

A close-up photograph of a person's hand using a calculator on a desk. The desk is covered with various financial documents, including what appears to be a balance sheet or income statement. The background is blurred, showing a person in a light blue shirt working at a computer. A large red circle is overlaid on the top left of the image, containing the year '2020' and the title of the report.

2020

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MAPFRE

www.mapfre.com

2020

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Audit Report on MAPFRE, S.A.

(Together with the annual accounts and directors' report of MAPFRE, S.A. for the year ended 31 December 2020)

(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 2020, 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 2020, 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.



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 9,507,328 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, being this year specially important the potential impact of COVID-19 in these matters.</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, including an evaluation of the potential impact due to COVID-19 in Group companies and associates.</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.



Other Information: Directors' Report

Other information solely comprises the 2020 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, in conformity with prevailing audit regulations in Spain, entails:

- a) Checking only that the non-financial information statement and certain information included in the Corporate Governance Report, to which the Audit Law refers, was provided as stipulated by prevailing regulations and, if not, disclose this fact.
- b) Assessing and reporting on the consistency of the remaining information included in the directors' report with the financial statements, based on the knowledge of the entity obtained during the audit, in addition to evaluating and reporting on whether the content and presentation of this part of the directors' report are in accordance with applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to disclose this fact.

Based on the work performed, as described in the preceding paragraphs, we have verified that the information referred to in paragraph a) above is provided as stipulated by applicable regulations and that the remaining information contained in the directors' report is consistent with that disclosed in the annual accounts for 2020 and its content and presentation are in accordance with applicable regulations.

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.

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 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.



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

European single electronic format _____

We have examined the digital file of the European single electronic format (ESEF) of MAPFRE, S.A. for the 2020 financial year, which includes an XHTML file containing the financial statements for the year, which will form part of the annual financial report.

The directors of MAPFRE, S.A. are responsible for submitting the annual financial report for the 2020 financial year, in accordance with the formatting requirements set out in Delegated Regulation EU 2019/815 of 17 December 2018 of the European Commission (hereinafter referred to as the ESEF Regulation). In this regard, they have incorporated the Corporate Governance Report by reference in the directors' report.

Our responsibility consists of examining the digital file prepared by the directors of the Company, in accordance with prevailing audit regulations in Spain. These standards require that we plan and perform our audit procedures to obtain reasonable assurance about whether the contents of the financial statements included in the aforementioned digital file correspond in their entirety to those of the financial statements that we have audited, and whether the financial statements have been formatted, in all material respects, in accordance with the ESEF Regulation.

In our opinion, the digital file examined corresponds in its entirety to the audited financial statements, which are presented, in all material respects, in accordance with the ESEF Regulation.

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 10 February 2021.



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.
On the Spanish Official Register of
Auditors ("ROAC") with No. S0702

(Signed on original in Spanish)

Jorge Segovia Delgado

On the Spanish Official Register of Auditors ("ROAC") with No. 21903

10 February 2021

**INDIVIDUAL ANNUAL ACCOUNTS
AND
INDIVIDUAL MANAGEMENT REPORT**

YEAR 2020

MAPFRE S.A.

INDIVIDUAL ANNUAL ACCOUNTS

MAPFRE S.A.

INDIVIDUAL ANNUAL ACCOUNTS 2020

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BALANCE SHEET AS AT DECEMBER 31, 2020 AND 2019

ASSETS		Notes from the Annual Report	2020	2019
A)	NON-CURRENT ASSETS		9,870,511	9,999,853
I.	Intangible fixed assets	6	1,278	428
5	Computer applications		1,278	428
II.	Property, plant and equipment	5	14,973	15,609
1	Land and buildings		11,760	11,948
2	Facilities and other property, plant and equipment		2,930	3,482
3	Fixed assets in progress and advance payments		283	179
IV.	Non-current investments in Group companies and associates	8	9,794,328	9,929,879
1	Equity instruments		9,507,328	9,592,379
2	Loans to companies		287,000	337,500
V.	Non-current financial investments	8	28,645	27,028
1	Equity instruments		23,584	21,905
2	Loans to third parties		80	91
6	Other investments		4,981	5,032
VI.	Deferred tax assets	12	31,287	26,909
B)	CURRENT ASSETS		279,845	309,662
I	Non-current assets held for sale		7,692	—
III.	Trade and other receivables		85,162	95,302
1	Trade receivables for sales and services rendered	8	3,523	5
2	Trade receivables, Group companies and associates	8	13	—
3	Sundry receivables	8	481	240
4	Personnel	8	243	460
5	Current tax assets	12	80,691	93,814
6	Other receivables from government agencies		211	783
IV.	Current investments in Group companies and associates	8.18	166,880	196,080
2	Loans to companies		104,920	150,123
5	Other financial assets		61,960	45,957
V.	Current financial investments	8	57	57
	2. Loans to third parties		57	57
VI.	Current accruals		1,817	3,056
VII.	Cash and other equivalent liquid assets		18,237	15,167
1	Cash		18,237	15,167
	TOTAL ASSETS (A+B)		10,150,356	10,309,515

Thousand euros

BALANCE SHEET AS AT DECEMBER 31, 2020 AND 2019

EQUITY AND LIABILITIES		Notes from the Annual Report	2020	2019
A)	EQUITY		7,286,793	7,456,537
A-1)	SHAREHOLDERS' EQUITY		7,286,793	7,456,537
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		3,231,732	3,231,920
1	Legal and statutory	9	61,591	61,591
2	Other reserves	—	3,170,141	3,170,329
IV.	(Treasury stock)	9	(63,409)	(63,836)
V.	Results for previous years		380,177	383,458
1	Retained earnings	—	380,177	383,458
VII.	Result for the period	3	245,606	443,093
VIII.	(Interim dividend)	3	(153,988)	(184,773)
IX.	Other equity instruments		—	—
B)	NON-CURRENT LIABILITIES		2,702,226	2,711,017
I.	Non-current provisions		11,052	10,990
1	Long-term employee benefit obligations	14	11,052	10,990
4	Other provisions	14	—	—
II.	Non-current debt		2,691,066	2,699,919
1	Debentures and other negotiable securities	8, 10	2,090,891	2,089,554
2	Due to credit institutions	8	600,000	610,000
5	Other financial liabilities	8	175	365
III.	Non-current debt with Group companies and associates	—	—	—
IV.	Deferred tax liabilities		108	108
C)	CURRENT LIABILITIES		161,337	141,961
II.	Current provisions	14	—	—
III.	Current debt		36,468	36,352
1	Debentures and other negotiable securities	8, 10	36,337	36,337
2	Due to credit institutions	8	12	5
5	Other financial liabilities	8	119	10
IV.	Current debt with Group companies and associates	8, 18	81,884	64,599
V.	Trade and other payables		42,985	41,010
3	Sundry creditors	8	11,408	16,483
4	Personnel (remuneration pending payment)	8	14,258	11,311
5	Current tax liabilities	12	—	—
6	Other debts with government agencies	—	17,319	13,216
TOTAL EQUITY AND LIABILITIES (A+B+C)			10,150,356	10,309,515

Thousand euros

INCOME STATEMENT FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

INCOME STATEMENT	Notes from the Annual Report	2020	2019
ONGOING OPERATIONS			
Revenue		407,397	616,263
Dividends and interest from Group companies and associates		407,397	616,263
Dividends	8.18	394,486	601,546
Interest	8.18	12,911	14,717
Other operating revenue	—	49,112	62,752
Non-core and other operating revenue	18	49,112	62,752
Personnel expenses	—	(70,516)	(67,506)
Wages, salaries and similar	—	(49,765)	(46,066)
Social security contributions	13	(20,790)	(21,474)
Provisions	14	39	34
Other operating expenses		(77,867)	(93,661)
External services	—	(77,834)	(92,422)
Taxes	—	(33)	(1,239)
Amortization and depreciation of fixed assets	5.6	(1,508)	(2,055)
Excess provisions	—	—	—
Impairment and gains/(losses) on fixed asset disposal	—	7	(94)
Impairment of Group companies and associates	8	(52,813)	(45,437)
Other earnings	—	(11)	21
EARNINGS FROM OPERATIONS		253,801	470,283
Financial income	8	424	371
Acquisitions in equity instruments	—	—	—
From third parties	—	—	—
From negotiable securities and other financial instruments	—	424	371
From third parties	—	424	371
Financial expenses		(67,959)	(70,083)
For debt with Group companies and associates	8.18	—	(1,431)
For debt with third parties	8	(67,769)	(68,457)
For update of provisions	8	(190)	(195)
Fair value variation in financial instruments		—	—
Trading portfolio and other	—	—	—
Foreign exchange differences	8	(3)	(4)
Impairment and gains/losses on financial instrument disposal	8	20,004	4,074
Impairment and loss		(6,648)	(5,600)
Earnings from disposal and other		26,652	9,674
FINANCIAL RESULT		(47,534)	(65,642)
EARNINGS BEFORE TAX		206,267	404,641
Tax on profits	12	39,339	38,452
RESULT FOR THE PERIOD FROM ONGOING OPERATIONS		245,606	443,093
DISCONTINUED OPERATIONS			
Result for the period after tax from discontinued operations		—	—
RESULT FOR THE PERIOD		245,606	443,093

Thousand euros

STATEMENT OF CHANGES IN EQUITY AT DECEMBER 31, 2020 AND 2019

A) STATEMENT OF RECOGNIZED INCOME AND EXPENSES

INCOME STATEMENT	Notes from the Annual Report	2020	2019
A) Result of the income statement	3	245,606	443,093
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)	—	245,606	443,093

Thousand euros

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 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. (-) Distribution of dividends	—	—	—	—	—	—	—	(261,642)	(184,773)	—	—	—	(446,415)
4. bis. Distribution of earnings	—	—	—	—	—	46,979	—	(231,813)	184,834	—	—	—	—
5 Operations with treasury stock (Note 9)	—	—	—	905	(15,586)	—	—	—	—	—	—	—	(14,681)
6. Increases in equity resulting from a business combination	—	—	—	—	—	—	—	—	—	—	—	—	—
III. Other variations in equity	—	—	—	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)	—	—	—	7,456,537
II. Correction of errors 2019	—	—	—	—	—	—	—	—	—	—	—	—	—
ADJUSTED BALANCE, BEGINNING OF 2020	307,955	—	3,338,720	3,231,920	(63,836)	383,458	—	443,093	(184,773)	—	—	—	7,456,537
I. Total recognized revenue and expenses	—	—	—	—	—	—	—	245,606	—	—	—	—	245,606
1. Share capital increases	—	—	—	—	—	—	—	—	—	—	—	—	—
4. (-) Distribution of dividends	—	—	—	—	—	—	—	(261,627)	(153,988)	—	—	—	(415,615)
4. bis. Distribution of earnings	—	—	—	—	—	(3,307)	—	(181,466)	184,773	—	—	—	—
5 Operations with treasury stock (Note 9)	—	—	—	(141)	427	—	—	—	—	—	—	—	286
6. Increases in equity resulting from a business combination	—	—	—	—	—	—	—	—	—	—	—	—	—
III. Other variations in equity (Note 8)	—	—	—	(47)	—	26	—	—	—	—	—	—	(21)
CLOSING BALANCE FOR YEAR 2020	307,955	—	3,338,720	3,231,732	(63,409)	380,177	—	245,606	(153,988)	—	—	—	7,286,793

Thousand euros

CASH FLOW STATEMENT AT DECEMBER 31, 2020 AND 2019

A) CASH FLOWS FROM OPERATING ACTIVITIES	Notes from the Annual Report	2020	2019
1. Result for the period before tax		206,267	404,641
2. Adjustments to results		(266,691)	(463,368)
a) Amortization and depreciation of fixed assets	5.6	1,508	2,055
b) Corrections in value due to impairment (+/-)	8	52,813	45,437
e) Results of fixed asset cancellations and disposals (+/-)	—	(7)	94
f) Results of financial instruments cancellations and disposals (+/-)	—	(20,004)	(4,074)
g) Financial income (-)	8	(424)	(371)
b) Financial expenses (+)	8	67,959	70,083
i) Exchange rate differences (+/-)	8	3	4
j) Fair value variation in financial instruments (+/-)	8	—	—
k) Other revenues and expenses	—	(368,539)	(576,596)
3. Changes in working capital		(30,921)	(35,399)
b) Debtors and other receivables (+/-)	—	(33,474)	(54,018)
c) Other current assets (+/-)	—	(22,407)	16,043
d) Creditors and other payables (+/-)	—	1,975	2,576
e) Other current liabilities (+/-)	—	17,401	—
f) Other non-current assets and liabilities (+/-)	—	5,584	—
4. Other cash flows from operating activities	—	383,954	535,294
a) Interest paid (-)		(67,288)	(96,394)
b) Dividend receipts (+)	—	394,484	601,543
c) Interest collected (+)	—	13,144	18,220
d) Payment (receipt) of income tax (+/-)	—	43,614	11,925
e) Other payments (collection) (-/+)	—	—	—
5. Cash flows from operating activities (+/-1+/-2+/-3+/-4)	—	292,609	441,168
B) CASH FLOWS FROM INVESTING ACTIVITIES		—	—
6. Payments for investments (-)		(77,498)	(218,792)
a) Group companies and associates	8	(69,164)	(210,459)
g) Other assets	8	(8,334)	(8,333)
7. Collections for divestments (+)		216,026	247,682
a) Group companies and associates	8	216,026	247,665
e) Other financial assets	8	—	17
8. Cash flows from investing activities (7+6)		138,528	28,890
C) CASH FLOW FROM FINANCING ACTIVITIES		—	—
9. Payments and collections for equity instruments		—	(14,676)
c) Acquisition of treasury equity instruments (-)	9	—	(19,302)
e) Disposal of treasury equity instruments (+)	9	—	4,626
10. Payments and collections for financial liability instruments		(10,000)	(18,400)
a) Issuing		—	—
1. Debentures and other negotiable securities (+)	10	—	—
2. Due to credit institutions (+)	8	235,000	367,000
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	(245,000)	(247,000)
3. Debt with Group companies and associates (-)	—	—	(138,400)
11. Payments for dividends and remuneration of other equity instruments		(418,067)	(446,462)
a) Dividends (-)	—	(418,067)	(446,462)
12. Cash flows from financing activities (+/-9/10-11)		(428,067)	(479,538)
D) EFFECT OF EXCHANGE RATE VARIATIONS		—	—
E) NET INCREASE / DECREASE OF CASH OR EQUIVALENTS (+/-5+/-8+/-12+/-D)	—	3,070	(9,480)
Cash or cash equivalents at the beginning of the year		15,167	24,647
Cash or cash equivalents at the end of the year		18,237	15,167

Thousand euros

ANNUAL REPORT

FISCAL YEAR 2020

1. Company activity

MAPFRE S.A. (the "Company") is a corporation 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., a 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, 2020 will be prepared by its Board of Directors on March 25, 2021 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 2020 prepared on February 10, 2021 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 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	245,606,585.20
Retained earnings	380,177,016.23
TOTAL	625,783,601.43
DISTRIBUTION	IMPORTE
To dividends	384,954,496.10
To retained earnings	240,829,105.33
TOTAL	625,783,601.43

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".

This dividend distribution is based on an exhaustive and thoughtful analysis of the situation of the MAPFRE Group, not compromising either its future solvency or the protection of the interests of policyholders and insureds, and is made in the context of the recommendations of the supervisors on this matter.

During the fiscal year, the Company distributed an interim dividend for a total amount of 153,988,000.62 euros (184,773,244.10 euros in 2019), 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 October 30, 2020
Cash available on date of agreement	5,412
Increases in cash forecast within one year	695,065
(+) From expected current collection operations	469,565
(+) From expected financial operations	225,500
Decreases in cash forecast within one year	(384,595)
(-) From expected current payment transactions	(110,782)
(-) From expected financial transactions	(273,813)
Cash available within one year	315,882

Thousand euros

The distribution of profits for fiscal year 2019, carried out during 2020, 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. 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 replicate 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 mutual funds holdings classified as assets available for sale, the fair value will be the fund liquidation value as on 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 are 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 closed 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 a balance sheet cancellation 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 the 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.

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

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

When a value is assigned to these assets due to a balance sheet cancellation 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 valuation adjustments 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 on 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 written off, the difference between the consideration received net of the attributable transaction costs and the book value of the financial asset, plus any accumulated amount recognized directly in equity, determines the profit or loss produced and forms part of the result for the fiscal 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 amounts 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, 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 from the balance sheet, 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 on 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.

Non-monetary items that are measured at historical cost are generally recorded by applying the exchange rate as on 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 in 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 for 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 or tax group will have the 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 expiration 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.

Deferred tax assets and deferred tax liabilities are measured according to anticipated tax rates for the fiscal years in which they will be recovered or liquidated, 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 plans that establish the benefit to be received by employees at the time of retirement, normally based on factors such as remuneration.

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 accounts.

All the obligations for defined benefit plans that remain on the balance sheet correspond exclusively 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 services 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 fiscal year 2019, a new medium-term incentive plan was approved for certain members of the MAPFRE executive team. The plan is extraordinary, not 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 meeting certain corporate and specific objectives, as well as the director remaining in the Company's or Group's employ. It will be paid partly in cash (50 percent) and partly in MAPFRE S.A. shares (50 percent), and is subject to reduction or recovery clauses.

At the close of each fiscal year of the plan, objective achievement 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 an equity account 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.

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.

j) Non-current assets held for sale

An asset is classified as non-current held for sale when its book value is expected to be recovered through sale rather than through continued use, it is available for immediate sale under its usual conditions and the sale is highly probable.

They are valued at the lower amount between their book value and their fair value less costs to sell.

These assets are not amortized, and losses or reversals due to their impairment are recognized in the profit and loss account.

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	
	2020	2019	2020	2019	2020	2019	2020	2019
Land and buildings	13,454	13,454	—	—	—	—	13,454	13,454
Facilities and other property, plant and equipment	8,422	8,041	505	578	(2,157)	(197)	6,770	8,422
Fixed assets in progress and advance payments	179	—	104	179	—	—	283	179
TOTAL COST	22,055	21,495	609	757	(2,157)	(197)	20,507	22,055
Cumulative amortization	(6,446)	(5,269)	(1,239)	(1,259)	2,151	82	(5,534)	(6,446)
NET TOTAL	15,609	16,226	(630)	(502)	(6)	(115)	14,973	15,609

Thousand euros

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

The main outflows in 2020 came from the derecognition of fully amortized items.

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	
	2020	2019	2020	2019	2020	2019	2020	2019
Computer applications	16,084	15,982	1,119	185	(15,438)	(83)	1,765	16,084
TOTAL COST	16,084	15,982	1,119	185	(15,438)	(83)	1,765	16,084
Cumulative amortization	(15,656)	(14,860)	(269)	(798)	15,438	2	(487)	(15,656)
NET TOTAL	428	1,122	850	(613)	—	(81)	1,278	428

Thousand euros

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

The main outflows in 2020 came from the derecognition of fully amortized items.

The annual amortization rate is 33 percent.

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 made until the end of the lease term on non-cancellable operating leases amount to 3,188,000 euros, calculated as on December 31, 2020. (3,587,000 euros on December 31, 2019).

Leasing expenses registered in fiscal years 2020 and 2019 amount to 3,141,000 euros and 3,547,000 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	Equity instruments		Debt securities		Credit derivatives and Other		Total	
Category	2020	2019	2019	2018	2020	2019	2020	2019
Loans and receivables	—	—	—	—	292,061	342,623	292,061	342,623
Assets available for sale	—	—	—	—	—	—	—	—
- Valued at fair value	23,584	21,905	—	—	—	—	23,584	21,905
TOTAL A	23,584	21,905	—	—	292,061	342,623	315,645	364,528
B.- Short-term financial instruments								
Class	Equity instruments		Debt securities		Credit derivatives and Other		Total	
Category	2020	2019	2020	2019	2020	2019	2020	2019
Loans, receivables and other assets	—	—	—	—	170,473	196,842	170,473	196,842
TOTAL B	—	—	—	—	170,473	196,842	170,473	196,842
TOTAL A + B	23,584	21,905	—	—	462,534	539,465	486,118	561,370

Thousand 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	Due to credit institutions		Debentures and other negotiable securities		Loans and Other		Total	
Category	2020	2019	2020	2019	2020	2019	2020	2019
Debits and payables	600,000	610,000	2,090,891	2,089,554	175	365	2,691,066	2,699,919
Liabilities designated at fair value through gains or losses:	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—
TOTAL A	600,000	610,000	2,090,891	2,089,554	175	365	2,691,066	2,699,919
B.- Short-term financial instruments								
Class	Due to credit institutions		Debentures and other negotiable securities		Loans and Other		Total	
Category	2020	2019	2020	2019	2020	2019	2020	2019
Debits and payables	—	—	36,337	36,337	107,681	92,408	144,018	128,745
Liabilities designated at fair value through gains or losses:	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—
TOTAL B	—	—	36,337	36,337	107,681	92,408	144,018	128,745
TOTAL A + B	600,000	610,000	2,127,228	2,125,891	107,856	92,773	2,835,084	2,828,664

Thousand euros

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

Bank	Maturity	Limit		Drawn down	
		2020	2019	2020	2019
BANCO SANTANDER	2/26/2025	1,000,000	1,000,000	600,000	610,000
CARTERA MAPFRE S.L.U.	9/10/2021	400,000	400,000	—	—
Total		1,400,000	1,400,000	600,000	610,000

Thousand 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.

Accrued interest payable on the line of credit during the period amounted to 1,801,000 euros (2,186,000 euros in 2019).

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 in the accompanying table:

Fiscal year 2020

HEADINGS	Maturity in						Closing
	2021	2022	2023	2024	2025	Posteriores	final
Financial assets	—	—	—	—	—	—	—
Other investments	170,473	50,500	50,500	50,500	50,500	90,785	463,258
Total financial assets	170,473	50,500	50,500	50,500	50,500	90,785	463,258
Financial liabilities	—	—	—	—	—	—	—
Debentures and other negotiable securities	63,125	63,125	63,125	63,125	63,125	2,230,625	2,546,250
Due to credit institutions	1,664	1,664	1,664	1,654	605,277	—	611,923
Other financial liabilities	82,003	—	—	—	—	175	82,178
Total financial liabilities	146,792	64,789	64,789	64,779	668,402	2,230,800	3,240,351

Thousand euros

Fiscal year 2019

HEADINGS	Maturity in					Closing	
	2020	2021	2022	2023	2024	Posteriores	final
Financial assets	—	—	—	—	—	—	—
Other investments	196,142	50,500	50,500	50,500	50,500	140,623	538,765
Total financial assets	196,142	50,500	50,500	50,500	50,500	140,623	538,765
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

Thousand 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		Impairment			
	income or expenses		Registered losses		Reversal gains	
	2020	2019	2020	2019	2020	2019
Financial assets	—	—	—	—	—	—
Equity instruments	394,486	601,546	(59,461)	(51,037)	—	—
Receivables	12,911	14,717	—	—	—	—
Trading portfolio and other	—	—	—	—	—	—
Other financial assets	424	371	—	—	—	—
Impairment and result of disposal of financial instruments	20,004	4,074	—	—	—	—
Foreign exchange differences	(3)	(4)	—	—	—	—
Subtotal	427,822	620,704	(59,461)	(51,037)	—	—
Financial liabilities	—	—	—	—	—	—
Debt with Group companies	—	(1,431)	—	—	—	—
Debt with third parties	(67,769)	(68,457)	—	—	—	—
For update of provisions	(190)	(195)	—	—	—	—
Subtotal	(67,959)	(70,083)	—	—	—	—
TOTAL	359,863	550,621	(59,461)	(51,037)	—	—

Thousand 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	(626)	1,447
MAPFRE ASISTENCIA	(52,187)	(46,882)
DESURCIC	—	(2)
PREMINEN PRICE COMPARISON HL	(4,500)	—
INSPOP-COMPARE (ADMIRAL GROUP)	(2,148)	(5,600)
TOTAL	(59,461)	(51,037)

Thousand euros

Dividends and other income accrued from financing granted to investee companies are part of the concept "Net business figure amount", as established in Note 4.f.

Group and associate companies

Annex 1 of the annual report contains details of the Group and associate companies 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 investee companies.

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

The minority shareholders of the affiliate MAPFRE RE have a sales option on the shares of that company. If exercised, MAPFRE or a MAPFRE Group company would have to acquire the shares from the selling non-controlling shareholder. The purchase price for the shares will be calculated using the previously agreed formulas in each case. As on December 31, 2020 and 2019, taking into account the variables included in the aforementioned formula, the commitment assumed by the Group in the event of exercising this option would amount to a total of approximately 110.32 and 108.75 million euros, respectively.

On June 23, 2020, there was a reduction in share capital for the return of contributions through the amortization of shares of the Company MAQUAVIT INMUEBLES, S.L. for an amount of 3,000,000 euros.

In the financial year 2020, the Company sold 100 percent of the shares of MAQUAVIT INMUEBLES, S.L. to a third party, generating a profit of 26,652,000 euros.

