

Summary of  
Integrated  
report 2017  
and Proposed resolutions





Ctra. Pozuelo, 52  
28222 Majadahonda (MADRID)  
SPAIN  
[www.mapfre.com](http://www.mapfre.com)

Design  
**taudesign.com**

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The Alternative Performance Measures (MAR) used in in this report, which correspond to those financial measures that are used but not defined or explained in the applicable financial information framework, can be consulted at the following webpage:  
<https://www.mapfre.com/corporate/institutional-investors/investors/financial-information/alternative-performance-measures.jsp>.

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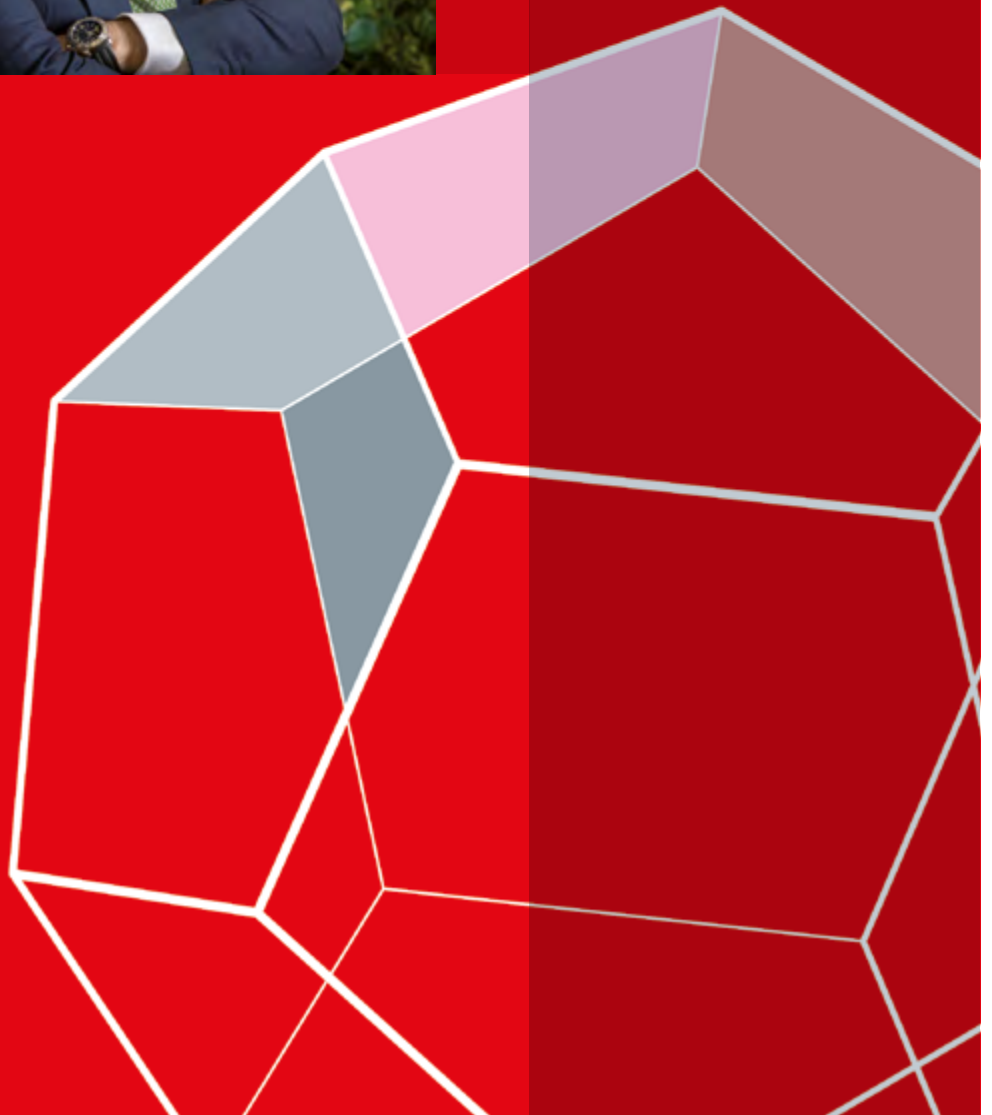
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1

# Letter from the chairman and CEO



## Dear Friends,

I am pleased to present the MAPFRE Integrated Report for the second consecutive year. We remain convinced that business and sustainability cannot be dealt with separately, so we are offering you a unique insight containing a comprehensive view of our business, our strategy and challenges, along with the most significant elements of our commitment and action as regards sustainable development.

Also included in this report is key non-financial information that meets the requirements of current regulations.

2017 was the second year in the three-year period of our profitable growth strategy, which is being implemented across the Group, and certain units have already shown sustained growth in premiums and a very significant improvement in profitability:

> Especially noteworthy in Spain is the Automobile business, where premiums rose 3.8 percent versus the market increase of 3.4 percent, while earnings before taxes were up 42.8 percent. The Life business is also progressing exceptionally well, thanks to the bancassurance savings line.

> In other markets, the profitable growth strategy is producing significantly better results (Peru, Colombia, Turkey and Italy), and particularly so in larger markets (Brazil,

Mexico and the United States) where profitability improvements are worthy of mention.

> The past year saw an exceptional convergence of natural disasters, of an intensity and frequency not seen in decades. Despite the extraordinary nature of the events, it must be borne in mind that these phenomena are inherent to the business of insurance: protecting clients against such risks.

> MAPFRE's capacity and solvency to respond to the needs of its clients have been proven, and attention should certainly be drawn to the effectiveness of the reinsurance protection in place to deal with these types of events, which facilitated limiting the effect on results and shareholders' equity. We can therefore affirm that the sporadic impact of natural disasters does not alter our profitable growth strategy.

Although the reader has all the company's figures at their disposal, I would like to emphasize that revenues are increasing in all geographic areas and with all the main products. Our solid position in all markets has once again been confirmed this year.

> Revenues rose to almost 28 billion euros, of which 23.5 billion correspond to premium revenue. Earnings before taxes surpassed 1.5 billion euros and net profit totaled 701 million euros.

> The combined ratio stood at 98.1 percent, including the effect of natural disasters, made possible by

excellent technical and underwriting management, as well as strict cost containment policies.

**Revenues are increasing in all geographic areas and with all the main products. Our solid position in all markets has once again been confirmed this year.**

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> The Solvency II results for 2017 are in line with the 200 percent target, which contemplates a margin of 25 percentage points, and confirms the strong capital position, as well as its low volatility. The Solvency II ratio was 189 percent in September 2017, comprising a high-quality capital structure, with 93 percent of funds classified as TIER 1. MAPFRE is comfortable with its capital structure, debt and solvency levels, which provide stability and financial flexibility for the future.

Programs are being implemented to raise efficiency, boost automation and reduce costs. The surpluses generated from these measures are being invested in digitalizing operations to achieve better results in the mid-term.

There is no doubt that a solvent company with strong results such as these generates economic and social value in the countries where it is present. This has also been made possible thanks to the relationships we

cultivate directly with our stakeholders - clients, employees, shareholders, providers, distributors and commercial partners, among others - who help us to reach our objectives.

More than 29.5 million clients confide in MAPFRE because we offer a wide range of products and services that cover their needs. Our innovation model facilitates us in constantly seeking out tailor-made insurance solutions, while always being conscious of the social and environmental challenges we face.

Moreover, the client now demands more communication channels with the company, with no loss in the quality of service and information they need. That is why we are a multichannel company. We are making headway in digital business without relinquishing the traditional channels at our disposal, especially our more than 84,000 distributors and 12,800 direct and delegate offices, which allows us to be a player on the global stage, in terms of geographic presence and our commercial offering.

