



**ANTONIO HUERTAS**

**Chairman and CEO**

Ladies and gentlemen, thank you again for the trust you have placed in us for yet another year as our shareholders.

It has been 10 years since I first had the honor of standing on this stage as MAPFRE's chairman, and I would like to start by sharing some reflections about what this period has meant to our company, its performance and the foundations underpinning our new strategic plan 2022-24, which I will present to you in the second part of my speech.

I can categorically say that the past 10 years have been incredibly intense at MAPFRE, as they have been in society and the economy, both in Spain and the rest of the world.

Without a doubt, this has been one of the most disruptive decades in history, one in which practically everything we knew has changed, generating an extremely challenging environment for companies and for society.

Back in 2012, we were still grappling with one of the biggest economic crises in history, which had been going on since 2008 and whose effects in our country would last until practically 2018. Even to this day, we navigate legacy environments from that crisis. For example, low and even negative interest rates persist, one of the main factors that have conditioned our activity over this time, due to both the fall in financial income and our diminished ability to offer attractive savings products.

Along the way, over all these years, in addition to many other extraordinary situations, we have dealt with marked deterioration in our real estate portfolio, the nationalization and subsequent disappearance of Bankia, Spain's ongoing economic crisis, as well as chronic crises in countries that were once key to MAPFRE in Latin America, and more recently in Turkey. Such crises have largely

conditioned our business models, leading us to reconsider projects that were once important to MAPFRE, such as the Assistance Unit, the Global Risks Unit, and our geographical footprint in non-strategic markets. In this regard, we announced this week the sale of 100% of our shares in Indonesia, a movement perfectly aligned with our intention to focus more on countries and businesses with higher profitability and lower risk.

Also in the past decade, the unprecedented high frequency of high-intensity natural events has conditioned our expectations regarding profitability. As you may recall, in the third quarter of 2017 alone, over a span of just a month and a half, MAPFRE faced events with costs exceeding 1.5 billion dollars as a result of three hurricanes and two earthquakes. Over the last decade, the Group has registered more catastrophic events in excess of 100 million euros than ever before in its history, with a total cost of close to 4.5 billion euros. But we are satisfied that we have managed to respond with financial solvency and operational robustness, honoring the trust that customers place in MAPFRE.

And, as an epilog to the many events of the past decade, I must point out that we are still facing the effects of the first major global pandemic, which simultaneously paralyzed all the world's economies for months; two years later we continue to suffer the consequences, from which it will take us time to recover. And, as a sad culmination to this vertiginous decade, I would never have expected to be speaking to you today about a war like the one we are currently witnessing on European soil, the unjustified, bloody and terrible invasion of Ukraine by Russia. As little as my position might count in this forum, I would like to take this opportunity to express our solidarity with the Ukrainian people and to ask and to hope that the global multilateral organizations can execute rapid solutions to restore peace, to put an end to this terrible conflict as soon as possible. With the end of the pandemic, we saw hope on the horizon thanks to the Herculean efforts of science and large-scale plans for economic recovery, but unfortunately, humanity's destructive obstinacy is once again leading us to the edge of the abyss.

But going back to what our environment has been like over the past 10 years, the situation we have faced has constantly tested MAPFRE's ability to fulfill all its commitments, including those to you, the shareholders of this group. We have distributed, and I say this with great pride, almost 4.2 billion euros in dividends over the last decade, almost entirely in cash.

What has happened at MAPFRE over the past decade?

Despite all these circumstances, we are extremely satisfied with the effort, the enthusiasm and, I would even dare to say, the courage we have put towards deploying and strengthening all our capabilities. That has always been the hallmark of MAPFRE, and in these intense years we have demonstrated it once again. Year after year, we have continued to make progress toward the main goal we set for ourselves 10 years ago, to accelerate the company's comprehensive transformation, preparing it to face the new challenges that this new digital, global, connected, and environmentally conscious society entailed. We have transformed so much over the past decade that now it is hard to even imagine the way we were before.

