



**REMUNERATION POLICY FOR BOARD DIRECTORS  
OF MAPFRE S.A. 2022-2024**

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## 1. INTRODUCTION

Article 17 of the Company Bylaws of MAPFRE S.A. (hereinafter "MAPFRE" or "the Company") sets out the remuneration system for board directors, which must comply with the remuneration policy for board directors approved at the Annual General Meeting and with the legally established terms and conditions.

Article 529 novodecies of the Companies Act (LSC) establishes that this policy shall be in accordance with the remuneration system set forth in the Company Bylaws and must be approved by the Annual General Meeting, as a separate item on the agenda, to be applied for a maximum period of three fiscal years. In addition, proposals for new director remuneration policies must be submitted to the Annual General Meeting prior to the end of the last fiscal year of the previous policy's application, and the Annual General Meeting may determine that the new policy shall be applicable from the date of approval and for the following three fiscal years.

This policy (hereinafter the "Remuneration Policy for Board Directors" or the "Policy") has been submitted by the Board of Directors to the Annual General Meeting, with the prior report of the Appointments and Remuneration Committee, with the favorable vote of all the members of both governing bodies.

Additionally, the Policy was prepared by the internal services responsible for compensation and corporate governance, services of a markedly technical nature and whose senior managers do not have the status of board members.

This process was based on the regulations established in the LSC, the European Commission Delegated Regulation 2015/35 supplementing Directive 2009/138 on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II) and the recommendations of the Good Governance Code for Listed Companies of the Spanish National Securities and Exchange Commission. Also taken into consideration were the recommendations of the competent supervisory bodies for the securities and insurance markets, the practices of IBEX 35 companies and international insurance groups, and the results of the last vote at the Annual General Meeting on the Remuneration Policy for Board Directors 2020-2022 and the Annual Report on Remuneration for Board Directors 2020, whereby the Company's remuneration practices are backed by a very significant majority of the shareholder base.

This Policy shares the general principles and main characteristics of the policies in force in previous years, the main change being the replacement of consecutive three-year incentive plans for executive directors with overlapping three-year incentive plans, in line with the current remuneration practices of senior management at listed companies in the industry.

## 2. GENERAL PRINCIPLES

The Remuneration Policy for Board Directors contributes to the Company's business strategy, interests, and long-term sustainability with the objective of creating shareholder value in a sustainable manner over time, incorporating the necessary precautions to avoid excessive risk-taking and the rewarding of unfavorable results.

To this end, remuneration system for board directors shall be governed by the following general principles:

- 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 sales 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 compensation 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.
- Alignment of the compensation system for executive directors with that of the Company's executives as a whole.
- Non-discrimination on the basis of sex, race or ideology, and equal remuneration for positions of equal value.

With the following features and measures, the Policy aims to ensure that the executive directors' compensation system is consistent with the strategy, interests and long-term sustainability of the Company and its Group, and with the compensation conditions for executives and employees in general, while reducing exposure to excessive risks:

- Balanced relationship between fixed and variable components of remuneration and long-term performance orientation.
- Variable remuneration linked to economic-financial objectives, those linked to shareholder value creation, and sustainability targets, in line with MAPFRE's Strategic Plan.
- Medium and long-term variable remuneration through multi-year incentive plans, based on long-term results and partially orchestrated through the delivery of MAPFRE S.A. shares subject to a retention period.

- Variable remuneration with partial deferral and possibility of reduction (malus clause) or total or partial refund (clawback clause).

### **3. REMUNERATION FOR BOARD DIRECTORS IN THEIR STATUS AS SUCH**

Article 529 septdecies of the LSC establishes that the remuneration policy for directors shall be in accordance with the remuneration system set forth in the bylaws and the remuneration policy approved by the Company, which shall establish, at least, the maximum annual remuneration to be paid to all directors in their capacity as such and the criteria for its distribution based on the functions and responsibilities attributed to each one, with the Board of Directors being responsible for determining each director's remuneration.

