

Company Name **MAPFRE INSULAR INSURANCE CORPORATION**  
Sector **INSURANCE**  
Year End **December 31, 2019**

<b>A. Rights of shareholders</b>				
<b>A.1 Right to participate effectively in and vote in general shareholders meeting and should be informed of the rules, including voting</b>			<b>Y/ N</b>	<b>Reference/ Source document</b>
A.1.1(B)	Does the company allow the use of secure electronic voting in absentia at the general meetings of shareholders?	<p><b>OECD Principle II (C)</b>  (4) Shareholders should be able to vote in person or in absentia, and equal effect should be given to votes whether cast in person or in absentia.</p>	<b>Y</b>	<b>2019 MINUTES OF AGM</b>
<b>B. Equitable treatment of shareholders</b>				
<b>B.1 Notice of AGM</b>				
B.1.1(B)	Does the company release its notice of AGM (with detailed agendas and explanatory circulars), as announced to the Exchange, at least 28 days before the date of the meeting?	<p><b>OECD Principle II (C)</b>  (1) Shareholders should be furnished with sufficient and timely information concerning the date, location and agenda of general meetings, as well as full and timely information regarding the issues to be decided at the meeting.  (3) Effective shareholder participation in key corporate governance decisions, such as the nomination and election of board members, should be facilitated.</p> <p><b>OECD Principle III (A)</b></p> <p><b>ICGN 8.3.2 Shareholder participation in governance</b>  Shareholders should have the right to participate in key corporate governance decisions, such as the right to nominate, appoint and remove directors on an individual basis and also the right to appoint external auditors.</p> <p><b>ICGN 8.4.1 Shareholder ownership rights</b>  The exercise of ownership rights by all shareholders should be facilitated, including giving shareholders timely and adequate notice of all matters proposed for shareholder vote.</p> <p><b>CLSA-ACGA (2010) CG Watch 2010 - Appendix 2.</b>  <b>(I) CG rules and practices</b>  (25) Do company release their AGM notices (with detailed agendas and explanatory circulars) at least 28 days before the date of the meeting?</p>	<b>Y</b>	<b>2019 MINUTES OF AGM</b>
<b>C. Roles of Stakeholders</b>				
<b>The rights of stakeholders that are</b>				

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C.1.1 (B)	Does the company practice integrated report on its annual reports?	<b>International &lt;IR&gt; Framework - DRAFT ,IIRC Council Item 3b Meeting of 5 December 2013</b> “Integrated Reporting <IR> promotes a more cohesive and efficient approach to corporate reporting and aims to improve the quality of information available to providers of financial capital to enable a more efficient and productive allocation of capital. The IIRC’s vision is a world in which integrated thinking is embedded within mainstream business practice in the public and private sectors, facilitated by <IR> as the corporate reporting norm.”	N	
<b>D. Disclosure and transparency</b>				
<b>D.1 Quality of Annual Report</b>				
D.1.1 (B)	Are the audited annual financial report /statement released within 60 days from the financial year end?	<b>OECD Principle V (C) OECD Principle V (E)</b> <b>ICGN 7.2 Timely disclosure</b> <b>ICGN 7.3 Affirmation of financial statements</b> The board of directors and the corporate officers of the company should affirm at least annually the accuracy of the company's financial statements or financial accounts.	N	
D.1.2 (B)	Does the company disclose details of remuneration of the CEO?		N	
<b>E. Responsibilities of the Board</b>				
<b>E.1 Board Competencies and Diversity</b>				
E.1.1(B)	Does the company have at least one female independent director/commissioner?	<b>ICGN 2.4.1 Skills and experience</b> The board should consist of directors with the requisite range of skills, competence, knowledge, experience and approach, as well as a diversity of perspectives, to set the context for appropriate board behaviours and to enable it to discharge its duties and responsibilities effectively.	N	
<b>E.2 Nominating Committee</b>				
E.2.1(B)	Does the Nominating Committee comprise entirely of independent directors/commissioners?	<b>ICGN 2.4.4 Composition of board committees</b> The members of these key board committees should be solely non-executive directors, and in the case of the audit and remuneration committees, solely independent directors. All members of the nominations committee should be independent from management and at least a majority should be independent from dominant owners.	Y	<b>2017 REVISED CODE OF GOOD CORPORATE GOVERNANCE</b>  Note: Go to <a href="http://www.mapfre.com.ph">www.mapfre.com.ph</a> click About Us → click Corporate Governance → click Corporate Policies to view REF / ADDITIONAL REF

