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RISK MANAGEMENT POLICY OF THE MAPFRE GROUP

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I. Definitions

For the purpose of this policy, the following definitions apply:

- a) AGRG: when the GROUP Risk Management Area is specifically referred to.
- b) AGRUN (plural: AGRUNs): when the Risk Management Area of a Business Unit or Corporate Area is specifically referred to.
- c) Risk appetite: global framework for action on risk that the GROUP is prepared to assume, including types of risk and the limits applicable to the same in order to comply with the strategy plan with no relevant deviations, even under adverse situations.
- d) Risk Management Area: when reference is made to this Area in general, without distinguishing between the GROUP Risk Management Area and the Risk Management Area of a Business Unit.
- e) Supervising Areas: These include: key areas (Actuarial, Internal Audit, Compliance and Risk Management), and Security and Environment.
- f) Risk limits: specific risk limits, by company and/or type of risk and/or product and/or line.
- g) MAPFRE, MAPFRE GROUP or GROUP: the business group comprising MAPFRE S.A. as the parent company, and its subsidiaries and dependent companies, in accordance with the provisions of the Spanish Securities Market Act.
- h) Risk: the possibility that future events may give rise to adverse consequences for the economic and business objectives or for the finance situation of the GROUP. The risk concept is understood in a broad sense, covering events or combinations of events that may affect one or several risks that, due to their importance or the company affected may require a separate treatment.
- i) Risk Management System or "SGR": set of strategies, processes and information procedures required to identify, measure, monitor, manage and continuously report on the risks to which the GROUP and its interdependencies are or may be exposed.
- j) ORSA: the Company's Own Risk and Solvency Assessment. Enables a comprehensive view of the risks associated with the business plan and the adequacy of the capital resources to face them. The term "ORSA" is included in IAIS Standard 16.11, Core Principle 16, whatever the denomination used in the applicable regulations.

- k) Stress test: simulation technique used to assess the impact of potentially adverse hypothetical effects.
- l) Risk tolerance: deviation to the risk limits the GROUP is willing to assume.
- m) Business Units.
 - i. Insurance Unit: insurance subsidiaries in the countries.
 - ii. Assistance, Services and Specialty Risk Unit (MAPFRE ASISTENCIA and subsidiary companies).
 - iii. Global Risks Unit (MAPFRE GLOBAL RISKS and subsidiary companies).
 - iv. Global Reinsurance Unit (MAPFRE RE and subsidiary reinsurance companies).

II. Scope

This policy applies to the entire GROUP.

All managers and employees of the GROUP must be familiar with this policy, the suitable circulation of which should be guaranteed by the AGRG.

Mandatory compliance with this Policy is the responsibility of those individuals who are assigned tasks, processes and responsibilities under this Policy.

III. Objectives

This Risk Management Policy has the following objectives:

- To set general guidelines, basic principles and a general framework for risk management that guarantee a coherent application in the GROUP.
- To promote a solid culture and an effective system of risk management.
- To ensure that risk analysis is part of the decision-making process.
- To preserve the solvency and financial soundness of the GROUP, helping to position it as the most trusted global insurance company.

IV. General Principles

The following mandatory basic principles are established:

1. The organizational risk management diagram is based on a three-lines-of-defense model, according to which:

- a) Managers in the "first line of defense" assume the risks and are responsible for establishing the necessary controls to mitigate them and guarantee that risks do not exceed the limits set forth.
 - b) The "second line of defense" areas perform independent supervision of the risk management activities conducted by the first line of defense, within the framework of the policies and limits established by the Board of Directors.
 - c) Internal Audit is a "third line of defense," an independent area that assesses the risk management, internal control and corporate governance processes.
2. The corresponding management policies and, if required, acceptance limits must be established for the main risks identified and included in the Annex.
 3. Risks must be accepted with prudence, applying the diligence of a specific trader, which must be understood as reasonable and required trading conduct, according to trade uses and good corporate management practices.
 4. The diversification principle will be established, according to which each risk cannot exceed the corresponding limits after being measured, with the purpose of avoiding dangerous concentration levels that could affect the solvency of the GROUP.
 5. Risks must only be accepted if their expected performance is enough to remunerate the cost of capital used to accept the risk.
 6. The GROUP must provide the adequate means to guarantee that risks are suitably managed and controlled.
 7. The three lines of defense must have professionals with the level of training and/or experience that guarantees the appropriate competence and prudence in decisions associated with accepting and managing risks.
 8. Strict compliance with the current legislation and obligations associated with these laws, as well as with the GROUP's internal regulations, will be observed.

