

REPORT OF THE APPOINTMENTS AND REMUNERATION COMMITTEE
TO THE MAPFRE S.A. BOARD OF DIRECTORS
REGARDING ITS COMPOSITION AND FUNCTIONS IN 2018

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

Its regulation is contained in article 23 of the Corporate Statutes 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 Directors, all non executive and at least two of whom should be Independent Directors. The Chairman should have the condition of Independent Director and the Secretary is that of the Board of Directors.

As on December 31, 2018 the Appointments and Remuneration Committee was composed of the following Directors:

Chairman: Ms. Catalina Miñarro Brugarolas (independent).

Members: Mr. José Antonio Colomer Guiu (independent)
Luis Hernando de Larramendi Martínez (nominee)
Alfonso Rebuelta Badías (nominee)

2. **SKILLS**

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 directors for them to be designated by cooptation or for them to be subject to the decision of the General Meeting, as well as proposals for reappointment or removal, and to report on cases related to proposals that affect the remaining 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 directors and general managers or anyone who performs senior management 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 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 2018 financial year the Committee met 5 times, when the main topics addressed were as follows:

- **Appointment and reelection of directors:**

In compliance with 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 Director and the reelection of two Independent Directors, and reported to the Board of Directors with regard to proposals for the appointment and reelection of two Executive Director.

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.

In particular, in matters of gender diversity the policy establishes that by 2020 the number of female directors should represent at least 30

percent of the total members of the Board of Directors, having already reached 28.5 percent as on December 31, 2018.¹

- **Assessment of the Chairman of the Board:**

The Appointments and Remuneration Committee assessed the Chairman of the Board of Directors 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. 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 performance of the high executive management of the activities of the Group.

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

The Appointments and Remuneration Committee issued a favorable report for the 2019-2020 Remuneration Policy for Directors 2021, for its submission by the Board of Directors to the Annual General Meeting, and which was approved at the meeting on March 9, 2018.

- **Remuneration to Directors:**

In compliance with its responsibilities and within the framework of the Directors Remuneration Policy approved by Shareholders at the Annual General Meeting held on March 11, 2016, the Appointments and Remuneration Committee made a proposal for the remuneration of Directors in their condition as such, and the contract conditions, including remuneration, for Executive Directors corresponding to the 2018 financial year, for their approval by the Board of Directors.

¹On the date this report was prepared, and following the appointment of Mr. Antonio Gómez Ciria as independent director of MAPFRE with effect from January 1, 2019, the percentage of female representation on the Board of Directors was 26.7%.

- **Extraordinary bonuses**

The Appointments and Remuneration Committee agreed to propose to the Company's Board of Directors the granting of an extraordinary bonus to Mr. Antonio Núñez Tovar, on the occasion of his retirement, for a gross amount of 650,000 euros for his outstanding professional career at MAPFRE.

- **Annual Report on Director Remuneration:**

The Appointments and Remuneration Committee issued a favorable report for the Annual Report on Director Remuneration corresponding to the 2017 financial 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 9, 2018.

- **Senior Management Appointments:**

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

- **Contract conditions for members of Senior Management:**

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 2018 financial year for members of Senior Management in the MAPFRE Group, in the terms provided for in the MAPFRE Group Remuneration 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 2018 and their respective remuneration policies.

- **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.

4. 2018 assessment

The result of the Appointments and Remuneration Committee composition and operation self-assessment was very positive, and did not give rise to any observations or suggestions for improvement from its members.

Therefore, the Appointments and Remuneration 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 2018 financial year based on its content.

Madrid, January 30, 2019
Committee Secretary

Ángel L. Dávila Bermejo