



**SUMMARY OF THE PRINCIPLES AND VALUES ENSHRINED IN THE MAPFRE  
MODEL FOR THE PREVENTION OF THE RISK OF CRIMINAL BEHAVIOR**

## 1.- INTRODUCTION.

The purpose of the Model for the Prevention of the Risk of Criminal Behavior authorized in April 2017 by the Board of Directors of MAPFRE S.A. is to outline an organizational and management model that incorporates the principles underlying the measures taken by those companies in the MAPFRE Group having their registered offices in Spain (hereinafter the Companies) with a view to avoiding incurring criminal liabilities.

This Model is the basis of the System for the Prevention of the Risk of Criminal Behavior adopted by MAPFRE, which outlines the design and structure of the supervisory model applied by the organization in order to prevent offenses being committed which could be attributed to the Companies. It describes the risks of criminal behavior to which the Companies are exposed and establishes a methodology for managing these risks and for evaluating the checks introduced to reduce the number of offenses.

## 2. Regime of criminal liability for corporate bodies

In July 2015 a modification of the Spanish Criminal Code (CC) came into force which stipulates the procedures that must be applied by Companies in order to be exonerated from criminal liability by adequately exercising their duties of vigilance and control.

The Board of Directors of MAPFRE S.A. has firmly committed itself to preventing legal offenses from being committed within the company, and to this end has authorized the drawing up of a list of the main criminal liabilities to which MAPFRE S.A. could be exposed, including the following:

- Bribery (Art. 419 et seq., CC)
- Illegal financing of political parties (Art. 304a, CC)
- Trading in influence (Art. 428 et seq. CC)
- Corruption in commercial transactions (Art. 286b, CC)
- Corruption in business dealings (Art. 286a, CC)
- Tax offenses (Art. 305, CC)
- Social security offenses (Art. 307, CC)
- Offenses against the rights of foreign nationals (Art. 318a, CC)
- Hate crime and incitement to hatred (Art. 510, CC)
- Offenses relating to unauthorized property development, construction or building (Art. 319, CC)
- Non-fulfillment of accounting obligations (Art. 310. CC)
- Offenses related to insolvency (Art. 257 et seq., CC)
- Fraud (Art. 248, CC)
- Revelation of business secrets (Art. 278 et seq., CC)

- Misleading advertising (Art. 282, CC)
- Invasion of privacy (Art. 197, CC)
- Offenses related to intellectual rights and copyright (Art. 270 et seq., CC)
- Damage to computer installations (Art. 264, CC)
- Money laundering and financing of terrorism (Art. 301 & 576, CC)
- Securities fraud (Art. 282a & 284, CC)
- Offenses against natural resources and the environment (Art. 325 et seq., CC)

A list has also been authorized of the vigilance and control measures put in place to prevent or reduce the occurrence of risks, which are considered as applicable to the other Companies in the Group as long as they are not incompatible with their internal procedures.

When establishing the Model, the Companies in the Group carry out an analysis of their operations and activities in order to identify the criminal risks to which they are exposed and to determine which categories of criminal behavior may generate liabilities, identifying the areas in which such offenses may be committed and reviewing the procedures introduced to hinder, prevent or reduce the risk of such behavior.

### **3. Scope of the Model and its recipients**

MAPFRE has an efficient, decentralized corporate structure that enables it to fulfill its business objectives. Its management model involves extremely strict control and supervision at all levels and ensures a decision-taking structure that is well suited to ensuring coordinated corporate growth.

The Model applies to MAPFRE's legal representatives, its directors, its executives, its employees and all the other persons who are under the authority or control of the above-mentioned persons or who work in their area of management, supervision, vigilance or control. This includes all groups of individuals who act in the name of, on behalf of, or in some way or other in the interest of the Group.

### **4. The Model's Objectives**

The basic objectives of the Prevention Model are as follows:

- To establish a structured, organized system of prevention and control designed to reduce the risk of offenses being committed.
- To raise the awareness of all the personnel identified as being within the scope of the Model in the following respects:
  - The importance of complying with the Model in the exercising of their professional duties and of applying the ethical principles that form part of MAPFRE's internal regulations.

- The obligation to comply with the principles enshrined in the Model. Any non-compliance represents a breach of professional conduct and may be sanctioned accordingly. In the case of groups that act in the name of, on behalf of or in any other way in the interests of MAPFRE, they must be informed that the infringement of these principles may lead to the termination of their contractual relationship.
- To establish a frame of reference for introducing measures of control, so that each of the Companies can identify the most effective way of preventing criminal acts from being committed.