The MAPFRE client trusts us, and this trust is repaid in the form of the quality of service and the attention they receive, which is possible thanks to the management and coordination of the more than 139,000 providers who work with us. In addition to the technical

and financial criteria set down for our providers, we also ask them to commit to our principles and values, especially as regards sustainability. Work is continuing to certify providers so they can comply with the standards of good governance, employment, protection of human rights and the environment that characterize our company.

**More than 29.5 million clients confide in MAPFRE because we offer a wide range of products and services that cover their needs.**

We are signatories to the United Nations Global Compact; we work actively on the 2030 Agenda for Sustainable Development, and form part of the United Nations Environment Program Finance Initiative (UNEP FI). We adhere to the Principles for Sustainable Insurance (PSI) and the Paris Pledge for Action, and in 2017 we also signed up to the Principles for Responsible Investment (PRI) of the United Nations.

In 2017, we maintained our membership of the FTSE4Good Index and were included for the second straight year on the CDP (formerly Carbon Disclosure Project) Climate A-list

initiative for our management and initiatives in tackling climate change.

None of the above would be possible without our 36,271 employees. We have a diverse workforce with employees from 81 different nationalities. Women accounted for 56 percent of new hires in 2017, and we employ people from right across the generational spectrum – veterans, baby boomers and generations X, Y and Z. MAPFRE is also an inclusive company, with 2 percent of our workforce being made up of people with disabilities.

I can confirm that our workforce is highly motivated and our people are capable of leveraging their experience and talent in the search for new sustainable business opportunities, designing products and services and enhancing internal processes. That is why we are committed to professional development, as reflected in our investment of more than 20.8 million euros in training. Offering quality employment is of paramount importance to MAPFRE – 96.7 percent of our people are on permanent contracts, and more than 180 million euros was spent on social benefits in 2017, enjoyed by one and all, regardless of contract type. I am particularly proud to mention that 6,745 employees are members of our Corporate Volunteering program, carried out jointly with Fundación MAPFRE, which

carried out 1,263 activities in 2017 that directly benefitted 93,672 people.

Allow me to leave my final remarks for our shareholders, and to simply say that everything we do as regards the business, the good results and our commitment to sustainability, delivers a positive return for them. I am pleased to report that the final dividend for the 2017 financial year is 0.085 euros gross per share, bringing the total dividend charged against 2017 earnings to 0.145 euros gross per share, representing a payout of 63.7 percent.

I am convinced that the MAPFRE business model and the strategy focused on profitable growth, coupled with a high solvency level and low debt, guarantee healthy growth over the coming years.

I would like to end by expressing, both personally and in the name of the Board, sincere gratitude and thanks to our clients, employees, shareholders, distributors and providers. MAPFRE is firmly committed to continuing to work to create value and contribute to economic and social development wherever we are present.



🔗 **The MAPFRE client trusts us, and this trust is repaid in the form of the quality of service and the attention they receive, which is possible thanks to the management and coordination of the more than 139,000 providers who work with us.**

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2

# MAPFRE Group





MAPFRE is a global company principally engaged in insurance and reinsurance activities in 45 countries around the world.

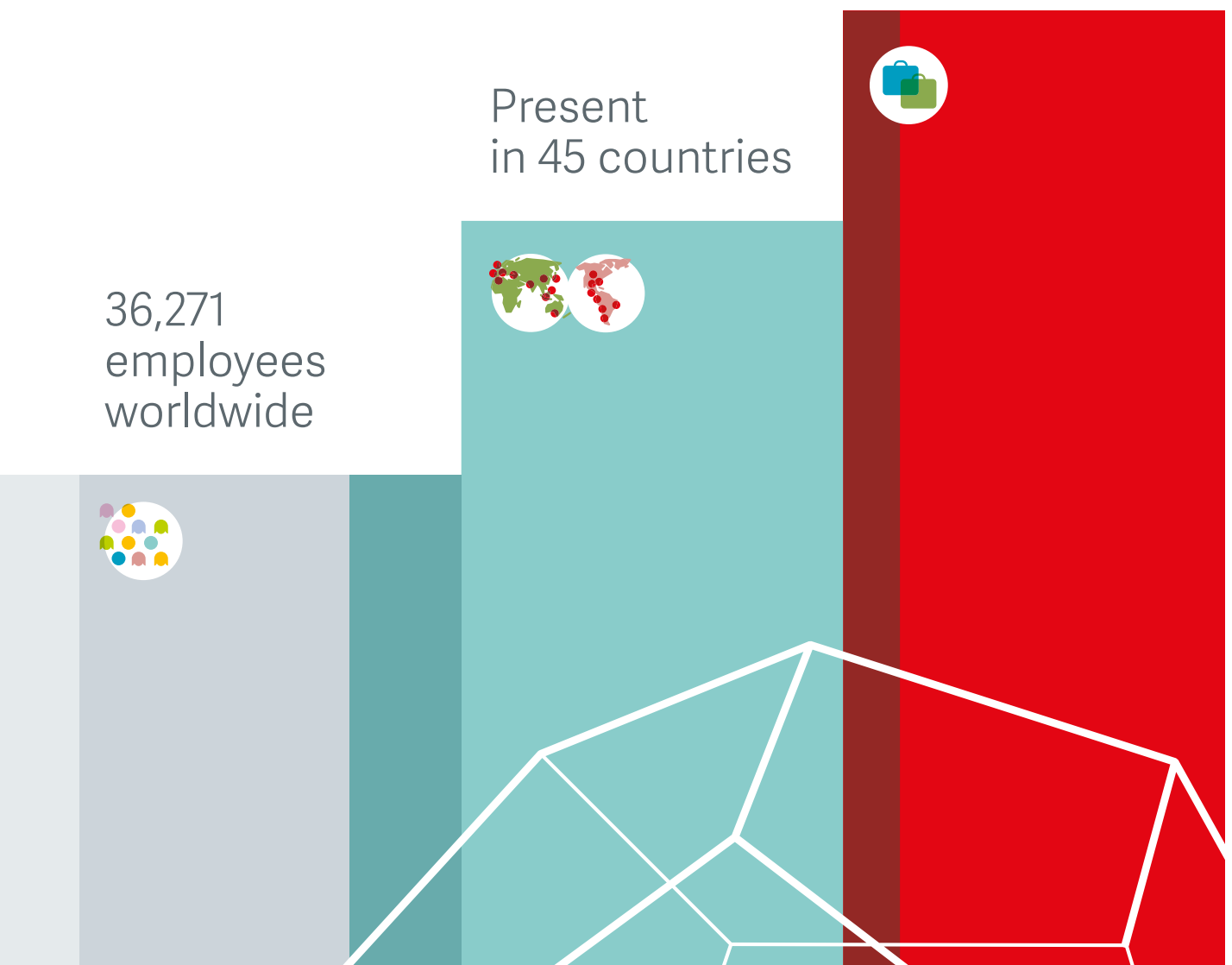
The Group's parent company is MAPFRE S.A., whose shares are listed on the Madrid and Barcelona Stock Exchanges. MAPFRE S.A. is also a component of the IBEX 35, STOXX Europe 600 Insurance, MSCI Spain, FTSE All-World Developed Europe, FTSE4Good and FTSE4Good IBEX indices.

The majority shareholder of MAPFRE S.A. is Fundación MAPFRE, which owns 68.3 percent of the share capital, thus guaranteeing the Group's independence and institutional stability.

