of December 28		Reporting Criteria - GRI Standards	Pages
General topics			
Business model	A brief description of the group's business model	GRI 102-2 GRI 102-7	7-10, 17-20
	Markets served	GRI 102-3 GRI 102-4 GRI 102-6	7-12
	Organizational objectives and strategies	GRI 102-14	17-23
	Main factors and trends that may affect their future evolution	GRI 102-14 GRI 102-15	14-16, 62-76
General	Reporting framework	GRI 102-54	148-150
	Materiality Principle	GRI 102-46 GRI 102-47	150
Management approach	Description of the policies that apply	GRI 103-2	47
	The results of these policies	GRI 103-2	47, 49
	The main risks related to these issues linked to the activities of the group	GRI 102-15	64-66
Environmental issues			
Environmental management	Management Approach: policies and risks	GRI 102-15 GRI 103-2	63, 123
	Current and foreseeable effects of the company's activities on the environment and, where appropriate, health and safety	GRI 102-15 GRI 103-2	128
	Environmental assessment or certification procedures	GRI 103-2	125, 165
	Resources devoted to the prevention of environmental risks	GRI 103-2	165
	Application of the precautionary principle	GRI 102-11	124
	Quantity of provisions and guarantees for environmental risks	GRI 103-2	165
Contamination	Measures to prevent, reduce or repair carbon emissions (also includes noise and light pollution)	GRI 103-2	126-129
Circular economy and waste prevention and management	Prevention, recycling, reuse, other forms of waste recovery and disposal measures	GRI 103-2 GRI 306-1 GRI 306-2	126-129
	Actions to combat food waste	GRI 103-2 GRI 306-2	130
Sustainable use of resources	Water consumption and water supply in accordance with local limitations	GRI 303-5 (version 2018)	169
	Consumption of raw materials and measures taken to improve the efficiency of their use	GRI 301-1 GRI 301-2 GRI 301-3	125-127, 168-169
	Direct and indirect consumption of energy	GRI 302-1 GRI 302-3	168-169
	Measures taken to improve energy efficiency	GRI 302-4	125-127
	Use of renewable energies	GRI 302-1	168-169

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Non-financial information - Law 11/2018, of December 28		Reporting Criteria - GRI Standards	Pages
Climate change	Significant elements of greenhouse gas emissions generated as a result of the company's activities	GRI 305-1 GRI 305-2 GRI 305-3 GRI 305-4	128-129, 166-167
	Measures taken to adapt to the consequences of climate change	GRI 201-2	128
	Voluntary medium- and long-term reduction targets for reducing greenhouse gas emissions and the means implemented for this purpose	GRI 305-5	125-127
Biodiversity protection	Measures taken to preserve or restore biodiversity	GRI 304-3	131
	Impacts caused by activities or operations in protected areas	GRI 304-1 GRI 304-2	131
Social and personnel issues			
Employment	Management Approach: policies and risks	GRI 102-15 GRI 103-2	91-114
	Total number and distribution of employees by country, gender, age and professional category	GRI 102-8 GRI 405-1	11, 92-94
	Total number and distribution of contract of employment modalities	GRI 102-8	92-94
	Annual average by contract modality (permanent, temporary, and partial), gender, age, and professional classification	GRI 102-9	92-94
	Number of layoffs by gender, age and professional category	GRI 103-2	155
	Salary gap	GRI 103-2 GRI 405-2	108
	Average remuneration and its evolution broken down by gender, age and professional classification or equal value	GRI 103-2 GRI 405-2	109, 158-162
	Average remuneration of board directors and executives, including variable remuneration, travel, subsistence and accommodation allowances, indemnification, payment into long-term savings schemes and any other categories, broken down by gender	GRI 103-2 GRI 405-2	158-162
	Implementation of work disconnection policies	GRI 103-2	137
	Employees with disabilities	GRI 405-1	97
Organization of work	Organization of working time	GRI 103-2	109-111
	Number of hours of absenteeism	GRI 403-9 (Version GRI 2018)	112
	Measures aimed at facilitating a work-life balance and encouraging both parents to adopt such measures	GRI 401-3	109-111
Health and safety	Occupational health and safety conditions	GRI 403-1 GRI 403-2 GRI 403-3 GRI 403-7 (Version GRI 2018)	109-112
	Accidents at work, in particular their frequency and severity, broken down by gender	GRI 403-9 GRI 403-10 (Version GRI 2018)	112

