

INSTITUTIONAL, BUSINESS AND ORGANIZATIONAL
PRINCIPLES
OF THE MAPFRE GROUP

INDEX

1. INTRODUCTION
2. INSTITUTIONAL PRINCIPLES
3. BUSINESS PRINCIPLES
4. ORGANIZATIONAL PRINCIPLES
 - 4.1. ORGANIZATIONAL BASES
 - 4.2. INTERNAL ORGANIZATION
 - 4.3. INTERNAL GOVERNANCE
 - 4.3.1. ADMINISTRATION AND SUPERVISION BODIES
 - 4.3.1.1. BODIES
 - 4.3.1.2. MEMBERS
 - 4.3.2. MANAGEMENT BODIES
5. APPLICATION AND VERIFICATION OF COMPLIANCE:

1. INTRODUCTION

MAPFRE is an independent global business group engaged mainly in insurance, reinsurance and service activities and operates in over 45 countries on five continents.

Its origins lie in MAPFRE MUTUALIDAD, an entity created in 1933 by the Spanish Association of Owners of Rural Properties with the aim of mutually covering the risks associated with their activities. During the sixties of the last century, it began a business expansion process with the creation of subsidiary commercial companies, which in 1980 were grouped together within the holding company CORPORACIÓN MAPFRE (currently MAPFRE, S.A.), at which point the business commenced its international expansion, mainly in Latin America. It is currently the leading insurance group in Spain and Latin America and it is developing a growing presence in other world markets such as North America, Europe and Asia.

FUNDACIÓN MAPFRE is its majority shareholder, which strengthens its independence and shareholding stability. MAPFRE, S.A. shares are listed on the Madrid and Barcelona stock exchanges.

MAPFRE's global dimension and its presence in markets with very different corporate governance regulations make it advisable to have some basic regulations that encompass the institutional and governance principles applicable to all of them. MAPFRE's governing bodies, composed of the administrative and managerial bodies are responsible for compliance with these regulations. To do so, they must be familiar with them and communicate, where applicable, through the established channels, as many circumstances or actions that they understand not to be in compliance with same. Similarly, within MAPFRE's public commitment with the different groups with which it maintains relations, these norms will be made known to them so that these relations are developed within the bounds of same.

This regulation, approved by the Board of Directors of MAPFRE, S.A., at its meeting on June 24, 2015, replaces with regards to MAPFRE Group the SISTEMA MAPFRE Code of Good Governance and constitutes the mandatory minimum framework for all the companies comprising MAPFRE and their respective governing bodies, who must adapt their internal regulations and action in accordance with the principles and regulations defined in it.

2. INSTITUTIONAL PRINCIPLES

The activities of all MAPFRE companies must comply with the following principles:

2.1. Strict separation between the business activities of MAPFRE, whose goal is to create value for all its shareholders and other stakeholders, and those of FUNDACIÓN MAPFRE, whose goals are of general interest and of a social nature and must be carried out in a non-profit fashion. This implies:

- a) The separation of assets and finance between MAPFRE and FUNDACIÓN MAPFRE.
- b) That the supervision and management of business activities is carried out exclusively by MAPFRE's governing and management bodies and that those of FUNDACIÓN MAPFRE carry out the supervision and management of foundational activities.

2.2. Independence with respect to any person, company, group or power of any type, which implies that:

- a) No person, company, group or institution can attribute political or economic rights to him/herself with respect to such companies, except for those that apply in accordance with the laws and bylaws.
- b) All the governing bodies of such companies must adopt their decisions based exclusively on the business interests of the companies, without interference with personal, family, professional, or business interests of those involved in the adoption of each agreement.
- c) All goods and rights that make up the assets of such companies must be directed exclusively toward the meeting of their respective purposes.

The independence principle is compatible with the establishment of alliances or partnership agreements and collaboration with other companies or institutions for the appropriate development of MAPFRE and the achievement of its corporate objectives.

The governing bodies shall take particular care that in no case the funds and assets that make up the equity of MAPFRE are applied, directly or indirectly, to ideological or political ends, or to any other purpose other than its own corporate objectives.