In 2019 the Company sold 1,013,484 MAPFRE RE shares, generating a profit of 9,464,000 euros.

As a result of the sale agreement negotiated in December 2020 of the company PREMINEN PRICE COMPARISON HOLDINGS LIMITED, the net amount of the investment in said company has been reclassified to "Non-current assets held for sale".

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

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

–A company was constituted to 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.

As a result of this corporate restructuring, a positive impact of 90,725,000 euros in equity was recorded, 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 accompanying 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		Not exposed to risk		Total	
	2020	2019	2020	2019	2020	2019
Issue of debentures and other negotiable securities	2,127,228	2,125,891	—	—	2,127,228	2,125,891
Other financial liabilities	—	—	600,187	610,370	600,187	610,370
Total	2,127,228	2,125,891	600,187	610,370	2,727,415	2,736,261

Thousand 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, 2020 and 2019 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 admissible for 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 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 69.69 percent of the Company's share capital as on December 31, 2020 (67.67 percent in 2019).

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

Thousand 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.

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 2020, 203,905 shares were delivered to directors of subsidiaries, registering a negative impact of 140,638.49 euros (910,979.79 euros positive in 2019) which has been included under the heading "Other Reserves".

During 2019, 7,897,336 treasury shares were purchased in the market and 1,839,387 shares were delivered to directors of subsidiaries as part of their variable remuneration, resulting in a net increase of 6,057,949 treasury shares, representing 0.1967 percent of capital, amounting to 15,585,821.85 euros

At the close of the fiscal year, the Company owned 30,285,934 treasury stocks (30,489,839 in 2019), which represented 0.9835 percent of capital (0.9901 percent in 2019) at an average rate of 2.09 euros per share over the last two fiscal years.

The total face value of the shares acquired was 3,028,593 euros (3,048,984 euros in 2019).

10. Non-convertible debentures

At December 31, 2020 and 2019, 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
		12/31/2020	12/31/2019	12/31/2020	12/31/2019					
September 2018 issue	500,000	497,078	496,761	6,498	6,498	9/7/2018	9/7/2048	4.13%	AIAF	BBB-
March 2017 issue	600,000	598,270	598,034	19,777	19,777	3/31/2017	3/31/2047	4.38%	AIAF	BBB
May 2016 issue	1,000,000	995,543	994,759	10,062	10,062	5/19/2016	5/19/2026	1.63%	AIAF	A-
TOTAL	2,100,000	2,090,891	2,089,554	36,337	36,337					

Thousand 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.

For both issuances, 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, or the pertinent regulatory has prohibited interest payments, or the issuer cannot settle the liabilities that are past due and payable.

Amortization 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 the 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 2020, the following companies belonged to Tax Group No. 9/85:

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.
 MAPFRE AM INVESTMENT HOLDING S.A.U.
 FUNESPAÑA S.A.
 SERVICIOS FUNERARIOS FUNEMADRID S.A.
 ALL FUNERAL SERVICES S.L.
 FUNERARIAS REUNIDAS EL BIERZO S.A.
 SALUD DIGITAL MAPFRE S.A.
 MAPFRE GLOBAL RISKS AGENCIA DE SUSCRIPCIÓN S.A.
 RISK MED SOLUTIONS S.A.
 GAB MANAGEMENT & CONSULTING S.R.L.
 VERTI MEDIACION, SOCIEDAD DE AGENCIA DE SEGUROS VINCULADA S.L.
 FUNERARIA ALIANZA CANARIA S.L.U.
 FUNESPAÑA DOS S.L.U.

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	
	2020	2019	2020	2019	2020	2019
Balance of revenue and expenses of the year	245,606	443,093	—	—	245,606	443,093
Corporation tax	(39,339)	(38,452)	—	—	(39,339)	(38,452)
Permanent differences	(362,062)	(559,163)	—	—	(362,062)	(559,163)
Temporary differences:	—	—	—	—	—	—
- originating in the year	21,029	8,052	—	—	21,029	8,052
- originating in previous years	2,280	(50)	—	—	2,280	(50)
Compensation of negative tax bases of previous years	—	—	—	—	—	—
Individual taxable rate (fiscal result)	(132,486)	(146,520)	—	—	(132,486)	(146,520)
Permanent differences for fiscal consolidation	(896)	(3,325)	—	—	(896)	(3,325)
Individual taxable rate after consolidation	(133,382)	(149,845)	—	—	(133,382)	(149,845)

Thousand euros

Increases and decreases corresponding to the last two fiscal 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 for applying the exemption.

The increases due to temporary differences originating in the year in the profit and loss account basically correspond to commitments and other obligations acquired with personnel and other provisions for expenses that are not considered deductible for tax purposes in the fiscal year 2020.

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 obligations undertaken with personnel 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 deducted in 2013 and 2014.

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 company portfolio, which is subsequently eliminated in the calculation of the consolidated tax base of fiscal group 9/85.

Shown below for the fiscal years ending on December 31, 2020 and 2019 are the main elements of the tax on profit expenses from ongoing operations, and the reconciliation between the tax on profits expenses and the product of multiplying the book results by the applicable tax rate.

Item	Amount	
	2020	2019
Tax expense		
Result before taxes from ongoing operations	206,267	404,641
25% of the result before taxes from ongoing operations	(51,567)	(101,160)
Tax effect of the permanent differences	90,516	139,791
Permanent differences for fiscal consolidation	—	—
Tax incentives for the year	489	311
Total (expense)/revenue from current tax originating in the year	39,438	38,942
Expense from current tax originating in previous fiscal years	(99)	(490)
Adjustment to temporary differences Law 27/2014 (General Provisions)	—	—
(Expense)/revenue for tax of ongoing operations	39,339	38,452
Tax on profits to be (paid)/received	39,339	38,452
Taxes withheld and payments on account	—	—
Temporary differences	(5,603)	(1,169)
Tax effect of capital increase expenses posted to equity	—	—
Tax credits and incentives applied, registered in previous years and applied in the current year	1,019	490
Tax on profits from discontinued operations	—	—
Net tax on profits to be (paid)/received	34,755	37,773

Thousand euros

The following table includes tax-deductible amounts in previous fiscal years in connection with corrections in value of holdings in Group, jointly-controlled and associated companies and the difference in the year in the shareholders' equity of the same, as well as the amounts included in the tax base as a result of tax reversion and the amounts pending inclusion.

Inn this context, 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
	2020	Previous years	2020	2019	2020	2019	2020	2019	2020	2019	
MAPFRE INMUEBLES	—	3,719	—	544	—	—	3,719	3,719	3,719	3,719	—
Total	—	3,719	—	544	—	—	3,719	3,719	3,719	3,719	—

Thousand euros

The applicable tax rate for fiscal years 2020 and 2019 was 25 percent.

The following tables offer a breakdown of the movements for years 2020 and 2019 under the "Deferred tax assets" heading, differentiating the corresponding amounts in terms of items debited or credited directly to equity.

Fiscal year 2020

Item	Opening balance	Originating from Results	Equity	Cancellations	Closing balance
Assets					
Commitments to personnel	10,804	4,935	—	(279)	15,460
Equity instruments impairment	13,238	1,087	—	(1,352)	12,973
Other items	2,867	181	—	(194)	2,854
Total	26,909	6,203	—	(1,825)	31,287

Thousand euros

Fiscal year 2019

Item	Opening balance	Originating from Results	Equity	Cancellations	Closing balance
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

Thousand euros

The breakdown of movements for years 2020 and 2019 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 2020

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

Thousand euros

Fiscal year 2019

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

Thousand euros

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

Fiscal year 2020

Modality	Year to which they correspond	Amount applied in the fiscal year	Amount pending application	Amount not registered	Deadline for use
Double taxation deduction	2020	920	—	—	—
Other	2020	489	—	—	—
TOTAL	—	1,409	—	—	—

Thousand euros

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	—	—	—

Thousand euros

In 2011, the Company applied a deduction of 2,175,741 euros for reinvestment of extraordinary profits, as referred to in Art. 42 of the Recast Text of the Corporate Tax Law approved by Royal Decree-Law 4/2004 of March 5, 2004, 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, in accordance with Article 25 of Corporate Tax Law 27/2014 of November 27, 2014, the Company availed 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

Thousand euros

The consolidated tax return of Tax Group 9/85 for fiscal year 2020 shows a corporate tax rebate of 37,615,074 euros, recognized in the assets of the Company (44,027,130 euros in 2019), and is still awaiting a repayment from previous years of 43,076,442 euros, having received, prior to the formulation of these accounts, the amount of 43,068,881.

As a result of their distribution among the Group companies, the Company has registered in the last two years the receivables and payables shown in the accompanying table, generated in the period, in relation to the companies subject to Tax Group 9/85.

COMPANY	AMOUNT			
	CREDIT		DEBIT	
	2020	2019	2020	2019
MAPFRE VIDA S A DE SEGUROS Y REASEG SOBRE LA VIDA HUMANA	—	—	10,375	2,124
MAPFRE RE COMPAÑÍA INTERNACIONAL DE REASEGUROS S A	5,680	—	—	7,883
MAPFRE INMUEBLES S A	—	980	795	—
MAPFRE INVERSION S V S A	446	547	—	—
MAPFRE VIDA PENSIONES S G F P S A	61	211	—	—
MAPFRE ASSET MANAGEMENT S G I I C S A	1,975	3,752	—	—
CONSULTORA ACTUARIAL Y DE PENSIONES MAPFRE VIDA S A	6	—	—	3
GESTION MODA SHOPPING S A	—	4	13	—
MIRACETI S A	50	108	—	—
MAPFRE VIDEO Y COMUNICACIÓN S A (MAVICO)	128	147	—	—
MAPFRE CONSULTORES DE SEGUROS Y REASEGUROS S A	—	2	—	—
MAPFRE ASISTENCIA CIA INTERNACIONAL DE SEGUROS S A	—	—	5,743	1,955
IBEROASISTENCIA S A	—	—	9	14
CENTRO DE EXPERIMENTACIÓN Y SEGURIDAD VIAL MAPFRE S A	25	15	—	—
CLUB MAPFRE S A	—	2	7	—
DESARROLLOS URBANOS CIC S A (DESURCIC)	—	—	3,078	362
MAPFRE INTERNACIONAL	—	—	16,055	18,431
MULTISERVICIOS MAPFRE S A (MULTIMAP)	23	133	—	—
SERVICIOS INMOBILIARIOS MAPFRE S A (SERVIMAP)	35	50	—	—
MAPFRE TECH	—	—	1,940	1,752
MAPFRE AUTOMOCIÓN	—	—	215	293
IBEROASIS CONSULTING DE SOLUCIONES Y TECNOLOGIAS S A	—	—	540	31
M PARTICIPACIONES (formerly SERVIFINANZAS)	—	—	257	299
MAPFRE GLOBAL RISKS S A	—	—	—	—
CENTROS MEDICOS MAPFRE SA	—	—	2,139	1,227
VERTI ASEGURADORA CIA DE SEGUROS Y REASEGUROS S A	1,266	—	—	910
MEDISEMAP AGENCIA DE SEGUROS S L	—	—	1	18
MAPFRE ESPAÑA COMPAÑÍA DE SEGUROS Y REASEGUROS S A	31,343	25,786	—	—
FUNESPAÑA S A	—	—	65	90
SERVICIOS FUNERARIOS FUNEMADRID S A	131	190	—	—
ALL FUNERAL SERVICES S L	31	67	—	—
FUNERARIAS REUNIDAS EL BIERZO S A	93	104	—	—
GAB MANAGEMENT & CONSULTING S R L	—	1	—	—
POMPES FÚNEBRES DOMINGO S L	—	—	—	—
BIOINGENIERIA ARAGONESA	—	1	—	—
MAQUAVIT	—	—	—	61
MAPFRE AM INVESTMENT HOLDING S A U	—	—	1	87
SALUD DIGITAL MAPFRE	—	—	2,439	2,791
MAPFRE GLOBAL RISKS AGENCIA DE SUSCRIPCIÓN SA	1	15	—	—
RISK MED SOLUTIONS	—	—	256	39
FUNERARIA ALIANZA CANARIA S.L.U	—	—	23	—
FUNESPAÑA DOS S.L.U.	—	—	203	—
TOTAL	41,294	32,115	44,154	38,370

Thousand euros

The total amount payable to the Spanish tax authorities in 2020, and the net amount of the aforementioned receivables and payables, gives rise to the amount to be collected by the Company, namely 34,755,249.93 euros (37,772,571.75 euros in 2019).

During the last two fiscal 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
Shares sale			
- MAPFRE SOFT	MAPFRE INTERNACIONAL S.A.	(2)	2003
- MUSINI	MAPFRE GLOBAL RISKS S.A.	(92)	2004
- MAPFRE CAUCIÓN Y CRÉDITO	MAPFRE GLOBAL RISKS S.A.	10,251	2005
- MAPFRE SERVICIOS DE INFORMAT.	MAPFRE INTERNET S.A.	1,262	2010
- MAPFRE INMUEBLES S.G.A.	MAPFRE CAUCIÓN Y CRÉDITO	(16)	2010
- MAPFRE INMUEBLES S.G.A.	MAPFRE ESPAÑA S.A.	(1,764)	2010
- MAPFRE INMUEBLES S.G.A.	MAPFRE GLOBAL RISKS S.A.	(184)	2010
- MAPFRE INMUEBLES S.G.A.	MAPFRE ESPAÑA S.A.	(956)	2010
- MAPFRE INMUEBLES S.G.A.	MAPFRE VIDA, S.A. DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA	(251)	2010
- MAPFRE INMUEBLES S.G.A.	MAPFRE ESPAÑA S.A.	(697)	2011
- MAPFRE INMUEBLES S.G.A.	MAPFRE VIDA, S.A. DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA	(98)	2011
- MAPFRE INMUEBLES S.G.A.	MAPFRE ESPAÑA S.A.	(371)	2011
- MAPFRE ESPAÑA	MAPFRE AUTOMOCIÓN	(15)	2015
- MAPFRE SA	MAPFRE INTERNACIONAL S.A.	(13)	2016
- MAPFRE ESPAÑA	MAPFRE INTERNACIONAL S.A.	207	2016
- MAPFRE VIDA	MAPFRE INTERNACIONAL S.A.	23	2016
- MAPFRE GLOBAL RISKS	MAPFRE INTERNACIONAL S.A.	(7)	2016
- MAPFRE GLOBAL RISKS	MAPFRE ESPAÑA S.A.	(43)	2016
Total		7,234	

Thousand euros

The following table shows the incorporations in the consolidated Tax Group during the last two fiscal years:

Temporary differences	Company	Fiscal year	
		2020	2019
Impairment Group companies	- MAPFRE INMUEBLES S.G.A.	3,719	3,719
Total temporary differences		3,719	3,719

Thousand euros

The adjustment for the integration of the provisions of pension commitments, subject to the limit of 25 percent of the previous tax base regulated in article 11.12 of Law 27/2014, to be practiced in the consolidated tax base in the 2020 financial year was 269,014.77 euros (against 2,851,530.56 euros in 2019).

Verification by tax authorities

In accordance with current legislation, the declarations made in respect of the different taxes may not be considered final until they have been inspected by the tax authorities or the four-year limitation period has elapsed.

During the 2020 and 2019 fiscal years, the verification proceedings were conducted, initiated on December 4, 2017 in relation to the Corporate Tax for fiscal years 2013 to 2016, referring to Tax Consolidation Group no. 9/85, of which MAPFRE S.A. is the controlling company. Likewise, and as regards the Value Added Tax (hereinafter VAT), the Company was informed, as representative of VAT Group no. 87/10, of the initiation of the verification activity for the years 2014 to 2016. Insofar as MAPFRE S.A. is concerned, the proceedings extend to all taxes to which they are subject individually for the years 2014 to 2016 and to Corporation Tax for the year 2013.

As a result of the inspection actions, in relation to MAPFRE S.A., minutes relating to the years 2014 to 2016 on withholding of personal work have been formalized. The settlements deriving from the agreed-on minutes are paid up to the date of formulation of the accounts. In relation to the part that has not been agreed on, for irrelevant amounts, the settlements are on appeal before the Central Economic-Administrative Court.

Minutes of disagreement were also signed in relation to the Income Tax for the years 2013 to 2016, which affect MAPFRE S.A. as an individual company, the settlement of which is on appeal before the Central Economic-Administrative Court.

MAPFRE SA, considers that, in line with the criteria expressed by the internal tax advisers, the regularizations carried out do not have a significant impact on the individual annual accounts, and there are solid defense arguments in the pending appeals, which is why no specific provision for these items has been recorded.

As of December 31, 2020, and after the aforementioned inspection actions, the taxes owing on the part of the company for the years 2017 to 2020 inclusive are under inspection.

Business restructuring operations

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

For the purposes of the provisions of Article 86 of Law 27/2014 of November 27, 2014, the Corporate Tax Law, 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 the companies 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 operations were covered by the Special Regime foreseen in Chapter VII, Part VII of Corporate Tax Law 27/2014 of November 27, 2014.

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 operation.

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 holding of the company MAPFRE QUAVITAE.

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

All the aforementioned operations were subject to the Special Regime of Chapter VIII, Part 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. into 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.).
- The book value of the 455,054 shares of MAPFRE SEGUROS GENERALES contributed to the aforementioned capital increase 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 the aforementioned capital increase at 4,045,896.15 euros.

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 of MAPFRE RE in which the Company contributed the property on Paseo de Recoletos No. 25, Madrid, which it had received in the global 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 cumulative amortization 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 Aseguradoras S.A.

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 Aseguradoras 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.

Mandatory accounting information relating to the operations described above is contained in the report of the annual accounts for the years in which they were formalized.

All restructuring operations previously described were subject to the Special Deferral Regime provided for in Chapter VIII of Part 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 no. 87/10 formed by the controlling company, MAPFRE S.A., and those of its controlled companies that agreed to join the VAT Group when it was created.

In 2020, 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. DE SEGUROS Y REASEGUROS SOBRE LA VIDA
 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 SGIC S.A.
 CENTRO DE EXPERIMENTACIÓN Y SEGURIDAD VIAL MAPFRE S.A.
 MAPFRE GLOBAL RISKS AGENCIA DE SUSCRIPCIÓN S.A.
 CAJA GRANADA VIDA, COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A.
 CAJA MURCIA VIDA Y PENSIONES DE SEGUROS Y REASEGUROS,S.A.
 SANTANDER MAPFRE SEGUROS Y REASEGUROS, S.A.

13. Revenues and expenses

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

BREAKDOWN OF SOCIAL SECURITY CONTRIBUTIONS	AMOUNT	
	2020	2019
Social security	7,359	7,668
Contributions to pensions	7,376	7,140
Other employee benefits	6,055	6,666
TOTAL	20,790	21,474

Thousand euros

14. Provisions and contingencies

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

HEADING	OPENING BALANCE		INCREASES		DECREASES		CLOSING BALANCE	
	2020	2019	2020	2019	2020	2019	2020	2019
Long-term provisions								
Long-term employee benefit obligations	10,990	11,694	1,012	1,504	(950)	(2,208)	11,052	10,990
Other provisions	—	98	—	—	—	(98)	—	—
Short-term provisions								
Current provisions	—	—	—	—	—	—	—	—
TOTAL	10,990	11,792	1,012	1,504	(950)	(2,306)	11,052	10,990

Thousand 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 4,533,000 euros (4,599,000 euros in 2019).
- Long service bonuses, detailed under "Personnel expenses", amounting to 3,947,000 euros (3,883,000 euros in 2019).
- Life insurance covering death between the ages of 65 and 77 years detailed in the note on measurement bases for "Personnel expenses", for 1,705,000 euros (1,706,000 euros in 2019).

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 incur any environmental-related item in the last two fiscal years that may be considered 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 standards.

The expense for defined-contribution pension plans amounted to 7,376,000 euros in 2020 (7,140,000 euros in 2019).

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 fiscal years is shown below:

Item	2020	2019
Present value of obligation as on January 1	4,599	4,680
Current year's service costs	—	—
Interest cost	191	195
Actuarial gains and losses	93	49
Benefits paid	(263)	(258)
Settlements	—	—
Other items	(87)	(67)
Present value of obligation as on December 31	4,533	4,599

Thousand euros

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

Item	2020	2019
Value of reimbursement right at January 1	4,599	4,680
Expected return from allocated assets	191	195
Employer contributions	—	—
Actuarial gains and losses	93	49
Benefits paid.	(263)	(258)
Settlements	—	—
Other items	(87)	(67)
Value of reimbursement right at December 31	4,533	4,599

Thousand 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.

17. Subsequent events

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

18. Related-party transactions

The main transactions performed with related parties over the last two fiscal years are detailed in the accompanying table.

Expenses and revenue	Group companies		Other related parties		TOTAL	
	2020	2019	2020	2018	2020	2019
1) Financial expenses	—	(1,431)	—	—	—	(1,431)
4) Leasing	(3,141)	(3,547)	—	—	(3,141)	(3,547)
9) Other expenses	(22,363)	(17,455)	—	—	(22,363)	(17,455)
EXPENSES	(25,504)	(22,433)	—	—	(25,504)	(22,433)
10) Financial income	12,911	14,717	—	—	12,911	14,717
13) Dividends received	394,486	601,546	—	—	394,486	601,546
15) Provision of services	49,112	62,752	—	—	49,112	62,752
REVENUE	456,509	679,015	—	—	456,509	679,015

Thousand euros

Other transactions	Group companies		Other related parties		TOTAL	
	2020	2019	2020	2019	2020	2019
Financing agreements: credits and capital contributions delivered.	66,587	194,675	—	—	66,587	194,675
Amortization or cancellation of credits.	(162,241)	(227,500)	—	—	(162,241)	(227,500)
Repayment or cancellation of loans.	—	138,400	—	—	—	138,400
Dividends and other profits distributed.	—	—	285,353	304,568	285,353	304,568

Thousand euros

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

Investments	Group companies	
	2020	2019
Capital increases		
MAPFRE AM INVESTMENT HOLDING S A U	—	5,000
TOTAL	—	5,000

Thousand 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 fiscal years:

Item	Assets		Pasivos	
	2020	2019	2020	2019
Loans and receivables	391,621	487,275	—	—
Loan interest	299	348	—	—
Tax group	41,294	32,115	66,522	63,009
Other items	20,666	13,842	15,362	1,590
TOTAL	453,880	533,580	81,884	64,599

Thousand euros

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

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

Board of Directors and other Delegate Committees

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

Item	Amount:	
	2020	2019
Short-term remunerations		
Salary	2,214	2,192
Short-term variable remuneration	1,832	1,643
Fixed allowance	1,851	1,805
Travel, subsistence and accommodation allowances	24	60
Other items	79	15
Medium-term variable remuneration	—	792
TOTAL	6,000	6,507
Other remuneration		
Life Insurance	85	76

Thousand 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. In the last two years, the Vice-Presidency-Coordinating Director received a fixed annual allocation of 220,000 euros. The members of the Steering Committee receive 10,000 euros, and they also receive an attendance allowance of 3,000 euros in the last two years. Said amount totals, in the case of the chairmanship of the Audit and Compliance Committee to 68,000 euros in the last two years. In addition, in the last two years, the person holding the position of chairperson of a Steering Committee received 60,000 euros. The remuneration of the members of the Audit or Compliance Committee amounts to 48,000 euros and the remaining members of the Steering Committees received 39,000 euros in the last two years.

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 2020, contributions to defined benefit plans were 3,834,000 euros, recognized as expenses for the fiscal year (3,809,000 euros in 2019), with the amount for accumulated rights reaching 24,087,000 (19,791,000 euros in 2019).

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

With respect to short-term variable remuneration already accrued, at the close of fiscal year 2020, 2,787,000 euros was pending payment (2,573,510 euros in 2019).

The Board of Directors of MAPFRE S.A., following a proposal made by the company's Appointments and Remuneration Committee, approved on February 11, 2020, an additional short-term component for fiscal year 2020 for a certain key group of the company, which was linked jointly to the Return on Equity (ROE) and the Global Non-Life Combined Ratio for the fiscal year amounting to 510,000 euros.

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 third-party liability insurance premiums for directors due to damage caused by acts or omissions during the performance of their duties reached 435,000 euros (429,000 euros in 2019).

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.

Senior management

The remuneration paid to C-Suite management in the last two fiscal years is shown in the accompanying table.

	2020	2019
No. of senior management members	9	8
Fixed remunerations	2,596	2,209
Variable remunerations	1,518	1,258
Other remuneration	336	186
TOTAL	4,450	3,653
Life Insurance	37	27

Thousand euros

In addition, contributions to defined contribution plans were recognized as expenses of 1,341,000 euros in fiscal year 2020 (1,046,000 euros in 2019).

Regarding the short-term variable remuneration accrued in the current year and in previous years, at the close of the 2020 financial year, 2,315,000 euros were pending payment (1,802,000 euros in 2019).

The Board of Directors of MAPFRE S.A., following a proposal made by the company's Appointments and Remuneration Committee, approved on February 11, 2020, an additional short-term component for fiscal year 2020 for a certain key group of the company, which was linked jointly to the Return on Equity (ROE) and the Global Non-Life Combined Ratio for the fiscal year amounting to 610,000 euros.