In accordance with Article 17 of the Company Bylaws, board directors will receive a fixed amount for their membership on the Board of Directors as basic remuneration and, where applicable, for membership of the Steering Committee and sub-steering committees, which may be higher for people who occupy 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. These allowances shall be supplemented with other non-monetary compensation that is generally established for the Company's personnel in the [MAPFRE Insurance Group Collective Agreement](#).

The maximum total amount of annual remuneration payable to board directors in their status as such is established as 4 million euros.

Subject to this limit, the Board of Directors shall determine annually, following a report from the Appointments and Remuneration Committee, the individual amount of the fixed allowances indicated above for each director based on the positions held on the Board of Directors and membership in delegated bodies thereof.

### **4. REMUNERATION FOR EXECUTIVE BOARD DIRECTORS**

Article 529 octodecies of the LSC establishes that the remuneration of the directors' executive functions shall be in accordance with the remuneration system set forth in the bylaws and the remuneration policy approved by the Company, which shall establish at least the amount of the fixed annual remuneration for the performance of their executive functions.

As stated in Article 17 of the Company Bylaws, board directors who have been assigned executive functions in the Company or Group are excluded from the remuneration system for board directors in their condition as such and are entitled to receive remuneration exclusively for performing those executive functions. This remuneration may include the delivery of shares, share option rights or other share value-referenced amounts, subject to the requirements set forth in current legislation at the time.

This remuneration will be determined by the Board of Directors for each board director, and all the corresponding items must be stated in the contract between the company and the executive board director, which must be approved by the Board of Directors pursuant to a report from the Appointments and Remuneration Committee.

#### **4.1 Fixed remuneration**

The fixed remuneration for each executive board director will be established in line with their functions, level of responsibility and professional profile, in accordance with the criteria governing MAPFRE Group senior executives.

For fiscal year 2022, the fixed gross remuneration of the executive board directors amounted to 2,307,499 euros, of which 1,878,241 euros corresponded to the Company, and 429,258 euros to other companies of the Group.

The Board of Directors, following a report from the Appointments and Remuneration Committee, shall determine the individual amount of the fixed remuneration of the executive directors on an annual basis.

## **4.2 Variable remuneration**

### **4.2.1 Short-term variable remuneration**

The short-term variable remuneration system for executive board directors will be based mainly on an annual element linked to the Company's consolidated net profit and the Group's Return on Equity (ROE).

This remuneration, payable entirely in cash, may amount to a total of 3,429,395 euros in 2022, of which 2,796,933 euros would correspond to the Company, and 632,462 euros would correspond to other companies in the Group.

This short-term variable remuneration component will depend on the degree of attainment of the Company's annual consolidated net profit target, according to the following scale:

- If the result after taxes and non-controlling interests meets less than 50 percent of the objective, the degree of attainment would be 0 percent.
- If the result after taxes and non-controlling interests meets 50 percent or more and less than 80 percent of the objective, the degree of attainment would be 50 percent.
- If the result after taxes and non-controlling interests meets 80 percent or more and 100 percent or less of the objective, the degree of attainment would be proportional.
- If the result after taxes and non-controlling interests is greater than 100 percent and less than 125 percent of the objective, the degree of attainment would be 100 percent plus two times the excess over 100 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.

After applying this scale, the result will be adjusted upwards or downwards by 5 points depending on the achievement of the Return on Equity (ROE) target.

In addition to said main element, other elements of short-term variable remuneration may be set up, linked to the fulfillment of specific objectives established by the Board of Directors.

An element linked to two independent objectives has been established for fiscal year 2022: (i) Global Autos Combined Ratio and (ii) growth percentages of earned premiums and change in charged expenses (excluding life savings).

This remuneration, payable entirely in cash, may amount to a total of 318,750 euros, of which 250,000 euros would correspond to the Company, and 68,750 euros would correspond to other companies in the Group.