- 2.3. Ethical, transparent and socially committed actions, recognizing private companies' function and responsibility in the adequate development and progress of Society. In addition, respect for the legitimate rights of all individuals or corporations with which they have a relationship, as well as with those of Society, must be ensured. This implies:

- a) Strict compliance with laws, contracts and obligations resulting therefrom, as well as good customs and commercial practices.
- b) Respect for the rights and commitments acquired with those involved as partners or shareholders in the various companies that make up MAPFRE.
- c) Fairness in relationships with board members, senior executives, employees, representatives, agents, and collaborators. This requires objectivity in their selection and promotion, suitable and reasonable remuneration and conditions, and no discrimination on the grounds of their race, political ideology, religious beliefs, gender or social status.
- d) Commitment to transparency and truthfulness in the offer of products and services, and in the information provided to shareholders, clients and the public at large, as well as the quest for permanent excellence in the provision of the services contracted.
- e) Development of businesses and activities that are sustainable over time and respectful of the workplace, the environment and social interests.

At MAPFRE, mutual respect and full consideration for human rights and values govern relationships with and among people.

- 2.4. Management based on strictly professional and technical criteria that avoid conflicts of interest.

For this reason, the members of the governing bodies and managers and other employees of the companies that make up MAPFRE can be MAPFRE S.A. shareholders, but will require express authorization

from the Board of Directors or from the body that the same designates to that effect, if the economic participation is significant (more than 0.10 percent of the shares in circulation).

Likewise, all members of the administration and management bodies should communicate, through the Group's General Counsel, buying and selling transactions regarding MAPFRE, S.A. shares, or of any of its subsidiaries, within seven days following the execution of the same.

In case of dissolution, social transformation or merger of any of the companies that form part of MAPFRE, neither the members of the governing bodies nor the managers nor employees can retain any shares in or special right to the material or immaterial assets of same without prejudice to what may correspond to them due to their status as shareholders.

- 2.5. Professional development of its employees and senior executives based on the objective assessment of the skills and abilities of each one, as well as on the evaluation of the performance, value contribution, management efficacy, meeting of objectives and commitment to MAPFRE.

In addition, no persons can be incorporated as members of administration bodies, managers or employees who enjoy kinship up to the second degree, including by affinity, with actively serving members of the administration bodies or employees or managers. Already existing relationships or those that existed prior to the incorporation of a company to the Group will not be included within this prohibition. The incorporation of persons with third-degree kinship requires the prior authorization of MAPFRE S.A. Board of Directors.

Likewise, in commercial relationships with third parties, potential conflict of interest must be communicated when there is an affinity or consanguinity relationship up to the second degree with any employee or board member, even if they do not participate in the negotiations with the third party. Such communication must be made in writing, as soon as the situation is known, to the immediate supervisor and to the secretary of the administration body of the company where the employee works or of which is a board member. In cases in which in addition the employee is party to the negotiation, they should immediately abstain from participating in the commercial relationship, their supervisor being responsible for appointing a substitute.

The members of administration bodies who, at the time of their appointment, do not hold any executive post or carry out any executive duties in a MAPFRE company will not be able to carry out any executive duties unless they first resign their administrator position, even though they may subsequently remain eligible to hold such position.

3. BUSINESS PRINCIPLES

MAPFRE defines itself as THE MOST TRUSTED GLOBAL INSURANCE COMPANY, a concept that refers not only to its geographical presence but to the wide range of insurance, reinsurance and service products that it promotes all over the world.

MAPFRE aspires to lead the markets in which it operates, through a proprietary differentiated management model based on profitable growth, with a clear and purposeful client orientation, including both the private and the business sectors, with a multichannel focus and unrivaled vocation for service.

To do so, MAPFRE:

- is strongly committed to growth, both in business volume and geographical development, obtaining an adequate and sufficient return on its businesses. MAPFRE will continue to increase its presence in more countries and regional areas in order to be a global company, in addition to strengthening in those that have traditionally been its preferential markets.
- manages its operations in an efficient manner and continuously improves productivity, thus reducing structural costs on a continuous basis in order to improve competitiveness.
- professionally manages the risks assumed, ensuring sustainable growth and results.
- orients its development by diversifying its portfolio of insurance, reinsurance and services businesses, so as to reinforce growth and minimize risks.
- integrates global management with broad local execution, ensuring an appropriate balance between corporate activities and business development in each country. To do so, MAPFRE will equip itself with a corporate structure that takes advantage of economies of scale, developing its business plans in a homogeneous manner and adapting, at the same time, with flexibility to the markets where it operates.
- makes the existing resources available to the entire organization, thus taking advantage of the synergies obtained by sharing talent, procedures, and tools.
- promotes management specialization as a permanent way to optimize results and improve quality of service.