V. Governance Framework

1) GROUP LEVEL

A. GROUP Governing Bodies

The Regulations of the Board of Directors of MAPFRE, S.A. and of its delegate bodies assign the following duties and responsibilities to the governing bodies of MAPFRE S.A. in relation to the SGR:

The Board of Directors:

Determines the general policies and strategies, and in particular the policy to identify, manage and control risks, including taxes, and monitor internal information and control systems.

The Steering Committee has the general capacity of decision with express delegation in its favor of all powers that correspond to the Board of Directors, except for those that may not be delegated by legal imperative or, where applicable, by express provision in the Corporate Bylaws or in the Regulations of the Board of Directors of MAPFRE, S.A. and its delegate bodies.

The Audit Committee:

Monitors the effectiveness of the Company's internal control, internal audit and the risk management systems, including taxes.

The Risk and Compliance Committee:

- Provides support and advice to the Board of Directors in the definition and evaluation of the risk policies of the Group and in the determination of the susceptibility to risk and the risk strategy.
- Assists the Board of Directors in overseeing the implementation of the risk strategy.
- Will be familiar with and value the methods and tools for risk management, monitoring the models applied regarding results and validation.

B. Committees

The following Committees contribute to the work of the Governing Bodies in the activities associated with the SGR:

Security and Environment Committee

The Security and Environment Committee ensure the execution of the objectives and business needs of the GROUP through the proper management of security and environmental risk.

C. Areas in the Second Line of Defense

a. Actuarial Area

The Actuarial Area is responsible for preparing mathematical, actuarial, statistical and financial calculations that enable the determination of the rates, the technical provisions and the modeling of risk on which the calculation of the capital requirements in the insurance entities is based, in close collaboration with the Risk Management Area, and that contribute to the achievement of the intended technical result and of the desired solvency margins of the Entity.

The details of the responsibilities, rights and duties will be described in the Actuarial Area Policy of the MAPFRE Group.

b. Compliance Area

The Compliance Area identifies, analyzes, measures and reports on the exposure to legal risk, in relation to the regulations being drafted for the activities performed by the GROUP. As regards the current regulations, this Area identifies, measures, monitors and reports on the risk exposure associated with the failure to comply with the activities performed by MAPFRE Group.

The details of the responsibilities and non-compliance risk management processes are described in the Compliance Policy of the MAPFRE Group.

c. Risk Management Area

The Risk Management Area is responsible for:

- Supervising and controlling the effectiveness of the MAPFRE Group's Risk Management System.
- Identifying and measuring risks.
- Calculating the solvency margin.
- Monitoring and reporting on the exposure to risks.

The details of the responsibilities, rights and duties will be described in the Risk Management Area Charter of the MAPFRE Group.

d. Security and Environment Area

The Safety and Environment Area is responsible for preventing the appearance and mitigating the safety risks that may cause damage to the MAPFRE Group, disturbing, limiting or reducing its productive, financial or business capacity; as well as those that can difficult the fulfillment of its social and environmental commitments, its objectives and business strategy or the established in the existing legal framework.

Therefore, it applies a comprehensive risk management process, providing the appropriate tools and applications.

The details of its responsibilities, rights and duties are described in the Master Security and Environment Plan and in the documents associated with this plan (Corporate Security Policy, Information Security Policy, Business Continuity Policy, Energy and Environment Policy and Types of Security and Environmental Risks).

