

**REPORT OF THE APPOINTMENTS AND REMUNERATION COMMITTEE
TO THE MAPFRE S.A. BOARD OF DIRECTORS REGARDING ITS
COMPOSITION AND FUNCTIONING IN FISCAL YEAR 2019**

The Appointments and Remuneration Committee is the delegate body of the Board of Directors of MAPFRE S.A. (hereinafter, the "Company") for undertaking the functions of appointment, termination and reelection of Board Directors and Senior Managers of MAPFRE S.A. and its Group, and for establishing remuneration.

Its governing regulations are contained in Article 23 of the Bylaws and in Article 11 of the Board of Directors' Regulations.

1. Composition

The Appointments and Remuneration Committee should consist of a minimum of three and a maximum of five Board Directors, all non executive and at least two of whom should be Independent Board Directors. The Chairman should have the condition of Independent Board Director and the Secretary is that of the Board of Directors.

As on December 31, 2019 the Appointments and Remuneration Committee was composed of the following Board Directors:

Name	Position	Category
Ms. Catalina Miñarro Brugarolas	Chairwoman	Independent
Mr. José Antonio Colomer Guiu	Member	Independent
Mr. Luis Hernando de Larramendi Martínez	Member	Nominee
Mr. Alfonso Rebuelta Badías	Member	Nominee

2. Competences

The Appointments and Remuneration Committee has the following responsibilities assigned in accordance with Article 11 of the Regulations for the Board of Directors:

- a) To evaluate the balance of skills, knowledge and experience required on the Board, defining the functions and capabilities required of the candidates to fill each vacancy accordingly and deciding the time and dedication necessary for them to properly perform their functions.
- b) To establish a representation target for the gender least represented on the Board of Directors and to draw up guidelines on how to achieve this target.
- c) To bring before the Board of Directors the appointment proposals of Independent Board Directors for them to be designated by co-opting or for them to be subject to the decision of the Annual General Meeting, as well as proposals for reappointment or removal, and to report on cases related to proposals that affect the remaining Board Directors.
- d) To notify proposals for the appointment and termination of senior managers and their basic contractual conditions.
- e) To examine and organize the succession of the Chairman of the Board, and where appropriate, to make the corresponding proposals to the Board so that this succession is orderly and well-planned.
- f) To propose to the Board of Directors the remuneration policy for Board Directors and general managers or anyone who performs C-Suite functions under the direct control of the Board, the Steering Committee or the Managing Directors, as well as individual remuneration and other conditions of the contracts of Executive Board Directors, ensuring their enforcement.
- g) To propose to the Board of Directors the candidates for Fundación MAPFRE Trustees whose appointment is the responsibility of the Company.
- h) To authorize the appointment of External Directors in the other Group companies.

3. Operational framework

As laid down in the Board of Directors Regulations, the Appointments and Remuneration Committee meets whenever necessary in order to perform its functions appropriately, and to this effect the Senior Manager supervising the Human Resources Division will be in attendance.

During the 2019 financial year the Committee met six times¹, when the main topics addressed were as follows:

- **Appointment and reelection of directors:**

In compliance with the Board Director Selection Policy and the Board Renewal Plan approved in 2015, the Appointments and Remuneration Committee completed the selection processes and made proposals to the Board of Directors for the appointment of a new Independent Board Director and the reelection of an Independent Board Director, and reported to the Board of Directors with regard to proposals for the reelection of an Executive Director and of three Nominee Directors.

To this effect, the Appointments and Remuneration Committee contributed to the analysis of the requirements of the Company and those of the Group and to the assessment of prestige and suitability, avoiding at all times any implicit bias which may imply discrimination, especially with regard to the selection of candidates or one gender or the other.

In each case, the Committee assessed the personal and professional qualities of the candidates and took into account the need for a plurality of profiles on the Board to enable suitable balance and diversity in training, experience, gender and nationality.

Furthermore, and in accordance with the provisions established in the regulations currently in force, the Appointments and Remuneration Committee analyzed the suitability of the members of the Board of Directors to be a part of said body, assessing the existence of circumstances that may affect their personal and professional prestige.

¹ Independently of the above-mentioned meetings, the Appointments and Remuneration Committee has adopted resolutions through the written procedure, without a meeting.

In particular, in matters of gender diversity the policy establishes that by 2020 the number of female Board Directors should represent at least 30 percent of the total members of the Board of Directors, having already reached the said objective as on December 31, 2019, when the percentage of women represented 33 percent.

The Committee has also reported favorably on the proposals for appointments and terminations of the external directors of the companies of the MAPFRE Group.

- **Assessment of the Chairman of the Board and CEO**

The Appointments and Remuneration Committee assessed the Chairman of the Board of Directors and CEO of MAPFRE S.A.

The Appointments and Remuneration Committee, following timely analysis, deemed the conduct of the Chairman of the Board of Directors of MAPFRE S.A. and CEO to be very satisfactory, in both the aforementioned capacity and in that of the most senior management representative of the Group, in all aspects: fulfillment of the institutional principles established in the rules of good governance; performance of the functions of providing high institutional representation of the company and direction of the activities of its Board of Directors and delegated bodies, inherent to the position of Chairman and CEO; and performance of the executive C-Suite of the activities of the Group.