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E.2.2(B)	Does the Nominating Committee undertake the process of identifying the quality of directors aligned with the company's strategic directions?		<b>Y</b>	<p><b>2015 DIRECTORS SELECTION POLICY</b></p> <p>ADDITIONAL REF:  <b>2017 REVISED CODE OF GOOD CORPORATE GOVERNANCE</b></p> <p>Note: Go to <a href="http://www.mapfre.com.ph">www.mapfre.com.ph</a>  click About Us →  click Corporate Governance →  click Corporate Policies  to view REF / ADDITIONAL REF</p>
<b>E.3 Board Appointments and Re-Election</b>				
E.3.1(B)	Does the company use professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors/ commissioners?	<p><b>WORLDBANK PRINCIPLE 6</b>  (VI.I.21) Are boards known to hire professional search firms when proposing candidates to the board?</p>	<b>N</b>	
<b>E.4 Board Structure &amp; Composition</b>				
E.4.1(B)	Do independent non-executive directors/commissioners make up more than 50% of the board of directors/commissioners?		<b>N</b>	
<b>E.5 Board Performance</b>				

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E.5.1(B)	Does the company have a separate level Risk Committee?	<p>International Financial Corporation’s Global Corporate Governance Forum Publication: When Do Companies Need a Board-level Risk Management Committee?(Volume 31, pp.11, March 2013)</p> <p>Benefits of a Board Level Risk Committee:</p> <ol style="list-style-type: none"> <li>1. elevate risk oversight to the highest level in the company;</li> <li>2. strengthen the quality of risk management;</li> <li>3. inculcate a risk culture and risk-management environment to mitigate and manage risks effectively across the organization;</li> <li>4. establish a platform for continuous assessment of risks in light of the changing internal and external environments;</li> <li>5. improve communication among the board, management, and other stakeholders about risk management; and</li> <li>6. demonstrate to internal and external stakeholders the company’s commitment to risk management</li> </ol>	Y	<p><b>2017 REVISED CODE OF GOOD CORPORATE GOVERNANCE</b></p> <p><b>ADDITIONAL REF:</b>  <b>2016 MAPFRE Subsidiary</b>  - Framework for Board of Directors (TRAINING AND UPDATING)</p> <p>Note: Go to <a href="http://www.mapfre.com.ph">www.mapfre.com.ph</a> click About Us → click Corporate Governance → click Corporate Policies to view REF / ADDITIONAL REF</p>
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MINUTES OF THE ANNUAL STOCKHOLDERS MEETING OF  
**MAPFRE INSULAR INSURANCE CORPORATION**

("MIIC" or the "Corporation")

Held on 25 March 2019 at 5:30 P.M.

At the Board Room, Mapfre Insular Corporate Center  
 Acacia Avenue, Ayala Alabang, Muntinlupa, Philippines

<b><u>STOCKHOLDERS PRESENT/REPRESENTED:</u></b>	<b>NO. OF SHARES:</b>
MAPFRE INTERNACIONAL S.A.	7,493,847
INSULAR LIFE ASSURANCE COMPANY, LTD.	2,499,998
LUIS C. LA Ó	1
TIRSO C. ABAD	1
MONA LISA DELA CRUZ	1
MAYO JOSE B. ONGSINGCO	1
SILVERIO BENNY J. TAN	1
PEDRO E. ROXAS	1
TOTAL NUMBER OF SHARES:	9,993,851
TOTAL NUMBER OF OUSTANDING SHARES:	10,000,000
PERCENTAGE OF OUSTANDING SHARES PRESENT/REPRESENTED:	99.9%

**ALSO PRESENT:**

Jonas-Karl V. Perez  
 Pamela Joy R. Co

**I. CALL TO ORDER**

The Chairman of the Board, Mr. Tan, called the meeting to order and presided over the same. The Corporate Secretary, Mr. Perez, certified to the presence of a quorum and took the minutes of the meeting.