This short-term variable remuneration component will be calculated as the weighted sum of the attainment of the following objectives, weighted at 50 percent each:

- Global Autos Combined Ratio:
  - If it is less than or equal to the established target, the objective will be considered 100 percent met.
  - If it is greater than the target but less than or equal to 99 percent, compliance will be 50 percent.
  - If greater than 99 percent, compliance will be 0 percent.
- Joint target of percentage growth in earned premiums and percentage change in charged expenses (excluding life savings):
  - If both objectives are met, the objective is considered to be 100 percent met.
  - If the target percentage of earned premium growth is greater than the percentage change in charged expenses (excluding life savings), and provided that (i) the differential between the two is maintained and (ii) there is positive growth in earned premiums, attainment will be 50 percent.
  - Otherwise, compliance will be 0 percent.

The evaluation of the effective degree of attainment of the objectives established for short-term variable remuneration is based on the annual accounts for the year prepared by the Board of Directors. The corresponding settlement, if applicable, will generally be made in the first quarter of the following year.

#### **4.2.2 Medium- and long-term variable remuneration**

The medium- and long-term variable remuneration system for executive board directors is arranged through multi-year incentive plans approved, where applicable, by the Board of Directors, pursuant to the recommendation made by the Appointments and Remuneration Committee, in relation to the Group's executive team.

The accrual and payment of these incentives will, in any event, be conditional on the achievement of the objectives in the plan, which have been set in line with the Group's Strategic Plan, and on continued employment by the Company or in the Group.

These incentives are payable partially in cash and partially through the delivery of MAPFRE S.A. shares, share option rights or other share value-referenced amounts, subject to the requirements set forth in current legislation. With regard to the incentives payable in shares, MAPFRE may subtract the number of shares required to make the corresponding payment for IRPF (Impuesto sobre la Renta de Personas Físicas — Spanish personal income tax) or any other applicable taxes.

On February 9, 2022, the Board of Directors, acting on the recommendation of the Appointments and Remuneration Committee, approved an extraordinary Medium- and Long-Term Incentive Plan, non-cumulative and multi-year, for key executives of the MAPFRE Group, including executive directors.

The Plan's purpose is to align the interests of the management team with the Company and its Strategic Plan, linking their compensation to the creation of value for MAPFRE's shareholders and the sustainable achievement of strategic objectives.

The Plan is composed of three overlapping cycles with a three-year target measurement period each: 2022-2024, 2023-2025, and 2024-2026.

The Plan's incentives are linked to the attainment of the financial and non-financial objectives established for each of the cycles into which the Plan is divided, and in general and except for special, expressly established cases of the beneficiary's disassociation with the Group, to the maintenance of the relationship until the date of completion of each cycle.

The incentive corresponding to each cycle will be paid partially in cash and partially through the delivery of MAPFRE S.A. shares, with a deferral in both cases of 60 percent over a period of three years, by third parts.

The executive directors must maintain ownership of all the shares for a maximum period of two years from the date of delivery of the shares.

The Company's Board of Directors, at the proposal of the Appointments and Remuneration Committee, shall determine the objectives for each cycle and establish at the beginning of each one, the amounts of cash and MAPFRE shares to be received, if any, by each executive director, provided that the established objectives are met.

The calculation and determination of the incentive will be carried out within thirty days following the approval by the General Shareholders' Meeting of the Company of the Consolidated Annual Accounts of MAPFRE corresponding to the year in which the corresponding cycle ends.

The objectives for the first overlapping cycle (2022-2024) refer to (i) relative Total Shareholder Return (TSR) (a comparison between MAPFRE's TSR and the TSR of the group of companies comprising the Eurostoxx Insurance in the Plan's measurement period), with a weighting of 40 percent, (ii) average Return on Equity (ROE), with a weighting of 30 percent, (iii) average Non-Life Global Combined Ratio, with a weighting of 20 percent and (iv) objectives linked to sustainability, with a weighting of 10 percent.