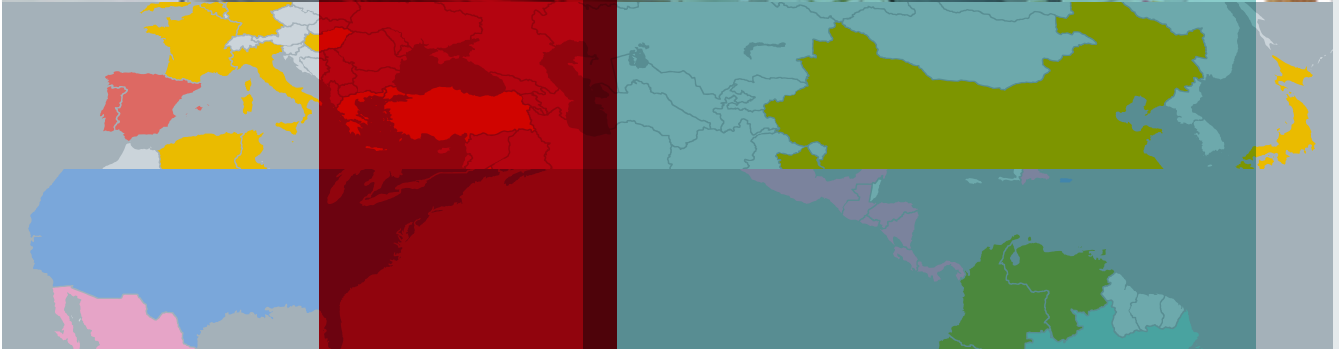
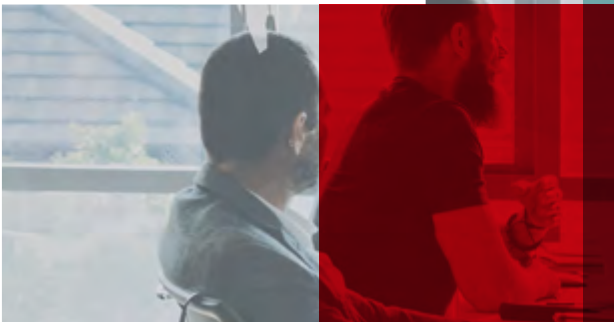
More than 84,000 distributors