In its strategic focus, MAPFRE defines itself as a multinational team that strives constantly to improve services and develop the best possible relationships with its clients, distributors, suppliers, shareholders and society in general.

In addition, the following business values are also defined:

- **Solvency:** financial strength with sustainable results over time and full capacity to meet all its obligations with its stakeholders.
- **Integrity:** ethical conduct as the core of everyone's behavior (managers, employees, agents and collaborators), with a socially responsible focus on all long-term activities and commitments.
- **Vocation for service:** constant quest for excellence in the development of its activities and an ongoing initiative related to maintaining client relationships.
- **Innovation for leadership:** differentiation as a key aspect in constant growth and improvement, with technology serving the business and its objectives.
- **Committed team:** full involvement of the employees, managers, agents and other collaborators in the MAPFRE project and continuous development of the team's skills and abilities.

4. ORGANIZATIONAL PRINCIPLES.

4.1 ORGANIZATIONAL BASES.

In MAPFRE, business management revolves around three specific axes:

- Corporate governance

MAPFRE corporate governance is a set of principles and regulations that ensures appropriate management and control, with broad participation by board members and senior executives in all decisions related to the orderly development of the company. In addition, good governance practices and regulations will always be aligned with the requirements and, except in properly justified exceptions, with those recommended by the authorities of each country.

- **Company structure**

MAPFRE has a simple, efficient and decentralized corporate structure that allows it to properly meet with its corporate objectives. This principle makes appropriate management of the business in each of the countries compatible with efficient management of the resources, capital requirements and distribution of dividends to shareholders, all the foregoing within the legal framework and with full ethical and socially committed conduct in the countries where it operates.

- **Executive organization**

MAPFRE is equipped with a management model underpinned by high and rigorous control and supervision at all levels: local, regional and global. This, in turn, allows for broad delegation in the execution and development of the responsibilities assigned to teams and their team leaders. Most notably, it will mean that the most important decisions, at all levels, will be analyzed in depth, before and after their execution, by all of the senior executive teams.

4.2. INTERNAL ORGANIZATION.

MAPFRE is structured along:

- **Global Corporate Areas.**

- Business Units.
- Territorial Areas.
- Regional Areas.
- Local Companies.

Global Corporate Areas

Have powers, within their scope of action, for all the MAPFRE companies in the world, with duties of defining, developing, implementing and tracking of the global corporate policies and collaborating in the regions and local companies.

They are as follows:

- Finance
- Investment
- Human Resources
- Resources and Institutional Coordination
- Business Support
- Internal Audit
- Strategy and Development
- General Counsel and Legal Affairs
- Business and Clients

Business Units

The following Business Units are defined, which correspond to the main business activities conducted by the Group:

- Insurance Unit (insurance subsidiaries in the countries).
- Reinsurance Unit (MAPFRE RE).
- Global Risks Unit (MAPFRE GLOBAL RISKS).
- Assistance, Services & Specialty Risks Unit (MAPFRE ASISTENCIA).

Insurance Unit. The insurance subsidiaries in each country carry out their activity with full capacity for local implementation, applying the global, regional and local policies.

Reinsurance Unit. Carries out its activities as a specialized Global Unit, with centralized management and with two clearly distinct key areas, one geared toward the commercialization of reinsurance to insurance companies and the other geared toward the management of MAPFRE company reinsurance necessities.

Global Risks Unit. Acts with a focus on large enterprise clients, fully coordinated and integrated into the regional and local MAPFRE structure, under the general centralized management of MAPFRE GLOBAL RISKS.

Assistance, Services and Specialty Risks Unit. Conducts its local activity integrated into the MAPFRE Regional Areas, under the general centralized management of MAPFRE ASISTENCIA.

Territorial Areas

The Insurance Unit is geographically structured in Territorial Areas, which are in turn organized into Regional Areas.