D. Third line of defense: Internal Audit Area

In accordance with its Charter, the Internal Audit Area provides an independent assessment of:

- The suitability, sufficiency and effectiveness of the internal control system elements.
- The Risk Management System is based on the integrated management of each and every one of the business processes, and on tailoring the risk level to the strategic objectives of MAPFRE with the review of at least the risk qualification and quantification processes established in the Solvency II Directive. To this end, the review of the internal assessment of risks and solvency (ORSA, Own Risk and Solvency Assessment) that must be carried out by each entity or group of insurance entities will be one of the main aspects of the activities to be carried out.
- The suitability and performance of the key Functions set out in the Governance System provided for in the Solvency II Directive.
- Contributing to good Corporate Governance practices through the verification of compliance with the rules established by the "Institutional, Corporate and Organizational Principles of the MAPFRE Group" and the Solvency II Directive.

The details of the responsibilities, rights and duties are described in the Internal Audit Charter.

2) BUSINESS UNIT LEVEL

Risk Management is a local responsibility. However, the fact that the various MAPFRE companies belong to a business group implies, without prejudice to their legal autonomy, that they are de facto integrated into an organic structure that regulates their relationships, the coordination of their activities, and the supervision of dependent companies by their parent companies, and all of these, ultimately by the group parent itself.

While respecting the framework for action established by the GROUP, the Business Units will have enough autonomy and be responsible for

structuring their Risk Management System, which must take into account all applicable regulations and the complexity of their risk profile.

The Governing Bodies of the Business Units fulfill the same Senior Management and supervisory roles at their level, which are assigned by this Risk Management Policy to the Governing Bodies of MAPFRE S.A.

VI. Identifying, measuring, monitoring, managing and reporting risks.

a) Identification

The main risks that must be covered by the Risk Management System are described in the "Main Risks" Annex.

Each of these risks must have its specific written policy to manage and control each risk, which must have the following characteristics:

- Clearly establishing their scope of action and including an accurate description of the applicable risks.
- Assignment of strategies, processes and information procedures required to identify, measure, monitor, manage and report the risks included within its scope.
- Establishing the communication duties with the area responsible for handling the specific risks to which the different Areas and Departments of the Business Unit are exposed.
- If possible, stress tests will be carried out with specific risks, establishing the frequency and contents of the risk.

Specific risk management policies approved by the Board of Directors of MAPFRE, S.A. will prevail over the general policy in relation to its scope.

In addition, the Risk Management System of MAPFRE Group will take into account the risks with a significant impact at the GROUP level.

b) Measurement

The AGRG will be responsible for the following tasks, among others, as established in the Risk Management Area Charter of the MAPFRE Group:

- Defining the criteria followed to measure the different risks that have been identified and clarify any doubts to interpret such risks properly. This will include the criteria established in the applicable regulations and internal models, without prejudice to the use of other measuring methods. This task will be carried out with the close collaboration and agreement of all other Areas in the second line of defense in their respective fields of responsibility.
- Selecting the reference tools to aggregate risks and calculate capital requirements.
- Supervising the risks to which the MAPFRE Group is exposed, with the purpose of ensuring they are measured correctly, with the close

collaboration of all other Areas in the second line of defense in their respective fields of responsibility.

c) Established Limits

The applicable risk acceptance limits will be established in the "Risk Appetite" of the MAPFRE Group which, after being approved by the Board of Directors of MAPFRE, S.A., will be included in this Policy as an Annex, as well as in specific risk management policies.

The Risk and Compliance Committee shall check the efficacy and suitability of the said limits in the actual situation of the GROUP at least once a year, and any appropriate modifications must be approved by the Board of Directors of MAPFRE, S.A. first.

The corresponding Governing Bodies can approve different limits or the temporary suspension of the limits described above in the case of recently established companies or companies that become part of MAPFRE Group after a merger, absorption or acquisition, with the purpose of providing them with a reasonable deadline for their results associated with turnover and operational structures to meet the requirements of the risk management policy.

d) Oversight

The first line of defense (risk-takers) of the Business Unit will be responsible for ensuring that risks accepted do not exceed the risk limits established for such purposes.