36,271 employees worldwide

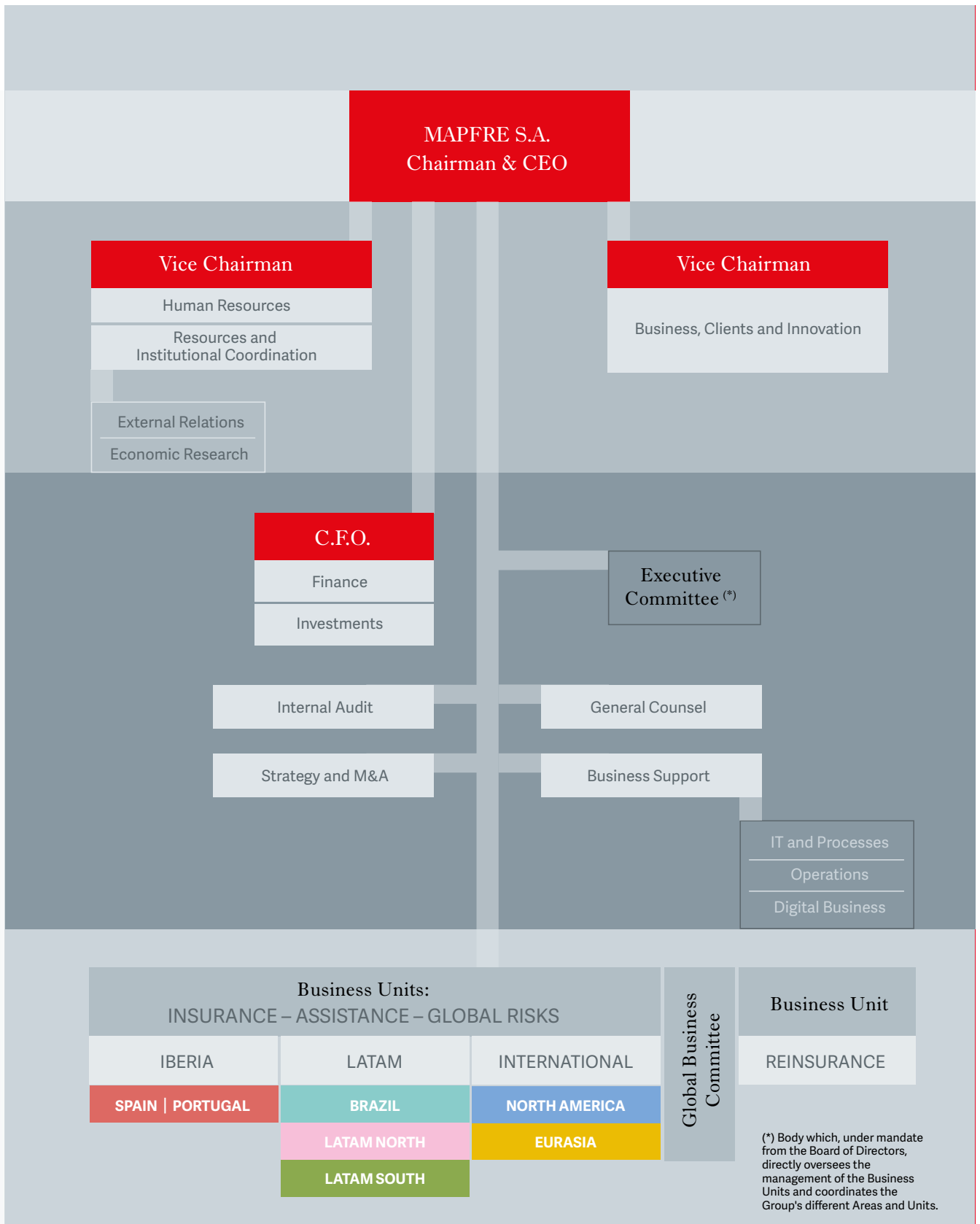
Present in 45 countries



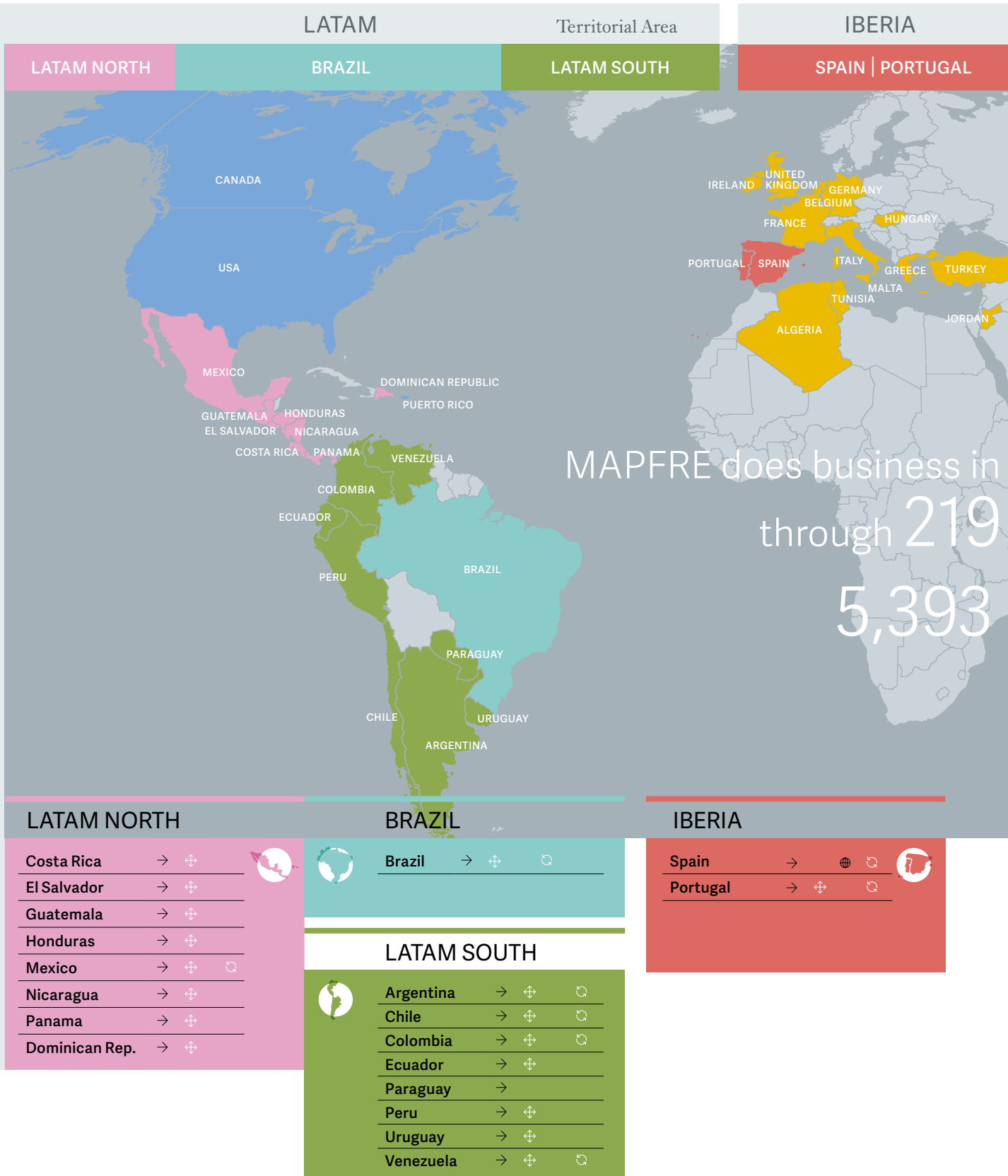
On October 25, 2017 the Executive Committee of MAPFRE S.A. approved the corporate organization chart shown overleaf, which came into effect on January 1, 2018:



## Organization chart



## 2.1. Deployment



Territorial Area

INTERNATIONAL

Territorial Area

NORTH AMERICA

EURASIA



A total of **7,487** banking institution offices and other points of sale sell MAPFRE insurance solutions

A network of more than **84,000** distributors, of which 7,300 are in the United States and more than 22,600 are in Brazil



**45** countries, companies and own and representative offices

**NORTH AMERICA**

**EURASIA**

Canada	+	↻
USA	→ +	↻
Puerto Rico	→ +	



Germany	→ +	🌐	↻
Algeria	+ ↻		
Bahrain	+ ↻		
Belgium	+ ↻		
France	+ 🌐	↻	
Greece	+ ↻		
Hungary	+ ↻		
Ireland	+ ↻		
Italy	→ +	🌐	↻
Jordan	+ ↻		
Malta	→ +		
United Kingdom	+ 🌐	↻	
Tunisia	+ ↻		
Turkey	→ +		



Australia	+ ↻		
China	+ ↻		
Philippines	→ +	↻	
India	+ ↻		
Indonesia	→ +	↻	
Japan	+ ↻		
Malaysia	+ ↻		
Singapore	+ ↻		
Taiwan	+ ↻		

## 2.2. Key financial figures

### Revenue and total written and accepted premiums

Figures in millions of euros

2017

2016

2017

2016

Revenue

27,983.7

27,092.1

Total written and accepted premiums

23,480.7

22,813.2

Non-Life

18,154.5

17,699.8

Life

5,326.2

5,113.3



MAPFRE's total revenues rose to

€ 27.9 billion

MAPFRE's total assets stood at

€ 67.6 billion

Written and accepted premiums totaled

€ 23.5 billion



Results	December 2017	December 2016	Var.% 17/16
Revenue	27,983.7	27,092.1	3.3%
Total written and accepted premiums	23,480.7	22,813.2	2.9%
Non-Life	18,154.5	17,699.8	2.6%
Life	5,326.2	5,113.3	4.2%
Attributable net result	700.5	775.5	(9.7%)
Earnings per share (euros)	0.23	0.25	(9.7%)

Figures in millions of euros

Balance sheet	December 2017	December 2016	Var.% 17/16
Total assets	67,569.5	67,881.8	(0.5%)
Assets under management	60,082.0	58,871.7	2.1%
Shareholders' equity	8,611.3	9,126.5	(5.6%)
Debt	2,327.4	2,202.9	5.7%

Figures in millions of euros

Ratios	December 2017	December 2016	Var.% 17/16
Non-Life Loss Ratio	70.7%	70.0%	0.7 p.p
Non-Life Expense Ratio	27.5%	27.4%	0.1 p.p
Non-Life Combined Ratio	98.1%	97.4%	0.7 p.p
ROE	7.9%	8.8%	(0.9 p.p)

Employees at year end	December 2017	December 2016	Var.% 17/16
<b>Total</b>	<b>36,271</b>	<b>37,020</b>	<b>(2.0%)</b>
Spain	10,894	10,721	1.6%
Other countries	25,377	26,299	(3.5%)

Solvency	September 2017	September 2016	Var.% 17/16
Solvency ratio	189.4%	210.0%	(20.6 p.p)

Item	31/12/2017	31/12/2016	31/12/2015	31/12/2014
Total outstanding shares	3,079,553,273	3,079,553,273	3,079,553,273	3,079,553,273
Market cap (million euros)	8,247.0	8,930.7	7,119.9	8,662.8
Share price (euros)	2.678	2.900	2.312	2.813
Change in value from January 1 (%)	(7.7%)	25.4%	(17.8%)	(9.6%)
Change in IBEX 35 from January 1 (%)	7.4%	(2.0%)	(7.2%)	3.7%
Average number of shares traded daily	7,267,696	9,032,451	9,937,097	11,711,993
Average daily traded value (million euros)	21.5	20.4	28.5	34.6
Period high	3.336	3.130	3.605	3.463
Period low	2.621	1.617	2.281	2.399
Volume /total stock market (%)	0.8%	0.8%	0.8%	1.0%
Book value per share	2.80	2.96	2.78	2.97
Dividend per share (last 12 months)	0.145	0.13	0.14	0.14





Financial strength ratings	S&P	FITCH	AM BEST	MOODY'S
<b>MAPFRE RE</b>	<b>A</b> Outlook stable	<b>A-</b> Outlook positive	<b>A</b> Outlook stable	-
<b>MAPFRE GLOBAL RISKS</b>	<b>A</b> Outlook stable	<b>A-</b> Outlook positive	<b>A</b> Outlook stable	<b>A3</b> Outlook stable
<b>MAPFRE ESPAÑA</b>	-	<b>A-</b> Outlook positive	-	-
<b>MAPFRE VIDA</b>	-	<b>A-</b> Outlook positive	-	-
<b>MAPFRE ASISTENCIA</b>	-	-	-	<b>A3</b> Outlook stable

Counterparty/debt issuer ratings	S&P	FITCH
<b>MAPFRE S.A.</b>	<b>BBB+</b> Outlook stable	<b>A-</b> Outlook positive

