



**COMPENSATION POLICY FOR BOARD DIRECTORS
OF MAPFRE S.A. 2020–2022**

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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 compensation policy for board directors approved at the Annual General Meeting and with the legally established terms and conditions.

In accordance with Article 529 novodecies of the Spanish Companies Act, this policy must comply with the remuneration system established in the Corporate Bylaws and must be approved at an Annual General Meeting at least every three years as a separate point on the agenda.

The article also states that the compensation policy for board directors will remain effective for the three fiscal years following the year in which it was approved, and that any amendment or replacement of the policy during the effective period will require prior approval by the Annual General Meeting in accordance with the established procedure.

2. GENERAL PRINCIPLES

The aim of the policy is to promote the long-term profitability and sustainability of the company, and it therefore includes the necessary precautions to prevent an excessive assumption of risk or unfavorable outcomes.

To this end, the remuneration for board directors is 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 proportionality 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.

3. REMUNERATION FOR BOARD DIRECTORS IN THEIR STATUS AS SUCH

In accordance with Article 529 septdecies of the Capital Companies Act, the compensation policy for board directors will determine the remuneration for board directors in their status as such, within the remuneration system established in the Corporate Bylaws, and it must state the maximum total amount of the annual remuneration payable to such board directors. Thereafter, it is up to the Board of Directors to determine the remuneration for each board director in their status as such.

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. This remuneration may be supplemented with other non-monetary compensation (Life or medical insurance, discounts on products sold by companies in the MAPFRE Group) that have been generally established for the Company's personnel.

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, and pursuant to the recommendation of the Appointments and Remuneration Committee, the Board of Directors will determine the amount of the aforementioned fixed sums on an annual basis.

4. REMUNERATION FOR EXECUTIVE BOARD DIRECTORS

In accordance with Article 529 octodecies of the Capital Companies Act, the remuneration payable to directors for performing executive functions must comply with the compensation policy for board directors. This must indicate the amount of the annual fixed remuneration and its variation in the period to which the policy refers, the different parameters for establishing the variable components and the main terms and conditions of their contracts, including in particular their duration, indemnification for early termination or conclusion of the contractual relationship, and any exclusivity, non-compete, continuity of service and loyalty agreements.

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 indicated in Point 3 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 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 the recommendation of 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.

The fixed remuneration amount for executive board directors will be agreed on an annual basis.

For fiscal year 2020, the fixed remuneration of the executive board directors amounted to 2,618,258 euros, of which 2,214,258 euros corresponded to the Company, and 404,000 euros to other companies of the Group.

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. This remuneration, which will be paid entirely in cash, may amount to a total of 3,863,576 euros in 2020, of which 3,257,576 euros would correspond to the Company, and 606,000 euros would correspond to other companies in the Group.

In addition, short-term elements may be set up, linked to the fulfillment of specific objectives established by the Board of Directors.

For the 2020 fiscal year, an element linked to the Return on Equity (ROE) and the Global Non-Life Combined Ratio in the fiscal year has been established for executive board directors, amounting to a total of 1,200,000 euros, of which 980,000 euros would correspond to the Company, and 220,000 euros would correspond to other companies in the Group.

4.2.2 Medium- and long-term variable remuneration

The medium- and long-term variable remuneration system for executive board directors is arranged through their participation in 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 the recipient's continued employment in the Company or in the Group, in accordance with the terms established in the aforementioned plan.

These incentives may be paid in cash or through the delivery of MAPFRE 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 6, 2019, the Board of Directors, acting on the recommendation of the Appointments and Remuneration Committee, approved an extraordinary medium-term incentive plan for key executives of the MAPFRE Group, including executive board directors. Non-cumulative and multi-year, this plan runs from January 1, 2019 to March 31, 2022.

The amount derived from this Plan depends on each beneficiary fulfilling the objectives set for them in the plan and, in general (except for expressly established special cases of severance), maintaining their relationship with the Group until the end date of the plan. The incentive will partly be paid in cash and partly by means of MAPFRE S.A. shares. 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 will also be subject to malus and clawback clauses.

Calculation of the amount of incentive payable will depend on the degree of achievement of the objectives, which have been set in line with the Group's Strategic Plan and refer to the Earnings per share (EPS), Total Shareholder Return (TSR), Return on Equity (ROE) and Conversion Rate.

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.
- If the fulfillment of the objectives is between 50 and 80 percent, 60 percent of the incentive will be paid.

- If the fulfillment of the objectives is between 80 and 100 percent (inclusive), the same proportion of the incentive will be paid.
- If the fulfillment of the objectives exceeds 100 percent, with an upper limit of 150 percent, the incentive paid will be proportional to the fulfillment of 100 percent of the objectives, plus a multiplication coefficient of 2 on the surplus fulfillment above 100 percent.
- If the fulfillment of the objectives exceeds 150 percent, 200 percent of the incentive will be paid.

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. 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 150 percent.

b) Variable remuneration criteria.

Variable remuneration linked to performance will be based on a combination of the following factors:

- Individual performance, evaluated according to financial or other criteria.
- Performance of the activity segment/department.
- Overall result of the company and GROUP.

The performance evaluation will include an adjustment for exposure to present and future risks.

c) Deferred variable remuneration component

The payment of at least 30 percent 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.

d) 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 board 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.

4.3 Social protection and social benefits

In addition to the aforementioned fixed and variable remuneration, as members of the Group's executive team, executive board directors may be beneficiaries of defined-contribution pension commitments in the event of retirement, death or permanent disability. The contribution and vesting conditions will be set out in their respective contracts.

Executive board directors will also be entitled to the social benefits generally established for the C-Suite and the Company's personnel.

4.4 Other main conditions of the contracts

Executive directors must have an exclusive relationship with the company.

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

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

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.

5. EFFECTIVE PERIOD

This policy applies to the remuneration of MAPFRE S.A. board directors during the fiscal years 2020, 2021 and 2022, unless a new agreement is adopted at the Annual General Meeting.