19. Other information

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

Average number of employees

ITEM	2020		2019	
	Men	Women	Men	Women
Board Directors and C-Suite	13	4	13	4
Senior Management	98	54	94	52
Technicians	141	146	145	142
Associates	12	45	16	52
TOTAL AVERAGE NUMBER OF EMPLOYEES	264	249	268	250

Number of employees at year-end

ITEM	2020		2019	
	Men	Women	Men	Women
Board Directors and C-Suite	13	4	13	4
Senior Management	98	54	97	53
Technicians	144	146	143	147
Associates	9	45	16	48
TOTAL NUMBER OF EMPLOYEES	264	249	269	252

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

ITEM	2020	2019
Senior Management	3	2
Advisors	3	3
Associates	4	4
TOTAL	10	9

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	
	2020	2019
Audit services	512	493
Other verification services	111	173
Tax services	—	—
Other services	64	—
Total services of main auditor	687	666

Thousand euros

Other verification services include services provided by KPMG Auditores, S.L. to the Company during fiscal year 2020, among which are the six-monthly 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 64,000 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 fiscal year ending December 31, 2020, can be found in the Annual Accounts of MAPFRE S.A. and its subsidiary companies as on December 31, 2020.

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

ITEM	2020	2019
	Days	Days
Average provider payment period	17	20
Ratio of paid operations	17	20
Ratio of operations pending payment	—	—
	Amounts	Amounts
Payments made	72,697	92,892
Payments pending	3,471	5,933
Total payments for the year	76,168	98,825

Thousand euros

20. COVID-19

The year 2020 was marked by the outbreak of the coronavirus (COVID-19) and its spread, together with the measures aimed at containing and mitigating its effects, has caused a slowdown in economic activity, the final impact of which is difficult to quantify. Under these circumstances, a set of actions framed against two main priorities have been developed: ensuring the health and safety of the entire human capital team and ensuring the continuity of operations in such a way as to allow client service levels to be maintained.

The most relevant actions carried out were:

- Activation of the business continuity plan, adapting it to the uniqueness of the COVID-19 crisis, through teleworking, insofar as it was operational, and the maintenance of essential services.

- Evaluation of the risks deriving from the crisis and adoption of a strategy aimed at protecting the balance sheet, especially investments, and preserving capital, ensuring availability of the necessary liquidity and financing to neutralize any monetary stress.
- Mobilization of resources and transfer of funds to the economy, by granting financial aid and additional financing to agents, direct providers and clients alike.

From the first moment, the safety and health of employees and collaborators was the fundamental priority, in such a way that, from the first weeks of feeling the impact of the pandemic, a teleworking model was deployed. Subsequently, there was a partial, gradual, orderly and prudent return to the facilities, following a model based on incremental waves and always in accordance with the instructions of the health authorities.

From the point of view of managing the crisis caused by the pandemic, despite its impact and restrictions on mobility, continuity of operations was maintained and services were rendered to clients, always complying with the established protocols in the regulations.

It was possible to recover practically all commercial activity, although maintaining strict prevention and control measures in view of the concern associated with outbreaks and eventual changes in trend.

In order to protect the balance sheet and solvency level, the MAPFRE Group has made available the necessary liquidity and adequate financing to neutralize any monetary stress. Consequently, the Group has maintained high levels of liquidity in all its companies, having met the payment obligations in a timely manner, and there is no evidence of significant delays in collections.

The year 2020 reflects very significant falls in world GDP, with the prospect of partial recovery in 2021, but the landscape is still marked by great uncertainty in terms of how benchmark indicators evolve, due to the health crisis and containment measures.

Future prospects are quite uncertain and it is not possible to make an accurate estimate of the future effects of the crisis on business volume, financial position and solvency. However, the strength of the balance sheet, high levels of capital and solvency, liquidity position and availability of financing of the Group permit us to conclude that the the impacts will be limited.

Appendix 1

Fiscal year 2020

Name	Legal form	Address	Activity	PARTICIPATION							Thousands of euros					
				%		Voting rights		Capital	Reserves	Other equity items	Earnings for the year		(Impairment)		Accumulated impairment	Dividends received
				Direct	Indirect	Direct	Indirect				Earnings from operations	Other earnings	Book value	/Reversal year		
MAPFRE TECH	S.A.	Crta.Pozuelo, 52 Majadahonda - 28222 Madrid	IT	0.77	99.17	0.77	99.17	30,990	(12,924)	—	1,572	(793)	—	—	240	—
MAPFRE Internacional	S.A.	Crta.Pozuelo, 52 Majadahonda - 28222 Madrid	Holding	100.00	—	100.00	—	824,432	4,906,263	(1,597,950)	214,648	(39,530)	4,141,763	—	—	50,153
MAPFRE Re Cia. de Reaseguros	S.A.	Paseo de Recoletos, 25 28004 Madrid	Reinsurance	93.77	—	93.77	—	293,284	1,369,877	90,880	16,851	—	776,969	—	—	—
MAPFRE Asistencia, Cia Internacional de Seguros y Reaseguros	S.A.	Sor Angela de la Cruz, 6 28020 Madrid	Insurance and reinsurance	100.00	—	100.00	—	170,670	61,445	(90,673)	10,696	(31,298)	103,503	(52,187)	277,609	—
MAPFRE Inmuebles	S.G.A.	Crta.Pozuelo, 52 Majadahonda - 28222 Madrid	Real estate	10.00	90.00	10.00	90.00	593,474	(91,597)	—	7,551	(30,715)	53,813	(626)	51,818	1
Maquavit Inmuebles	S.L.	Crta.Pozuelo, 52 Majadahonda - 28222 Madrid	Real estate	—	—	—	—	—	—	—	—	—	—	—	—	1,332
Mapfre Vida	S.A.	Crta.Pozuelo, 52 Majadahonda - 28222 Madrid	Insurance and reinsurance	99.92	—	99.92	—	60,242	1,235,754	289,157	143,290	49,972	1,133,085	—	—	121,154
Mapfre Investment	S.A.	Avda.18 de Julio , 841 Montevideo ((Uruguay)	Financial	100.00	—	100.00	—	9,039	5,736	(9,057)	—	836	8,127	—	—	—
MAPFRE Consultores de Seguros y Reaseguros	S.A.	Paseo de Recoletos, 25 28004 Madrid	Advisory and management services	50.00	50.00	50.00	50.00	120	218	—	(5)	19	61	—	—	—
MAPFRE Inversión	S.A.	Crta.Pozuelo, 50 Majadahonda - 28222 Madrid	Societies company	—	99.92	—	99.92	33,055	132,339	10,348	(12,388)	48,824	2	—	—	—
MAPFRE AM Investment	S.A.	Crta.Pozuelo, 50 Majadahonda - 28222 Madrid	Holding	100.00	—	100.00	—	20,000	(298)	—	(32)	127	20,000	—	—	1
MAPFRE Asset Management	S.A.	Crta.Pozuelo, 50 Majadahonda - 28222 Madrid	Real estate investment management	0.01	99.91	0.01	99.91	2,043	(1,338)	2,213	(9,825)	39,248	2	—	—	3
MAPFRE España	S.A.	Crta.Pozuelo, 52 Majadahonda - 28222 Madrid	Insurance and reinsurance	83.52	16.48	83.52	16.48	564,624	1,077,101	688,916	264,680	(4,594)	3,054,021	—	—	221,842
MAPFRE Participaciones	S.A.	Crta.Pozuelo, 52 Majadahonda - 28222 Madrid	Financial	100.00	—	100.00	—	216	338,718	106,072	101	45,224	225,855	—	—	—

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

Fiscal year 2020

Name	Legal form	Address	Activity	PARTICIPATION				Capital	Reserves	Other equity items	Earnings for the year		(Impairment)		Accumulated impairment	Dividends received
				%		Voting rights					Earnings from operations	Other earnings	Book value	/Reversal year		
				Direct	Indirect	Direct	Indirect									
Desarrollos Urbanos	S.A.	Crta.Pozuelo, 52 Majadahonda - 28222 Madrid	Real estate	0.08	99.91	0.08	99.91	383	9,981	—	2,962	(11,846)	9	—	45	—
MGR Agencia de Suscripción	S.A.	Crta.Pozuelo, 52 Majadahonda - 28222 Madrid	Insurance and reinsurance	100.00	—	100.00	—	60	2,171	—	(212)	692	1,952	—	—	—
Premien Price Comparison Holding	LTDA	Ty Admital David street Cardiff CF102EH	Online insurance policy price comparison company	50.00	—	50.00	—	—	—	—	—	—	—	—	—	—
Total													9,519,162	(52,813)	329,712	394,486
Other investments													6			
Total investments in Group companies and associates													9,519,168			

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

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				
MAPFRE TECH	S.A.	Crta.Pozuelo, 52 Majadahonda - 28222 Madrid	IT	0.77	99.17	0.77	99.17	30,990	(10,356)	—	1,283	(3,835)	—	—	240	—
MAPFRE Internacional	S.A.	Crta.Pozuelo, 52 Majadahonda - 28222 Madrid	Holding	100.00	—	100.00	—	824,432	4,941,325	(584,513)	316,942	(56,223)	4,141,763	—	—	100,306
MAPFRE Re Cia. de Reaseguros	S.A.	Paseo de Recoletos, 25 28004 Madrid	Reinsurance	93.77	—	93.77	—	293,284	1,312,922	82,465	57,502	—	776,969	—	—	67,928
MAPFRE Asistencia, Cia Internacional de Seguros y Reaseguros	S.A.	Sor Angela de la Cruz, 6 28020 Madrid	Insurance and reinsurance	100.00	—	100.00	—	365,176	(75,259)	(38,962)	(13,353)	(74,638)	142,482	(46,882)	225,422	—
MAPFRE Inmuebles	S.G.A.	Crta.Pozuelo, 52 Majadahonda - 28222 Madrid	Real estate	10.00	89.99	10.00	89.99	593,474	(97,057)	—	(1,846)	7,313	55,805	1,447	51,192	—
Maquavit Inmuebles	S.L.	Crta.Pozuelo, 52 Majadahonda - 28222 Madrid	Real estate	100.00	—	100.00	—	37,436	(132)	—	(94)	2,557	26,662	—	—	3,152
Mapfre Vida	S.A.	Crta.Pozuelo, 52 Majadahonda - 28222 Madrid	Insurance and reinsurance	99.92	—	99.92	—	60,242	1,499,157	271,759	178,746	57,275	1,133,045	—	—	190,491
Fancy Investment	S.A.	Avda.18 de Julio , 841 Montevideo ((Uruguay)	Financial	100.00	—	100.00	—	9,476	3,670	(5,684)	—	997	8,560	—	—	—
MAPFRE Consultores de Seguros y Reaseguros	S.A.	Paseo de Recoletos, 25 28004 Madrid	Advisory and management services	50.00	50.00	50.00	50.00	120	202	—	(5)	22	61	—	—	—
MAPFRE Inversión	S.A.	Crta.Pozuelo, 50 Majadahonda - 28222 Madrid	Societies company	—	99.92	—	99.92	33,055	153,725	8,898	(14,061)	55,986	2	—	—	—
MAPFRE AM Investment	S.A.	Crta.Pozuelo, 50 Majadahonda - 28222 Madrid	Holding	100.00	—	100.00	—	20,000	(289)	—	10	(19)	20,000	—	—	4
MAPFRE Asset Management	S.A.	Crta.Pozuelo, 50 Majadahonda - 28222 Madrid	Real estate investment management	0.01	99.91	0.01	99.91	2,043	(6,030)	2,237	(10,861)	43,408	2	—	—	—
MAPFRE España	S.A.	Crta.Pozuelo, 52 Majadahonda - 28222 Madrid	Insurance and reinsurance	83.52	16.48	83.52	16.48	564,624	1,125,569	590,345	280,661	(7,614)	3,054,021	—	—	239,665
MAPFRE Participaciones	S.A.	Crta.Pozuelo, 52 Majadahonda - 28222 Madrid	Financial	100.00	—	100.00	—	216	295,337	91,255	235	48,097	225,855	—	—	—

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

Fiscal year 2019

Name	Legal form	Address	Activity	PARTICIPATION				Capital	Reserves	Other equity items	Earnings for the year		(Impairment)		Accumulated impairment	Dividends received
				%		Voting rights					Earnings from operations	Other earnings	Book value	/Reversal year		
				Direct	Indirect	Direct	Indirect									
Desarrollos Urbanos	S.A.	Crta.Pozuelo, 52 Majadahonda - 28222 Madrid	Real estate	0.08	99.91	0.08	99.91	383	1,318	—	279	(1,117)	1	(2)	45	—
MGR Agencia de Suscripción	S.A.	Crta.Pozuelo, 52 Majadahonda - 28222 Madrid	Insurance and reinsurance	100.00	—	100.00	—	60	2,045	—	(241)	923	1,952	—	—	—
Preminen Price Comparison Holding	LTDA	Ty Admital David street Cardiff CF102EH	Online insurance policy price comparison company	50.00	—	50.00	—	—	—	—	—	—	5,191	0	2,309	0
Total												9,592,371	-45,437	279,208	601,546	
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.

No companies are listed on the stock market.

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

INDIVIDUAL MANAGEMENT REPORT

YEAR 2020

MAPFRE S.A.

INDIVIDUAL MANAGEMENT REPORT 2020

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2020 INDIVIDUAL MANAGEMENT REPORT

MAPFRE S.A. (the "Company") is a corporation 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 394.5 million euros, compared to 601.5 million euros in 2019.
- Operating expenses amounted to 150 million euros, a 8.1 percent decrease from 2019.
- Financial income amounted to 0.4 million euros for the last two years.
- Financial expenses stood at 68 million euros, 2.9 percent down from the prior year.
- During the fiscal year, the Company recognized impairment allowances of 52.8 million euros in respect of equity investments in Group and associate companies (45.4 million euros in 2019).
- As a result of the foregoing, earnings before tax stood at 206.3 million euros, compared to 404.6 million euros in the prior year.
- A corporate tax rebate of 39.3 million euros was posted in 2020, compared with 38.5 million euros in 2019.
- Post-tax profit was 245.6 million euros, down 44.6 percent on the previous year..

Key balance sheet figures are as follows:

MAPFRE S.A.'s shareholders' equity amounted to 7.3 billion euros, a year-on-year decrease of 169.7 million euros (2.28 percent). This fall 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 2019 year distributed in 2020 and 154 million euros for the interim dividend charged against the year's profits.

- Assets totaled 10.15 billion euros, of which 9.8 billion euros and 166.9 million euros correspond respectively to long-term and short-term investments in Group and associate companies.

B. Main activities

The main variations in the Company's financing sources during the 2020 were as follows:

- Partial cancellations of loans with Group companies amounting to 152.1 million euros, and granting of new loans amounting to 56.5 million euros.
- Partial cancellation of the syndicated loan, maturing in December 2023, in the amount of 245 million euros and new drawdowns of 235 million euros.

Investments in Group companies

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

- Reduction of share capital for the return of contributions through the amortization of shares in MAQUAVIT INMUEBLES S.L. for an amount of 3 million euros.
- Sale to a third party of 100 percent of the shares of MAQUAVIT INMUEBLES, S.L., for an amount of 53.3 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 2020:

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) IBEX 35; IBEX Top Dividend
Stock market index membership	MSCI World SMID Cap Index FTSE All-World; FTSE Developed Europe; FTSE4Good(1) y FTSE4Good IBEX(1) DJSI World(1) Ethibel Sustainability Index - Excellence Europe(1) - Ethibel Sustainability Index - Excellence Europe(1)
ISIN code	ES0124244E34

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

In 2020, MAPFRE S.A. shares traded for 257 days on the continuous market. According to data published by the Spanish stock market operator (BME), an average of 7,395,047 shares were traded daily on this platform, compared to 5,128,636 in 2019, representing an increase of 44.19 percent. The effective average daily transaction value was 12.3 million euros, compared to 12.9 million euros in the prior year, some 4.65 percent lower.

At the end of 2020, a total of 16 analysis firms were monitoring the share, of which: 56 percent had "buy" recommendations for the Company's shares, compared to 25 percent having "hold" recommendations and 19 percent with "sell" recommendations.

VALUE AND RETURN

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

	1 YEAR	3 YEARS	5 YEARS
MAPFRE	-32.5%	-40.5%	-31.1%
STOXX Europe 600 Insurance	-13.5%	-3.2%	-2.2%
IBEX 35	-15.5%	-19.6%	-15.4%
IBEX 35 Bancos	-27.3%	-49.9%	-46.7%

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

	2020	2019	2018	2017	2016
EPS (euros)	0.17	0.20	0.17	0.23	0.25
Var. %	-13.6%	15.2%	-24.5%	-9.7%	9.4%

SHAREHOLDER STRUCTURE AND REMUNERATION

At the end of fiscal year 2020, CARTERA MAPFRE held 69.7 percent of the Company's shares, excluding treasury stock, which represented 0.98 percent of the shareholder structure. Spanish institutional shareholders accounted for 3.9 percent and institutional shareholders in other countries accounted for 15 percent. The remaining 10.42 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. Among the objectives set for the three-year period 2019–2021 is to create sustainable value and to adequately remunerate shareholders.

On December 22, 2020, the interim dividend charged against 2020 profits was paid at 0.0505 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 fiscal year was 0.135 euros per share, giving a total remuneration of 415.6 million euros.

The final dividend for the fiscal year 2020 to be proposed at the Annual General Meeting is 0.075 euros per share (gross). Consequently, the total dividend against 2020 earnings amounts to 0.125 euros per share (gross), representing a payout ratio of 73.1 percent.

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

	2020	2019	2018	2017	2016
DIVIDEND PER SHARE (euros)	0.135	0.145	0.145	0.145	0.13
DIVIDEND YIELD	8.1%	5.7%	5.5%	4.9%	5.8%

D. Environment

MAPFRE as a Group is wholly committed to environmentally sustainable development, and more specifically, the fight against climate change. The desire to play a relevant role in these issues requires a short-, medium- and long-term strategy, for which an analysis of the climate scenario and the global context is carried out on a continuous basis.

The Group has an Environmental Policy in place, approved by the Board of Directors of MAPFRE S.A. and which is implemented in all Group companies.

In a context of designing ambitious green reconstruction plans, in 2020, and after the successful completion of the Corporate Plan for Energy Efficiency and Climate Change 2014-2020, work has been done on the definition of the new Corporate Plan for Environmental Footprint 2020-2030, which will reflect our commitment to making our activities more sustainable and resilient and will act as the MAPFRE Group's adaptation mechanism to a low-carbon economy.

In addition to issues associated with carbon footprint and climate change, the Corporate Environmental Footprint Plan includes water management, the circular economy and green procurement, as well as other emerging risks such as natural capital and biodiversity preservation. It also includes transversal and facilitating aspects such as construction and sustainable mobility.

Regarding the Carbon Footprint, the expansion of the scope of the UNE-EN-ISO 14064 continues to make progress, having verified the inventories of several countries.

In relation to mitigation and adaptation to climate change, the implementation of the actions defined in the Sustainability Plan 2019-2021 has continued, which defines the short-term action strategy and which is associated with the emission-neutral objective of Greenhouse Gases (GHG) generated by MAPFRE in Spain and Portugal by 2021. The actions carried out will also enable the Group to prepare for the objective of total carbon neutrality by 2030.

To determine the financial impact of climate change, both from a risk and opportunity perspective, the adoption of the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) belonging to the Financial Stability Board (FSB) has continued to be analyzed. To this end, MAPFRE, together with other global insurers and reinsurers, is part of the working group coordinated by UNEP-FI of the United Nations, whose main objective is to analyze scenarios that allow for the development of financial metrics and models to adequately estimate the possible implications of the change climate in business.

Throughout 2020, this working group focused on understanding the potential change of the climate threat under different scenarios and time horizons.

Additionally, and in line with the current context, the circular economy is emerging as a required solution to the economic and climate crisis, making companies more competitive and resilient. In this area, MAPFRE became the first insurer to sign the Pact for a Circular Economy and as such is committed to complying with the commitments set forth in this initiative that seek to promote, favor, encourage and drive the transition toward a circular economy.

In addition, MAPFRE participates in a Natural Capital Working Group, as part of the Grupo Español de Crecimiento Verde (Spanish Green Growth Group) and the Fundación Biodiversidad (Biodiversity Foundation), an initiative through which companies from different sectors share experiences and difficulties encountered in seeking solutions to the integration of Natural Capital in their businesses and projects, using the Natural Capital Protocol as a guide.

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 2020, 203,905 shares were delivered to directors of subsidiaries, registering a negative impact of 140,638.49 euros (910,979.79 euros positive in 2019) which has been included under the heading "Other Reserves".

During 2019, 7,897,336 treasury shares were purchased on the market and 1,839,387 shares were delivered to directors of subsidiaries as part of their variable remuneration, resulting in a net increase of 6,057,949 treasury shares, representing 0.1967 percent of the capital, amounting to 15,585,821.85 euros.

At the close of the fiscal year, the Company owned 30,285,934 treasury stocks (30,489,839 in 2019), which represented 0.9835 percent of capital, (0.9901 percent in 2019), at an average of 2.09 euros per share over the last two fiscal years.

The total face value of the shares acquired was 3,028,593 euros (3,048,984 euros in 2019).

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	2020		2019	
	Men	Women	Men	Women
Board Directors and C-Suite	13	4	13	4
Senior Management	98	54	94	52
Technicians	141	146	145	142
Associates	12	45	16	52
TOTAL AVERAGE NUMBER OF EMPLOYEES	264	249	268	250

Number of employees at year-end.

ITEM	2020		2019	
	Men	Women	Men	Women
Board Directors and C-Suite	13	4	13	4
Senior Management	98	54	97	53
Technicians	144	146	143	147
Associates	9	45	16	48
TOTAL NUMBER OF EMPLOYEES	264	249	269	252

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	2020	2019
Senior Management	3	2
Advisors	3	3
Associates	4	4
TOTAL	10	9

The Corporate People and Organization Area accompanies the business in its transformation and is in charge of adapting the organization to new social requirements, relying on new technologies and digital solutions. In addition, it is responsible for identifying and retaining the talent required by the company and for the development of employees, and this needs to happen within a flexible, inclusive and diverse work environment that promotes collaboration and innovation.

There is a Code of Ethics and Conduct in place, inspired by the Institutional and Business Principles, which aims to reflect the corporate values and the basic principles that should guide the actions of the organization and its people.

The Respect for People Policy guarantees a work environment in which any manifestation of harassment and violent or offensive behavior toward the rights and dignity of people is rejected. This policy expressly opposes and prohibits any situation of harassment at work, regardless of who the victim or the harasser is. This commitment must be fulfilled both in relations among employees and in their relations with provider companies, clients, collaborators and other stakeholders. It also extends to all the organizations with which MAPFRE maintains relationships.

The Diversity and Equal Opportunities Policy is based on respect for people's individuality, on the recognition of their heterogeneity, and on the elimination of any discriminatory exclusionary behavior.

On gender diversity, MAPFRE undertakes that by 2021, 45 percent of vacancies for job positions of responsibility arising in the company will be filled by women.

Including people with disabilities on the workforce is promoted in order to enhance functional diversity, and MAPFRE has committed to having 3 percent of its workforce comprised of people with disabilities by the end of 2021.

During the 2020 fiscal year, the Corporate Disability Program continued, with 10 people with disabilities on the workforce at year-end, (compared to 9 in 2019).

The Promotion, Selection and Mobility Policy encourages professional development opportunities among employees with the aim of increasing their employability, their professional satisfaction and their commitment to the company.

For the selection of people, there is a procedure that guarantees objectivity, maximum rigor and non-discrimination in all processes. The selection tests used are homogeneous throughout the world, in order to incorporate the candidate with the most appropriate profile for each position. The number of selection processes carried out during the fiscal year 2020 was 19, (against 41 processes in 2019).

Over the course of 2020, 35 employees took advantage of internal mobility (58 employees in 2019), and 37 percent of the selection processes were covered through internal mobility, (compared to 42 percent in 2019).

Permanent contracts are favored over temporary, thereby building stable environments and a continuous employment relationship. The percentage of the Company's staff who were on permanent contracts in the last two fiscal years was 99 percent.

The Digital Challenge strategic initiative continued to develop through the adoption of new capabilities and collaborative tools, the development of more dynamic and flexible structures and the personalization of the employee experience to continue supporting their professional growth and talent development. adapting the processes to the needs of the employees.

The COVID-19 pandemic caused the transformation of all training plans, replacing face-to-face programs with digital ones.

In 2020, 377,000 euros were invested in staff training, (against 872,000 euros in 2019).

The Remuneration Policy seeks to establish adequate remuneration according to the function and job position and the performance of the Company's professionals, as well as to act as a motivating and satisfying element that facilitates the achievement of the defined objectives and compliance with MAPFRE's strategy. The policy guarantees equality, and external competitiveness in each of the markets, and is part of the internal development of the employee.