The Corporate Secretary proceeded to explain the conduct of voting and the tabulation procedures to be used during the course of the meeting. Unless there are objections, the Corporate Secretary shall record the shares present and those represented by proxy as having voted in favor of the matters to be considered today. Majority vote shall be required for the following matters:

- a) Approval of the minutes of the annual meeting of the stockholders held on 19 March 2018;  
and
- b) Election of External Auditor.

Voting for the election of directors shall be in accordance with the Revised Corporation Code, which is cumulative voting.

**II. APPROVAL OF THE MINUTES OF THE 19 MARCH 2018 ANNUAL STOCKHOLDERS MEETING**

The Chairman referred the stockholders to the copy of the minutes of the 19 March 2018 annual stockholders meeting that were included in the materials for this meeting.

On motion duly made and seconded, the minutes of the annual stockholders meeting held on 19 March 2018 were approved.

**III. PRESENTATION OF DIVIDEND POLICY**

The Chairman stated that dividends may be declared out of unrestricted retained earnings. The dividend declaration will be based on the MAPFRE Group dividend policy which was approved by the Board in its meeting on 23 June 2016. The Chairman further stated that the Corporation's audited financial statements for the year ended 31 December 2018 have not yet been approved.

**IV. REPORT OF MANAGEMENT 2018**

The Chairman noted that the report of management for 2018 was presented by the President to the directors before this meeting. Since all the stockholders present in this meeting had previously heard the report in the regular board meeting immediately preceding this stockholders meeting, the reading of the report of management was dispensed with, and the same report of management was noted.

**V. PRESENTATION OF RELATED-PARTY TRANSACTIONS**

On 28 September 2017 the Board adopted a policy on Related-Party Transactions that includes an integration of the Insurance Commission's mandated Guidelines on Related-Party Transactions. The Board has a Related-Party Transactions committee. The Related-Party Transactions in 2018 each of which did not exceed one percent (1%) of MIIC's annual revenue, were as follows: transactions with affiliates, namely MAPFRE TECH S.A. (licenses and software maintenance); with MAPFRE S.A. (fees); with Ibero Asistencia S.A. (road and home assistance and services); and with the law firm of Picazo Buyco Tan Fider & Santos where Mr. Tan is a partner. The Related-Party Transaction in 2018 which exceeded one percent (1%) of MIIC's annual revenue was with Insular Life Assurance Company, Ltd. (rental fees and share in Migrant Workers Plan) which owns approximately 25% of the outstanding capital stock of MIIC. On motion duly made and seconded, the Board of Directors' approval of the Related-Party Transactions was confirmed.

**VI. RATIFICATION OF ACTS, RESOLUTIONS AND APPROVALS OF THE BOARD OF DIRECTORS SINCE THE LAST ANNUAL MEETING**

On motion duly made and seconded, the stockholders approved and ratified all acts, resolutions and contracts of the Board of Directors since the last annual meeting as they appear in the minutes of the Board Meetings, and in the filings with the Office of the Insurance Commission, the Securities and Exchange Commission and in the records of the Corporation.

**VII. ELECTION OF DIRECTORS**

The Chairman stated that non-controlling stockholders are allowed to nominate candidates for board of directors. The Chairman also stated that cumulative voting shall be followed in accordance with the Revised Corporation Code.

The Chairman opened the table for the nominations for the new set of directors for the year 2019. The Nominations Committee reviewed and evaluated the qualifications of the nominees. The following persons were nominated as directors of the Corporation for the fiscal year 2019, to serve until the next annual meeting.

