

# *MAPFRE AND SOCIAL RESPONSIBILITY*

## **Preamble**

MAPFRE believes that a sense of responsibility must, first and foremost, pervade the way in which the activities of the companies that make up Sistema MAPFRE are managed. Their greatest contribution to the Company must be the generation of wealth, job creation, equity in the treatment of all individuals, groups and institutions involved in their activity, strict fulfilment of their legal and fiscal obligations and the maintenance of high ethical standards of business management.

Day by day, we wish to build up our Social Responsibility, tailored to our supportive business activity, and in keeping with those principles and values that form an integral part of our culture and have been ever present in Sistema MAPFRE's conduct for nearly seventy-five years now.

## **OBJECTIVES OF MAPFRE'S SOCIAL RESPONSIBILITY**

MAPFRE has broken down its commitment to social responsibility into the following nine specific goals:

- I. Dissemination and fulfilment of both national and international laws and regulations, and whatever obligations might stem from them, particularly the Universal Declaration of Human Rights and the ten principles enshrined in the UN Global Compact.
- II. Respect for equal opportunities for all employees, their privacy and freedom of opinion; equity in labour relations, striving to achieve a safe, healthy working environment, providing the adequate training necessary for the work they perform; fair remuneration and stable employment, avoiding any form of persecution, abuse or discrimination on the grounds of ideology, belief, sex, race or condition; and fostering of the maximum compatibility between their work and family life.
- III. Promotion of a growing sense of solidarity, responsibility and social participation among employees, collaborating in programmes developed or executed to this end, supporting the social action of the company and encouraging volunteer work initiatives.
- IV. Provision of a quality service to insured parties and clients within the agreed time schedule, offering honest advice, maintaining due confidentiality when processing their data and placing at their disposal a suitable procedure for resolving any complaints they may have in the shortest time possible.
- V. Socially responsible management of relationships with providers and collaborators, based on freedom, reciprocal respect and mutual benefit.
- VI. Policy of acting respectfully towards the Environment, encouraging effective measures for limiting – insofar as is possible – the ecological and environmental impact of the risks arising from their business activities.
- VII. Policy of communicating with all interest groups on the basis of transparency, veracity and commitment, particularly with regard to shareholders and investors.
- VIII. Maintenance of a permanent relationship of collaboration with Public Administrations, based on transparency and honesty.
- IX. Actions that fully respect the principles of freedom and fair competition in the marketplace.

## **MAPFRE'S SOCIAL RESPONSIBILITY MODEL**

MAPFRE is of the belief that there does not exist a pre-established model of Social Responsibility and that each company should create its own. In this sense, the institutional social responsibility principle reflected in the Good Governance Code sets forth the three major guidelines that have determined the model adopted in MAPFRE:

- Fulfilment of current legislation and any international commitments assumed (United Nations Global Compact and the UNEP Protocol).
- Service to society, seeking to further its progress and acting with a sense of solidarity.
- Integral management of social responsibility issues by those who participate in the decision-making process in MAPFRE at whatever level.

On the basis of these fundamental guidelines, MAPFRE's model rests on three pillars: good governance of the company, social responsibility – understood to mean the maintenance of an equitable relationship with its interest groups – and social action, as a part of the altruistic work MAPFRE undertakes through its private foundations.

### **MAPFRE's social responsibility model**

- Strict fulfilment of legal obligations
- Transparency in management and information

Good Governance  
Social Responsibility  
Social Action

- Equitable relationships with interest groups
- Environment
- Signatory to the Global Compact and the UNEP protocol
- Social Responsibility Report drafted in line with GRI criteria
- Business resources devoted to the development of disadvantaged groups in those countries where MAPFRE is present
- Creation of FUNDACION MAPFRE's Social Action Institute
- Promotion of volunteering

At the end of 2004, MAPFRE created its Social Responsibility Dept. within the Communications and Social Responsibility General Directorate, with the goal of analysing in greater depth all aspects of the planning, coordination and control of Sistema Mapfre companies' socially responsible behaviour all round the world. Throughout 2005, this Dept. has worked on the configuration and design of a common social responsibility policy for all the companies within the Group, taking into consideration the previous model.

Following the structure of the described model, the actions undertaken throughout 2005 were as follows:

### **GOOD GOVERNANCE**

In 2005, MAPFRE MUTUALIDAD's Board of Directors adopted a new text that updated and modified substantial aspects of the Code that had overseen the corporate governance of Sistema Mapfre since March 2000, with the following objectives:

- a) Adapt the current text to meet new legislative requirements on corporate governance.
- b) Adapt the contents of chapter I of the Code (SISTEMA MAPFRE) to reflect the current reality of Sistema Mapfre.
- c) Undertake an in-depth review of the structure and competences of Sistema Mapfre's governing bodies and those of its various member companies, in order to enhance coordination of their actions, and simplify and expedite decision-making processes.
- d) Revise and correct all those aspects of the Code's guidelines that led to doubts regarding their interpretation or difficulties when applying them, or simply left room for improvement.
- e) Update the Code's annexes, eliminating any obsolete ones and incorporating other new ones (such as the Internal Regulations on Conduct in relation to Listed Stock).