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Non-financial information - Law 11/2018, of December 28		Reporting Criteria - GRI Standards	Pages
	Occupational illnesses, broken down by gender	GRI 403-9 GRI 403-10 (Version GRI 2018)	112
Social and personnel issues			
Social relations	Organization of social dialog, including procedures for informing, consulting and negotiating with personnel	GRI 103-2	132, 136-138
	Percentage of employees covered by collective bargaining agreements by country	GRI 102-41	136-138
	The balance of collective agreements, particularly in the field of health and safety at work	GRI 403-4 (version 2018)	136-138
Training	Policies implemented in the field of training	GRI 103-2 GRI 404-2	100
	Total number of training hours per professional category	GRI 404-1	101-102
Accessibility	Universal accessibility for people with disabilities	GRI 103-2	97
Equality	Measures taken to promote equal treatment and equal opportunities for women and men	GRI 103-2	94-97
	Equality plans (Chapter III of Organic Law 3/2007, of March 22, for the effective equality of women and men)	GRI 103-2	143
	Measures adopted to promote employment, protocols against sexual and gender-based harassment, integration and universal accessibility for people with disabilities	GRI 103-2	61-62, 97
	Policy against all forms of discrimination and, where appropriate, the management of diversity	GRI 103-2	54, 94
Information on respect for Human Rights			
Human Rights	Management Approach: policies and risks	GRI 102-15 GRI 103-2	141-143
	Implementation of Human Rights due diligence procedures, prevention of risk of Human Rights violations and, where appropriate, measures to mitigate, manage and redress possible abuses committed	GRI 102-16 GRI 102-17 GRI 410-1 GRI 412-1 GRI 412-2 GRI 412-3	141-143
	Complaints about cases of Human Rights violations	GRI 103-2 GRI 406-1	62
	Promotion of and compliance with the provisions of the fundamental conventions of the International Labor Organization relating to respect for freedom of association and the right to collective bargaining, the elimination of discrimination in employment and occupation, the elimination of forced or compulsory labor, the effective abolition of child labor	GRI 103-2 GRI 407-1 GRI 408-1 GRI 409-1	141
Information on fighting corruption and bribery			
Corruption and bribery	Management Approach: policies and risks	GRI 102-15 GRI 103-2	51
	Measures taken to prevent corruption and bribery	GRI 103-2 GRI 102-16 GRI 102-17 GRI 205-2	51-62, 63

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Non-financial information - Law 11/2018, of December 28		Reporting Criteria - GRI Standards	Pages
		GRI 205-3	
	Measures to combat money laundering	GRI 103-2 GRI 102-16 GRI 102-17 GRI 205-2 GRI 205-3	54
	Contributions to foundations and non-profit entities	GRI 102-13 GRI 201-1 GRI 415-1	138-141
Information about the Society			
The company's commitments to sustainable development	Management Approach: policies and risks	GRI 102-15 GRI 103-2	132-144
	Impact of the company's activity on employment and local development	GRI 103-2 GRI 203-2 GRI 204-1	144-147
	Impact of the company's activity on local populations and the territory	GRI 411-1 GRI 413-1 GRI 413-2	178-179
	Relationships maintained with local community actors and the modalities of dialog with them	GRI 102-43 GRI 413-1	130-141
	Association or sponsorship actions	GRI 103-2 GRI 201-1	114-115
Subcontracting and providers	Inclusion of social, gender equality and environmental issues in the purchasing policy	GRI 103-2	87-89
	Consideration in relationships with providers and subcontractors of their social and environmental responsibility	GRI 102-9 GRI 308-1 GRI 414-1	88-89
	Supervision systems and audits and their results	GRI 102-9 GRI 308-2 GRI 414-1	88-89
Consumers	Measures for the health and safety of consumers	GRI 103-2 GRI 416-1 GRI 417-1	74, 81-85
	Complaints systems, grievances received and their resolution	GRI 103-2 GRI 418-1	154-155
Tax information	Profits obtained country-by-country	GRI 207-4 (2019)	27-35
	Tax on profits paid	GRI 207-4 (2019)	185-186
	Public subsidies received	GRI 201-4	192

