



**MAPFRE, S.A.**

**REPORT ON THE DIRECTORS'  
REMUNERATION POLICY**

**February 2009**

**REPORT ON THE MAPFRE DIRECTORS'**  
**REMUNERATION POLICY IN THE**  
**FINANCIAL YEAR 2009**

1. POLICY

In accordance with the Company's Articles of Association, Directors who do not perform executive functions in the Company or in Group companies (External Directors) will receive a fixed sum as their base remuneration, and it may be higher for individuals holding office on the Board itself or for those chairing the Steering Committee, the Executive Committee or the Board's Delegated Committees. This remuneration may be supplemented with other non-cash benefits (life or healthcare insurance, bonuses, etc.) generally provided to the company's personnel. The members of the Board who are members of the Steering Committee, the Executive Committee or the Board's Delegated Committees shall also receive a *per diem* allowance for attending the meetings.

The members of the Board of Directors who perform executive functions in the Company or in Group companies (Executive Directors) will receive the remuneration allocated to them for the performance of their executive functions (salaries, incentives, whether linked or otherwise to the Company's share price, supplementary bonuses, etc.) in accordance with the established policy for the remuneration of senior executives, according to the provisions of their respective contracts, which may also establish pertinent indemnity clauses in the event they are dismissed from such functions or their relationship with the Company is terminated. They will not receive the remuneration assigned to the External Directors, except for any remuneration assigned to the members of the Steering Committee, the Executive Committee or the Board's Delegated Committees, if it is resolved by the Board of Directors, which thus far has only done so in respect of members of the Steering Committee.

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

2. DIRECTORS' REMUNERATION IN FINANCIAL YEARS 2008 AND 2009

a) External Directors.

The base annual remuneration for External Directors consists in a fixed annual sum as members of the Board of Directors, amounting to €42,200 in 2008 and which is expected to amount to €43,171 in 2009, representing a 2.3% increase. Said amount is increased by 50% for individuals holding office

on the Board itself or for those chairing the Steering or Delegated Committee, but these increments are not accumulated when one same person holds several positions. Life Insurance is also provided such that in the event of death there is an assured capital of €150,253, and they also have certain benefits acknowledged to the personnel, such as Healthcare Insurance.

External Directors who are members of the Steering Committee or of Delegated Committees also receive a *per diem* allowance for attending meetings, which in 2008 amounted to €4,200 for attending the meetings of the standing Committee and €3,693 for attending other Committees, and it is scheduled to be increased in 2009 to €4,317 for attending the meetings of the Steering Committee and to €3,778 for attending other Committees, likewise representing a 2.3% increase.

#### b) Executive Directors

The Executive Directors receive the remunerations established in their contracts, which includes a fixed salary, variable incentives linked to results (representing approximately 50% of their remuneration), life and disability insurance and other benefits generally provided to the Company's personnel. In addition, they also benefit from certain pension supplements in the event of retirement, externalized via a life assurance policy, all of which falls under the remuneration policy established by the Group for its senior executives, whether or not they are Directors. However, they do not receive the remunerations established for External Directors, with the exception of *per diem* allowances for attending the Steering Committee meetings.

The cost of the remuneration and other benefits received by the Executive Directors in 2008 amounted to €5.05 million. For 2009, increases of 4% are anticipated, with certain exceptions where a higher percentage has been applied due to an increase in responsibilities. There is also the possibility of other increases should the objectives achieved exceed planned targets. This matter will be submitted the Appointments and Remuneration Committee for consideration.

Pension and retirement bonus commitments with the members of the Board of Directors are covered by collective insurance policies for these risks. For these items, and with regard to Executive Directors, in financial year 2008 the accrued premium amounted to €797,120, while in 2009 individual increases are expected in keeping with those scheduled for the remunerations, although two matters must be taken into consideration:

- a) In cases involving defined benefits, the increase of the individual pension base remuneration is limited to a 5% ceiling, such that higher increases could only arise due to a rise in the actuarial age of the subjects or to inflation figures in excess of the said 5%.

- b) The sum of the annual premium accrued by all beneficiaries may vary due to people joining or leaving the defined group.

### 3. INCENTIVES LINKED TO THE SHARE PRICE

The Extraordinary General Meeting held on 4<sup>th</sup> July 2007 approved an Incentive Plan for Group executives linked to the share's market price.

This Plan was supported by a report from the Appointments and Remuneration Committee on 23<sup>rd</sup> May 2007 and by the Company's Board of Directors on 1<sup>st</sup> June 2007, and it was extensively disclosed via the Company's website and the Spanish Security Exchange Commission's website.

The members of the Board of Directors are not included, in their role as such, within the group of beneficiaries thereof. However, some members, in addition to being a Director, are also Senior Executives of MAPFRE, S.A. or its subsidiaries, for which reason, provided they also meet the other conditions for participating, are included among the beneficiaries of the Plan. As of the date of this report such circumstance applies to Messrs. Andrés Jiménez Herradón, Antonio Huertas Mejías, José Manuel González Porro, Esteban Tejera Montalvo, and Ignacio Baeza Gómez.

### 4. SIGNIFICANT CHANGES IN THE REMUNERATION POLICY

During financial year 2009 no significant changes are expected to be made to the Company's remuneration policy.

### 5. TERMS AND CONDITIONS OF THE CONTRACTS

The senior management contracts of the Executive Directors stipulate that their term of office will end on 1<sup>st</sup> January following the date on which the executive turns 60, with the exception of annual extensions decided upon by the Company until such date on which the executive turns 65 at the latest.

There are no clauses relating to contract bonuses. Any severance pay for dismissal at the Company's discretion, unless there are grounds to justify fair dismissal, will be subject to the provisions of section 56.1. a) of the Workers' Statute, considering that in a majority of the cases there is a prior labour relationship. The prior notice term is three months.

### 6. APPOINTMENTS AND REMUNERATION COMMITTEE

The Appointments and Remuneration Committee fully supports the remuneration policy described herein and, as the case may be, it proposes or reports on each and every resolution resulting from said policy to the Board of Directors.

In particular, this report will be submitted to the Board's consideration to enable it to issue a favourable opinion or otherwise in respect of its contents.

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This report on the remuneration policy for the Company's Directors was passed by the Board of Directors of MAPFRE, S.A. at its meeting held on 4<sup>th</sup> February 2009, following a favourable report by the Company's Appointments and Remuneration Committee issued at a meeting held on the same day.