The Territorial Area is a geographical unit for management and coordination of MAPFRE Business Units within its territory, with the exception of the Reinsurance Unit.

Three Territorial Areas are defined:

- IBERIA
- LATAM
- INTERNATIONAL

Each Territorial Area is led by a CEO, reporting directly to the Chairman and CEO of MAPFRE.

Regional Areas

The Regional Area is the geographical unit for planning, support and supervision for all Business Units within the region, with the exception of the Reinsurance Unit. In turn, they are responsible for implementing, within their geographical area, the global policies driven by the Corporate Areas.

MAPFRE's structure defines the following Regional Areas:

- IBERIA
- LATAM North
- LATAM South
- BRAZIL
- NORTH AMERICA
- EMEA (Europe, Middle East and Africa)
- APAC (Asia and Pacific)

A CEO, reporting directly to the CEO of the corresponding Territorial Area, leads each Regional Area: IBERIA Territorial Area in the case of IBERIA Regional Area; LATAM Territorial Area in the case of LATAM North, LATAM South and Brazil Regional Areas; and International Territorial Area in the case of NORTH AMERICA, EMEA and APAC Regional Areas.

Local Companies

Local Companies are the basic management entity of MAPFRE in-country and enjoy local management capacity, being, at the same time, responsible for compliance with corporate policies, both global and regional.

4.3 INTERNAL GOVERNANCE.

4.3.1. Administration and supervision bodies.

4.3.1.1. Bodies

- ***Annual General Meeting.***

The General Meeting is the ultimate governance body of each of the companies. Its convocation and meetings assembly framework shall adjust to established law, the statutes of each company and, in the case of MAPFRE, S.A., to the corresponding regulations.

- ***MAPFRE S.A. Board of Directors***

The Board of Directors of MAPFRE, S.A. is the most senior administration and supervision body of the Group.

It features a Steering Committee, which acts as delegated body of the Board of Directors, with all of its powers, except those that cannot be legally delegated.

It also has three other Delegate Committees:

- Audit and Compliance Committee.
- Appointments and Remuneration Committee.
- Risks Committee.

The Board of Directors will appoint the following positions:

- Chairman and
CEO.
- Vice Chairman.
- Independent Supervising Director
- Secretary.

The position of Chairman and CEO, which implies the chairing of MAPFRE, is given to an executive director, who will be the most senior management executive of the Group.

The Chairman and CEO and the First and Vice Chairman of the Board of Directors of MAPFRE, S.A. are also Chairman and Vice Chairman of the Steering Committee.

The Second Vice Chairman position may be assigned to an external director, who, if independent, will also hold the position of Independent Supervising Director. The duties of the Independent Supervising Director are those attributed by the Spanish law, the social bylaws of MAPFRE, and its development policy.

The Board of Directors of MAPFRE, S.A. will have a majority representation of external, independent and nominee directors. Likewise, it will develop a vacancy-filling policy that guarantees the suitability of the applicants for these vacancies, based on their skills and professional and geographical backgrounds as well as on a sufficient presence of members of both genders.

▪ ***Board of Directors of insurance subsidiaries.***

The Administrative Board, Committee or Board of Directors of the insurance subsidiaries is the highest administration and supervising body of the activities in-country, in accordance with local laws and the Group's internal governance regulations. It will have a representation of external directors totaling at least half of its members. The Chairman of the Board of the insurance subsidiaries abroad should be an external director and the Vice Chairman should be the most senior executive. Where necessary, they will have the delegated bodies as set out in the laws of each country.

Non-insurance subsidiaries will normally feature administrators, being the actual Board of Directors of the insurance subsidiary in the country who will supervise its own activities.

Those companies with external partners will be ruled, where appropriate, as per the provisions of the shareholder agreements.

▪ ***Executive Steering Committee of subsidiaries.***

The companies within the Group that MAPFRE S.A. oversees, or where the local law thus establishes, will have an Executive Steering Committee of the Board, exclusively composed of members of the Board of Directors, which will act permanently as delegated body of the Board.

4.3.1.2. Members

a) Qualitative composition.