7.6. External Assurance report

[GRI 102-48, 102-49, 102-56]

See KPMG Report.



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Independent Assurance Report of Integrated Report of MAPFRE, S.A. and subsidiaries for the year 2019

(Free translation from the original in Spanish.
In case of discrepancy, the Spanish language version prevails.)

To the shareholders of MAPFRE, S.A.:

We have been engaged by MAPFRE, S.A. management to provide limited assurance on Integrated Report for the year ended 31 December 2019 of MAPFRE, S.A. (hereinafter, the Parent Company) and subsidiaries (hereinafter, The Group), prepared in accordance with Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards) in its comprehensive option and with the Financial Sector Supplement (hereinafter, the Report).

In addition to this, pursuant to article 49 of the Spanish Code of Commerce, we have provided limited assurance on the Non-Financial Information Statement (hereinafter NFIS) for the year ended 31 December 2019, of MAPFRE, S.A, included in the Report, and its content has been prepared in accordance with the contents included in the prevailing mercantile legislation.

The content of this report includes additional information required by GRI standards in its comprehensive option and required by prevailing mercantile legislation in terms of non-financial information that has not been identified inside the scope of our assurance engagement. In this regard, our assurance work was limited only to providing assurance on the information contained in table "Table of Contents GRI" and "Correspondence of GRI content and non-financial information status" of the accompanying Report.

Directors' and Management responsibilities

The Board of Directors and the management of the Parent Company is responsible for the preparation and presentation of the Report in accordance with GRI Standards in its comprehensive option accordingly as mentioned for each subject in the table "Table of Contents GRI" of the aforementioned Report.

The NFIS has been prepared in accordance with prevailing mercantile legislation and selected Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards), in accordance with that mentioned for each subject area in table "Correspondence of GRI content and non-financial information status" of the aforementioned Report.

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

The Parent Company's directors are also responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for preparing the Report.

KPMG Asesores S.L., sociedad española de responsabilidad limitada y firma miembro de la red KPMG de firmas independientes afiliadas a KPMG International Cooperative ("KPMG International"), sociedad suiza.
Paseo de la Castellana, 259C - Torre de Cristal - 28046 Madrid

Reg. Mer Madrid, T. 14.972, F. 53, Sec. 8, H. M -249.480, Inscrp. 1.ª
N.I.F. B-82498650



Our Independence and quality control

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

Our firm applies International Standard on Quality Control 1 (ISQC1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The engagement team was comprised of professionals specialized in reviews of non-financial information and, specifically, in information on economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed.

We conducted our review engagement in accordance with International Standard on Assurance Engagements, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" (ISAE 3000 (Revised)), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the Performance Guide on assurance engagements on the Non-Financial Information Statement issued by the Spanish Institute of Registered Auditors (ICJCE).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently, the level of assurance provided is also lower.