SILVERIO BENNY J. TAN  
LUIS C. LA Ó  
TIRSO C. ABAD  
MONA LISA DELA CRUZ  
FRANCISO NORIEGA  
NIKOLAOS ANTIMISSARIS  
MAYO JOSE B. ONGSINGCO - independent director  
PEDRO E. ROXAS - independent director

Since there are no other nominees, the Chairman directed the casting of the ballots for all the nominees. All nominees were therefore elected as directors of the Corporation for the ensuing term. All directors received votes from stockholders present in person or by proxy representing 99.9% of the outstanding common shares.

**VIII. APPOINTMENT OF EXTERNAL AUDITOR**

The Chairman announced that the next item in the agenda was the appointment of the Corporation's external auditor. Upon motion duly made and seconded, R.G. Manabat & Co. was appointed as the external auditor of the Corporation for the fiscal year 2019 with votes from stockholders present in person or by proxy representing 99.9% of the outstanding common shares.

**IX. OTHER MATTERS**

The Vice Chairman asked the stockholders whether there are queries or matters that should be brought to the attention of the stockholders in this meeting. There were none.

**X. ADJOURNMENT**

There being no other matters, the meeting was adjourned on motion duly made and seconded.

Attested by:

  
\_\_\_\_\_  
**SILVERIO BENNY J. TAN**  
Chairman of the Board

Certified by:

  
\_\_\_\_\_  
**JONAS-KARL V. PEREZ**  
Corporate Secretary



**DIRECTORS SELECTION POLICY**

*July 23, 2015*



## 1. Purpose

This public, specific and verifiable Directors selection policy aims to ensure that the proposals for nomination and re-election of directors are based on a preliminary analysis of the Board of Directors needs and to promote diversity of knowledge, experiences and gender on it.

## 2. Scope of Application

This Directors selection policy shall apply to the selection of candidates to directors who are individuals and, in the case of candidates to directors who are legal entities, to the natural persons who will represent them.

## 3. Selection Process

The selection of candidates to director shall be based on an analysis of the needs of both the Company and its group, which should be carried out by the Board of Directors with guidance and report from the Appointments and Remuneration Committee.

The proposals for nomination and re-election of directors shall be made by the Appointments and Remuneration Committee regarding the independent directors, and by the Board of Directors regarding the nominee and executive directors.

Likewise, the Company can also request the collaboration of external advisers in the selection of candidates to director.

During the selection process, any kind of implicit biases that may involve discrimination will be avoided, in particular, biases that interfere with the selection of women or men.

Particular efforts will be made so that by 2020 the number of female directors represents, at least, thirty percent of the total members of the Board of Directors.

## 4. Conditions to be Met by the Candidates

Candidates to Company director shall be honorable, fit and of recognized solvency, and have the required skills, experience, qualification, training, availability and commitment to their position.

In particular, the candidates must fulfill the following requirements:

- a) Professional qualification: University degree or at least five years of experience in the administration, management, control or advice of financial or insurance institutions subject to the regulations and supervision of Public Administration, or duties of similar responsibility in other public or private entities with similar dimensions and demands.
- b) Personal, professional and commercial reputation:
- Personal career in compliance with the commercial and other laws regulating the economic activity and the life of the business, as well as good commercial, finance, and insurance practices.
  - Absence of criminal record.
  - Are not disabled to exercise public, administration or management positions in financial or insurance companies.
  - Are not disabled under the Insolvency Law.
- c) Capacity and compatibility:
- Not be subject to causes for incompatibility, incapacity or prohibition in accordance with the law.
  - Do not have significant shareholdings or provide professional services to competing businesses for the Company or of any entity within the Group, or work as employees, directors, or administrators of the same, unless they have been granted express authorization from the Board of Directors.
  - No kinship up to the second grade, including by affinity, with members of the Board of Directors, senior executives, heads or employees on any company of the Group in active service.
  - Not be subject to an insuperable situation of conflict of interest.
  - Have not incurred in circumstances that could mean that their membership of the Board of Directors may put at risk the Company's interest.
- d) Age: Have not turned 70 years of age.