The Health and Welfare and Occupational Risk Prevention Policy aims to promote a safe and healthy work environment and improve the health of the employee and his family, both inside and outside the workplace.

In order to facilitate the well-being and the balancing of the working and personal lives of the employees, a wide series of social benefits are offered, with 4.326.909 euros having been allocated in 2020 for this purpose, (4.086.388 euros 2019).

From the first moment that MAPFRE was aware of the impact that COVID-19 could generate, and under the governance of the Corporate Crisis Committee, contingency plans were quickly deployed with the priority objective of taking care of the health of employees. Teleworking and reducing the occupation density of the installations were among the first measures to be swiftly introduced.

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	
	2020	2019
Audit services	512	493
Other verification services	111	173
Tax services	—	—
Other services	64	—
Total services of main auditor	687	666

Thousand euros

Other verification services include services provided by KPMG Auditores, S.L. to the Company during fiscal year 2020, among which are the six-monthly 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 64,000 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 fiscal year ending December 31, 2020, can be found in the Annual Accounts of MAPFRE S.A. and its subsidiary companies as on December 31, 2020.

H. Governing bodies

At the Annual General Meeting held on March 13, 2020, Mr. Ignacio Baeza Gómez, Mr. José Antonio Colomer Guiu, Ms. María Leticia de Freitas Costa and Ms. Rosa María García García were re-elected as Directors.

At the meeting of the Board of Directors on February 11, 2020, Ms. Rosa María García was appointed as a member of the Appointments and Remuneration Committee.

During the 2021 fiscal year, the mandate of Ms. Ana Isabel Fernández Álvarez will expire. The Appointments and Remuneration Committee has proposed her re-election as a director.

Likewise, during the year 2021, the terms of Mr. Francisco José Marco Orenes and Mr. Fernando Mata Verdejo, whose re-election is proposed to the General Meeting, will expire. These proposals have the backing of the Appointments and Remuneration Committee.

I. Average provider payment period

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

ITEM	2020	2019
	Days	Days
Average provider payment period	17	20
Ratio of paid operations	17	20
Ratio of operations pending payment	—	—
	Amounts	Amounts
Payments made	72,697	92,892
Payments pending	3,471	5,933
Total payments for the year	76,168	98,825

Thousand euros

J. Research, development and innovation

Within the Group, innovation is one of the main levers for generating differentiated value propositions for clients. The lines of action are present at both strategic and disruptive level, covering the entire cycle from the ideation and interaction with insurtech to the practical implementation, always keeping the client at the center of the process.

In 2020, multiple initiatives were undertaken along different lines of action, of which the launch of the third call for acceleration and adoption in *insur_space* is noteworthy, with more than 400 startups applying for places. The first collaboration in the field of innovation and entrepreneurship with universities was organized, in partnership with IE Tech Lab, and 12 new venture capital investments were made in startups, in addition to the eight made in 2019.

In this way, the Group is bringing solutions and proposals to clients that take advantage of the latest technologies, such as the Internet of Things, artificial intelligence applied to images, text and voice (for image-based damage assessment, verbatim analysis, claims automation) and blockchain (digital identity, B3i consortium for reinsurance), and new generation products and services (on-demand insurance, on/off policies).

Additionally, through the Digital Challenge initiative, the management of the change required by the organization to adapt to new digital requirements continues to advance, providing the work environment with the required flexibility and agility and tools that facilitate collaborative work and knowledge sharing.

MAPFRE's Quality Observatory is in charge of carrying out all the measurements of perceived and delivered quality, through customer surveys, in all the countries where the Group operates. The Net Promoter Score (NPS[®]) indicator is used to do this, and the analysis of same reveals satisfaction levels and critical customer touchpoints are evaluated, revealing recommendations on the main areas for improvement.

The Quality Observatory reports provide data on the level of customer experience, which helps the different business areas make relevant decisions.

In 2020, the XI wave of measurement of the relational NPS[®] was carried out on a representative sample of MAPFRE's portfolios.

As part of this study, every year the Observatory measures the level of customer experience of MAPFRE's main competitors in each country and branch. Specifically, approximately 80 companies from around the world were analyzed. In 2020, the NPS[®] of MAPFRE's clients was higher than the average of the NPS[®] of the competitors analyzed.

To complement these relational NPS[®] measurements, the Quality Observatory defined a Global Transactional NPS[®] Model that delivers, in real time, the perception of customers who have just engaged with MAPFRE. Currently, this model is already operational in Brazil and Spain and throughout 2020 it was launched in the USA, Puerto Rico, Mexico, Peru and Chile.

K. Environmental, social and governance factors and risks

The Group has an Underwriting Policy in place, approved by the MAPFRE S.A Board of Directors, which is applicable to all insurance and reinsurance companies. It also has a Global Business Committee and an Underwriting Policy Committee that, among other functions, is in charge of the correct application of said Policy, and analyzes and proposes operating exclusion rules on environmental, social and governance (ESG) matters. In addition, for the underwriting of global risks, there is an internal ESG evaluation model that considers the ESG risk exposure of a given company compared to the ESG risk exposure of the countries and sectors in which said company operates in decision-making, as well as a reputational risk analysis.

In relation to investment processes, in 2017 MAPFRE signed up to the UN's Principles for Responsible Investment (PRI) and established the Group's framework of action in terms of Socially Responsible Investment (SRI), which focuses on those key aspects that must accompany the organization in the scope, implementation and integration process of ESG aspects, and which are complemented by those determined in each case.

The United Nations SRI principles coexist with the obligation assumed as the custodian of savings and investments of clients and the soundness of the balance sheet. Therefore, criteria of prudence are applied in investment, the creation of long-term value is sought, and ESG factors are incorporated in a complementary way to traditional information.

The Investment Risk Committee periodically analyzes the composition of the portfolios, their ESG evaluation, the controversies that may arise and the application of the approved exclusion causes.

The Corporate Investment Area is responsible for ensuring that the established responsible investment principles are complied with across the organization and reports annually on same to the Sustainability Committee.

L. Other risks and uncertainties

The emergence of the COVID-19 pandemic, and its worldwide spread throughout 2020, has affected practically all sectors of the world economy.

The Group faces the risks and uncertainties deriving from the pandemic with high levels of solvency and with a wide margin compared to regulatory requirements, which will allow it to withstand the most adverse effects that lie ahead and allow it to adopt the necessary measures to comply with its function of offering coverage and protection to clients.

Furthermore, the pandemic has added a special dimension to cyber risks. The accelerated and massive adoption of online processes, ensuring continuity of service, the greater vulnerability, in general, of domestic equipment and the significant increase in the use of technology by all actors has accelerated the occurrence of cyber risks and the digital transformation of companies.

During the month of August 2020, MAPFRE detected a malfunction in its computer systems due to a cyber attack. Following the established procedures, the technology and security teams began an investigation detecting that malware, particularly ransomware, had managed to infiltrate the computer systems, affecting part of the servers and equipment in Spain.

The protocols provided for in the business continuity plan were immediately activated, the priority being to protect the information and block any possible attempt to access the systems by third parties, as well as guaranteeing the provision of service to clients and providers, which was successfully maintained, thanks to the alternative procedures provided.

The MAPFRE Group has an insurance policy in place that covers damages and loss of profits due to this type of event, and as such, the damages are limited by the conditions of the policy.

M. Non-financial information

The information regarding the non-financial information status of the Company is included in the Integrated Report, which is part of the Consolidated Management Report of the MAPFRE Group, the lead entity of which is MAPFRE S.A., and which will be deposited, together with the Consolidated Annual Accounts, in the Mercantile Registry of Madrid.

N. Significant events for the company after the year-end close

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

0. Outlook

Nine months after the COVID-19 pandemic was announced, it has proven to be exactly the disruptive long-trailing event that we feared it would become. The appearance of this "black swan" has generated an unprecedented shock across the global economy that has resulted in a sharp decline in levels of business. It has been characterized as totally unique due to its exogenous, global and unpredictable nature. It is a self-inflicted external shock resulting from preeminently health-based decisions and measures (i.e., lockdown and social distancing), which have led to disrupted activity through restrictions on social interactions within both developed and emerging economies.

The shock will have all sorts of effects on the performance of the global economy. Firstly, we have seen direct effects on supply and demand, which have led to a slump in business and expectations as to how things will pan out (due to high levels of uncertainty). Secondly, and depending on the extent to which social lockdown measures are enforced, we will see a deterioration in the income of market agents and growing pessimism within the industry and among consumers, with both groups having to cope with growing liquidity problems.

And, finally, the third effect is a long-term phenomenon known as the "new normal" resulting from the incomplete and asymmetrical recovery that lies ahead, which may spark sovereign and financial solvency problems, distortions in the price of assets, reduced long-term growth potential (lower physical capital, human capital and productivity) and high levels of public debt, among other aspects.

It is a truly global shock as at the height of this crisis more than 90 percent of the world's economies simultaneously reported a decline in GDP. The effects and speed of the recovery, however, will be asymmetric, and will hinge on the productive structure of each country and the specific economic and health vulnerabilities of each system.

In terms of GDP, the shock will trigger a major correction in the baseline scenario (around -4.4 percent in 2020), with significant differences between regions. It will also raise levels of unemployment globally (the International Monetary Fund estimates that 400 million jobs will be lost) while widening the poverty gap. In terms of disposable income, the expectation is for a widespread reduction of the increased levels of prosperity amassed by the middle classes since the start of the millennium, especially in Latin America.

In terms of financial effects, the shock may involve current-account financing problems across many emerging markets by exerting pressure on their exchange rates and depleting their reserves. It may also distort the price of many safe-haven assets (gold, sovereign bonds, etc.) and may alter international investment preferences by virtue of a growing crowding out effect. Further, the shock will be conducive to an environment of financial volatility and fragility, distorting the proper functioning of the markets due to the effects of the crisis itself and also because of the measures undertaken by governments and central banks to keep it under control.

Lastly, the very nature of this economic crisis means that uncertainty is high (as can be seen in the confidence level of producers and consumers) and the situation has also affected the perception of global risk and regional derivatives (VIX equity index and EMBI emerging market bonds market). This phenomenon is noticeable in the management of global portfolios and in the mass migration of flows we have witnessed since the onset of the pandemic, in line with the rise in the emerging risk premium, which has altered net portfolio inflows in key countries for financing the current account.

Risk aversion currently remains high, although it has eased, and financing flows stand at the level reported in April, with further impairment having now largely been halted thanks to the actions undertaken by central banks in developed countries. Furthermore, in addition to this uncertainty, it is also possible that new risks will appear that we are currently unaware of, but which may be caused by the interaction of pre-existing risks and the crisis triggered by the COVID-19 pandemic.

Given this sequence of events, we can split the chronology of the pandemic into two phases.

The first phase was one of containment (during the second and third quarters of 2020), which was initially characterized by social distancing and lockdown measures. During this phase, shocks affected global value chains, there was limited demand—especially for services—and high uncertainty, leading to increases in the savings rate and a fall in consumption.

However, as restrictions eased and monetary and fiscal economic policy began to show the effects, the situation improved to the point where, in general, the initial forecasts for economic growth in 2020 were upgraded and some level of optimism returned.

The second phase is about transition (extending from the last quarter of 2020 and lasting throughout 2021), during which the world will have to contend with a second wave of infections, prompting an increase in the number of coronavirus cases and a consequent return of restrictions. This will have a mixed bag of effects on global activity, depending on the sector or industry concerned, and renewed levels of pessimism among consumers and producers alike. During this phase, there will be less monetary and fiscal leeway for applying public policies, making positive surprises a less likely prospect as we move forward.

Thus, the long-term horizon will be dominated by three elements that will characterize the "new normal" of the global economy: (i) substantially higher levels of debt; (ii) lower long-term economic growth; and (iii) less input by the market and more input by governments and central banks.

By 2021, however, a rebound in global economic growth is expected to prompt a business improvement of around 5.2 percent, albeit with substantial differences across countries and regions. Growth within emerging markets is expected to be around 6.0 percent, while growth in developed countries should be closer to 3.8 percent.

This is the baseline scenario, although uncertainty arising from the management of the pandemic, and existing and emerging risks, could lead to a more adverse scenario.

P. 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).

Q. COVID-19

The year 2020 was marked by the outbreak of the coronavirus (COVID-19) and its spread, together with the measures aimed at containing and mitigating its effects, has caused a slowdown in economic activity, the final impact of which is difficult to quantify. Under these circumstances, a set of actions framed against two main priorities have been developed: ensuring the health and safety of the entire human capital team and ensuring the continuity of operations in such a way as to allow client service levels to be maintained.

The most relevant actions carried out were:

- Activation of the business continuity plan, adapting it to the uniqueness of the COVID-19 crisis, through teleworking, insofar as it was operational, and the maintenance of essential services.
- Evaluation of the risks deriving from the crisis and adoption of a strategy aimed at protecting the balance sheet, especially investments, and preserving capital, ensuring availability of the necessary liquidity and financing to neutralize any monetary stress.
- Mobilization of resources and transfer of funds to the economy, by granting financial aid and additional financing to agents, direct providers and clients alike.

From the first moment, the safety and health of employees and collaborators was the fundamental priority, in such a way that, from the first weeks of feeling the impact of the pandemic, a teleworking model was deployed. Subsequently, there was a partial, gradual, orderly and prudent return to the facilities, following a model based on incremental waves and always in accordance with the instructions of the health authorities.

From the point of view of managing the crisis caused by the pandemic, despite its impact and restrictions on mobility, continuity of operations was maintained and services were rendered to clients, always complying with the established protocols in the regulations.

It was possible to recover practically all commercial activity, although maintaining strict prevention and control measures in view of the concern associated with outbreaks and eventual changes in trend.

In order to protect the balance sheet and solvency level, the MAPFRE Group has made available the necessary liquidity and adequate financing to neutralize any monetary stress. Consequently, the Group has maintained high levels of liquidity in all its companies, having met the payment obligations in a timely manner, and there is no evidence of significant delays in collections.

The year 2020 reflects very significant falls in world GDP, with the prospect of partial recovery in 2021, but the landscape is still marked by great uncertainty in terms of how benchmark indicators evolve, due to the health crisis and containment measures.

Future prospects are quite uncertain and it is not possible to make an accurate estimate of the future effects of the crisis on business volume, financial position and solvency. However, the strength of the balance sheet, high levels of capital and solvency, liquidity position and availability of financing of the Group permit us to conclude that the the impacts will be limited.

PROPOSED RESOLUTIONS FOR THE ORDINARY ANNUAL GENERAL
MEETING OF MAPFRE S.A.

1. To approve the Annual Financial Statements and the individual and consolidated Management Reports for the 2020 fiscal year.
2. To approve the Integrated Report for the 2020 fiscal year, which includes the statement of non-financial information.
3. To approve the distribution of results for the 2020 fiscal year as proposed by the Board of Directors and to consequently distribute a total dividend of 0.125 euros gross per share. Part of this dividend, the sum of 0.05 euros gross per share, was paid out in advance following a resolution passed by the Board of Directors on October 30, 2020 and the rest, up to the agreed total of 0.075 euros gross per share, will be paid on a date to be determined by the Board of Directors, which shall be no later than June 30, 2021. The amount corresponding to treasury stock will be applied on a proportional basis to the remaining shares.
4. To approve the management of the Board of Directors in the 2020 fiscal year.
5. To re-elect board director Ms. Ana Isabel Fernández Álvarez, as an independent board director for a further four years.

Said proposal has been brought before the Board of Directors through the Appointments and Remuneration Committee and shall be deemed approved, if applicable, notwithstanding compliance with bylaws and good governance standards.

6. To re-elect board director Mr. Francisco José Marco Orenes as executive board director for a further four years.
7. To re-elect board director Mr. Fernando Mata Verdejo as executive board director for a further four years.

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

8. To amend Article 11 of the Bylaws, which shall have the following wording:

"Article 11

The meeting shall be held at the company's registered office, or at the place specified in the call for attendance, within the locality of the

registered office. However, the Annual General Meeting may be held in any other place within the municipal district of Madrid if so specified by the Board of Directors in the call for attendance. Furthermore, when it has the nature of a Universal General Meeting, it may be held at any place in the national territory.

Shareholders who have a minimum of 1,000 shares registered in the Accounting Register at least five days prior to the date on which the Annual General Meeting is to be held will be entitled to attend.

The Regulations for the Annual General Meeting may regulate the remote exercise of attendance, voting and delegation rights, including, in particular, one or all of the following forms:

- a) The real-time transmission of the annual general meeting.
- b) Remote attendance at the Annual General Meeting by telematic and simultaneous means and the remote casting of votes by telematic means while said meeting is being held.
- c) Real-time, bi-directional communication so that shareholders can address the annual general meeting from a location other than the venue.
- d) A mechanism for voting before or during the annual general meeting without the need to appoint a representative who is physically present at the meeting.

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

The functions of Chairman and Secretary shall be performed by the persons who hold those offices on the Board of Directors or who incidentally take their place, in accordance with the provisions of these Bylaws."

9. To include a new article 8 bis in the Regulations for the Annual General Meeting, which will be worded as follows:

"Article 8 bis. Telematic attendance via real-time remote connection

The Board of Directors may agree, in view of technological developments, circumstances, and safety conditions, on the right for shareholders to attend the Annual General Meeting remotely via telematic means, provided that the required security conditions are ensured regarding shareholders' identities, the effectiveness of their rights, the proper conducting of the meeting and the security of electronic communications.

In the event that the Board of Directors agrees to allow the Annual General Meeting to be attended remotely, the call for attendance will detail the deadlines, forms and means of exercising shareholders' rights provided by the Board of Directors to allow the proper conduct of the Annual General Meeting.

Shareholders' remote attendance at the Annual General Meeting by telematic means shall be subject to the following provisions, which may be developed and completed by the Board of Directors on the occasion of each Annual General Meeting:

- a) The call for attendance shall indicate advance notice with regard to the start of the meeting to which shareholders wishing to attend the Annual General Meeting must have registered in order to be considered as a present shareholder. Shareholders who have registered after the set time limit shall not be considered as present.*
- b) Shareholders or representatives wishing to attend the Annual General Meeting telematically must be identified by electronic signature or other similar form of identification that ensures that they can be appropriately identified, under the terms set by the Board of Directors.*
- c) During the Annual General Meeting, the right to information shall be exercised through telematic means of remote communication in accordance with the procedure to be determined by the Board of Directors. The Board of Directors shall determine the time and manner in which the discussions and proposed resolutions, which, in accordance with the Law, are to be submitted by those planning to attend the meeting remotely, must be sent to the Company.*

Except in the circumstances of denial provided for by Law, the Bylaws or these Regulations, requests for information or clarification made by remote attendees during the Annual General Meeting shall be answered during said Meeting and, if this is not possible, the information requested shall be provided in writing to the shareholder in question within the legal period established to that end.

- d) Interrupted communication, due to technical issues or due to security reasons arising from such circumstances, may not be invoked as unlawful deprivation of shareholders' rights, nor as a cause to challenge the resolutions adopted by the Annual General Meeting."*

10. To authorize the Board of Directors with the power of replacement, so that, pursuant to the provisions of Article 146 and in accordance with the Recast Text of the Spanish Corporations Act, the Company may proceed, directly or through subsidiary companies, to purchase its treasury stock, subject to the following limits and requirements:

- Schemes: Acquisition by sale or by any other transaction inter vivos for good and valuable consideration, of shares free of any liens or encumbrances.
- 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.
- Minimum and maximum acquisition price: 90 percent and 110 percent, respectively, of their market value on the date of acquisition.
- Duration of the authorization: Five years calculated from the date of this resolution.

By virtue of this authorization, the Board of Directors may acquire, by direct agreement or by delegation to the Steering Committee or by delegation to the person or people so authorized for this purpose by the Board, its treasury stock to, in whole or in part: (i) keep them in the portfolio, dispose of them or, where appropriate, propose to the Annual General Meeting their depreciation, within the legal limits; (ii) deliver them directly, on one or more occasions, to the workers, employees or associate of the Company or its Group, or as a consequence of exercising the option rights for those that they own, in accordance with the provisions of the last paragraph of Article 146(1)(a) of the Recast Text of the Spanish Corporations Act; and (iii) earmark them for dividend reinvestment plans or similar instruments.

11. To countersign the 2020 Annual Report regarding Board Directors' Remuneration that is submitted, in an advisory capacity, to the Annual General Meeting, with the favorable report by the Appointments and Remuneration Committee.
12. To extend the appointment of the firm KPMG Auditores S.L. as auditors of the company's accounts, both for the Individual Annual Accounts and for the Consolidated Accounts for a three-year period, i.e. for fiscal years 2021, 2022 and 2023; this is without prejudice to the fact that the appointment may be revoked by the Annual General Meeting before the end of this period, provided there is just cause to do so.
13. To authorize the Board of Directors to delegate the vested powers conferred by the Annual General Meeting, as provided for under Article 249 bis of the Recast Text of the Spanish Corporations Act, regarding the previous resolutions to the Steering Committee, with express powers of substitution for each and every member of the Board of Directors.
14. To delegate the broadest powers to the Chairman and to the Secretary of the Board of Directors so that either of them may appear before a Notary and proceed to execute and submit to the public these resolutions by

executing the necessary public and private documents required for their registration in the Company Registry; with the express authority to make as many amendments, clarifications, rectifications and corrections as are required or necessary in order to adapt the resolutions to the Company Registrar's description and thereby obtain their full or partial registration as set out in Article 63 of the Company Registry Regulations.

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

**BOARD OF DIRECTORS' REPORT ON THE PROPOSALS FOR THE APPOINTMENT,
REELECTION AND RATIFICATION OF BOARD DIRECTORS**

Madrid, February 10, 2021

I. BACKGROUND AND JUSTIFICATION FOR THE PROPOSALS

This report is prepared by the Board of Directors of MAPFRE S.A. ("MAPFRE" or the "Company") pursuant to the provisions of Article 529 decies.5 of the Recast Text of the Spanish Corporations Act, to justify the following proposals for the appointment, reelection and ratification of board directors submitted for approval by the Annual General Meeting under Item 5 of the agenda: (i) Ms. Ana Isabel Fernández Álvarez, with the status of independent board director; and (ii) Mr. Francisco José Marco Orenes and Mr. Fernando Mata Verdejo, with the status of executive board directors.

The aim of this report is to assess the competence, experience and merits of the candidates proposed for appointment, reelection and ratification to the Annual General Meeting (for which the Board of Directors has taken the Competency Matrix of the Board of Directors into consideration), the suitability of the board directors' professional profiles, the specific nature of the business and the international nature of the Company. The Board of Directors has also verified that the candidates meet the requirements for prestige, suitability, solvency, competence, experience, qualifications, training, availability and commitment to their function, and that they are neither directly nor indirectly affected by any of the causes for incompatibility, prohibition or conflict of interest established by Law, the Bylaws or the Regulations for the Board of Directors.

The Appointments and Remuneration Committee issued, in advance, a report in which it recognized the dedication of Mr. Francisco José Marco Orenes and Mr. Fernando Mata Verdejo as executive board directors, which was approved at its meeting on February 5, 2021. During said meeting, the Committee also agreed to propose the reelection of Ms. Ana Isabel Fernández Álvarez as an independent board director.

II. PROPOSALS

Ms. Ana Isabel Fernández Álvarez

Bachelor's Degree and Doctorate in Economics and Business Sciences from the University of Oviedo and Professor of Financial Economics at the University of Oviedo since 1991. She has served on the Board of the National Securities and Exchange Commission (2010–2014), the Council of the European Securities and Markets Authority (2011–2013) and its Joint Committee on Corporate Reporting, as well as on the Subcommittee on Financial Innovation and Consumer Protection of the Joint Committee of the European Banking, Insurance and Securities Authorities (2012–2014).



She is currently a professor of finance and General Director of CUNEF. She is also a member of the Banco de Sabadell Foundation Board of Trustees.

Ms. Fernández Álvarez has been an Independent board director since her appointment was accepted by the Board of Directors on July 26, 2016, having last been reelected at the Annual General Meeting on March 10, 2017. She is currently Chairwoman of the Audit and Compliance Committee and a member of the Risk Committee, and is also a board director for MAPFRE GLOBAL RISKS and MAPFRE RE.

The Board of Directors, in view of the proposal formulated by the Appointments and Remuneration Committee, considers that the outstanding personal and professional career of Ms. Fernández Álvarez, together with her extensive experience and knowledge in the banking and insurance sectors as well as the regulatory framework applicable to these sectors and the securities markets, justifies her ratification and reelection as a board director, with the status of independent board director.

Mr. Francisco José Marco Orenes

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 Master's Degree in Company Administration from the IDAE. He has spent a large part of his professional career at MAPFRE, holding several senior executive positions since he joined the company. He has also been Chairman of the UNESPA Automobile Insurance Commission (2009–2014) and Chairman of the Spanish Chamber of Commerce in Peru. He has been General Director of MAPFRE's Corporate Business Support Area since 2015.

Mr. Marco Orenes has been an executive board director at the Company since accepting the appointment made by the Annual General Meeting on March 10, 2017. Currently, he is also Chairman of the Board of Directors of MAPFRE GLOBAL RISKS and FUNESPAÑA, director of MAPFRE INTERNACIONAL and FUNDACIÓN MAPFRE Trustee.