## **5. General instruments of prevention**

MAPFRE has the following instruments of prevention, among others:

### **5.1. Policies, standards and procedures**

- The Institutional, Business and Organizational Principles of the MAPFRE GROUP (its “Institutional Principles”).
- The Statutes of each of the companies in the Group.
- The Regulations of the Board of Directors of MAPFRE S.A.
- The Code of Ethics and Good Conduct, which reflects corporate values and the basic principles that should guide the conduct of MAPFRE and all its staff.
- The Channel of Consultations and Complaints relating to the Code of Ethics and Good Conduct, which enables any employee who has doubts about the application of the Code, or who observes a situation representing the non-compliance or breaching of any of the principles and ethical standards established in the Code, to transmit this fact to the Ethics Committee in a confidential manner.
- The Channel of Financial and Accounting Complaints, which enables any employee to notify on a confidential basis the MAPFRE S.A. Auditing Committee of any potential irregularities of a financial or accounting nature that they may become aware of.
- Internal Rules of Conduct.
- Corporate Policies, among which are the Corporate Governance and Tax Policies, the Standard for the Approval of Sponsorship, the Standards for the Prevention of Money Laundering, the Procedure for the Analysis of Potential Acquisitions, Disposals of Assets and other operations requiring restructuring and ensuring security of information.
- Solvency II policies approved by each of the Companies.

- Internal and external Audit Reports.
- Continuous training.
- Corporate Social Responsibility, as a voluntary strategic commitment that helps to achieve business objectives, while strictly complying with legal and contractual obligations, applying criteria of fairness and stability to relationships with your interest groups and contributing to satisfying society's present and future needs.

The Corporate Social Responsibility Policy outlines both general and specific principles to govern MAPFRE's activities, including the following:

- A firm commitment to comply with national and international laws and standards currently in force in all the countries in which the Group operates.
  - Maintaining corporate governance practices based on ethics, business transparency and respect for diversity.
  - A responsible attitude to taxation.
  - Respect for the environment.
  - Providing policy-holders and clients with honest advice, maintaining all due confidentiality when handling their data.
  - The development of responsible practices in the value chain, promoting them mainly through the procedures for the selection and contracting of suppliers, service providers and collaborators.
- Relationships with investors, viewed as a permanent channel of communication with shareholders so as to be able to attend to their queries and requests for information. They are provided with an email address, a call-free telephone number and the question form from the corporate website.
  - Corporate website ([www.mapfre.com](http://www.mapfre.com)) which is used to publish immediately all the information transmitted to the Spanish National Securities and Exchange Commission (CNMV) and other official organisms, together with any other information that needs to be published, corporate governance policies and any information that it is considered appropriate to transmit to clients, shareholders and investors. A form is also available which serves to transmit queries and requests from both private and institutional shareholders and investors.
  - There are standards and procedures that govern specific subjects, and the objective of which is to prevent the occurrence of offenses. These include the Standards for operating the channel of queries and complaints concerning the Code of Ethics and Good Conduct, for operating the channel of financial and accounting complaints, expense standards, etc.

## 5.2. Internal governance

MAPFRE corporate governance is a set of principles and regulations that ensure appropriate management and control, involving the frequent participation of board

members and senior executives in all decision-taking. It features a management model that facilitates deep analysis of the most important decisions at every level, both before and after their implementation, by all executive teams. It includes the following:

A) Administrative and supervisory bodies:

- The Annual General Meeting
- Administrative Bodies
- Delegate bodies of the Board of Directors of MAPFRE S.A. (Steering Committee, Auditing and Compliance Committee, Appointments and Remuneration Committee and Risks Committee)

B) Management bodies:

- Executive Committee
- Regional Management Committees
- Management Committees of the Reinsurance, Global Risks and Assistance, Services and Specialty Risks Business Units.
- Insurance subsidiary Management Committees.

C) Other Committees:

- Committee of Ethics and Corporate Social Responsibility Committee
- Steering Committee for Information Security.
- Global Businesses Committee
- Ombudsman Committee for the Insured Party

D) Model of the Three Lines of Defense

E) Internal Control System

F) Key Functions of the Governance System:

- Management of risks
- Actuarial
- Verification of compliance
- Internal auditing

## 6. Supervision & Control: Group Compliance Area

The purpose of the Compliance Function is for the Group as a whole to operate within the framework of regulatory compliance, in order to attain a global environment of compliance.