All members of the Group administration bodies must comply with the following requirements:

- Hold a university degree, or have at least five years experience in administration, management, control or advisory duties in a financial or insurance institution, or duties of similar responsibility in public or private entities with similar dimensions and demands.
- A personal, professional and commercial reputation consisting of:
 - Impeccable personal career regarding respect of law as well as good commercial, financial, and insurance practices.
 - Absence of a criminal record.
 - Are not prohibited from exercising public administration or management positions in financial or insurance companies.

- Are not subject to incompatibility, incapacity or restriction clauses in accordance with the laws in force.
- Do not have significant shareholdings or provide professional services to concurrent companies of any entity within the Group, or work as employees, managers, or administrators of same, unless expressly authorized to do so by the administration body.
- Do not have kinship up to the second degree, including by affinity, with members of the administration bodies, managers or employees of any company of the Group, with the exception of situations that were in place before this regulation came into force.
- Are not be subject to an insurmountable conflict of interest situation.
- Have not been involved in any situation such that their belonging to an administrative body could endanger any of the Group's interests.
- Are not 70 years of age.

In the case of subsequent noncompliance with any of these requirements that may affect the reputation of MAPFRE, although there is no court decision or final administrative decision, the relevant person will be subject to what is determined by the governing bodies.

b) Appointments and removals.

- An attempt shall be made to ensure an adequate rate of renewal in the composition of the Boards of Directors, for which purpose no external director may serve on the same board for more than three consecutive terms or a maximum of 12 years⁽¹⁾. However, nominee directors could serve a fourth mandate, for reasons that are justified in the opinion of the Board of Directors of MAPFRE, S.A.

¹ Time limit to compute from July 3, 2008, date of its introduction and effect in MAPFRE corporate regulation.

- External directors of MAPFRE, S.A. who had been executives will relinquish their position, as a maximum, five years from their cessation as executives.
- The competent bodies will ensure that, when vacancies arise, equal opportunities for candidates must be ensured regardless of their gender, and will also seek to achieve an effective presence of directors of both genders.
- In the case of the appointment of independent directors, before taking the proposal to the Board of Directors of MAPFRE, S.A. several candidates for each position to covered will be considered.

All the members of the administration bodies will relinquish their positions at the age of 70 years, even if they have not completed their terms, and shall not be eligible for reelection.

4.3.2. Management bodies.

- ***MAPFRE Executive Committee.***

The Executive Committee is the body that, under mandate from the Board of Directors of MAPFRE S.A., exercises direct supervision over management of the Business Units and Corporate Areas and ensures the coordinated actions of the same. It will be chaired by the Group's Executive Chairman and will be composed of those Directors proposed by the Chairman and appointed by the Board of Directors. The Vice Chairman will be the First Vice Chairman of the Group.

- ***Regional Management Committee***

The Regional Management Committee is the body responsible for direct supervision of management of the Business Units in the region, with the exception of the Reinsurance Unit, as well as for promoting all global or regional projects.

It will be chaired by the corresponding Regional Area CEO and will comprise, as a minimum, the senior executives from the insurance subsidiaries, as well as the regional managers of the Global Risks Unit and the Assistance, Services and Specialty Risks Unit.

- ***Management Committees of the Reinsurance, Global Risks and Assistance, Services and Specialty Risks Units.***

The Management Committee of each mentioned Business Unit, featuring centralized management, is the body responsible for direct supervision of management of each of them globally, as well as for promoting their global projects.

It will be chaired by the corresponding Business Unit CEO and will be composed of those directors of the Unit proposed by the CEO and approved by the Executive Committee.

- ***Insurance subsidiary Management Committees.***

The Local Management Committee is the body responsible for direct supervision of management of the Insurance Business Unit in-country. It will be chaired by the most senior management executive of the subsidiary and will be composed of the directors approved by the Regional Management Committee and proposed by the local CEO.

5. APPLICATION AND VERIFICATION OF COMPLIANCE:

All administration and management bodies of MAPFRE will know of and assume as proprietary the regulation contained in this document, being also responsible for compliance with same within its scope of action and powers.

The Group's General Counsel will issue the pertinent instructions to the different bodies of MAPFRE in the world to ensure compliance with this regulation.

MAPFRE's Audit and Compliance Committee will effectuate monitoring and verification of global compliance with same and will send every year a report to the Board of directors of MAPFRE, S.A., with the recommendations that it deems appropriate.