The Board of Directors, in the light of the Report by the Appointments and Remuneration Committee, considers that the conduct of Mr. Marco Orenes as a member of the MAPFRE Board of Directors since his last appointment by the Annual General Meeting has been very satisfactory in all aspects: performance of the role of board director; quantity and quality of his work; and dedication to the role. In the view of the Board of Directors, this, together with his broad experience in the insurance and technology industries throughout his



professional career at MAPFRE, justifies his reelection as a board director with the status of executive board director.

Mr. Fernando Mata Verdejo

He has a degree in Business Science 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 the company. He has been General Director of MAPFRE's Corporate Finance and Resources Area since 2017.

Mr. Mata Verdejo has been an executive board director at the Company since January 1, 2017, the effective date when his appointment was accepted by the Board of Directors was September 29, 2016, having last been reelected at the Annual General Meeting on March 10, 2017. Currently, he is also a member of the boards of directors of CARTERA MAPFRE, MAPFRE ESPAÑA, MAPFRE VIDA and INTERNACIONAL, Joint and Several Director of MAPFRE PARTICIPACIONES and MAPFRE INMUEBLES and a FUNDACIÓN MAPFRE Trustee.

The Board of Directors, in the light of the Report by the Appointments and Remuneration Committee, considers that the conduct of Mr. Mata Verdejo as a member of the MAPFRE Board of Directors since his last appointment by the Annual General Meeting has been very satisfactory in all aspects: performance of the role of board director; quantity and quality of his work; and dedication to the role. In the view of the Board of Directors, this, together with his broad experience of the finance, strategy and risk management industries, justifies his reelection as a board director with the status of executive board director.

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**PROPOSAL FOR THE REELECTION OF ANA ISABEL FERNÁNDEZ
ÁLVAREZ AS AN INDEPENDENT BOARD DIRECTOR**

The MAPFRE S.A. Appointments and Remuneration Committee, at its meeting held on February 5, 2021, unanimously agreed to propose to the MAPFRE S.A. Board of Directors, pursuant to the provisions of Article 529 decies.4 of the Spanish Corporations Act and Article 6.2 of the Regulations for the Board of Directors, that the Annual General Meeting should approve the reelection of Ms. Ana Isabel Fernández Álvarez as an independent board director for a period of four years.

The Appointments and Remuneration Committee considers that the conduct of Ms. Ana Isabel Fernández Álvarez as a member of the MAPFRE S.A. Board of Directors since her appointment by the Annual General Meeting on March 10, 2017 has been very satisfactory in all aspects: performance of the role of board director; performance of her roles in the Committee and/or Steering Committees, quantity and quality of her work; and dedication to the role.

Madrid, February 5, 2021
Committee Secretary

Ángel L. Dávila Bermejo

REPORT TO THE MAPFRE S.A. BOARD OF DIRECTORS
WITH REGARD TO THE PROPOSAL TO REELECT MR. FRANCISCO JOSÉ
MARCO ORENES AS EXECUTIVE BOARD DIRECTOR

The MAPFRE S.A. Appointments and Remuneration Committee, at its meeting held on February 5, 2021, unanimously agreed to present the following report to the MAPFRE S.A. Board of Directors, pursuant to the provisions of Article 529-decies.6 of the Spanish Corporations Act and Article 6.5 of the Regulations for the Board of Directors, with regard to the proposed reelection of Mr. Francisco José Marco Orenes as a board director for a period of four years.

The Appointments and Remuneration Committee considers that the conduct of Mr. Francisco José Marco Orenes as a member of the MAPFRE S.A. Board of Directors since his appointment by the Annual General Meeting on March 10, 2017 has been very satisfactory in all aspects: performance of the role of board director; quantity and quality of his work; and dedication to the role.

And in view of the above, the Appointments and Remuneration Committee unanimously agrees to approve the proposal to reelect Mr. Francisco José Marco Orenes as a member of the Board of Directors for a further period of four years.

Madrid, February 5, 2021
Committee Secretary

Ángel L. Dávila Bermejo

REPORT TO THE MAPFRE S.A. BOARD OF DIRECTORS
WITH REGARD TO THE PROPOSAL TO REELECT MR. FERNANDO MATA
VERDEJO AS EXECUTIVE BOARD DIRECTOR

The MAPFRE S.A. Appointments and Remuneration Committee, at its meeting held on February 5, 2021, unanimously agreed to present the following report to the MAPFRE S.A. Board of Directors, pursuant to the provisions of Article 529-decies.6 of the Spanish Corporations Act and Article 6.5 of the Regulations for the Board of Directors, with regard to the proposed reelection of Mr. Fernando Mata Verdejo as a board director for a period of four years.

The Appointments and Remuneration Committee considers that the conduct of Mr. Fernando Mata Verdejo as a member of the MAPFRE S.A. Board of Directors since his appointment by the Annual General Meeting on March 10, 2017 has been very satisfactory in all aspects: performance of the role of board director; quantity and quality of his work; and dedication to the role.

In view of the above, the Appointments and Remuneration Committee unanimously agrees to approve the proposed reelection of Mr. Fernando Mata Verdejo as a member of the Board of Directors for a further period of four years.

Madrid, February 5, 2021
Committee Secretary

Ángel L. Dávila Bermejo

BOARD OF DIRECTORS' REPORT ON THE PROPOSAL TO AMEND ARTICLE 11 OF
THE BYLAWS

Madrid, February 10, 2021

BACKGROUND AND JUSTIFICATION FOR THE PROPOSAL

This report is prepared by the Board of Directors of MAPFRE S.A. ("**MAPFRE**" or the "**Company**") to justify the proposal to amend Article 11 of the Bylaws, concerning the arrangements relating to the call, attendance, representation and voting at the Annual General Meeting.

Articles 182 and 521 of the Recast Text of the Spanish Corporations Act require express statutory provision in order for the company to allow shareholders (and their representatives) to remotely attend Annual General Meetings by telematic means. Furthermore, Section 2 of Article 521 of the Recast Text of the Spanish Corporations Act establishes that, pursuant to the provisions of the bylaws, the regulations for the annual general meeting may govern the exercise of such rights.

MAPFRE's Board of Directors considers that the statutory provision of this option is best corporate governance practice, since it allows for providing mechanisms that can encourage the participation of shareholders in the annual general meetings, among others, under exceptional situations, such as that resulting from the state of emergency declared due to the COVID-19 pandemic.

For the above purposes, the proposed amendment to Article 11, the approval of which is submitted for deliberation at the Annual General Meeting, provides that the Regulations for the Annual General Meeting may regulate the remote exercise of the rights of attendance, delegation and voting, in accordance with Articles 182 and 521 of the Recast Text of the Spanish Corporations Act.

The proposed amendment to the Bylaws, which is the subject of this report, is in addition to the proposed amendment to the Regulations for the Annual General Meeting, which is proposed under Item 7 of the agenda and which is accompanied by its corresponding supporting report, has been made available to shareholders in accordance with Article 518(d) of the Recast Text of the Spanish Corporations Act.

In view of the above, there is the possibility that, in the future, if the Board of Directors deems the circumstances to be appropriate, remotely attending the Annual General Meeting through telematic means will be announced in the call for attendance.

I. PROPOSED RESOLUTION

To amend Article 11 of the Bylaws, which shall have the following wording:

"Article 11

The meeting shall be held at the company's registered office, or at the place specified in the call for attendance, within the locality of the registered office. However, the Annual General Meeting may be held in any other place within the municipal district of Madrid if so specified by the Board of Directors in the call for attendance. Furthermore, when it has the nature of a Universal General Meeting, it may be held at any place in the national territory.

Shareholders who have a minimum of 1,000 shares registered in the Accounting Register at least five days prior to the date on which the Annual General Meeting is to be held will be entitled to attend.

The Regulations for the Annual General Meeting may regulate the remote exercise of attendance, voting and delegation rights, including, in particular, one or all of the following forms:

- a) The real-time transmission of the annual general meeting.*
- b) Remote attendance at the Annual General Meeting by telematic and simultaneous means and the remote casting of votes by telematic means while said meeting is being held.*
- c) Real-time, bi-directional communication so that shareholders can address the annual general meeting from a location other than the venue.*
- d) A mechanism for voting before or during the annual general meeting without the need to appoint a representative who is physically present at the meeting.*

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

The functions of Chairman and Secretary shall be performed by the persons who hold those offices on the Board of Directors or who incidentally take their place, in accordance with the provisions of these Bylaws."

BOARD OF DIRECTORS' REPORT ON THE PROPOSAL TO AMEND THE REGULATIONS
FOR THE ANNUAL GENERAL MEETING TO INCLUDE A NEW ARTICLE 8 BIS

Madrid, February 10, 2021

I. BACKGROUND AND JUSTIFICATION FOR THE PROPOSAL

This report is prepared by the Board of Directors MAPFRE S.A. ("**MAPFRE**" or the "**Company**") to justify the proposal to amend the Regulations for the Annual General Meeting of MAPFRE to include a new Article 8 bis, concerning the possibility of attending the Annual General Meeting remotely in real-time.

The proposed amendment of the Regulations for the Annual General Meeting discussed in this report is aimed at mirroring and extending the provisions contained in the proposed amendment of Article 11 of the Company Bylaws, which is submitted to this Annual General Meeting for consideration under item 6 of the agenda and is accompanied by its corresponding supporting report, which has been made available to shareholders in accordance with section d) article 518 of the Recast Text of the Spanish Capital Corporations Act.

The MAPFRE Board of Directors believes that enabling this possibility is an example of best practices in corporate governance, as it means procedures can be enabled to encourage shareholders to attend annual general meetings, among other things, in exceptional circumstances, such as the situation resulting from the declaration of a state of alarm due to the COVID-19 pandemic.

Section 2 of Article 521 of the Recast Text of the Spanish Capital Corporations Act establishes that, in accordance with the provisions of the bylaws, the regulations for the annual general meeting may govern the exercise of such rights.

For the above purposes, the proposal to add the new Article 8 bis, submitted for approval by the Annual General Meeting, sets out that the Board of Directors may agree, in view of the technical developments, the circumstances and the security conditions, on the right of shareholders to attend the Annual General Meeting remotely, provided that the required security conditions regarding the identity of shareholders, the effectiveness of their rights, the proper conduct of the meeting and the security of electronic communications can all be guaranteed.

In view of the above, the possibility would remain open so that, if in the future, in the opinion of the Board of Directors, the circumstances so required, the meeting notice could allow individuals to attend the Annual General Meeting remotely.

II. PROPOSED RESOLUTIONS

To include a new article 8 bis in the Regulations for the Annual General Meeting, which will be worded as follows:

"Article 8 bis. Remote attendance in real-time

The Board of Directors may agree, in view of the technical developments, the circumstances and the security conditions, on the right of shareholders to attend the Annual General Meeting remotely, provided that the required security conditions regarding the identity of shareholders, the effectiveness of their rights, the proper conduct of the meeting and the security of electronic communications can all be guaranteed.

If the Board of Directors agrees to allow the Annual General Meeting to be attended remotely, the meeting notice will provide details about the deadlines, ways and means of exercising the shareholders' rights provided by the Board of Directors to allow the proper conduct of the Annual General Meeting.

Remote attendance by shareholders at the Annual General Meeting is subject to the following stipulations, which may be further developed or expanded by the Board of Directors for each Annual General Meeting:

- a) *The meeting notice will specify how far in advance of the start of the meeting the shareholder wishing to attend the Annual General Meeting must have registered in order to be considered as a present shareholder. Any shareholders registering after the deadline will not be considered present.*
- b) *Shareholders or representatives wishing to attend the Annual General Meeting remotely must identify themselves through an electronic signature or other similar means of identification that adequately guarantees their identity, under the terms set by the Board of Directors.*
- c) *During the Annual General Meeting, the right to information should be exercised via telematic means of remote communication in accordance with the procedure determined by the Board of Directors. The Board of Directors will determine the time and manner in which the contributions and proposed resolutions that, in accordance with the Law, those attending remotely may wish to draw up, should be sent to the Company.*

Unless any of the circumstances for refusal provided for in the Law, the Bylaws or in these Regulations apply, requests for information or clarification made by remote attendees during the Annual General Meeting will be answered during the Annual General Meeting and, where this is not possible, the information requested will be provided in writing to the shareholder concerned within the legal period established for this purpose.



- d) *The interruption of the communication, due to technical or security reasons as a result of unexpected circumstances, may not be invoked as the unlawful deprivation of shareholder rights or as a cause to contest the agreements adopted by the Annual General Meeting."*

REPORT TO THE ANNUAL GENERAL MEETING ON AMENDMENTS
TO REGULATIONS FOR THE
MAPFRE S.A. BOARD OF DIRECTORS APPROVED
SINCE THE LAST ANNUAL GENERAL MEETING

Since the last Annual General Meeting, on March 13, 2020, the Board of Directors of MAPFRE S.A. agreed, at its meeting on December 21, 2020, to the following amendments to the Board of Directors Regulations:

- Amendment of Article 10.1 to change the competences of the Audit and Compliance Committee in relation to non-financial information, policies and systems in internal control and the reporting of irregularities.
- Amendment of Article 23.1 to adapt the references to privileged information and other significant information to the terms set out in prevailing legislation.
- Amendment of Article 24.1 to adapt the references to privileged information and other significant information to the terms set out in prevailing legislation; and of section 3 of the same article to adapt the wording to the provisions of recommendation 2 of the Code of Good Governance of Listed Companies.

The above amendments have been notified to the National Securities and Exchange Commission (the "CNMV") as other relevant information and the full text of the Regulations for the Board of Directors currently in force is available on the company's website (www.mapfre.com).



ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF PUBLICLY TRADED COMPANIES

ISSUER'S IDENTITY DATA

End date of the reference fiscal year: [12/31/2020]

Tax ID: [A08055741]

Company Name:

[**MAPFRE S.A.**]

Registered office:

[CARRETERA DE POZUELO A MAJADAHONDA, 52 EDIF.1 (MAJADAHONDA) MADRID, SPAIN]

A. COMPANY COMPENSATION POLICY FOR THE CURRENT FISCAL YEAR

- A.1.** Explains the current compensation policy for board directors applicable to the current fiscal year. If applicable, certain information regarding the compensation policy approved by the Annual General Meeting may be included, provided that such inclusion is clear, specific and definite.

The resolutions specific to the current fiscal year shall be described, both for compensation of board directors for their status as such and for the performance of executive functions that may be performed by the board in compliance with the provisions in contracts signed with the executive directors and with the compensation policy approved by the Annual General Meeting.

In any event, at a minimum the following items shall be indicated:

- Description of the procedures and entities within the company involved in determining and approving the compensation policy and its conditions.
- Indicate and, if applicable, explain whether comparable companies have been taken into consideration in establishing the compensation policy of the company.
- Information regarding whether any external advisor took part, and if so, that individual's identity.

i) General principles underpinning the current policy:

The remuneration of board 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.

As proposed by the Board of Directors, the Annual General Meeting of March 13, 2020 approved the Compensation Policy for Board Directors for the period 2020–2022. The general principles underpinning this policy are as follows:

- Priority 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.
- Avoidance of conflicts of interest.

Based on the principles indicated above, the remuneration system for board directors, in their status as such, is defined by the following characteristics:

- It is transparent in terms of the board directors' remuneration information.
- It provides an incentive to reward dedication, qualifications and responsibility, without constituting an obstacle to the duty of loyalty.
- It consists of a fixed amount for membership of the Board of Directors and, where applicable, of the Steering Committee and sub-steering committees, which may be higher for people with positions on the Board or who chair the sub-steering committees. In addition, members of the Steering Committee shall receive an allowance for attending its meetings. This remuneration is supplemented with other non-monetary benefits (Life or health insurance, discounts on products marketed by companies of the MAPFRE Group, etc.) established on a general basis for the company's personnel.

- It does not include variable components or those indexed to share value.
- Board directors are reimbursed for traveling expenses and other costs incurred to attend company meetings or carry out their functions.

The remuneration system for board directors who carry out executive functions within the company is based on the following criteria:

- The remuneration for carrying out executive functions is determined in line with those functions, levels of responsibility and professional profile, in accordance with the criteria governing the remuneration of MAPFRE Group senior executives.
- This remuneration consists of a balanced and efficient relationship between fixed and variable components, with fixed components forming a sufficiently high proportion of total remuneration.
- Executive board directors may not receive the remuneration assigned to board directors in their status as such.
- The remuneration of executive board directors is designed with a view to the medium- and long-term, which drives their performance in strategic terms while encouraging them to achieve short-term results.
- The remuneration system is compatible with appropriate and effective risk management, with the business strategy and with the long-term values and interests of the company, without variable remuneration compromising the company's capacity to maintain an adequate capital base.
- It takes into account market trends and its position in the market reflects the strategic approach of the company, being effective for attracting and retaining the best professionals.
- It guarantees equality for all MAPFRE professionals, regardless of their gender, race or beliefs.

The compensation policy is therefore aimed at creating value for the company, seeking alignment with the interests of shareholders, with prudent risk management and strict compliance with current regulations regarding the remuneration of directors of publicly traded companies.

With regard to the criteria followed to determine the different components in the remuneration package for board directors, in the case of external board directors, the aim is compensate them in accordance with their professional experience, dedication to the position and the responsibility involved, while ensuring that their objectivity in the defense of company interests is not affected by the remuneration received.

For executive board directors, as for the rest of the Group's executive managers, the aim is to provide competitive remuneration packages that will attract and retain outstanding professionals while establishing and sustaining a stable relationship between remuneration, results and accepted risk (this risk therefore constitutes a determining factor of the variable remuneration in the medium-term).

[THE INFORMATION IN THIS SECTION CONTINUES IN SECTION D OF THIS REPORT]

- **Relative importance of the variable remuneration items in relation to fixed items (remuneration mix) and which criteria and objectives have been considered in its establishment, and to guarantee a proper balance between fixed and variable remuneration items.** In particular, explain the actions taken by the company relating to the remuneration system to reduce exposure to excessive risk and adjust it to the company's long-term goals, values, and interests, which will include, where appropriate, reference to measures provided to guarantee that the compensation policy gives due consideration to the company's long-term results, the measures adopted with regard to the categories of personnel whose professional activities have a material effect on the company's risk profile, and measures designed to avoid conflicts of interest.

It also indicates whether the company has set any accrual or vesting period for specific items of variable remuneration, in cash, shares or other financial instruments, a deferral period for payment of sums or provision of accrued and vested financial instruments, or whether any reduction of deferred remuneration clause has been agreed upon that obligates the director to return any remuneration received whenever said remuneration is based on data that is later clearly shown to be inaccurate.

Executive board directors have a short-term variable remuneration system based mainly on an annual component linked to the Company's consolidated net profit and, in addition, another component linked to the fulfillment of specific objectives established by the Board of Directors. They also have multi-year variable incentive schemes linked to the achievement of objectives established in line with the Group's Strategic Plan.

In accordance with the Compensation Policy for Board Members, the fixed and variable components (short, medium and long-term) of the remuneration package must be balanced in such a way that the fixed component constitutes a sufficiently large part of the total remuneration, thus enabling the application of a completely flexible policy with regard to the variable components of the remuneration package, including the possibility of not paying these. To avoid the excessive assumption of risk, the percentage of the variable component with respect to the fixed remuneration should not exceed 150 percent.

The weight of the annual variable remuneration for the 2021 fiscal year (with consideration of proration of multi-annual variables and a portion of the contribution to the defined-contribution pensions commitment as their calculation is partly connected to meeting the annual objectives and the variable premium of the pension commitment) over fixed remuneration (with consideration of other pension commitments) of the executive board directors is 101.77 percent, and is in a range of between 76.03 percent and 119.89 percent.

For the purpose of an appropriate balance between fixed and variable components, the Company has used the remuneration practices of IBEX 35 companies as its reference.

Furthermore, employee categories whose professional activity could have a material impact on the company's risk profile have a variable remuneration system linked to the achievement of pre-set objectives directly matched to strategic plans that is also subject to deferral rules. In particular, the Company's executive board directors have been assigned, in the Medium-Term Incentive Plan 2019–2021, a multi-year variable remuneration with objectives (Earning per Share (EPS), Total Shareholder Return (TSR), Return on Equity (ROE) and the Transformation Index) pegged generally to averages of a period of three years, so that it is only possible to obtain the remuneration through management that generates results and business models that are sustainable over time.

Regarding deferral of short-term variable remuneration for executive board directors, the payment of at least 30 percent of it will be deferred for a minimum of three years.

In addition, in the case of medium and long-term variable remuneration, the payment of at least 60 percent of the same will be deferred for a minimum of three years. In addition, executive board directors are required to hold shares received as incentives as stock during a period for a maximum of two years from its payout.

Furthermore, contracts for executive board directors include the following clauses that may affect 100 percent of the variable remuneration:

- Reduction clause (malus): provides for the partial or total reduction of remuneration accrued and pending issue under certain serious circumstances, either for improper actions or situations that affect the settlement.
- Recovery cause (clawback): provides specifically for the partial or total return of variable remuneration paid within three years following its payout.

In relation to potential conflicts of interest, the internal regulations of the company establish that these must be reported to the governing bodies of MAPFRE through General Counsel by those affected. These governing bodies must establish whether or not there is a conflict of interest, and if this is the case they must establish measures to protect the company interest in accordance with the circumstances. These measures must be accepted by those affected.

- Amount and form of fixed components that are provided will be accrued by the board directors within the fiscal year based on their position.

External board directors receive an annual fixed amount for their membership on the Board of Directors as basic remuneration and, where applicable, for membership on the Steering Committee and sub-steering committees, which may be higher for people who hold positions on the Board itself or who chair any of the Board committees or sub-committees. In addition, members of the Steering Committee shall receive an allowance for attending its meetings. This remuneration may be supplemented with other non-monetary remuneration as established for the company staff in general.

(i) Fixed allocation and attendance allowance.

The amounts for these categories for fiscal year 2021 shall be as follows:

- Membership of the Board of Directors: 110,000 euros
- Vice Chairman of the Board of Directors - Independent Lead Director: 220,000 euros
- Membership on the Steering Committee: 10,000 euros plus an attendance allowance of 3,000 euros per meeting
- Chairperson of the Audit and Compliance Committee: 68,000 euros

- Members of the Audit and Compliance Committee: 48,000 euros
- Chairperson of the Appointments and Remuneration Committee: 60,000 euros
- Members of the Appointments and Remuneration Committee: 39,000 euros
- Chairperson of the Risks Committee: 60,000 euros
- Members of the Risk Committee: 39,000 euros

(ii) Life insurance and other non-monetary benefits.

External board directors have life insurance with an insured capital of 150,253 euros in case of death, and other benefits such as discounts on products sold by MAPFRE Group companies in line with those established for the company staff in general.

(iii) Amounts for membership of the Board of Directors of subsidiary companies

External board directors who are members of the Board of Directors of subsidiary companies also receive a fixed amount for this membership and, as applicable, for membership of their management committees.

These amounts vary depending on the size and geographic location of the subsidiary company.

- Amount and form of fixed components that will be accrued in the fiscal year for performance of senior management functions of executive board directors.

(i) Fixed remuneration.

Executive board directors will not receive the fixed allocation or attendance allowance set for external board directors.

Board directors' fixed remuneration for carrying out their executive functions is determined in line with the policy established for the remuneration of MAPFRE senior managers, and in accordance with the stipulations of their respective contracts.

For 2021, the fixed salary remuneration of the five Executive Board Directors totals 2,644,441 euros, of which 2,236,401 euros corresponds to the company and 408,040 euros to other companies of the Group.

(ii) Life insurance and other benefits.

Executive board directors are entitled to the allowances or social benefits established for senior executives as well as those established for company staff in general, as stipulated in the collective bargaining agreement signed by MAPFRE.

Part of these company benefits for executive board directors includes a specific health insurance policy and a supplementary life insurance policy with an insured value of 400 percent of the fixed remuneration in case of death or total disability, with a double indemnity clause for accidental death. They also receive additional benefits such as discounts on products sold by MAPFRE Group companies

- Amount and form of any remuneration component in kind that will be accrued in the fiscal year, including but not limited to insurance premiums paid in favor of the board director.

External board directors are entitled to the following company benefits in accordance with the policy established for company staff in general:

- Life insurance, described above.
- Discounts on products sold by companies belonging to the MAPFRE Group.
- Christmas gift.

In the case of executive board directors, in addition to the company benefits applicable to all senior executives and for all MAPFRE staff they are entitled to receive the following as remuneration in kind:

- Specific Health insurance, described above.
- Specific Life insurance policy, described above.

- The private use of a company vehicle according to the terms and conditions established in the policy for assignment of MAPFRE vehicles.
- Amount and form of variable components, distinguished by short- and long-term types. Financial and non-financial parameters, the latter including social, environmental and climate change parameters, selected to determine the variable remuneration in the current year, explanation of the extent to which such parameters relate to the performance of both the board director, the company and its risk profile, and the methodology, time required and techniques envisaged to determine, at year end, the actual degree of attainment of the parameters used in the design of variable remuneration, explaining the criteria and factors applied in terms of the time required and methods for verifying that the performance conditions or other conditions to which the vesting and accrual of each variable remuneration component was linked have been effectively met.