Debt issuance ratings	S&P	FITCH
<b>MAPFRE S.A.</b> senior debt, maturing in 2026	<b>BBB+</b>	<b>BBB+</b>
<b>MAPFRE S.A.</b> subordinated debt, maturing in 2047	<b>BBB-</b>	<b>BBB-</b>

# 3

## Business model and strategy



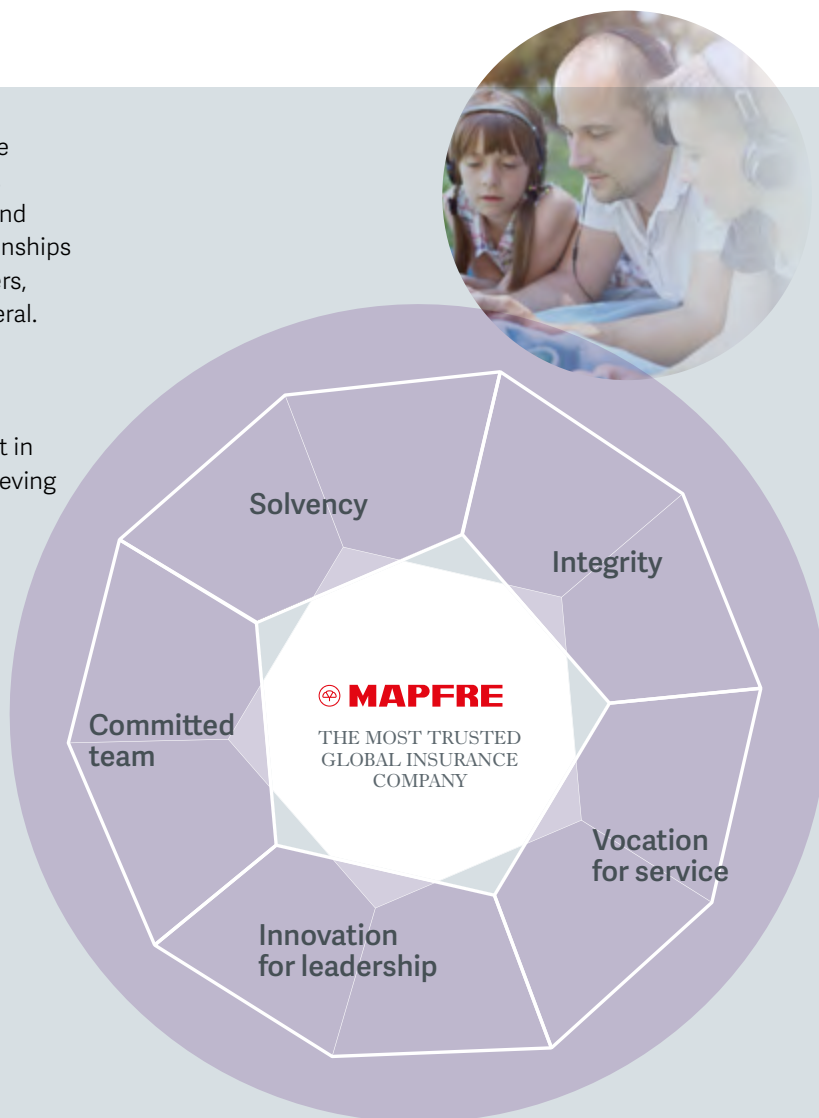
### 3.1. Business model

The vision of MAPFRE is to be **THE MOST TRUSTED GLOBAL INSURANCE COMPANY**, a concept that refers not only to its geographic presence, but also to the wide range of insurance, reinsurance and service products which it promotes around the globe.

The Group aspires to lead the markets in which it operates through a proprietary, differentiated management model based on profitable growth, a clear and purposeful orientation to both individual and corporate clients, a multichannel focus, and a profound vocation for service.

MAPFRE's stated mission is to be a multinational team that strives to constantly improve services and develop the best possible relationships with clients, distributors, providers, shareholders and society in general.

This commitment to continuous improvement is underpinned by the following values, which assist in developing the mission and achieving the company's vision:



## 3.2. Strategy

In recent years MAPFRE has consolidated its strategy at every level of the organization to work as one large team, moving in the same direction. Accordingly, a common, aligned strategy is followed in every market in which the Group operates. Since 2016, and in compliance with the strategic plan approved by the Group's Governing Bodies for 2016-2018, advances have been made with initiatives and projects to support its strategic objectives, prioritizing and

concentrating its efforts to advance as a single organization and uphold the commitments made to shareholders.

We are currently at the mid-point of the Strategic Plan, in which the focus has been on **Profitable Growth**, supporting management via four strategic pillars and a series of initiatives that were reinforced in 2017 to continue advancing toward building a more digital company:



### 1. Client orientation

The Group attaches great importance to identifying and understanding client needs, behavior and aspirations as a means of retaining existing clients and capturing new ones from the market. To achieve this goal, a Client Relationship Model was implemented that helps adapt the sales offering, operations, structure and technology to the requirements and needs of each client. All of this is tailored to the specific characteristics of each market.

### 2. Digital transformation

It is essential that MAPFRE keeps up its efforts to adapt to the new digital age, working on the digitalization of processes to achieve operational excellence, and the digitalization of the client touchpoints. All of this has the objective of strengthening their experience with the company, ensuring service and quality levels.

### 3. Excellence in technical and operational management

The insurance business involves a constant quest for operational excellence and adaptation to regulatory changes in the industry, so that technical profitability higher than the market can be achieved in the most important lines, which will also maintain and improve MAPFRE's competitive position.

### 4. Culture and talent

The successful implementation of the Strategic Plan depends on unequivocal support from employees and the MAPFRE culture

It is important to highlight the advances the Group has made in terms of equal opportunities, diversity and labor inclusion, which it will continue to pursue in the coming years.

*Vision*  
TO BE THE MOST TRUSTED GLOBAL INSURANCE COMPANY

*Mission*  
WE ARE A MULTINATIONAL TEAM THAT STRIVES CONSTANTLY TO IMPROVE SERVICES AND DEVELOP THE BEST POSSIBLE RELATIONSHIP WITH OUR CLIENTS, DISTRIBUTORS, PROVIDERS, SHAREHOLDERS AND SOCIETY IN GENERAL

*Values*  
SOLVENCY, INTEGRITY, EXCELLENCE IN SERVICE, INNOVATION FOR LEADERSHIP AND COMMITTED TEAM

## PROFITABLE GROWTH

### STRATEGY

- > Corporate Development
- > Client Orientation
- > Business Development and Innovation
- > Operational Excellence
- > Human Resources
- > Technology
- > Global structure
- > Sustainability and Reputation



### BUSINESS

- > CLIENTS
  - > CHANNELS
  - > PRODUCTS
- ADAPTATION TO THE MARKET

The resources that MAPFRE deploys to create sustained value are its main assets and correspond to the following capital types:

#### 1. Financial capital



#### 2. Productive capital

#### 3. Human capital

#### 4. Intellectual capital



#### 5. Social and relational capital

#### 6. Natural capital



MAPFRE's stated mission is to develop the best possible relationships with stakeholders, which include employees, clients, distributors, providers, shareholders and society in general.



4

# Business performance



## 4.1. General information

The Group's consolidated revenue reached 27.9 billion euros, with growth of 3.3 percent, underpinning the upward trend of the last few years.