In 2012 we were inarguably a solid, internationalized and diversified organization with outstanding results. But the world was changing a lot in those years, and this process accelerated tremendously in the years that followed.

If I had to briefly define some of the achievements we consider important for MAPFRE's present and future, they could be summarized as follows:

From a strategic standpoint:

- We have evolved from a highly internationalized company with dispersed operations into a global company with strong local and regional autonomy, a well-balanced business model and common frameworks around our vision, purpose, and values.

From a business standpoint:

- We have better diversified our portfolio, improving our approach to individual customers and their families and expanding our presence in the business area, focusing on the self-employed and SMEs as well as large companies, and we have developed the business in the life insurance and asset management. In addition, the reinsurance business has been consolidated as one of the pillars of the group's growth and profitability.
- We have improved the group's geographic diversification, bolstering our presence in highly developed markets such as Europe, North America, and Brazil.
- We have consolidated MAPFRE's multi-channel vocation, expanding our distribution through all types of distributors, while at the same time increasing our differential commitment to our own office, delegate and agent channel, a house brand in many of the countries where we operate.
- We have consolidated the digital business models of MAPFRE and VERTI, one of the groups with the greatest digital capabilities in Europe today.
- We have adopted ESG criteria in our strategy, management, and investments.

From a governance and control standpoint

- We have fortified the two pillars of the group's governance, the supervisory pillar, through the boards of directors in all the subsidiaries around the world, and the execution pillar, with the steering committees in the subsidiaries, regions, and corporation.
- We have strengthened governance and internal control with a robust corporate structure and regional teams located in different parts of the world.
- We have reinforced the group's resilience with a great capacity to absorb extreme shocks including major economic crises, high-intensity events such as climate events, the pandemic, and the major cyberattack that we suffered in 2020.

#### From a personnel standpoint

- We have encouraged the development of technical, sales and digital capabilities in order to have sufficient resources to face the challenges of the 21st century. And we have developed a great international mobility program to have talent wherever we need it.
- We have consolidated our model that places people at the center of customer management and relations.

#### From an operational and technological standpoint

- We have developed a culture of continual transformation in order to adapt to a changing and uncertain reality through new organizational and operating models, strategic and disruptive innovation, open innovation processes, and the digital challenge for our teams.
- We have reinforced our investments in new technologies and computer platforms to have the best tools for management, intermediary assistance, and customer service.

#### From an external presence and image standpoint

- We have strengthened the group's transparency and communication through continuous activity in the media and on social networks to share our strategy, results, and positions, both internally and externally. We have also reinforced the dissemination of the role of insurance in society and in the global economy through MAPFRE Economics, our research service.
- We have tremendously strengthened MAPFRE's institutional presence in lockstep with its business dimension, ensuring a strong position in influential economic and social organizations, thus helping improve our corporate reputation.

#### And finally, from a social standpoint

- Today we are a more inclusive company, making a stronger contribution to human development.
- We have enhanced our company's social role, strengthening our commitment to everyone around us. Although the challenge of COVID put our operational and financial resilience to the test, it also helped us tremendously to bring out the best in ourselves, our people, our foundation, and our company. We are much better today because of the commitment we have shown, and our heartfelt dedication to solidarity has grown even stronger.

But now, in this second part of my speech, allow me to look to the immediate future and tell you how we see this new MAPFRE that we are going to build together in order to face the exciting challenges on the horizon.

And to play a leading and active role in this exciting transformation, we have designed this new Strategic Plan, which also features a new philosophical framework.

We have adapted our business vision to better fit the reality of the company that we are now. Amid the current complexity of the world and of the insurance business, due to the need to have an adequate scale to deliver profitable, high-quality products and services, we must focus our efforts where they can yield better results.

But we also want to reinforce what is fundamental, which is being, above all, the trusted insurance company for our customers and other stakeholders.