It indicates in monetary terms the range of the various variable components in relation to the degree of compliance with established objectives and parameters, and any maximum monetary amount in absolute terms, if applicable.

As indicated above, only executive board directors receive variable remuneration, three types of which can be distinguished:

(i) Short-term variable remuneration:

The executive board directors of the Group are part of the senior management collective that has set up a short-term variable remuneration system based mainly on an annual component linked to the objective of net consolidated profits of the Company. In 2021 this short-term variable remuneration may reach a maximum total of 3,902,211 euros, with 3,290,151 euros corresponding to the company and 612,060 euros to other companies in the Group.

Furthermore, the Compensation Policy for Board Directors for the 2020–2022 period, approved by the Annual General Meeting of March 13, 2020, expressly provided that the Board of Directors may also establish short-term components linked to the fulfillment of specific objectives.

By virtue of the above, on February 10, 2021, the Board of Directors, as proposed by the Appointments and Remuneration Committee, approved an additional short-term component for the 2021 financial year, which is jointly linked to Return on Equity (ROE) and the Combined Global Non-Life Ratio for the year. In 2021, this remuneration may reach a maximum total of 1,200,000 euros, with 980,000 euros corresponding to the company and 220,000 euros to other Group companies.

Payment of at least 30 percent of the short-term variable remuneration shall be deferred for a minimum of three years.

The short-term variable remuneration, which is paid, in all cases, in cash, is approved annually by the Board of Directors, after the report by the Appointments and Remuneration Committee, which also assesses, at year end, the degree of fulfillment of the objectives.

The effective degree of attainment of the objectives established for short-term variable remuneration is evaluated in accordance with the provisions of the contractual documentation entered into with the executive board directors, once the annual financial statements for the fiscal year coming to a close have been obtained, and after the meeting of the Company's Board of Directors at which the annual accounts for that fiscal year are prepared has been held.

The quantification of the main component of the short-term variable remuneration to be paid will depend on the degree of attainment of the Company's consolidated net profit, budgeted in accordance with the scale of attainment for the fiscal year previously approved by the Board of Directors, as proposed by the Appointments and Remuneration Committee. The calculation rules for determining this component are:

- If the result after taxes and non-controlling interests meets less than 40 percent of the objective, the degree of attainment would be 0 percent.
- If the result after taxes and non-controlling interests meets 40 percent or more of the objective, the degree of attainment would be 25 percent.
- If the result after taxes and non-controlling interests meets 50 percent or more of the objective, the degree of attainment would be proportional.
- If the result after taxes and non-controlling interests meets 100 percent or more of the objective, the degree of attainment would be 100 percent.
- If the result after taxes and non-controlling interests meets 105 percent or more of the objective, the degree of attainment would be 110 percent.
- If the result after taxes and non-controlling interests meets 110 percent or more of the objective, the degree of attainment would be 120 percent.

- If the result after taxes and non-controlling interests meets 115 percent or more of the objective, the degree of attainment would be 130 percent.
- If the result after taxes and non-controlling interests meets 120 percent or more of the objective, the degree of attainment would be 140 percent.
- If the result after taxes and non-controlling interests meets 125 percent or more of the objective, the degree of attainment would be 150 percent.

For its part, the quantification of the additional component of the short-term variable remuneration to be paid, which is jointly linked to the Return on Equity (ROE) and the Combined Global Non-Life Ratio for the year, will depend on the degree of attainment of these objectives in accordance with the target for the fiscal year previously approved by the Board of Directors, as proposed by the Appointments and Remuneration Committee.

(ii) Medium- and long-term variable remuneration:

In 2019, the Board of Directors of MAPFRE S.A., at the behest of the Appointments and Remuneration Committee, approved the Medium-Term Incentives Plan 2019–2021, which is extraordinary, non-binding and multi-annual. The period of evaluation of the degree of attainment of the objectives of the Plan runs from January 1, 2019 to December 31, 2021, where the executive board directors take part in their capacity as senior executives.

The payment from this Plan 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 incentive will partly be paid in cash and partly by means of shares in MAPFRE S.A. The receipt of 60 percent of the incentive by each executive board director will be deferred for a period of three years, in thirds, with 50 percent of the deferred part paid in cash and the remaining 50 percent in shares. The incentive shall be subject to malus or clawback clauses and the shares must be kept for a maximum period of two years, starting from the payment date.

The quantification of the incentive to be paid depends on the degree of fulfillment of the objectives that have been established in line with the Group's strategic plan. The objective-setting metrics set out in this report are for Total Shareholder Return (TSR), Return on Equity (ROE), Earnings per Share (EPS), and The Transformation Index (IT).

The rules for calculating the incentive are as follows:

- The fulfillment of the objectives weighted as a whole must reach an average of 50 percent, otherwise there is no entitlement to receive the incentive.
- For any percentage of fulfillment of the objectives between 50 and 80 percent, the degree of attainment of the incentive would be 60 percent.
- If the fulfillment of the objectives is between 80 and 100 percent, the degree of attainment of the Incentive is calculated proportionally.
- If the fulfillment of the objectives is equal to or higher than 100 percent, with an upper limit of 150 percent, the degree of attainment of the incentive corresponds to a fulfillment of 100 percent of the objectives, applying a multiplication coefficient of 2 on the excess fulfillment above 100 percent.
- For any percentage of fulfillment of the objectives above 150 percent, the degree of attainment would be 200 percent.

If the assumptions of maximum compliance with the Plan were to be met: (i) the amount in cash could reach a total amount of 6,000,000 euros, with 4,900,000 euros corresponding to the Company and 1,100,000 euros to other Group companies; and (ii) the amount in shares could reach a total of 2,586,212 shares, with 2,112,074 shares corresponding to the Company and 474,138 shares to other Group companies.

The evaluation of the degree of attainment of the Objectives will be measured between January 1, 2019 and December 31, 2021. The Total Incentive will be paid within a maximum period of 90 days from the settlement date (which will be made within 30 days following approval by the Annual General Meeting of the Company's consolidated annual accounts for the year 2021) and will be subject to meeting the following requirements:

- (i) Reaching the minimum threshold of attainment of the weighted objectives mentioned above;
- (ii) Maintaining an active employment or commercial relationship with the MAPFRE Group during the term of the Incentive Plan, and
- (iii) That, as of March 31, 2022, the Company is not making a loss according to the latest approved financial statements.

The Total Incentive Objectives for the executive board directors shall be as follows:

- Earnings per Share (EPS): 30 percent weighting
- Total Shareholder Return (TSR): 20 percent weighting
- Return on Equity (ROE): 30 percent weighting
- Transformation Index: 20 percent weighting

To avoid excessive assumption of risk, the percentage of the variable element (short, medium and long-term) in relation to the executive directors' fixed remuneration must not exceed 150 percent.

Finally, as indicated in the previous section, the deferred short-, medium- and long-term variable remuneration earned and pending payment will be subject to partial or total reduction if, prior to the payment date, certain serious circumstances arise, either due to improper actions or situations that affect the settlement made.

Likewise, the variable remuneration already paid, whether deferred or not, shall be subject to partial or full recovery if, during the three years immediately following its payment, it emerges that the payment was not adjusted, in whole or in part, to the conditions established for its accrual or took place based on information that is subsequently proven to be false or inaccurate.

- Principal characteristics of the long-term savings systems. The information provided will include the contingencies covered by the system, if it is of definite contribution or benefit, the annual contribution to be made to the defined contribution systems, the benefit to which the beneficiaries are entitled in the case of defined benefit systems, the conditions for consolidating board directors' economic rights and their compatibility with any type of payment or indemnification for termination or early termination, or arising from the termination of the contractual relationship, under the terms provided, between the company and the board director.

It must be indicated whether or not the vesting or accrual of any of the long-term savings plans is linked with the attainment of specific objectives or parameters related to the long and short-term performance of the board director.

Under the provisions of their contracts, executive board directors, like other company employees, are beneficiaries of the MAPFRE Employment System Pension Plan, saving insurance and mixed saving insurance policies.

Additionally, executive board directors, under the compensation policy in place for MAPFRE senior executives, are entitled to specific contribution pension agreements in the event of retirement, death or permanent disability, which are externalized through group life insurance.

Expenses for 2021 under this item are predicted to amount to 4,643,127 euros, with 3,877,274 euros corresponding to the Company and 765,854 euros to other companies in the Group.

The annual vesting of defined contribution pension commitments is partially related to the attainment of objectives that determine the collection of annual variable remuneration by the executive board director.

The conditions for vesting economic rights in favor of executive board directors are set forth in the contracts that govern their relationship with the Company. The rights are vested, in some cases, from the time of 10 years of service to the MAPFRE Group and 5 years of senior executive, circumstances that are applicable to all executive board directors, and in others, at the time the covered contingencies are met (retirement, permanent disability and death), as well as in the case of improper dismissal or termination of the board director's relationship by MAPFRE for reasons not attributable to the board director.

There is no incompatibility with any kind of indemnification for early termination or the conclusion of the contractual relationship between the company and the board director.

- Any type of payment or indemnification due to early termination or dismissal, or arising from the contractual relationship between the company and the board director under the terms provided between the company and the board director, whether at the behest of the company or the board director, as well as any agreements such as agreements for exclusivity, post-contractual non-competition and permanence or loyalty, which give the board director the right to any type of payment.

In the case of external board directors, there is no indemnification agreed or paid if they terminate their functions as board directors. In the case of executive board directors, the termination of their role implies lifting the suspension of the relationship prior to their appointment as such. 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.

- Indicate the terms and conditions that must be included in the contracts of people who perform senior management functions as executive board directors. This information should cover aspects such as duration, limits to compensation amounts, continuity of service clauses, notice periods, as well as the amount paid in lieu of this notice period, and any other clauses related to hiring bonuses, indemnification or financial protection in the event of early termination or the conclusion of the contractual relationship between the company and the executive board director. Include agreements or accords of non-competition, exclusivity, non-separation or loyalty and post-contractual non-competition, unless they have been indicated in the previous paragraph.

The term of the contracts of the executive board directors is related to their time as an executive board director. Removal from this position entails the lifting of the suspension of the relationship prior to the appointment as such.

Contracts governing the prior relationship establish the termination of this relationship as on 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. The termination on the date of its expiration of the previous relationship shall not in itself entail any economic right, unless the company chooses not to extend the contract until the age of 65, in which case the board director would receive indemnification up to one monthly payment for the number of months remaining until they reach the aforementioned age.

Without prejudice to the foregoing, the Board of Directors has the power to agree, on the proposal of its Chairman and the Appointments and Remuneration Committee, on an extraordinary basis, performance-based bonuses during the career. In the event of early termination by decision of the company, the company must inform the board director of their removal three (3) months prior to the date of termination.

Executive board 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.

There are no clauses related to hiring bonuses.

- The type and estimated amount of any other supplementary remuneration that shall be accrued by the board directors in the current fiscal year in compensation for services rendered other than those involved in their position.

Board directors will receive no remuneration whatsoever for services other than those involved in their responsibilities as board directors or executive functions, if applicable, with the exception of (i) Ms. Rosa María García García, who is a member of MAPFRE's Technology, Innovation and Transformation Council, for which she will receive an attendance allowance of 5,000 euros per meeting; and (ii) Mr. Alfonso Rebuella Badiás, who is a member of the MAPFRE GLOBAL RISKS Council, for which he will receive 35,000 euros in 2021.

- Other remunerative items such as those arising, if applicable, from the granting by the company of advance payments, loans and guarantees and other remunerations to board directors.

None of the Group companies have granted any payments in advance or loans to board directors, or has provided guarantees on their behalf.

- The type and estimated amount of any other supplementary remuneration provided that is not covered in the above sections, whether paid by the company or another company of the group, that will be accrued by the board directors in the current fiscal year.

There are no remuneration items other than those described above.

A.2. Explain any relevant change to the compensation policy applicable in the current fiscal year arising due to:

- A new policy or a modification of a policy already approved by the Annual General Meeting.

- Relevant changes in specific rulings agreed upon by the board for the current fiscal year on the current compensation policy regarding remuneration for the previous year.
- Proposals that the Board of Directors may have agreed to present to the Annual General Meeting to which this annual report will be submitted and that it is proposed to be adopted for the current fiscal year.

At its meeting held on March 13, 2020, the Annual General Meeting approved, as proposed by the Board of Directors, the Compensation Policy for Board Directors for the 2020–2022 period, for the purpose of modifying the characteristics of short-term variable remuneration in order to allow the Board of Directors to establish additional short-term components linked to the attainment of specific objectives.

- A.3.** Provide the direct link to the document presenting the current compensation policy for the company that should be available on the company's website.

<https://www.mapfre.com/media/accionistas/2020/10-politica-remuneracion-consejeros-2020-2022.pdf>

- A.4.** In light of the data provided in section B.4, explain how the vote of the shareholders at the Annual General Meeting at which the annual report on remuneration for the previous fiscal year was submitted to vote on an advisory basis was taken into consideration.

As indicated in section B.4, the annual report on remuneration for fiscal year 2019 was approved with the support of 85.90 percent of the votes cast in the meeting of the Annual General Meeting held on Friday, March 13, 2020. The Board of Directors considers that the remuneration practices contained in said report have the agreement of a significant majority of shareholders and are in accordance with the practices of other IBEX 35 companies and international insurance groups, and it has therefore decided to continue with said practices. In this regard, the Board of Directors did not consider it necessary to propose to the Annual General Meeting a modification to the Compensation Policy for Board Directors for fiscal year 2021.

B. GENERAL SUMMARY OF HOW THE COMPENSATION POLICY WAS APPLIED DURING THE CLOSED FISCAL YEAR

- B.1.** Explain the process that was followed to apply the compensation policy and determine the individual remuneration indicated in section C of this report. This information shall include the role played by the remuneration committee, the decisions taken by the Board of Directors and, where appropriate, the identity and role of external advisers whose services have been used in the process of applying the compensation policy in the closed fiscal year.

At the proposal of the Appointments and Remuneration Committee, the Board of Directors unanimously approved the items and amounts assigned to each of the directors for the 2020 fiscal year at its meeting held on February 11, 2020, and which appear in section C of this report.

Regarding the short-term variable remuneration for executive board directors, at the close of the 2020 fiscal year, the amount was determined based on the degree of attainment of the objectives in relation to the consolidated net profit obtained by the Company, Return on Equity (ROE) and Combined Global Non-Life Ratio for the 2020 fiscal year.

- B.2.** Explain the various actions adopted by the company in relation to the remuneration system and how they have contributed to reducing exposure to excessive risk and adapting said system to the company's long-term objectives, values and interests, including a reference to measures provided to guarantee that the remuneration paid has given due consideration to the company's long-term results and has reached an adequate balance between the fixed and variable remuneration components, which measures were adopted with regard to the categories of personnel whose professional activities have a material effect on the company's risk profile, and which measures were adopted to avoid conflicts of interest, if applicable.

The actions taken by the Company in relation to the remuneration system, to reduce exposure to excessive risks and to adjust remuneration to the company's long-term objectives, values and interests, which have been detailed in section A.1 above as part of the description of the remuneration system applicable to board directors.

B.3. Explain how the remuneration accrued and vested during the fiscal year meets the provisions of the current compensation policy.

Also report on the relationship between the remuneration obtained by board directors and the company's results or other measures of performance, in the short- and long-term, explaining where applicable how variations in the company's performance have affected the variation in the remuneration for board directors, including accrued payments that have been deferred, and how these contribute to the company's short- and long-term results.

As indicated in section B.2 above, the Annual General Meeting approved, at its meeting held on March 13, 2020, the Compensation Policy for Board Directors for the period 2020–2022. Said policy provides for the existence of fixed remuneration components and, in the case of executive board directors, short-, medium- and long-term variable components, the characteristics of which are established therein.

All remunerative items for which remuneration has been accrued and vested during the 2020 fiscal year, both by board directors acting as such and by executive board directors, are expressly provided in the policy, without any remuneration being accrued or distributed in the fiscal year for items not provided therein.

As indicated in section A.1, only executive board directors receive variable remuneration.

The linkage of the main component of short-term variable remuneration to the results of the company has been total in all board directors (100 percent). Therefore, and given the relative importance of this component in remuneration, total linking of the directive to favorable management of the Company has been achieved.

Information regarding the ratio between after-tax results and non-controlling interests of the Company and the average variable annual remuneration for the last three fiscal years is broken down below:

A. Fiscal year 2020:

- Result after taxes and non-controlling interests of MAPFRE S.A.: 526,532,677 euros.
- Average short-term variable remuneration: 434,678 euros.
- Ratio: 0.083 percent

B. Fiscal year 2019:

- Result after taxes and non-controlling interests of MAPFRE S.A.: 609,239,000 euros.
- Average short-term variable remuneration: 389,673 euros.
- Ratio: 0.064 percent

C. Fiscal year 2018:

- Result after taxes and non-controlling interests of MAPFRE S.A.: 528,859,000 euros.
- Average short-term variable remuneration: 386,920 euros.
- Ratio: 0.073 percent

There is a high correlation between ordinary Company results and the amount of the main component of short-term variable remuneration received by the executive board directors.

In relation to the additional component of short-term variable remuneration, this has been quantified based on the achievement of Return on Equity (ROE) and the Combined Global Non-Life Ratio for the 2020 fiscal year. In this case, this remuneration component is also closely linked to the Company's performance.

With respect to medium- and long-term remuneration, in fiscal year 2019, the Medium-Term Incentive Plan 2016–2018 was settled, the description of which can be consulted in the Annual Report on Remuneration for Board Directors for the 2019 fiscal year, having settled the deferred amounts of said Plan under the terms described in section C of this report.

Also, in the case of the Medium-Term Incentive Plan 2019–2021, objectives tied to share value (TSR — Total Shareholder Return and EPS — Earnings Per Share), the ROE and the Conversion Rate (CR) of the company have also been established, with weights between 20 and 30 percent, which represents a high correlation of this remunerative element with the long-term performance of the Company.

Therefore, and in line with the calculation standards for compliance with the objectives indicated in section A.1, medium- and long-term variable remuneration is directly tied not only to the medium- and long-term company results but also to various indicators related to the profitability of the company and its sustainability to avoid any excessive assumption of risk.

B.4. Report on the result of the advisory vote at the Annual General Meeting on the annual report on remuneration for the previous fiscal year, indicating the number of any negative votes cast:

	Number	% of total
Votes cast	2,644,196,532	98.86

	Number	% of votes cast
Negative votes	354,063,228	13.39
Votes in favor	2,271,437,877	85.90
Abstentions	18,695,427	0.71

Observations

B.5. Explain how the fixed elements accrued and vested during the fiscal year for the board directors in their positions as such were determined, and how they varied from the prior year.

External board directors received a fixed amount in 2020 as basic remuneration for their membership on the Board of Directors and, as applicable, on the Steering Committee and delegate bodies, which was higher for those who held positions on the Board or chaired its committees. This remuneration was supplemented with other non-monetary compensation of a general nature established for company personnel.

(i) Fixed allocation and attendance allowance.

The amounts relating to these items for fiscal years 2020 and 2019 are indicated below, which have not seen any changes:

- Membership on the Board of Directors: 110,000 euros in 2020 and 2019.
- Vice-Chairman of the Board — Lead Board Director: 220,000 euros in 2020 and 2019.
- Membership on the Steering Committee: 10,000 euros plus an attendance allowance of 3,000 euros per meeting in 2020 and 2019.
- Chair of the Audit and Compliance Committee: 68,000 euros in 2020 and 2019.
- Members of the Audit and Compliance Committee: 48,000 euros in 2020 and 2019.
- Chair of the Appointments and Remuneration Committee: 60,000 euros in 2020 and 2019.
- Members of the Appointments and Remuneration Committee: 39,000 euros in 2020 and 2019.
- Chair of the Risk Committee: 60,000 euros in 2020 and 2019.
- Members of the Risk Committee: 39,000 euros in 2020 and 2019.

(ii) Life insurance and other non-monetary benefits.

During 2020, external board directors were provided with a life insurance policy in the event of death under the same conditions as described in section A.1 above.

(iii) Amounts for membership of the Board of Directors of subsidiary companies

External board directors who are members of the Board of Directors of subsidiary companies also receive a fixed amount for this membership and, as applicable, for membership on their management committees, under the same conditions described in section A.1 above.

B.6. Explain how the balances accrued and vested during the closed fiscal year for each of the executive board directors for the performance of their senior management functions were determined, and how they varied from the prior year.

As indicated in section C.1, the salary of the executive board directors in fiscal year 2020 totals 2,618,258 euros, of which 2,214,258 euros corresponds to the Company and 404,000 euros to other Group companies.

These amounts were set by the Board of Directors in its meeting on February 11, 2020, on the recommendation of the Appointments and Remuneration Committee, with consideration of the external reports and executive conclusions provided by the Ernst & Young consulting firm and KPMG.

The individual breakdown of the balances received by the people that held the position of executive board director in fiscal year 2020 are indicated below, with its variance from the prior fiscal year:

- Mr. Antonio Huertas Mejías: 844,908 euros in 2020 and 836,543 in 2019 (increase of 1 percent).
- Mr. Ignacio Baeza Gómez: 541,610 euros in 2020 and 536,247 in 2019 (increase of 1 percent).
- Mr. José Manuel Inchausti Pérez: 404,000 euros in 2020 and 400,000 euros in 2019. (increase of 1 percent)
- Mr. Francisco José Marco Orenes: 393,190 euros in 2020 and 389,297 in 2019 (increase of 1 percent).
- Mr. Fernando Mata Verdejo: 434,550 euros in 2020 and 430,248 in 2019 (increase of 1 percent).

B.7. Explain the nature and the principal characteristics of the variable elements of the remuneration systems accrued and vested in the closed fiscal year.

In particular:

- Identify each of the remuneration plans that governed the different variable forms of remuneration accrued by each of the board directors during the closed fiscal year, including information on their extent, their date of approval, date of implementation, conditions for vesting (if any), accrual periods and term, criteria used to evaluate performance and how this affected the determination of the variable amount accrued, and measurement criteria used and the period required to be in a position to properly measure all stipulated conditions and criteria, explaining in detail the criteria and factors applied in terms of the time required and methods for verifying that the performance conditions or any other conditions to which the vesting and accrual of each component of variable remuneration was linked have been effectively met.

In the case of plans involving stock options or other financial instruments, the general characteristics of each plan will include information regarding their conditions both for acquiring unconditional title (vesting) and for enabling the exercise of such options or financial instruments, including the price and period for exercise.

- Each of the board directors, and their category (executive board directors, nominee external board directors, independent external board directors and other external board directors) who are beneficiaries of remuneration systems or plans which include variable remuneration.

- If applicable, include information on the applied accrual or postponement periods for payment established and/or the retention/non-disposal periods for any shares or other financial instruments.

Explain the short-term variable elements of the remuneration systems:

Only the executive board directors have accrued and vested a short-term variable remuneration comprising a main component linked to the company's consolidated net profit and an additional component jointly linked to Return on Equity (ROE) and the Combined Global Non-Life Ratio for the 2020 fiscal year. This remuneration is always paid in cash.

As indicated in section C.1, the accrued and vested short-term variable remuneration of executive board directors for the 2020 fiscal year was overall 2,493,106 euros, with 2,108,384 euros corresponding to the company and 384,722 euros to other Group companies.

The amounts shown in section C.1 are composed of 70 percent of the short-term variable remuneration accrued in 2020, as this part is not subject to the malus clause, and 10 percent of the short-term variable remuneration corresponding to 2016, 2017 and 2018 that were deferred and have been paid in 2020, after the Company verified that the application of the malus clause did not apply.

The annual variable remuneration is approved annually by the Board of Directors following a report from the Appointments and Remuneration Committee, which at the end of the fiscal year also assesses the degree to which the objectives have been met.

Short-term variable remuneration for executive board directors accrued from January 1 to December 31, 2020. Once the 2020 fiscal year ended and the annual financial statements for said year were obtained, the effective degree of attainment of the objectives established for short-term variable remuneration was evaluated, in accordance with the provisions of the contractual documentation signed with the executive board directors.

The quantification of the main component of the short-term variable remuneration to be paid was determined in accordance with the degree of attainment of the Company's consolidated net profit, budgeted in accordance with the scale of attainment for the fiscal year previously approved by the Board of Directors, as proposed by the Appointments and Remuneration Committee, under the terms described in section A.1 above.

For its part, the quantification of the additional component of the short-term variable remuneration to be paid, which is jointly linked to Return on Equity (ROE) and the Combined Global Non-Life Ratio for the financial year, was determined in accordance with the degree of attainment of these objectives in accordance with the target for the fiscal year previously approved by the Board of Directors, as proposed by the Appointments and Remuneration Committee.

Regarding deferral of variable remuneration for board directors, the payment of at least 30 percent of the annual variable remuneration will be deferred for a minimum of three years.