Overall Group  
written and accepted  
premiums:

€ **23.5** billion

Combined ratio:

**98.1%**



## Consolidated revenue

Item	December 2017	December 2016	Var.% 17/16
Total written and accepted premiums	23,480.7	22,813.2	2.9%
Financial income from investments	2,801.7	3,056.3	(8.3%)
Revenue from non-insurance entities and other income	1,701.3	1,222.6	39.1%
<b>Total consolidated revenue</b>	<b>27,983.7</b>	<b>27,092.1</b>	<b>3.3%</b>

Figures in millions of euros

Premiums from direct insurance and accepted reinsurance, which represent the most fundamental part of revenue, reached 23.5 billion euros, with notable growth of 2.9 percent, primarily backed by the increase in premiums in Spain, Mexico, Central America, and the Global Risks Business Unit.

This increase in premium growth is framed within the Group's profitable growth strategy, which aims to improve profitability mainly in Non-Life insurance. As a result, in 2017, the cancellation of unprofitable policies continued, in the amount of approximately 530 million euros, mainly in Automobile and General P&C, which partially influenced the increase.

The following chart shows the details of, and changes in, managed savings:

Item	December 2017	December 2016	Var.% 17/16
Life technical provisions	28,718.9	29,173.1	(1.6%)
Pension funds	5,082.1	4,684.1	8.5%
Mutual funds and other	5,203.9	4,631.5	12.4%
<b>Subtotal</b>	<b>39,004.9</b>	<b>38,488.8</b>	<b>1.3%</b>

Figures in millions of euros

# 2.9%

growth in direct insurance and accepted reinsurance premiums



## MANAGEMENT RATIOS

The combined ratio measures the impact on premiums of management costs and the loss ratio for the period. In 2017 this ratio was 98.1 percent, representing an increase of 0.7 percentage points compared to the previous year.

## RETURN ON SHAREHOLDERS' EQUITY (ROE)

Return on equity (ROE), which represents the relationship between net profit attributable to the parent company (deducting the share of non-controlling interests) and average shareholders' equity, was 7.9 percent (8.8 percent in 2016).



## RELEVANT FACTS

The following are among the relevant facts for 2017:

> On September 25 last, MAPFRE informed, via a relevant fact, of the impact of hurricanes Harvey, Irma and María on the Atlantic coast of North America and the Caribbean, of exceptional scale and frequency, and also of the earthquakes that struck Mexico, estimating a net cost after taxes and minorities of between 150 and 200 million euros on the result attributable for the period, as per preliminary estimates carried out by the company.

> MAPFRE launched MAPFRE Gestión Patrimonial (MGP), a new business offering financial investment solutions that aim to deliver returns on clients' savings, and which commenced operations with the opening of a Madrid office.

> MAPFRE successfully placed 30-year subordinated debt securities, with a call option at 10 years, totalling 600 million euros, and bearing a fixed interest rate of 4.375 percent over the first 10 years.

> MAPFRE took control of Indonesian insurance company PT ASURANSI BINA DANA ARTA TBK (ABDA), after obtaining authorization from the regulatory bodies for the purchase of an additional 31 percent stake in the company, taking it to a controlling 51 percent stake.

> MAPFRE completed the launch of VERTI Versicherung AG en Alemania, which had operated under the Direct Line brand up until then.

> MAPFRE Mexico is awarded, for the second consecutive time and via public tender, the integrated insurance policy for Petróleos Mexicanos (PEMEX), which carried with it a premium in excess of 545 million dollars (approximately 479 million euros).

> MAPFRE makes further inroads with the international expansion of its Verti brand, launching operations in the USA.

> MAPFRE purchased 25 percent of French asset manager La Financière Responsable (LFR), a transaction that aligns perfectly with the company's commitment to a responsible investment policy.

## 4.2. Information by Regional Area

MAPFRE manages its insurance business through six Regional Areas that group different geographically-close countries, and which comprise the different operations of the INSURANCE, ASSISTANCE, and GLOBAL RISKS businesses.

The following chart shows premiums and results, as well as the Non-Life combined ratio.

	PREMIUMS			ATTRIBUTABLE RESULT			COMBINED RATIO	
	Dec. 2017	Dec. 2016	Var.% 17/16	Dec. 2017	Dec. 2016	Var.% 17/16	Dec. 2017	Dec. 2016
IBERIA	7,403.9	7,139.4	3.7%	525.2	582.3	(9.8%)	93.9%	94.0%
BRAZIL	4,734.3	4,587.4	3.2%	127.9	144.4	(11.5%)	96.1%	94.2%
LATAM NORTH	1,848.1	1,343.2	37.6%	26.5	38.8	(31.7%)	99.5%	100.9%
LATAM SOUTH	1,827.5	1,877.8	(2.7%)	64.4	5.2	--	98.2%	100.2%
NORTH AMERICA	2,788.0	2,902.4	(3.9%)	15.3	80.0	(80.9%)	106.4%	100.3%
EURASIA	2,552.0	2,700.7	(5.5%)	(62.2)	(123.1)	49.4%	107.2%	107.9%

Figures in millions of euros



## 4.3. Information by Business Unit

MAPFRE manages its business through four Business Units: **Insurance, Reinsurance, Assistance, and Global Risks.**

The chart below shows premiums, attributable result, and Non-life combined ratio for the Business Units:

	PREMIUMS			ATTRIBUTABLE RESULT			COMBINED RATIO	
	Dec. 2017	Dec. 2016	Var.% 17/16	Dec. 2017	Dec. 2016	Var.% 17/16	Dec. 2017	Dec. 2016
IBERIA	6,960.2	6,704.5	3.8%	511.5	535.9	(4.6%)	93.7%	94.5%
LATAM	8,017.9	7,385.4	8.6%	229.4	192.1	19.4%	96.6%	96.6%
INTERNATIONAL	4,398.2	4,593.4	(4.2%)	88.0	8.3	--	103.6%	103.1%
<b>Total insurance</b>	<b>19,376.3</b>	<b>18,683.3</b>	<b>3.7%</b>	<b>828.9</b>	<b>736.3</b>	<b>12.6%</b>	<b>97.4%</b>	<b>97.6%</b>
RE	4,222.4	4,234.7	(0.3%)	162.7	186.1	(12.6%)	94.8%	94.0%
ASSISTANCE	983.5	1,066.8	(7.8%)	(68.4)	(56.4)	(21.4%)	103.7%	102.0%
GLOBAL RISKS	1,257.4	1,212.2	3.7%	(66.3)	47.3	--	135.4%	97.5%
Holdings and consolidation adjustments	(2,359.0)	(2,383.8)	1.0%	(156.3)	(137.8)	(13.4%)	--	--
<b>MAPFRE S.A.</b>	<b>23,480.7</b>	<b>22,813.2</b>	<b>2.9%</b>	<b>700.5</b>	<b>775.5</b>	<b>(9.7%)</b>	<b>98.1%</b>	<b>97.4%</b>

Figures in millions of euros

# 5

## Corporate governance



## 5.1. Governance System

MAPFRE adopts a three-pronged approach to its business management:

Corporate governance  
Company structure  
Executive organization



### Corporate governance

The Board is the company's main decision-making and supervisory body as well as the supervisory body of all subsidiary companies, while day-to-day management is carried out by the company's management and executive bodies and by the relevant management bodies of the aforementioned subsidiary companies.

The composition of the governing bodies resulting from the resolutions that are expected to be adopted on March 9, 2018 is shown in the overleaf table.

