



BOARD OF DIRECTORS REPORT ON THE PROPOSAL FOR THE AMENDMENT OF  
ARTICLE 17 OF THE CORPORATE STATUTES

Madrid, February 7, 2018



## I. BACKGROUND AND JUSTIFICATION FOR THE PROPOSAL

This report was prepared by the MAPFRE S.A. Board of Directors. (“**MAPFRE**”) to justify the proposal to amend the Article 17 of the Corporate Statutes relating to the Directors' remuneration system.

Article 17 establishes that Directors will receive a fixed amount for their membership on the Board of Directors as basic remuneration and, where applicable, for membership of the Steering Committee and sub-steering committees, which may be higher for people who occupy positions on the Board itself or who chair any of the Board committees or sub-committees.

Over the past few years the Board of Directors has considerably increased the number of meetings held per year, in line with the recommendations included in the Good Governance Code of Listed Companies. At the same time, the number of Steering Committee meetings has fallen notably over the past few years, which in the opinion of the Board of Directors, makes it advisable to revise the remuneration mechanism for its members to consist of a fixed amount and a per diem for attending meetings. Accordingly, the Board of Directors has included content in this respect in the Directors' Remuneration Policy at MAPFRE S.A. for 2019-2021, and approval from shareholders will be sought at the General Meeting by including the matter in the Agenda. In line with the above, the Board of Directors has adopted a resolution to propose to shareholders at the General Meeting that an amendment be made to Article 17 of the Corporate Statutes effective January 1, 2019 which is the date on which the new policy will enter into force if approved by shareholders.

## II. PROPOSED RESOLUTION

Amend, effective January 1, 2019, article 17 of the Company Bylaws, which shall read as follows:

*“Article 17*

*The position of Director is remunerated.*

*The remuneration of Directors, in their capacity as such, shall consist of a fixed sum as members of the Board of Directors and, where appropriate, as members of the Committee and Sub-Committees. This sum may be higher for those Directors sitting on the Board or who chair the Committee and Sub-Committees. The members of the Steering Committee will also receive a travel, subsistence and accommodation allowance for attending meetings. This remuneration may be supplemented with other non-cash benefits (life or healthcare insurance, discounts on products sold by MAPFRE Group companies) that are generally provided to the Company's personnel.*



*The maximum annual remuneration of Directors, in their capacity as such, shall be set by the General Meeting and it shall be distributed in the manner agreed by the Board of Directors, taking account of the criteria mentioned in the previous paragraph.*

*Directors who perform executive functions in the Company or in the Group will be excluded from the remuneration system established in the previous paragraphs and shall be entitled to receive remuneration only for the performance of said executive functions. Said remuneration shall be set by the Board of Directors, providing details of every item in the corresponding contract entered into by the Company and the Executive Directors, which must be approved by the Board of Directors.*

*The remuneration of the Directors who perform executive functions may include the distribution of shares, share options or sums linked to the share price, subject to the legal requirements in force in every moment.*

*Regardless of the remuneration established in the preceding paragraphs, all Directors shall be paid for their travel, mobility and other expenses incurred to attend the meetings of the Company or for the performance of their functions.*

*In all cases, the remuneration of Directors shall adhere to the provisions of the Directors' remuneration policy approved by the General Meeting, in accordance with the Law."*

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