- **Remuneration Policy for Board Directors 2019-2021**

The Appointments and Remuneration Committee issued a favorable report for the 2019-2021 Compensation Policy for Board Directors, with a view to its submission by the Board of Directors to the Annual General Meeting, and which was approved at the meeting on March 8, 2019.

- **Medium-Term Incentives Plan 2019-2021**

The Appointments and Remuneration Committee issued a favorable report on the proposal, as well as the successive amendments, of the

Medium-Term Incentive Plan 2019-2021 with a view to its approval by the Board of Directors

- **Remuneration to Board Directors:**

In compliance with its responsibilities and within the framework of the Board Directors' Remuneration Policy approved by Shareholders at the Annual General Meeting held on March 8, 2019, the Appointments and Remuneration Committee made a proposal for the remuneration of Board Directors in their condition as such, and the contract conditions, including remuneration, for Executive Board Directors corresponding to the 2019 fiscal year, for their approval by the Board of Directors.

- **Annual Report on Board Director Remuneration**

The Appointments and Remuneration Committee issued a favorable report for the Annual Report on Board Director Remuneration corresponding to the 2018 fiscal year, for its submission on a consultation basis by the Board of Directors to the Annual General Meeting, and which was approved at the meeting held on March 8, 2019.

- **C-Suite Appointments**

The Appointments and Remuneration Committee analyzed the proposals for appointments and dismissals for members of the MAPFRE S.A. and MAPFRE Group C-Suite, issuing a report on same to be submitted for approval by the MAPFRE Group administrative bodies corresponding to each case.

- **Contract conditions for C-Suite members:**

The Committee analyzed, and presented to the Board of Directors, the proposals for the applicable contract conditions, including fixed and variable remuneration, corresponding to the 2019 fiscal year for C-Suite members in the MAPFRE Group, under the terms provided for in the MAPFRE Group Compensation Policy.

- **Remuneration and relevant personnel from MAPFRE INVERSIÓN SOCIEDAD DE VALORES, S.A. and MAPFRE ASSET MANAGEMENT, S.G.I.I.C.**

In accordance with the current regulations, the Company's Appointments and Remuneration Committee performs functions related to remuneration for MAPFRE INVERSIÓN SOCIEDAD DE VALORES, S.A. and MAPFRE ASSET MANAGEMENT, S.G.I.I.C., S.A. To this effect, it issued a favorable report for the remuneration of relevant personnel from these companies in fiscal year 2019 and the list of persons comprising this category.

- **Appointment and reelection of Fundación MAPFRE trustees**

In accordance with the provisions of the Board of Directors Regulations, the Appointments and Remuneration Committee has proposed to the Board the appointment of a Fundación MAPFRE Trustee.

- **Report on the composition and functioning of the Committee in 2018**

The Appointments and Remuneration Committee prepared a report on its composition and functioning during the 2018 fiscal year.

- **Technical Guide of the Spanish National Securities and Exchange Commission (the "CNMV") on Appointments and Remuneration Committees**

The Appointments and Remuneration Committee was informed of the contents of the Technical Guide of the Spanish National Securities and Exchange Commission (the "CNMV") on Appointments and Remuneration Committees.

- **Assessment of the independence of the external consultant**

The Appointments and Remuneration Committee favorably reported on the independence of Deloitte Legal S.L.P. as an external advisor in the assessment process of the Board of Directors of MAPFRE S.A. and its delegated bodies in 2019.

4. 2019 assessment

The assessment was carried out with the assistance of the external consultant Deloitte Legal, S.L.P., and the report made by that consultant on the basis of the review of the corporate information, of the self-assessment questionnaires conducted by each board director and of the interviews held with each of them was taken as a reference.

The result of the process of assessment of the composition and functioning of the Appointments and Remuneration Committee in 2019 was very positive, while the following suggestions for improvement were made:

- To evaluate the incorporation of a third independent board director, in line with recommendation 47, pertaining to a majority of independent directors, of the Code of Good Governance of the CNMV.
- To develop the program of training of Board Directors and to complete the planning schedule for this in the medium-term (one year), so as to facilitate adequate planning on the part of the Board Directors.
- To develop a competency matrix that defines the skills and knowledge that members of the Board of Directors should cover based on the characteristics of the MAPFRE Group, so as to facilitate the Committee with the definition of the adequate profiles required for future Board incorporation.
- To promote a succession protocol for the Chairman and CEO, which contemplates a succession plan that would allow the Group to be sufficiently prepared to tackle unforeseen situations and guarantee the project's long-term stability.

In view of the above, the Audit Committee has unanimously agreed to submit this report to the MAPFRE S.A. Board of Directors for them to evaluate the functioning of the Committee during the 2019 fiscal year based on its contents together with those of the assessment report issued by the external consultant.

Madrid, February 6, 2020
Committee Secretary

Ángel L. Dávila Bermejo