The calculation rule to determine the incentive for the first cycle, 2022-2024, is as follows:

- Once the weighted sum of attainment of the objectives is determined, if attainment is greater than or equal to 0 percent and up to 135 percent, the percentage of final attainment will be proportional. The limit is 135 percent.

#### **4.2.3 Common provisions**

Variable remuneration will be determined, applied, and maintained in accordance with the Company's sales and risk management strategy, risk profile, objectives, risk management practices, and the performance and short, medium and long-term interests of MAPFRE as a whole, with the goal of guaranteeing the Company's long-term sustainability. It will also include measures to prevent conflicts of interest.

In accordance with these principles, the following specific mechanisms will be used to determine variable remuneration components:

##### **a) Proportion between fixed and variable components.**

The fixed and variable components of the remuneration package must be balanced in such a way that the fixed component constitutes a sufficiently large part of the total remuneration, therefore enabling the application of a completely flexible policy with regard to the variable components of the remuneration package, even including the possibility of not paying them. Accordingly, and to avoid the excessive assumption of risk, the percentage of the variable component with respect to the fixed remuneration should not exceed 100 percent.

##### **b) Deferred variable remuneration component.**

The payment of at least 30 percent of any component of the variable remuneration will be deferred for at least three years, in line with the nature and time horizon of the company's business and risks and the specific activities of each executive board director.

This deferred remuneration will be paid on a pro rata basis throughout the years of deferral, calculated according to the number of years in question.

##### **c) Ex-post adjustments (malus and clawback clauses).**

Contracts drawn up with executive board directors must include malus and clawback clauses affecting up to 100 percent of the total variable remuneration.

### **Malus clause**

Deferred variable remuneration that has accrued and is pending payment is subject to a partial or total reduction if any of the following circumstances arise before the payment date:

1. Restatement of the annual accounts for reasons other than a change in legislation and provided that the variable remuneration resulting from the restatement is zero or less than the amount initially accrued as per the variable remuneration model.
2. Provisos contained in the auditor's report that reduce the earnings of the Company subject to the payment of outstanding variable remuneration.
3. Variable remuneration accrued as a direct or indirect consequence of:
  - a. Fraudulent action by the executive board director.
  - b. Actions conducted by the executive director that cause serious damage to the Company through their fault or negligence.
  - c. Actions conducted by the executive board director that are a gross or willful breach of the regulations in force.

The reasons for applying the malus clause may be modified, extended or adapted in line with the regulations in force at the time or if deemed appropriate by the governing body.

### **Clawback clause**

The variable remuneration already paid to executive board directors, irrespective of whether it has been deferred or not, will be subject to partial or total recovery if during the three years immediately following its payment it is revealed that said payment was in total or partial breach of the conditions established for its accrual or it was made on the basis of information that has since been proved to be false or inaccurate.

The Board of Directors' determination that the circumstances leading to the application of this clause have arisen and that a percentage of the variable remuneration must be paid back to the Company, plus the procedure by which the Company may claim the proportional return of the amount paid or even offset it against other types of remuneration owing to the executive board director concerned, and this individual's obligation to pay back part or all of the said amount to the Company, must be carried out in accordance with the regulations approved to this effect.

#### **4.2.4 Social protection and social benefits**

As members of the Group's management team, executive directors are beneficiaries of defined contribution pension commitments in the event of retirement, death or permanent disability, commitments externalized through group life insurance

policies. The contribution and vesting conditions will be set out in their respective contracts.

Pension commitments to executive directors currently in force are as follows:

- i) Life insurance through which the Company and other Group companies undertake to pay annually, as a premium, 75 percent (with a limit of 102.5 percent of the previous year's premium), in the case of the Chairman and the First Vice Chairman, or 20 percent, in the case of the other executive directors, of the gross annual compensation.
- ii) Supplemental life insurance in favor of the First Vice Chairman, whereby the Company undertakes to pay a fixed premium annually for a specified period.
- iii) Supplemental life insurance for all executive directors, except for the Chairman and the First Vice Chairman, whereby the Company and other Group companies undertake to pay a constant periodic premium annually for each director.