Our values continue to be our greatest intangible asset, which we treasure dearly as they guide us in everything we do. Throughout our history, the hallmarks of our group have been:

- Our solvency, from both a financial and a resource point of view, to be able to respond to all our commitments and strategies.

- Integrity. We base our business relations on fairness and transparency, with zero tolerance for any practice that is not compatible with full respect for human rights, equality, and real inclusion.
- All our activities are guided by our vocation to offer excellent service, and we aspire to continual improvement, listening and learning at the same time to meet our customers' expectations.
- Innovation is the lever that we constantly use to differentiate ourselves, and it serves as a guide to develop the most appropriate solutions.
- And we are very proud to have a multicultural and diverse team that is helping to build a more prosperous society through our company.

In order to express our group's raison d'être more clearly, we have incorporated our business purpose into this new Strategic Plan. As corporate citizens immersed in the society that we serve, and to which we contribute with our economic activities, we must play our part even more to further development and social welfare.

At MAPFRE, we understand that our purpose is to be by everyone's side, supporting people and institutions in order to

take assured steps forward, helping to build a more sustainable and caring society. Ultimately, at MAPFRE we care about what matters to you.

An organization must recognize where it is starting from and where it wants to go. That is why we have designed a new change agenda to serve as our road map for the years ahead.

Consequently:

- We aim to be more accessible and transparent, with full availability to all, internally and externally. With clearer, simpler, more comprehensive communication that truly conveys who we are and what we do. Our



business model allows us to be very close to the customer, in person and digitally, by whatever means they choose.

- We want to continue to be different, to ensure that our value proposition is what the customer demands at all times.
- We want the things we do to be of a sufficient scale to enable us to continue improving efficiency and productivity.

MAPFRE must fully digitalize all its business processes and models, making them more accessible and differentiated and ensuring economies of scale, but also reinforcing our humanistic vision, in which people must be the center of everything. We are a company of people that works every day on behalf of people.

The pillars of our strategic plan will be:

- Disciplined, sustainable, balanced, and profitable growth.
- Improvement of internal efficiency.
- Accelerating the transformation underway.

Now let's examine them in a bit more detail:

## 1. GROWTH Pillar

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- Disciplined growth, with adequate management of our geographic diversification and the complexity inherent to our presence in such different and dispersed markets.

We must be able to prioritize better, promoting what can generate sustainable, differentiating, and scalable value and giving up whatever does not meet these conditions.

To further boost growth, MAPFRE is focusing on core markets such as Spain, Brazil and the United States, in addition to the Reinsurance Unit. And we will also

concentrate more on a limited number of countries with high strategic value, potential and profitability, together with the Global Risks and Assistance Units. These operations are prepared to grow while contributing adequate revenue and profits, considering their size. They will spearhead the transformation process, providing and receiving the best practices that allow the group's evolutionary leap in digitalization and development of new channels and business models.

The other countries will continue their development, aligned with the group's general policies, but with the speed and requirements that their own maturity and markets require.

The aspects that must be reinforced to enhance growth include:

With respect to customers:

- We will raise integrality, increasing the number of products per customer.
- We will have more customer-oriented processes and continue with the models for the segmentation and improvement of value propositions, which will be increasingly personalized, making intensive use of data.

With respect to channels:

- We will strengthen the most profitable distribution channels and seek new ways to reach potential customers, with special emphasis on new bancassurance agreements, auto makers and maximizing our relationship with brokers.
- We will consolidate our own networks in countries where they have already been successfully developed on an adequate scale. We will reinforce the value proposition of these networks, enhancing their digital operations to improve their professionalism and development.
- We will continue to increase the weight of digital business, both B2C and B2B2C, through agreements with digital partners, Marketplaces and digital ecosystems.

With respect to products, in the Insurance Unit:

- In Automobile, we will focus on:
  - Improving the combined ratio,
  - Gaining market share in the most profitable markets.