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## **MAPFRE SUBSIDIARY**

### **BOARDS OF DIRECTORS**

The MAPFRE restructuring framework document, approved by the Board of Directors of MAPFRE S.A. on October 30, 2013, established a structure for MAPFRE based on three areas that converge to provide business management:

- the executive structure
- the corporate structure
- corporate governance

The Group was thus structured in such a way as to clearly distinguish between the functions of the executive bodies (local and regional Management Committees) and those of the management and supervisory bodies (Board of Directors and delegate committees of the same). It also emphasized that the good governance of the group is based on the necessary active participation of directors and board members in the decision-making process, thus ensuring appropriate internal control. It should be stated that, generally speaking, the MAPFRE corporate structure may vary depending on the country, based on the Units operational in each specific country. Usually there are local insurance companies on the one hand and MAPFRE

ASISTENCIA subsidiaries on the other. In countries where subsidiaries of both Units coexist, the members of the two boards will tend to be the same, with the local insurance CEO being the Vice Chairman for insurance companies and the Operations Manager for Asistencia holding the position of Vice Chairman on the Board of his/her respective company.

As for the boards of insurance subsidiaries, it states that "this represents the most senior body supervising insurance activities in the country in question, in accordance with local laws and the Group's good governance standards." It also states that at least half of the members of each Board, together with the Chairman, must be external directors<sup>1</sup>. The document also establishes an ideal composition of from 5 to 10 members, depending on the size of the company. In exceptional cases, when so required by the size of the company, this number may be higher, subject to prior approval by the MAPFRE S.A. Board of Directors.

MAPFRE has been strengthening its corporate governance position, encouraging the inclusion of external members on the Boards of Directors of subsidiary companies.

Furthermore, the majority of the Chairpersons of these subsidiaries are external directors.

We understand that greater specificity is required regarding the participation of external chairpersons and directors in

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<sup>1</sup> External directors: directors with no executive functions in any company within the Group.

the company's governance and supervision, in order to clarify and standardize said relationship.

## **SCOPE OF APPLICATION**

This document is applicable to all the Group's insurance companies, as well as to any other companies which the MAPFRE S.A. Board of Directors may determine at any time, which have a Board of Directors. Subsidiary reinsurance companies of MAPFRE RE are specifically excluded from the scope of application.

All Group companies should adapt their internal regulations and their activities to the principles and regulations established in this document, without prejudice to the exceptions applicable to each company by virtue of local regulations and, in the case of external partners, the specific terms established in any shareholder agreements or pacts which may be applicable.

## **CHAIRMAN OF THE BOARD OF DIRECTORS**

This person is by definition the Group's most senior institutional representative in the country. Normally this is an external director, with a suitable reputation and professional background, who must fit the required director profile described in section 4.3.1.2 of the "MAPFRE Group Institutional, Business and Organizational Principles" and any other applicable internal regulations. Said person is appointed by the country's Board of Directors, with all the agreements and prior internal authorizations required by the Group. They shall perform their functions in a manner and time pursuant to the legislation of the country and in full compliance with MAPFRE regulations.

The Chairman of the Board of Directors may have a direct relationship with the MAPFRE Group Chairman and CEO. Said relationship will usually be channeled via the MAPFRE Territorial CEO. With regard to the Asistencia, Services and Specialty Risks and Global Risks Business Units, the relationship will be direct in the case of MAPFRE ASISTENCIA, and for MAPFRE GLOBAL RISKS, it will be channeled via the process described above in the case of its subsidiaries. The Chairman and CEO of the MAPFRE Group may directly contact the Chairperson of any local Board of Directors to get his/her opinion on general or specific aspects regarding the country or the company itself, either individually or as part of internal consultancy forums.

Said person, in accordance with their availability, will also:

- Be invited to any of the company's external activities that are of sufficient institutional significance, particularly any that are attended or may be attended by local Authorities. At such events they shall hold the position of honor next to the highest authority represented at the event.
- Be invited to internal activities considered to be significant for the company. At such events they shall hold the position of honor or be head of the table, as applicable.