Executive directors will also be entitled to the following social benefits established for the Company's senior management in general. (i) supplemental life insurance, (ii) company car, (iii) burial insurance, (iv) health insurance and medical checkup, and (v) scholarship program for children.

In addition, the executive directors, like the rest of the Company's employees, are beneficiaries of the MAPFRE Employment System Pension Plan, savings insurance, mixed savings insurance, social benefits and other benefits, the main characteristics of which are set forth in the [MAPFRE Insurance Group Collective Agreement](#).

#### **4.2.5 Relative proportion of remuneration elements**

The weight of the "target" variable remuneration (sum of annualized short, medium- and long-term variable remuneration and the variable part of long-term savings systems) over the fixed remuneration (sum of annual fixed remuneration and the fixed part of long-term savings systems, excluding amounts corresponding to social benefits) of all executive directors is 68.73 percent.

#### **4.2.6 Other main conditions of the contracts**

The commitment must be exclusive.

There are no contractual conditions relating to post-contractual non-compete agreements or continuity of service.

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

Once the special senior management employment relationship has been resumed, if the Company decides to unilaterally terminate the senior management contract,

maintaining the previous common employment relationship in force, or in the event that the common employment relationship is also terminated, at least three months' notice must be given.

The expiration on the date of maturity of this previous relationship will not lead in itself to any economic right, without prejudice to the right of the Board of Directors to agree, on the recommendation of its Chairman and the Appointments and Remuneration Committee, extraordinary bonuses based on performance during their career.

Except where there is good cause for dismissal, the early termination of the previous relationship will entail indemnification under the terms established in the Workers' Statute in relation to unfair dismissal.

Both the senior management labor relationship and the common labor relationship will be terminated on January 1 of the year after which the board director reaches the age of 60, unless annual extensions are implemented at the company's initiative until the date on which the executive reaches the age of 65. 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.

## **5. TEMPORARY EXCEPTIONS**

MAPFRE's Board of Directors, following a proposal from the Appointments and Remuneration Committee, may agree to the application of temporary exceptions to the Remuneration Policy for Board Directors, which shall be limited, in any case, to exceptional situations in which the Policy's non-application is necessary to serve the long-term interests and sustainability of the Company as a whole or to ensure its viability.

Only the remuneration components included in section 4 of the Policy shall be subject to exception, avoiding, in any case, the allocation of guaranteed extraordinary remuneration.

In the event of any circumstances justifying the application of such temporary exceptions, the Appointments and Remuneration Committee (with the opinion of an external third party, if it deems it necessary) shall issue a report assessing the circumstances and the specific remuneration subject to its proposal for temporary exception.

In any case, the Company shall take into consideration the principles of paragraph 2 and duly report, in the corresponding Annual Report on Board Directors' Remuneration, the temporary exception approved and the exceptional situation that justifies it.

## **6. EFFECTIVE PERIOD**

This policy applies to the remuneration of MAPFRE S.A. board directors during fiscal years 2022, 2023, and 2024, unless a new agreement is adopted at the Annual General Meeting.

**Agreement on the delivery of shares**

In accordance with the provisions of point 4.2.2 of this policy, the Board of Directors, acting on the recommendation of the Appointments and Remuneration Committee, approved on February 9, 2022, an extraordinary Medium-Term Incentive Plan for key executives of the MAPFRE Group, including executive directors. This plan is non-cumulative and multi-year.

To enable its implementation, the Annual General Meeting is expressly requested to deliver company shares to the beneficiaries of the plan, of which up to a maximum of 2,394,882 shares may be delivered to executive directors. In order to cover the above-mentioned shares, the Company may allocate those that form or come to form its treasury stock, or make use of another suitable financial system determined by the Company.