To this end, we will continue to improve technical management, reducing service costs and making the rate more sophisticated, personalizing it with market pricing techniques.

- In Personal Multirisk, we will continue leveraging the outstanding service we provide through our networks of service providers, supporting them with new digital tools and processes.
  
- In Life, we will develop new unit-linked and traditional savings products, taking advantage of the change in interest rate trends. With our banking partners and our distribution networks, we will promote growth in life risk products, offering different protection solutions tailored to each customer's needs. We have launched a LIFE growth plan in several Latin American countries.
  
- In Health, although we do not expect to enter new markets, we will strengthen our already significant presence in some countries with the expansion of digital capabilities for these products.
  
- In Enterprise, we will take advantage of the trend reversal underway due to the rapid recovery of economic activity, and we will promote the use of loyalty tools to support these types of customers.

In Reinsurance, we are committed to improving profitability, doing a better job of controlling the loss experience and non-catastrophic intensity and frequency, while helping our customers to improve their protection levels.

In Global Risks, we must grow in terms of new customers in the main countries where MAPFRE already operates in the insurance industry.

In Assistance, we will consolidate our new strategic focus to be a digital partner of our customers, promoting distribution agreements.

## 2. EFFICIENCY AND PRODUCTIVITY pillar

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By improving our efficiency and productivity, we will become more competitive and therefore more ambitious in terms of growth and customer retention; this will also translate into a direct improvement in margins so that we can invest in more value-added services. In addition, we will be more agile and able to better serve our intermediaries.

The aspects that we will focus on include:

- Continual improvement of operational efficiency, based on the priorities set in each country, with a continual review of internal processes.
- Improving technical management, aimed at lowering the average cost of claims.
- Strongly promoting the customer's use of the self-service website, given that it also increases customer satisfaction.
- Continuing with intelligent automation and digital optimization of processes.
- Development of shared service centers.
- Implementation of "as a Service" technology platforms, which facilitate scalable use with flexible costs.

## 3. TRANSFORMATION pillar

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We consider transformation to be an absolutely transversal pillar that affects both business models, through digitalization, and the evolutionary process of our organization to adapt to new social realities. This involves greater attention to consumer demands, the introduction of sustainability into everyday management, the adoption of effective policies for full inclusion and gender equality, adapting to new work models, and many other cultural aspects that are already part of our day-to-day activities.

Our transformation will also help us fulfill our aspirations for growth and profitability. That is why I want to propose an ambition framework for the next three years, which takes shape in the indicators that I'll share with you in a moment.

Regarding the growth and profitability pillar:

- Premium growth of 5-6%.
- Achieve a three-year (\*) average ROE of 9-10%.

We will also move within the following reference framework:

- Maintain the Solvency margin (SII) at around 200%, with a tolerance band of +/- 25 points.
- Maintain a payout ratio in excess of 50%.
- Keep our debt ratio at 23-25%.

In relation to efficiency and productivity:

- Position the average Combined Ratio for the period (\*) between 94% and 95%.

(\*) For both this ratio and ROE, highly relevant extraordinary aspects or major catastrophic events will not be taken into consideration.

Finally, in relation to Transformation, for people management and sustainability, we have two clear and firm commitments:

- Eliminate the gender pay gap by the end of this three-year period, with a tolerance threshold of 1%, generally accepted in a company of our size.
- And also ensure that, by the end of 2024, at least 90% of our investment portfolio is rated in line with ESG criteria.

All these objectives had been defined before the outbreak of the war in Ukraine. The current context has once again been one of enormous uncertainty, so the references used for world inflation, interest rates, currency exchange rates and economic and insurance growth may suffer high volatility. Thanks to the intense transformation of the company that I referred to at the beginning of my speech, and just as we faced the unexpected pandemic, you can have no doubt that, if

necessary, we will act again quickly to protect the business and adapt our Strategic Plan with maximum flexibility, which could imply a review of these objectives, with the appropriate flexibility, to prioritize once again the preservation of the business and the protection of people.