Board of Directors		Steering Committee	Appointments and Remuneration Committee	Audit and Compliance Committee	Risk Committee
Chairman and CEO	Antonio Huertas Mejías <sup>(1)</sup>	Chairman			
First Vice Chairman	Antonio Núñez Tovar <sup>(1)</sup>	First Vice Chairman			
Second Vice Chairwoman	Catalina Miñarro Brugarolas <sup>(3)</sup>	Second Vice Chairwoman	Chairwoman		
Third Vice Chairman	Ignacio Baeza Gómez <sup>(1)</sup>	Member			
Board Members	José Antonio Colomer Guiu <sup>(3)</sup>		Member	Chairman	Member
	Georg Daschner <sup>(3)</sup>	Member			Chairman
	Ana Isabel Fernández Álvarez <sup>(3)</sup>			Member	Member
	María Leticia de Freitas Costa <sup>(3)</sup>				
	Luis Hernando de Larramendi Martínez <sup>(2)</sup>	Member	Member		
	Francisco José Marco Orenes <sup>(1)</sup>				
	Rafael Márquez Osorio <sup>(2)</sup>	Member		Member	Member
	Fernando Mata Verdejo <sup>(1)</sup>				
	Antonio Miguel-Romero de Olano <sup>(2)</sup>	Member		Member	Member
	Pilar Perales Viscasillas <sup>(3)</sup>			Member	
	Alfonso Rebuelta Badías <sup>(2)</sup>		Member		
Secretaries	Ángel L. Dávila Bermejo	Secretary	Secretary	Secretary	
	Jaime Álvarez de las Asturias Bohorques Rumeu				Secretary

## Honorary Chairmen

Julio Castelo Matrán

José Manuel Martínez Martínez

## Executive Committee

Chairman Antonio Huertas Mejías

Members

- Antonio Núñez Tovar
- Ignacio Baeza Gómez
- Aristóbulo Bausela Sánchez
- Alfredo Castelo Marín
- José Manuel Inchausti Pérez
- Francisco José Marco Orenes
- Fernando Mata Verdejo
- Eduardo Pérez de Lema
- Elena Sanz Isla
- Jaime Tamayo Ibáñez
- Wilson Toneto

Secretary Ángel L. Dávila Bermejo

(1) Executive directors

(2) Nominee external directors

(3) Independent external directors





## Diversity and experience

Female directors currently represent 27 percent of all members of the Board of Directors.

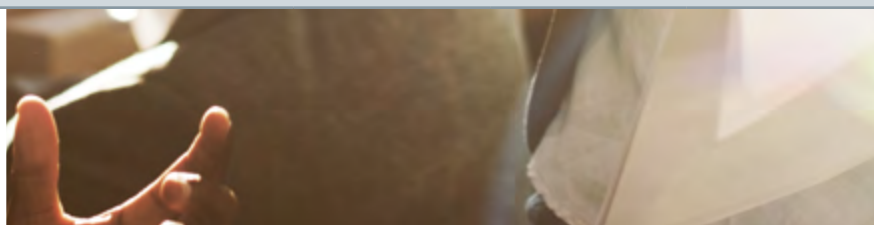
Geographic and cultural diversity is also visible at board level, with three nationalities represented: Spanish, Brazilian and German.

The selection of candidates in accordance with the provisions of the MAPFRE S.A. Board of Directors Regulations will include an evaluation of the competencies, knowledge and the experience necessary to hold a seat on the Board of Directors.



Corporate Governance Indicators	2017	2016	2015	2014
<b>Quorum for annual general meeting</b>	<b>83.20%</b>	<b>82.76%</b>	<b>78.47%</b>	<b>79.85%</b>
Directors	15	17	18	18
Men	11	15	16	16
Women	4	17	2	2
Executive directors	13	5	5	5
Independent external directors	4	18	7	6
Nominee external directors	15	5	6	7
Board meetings	3	18	10	7
Steering Committee meetings	16	6	8	13
Audit and Compliance Committee meetings	2	6	6	9
Appointments and Remuneration Committee meetings	7	6	7	4
Risk Committee Meetings	5	6	4	2

Remuneration for directors is determined in accordance with the provisions of regulations applicable to corporations, the corporate bylaws of the Board of Directors, and the decisions adopted by the Annual General Meeting.



The Group's Institutional, Business and Organizational Principles determine its actions as a company and contribute to the sustainability of the business conducted in every country in which it operates. These principles are embedded in the company through its core values (solvency, integrity, vocation for service, innovation for leadership, and committed team) and implemented through adherence to its international and local commitments as well as to the policies, standards and action protocols adopted by the organization. All of this enables the company to act in accordance with the due diligence principle, thereby preventing, detecting and eradicating irregular conduct, whatever its nature, which could have a negative impact on the company and on the environment in which it operates.

The company has a set of policies, regulations, procedures, protocols and other reference documents in place, both corporate and local in nature, which serve as a guide to determine the behavior that is expected of all those who work for or collaborate with MAPFRE.



## Company structure

MAPFRE employs a simple, efficient and decentralized company structure that enables it to meet its business objectives in an appropriate manner. This principle means that the appropriate management of the business in each country is compatible with the efficient management of the resources, capital requirements and distribution of dividends to shareholders. All of this is governed by a legal framework and genuinely ethical and socially committed conduct in the countries in which the company operates.

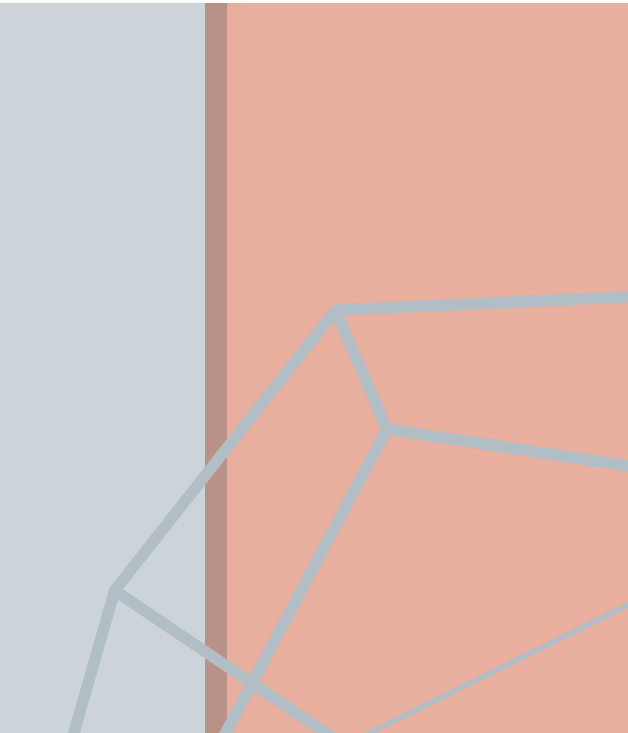
## Executive organization

MAPFRE employs a management model for its executive organization that is underpinned by strict control and oversight at every level: local, regional and global. This facilitates broad delegation in the execution and fulfillment of the responsibilities assigned to teams and their supervisors. Most notably, it means that the most important decisions, at all levels, are analyzed in depth, before and after they are implemented, by all of the senior executive teams.



## 5.2. Ethics and Social Responsibility

Being responsible is an attitude, and reflects a certain way of managing the company, and it is therefore important to involve all groups with which the company maintains relationships (employees, clients, providers, distributors, shareholders, and society in general) to contribute to the economic and social development of the countries in which MAPFRE operates. For this reason, MAPFRE has its own CSR model, a corporate policy that sets out the principles of action in this sphere, and the Group Sustainability Plan 2016-2018, which explains the strategy to follow.



## Ethical Behavior: Main Compliance and Prevention Measures

### Compliance

The principal aim of the compliance function is to verify that the Group operates within the legal and regulatory framework that governs its activities, thus minimizing legal and non-compliance risks, in order to preserve its solvency, integrity and reputation while supporting the Group in achieving its strategic objectives.