Our work consisted of making inquiries of management, as well as of the different units of Group that participated in the preparation of the Report, in the review of the processes for compiling and validating the information presented in the Report and in the application of certain analytical procedures and sample review testing described below:

- Meetings with the Group personnel to gain an understanding of the business model, policies and management approaches applied, the principal risks related to these questions and to obtain the information necessary for the external review.
- Analysis of the scope, relevance and completeness of the content of the Report based on the materiality analysis performed by the Group and described in the section "Materiality" considering the content required in prevailing mercantile legislation.
- Analysis of the processes for compiling and validating the data presented in the Report for 2019.
- Review of the information relative to the risks, policies and management approaches applied in relation to the material aspects presented in the Report for 2019.
- Corroboration, through sample testing, of the information relative to the content of the Report for 2019 and whether it has been adequately compiled based on data provided by internal and external information sources or third-party reports.
- Procurement of a representation letter from the Directors and management.



Conclusion

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that:

- a) The Integrated Report of MAPFRE, S.A and its subsidiaries for the year ended 31 December 2019 has not been prepared, in all material respects, in accordance with GRI Standards in its comprehensive option and the Financial Sectorial Supplement, as described in point 102-54 of the Table of Contents GRI.
- b) The NFIS of MAPFRE, S.A. and subsidiaries for the year ended 31 December 2019 has not been prepared, in all material respects, in accordance with prevailing mercantile legislation and the content of the selected GRI Standards, in accordance with that mentioned for each subject area in the table "Correspondence of GRI content and non-financial information status" of the aforementioned Report.

Use and distribution

In accordance with the terms and conditions with our engagement letter, this assurance report has been prepared for MAPFRE, S.A. in relation to its Integrated Report 2019 and thus may not be suitable for other purposes or in any other context.

Regarding the NFIS, this report has been prepared in response to the requirement established in prevailing mercantile legislation in Spain, and thus may not be suitable for other purposes and jurisdictions.

KPMG Asesores, S.L.

(Signed on the original in Spanish)

Patricia Reverter Guillot

12 February 2020

The Integrated Report for MAPFRE S.A, corresponding to financial year 2019, contained on the preceding pages 1 to xxx herein, endorsed by the Secretary of the Board, and which include information regarding the non-financial statement that is included in the Consolidated Management Report, has been drafted by the Board of Directors at its meeting held on February 11, 2020.

Mr. Antonio Huertas Mejías
Chairman

Mr. Antonio Gómez Ciria
Member

Mr. Ignacio Baeza Gómez
1st Vice Chairman

Mr. Luis Hernando de Larramendi Martínez
Member

Ms. Catalina Miñarro Brugarolas
2nd Vice Chairman

Mr. Francisco J. Marco Orenes
Member

Mr. José Manuel Inchausti Pérez
3rd Vice Chairman

Mr. Fernando Mata Verdejo
Member

Mr. José Antonio Colomer Guiu
Member

Mr. Antonio Miguel-Romero de Olano
Member

Ms. María Leticia de Freitas Costa
Member

Ms. Pilar Perales Viscasillas
Member

Ms. Ana Isabel Fernández Alvarez
Member

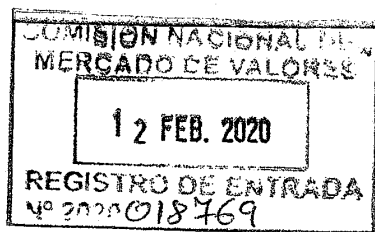
Mr. Alfonso Rebuelta Badías
Member

Ms. Rosa M.ª García García
Member

Mr. Ángel Luis Dávila Bermejo
Secretary and Non-Member

The English version is a translation of the original in Spanish for information purposes only. In case of discrepancy, the Spanish version shall prevail.

Ángel L. Dávila Bermejo
SECRETARIO GENERAL



2020018771

Madrid, a 12 de febrero de 2020

COMISIÓN NACIONAL DEL MERCADO DE VALORES

Adjuntos se remiten dos ejemplares, tanto en español como en inglés, de las Cuentas Anuales e Informe de Gestión, Individuales y Consolidados, así como el Informe Integrado de MAPFRE, S.A., y las declaraciones de responsabilidad sobre su contenido firmadas por todos los administradores, junto con los Informes de Auditoría, correspondientes al ejercicio 2019.

COMISIÓN NACIONAL DEL MERCADO DE VALORES

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