

## **IGNACIO BAEZA PRESENTATION**

Good morning, ladies and gentlemen.

2020 was marked by a global pandemic that nobody could have predicted, neither in terms of its onset or its virulence, and which, in addition to the terrible number of human lives lost, was accompanied by an unprecedented paralysis of worldwide activity month after month, and a terrible economic crisis the full scope and gravity of which we have still not had time to determine.

The world has experienced the biggest declines in GDP in more than a century, and of course insurance, so closely linked to economic activity, has not been immune to this scenario. In addition, at MAPFRE we are also suffering, like the rest of the insurance and financial industry, from a situation that is not new this year, since it has been going on for several years: the decline in financial income as a result of the prolonged environment of low interest rates, which no longer affects only mature economies. This means that the net profit obtained this year by the Group has been achieved mainly through the technical insurance business.

The complications of the year did not end here, however. On August 14, MAPFRE suffered a cyberattack, which the company managed to first contain and then repel. Normalcy was finally recovered in just two weeks, especially in the sphere of client operations, which was the greatest cause of concern.

Well, despite all the above, despite suffering a combination of events that would have put another less sustainable and robust company in serious trouble, MAPFRE achieved an excellent technical result in 2020 thanks to its strong capital position. Its profitability in

practically all lines and subsidiaries (with a positive result in 24 out of 26 countries) gives ground for optimism.

Fernando Mata, the Group's Chief Financial Officer, will give you the figures in his presentation. Let me first remind you though what our strategy for COVID has been, and how the pandemic has affected the company's balance sheet.

A year ago, we left the Annual General Meeting, and on that very same afternoon we began to design our response plan against COVID, based on three priorities:

The first was **to protect employees, collaborators and clients**. Within a few days, the company had succeeded in ensuring that 90% of its employees in the world were working remotely, leaving face-to-face service in place only where it was really urgently needed, with all the necessary preventive measures. This was possible thanks to the intense digital transformation that MAPFRE had been developing before the pandemic and that, logically, now needed to be accelerated.

Secondly, there was a need **to protect the business** and the continuity of its operations, and quickly to adapt the model to working in the middle of a global crisis of unknown scope at the time, and still today—let's not kid ourselves—surrounded as we are by numerous uncertainties.

We have serviced our clients with all kinds of help, with payment facilities and even premium returns. We've also helped our agents, providers and collaborators to maintain their collection lines and to avoid having to close their businesses.

Our third priority was **to help society** cope with this pandemic through different initiatives, some of which appear in the video we have shown you, that involved mobilizing more than €200 million.

With regard to the impact of COVID, we have broken it down with a maximum level of transparency. The loss experience declared in the lines directly affected by the pandemic, both for insurance and accepted reinsurance, exceeds €360 million of extraordinary expenditure. Furthermore, the confinement of the population has led to a temporary decrease in the frequency of use and, therefore, of claims in the automobile line, which has led to a decrease in the combined ratio of almost 9 percentage points, a lower loss ratio which we are logically passing on to our clients in our prices at renewal.

We also present the total of the extraordinary expenses arising from protecting personnel from the pandemic, as well as from ensuring business continuity. The total amount of these expenses has amounted to some €30 million.

We have helped our self-employed and SME clients by reducing the cost of their insurance, which has involved expenditure close to €100 million.

But despite everything, it is important to highlight that the solvency of the Group. The solidity of our business model, even in years as complex as 2020, has allowed us to meet again with all of you, ladies and gentlemen, shareholders, and propose today that you approve a final dividend against the 2020 results of 7.5 cents per share. This dividend is an exercise in prudence, strictly in line with the recommendations of the relevant Supervisors.

We are above all a reliable company from all points of view, including in our commitment to you despite all the adverse circumstances we have noted.

I would now like to direct you to the 2020 Integrated Report, which has been published and distributed, and in which we clearly summarize the financial and non-financial developments of the Group. I invite you to consult it further, if you have the opportunity, to see how our financial and social commitments are evolving.

I am now going to refer to some of them, starting with the one that I highlighted precisely at the Annual General Meeting the previous year: MAPFRE's sustainability commitment for the 2019-2021 triennium. This is a transversal strategy focused on addressing the great global challenges we face: climate change, circular economy, inclusion and talent, transparency as a principle of relationship, financial and insurance education, the challenge of the economy of the aging, the 2030 agenda of the United Nations to which we are deeply committed, the social footprint in all countries and our policy of socially responsible investments. We are responding to all these aspects at MAPFRE.

The scheduled plan has already been implemented up to 74% of its scope, 2021 being the last year for its implementation. Our specific commitments for 2020 have been met up to 93% of their totality, despite the fact that the world has been practically paralyzed for months.