In addition, the executive board directors' contracts include the reduction (malus) and recovery (clawback) clauses in the terms described in section A.1 above.

The Company has no option plans involving stock or other financial instruments.

Explain the long-term variable elements of the remuneration systems

Only executive board directors receive variable medium- and long-term remuneration. These directors are part of the group of beneficiaries of the Incentive Plan 2019–2021, currently in force.

The approval date, maximum amount, deferral rules, retention periods and other characteristics of the 2019–2021 Incentive Plan are set out in section A.1.

- B.8.** Indicate whether there has been any reduction of or claims for the return of specific accrued variable components, in the first case, when payment of non-vested amounts is deferred or, in the second case, vested and paid, based on data which was clearly demonstrated as inaccurate at a later date. Describe the amounts reduced or returned due to the application of reduction (malus) or return (clawback) clauses, why they were applied and the fiscal years involved.

No remuneration amount has ever been reduced or claimed for any reason.

B.9. Explain the principal characteristics of the long-term savings plans whose amount or annual equivalent cost appear in the tables in section C, including retirement and any other survival benefit provision that is financed in whole or part by the company, whether provided internally or externally, indicating the type of plan, whether it is a defined contribution or defined benefit plan, the situations that it covers and the conditions for vesting in any type of indemnification due to early cancellation or termination of the contractual relationship between the company and the board director.

During fiscal year 2020, the executive board directors were beneficiaries of the same long-term savings systems as described in section A.1.

Under this item, a total amount of 1,492,596 euros was recorded in relation to contributions made to savings systems with consolidated rights and to the amount of accumulated funds consolidated in fiscal year 2020, of which 1,335,865 euros corresponded to the Company, and 156,731 euros to other companies of the Group.

B.10. Explain, if applicable, the indemnifications or any other type of payment related to early cancellation, whether at the behest of the company or the director, or the termination of the contract under the terms provided therein, accrued and/or received by the directors during the closed fiscal year.

No indemnification was paid to directors in fiscal year 2020.

B.11. Indicate whether any significant modifications were made to the contracts of those individuals that held senior management positions as executive directors, and if so, explain them. Also, explain the principal conditions of the new contracts signed with executive directors during the fiscal year, unless they have been explained in section A.1.

In the 2020 fiscal year, there were no significant changes in the contracts of the members who carry out C-Suite functions as executive board directors.

B.12. Explain any supplementary remuneration earned by the board directors for services rendered other than those inherent to their position.

No board director has performed services other than those involved in their responsibilities as board directors or executive functions, if applicable, with the exception of those performed by (i) Ms. Rosa María García García, as part of her membership on MAPFRE's Technology, Innovation and Transformation Council, for which she received 5,000 euros; and (ii) Mr. Alfonso Rebuelta Badias, as part of his membership on the MAPFRE GLOBAL RISKS Council, for which he received 35,000 euros.

B.13. Explain any remuneration derived from the concession of advance payments, loans or guarantees, specifying the interest rate, their essential characteristics and the amounts returned and any obligations undertaken on their behalf by way of a guarantee.

None of the Group companies granted any advance payments or loans to board directors, or have provided guarantees on their behalf during fiscal year 2020.

B.14. Provide details on the remuneration in kind accrued by the directors during the fiscal year, briefly explaining the nature of the different salary components.

During fiscal year 2020, the board directors were beneficiaries of social security benefits that are also in place for the 2021 fiscal year, under the terms already described in section A.1.

B.15. Explain the remuneration earned by board directors by virtue of the payments made by the company to a third party for which the directors render services, when such payments are intended to compensate the board directors for the services provided to the company.

[No such remuneration was earned under this item during 2020.]

B.16. Explain any other remuneration item other than those indicated above, whatever its nature or the Group company paying it, especially if treated as a related party transaction or if its payment could distort the true and fair image of the total remuneration earned by directors.

[There were no other remuneration items other than the ones cited above in fiscal year 2020.]

C. BREAKDOWN OF THE INDIVIDUAL REMUNERATION EARNED BY EACH BOARD DIRECTOR

Name	Type	Vesting period fiscal year 2020
Mr. ANTONIO HUERTAS MEJÍAS	Chairman and CEO	From 01/01/2020 to 12/31/2020
Mr. IGNACIO BAEZA GÓMEZ	Executive Vice Chairman	From 01/01/2020 to 12/31/2020
Ms. CATALINA MIÑARRO BRUGAROLAS	Independent Vice Chairwoman	From 01/01/2020 to 12/31/2020
Mr. JOSÉ MANUEL INCHAUSTI PÉREZ	Executive Vice Chairman	From 01/01/2020 to 12/31/2020
Mr. JOSÉ ANTONIO COLOMER GUIU	Independent Board Director	From 01/01/2020 to 12/31/2020
Ms. ANA ISABEL FERNÁNDEZ ÁLVAREZ	Independent Board Director	From 01/01/2020 to 12/31/2020
Ms. MARÍA LETICIA DE FREITAS COSTA	Independent Board Director	From 01/01/2020 to 12/31/2020
Ms. ROSA MARÍA GARCÍA GARCÍA	Independent Board Director	From 01/01/2020 to 12/31/2020
Mr. ANTONIO GÓMEZ CIRIA	Independent Board Director	From 01/01/2020 to 12/31/2020
Mr. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	Nominee Director	From 01/01/2020 to 12/31/2020
Mr. FRANCISCO JOSÉ MARCO ORENES	Executive Board Director	From 01/01/2020 to 12/31/2020
Mr. FERNANDO MATA VERDEJO	Executive Board Director	From 01/01/2020 to 12/31/2020
Mr. ANTONIO MIGUEL-ROMERO DE OLANO	Nominee Director	From 01/01/2020 to 12/31/2020
Ms. MARÍA DEL PILAR PERALES VISCASILLAS	Independent Board Director	From 01/01/2020 to 12/31/2020
Mr. ALFONSO REBUELTA BADÍAS	Nominee Director	From 01/01/2020 to 12/31/2020

C.1. Complete the following tables on the individual remuneration for each of the directors (including the remuneration for executive functions) earned during the year.

a) Remuneration from the company that is the subject of this report:

i) Remuneration in cash (thousands of euros)

Name	Fixed remuneration	Allowances	Remuneration for membership of Board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Indemnification	Other items	Total fiscal year 2020	Total fiscal year 2019
Mr. ANTONIO HUERTAS MEJÍAS				845	841			12	1,698	2,063
Mr. IGNACIO BAEZA GÓMEZ				542	515			25	1,082	1,166
Ms. CATALINA MIÑARRO BRUGAROLAS	220	6	70					2	298	306
Mr. JOSÉ MANUEL INCHAUSTI PÉREZ										
Mr. JOSÉ ANTONIO COLOMER GUIU	110	6	157					2	275	271
Ms. ANA ISABEL FERNÁNDEZ ÁLVAREZ	110		107					1	218	205
Ms. MARÍA LETICIA DE FREITAS COSTA	110								110	110
Ms. ROSA MARÍA GARCÍA GARCÍA	110		35					5	150	29
Mr. ANTONIO GÓMEZ CIRIA	110		39					2	151	125
Mr. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	110	6	49					3	168	177
Mr. FRANCISCO JOSÉ MARCO ORENES				393	390			16	799	687
Mr. FERNANDO MATA VERDEJO				435	362			19	816	727
Mr. ANTONIO MIGUEL-ROMERO DE OLANO	110	6	97					2	215	224
Ms. MARÍA DEL PILAR PERALES VISCASILLAS	110		48						158	158
Mr. ALFONSO REBUelta BADÍAS	110		39					2	151	152

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ii) Table of remuneration system movements based on shares and gross profits from shares or vested financial instruments.

Name	Name of Plan	Financial instruments at the beginning of the fiscal year 2020		Financial instruments granted during the fiscal year 2020		Financial instruments vested in fiscal year				Expired but not exercised instruments	Financial instruments at the end of the fiscal year 2020	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent/vested shares	Price of vested shares	Gross profits from shares or vested financial instruments (thousands of euros)	No. of instruments	No. of instruments	No. of equivalent shares
Mr. ANTONIO HUERTAS MEJÍAS	Medium-Term Incentive Plan 2019–2021 with delivery of shares	775,864	775,864					0.00			775,864	775,864
Mr. IGNACIO BAEZA GÓMEZ	Medium-Term Incentive Plan 2019–2021 with delivery of shares	560,346	560,346					0.00			560,346	560,346
Mr. FRANCISCO JOSÉ MARCO ORENES	Medium-Term Incentive Plan 2019–2021 with delivery of shares	387,932	387,932					0.00			387,932	387,932
Mr. FERNANDO MATA VERDEJO	Medium-Term Incentive Plan 2019–2021 with delivery of shares	387,932	387,932					0.00			387,932	387,932

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iii) Long-term savings systems

Name	Remuneration by vesting of rights to savings systems
Mr. ANTONIO HUERTAS MEJÍAS	555
Mr. IGNACIO BAEZA GÓMEZ	484
Mr. FRANCISCO JOSÉ MARCO ORENES	145
Mr. FERNANDO MATA VERDEJO	152

Name	Contribution during the year made by the company (thousands of euros)				Amount of accumulated funds (thousands of euros)			
	Savings systems with vested economic rights		Savings systems without vested economic rights		Savings systems with vested economic rights		Savings systems without vested economic rights	
	Fiscal year 2020	Fiscal year 2019	Fiscal year 2020	Fiscal year 2019	Fiscal year 2020	Fiscal year 2019	Fiscal year 2020	Fiscal year 2019
Mr. ANTONIO HUERTAS MEJÍAS	555	541	1,200	1,200	5,126	4,423	7,540	6,237
Mr. IGNACIO BAEZA GÓMEZ	484	471			3,058	2,488		
Mr. JOSÉ MANUEL INCHAUSTI PÉREZ					908	871		
Mr. FRANCISCO JOSÉ MARCO ORENES	145	145	753	753	970	813	3,157	2,369

Name	Contribution during the year made by the company (thousands of euros)				Amount of accumulated funds (thousands of euros)			
	Savings systems with vested economic rights		Savings systems without vested economic rights		Savings systems with vested economic rights		Savings systems without vested economic rights	
	Fiscal year 2020	Fiscal year 2019	Fiscal year 2020	Fiscal year 2019	Fiscal year 2020	Fiscal year 2019	Fiscal year 2020	Fiscal year 2019
Mr. FERNANDO MATA VERDEJO	152	153	545	545	1,037	866	2,290	1,723

Observations

iv) Breakdown of other items

Name	Item	Amount of remuneration
Mr. ANTONIO HUERTAS MEJÍAS	Life insurance premiums	22
Mr. IGNACIO BAEZA GÓMEZ	Life insurance premiums	16
Ms. CATALINA MIÑARRO BRUGAROLAS	Life insurance premiums	1
Mr. JOSÉ ANTONIO COLOMER GUIU	Life insurance premiums	3
Ms. ANA ISABEL FERNÁNDEZ ÁLVAREZ	Life insurance premiums	1
Ms. MARÍA LETICIA DE FREITAS COSTA	Life insurance premiums	1
Mr. ANTONIO GÓMEZ CIRIA	Life insurance premiums	2
Mr. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	Life insurance premiums	3
Mr. FRANCISCO JOSÉ MARCO ORENES	Life insurance premiums	16
Mr. FERNANDO MATA VERDEJO	Life insurance premiums	14
Mr. ANTONIO MIGUEL-ROMERO DE OLANO	Life insurance premiums	2

Name	Item	Amount of remuneration
Mr. ALFONSO REBUelta BADÍAS	Life insurance premiums	3

Observations

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b) Remuneration to the company's board directors for membership on boards in other Group companies:

i) Remuneration in cash (thousands of euros)

Name	Fixed remuneration	Allowances	Remuneration for membership of Board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Indemnification	Other items	Total fiscal year 2020	Total fiscal year 2019
Mr. ANTONIO HUERTAS MEJÍAS										
Mr. IGNACIO BAEZA GÓMEZ										
Ms. CATALINA MIÑARRO BRUGAROLAS	96		11						107	107
Mr. JOSÉ MANUEL INCHAUSTI PÉREZ				404	385	45		31	865	938
Mr. JOSÉ ANTONIO COLOMER GUIU	48								48	48
Ms. ANA ISABEL FERNÁNDEZ ÁLVAREZ	96								96	96
Ms. MARÍA LETICIA DE FREITAS COSTA	63								63	85
Ms. ROSA MARÍA GARCÍA GARCÍA	48								48	10
Mr. ANTONIO GÓMEZ CIRIA	96		11						107	107
Mr. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	107		11						118	118
Mr. FRANCISCO JOSÉ MARCO ORENES										

Name	Fixed remuneration	Allowances	Remuneration for membership of Board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Indemnification	Other items	Total fiscal year 2020	Total fiscal year 2019
Mr. FERNANDO MATA VERDEJO										
Mr. ANTONIO MIGUEL-ROMERO DE OLANO	96		22						118	118
Ms. MARÍA DEL PILAR PERALES VISCASILLAS	107	11							118	118
Mr. ALFONSO REBUELTA BADIÁS	107							35	142	142

Observations

ii) Table of remuneration system movements based on shares and gross profits from shares or vested financial instruments.

Name	Name of Plan	Financial instruments at the beginning of the fiscal year 2020		Financial instruments granted during the fiscal year 2020		Financial instruments vested in fiscal year				Expired but not exercised instruments	Financial instruments at the end of the fiscal year 2020	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent/vested shares	Price of vested shares	Gross profits from shares or vested financial instruments (thousands of euros)	No. of instruments	No. of instruments	No. of equivalent shares
Mr. JOSÉ MANUEL INCHAUSTI PÉREZ	Medium-Term Incentive Plan 2019–2021 with	474,138	474,138					0.00			474,138	474,138

Name	Name of Plan	Financial instruments at the beginning of the fiscal year 2020		Financial instruments granted during the fiscal year 2020		Financial instruments vested in fiscal year				Expired but not exercised instruments	Financial instruments at the end of the fiscal year 2020	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent/vested shares	Price of vested shares	Gross profits from shares or vested financial instruments (thousands of euros)	No. of instruments	No. of instruments	No. of equivalent shares
	delivery of shares											
Mr. JOSÉ MANUEL INCHAUSTI PÉREZ	Medium-Term Incentive Plan 2016-2018 with delivery of shares	62,124	62,124			20,708	20,708	1.36	28		41,416	41,416

Observations

iii) Long-term savings systems

Name	Remuneration by vesting of rights to savings systems
Mr. JOSÉ MANUEL INCHAUSTI PÉREZ	157

Name	Contribution during the year made by the company (thousands of euros)				Amount of accumulated funds (thousands of euros)			
	Savings systems with vested economic rights		Savings systems without vested economic rights		Savings systems with vested economic rights		Savings systems without vested economic rights	
	Fiscal year 2020	Fiscal year 2019	Fiscal year 2020	Fiscal year 2019	Fiscal year 2020	Fiscal year 2019	Fiscal year 2020	Fiscal year 2019
Mr. ANTONIO HUERTAS MEJÍAS					748	725		
Mr. IGNACIO BAEZA GÓMEZ					1,998	1,937		
Mr. JOSÉ MANUEL INCHAUSTI PÉREZ	157	161	600	600	998	829	2,272	1,648
Mr. FRANCISCO JOSÉ MARCO ORENES					1,153	1,106	306	299
Mr. FERNANDO MATA VERDEJO					494	475		

Observations

[]

iv) Breakdown of other items

Name	Item	Amount of remuneration
Mr. JOSÉ MANUEL INCHAUSTI PÉREZ	Life insurance premiums	9

Observations

c) Summary of remuneration (thousands of euros)

The summary must include the amounts corresponding to all remuneration items described in this report that have been earned by directors, in thousands of euros.

Name	Remuneration earned within the company					Remuneration earned within Group companies					Total 2020 company + Group
	Total remuneration in cash	Gross profits from vested financial instruments or shares	Remuneration via savings systems	Remuneration by other means	Total 2020 company	Total remuneration in cash	Gross profits from vested financial instruments or shares	Remuneration via savings systems	Remuneration by other means	Total 2020 Group	
Mr. ANTONIO HUERTAS MEJÍAS	1,698		555	22	2,275						2,275
Mr. IGNACIO BAEZA GÓMEZ	1,082		484	16	1,582						1,582
Ms. CATALINA MIÑARRO BRUGAROLAS	298			1	299	107				107	406
Mr. JOSÉ MANUEL INCHAUSTI PÉREZ						865	28	157	9	1,059	1,059
Mr. JOSÉ ANTONIO COLOMER GUIU	275			3	278	48				48	326
Ms. ANA ISABEL FERNÁNDEZ ÁLVAREZ	218			1	219	96				96	315

ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF PUBLICLY TRADED COMPANIES

Name	Remuneration earned within the company					Remuneration earned within Group companies					Total 2020 company + Group
	Total remuneration in cash	Gross profits from vested financial instruments or shares	Remuneration via savings systems	Remuneration by other means	Total 2020 company	Total remuneration in cash	Gross profits from vested financial instruments or shares	Remuneration via savings systems	Remuneration by other means	Total 2020 Group	
Ms. MARÍA LETICIA DE FREITAS COSTA	110			1	111	63				63	174
Ms. ROSA MARÍA GARCÍA GARCÍA	150				150	48				48	198
Mr. ANTONIO GÓMEZ CIRIA	151			2	153	107				107	260
Mr. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	168			3	171	118				118	289
Mr. FRANCISCO JOSÉ MARCO ORENES	799		145	16	960						960
Mr. FERNANDO MATA VERDEJO	816		152	14	982						982
Mr. ANTONIO MIGUEL-ROMERO DE OLANO	215			2	217	118				118	335
Ms. MARÍA DEL PILAR PERALES VISCASILLAS	158				158	118				118	276
Mr. ALFONSO REBUelta BADÍAS	151			3	154	142				142	296
TOTAL	6,289		1,336	84	7,709	1,830	28	157	9	2,024	9,733

Observations

[

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D. OTHER USEFUL INFORMATION

If there is any relevant aspect regarding the remuneration of directors which has not been covered in the other sections of this report but which should be included to provide more complete and explanatory information about the remuneration structure and practices of the company in relation to its board directors, please provide a brief explanation here.

[CONTINUATION OF SECTION A.1]

ii) Description of the procedures and entities within the Company involved in determining and approving the Compensation Policy:

MAPFRE is aware of the importance of having a corporate governance system to steer the structure and operations of its management bodies in the interests of the company and its shareholders.

The MAPFRE Board of Directors has implemented regulations which take into account the principles and elements of the corporate governance system and comprise the internal regulations and operations of the Board, the Steering Committee and the Sub-Steering Committees, as well as the rights and duties of the directors in carrying out their functions.

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.

Accordingly, the MAPFRE Board of Directors carries out the following functions:

- Adopting decisions regarding the remuneration of directors, within the statutory framework and, as applicable, the compensation policy approved by the Annual General Meeting.
- Approval of the terms and conditions of the contracts of the managing director and directors who perform executive functions.
- Definition of the remuneration of board directors who perform executive functions.

The MAPFRE corporate governance system is designed to ensure that the recommendations regarding remuneration that are submitted to the company's Board of Directors originate in the Appointments and Remuneration Committee, which analyzes them beforehand, in consultation with the different internal services within the company and external experts, where necessary. The Committee is also assisted by the company's senior executive responsible for the Corporate People and Organization Area.

In accordance with Article 11 of the Regulations of the MAPFRE Board of Directors, the Appointments and Remuneration Committee recommends to the Board of Directors the remuneration policy for directors, for general managers and for those who perform senior management functions and report directly to the Board, to the Steering Committee or to the managing directors, as well as individual remuneration and the other terms and conditions of the executive directors' contracts, ensuring their observance.

To exercise the aforementioned responsibilities, the committee must consult the Chairman of the Board and consider his recommendations on issues related to executive directors and senior managers.

In accordance with the Regulations of the Board of Directors, and with the provisions of the legislation in force, the Appointments and Remuneration Committee must consist of a minimum of three and a maximum of five directors, all non-executive, and at least two of whom must be independent. This committee must also be chaired by an independent director.

The committee meets whenever necessary to ensure the correct exercise of its functions and responsibilities, and eight meetings were held in 2020 (five in person and three by written procedure, without holding a meeting).

As on the date of preparation of this report, the committee is made up of the following members:

President: Ms. Catalina Miñarro Brugarolas (independent).

Member: Mr. José Antonio Colomer Guiu (independent).

Member: Ms. Rosa María García García (independent).

Member: Mr. Luis Hernando de Larramendi Martínez (nominee).

Member: Mr. Alfonso Rebuelta Badias (nominee).

In order to develop the 2020–2022 Compensation Policy for Board Directors, approved by the Annual General Meeting on March 13, 2020, the remuneration practices of companies listed on the IBEX 35 were taken into consideration, in accordance with the following external reports:

- KPMG report "Remuneration of Board Members of IBEX 35 Companies 2019 Edition".
- EY report "Remuneration of IBEX 35 Board Members 2019".
- "2019 Executive Survey Report- Spain" by Willis Towers Watson.

This annual report on remuneration was approved by the company's Board of Directors at its meeting on:

[02/10/2021]

Indicate whether any board directors voted against the report or abstained.

- [] Yes
[v] No

REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE **ON THE INDEPENDENCE OF THE AUDITOR**

1. Introduction

The consolidated Text for the Companies Act details in article 529 n, section 14, the minimum functions to be undertaken by the Audit Committee. These include the issue on an annual basis, prior to the publication of the accounts auditing report, of a report expressing an opinion on whether or not the independence of the accounts auditors and auditing companies is compromised.

This article also establishes that the Audit Committee should receive annual written confirmation from the external auditors of their independence in their relations with the company or companies directly or indirectly involved, as well as detailed and individualized information concerning the additional services of any type rendered and the corresponding professional fees received from these companies by the external auditor, or by the people or companies linked to them in accordance with the provisions of the accounts auditing legislation currently in force.

Furthermore, the MAPFRE Board of Directors Regulations, article 10.f, also refers to the issue of the said report as a basic function of the Audit and Compliance Committee.

In compliance with the provisions established in the above mentioned regulations, and in accordance with its responsibilities, the Audit and Compliance Committee agreed to issue this report in the meeting held on February 9, 2021:

2. Circumstances for incompatibility with regard to the independence of External Auditors

Article 16 of Law 22/2015, of 20 July, on Accounts Auditing, details those circumstances under which it will be considered that the accounts auditor does not enjoy sufficient independence in the exercise of his or her functions with regard to a business or a company.

In addition to alleged incompatibility under the provisions of other laws, if the above mentioned circumstances were to concur in KPMG with regard to MAPFRE, this would indicate that they did not enjoy sufficient independence, details as follows:

<p align="center"><u>Article 16 of Law 22/2015, of 20 July, on Accounts Auditing</u></p> <p align="center">Circumstances which may not concur in the accounts auditor signing the audit report</p>	<p align="center">Concurrence in MAPFRE of this circumstance</p>
<p>Point a.1) <i>The condition of member of the administrative body, manager or agent who has power of attorney within the audited company or who is employed by the audited company. This circumstance also concurs in those responsible in the economic-finance area or those performing supervisory or internal control functions within the audited company, whatever their relationship with that company may be.</i></p>	<p align="center">NO</p>
<p>Point a.2) <i>To have a significant direct interest in the audited company resulting from a contract or ownership of an asset or entitlement to a right. In any case, this interest will be understood to exist where there is possession of financial instruments in the audited company or any company linked to the latter, in which case where these are deemed to be significant for both parties. With regard to the provisions of this section, an exception is made for interests arising indirectly through diversified collective investment institutions.</i></p>	<p align="center">NO</p>
<p>Point a.3) <i>To undertake any kind of operation relating to financial instruments issued, guaranteed or supported in any other way by the audited company. With regard to the provisions of this section, an exception is made for financial instruments possessed indirectly through diversified collective investment institutions.</i></p>	<p align="center">NO</p>
<p>Point a.4) <i>To request or accept gifts or favors from the audited company, unless the value is insignificant or trivial.</i></p>	<p align="center">NO</p>
<p>Point b.1) <i>The provision of accountancy services to the audited company or the preparation of accounts records or financial statements.</i></p>	<p align="center">NO</p>
<p>Point b.2) <i>The provision of valuation services to the audited company, except where the following requirements are met:</i></p> <ul style="list-style-type: none"> <i>i. That they have no direct effect or have a relatively insignificant effect, separately or together, on the financial statements audited;</i> <i>ii. That the estimation of the effect on the financial statements audited should be documented.</i> 	<p align="center">NO</p>

<p align="center"><u>Article 16 of Law 22/2015, of 20 July, on Accounts Auditing</u></p> <p align="center">Circumstances which may not concur in the accounts auditor signing the audit report</p>	<p align="center">Concurrence in MAPFRE of this circumstance</p>
<p>Point b.3 <i>The provision of internal audit services to the company audited, unless the management body for the company audited is responsible for the global internal audit system, for establishing the scope, risk and frequency of internal audit procedures, for the consideration and execution of the results and recommendations provided by the internal audit.</i></p>	<p align="center">NO</p>
<p>Point b.4 <i>The provision of legal services simultaneously for the company audited, unless these services are provided by different legal entities and with different boards of directors, and without them being able to refer to the settlement of disputes over issues which could have a significant effect, measured in terms of relative importance, on the financial statements corresponding to the period or financial year audited.</i></p>	<p align="center">NO</p>
<p>Point b.5 <i>The provision of design services to the company audited and the implementation of internal control or risk management procedures relating to the preparation or control of finance information, or the design or application of the computerized systems for finance information used for generating data included in the financial statements of the audited company, unless the latter accepts responsibility for the global internal control system or the service is provided following the specifications established by the said company, who should also accept responsibility for the design, execution, evaluation and functioning of the system.</i></p>	<p align="center">NO</p>

3. Opinion on the independence

There are no circumstances which lead to the consideration that the accounts auditor, KPMG, does not enjoy sufficient independence for undertaking its functions in the MAPFRE Group.