Ladies and gentlemen. I have just presented our new Strategic Plan, which has the firm commitment to protect and develop the business and, with it, your interests as shareholders. But we also want to continue caring for society through an ambitious Sustainability Plan, and I will highlight the main elements of it.

This Sustainability Plan must accompany our strategy, guiding us in the development of our business in terms of products and services, and in the responsible management of our assets and investments.

Our recent history is full of commitments along these lines. In 2004 we joined the United Nations Global Compact. In 2012 we adopted the principles for insurance sustainability; in 2015 we made a commitment to disseminate the *Sustainable Development Goals* and the objectives of the 2030 Agenda, and we joined the *Paris Pledge for Action*. In 2017 we incorporated the Principles for Responsible Investment into our processes, in 2019 we joined the *United Nations Environment Programme Finance Initiative*, and in 2020 we endorsed the *UN Women's Empowerment Principles* and the *United Nations Standards of Conduct for business on LGBTI issues*.

We are also part of prestigious indexes, such as the *FTSE4Good*, the *Standard and Poor's Sustainability Yearbook*, and, for some years now, the *Dow Jones Sustainability Index*.

Our strategy is designed to produce highly positive, transformative effects on the three levers of ESG management, and to do so in a way that is integrated into the business.

In addition to the sustainability challenges I have mentioned as aspirational objectives of our strategy, eliminating the gender pay gap and ESG-aligned investments, in this area we are also committed to:

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- Extending in 2024 the carbon neutrality, already achieved in Spain and Portugal, to the main MAPFRE countries around the world, in order to achieve global neutrality by 2030.
  - Continuing with our inclusive labor policies, so that at least 3.5% of our employees continue to be people with disabilities.
  - Granting sustainability approval to 100% of our preferred providers in homeowners, automobile, health, and procurement in MAPFRE's main markets.
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In addition, in our role as insurers, we can help our customers to progressively move towards less polluting activities, which is why we have decided not to invest in or insure any coal, gas and oil companies that are not executing an energy transition plan.

And to show our own level of commitment in a transparent manner, as of this year, MAPFRE's top 250 managers worldwide have part of our variable remuneration linked to the fulfillment of these sustainability commitments.

The transition toward economic models that are less aggressive to the environment is truly urgent, but it must be done with consideration for the people who still depend on these activities today. In our opinion, it is extremely important to protect and care for the communities whose livelihoods must be transformed, offering them alternatives instead of condemning them to unemployment and exclusion.

For this reason, we believe that, even if the order of the factors does not alter the product, the end result must be a cleaner, more protected and sustainable planet. However, we must put actions that protect and promote human development first. First we must protect people, and only then can we move forward with everything else. It's time to put the "S" for Social, which is the same as the "P" in People, first.

If we work together so that we live and work in a world that is more inclusive, more supportive, and fairer, we will have a much easier path towards a more sustainable and balanced society.

On behalf of all the professionals who work at MAPFRE, I would like to conclude by thanking you again for the trust you place in us.

We sincerely hope that the international crisis arising from the war in Ukraine will be urgently resolved as soon as possible, so that peace is restored, and with it, economic recovery, ensuring that we can deploy all our medium and long-term projects.

Our company is ready for this, our 2021 results prove it, and we have presented a new Strategic Plan that will help us to move forward with optimism in the years ahead, fulfilling our main commitments, caring about what matters to people as reflected in our corporate purpose. We will look after and develop our business so that it continues to grow in terms of strength and profitability, and at the same time, take care of society, helping to achieve a fairer and more sustainable world.

The motto of our Strategic Plan is what best defines our ambition for the years ahead:

**WE'RE READY. OUR TIME IS NOW!**

Thank you very much for your attention.

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