As for our employees, about 34 thousand worldwide, we are a global and diverse workforce of 89 nationalities and five generations, with 98% of our workers enjoying permanent contracts, with training, professional career and talent programs, and policies that promote equality and cooperation. This year past, we approved the right to Digital Disconnection in Spain, and we also have the Ageing Project in place, to make the most of our senior talent, conveying the knowledge of those with the longest service to the younger generations, passing on our values and culture via intergenerational exchange.

If MAPFRE was not a committed company, we, its employees, would find it difficult to maintain our personal commitments. Although the pandemic has prevented us from doing everything we had planned, the Corporate Volunteering Program has managed to benefit 150,000 people thanks to the social commitment of 4,750 volunteers in nearly a thousand social-initiatives.

The quality of MAPFRE's service, which is undoubtedly the key to our corporate identity, is highly valued by our nearly 30 million clients. More than 82% of the company's entire business receives an NPS<sup>®</sup>, which as you know is a quality indicator, thus exceeding the market average in all the countries concerned.

Let me now turn to two aspects of our sustainability plan that are very important for MAPFRE.

The first is sustainable finance, where MAPFRE has already become a national and international benchmark. We are signatories to the Principles of Responsible Investment (PRI), so we carry the responsibility of applying Environmental, Social and Governance (ESG) criteria in all our investment processes, not only in the funds, but in everything connected with the Group's balance sheet.

We have pioneered the launch of a fund that invests in companies committed to people with disabilities, MAPFRE AM Responsible Inclusion, and which has been cited by the United Nations as an example in its SRI (Socially Responsible Investment) Best Practices Guide. In addition, we have the Responsible Capital Fund, which also invests in ESG-based companies, and Good Governance, which shows that companies with good corporate governance make the best decisions about the present and the future.

MAPFRE AM recently became the first Spanish fund manager to receive the prestigious ISR label for socially responsible investment, endorsed by the French Ministry of Finance. And we are also pioneers in measuring, together with the University of Siena, the impact of our investment portfolio on the different SDGs on which we are working to promote the United Nations 2030 Agenda.

In addition, in the most difficult part of the pandemic, MAPFRE made a contribution of €50 million to financing the Spanish public health system by purchasing a health bond issued by the Autonomous Community of Madrid. Furthermore, as a global insurance company, we have participated in two solidarity initiatives with health professionals affected by the pandemic, an insurance program in Spain through UNESPA and a similar program in Mexico through AMIS.

Within our Sustainability Plan, the second aspect I wanted to refer to is our effort to protect the environment, which is structured on three pillars:

- 1st: The fight against climate change in the Group's business
- 2nd: Decreasing the Group's environmental footprint
- 3rd: The promotion of the circular economy.

We are fully committed to the decarbonization of the economy and have tightened our underwriting policy, with measures including the principle that MAPFRE will no longer insure the construction of new infrastructure related to coal mines or thermal power plants. We have also stopped underwriting new risks related to tar sands and offshore/onshore projects related to oil or gas in the Arctic. We are already working on a new Corporate Environment Footprint Plan, after successfully completing the previous one with a reduction in emissions of 56%, almost three times more than planned.

But our commitment is also to you, ladies and gentlemen, shareholders. We have built a transparent and equitable value relationship through different participation channels, and we offer you a free loyalty program called MAPFRE Accionistas, which entitles you to avail of a wide range of services and discounts.

In conclusion, I would like to refer to another institution, Fundación MAPFRE, which has recently completed 45 years dedicated to transforming this world of ours into a more humane place, improving the lives of millions of people in more than 30 countries. In the last 15 years alone, the Foundation has allocated more than €700 million to all these activities.

We can be very proud of our Foundation. Since the start of the pandemic, the priority has been to support and protect the most vulnerable, the most socially marginalized, and those fighting in the front line against coronavirus.

Fundación MAPFRE has implemented a broad set of initiatives worth €35 million in 30 countries, along three main lines of action:

- Research: specifically, the financing of the CSIC (Consejo Superior de Investigaciones Científicas — the Spanish National Research Council) to boost the Spanish vaccine program, in the amount of €5 million.
- €20 million for the delivery of medical and health supplies to fight the pandemic and protect all those who work with at-risk groups.
- And €10 million for urgent assistance actions for people in the most precarious situation.

In this work, as in many other programs that it is involved in, Fundación MAPFRE is always well supported by Fundación MAPFRE Guanarteme exclusively for its operations in the Canary Islands.

It is true that this year past, in 2020, the Foundation has prioritized its action in combating the pandemic, but this does not mean that we have stopped completely with the normal activities of our Institution: Health Promotion, Road Safety, Culture, Insurance Training and important Social Activities. Altogether there have been 109 activities from which 6 million people have benefited in person, with many times that number also benefitting remotely.

In conclusion, I would like to mention that this year we held the third edition of the Social Innovation Awards, as well as the launch of two exciting projects: the Ageingnomics

Research Center and the KBr Photography Center, opened in September this year in Barcelona.

For my part, I thank you once again for your attention and for the trust you place in MAPFRE.

Ladies and gentlemen, thank you very much.