From the operating point of view, the Chairman of the Board must also:

- To hold, following the accounting close, joint or separate meetings on a monthly basis with the local CEO of the Insurance Unit and/or with the local Operations Manager of the Asistencia Unit, to discuss key figures from the Statement of Income and the Balance Sheet, any significant events or incidents in the month, as well as any aspects relevant to the Strategic Plan or such elements that have any influence on positive or negative performance in the financial statements.
- To hold a preparatory meeting with the Board, either in person or remotely, at least one week prior to each meeting being held, with the local CEO of the

Insurance Unit and/or the local Operations Manager of the Asistencia Unit, in both cases accompanied by the Secretary of the Board, to prepare the Order of Business, all items and documents to be included and to prepare the Chairman's presentation. As of then, the other members of the Board should be provided with the Order of Business and the relevant documents. Furthermore, the Chairman of the Board will be able to meet with any of the managers, previously notifying the most senior person in the Unit, to gather more complete information on specific managerial aspects.

- To undertake an introductory presentation at all Board meetings, based on a summary report that will be prepared by the chief executive of the unit, outlining the key data and any aspects of interest, as well as any other issues that the Chairman may wish to discuss.
- To conduct Board meetings with all due formalities. This means opening and closing the meeting, allocating and withdrawing the right to speak to members and facilitating the smooth progress of the meeting, encouraging participation and debate on all matters up for discussion by the Board and that have a direct bearing on company management, on the performance of the insurance industry and on economic activity in general. During Board meetings



they must endeavor to avoid any political arguments or debates that might imply members taking individual or group positions.

In order to suitably perform his/her functions, the Chairman of the Board shall be provided with:

- Company business cards.
- A company email account.
- A space, meeting room or similar at the MAPFRE headquarters to hold meetings or prepare his/her work as Chairman.
- Administrative support and support from the Secretary of the Board in the performance of his/her functions and for preparing meetings.

The company will pay all expenses incurred by the Chairman of the Board in the performance of his/her functions, on submission of receipts justifying the same, pursuant to the company's policies on ordinary expenses.

The Chairman may not hire independent consultancy personnel or resources when these exist within the company. Should an isolated requirement be identified, the same may be evaluated jointly with the CEO of the unit, adopting the most reasonable solution in each case.

The Chairman of the Board, in all public activities in said capacity, must abstain from making any political statements or any other statements that do not represent

the position of MAPFRE, and must check with the local CEO prior to making such statements.

Any exception to these rules must always be subject to approval by the MAPFRE Group Executive Committee.

## **FUNCTIONING OF THE BOARD**

The Board of Directors must ensure that the company complies fully with all MAPFRE internal regulations, and in particular with the "Institutional, Business and Organizational principles of the MAPFRE Group".

The following shall be taken into account with regard to Board meetings and operations:

- The Board will hold as many meetings as are required each year for the correct performance of their functions, with a minimum of 5 and a maximum of 8 per year, unless otherwise provided for by law or due to exceptional circumstances which recommend or require that the said maximum number of meetings should be increased.
- Meetings shall be convened and the corresponding documentation shall be sent preferably by electronic means.
- The Board shall constitute all the delegate bodies required by local legislation. Furthermore, subsidiary Boards, in those cases determined by the MAPFRE S.A.

Board of Directors or the Steering Committee of the same, shall have in place a Management Steering Committee that will act as the delegate body for said Board. Furthermore, the creation of any other steering committee of the Board that is not directly required by local regulations, must be approved in advance by the MAPFRE S.A. Board of Directors or its Steering Committee.

- The Board must be kept regularly informed of developments in the insurance market in the country in question, in addition to receiving regular information on MAPFRE's performance at a regional and global level.
- The minimum points that the Board must discuss during the year are:
  - To propose or approve, in accordance with local regulations, the appointment of new directors, at the Chairman's proposal and with the prior approval of the competent MAPFRE bodies.  
It must also propose or approve, in accordance with local regulations, the renewal or termination of directors upon completion of their elected terms, as well as hearing the grounds for the early termination of any of the external directors.
  - To propose or approve, in accordance with local regulations, the quarterly and annual accounts.