All services entrusted to the MAPFRE Group external auditor are approved by the MAPFRE S.A. Audit and Compliance Committee. Both the Audit and Compliance Committee and the MAPFRE S.A. Board of Directors receive detailed quarterly information justifying any services provided by the external auditor other than those of Accounts Auditing and the corresponding fees, as well as the development of the same compared with the previous year.

The percentages of MAPFRE's expenses for the provision of services other than Accounts Auditing over the account auditor's total revenue have always been satisfactory.

In view of the above and having analyzed the suitability of the additional services and of those other than audit provided by the external auditor, the written confirmation of KPMG with regard to its independence and having no evidence to doubt the same, the MAPFRE S.A. Audit and Compliance

Committee agreed, to express a favorable opinion with regard to the independence of the auditor KPMG.

Madrid, February 9, 2021
Committee Secretary

Ángel L. Dávila Bermejo



AUDIT AND COMPLIANCE COMMITTEE REPORT ON RELATED-PARTY TRANSACTIONS IN FISCAL YEAR 2020

Article 529 of the Spanish Corporations Law establishes that the Board of Directors shall hold non-delegable power to approve, subject to a report by the Audit and Compliance Committee, transactions with related parties, where such parties include board directors and shareholders with significant shareholdings. Notwithstanding the above, transactions of a standard nature carried out at generally applicable prices are legally exempt from this obligation if the amount does not exceed 1 percent of the company's annual revenue.

This article also states that, in duly justified urgent circumstances, the above decisions may be taken by delegated bodies or individuals, where such decisions must be ratified in the first meeting of the Board of Directors held after the adoption of such a decision.

In accordance with the provisions of the prevailing legislation, Article 2 of the Regulations for the Board of Directors of MAPFRE S.A. includes the following non-delegable competences of the Board:

- To authorize—subject to a report from the Audit and Compliance Committee—transactions that the company or Group companies may carry out with Board Directors or shareholders in a position of conflict of interest, in accordance with the provisions of applicable legislation.

By virtue of the provisions of Article 8 of the Regulations for the Board of Directors, Board Directors must abstain from attending and taking part in deliberations and votes on decisions that affect them personally and in situations of conflicts of interest, under the terms set out in the prevailing legislation.

Moreover, the Board of Directors of MAPFRE S.A. approved on July 23, 2015 its Policy for Managing Conflicts of Interest and Transactions Linked to Significant Shareholders and Senior Representative and Senior Management Roles, which describes the procedure to be followed with regard to such transactions.

With respect to transactions linked to Senior Representative and Senior Management Roles, during the fiscal year 2020, the Company and the companies in its Group have not carried out any transaction with these individuals or with persons related thereto, which, in accordance with current legislation, must be previously authorized by the Board of Directors.

With respect to operations linked to shareholders, transactions that are significant because of their amount or because of their subject matter that are carried out by the Company or by companies in its Group with shareholders holding a significant stake or with parties related thereto are listed in the Annual Corporate Governance Report and in the financial statements for the 2020 fiscal year.

The following transaction, in relation to which the Audit and Compliance Committee issued a favorable report prior to the Board of Directors meeting, is notable:

- Renewal of the line of credit granted by CARTERA MAPFRE, S.L.U. to MAPFRE S.A.

At the meeting held on July 22, 2020, the Committee analyzed the renewal of the line of credit granted by CARTERA MAPFRE, S.L.U. to MAPFRE S.A. for another year, also revising the interest rate to reflect the current market conditions, applying the following terms with immediate effect:

- Maximum amount: 400 million euros.
- Maturity: September 10, 2021, automatically renewable for successive annual periods unless expressly stated otherwise. The applicable interest rate will be updated if renewed in accordance with the market conditions in force at that time.
- Interest: 3-Month Euribor plus 1.50 percent, payable quarterly. The 3-Month Euribor is updated in each interest period, taking it as zero if it is negative.

Taking into account the report issued by the MAPFRE S.A. Administration and Cash Assistant General Management, the Committee issued a favorable report regarding the transaction to the Board of Directors.

Both the Regulations for the Board of Directors of MAPFRE S.A. and the text of the Policy for Managing Conflicts of Interest and Transactions Linked to

Significant Shareholders and Senior Representative and Senior Management Roles are available on the corporate website (www.mapfre.com).

In accordance with Recommendation 6 of the Code of Good Governance for companies listed on the National Securities and Exchange Commission (the "CNMV"), the Audit and Compliance Committee of MAPFRE S.A. authorizes this report for publication on the corporate website prior to the Ordinary Annual General Meeting to be held on March 12, 2021.

Madrid, February 9, 2021
Committee Secretary

Ángel L. Dávila Bermejo



**REPORT BY THE AUDIT AND COMPLIANCE COMMITTEE TO THE MAPFRE
S.A. BOARD OF DIRECTORS REGARDING ITS COMPOSITION AND
FUNCTIONS IN FISCAL YEAR 2020**

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

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

1. Composition

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

As on December 31, 2020, the Audit and Compliance Committee was composed of the following Board Directors:

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

2. Competences

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

- a) To inform the Annual General Meeting of matters that are the responsibility of the Committee and, in particular, regarding the results of the audit, to explain how the said audit has contributed to the integrity of the financial and non-financial information and role that the Committee has played in that process.
- b) To supervise the efficiency of the Company's internal control, internal audit and financial and non-financial risk control and management systems, as well as to discuss with the External Auditor any significant weaknesses in the internal control system detected when carrying out audits, but without compromising the External Auditor's independence. For these purposes, recommendations or proposals may be presented to the Board of Directors, where applicable, together with the corresponding term for the monitoring thereof.
- c) To supervise the process for drawing up and presenting the mandatory financial and non-financial information, and to present recommendations or proposals to the Board of Directors with a view to safeguarding its integrity.
- d) To submit to the Board of Directors any proposals for the selection, appointment, reelection and substitution of the External Auditor, being accountable both for the selection process, as contemplated in the corresponding legislation currently in force, and for the conditions of its hiring, and regularly to gather information relating to the audit plan and its execution from the External Auditor, while preserving its independence in performing its functions.
- e) To establish appropriate relationships with the External Auditor in order to receive information concerning any issues that may jeopardize its independence, so that they may be examined by the Committee, and any other issues relating to the accounts auditing process, and where appropriate, authorizations for services other than those prohibited under the terms contemplated in the corresponding legislation currently in force for auditing accounts, on independent status, as well as other communications envisaged in account audit legislation and auditing standards. In any case, they must receive annual written confirmation from

the External Auditor of its independence from the company or companies directly or indirectly linked to it, as well as the detailed and individualized information concerning additional services of any type rendered and any professional fees received corresponding to these companies by said External Auditor, or by the people or companies linked to them in accordance with the provisions of the accounts auditing legislation in force.

- f) To issue a yearly report, prior to the publication of the accounts audit report, expressing an opinion concerning whether the independence of the External Auditor has been compromised. In any case, this report must contain the reasoned evaluation of the provision of each and every one of the additional services to which the above letter makes reference, considered individually and jointly, apart from those concerning legal audits and in relation to the independent status or with the regulatory statutes for account auditing activity.
- g) To ensure that, as far as possible, the External Auditor of the Group takes responsibility for auditing all the companies belonging to it.
- h) To ensure the independence and efficacy of the Internal Audit function; to propose the selection, appointment, reelection and removal of its most senior management, as well as its annual budget, and the annual internal audit work plan; to receive regular information on its activities; and to check that the C-Suite takes the conclusions and recommendations of its reports into account.
- i) To give prior notification to the Board of Directors of all matters stipulated by Law, in the Bylaws or in this Regulation, specifically with regard to:
 - Financial information that the Company must periodically make public.
 - Creating or acquiring shareholdings in companies with a special purpose or companies that are registered in countries or territories considered to be tax havens.
 - Transactions with related parties.
- j) To establish and supervise a mechanism that allows employees and other people related to the company, such as board directors, shareholders, providers, contractors or subcontractors, to communicate potentially significant irregularities related to the company, including financial and accounting irregularities, and those of any other nature, that they observe

within the company itself or within its Group. This mechanism must guarantee confidentiality and, in any case, envision situations where communications can be made anonymously, respecting the rights of the whistleblower and the accused party.

- k) To ensure in general that the internal control policies and systems established are effectively implemented in practice.
- l) To verify the application of the established good governance regulations at all times.
- m) To monitor compliance with internal and external regulations, especially with internal codes of conduct, standards and procedures for the prevention of money laundering and financing terrorism, as well as to make proposals for their improvement.
- n) To supervise the adoption of initiatives and measures resulting from inspection reports or actions by administrative authorities responsible for supervision and control.

3. Operational framework

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

During the 2020 fiscal year, the Committee met eleven times¹, whereby the main topics addressed were as follows:

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

The Chairman of the Audit and Compliance Committee, and the other members of the Committee, attended the Annual General Meeting held on March 13, 2020. The shareholders did not raise any questions regarding matters within its remit.

- **Economic/financial information**

¹ Independently of the above meetings, the Audit and Compliance Committee has adopted resolutions through written procedure, without a meeting.

In accordance with its assigned competences, the MAPFRE Audit and Compliance Committee verified the following documentation in 2020:

- Management Report and Individual and Consolidated Annual Accounts of MAPFRE S.A. and its subsidiaries for 2019.
- Solvency and Financial Condition Report of the MAPFRE Group and the subsidiaries residing in Spain that carry out insurance and reinsurance activities.
- The Integrated Report for 2019, which follows the guidelines and recommendations of the International Integrated Reporting Framework.
- Report on the limited review of intermediate, summarized, consolidated financial statements of MAPFRE S.A. corresponding to the interim period ending on June 30, 2020.

- **Information to the Board of Directors**

The Audit and Compliance Committee gave a favorable report to the Board of Directors on the information that MAPFRE sends to the National Securities and Exchange Commission (the "CNMV") every quarter. This economic and financial information is reviewed in advance by the Internal Audit Corporate Area.

- **Internal Audit Supervision**

The Audit and Compliance Committee has been informed of the Annual Internal Audit Plan for fiscal year 2020 for MAPFRE and its subsidiaries, which includes the Annual Report for 2019, the Audit Plan for 2020, the structure and budget for the Unit and the training for internal auditors.

The Audit and Compliance Committee also received and reviewed the Internal Audit Unit Activity Reports, which are issued quarterly by the Internal Audit Corporate Area and which place special emphasis on significant issues arising during the quarter relating to the internal audit reports and internal control. These reports also include monitoring compliance with the objectives of the Audit Plans, the implementation of the recommendations, information on auditor training and collaboration with the external auditor and other areas within the company. Detailed information was presented periodically to the Committee on the monitoring and progress of the recommendations.

The objectives for the Internal Audit Plan for the fiscal year 2021 have also been presented for approval by the Committee and subsequent ratification by the Company's Board of Directors.

The Committee also approved the Internal Audit Unit's budget for the fiscal year 2021.

Furthermore, the Committee has been informed of the various different appointments for senior management of the Services and Internal Audit Units during 2020.

Finally, the Audit and Compliance Committee agreed to update the Internal Audit Bylaw.

- **Internal control and risk management**

The evaluation reports for the internal control system of the MAPFRE Group's Spanish insurance and reinsurance companies relating to fiscal year 2019 and prepared by the Internal Audit Corporate Area were presented to the Audit and Compliance Committee.

With regard to the Internal Financial Information Control System (SCIIF), the Audit and Compliance Committee received an Audit Report from KPMG titled "Information relating to the System for the Internal Control over Finance Information" corresponding to 2019, which summarized the internal control procedures established by MAPFRE S.A. with regard to annual financial information.

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

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

- **External auditing**

The Audit and Compliance Committee was informed of the budget for the external audit of the Individual and Consolidated Annual Accounts of MAPFRE S.A. and its subsidiaries for the 2020 fiscal year and approved the payment of extraordinary fees to KPMG as a result of the hours required to audit the annual accounts for the 2019 fiscal year corresponding to a number of MAPFRE companies. Similarly, the Committee authorized additional services to be provided by KPMG in a number of MAPFRE companies and the total amount for the fees to be received for said services.

KPMG presented the 2020 Annual Accounts Audit Plan to the Audit and Compliance Committee, which included the work schedule, the scope of the Group Audit, the members of the work team, preliminary risk assessment and the accounting and regulatory changes affecting the review period. Moreover, KPMG presented the Preliminary Memorandum of the Annual Accounts Audit for fiscal year 2020 to the Committee. These preliminary reports are issued by the audit firm for all MAPFRE subsidiaries on the Company's Interim Financial Statements as on September 30.

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

The external auditor, KPMG, attended the meetings of the Audit and Compliance Committee to discuss matters relating to the Annual Accounts audit, the limited review reports at June 30, 2020 and the preliminary reports prior to the audit of the Annual Accounts audit, as well as matters concerning the limited review process of the Solvency and Financial Condition Report of the MAPFRE Group and its subsidiaries residing in Spain that engage in insurance and reinsurance activities.

Furthermore, and with the aim of verifying the information and contributing to the principle of transparency in matters of Corporate Social Responsibility, the external auditor, KPMG, was responsible for verifying the non-financial information in MAPFRE's Integrated Report

corresponding to the 2019 fiscal year; this report was verified by the Committee. The Committee was also informed of the fees proposed by KPMG for issuing the report verifying the non-financial information in the 2020 Integrated Report.

- **Related-party transactions**

The Audit and Compliance Committee published a report on related-party transactions in the 2019 fiscal year, to be made available to shareholders at the Annual General Meeting.

The Committee also analyzed in advance related-party transactions carried out in 2020 between MAPFRE Group companies and significant shareholders and Senior Representative or Senior Management Roles at MAPFRE, under the terms established in legislation currently in force. The Committee prepared the relevant report that was provided to the Board of Directors for its approval, if appropriate, of the related-party transaction.

- **Regulatory and legal compliance**

The Committee was provided with a report on regulatory compliance actions in 2019 and the verification plan for 2020.

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

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

- **Supervision of a mechanism for reporting irregularities**

The Audit and Compliance Committee was informed of the activities carried out in 2019 by the Financial and Accounting Whistleblower Channel.

The Audit and Compliance Committee also agreed to update the Operating Rules for the Financial and Accounting Whistleblower Channel to adapt its content to the new recommendations of the Code of Good Governance for companies listed on the National Securities and Exchange Commission (the "CNMV").

- **Other business**

In addition to those previously described, the Audit and Compliance Committee also addressed the following matters during the 2020 fiscal year:

- Fiscal Policies applied in 2019, in compliance with the recommendations contained in the Code of Best Taxation Practices.
- Main issues addressed and agreements adopted by the Audit Committees for MAPFRE subsidiaries.
- Assessment of the composition and functioning of the Committee during the 2019 fiscal year in accordance with the provisions of Recommendation No. 36 of the Code of Good Governance for companies listed on the National Securities and Exchange Commission (the "CNMV"), with unanimous agreement to qualify its composition and operation in this fiscal year as very satisfactory.
- Information requirements from the National Securities and Exchange Commission (the "CNMV") in relation to the Company's financial information and the operation of the Audit and Compliance Committee.
- Repeal of the MAPFRE Treasury Stock Policy.
- Information on legislative developments and accounting criteria for the preparation of mandatory financial information.
- Research work on alleged irregular matters.

4. 2020 assessment

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

The result of the Audit and Compliance Committee's assessment on composition and operation in 2020 was very positive, and did not give rise to any observations or suggestions for improvement from its members.

The Audit and Compliance Committee has therefore unanimously agreed to submit this report to the MAPFRE S.A. Board of Directors so that the latter may evaluate the operation of the Committee during 2020 based on the report content.

Madrid, February 9, 2021
Committee Secretary

Ángel L. Dávila Bermejo

**REPORT BY THE APPOINTMENTS AND REMUNERATION COMMITTEE
TO THE MAPFRE S.A. BOARD OF DIRECTORS REGARDING ITS
COMPOSITION AND OPERATION IN FISCAL YEAR 2020**

The Appointments and Remuneration Committee is the delegate body of the Board of Directors of MAPFRE S.A. (hereinafter, the "Company") for undertaking the functions of appointment, dismissal and reelection of Board Directors and Senior Managers of MAPFRE S.A. and its Group, and for establishing their remuneration.

Its governing regulations are contained in Article 23 of the Bylaws and in Article 11 of the Board of Directors' Regulations.

1. Composition

The Appointments and Remuneration Committee should consist of a minimum of three and a maximum of five Board Directors, all non-executive and at least two of whom should be Independent Board Directors. The Chairman should be an Independent Board Director and the Secretary is the Secretary of the Board of Directors.

As on December 31, 2020, the Appointments and Remuneration Committee was composed of the following Board Directors:

Name	Position	Category
Ms. Catalina Miñarro Brugarolas	Chairwoman	Independent
Mr. José Antonio Colomer Guiu	Member	Independent
Ms. Rosa María García García	Member	Independent
Mr. Luis Hernando de Larramendi Martínez	Member	Nominee
Mr. Alfonso Rebuelta Badías	Member	Nominee

2. Competences

The Appointments and Remuneration Committee has the following competences in accordance with Article 11 of the Regulations for the Board of Directors:

- a) To evaluate the balance of competences, knowledge and experience required on the Board of Directors, 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.
- 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 submit to the Board of Directors any proposals for the appointment of Independent Board Directors so that they may be designated by co-opting or so that they may 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 dismissal of Senior Managers and their basic contractual conditions.
- e) To examine and organize the succession of the Chairman of the Board of Directors and, where appropriate, to make the corresponding proposals to the Board so that said succession occurs in an orderly and well-planned manner.
- f) To propose to the Board of Directors the remuneration policy for Board Directors and general directors or anyone who performs C-Suite functions under the direct control of the Board, the Steering Committee or the Managing Directors, as well as the 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 appointment as FUNDACIÓN MAPFRE Trustees whose appointment is the responsibility of the Company.
- h) To authorize the appointment of External Directors in the other Group companies.

3. Operational framework

As laid down in the Regulations for the Board of Directors, the Appointments and Remuneration Committee meets whenever necessary in order to appropriately perform its functions and, to this end, the Senior Manager supervising the Human Resources Division will be in attendance.

During the 2020 fiscal year, the Committee met five times¹, whereby the main topics addressed were as follows:

- **Appointment and reelection of board directors:**

In compliance with the current Board Director Selection Policy and Board Renewal Plan, the Appointments and Remuneration Committee completed the selection processes and made proposals to the Board of Directors to reelect three Independent Directors, and reported to the Board of Directors with regard to the proposal to reelect one Executive Director.

To this effect, the Appointments and Remuneration Committee contributed toward analyzing the needs of both the Company and the Group and to assessing prestige and suitability, avoiding at all times any implicit bias that may imply discrimination, especially with regard to the selection of candidates of one gender or the other.

In each case, the Committee assessed the personal and professional qualities of the candidates and took into account the need for a diverse set of profiles on the Board to enable suitable balance and diversity in terms of training, experience, age, gender and nationality.

¹ Independently of the aforementioned meetings, the Appointments and Remuneration Committee has adopted resolutions through written procedure, without a meeting.

Furthermore, and in accordance with the provisions established in current legislation, the Appointments and Remuneration Committee analyzed the suitability of the members of the Board of Directors to be a part of said body, assessing the existence of circumstances that may affect their personal and professional prestige.

In particular, in order to promote gender equality in the composition of the Board of Directors, the Board Director Selection Policy was modified in the 2020 fiscal year to establish that efforts will be made to ensure that female directors constitute at least thirty percent (and will be increased before the end of the 2022 fiscal year to at least forty percent) of all members on the Board of Directors.

The Committee has also reported favorably on the proposals for appointments and dismissals of external directors of MAPFRE Group companies.

- **Assessment of the Chairman of the Board of Directors and CEO**

The Appointments and Remuneration Committee assessed the CEO and Chairman of the MAPFRE S.A. Board of Directors.

The Appointments and Remuneration Committee, following the appropriate analysis, deemed the conduct of the CEO and Chairman of the MAPFRE S.A. Board of Directors to be very satisfactory, both in said capacity and in the capacity of the Group's most senior management representative, in all aspects: dedication to the role, fulfillment of the institutional principles established in the rules of good governance; performance of the functions of providing high institutional representation of the company and direction of the activities of its Board of Directors and delegate bodies, inherent to the position of Chairman and CEO; and performance of the executive C-Suite of the Group's activities.

- **Compensation Policy for Board Directors 2020–2022**

The Appointments and Remuneration Committee issued a favorable report for the 2020–2022 Compensation Policy for Board Directors, for the purpose of its submission by the Board of Directors to the Annual General Meeting, and which was approved at its meeting on March 13, 2020.

- **Short-term variable remuneration**

The Appointments and Remuneration Committee reported favorably on the proposal to modify the short-term variable remuneration of Executive Directors and members of the C-Suite to establish an additional short-term element for the fiscal year 2020 that is jointly linked to Return on Equity (ROE) and the Global Non-Life Combined Ratio of the fiscal year, to be approved by the Board of Directors.

- **Remuneration of Board Directors:**

In compliance with its competences and within the framework of the Compensation Policy for Board Directors approved by the Annual General Meeting held on March 13, 2020, the Appointments and Remuneration Committee made a proposal for the remuneration of Board Directors in their capacity as such, and the contractual conditions, including remuneration, for Executive Board Directors corresponding to the 2020 fiscal year, for their approval by the Board of Directors.

- **Annual Report on Remuneration for Board Directors**

The Appointments and Remuneration Committee issued a favorable report for the Annual Report on Remuneration for Board Directors corresponding to the 2019 fiscal year, for its submission on a consultation basis by the Board of Directors to the Annual General Meeting, and which was approved at the meeting held on March 13, 2020.

- **C-Suite Appointments**

The Appointments and Remuneration Committee analyzed the proposals for appointments and dismissals for members of the MAPFRE S.A. and MAPFRE Group C-Suite, issuing a report on said appointments and dismissals to be submitted for approval by the competent MAPFRE Group administrative bodies in each case.

- **Contract conditions for C-Suite members:**

The Committee analyzed, and submitted to the Board of Directors, the proposals for the applicable contractual conditions, including fixed and variable remuneration, corresponding to the 2020 fiscal year for C-Suite members in the MAPFRE Group, under the terms provided for in the MAPFRE Group Compensation Policy.

- **Remuneration and relevant personnel from MAPFRE INVERSIÓN SOCIEDAD DE VALORES, S.A. and MAPFRE ASSET MANAGEMENT, S.G.I.I.C.**

In accordance with current legislation, the Company's Appointments and Remuneration Committee performs functions related to remuneration for MAPFRE INVERSIÓN SOCIEDAD DE VALORES, S.A. and MAPFRE ASSET MANAGEMENT, S.G.I.I.C., S.A. To this effect, it issued a favorable report for the remuneration of relevant personnel from these companies in fiscal year 2020 and the list of persons comprising this category, as well as the modification of their respective compensation policies.

- **Appointment and reelection of Fundación MAPFRE trustees**

In accordance with the provisions of the Regulations for Board of Directors, the Appointments and Remuneration Committee has proposed to the Board the appointment of a Fundación MAPFRE Trustee.

- **Report on the composition and operation of the Committee in 2019**

The Appointments and Remuneration Committee prepared a report on its composition and operation during the 2019 fiscal year.

- **Succession Plan for the CEO and Chairman Board of Directors**

The Appointments and Remuneration Committee reported favorably on the Succession Plan for the CEO and Chairman of the MAPFRE Board of Directors for approval by the Board of Directors.

- **Board of Directors' Competency Matrix**

The Appointments and Remuneration Committee approved the MAPFRE Board of Directors' Competency Matrix, which defines the skills and knowledge of its members.

4. 2020 assessment

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

The result of the Appointments and Remuneration Committee's assessment on composition and operation in 2020 was very positive, and did not give rise to any observations or suggestions for improvement from its members.

The Appointments and Remuneration Committee has therefore unanimously agreed to submit this report to the MAPFRE S.A. Board of Directors so that the latter may evaluate the operation of the Committee during 2020 based on the report content.

Madrid, February 5, 2021
Committee Secretary

Ángel L. Dávila Bermejo



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