To this end, it identifies, assesses, monitors and estimates exposure to the risk of non-compliance for the activities undertaken. The efficient management of the risk of non-compliance is considered as a fundamental driver of sustainable growth for

MAPFRE, contributing to the protection of its solvency, integrity and reputation, and favoring the achievement of its strategic objectives.

In this sense, the Group Compliance Area performs the function of supervising and controlling the Model, ensuring its compliance and the correct application of sanctions in the event of non-compliance. It informs the Auditing and Compliance Committee of the major incidents or anomalies in relation to the Model and of the effectiveness and level of compliance achieved by the preventive measures in place at any given time.

## **7. Methodology for managing the risk of criminal behavior**

The Model is regularly evaluated in order to test its application and effectiveness, for which a self-assessment is carried out for the first line of defense for its compliance and the existence of sufficient checks.

In addition, the risk of criminal behavior on the part of the companies will be managed in accordance with the methodology established for this purpose by the MAPFRE Group Compliance Area, identifying the processes and activities in which the offenses to be prevented could be committed, identifying and assessing the checks put in place to prevent the offenses concerned from being committed, checking that they are adequate and establishing a review of the effectiveness of the Model.

## **8. Updating the Prevention Model**

The Model is updated on a regular basis, taking into account both any changes to the activities under check and changes in internal organization, together with any possible changes in applicable legislation.

## **9. Resource Management**

The Group Compliance Area reports to the Auditing and Compliance Committee on an annual basis concerning the adequacy of the financial and non-financial resources available to maintain an appropriate level of checks on activities likely to generate risks of criminal behavior and to reduce the risk of such illicit acts being committed.

## **10. Committee for Risks of Criminal Behavior**

To ensure the effective functioning of the Model it needs to be regularly supervised. For this purpose MAPFRE has set up a Committee through which it can react appropriately to the possibility of a risk of criminal behavior. This committee takes the form of a body that enables the Group to take diligent action in the face of a

possible non-compliance with the model, following a set procedure of measures to deal with possible suspicious activities.

### **11. Non-compliance with the Model: notifications of suspicious actions and the application of sanctions**

Any person, including MAPFRE employees, who may have evidence or suspicions about the committing of any offense that could be attributed to any of the Companies in the Group, or about any breach of the standards established in the Model, should transmit this information through the channels existing in the Group.

Without prejudice to the established procedures, such accusations will be transferred to the Group's Compliance Area, which has the responsibility for dealing with them in line with the established operational standards. Maximum confidentiality will be guaranteed with regard to the identity of the notifying person, without prejudice to the legal obligation to protect the appropriate rights of the Companies and persons accused unjustly or in bad faith. In the same spirit, any reprisals against a person who has made an accusation of non-compliance will be strictly prohibited.

Non-compliance with the principles and values referred to in the Model constitutes a breach of professional conduct and may be subject to sanctions, or, in the case of groups that act in the name of, on behalf of or in any other way in the interests of MAPFRE, may lead to the termination of their contractual relationship, all of the above without prejudice to any administrative or criminal sanctions that may be applicable.

### **12. The Model's Documentation**

All documentation relating to the introduction and putting into place of the Prevention Model shall be conserved for at least the next ten years, or until the end of the relevant period of prescription for the offense concerned, if this is longer.

### **13. Notification and Training**

MAPFRE makes available to all newly-recruited employees a copy of the MAPFRE Group Institutional, Business and Organizational Principles, the Code of Ethics and Good Conduct and the Directives for the Prevention of Criminal Behavior. Once they have attended the relevant training, all employees must confirm their full awareness of, and conformity with, the documents indicated in the previous paragraph, undertaking to comply with their principles, rules and procedures whenever they carry out any activity in the interest of, or to the advantage of, MAPFRE.

In order to ensure that any third person in contact with the Group is notified of MAPFRE's interest in the prevention of criminal offenses within the company and may notify, through the channel facilitated for this purpose, any information concerning the committing of any possible offense or any conduct that is contrary to the regulations established by MAPFRE, the above mentioned documents are appropriately displayed through the MAPFRE Intranet and on the corporate website of MAPFRE S.A.