- To approve the Strategic Plan and Annual Budget, and to undertake six-monthly monitoring of the same.
- To approve the annual Investment Policy and undertake six-monthly monitoring of the same.
- To approve the annual Audit Plan and undertake six-monthly monitoring of the same.
- To at least annually familiarize itself with the company's capital models and operational solvency and risk status.
- To approve any operations which may be significant for the company, with prior authorization where applicable by the competent MAPFRE bodies.
- To identify internal control mechanisms and those for the prevention of money laundering.
- To approve the company's annual Corporate Social Responsibility Plan and to monitor the performance of the same.
- To be kept regularly informed of developments in relations with supervisors and regulators, as well as any legislative and supervisory changes affecting the insurance business.
- To follow developments in case of any relevant legal or administrative incidents.
- To approve the appointment of Managers and changes to the company's organization chart

that, at the proposal of the local CEO and where applicable with the prior approval of the Regional Management Committee, where this falls within the Board's jurisdiction.

- To be aware of the main resolutions adopted by the Regional Management Committee. A summary report summarizing the same should be prepared by the Secretary and made available at all Board meetings.
  - To be informed annually of the degree of compliance with the company's corporate and solvency regulations.
  - Any other function that may be assigned pursuant to local legislation or specific MAPFRE regulations.
- Minutes must be kept of all Board meetings, with details of the matters discussed, the main points made and any resolutions adopted. Detailed descriptions of the different stances taken will be avoided. Any Board member may request that their statement or position be recorded in the minutes. A copy of the minutes shall be sent by electronic means simultaneously to the Group's General Counsel and the Secretary of the Regional Management Committee.

- Meetings must be of sufficient duration to allow ordered monitoring of the items in the Order of the Day and to be able to include and discuss other issues. The recommended minimum duration is two hours.
- It is recommended that at least twice a year the meeting should include one item dealing with a technical, operating or strategic aspect of interest, in order to make directors more familiar with operations in the company and the basis on which decisions are made. Furthermore, information on market developments should also be included on a regular basis.
- The annual meetings schedule will be prepared by the local Chairman and CEO of the Insurance Unit and/or the local Operations Manager of the Asistencia Unit, and will be approved by the Board at its final meeting of the previous year, and must be adhered to unless rendered impossible by force majeure.
- The agenda will be circulated to all members at least five days in advance of the meeting and will specifically state those items that are for information purposes and those that require a Board resolution. The documentation will be circulated among members at least three days ahead of the meeting, to allow for due analysis and study of the same by directors.

Other nonexecutive members of the management team may attend as guests on a permanent basis, at the initiative of the CEO of the local unit, with the approval of the Chairman, with the aim of enriching the debates held by the body. Members of the company's management team who are not directors may also attend as occasional guests, at the initiative of the CEO of the local unit with the approval of the Chairman, in order to report on a specific aspect of management or to participate in the debates held at the meeting.

- All directors, both external and executive undertake to safeguard the confidential nature of the matters discussed at meetings of the Board of Directors.
- The Board must conduct an annual assessment of its own performance, the quality of its work and the functioning of its Steering Committees, following the instructions given by the General Counsel, to which a summary copy of the same must be sent. The result of the assessment will also be discussed at a Board meeting, with comments made by members.