### **SOCIAL RESPONSIBILITY**

An equitable relationship with interest groups constitutes the basis for ensuring social responsibility. For this reason, the various interest groups within MAPFRE were defined in 2005, clearly differentiating two levels according to the degree of their links to our organisation:

- Level 1: Includes all those linked to MAPFRE by way of some direct contractual relationship, as well as partners, shareholders and investors. They are the first to be affected by strategic decisions taken by the Organisation.
- Level 2: includes those interest groups not linked to MAPFRE by way of some contractual relationship and, as a result, MAPFRE's strategic decisions do not affect them directly or, if they do, they affect them in a limited fashion.

## **MAPFRE's Interest Groups**

Level 1

Level 2

EMPLOYEES

INTERMEDIARIES / COLLABORATORS

MUTUALISTS, INSUREDS & CLIENTS

PARTNERS / SHAREHOLDERS & INVESTORS

PROVIDERS

SOCIETY / PUBLIC OPINION

THE COMPETITION

THIRD SECTOR (Non-profit Associations, Foundations & NGOs)

WORKERS' REPRESENTATIVES / TRADE UNIONS

PUBLIC / REGULATORY INSTITUTIONS / ADMINISTRATIONS

CONSUMER ORGANISATIONS

NEWS MEDIA

## **MAPFRE and the Environment**

2005 also saw the adoption of the Group's Environmental Policy, which aims to limit, insofar as is possible, the ecological and environmental impact of the risks stemming from its business actions and contribute with positive actions towards improving the Environment.

## **MAPFRE and the Global Compact**

On signing up to the Global Compact in 2004, MAPFRE undertook to disseminate its ten principles. A campaign was undertaken in Spain in 2005 to raise awareness of Global Compact values among MAPFRE's employees and collaborators, through the habitual internal communication channels.

The campaign, run in the months of November and December 2005, consisted in the publication each week of one of the Compact's ten principles, with comprehensive comments thereon, duly preceded by an introductory article on MAPFRE's signing up to the Global Compact. Throughout this period, 20 per cent of the total space for communication on the Internal Portal was given over to this matter. Throughout 2006, this initiative will be extended to all other countries where the Group is present.

## **PRINCIPLES OF THE GLOBAL COMPACT**

### **HUMAN RIGHTS**

1. Support and respect the protection of internationally recognised fundamental human rights, within their sphere of influence.
2. Avoid any complicity in the violation of human rights.

### **LABOUR RIGHTS**

3. Uphold and respect freedom of association and affiliation, and effective recognition of the right to collective bargaining.
4. Eliminate all forms of forced and compulsory labour.
5. Eradicate child labour.
6. Eliminate discrimination with respect to employment and occupation.

### **ENVIRONMENT**

7. Adopt measures designed to meet the challenge of protecting the environment.
8. Foster increased environmental responsibility.
9. Encourage the development and dissemination of environmentally friendly technologies.

### **CORRUPTION**

10. Fight against corruption in all its forms, including extortion and bribery.

## **SOCIAL ACTION**

For over twenty years now, MAPFRE has been dedicating a proportion of its net annual profits to financing non-profit-making social welfare activities through its six private foundations.

In the year 2005, these Foundations allocated a total of 23.1 million euros to these activities. In accordance with the proposals to be put before their respective General Assemblies or Meetings, the different companies within Sistema MAPFRE will be donating a total of 25.4 million euros in 2006 to these Foundations, charged to their 2005 profits.

In addition, it is worth noting that a restructuring plan was approved in 2005 for the activities of MAPFRE's Foundations, duly fulfilling one of the objectives set forth in Sistema Mapfre's Strategic Plan. This plan has led to the integration of all the foundations promoted by Sistema Mapfre that operate in Spain into FUNDACIÓN MAPFRE, which will carry out its activities through five specialised institutes: Prevention, Health & Environment; Road Safety; Insurance Sciences; Culture and Social Action.

Through the creation of its Social Action Institute, Sistema Mapfre seeks to boost its contribution to social development and progress, furnishing business resources earmarked for the direct or indirect improvement of the living conditions of the most underprivileged individuals and groups in those countries where MAPFRE is present.

The activity of this Institute will prioritise its attention on promoting projects related to the social integration of the disabled in Spain, as well as focusing on childhood and social integration issues in Latin America, sectors in which it will strive to set benchmark standards for carrying out such activities. In addition, it will encourage a volunteer movement, as a way of achieving the participation of MAPFRE's employees and collaborators in these social action projects.

Moreover, as a member of the Fundación Empresa y Sociedad, MAPFRE assumes responsibility for adequately reporting its actions in this field and supporting the

institutional activities of the Foundation in order to promote social action within the business sector.

Finally, as a complement to this Foundation work, MAPFRE has made diverse financial contributions to social welfare, cultural and sports projects that amounted to €2,843,446.