The Risk Management Area and all other Areas in the second line of defense will be responsible for checking and ensuring that all risks accepted do not exceed the risk limits established for such purposes in their respective fields of responsibility.

e) Management and Mitigation

The first line of defense (risk-takers) of the Business Unit will be responsible for adopting the risk mitigation actions required, in relation to the risks to which it is exposed.

The said mitigation actions must be implemented in compliance with the risk limits and policies set forth for such purposes.

The Areas in the second line of defense will be responsible for addressing the abovementioned issues in their respective fields of responsibility and report to the Risk Management Area.

The Risk Management Area and Actuarial Area will be responsible for measuring the capital used by each risk mitigation alternative.

f) Monitoring and Reporting

The Areas in the second line of defense will be responsible for preparing the corresponding periodic risk monitoring reports in their respective fields of responsibility and sending them to the Governing Bodies. This information will be provided at least once every three months, except when it only requires to be submitted once a year, due to the nature of the specific risk. In any case, the corresponding Governing Bodies must be immediately notified about any risk that:

- Exceeds the risk limits set forth, due to its development;
- Could lead to losses that are equal to or higher than the established risk limits; or
- Put compliance with the solvency requirements or continuity of operation of the Company at a risk.

In addition, the ORSA reports will include the information associated with monitoring and reporting the material risks to which the GROUP is or could be exposed.

g) Exceeding Limits

The Governing Bodies of the Business Unit can take the following actions after being informed about risks that have exceeded the established limits:

- Authorization to accept risks that exceed the limits that have been set forth. In this case, evidence of the reasons behind the decision to authorize this and of the information about additional risks to which the Company could be exposed must be placed on record. This decision must be notified to the Governing Bodies and Risk Management Area of the parent company. Should these accepted risks exceed the limits set forth at the parent company level, such excess will be reported to the Governing Bodies and Risk Management Area of the corresponding parent company, successively until reaching the Financial Area and Governing Bodies of MAPFRE S.A.
- Cancel or reduce the risk, as appropriate or convenient in each case.
- Engage protection services or other mitigation measures that maintains the level of risk within the limits set forth. In this case, the consequences associated with the third-party providing such protection services from failing to provide such services and the corresponding operational risks.
- Securing additional capital resources to take on higher risk levels.

VII. Stress tests

The AGRG can request the Risk and Compliance Committee of MAPFRE S.A to perform the stress tests as part of the ORSA process to calculate the losses associated with risks to which the GROUP might be exposed, without prejudice to the stress tests that could be carried out for a specific

risk, when needed. The AGRG will be responsible for coordinating and supervising these tests.

Likewise, the Risk Management Area of each Business Unit can request its corresponding Governing Bodies to perform the appropriate stress tests for their business within their scope of responsibility, with the purpose of calculating the losses associated with risks to which it might be exposed.

VIII. Approval, effective date and subsequent reviews

The Risk Management Policy of the MAPFRE Group and its annexes were initially approved by the Board of Directors of MAPFRE, S.A. on February 11, 2014, date after which they entered into force, and the date of their last modification was January 26, 2017.

The policy will be reviewed at least annually, and may be modified at any time with the approval of the Board of Directors of MAPFRE S.A. in order to adapt it to any significant change affecting its content.

The Board of Directors or equivalent Body of each of the entities of the GROUP must approve a Risk Management Policy, in accordance with the forecasts included in this document. Only adaptations that are strictly necessary to guarantee compliance with local regulations will be permitted, and in any case they must be agreed in advance with the Risk Management Area of the GROUP.

IX. Annex: Main risks

The scope of the Risk Management System must at least include the following risks:

- Underwriting Risk.
- Market Risk.
- Credit Risk.
- Operational Risk.
- Concentration and Liquidity Risk.
- Risk of Default.
- Strategic and Corporate Governance Risks.
- Security and Environmental Risks.