## **STRATEGIC MONITORING**

As well as including some of the company's key strategic initiatives in the monitoring meetings, the following should also be taken into account:

- Twice yearly monitoring of compliance with the strategic plan. At the close of each quarter, the CEO of the local unit will report, at the corresponding ordinary Board meeting, on the progress made in the Plan and the performance of strategy map indicators.
- Presentation of the Strategic Plan to the Board. In the month of December, preferably during the first fortnight, a specific meeting will be held in which senior company executives will offer a detailed presentation to the Board on the new proposed Strategic Plan and Group Targets at country level for the following year, as well as forecasts for the following three years. The meeting must be of sufficient duration to allow the detailed presentation of the different initiatives, projects and figures. Therefore, the recommended duration is of at least three hours. A strategy debate will be encouraged after each presentation, supported by the inclusion of general information on the economy and the industry. To this effect, a calendar of meetings of the Board of Directors will be established in coordination with the Corporate Finance Area.



- Directors will have at least two weeks to submit contributions and suggestions or request clarifications, which should be channeled via the Secretary of the Board. With the contributions received from the directors and, where applicable, those formulated the MAPFRE Group management bodies, a definitive version of the Strategy Plan will be drawn up which, with prior approval by the Regional Management Committee, will be submitted to the company's Board of Directors for their approval. Where any of the suggestions are not included in the same, the details justifying the exclusion will be specified.

## **DEDICATED MEETINGS WITH BOARD MEMBERS**

As well as the ordinary Board meetings that are scheduled in advance for the full year, the local CEO may propose to the Chairman that a special meeting be held to discuss a specific matter regarding company management. Likewise, such meetings may be called to capitalize on the presence of a MAPFRE senior manager in the country, where this is deemed to be necessary or important.

## **TRAINING AND UPDATING**

Membership of the Board of Directors in any country carries the inherent obligation of having a sufficiently strong understanding of the financial, insurance and strategy issues that are habitually debated by said bodies. To this end, the company will structure a process of mandatory initial training and refresher training for all directors, based on the Training Program for MAPFRE Directors, created for the Board of MAPFRE S.A. and which should be adapted locally. The Secretary of the Board in each country will be responsible for coordinating the adaptation of the same. Training courses will be programmed and organized by the Corporate Human Resources Area, with the CEO of the local unit taking responsibility for compliance with said programs, for directors taking part, the topics that will be covered and the involvement of senior company executives as speakers.

## **REMUNERATION**

External directors will receive fixed annual remuneration that is subject to approval on an annual basis by the MAPFRE S.A. Board of Directors, without exception.

Likewise, compensation will be provided for all travel, accommodation and living expenses incurred by members of the Board in the performance of the functions associated

with their position, subject to internal regulations and the terms and conditions approved by MAPFRE governing bodies.

## **STEERING COMMITTEES**

If the local Board of Directors has delegate bodies pursuant to local legislation or because such bodies have been approved in advance by the MAPFRE governing bodies, these must adhere to both local regulations in the country and specific MAPFRE legislation in terms of composition, functioning and responsibilities.

The most common such bodies are the Management Steering Committee and the Audit Committee, where applicable. The basic responsibilities of the same are as follows:

- **MANAGEMENT STEERING COMMITTEE**  
Will be empowered with all the responsibilities inherent to the Board of Directors that may be delegated to the committee. It will chiefly discuss and pass resolutions on matters inherent to the Board of Directors that may be delegated to the committee, between the meetings of the same, as well as any urgent matters on which a stance must quickly be taken or authorization given.

- **AUDIT COMMITTEE**

- To supervise the effectiveness of the internal control of the company, the internal audit and the risk management systems, as well as debating with the External Auditor regarding any significant weaknesses in the internal control system detected when undertaking audits.
- To supervise the process of drawing up and presenting mandatory financial information, reviewing compliance with the applicable regulatory requirements, the correct application of accounting criteria and the suitable definition of consolidation perimeters where applicable.
- To establish due relationships with the External Auditor in order to receive information on issues related with accounts auditing, as well as any other communications envisaged in the legislation governing accounts auditing and auditing regulations.
- To safeguard the independence and effectiveness of the Internal Audit; to receive regular information on its activities and verify that Senior Management takes into account the conclusions and recommendations drawn from its reports.

- To inform the Board of Directors in advance on all matters stipulated by law, in corporate bylaws and this document, and in particular on:
  - Financial information that the company must periodically make public.
  - Related operations.

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