### Code of Ethics and Conduct

MAPFRE has a Code of Ethics and Conduct in place to manage the reality of its business activities. Inspired by the Group's Institutional, Business and Organizational Principles, the code reflects the corporate values and basic principles that should guide employees' actions in their routine tasks and relationships with other stakeholders.

This code was updated and approved by the MAPFRE S.A. Board of Directors in December 2017. It encompasses the following aspects:



#### Principles of ethical, transparent and socially responsible behavior

- > Compliance with current legislation
- > Respect for and protection of human rights
- > Social responsibility
- > Sustainability and respect for the environment
- > Confidentiality of information and protection of personal data
- > Corporate brand, image and reputation
- > Intellectual and industrial property

#### Compliance with the Code of Ethics and Conduct

- > Ethics Committee (composition and powers)
- > Whistleblower channels (operating framework)

#### Code of ethics and conduct in relations with and among employees

- > Respect for people
- > Equal opportunities and non-discrimination
- > Work-life balance
- > Commitment and cooperation in the workplace, efficiency and professional development
- > Health, well-being and risk prevention
- > Resources and equipment for pursuing professional activities

#### Code of ethics and conduct in relations with third parties

- > Relations with clients
- > Information for shareholders
- > Relations with providers and collaborating companies
- > Relations with competitors
- > Relations with governments and authorities
- > Relations with partners
- > Gifts and hospitality
- > Conflicts of interest
- > Anti-corruption, bribery
- > Transparency of information
- > Prevention of money laundering and financing terrorism

The Ethics Committee is responsible for ensuring implementation of the MAPFRE Code of Ethics and Conduct and for supervising compliance with same. Its functions therefore include consultation, resolution, oversight and promotion of the code.

## Whistleblower channels

MAPFRE has created two types of channels for use by employees:

> **The Financial and Accounting Whistleblower Channel** ([www.mapfre.com/CDF](http://www.mapfre.com/CDF)) allows Group employees to confidentially report any potentially significant financial and accounting irregularities they observe within the company to the Audit and Compliance Committee of MAPFRE S.A.

> **The Ethical Whistleblower Channel** ([www.mapfre.com/Etica](http://www.mapfre.com/Etica)) allows employees who have queries about the implementation of the code, or who observe a situation that might constitute a breach or violation of any of the ethical principles or standards of conduct set out in the code, to report them in strict confidence to the Ethics Committee.

Both channels are accessible in Spanish, English, Portuguese and Turkish.

## Grievances and Complaints

MAPFRE ensures that its clients in any country around the globe where it operates in direct insurance have an internal channel to defend their rights deriving from the policies they take out. The company preserves clients' trust by

making good on the commitment to give them the best possible attention and promoting the internal implementation of bodies to protect clients' rights.

## Internal Control

Internal control is everyone's responsibility, and seeks to improve internal operations by promoting control over potential risks that could impact on attaining established objectives. It deals with guaranteeing, with reasonable security, that the Group's objectives will be achieved within what is defined as operational effectiveness and efficiency, with full confidence in financial and accounting checks and balances and full compliance with internal and external regulations.

## Protection of employees from moral and sexual harassment in the workplace

MAPFRE has in place a series of mechanisms in all countries in which it is present that facilitate the avoidance of harassment, and in cases where it does arise, the company has established procedures to deal with and correct the problem.

The general action principles in this area are as follows:

**1. To contribute to maintaining a work environment that is free of harassment and behavior that is violent or offensive to people's rights and dignity, and to guarantee that, if it occurs, there are appropriate procedures for dealing with the problem and correcting it.**

**MAPFRE has in place a series of mechanisms in all countries in which it is present that facilitate the avoidance of harassment**

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**2. To reject any manifestation of harassment, whether ethical, sexual, psychological or of any other type, and also any behavior that is violent or offensive to people's rights and dignity, and consider respect for people and their dignity as one of the organization's basic principles of action.**

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## Prevention of fraud and corruption

A number of procedures exist to combat fraud, which is understood to be any action taken or omission committed intentionally and dishonestly, when taking out insurance, reporting an incident or accrediting the damage caused, and during the processing of the same, with the intention of obtaining unjust enrichment from the insurance company.

## Security

Security at MAPFRE focuses on protecting employees, safeguarding client and other stakeholder information, and ensuring the sustainability of the Group's operations and the services that it provides.

MAPFRE also has procedures, tools and specialist staff in place to ensure that the new initiatives and corporate information systems have built-in security criteria from the outset, designed to minimize risks, protect data privacy and increase incident detection and response capabilities.

### Internal Audit

MAPFRE considers that this independent and objective assurance and consultation function helps the organization comply with its stated objectives by providing a systematic and disciplined approach to evaluating and improving the efficiency of risk management, internal control and corporate governance processes.

## 5.3. Risk Management

In order to ensure efficient administration of risks, MAPFRE has developed a set of Risk Management policies that assign responsibilities, establish general guidelines, basic principles and action framework for each risk type, assuring coherent application within Group companies.

The Board of Directors of MAPFRE S.A. establishes the risk level that the Group is prepared to take on in order to reach its business objectives without any significant deviations, even in adverse situations. This level, which defines limits and sub-limits per risk type, is set by the MAPFRE Group risk appetite.

MAPFRE's structure is based on Units and Companies with a high degree of management autonomy. The Group's governing and management bodies approve the risk management actions to be taken by the Units and Companies and constantly supervise their exposure to risk using indicators and ratios.

Assigned capital is established in general based on estimates made in line with the targets for the following year, and it is periodically reviewed throughout the year in line as risks develop, in order to ensure compliance with the established Risk Appetite limits.

### Environmental, Social and Governance (ESG) risks and opportunities

The concept of sustainability is based on three fundamental pillars: economic, social and environmental development. For this reason, managing risks and business opportunities associated with environmental, social and governance (ESG) issues plays a key role in sustainable development.

Management of ESG risks helps in decision-making on important issues as underwriting, investment, innovation in products and services, and reputation management, the latter being essential to gaining the trust of our stakeholders. Consequently, ESG risks are naturally incorporated into the management and control processes implemented by the Group.

# 6

# Main assets





Value creation for an organization is achievable when the company determines its different types of capital and identifies the main areas to work on and the stakeholders impacted or potentially impacted.

Value creation is not static, and projects are therefore undertaken within a time frame of several years, aligned with the Strategic Plan. This chapter describes the main milestones reached in 2017.



## 6.1. Financial capital

What is it?

The economic resources which the company owns and uses to pursue its business, either obtained through financing or generated through operations and/or investments.

Main stakeholders for whom this capital creates value

All stakeholders, especially shareholders and investors and society in general (*bearing in mind the economic value generated and distributed*).



What are we working on to create value?

Shareholders' equity  
Investments  
Financing operations  
The MAPFRE share

## Shareholders' equity

Consolidated equity amounted to 10.5 billion euros as on December 31, 2017, as compared to 11.4 billion euros as on December 31, 2016.

## Investments

Details of the investment portfolio by asset type are given below:

Item	December 2017	December 2016	Var.% 17/16
Government fixed income	27,388.4	28,390.2	(3.5%)
Corporate fixed income	9,572.6	10,009.6	(4.4%)
Real Estate*	2,171.4	2,277.8	(4.7%)
Equity	2,400.9	1,665.3	44.2%
Mutual funds	1,631.4	1,574.4	3.6%
Cash	1,864.0	1,451.1	28.5%
Other investments	4,767.4	4,187.7	13.8%
<b>Total</b>	<b>49,796.0</b>	<b>49,556.0</b>	<b>0.5%</b>

\* Includes both investment property and real estate for own use



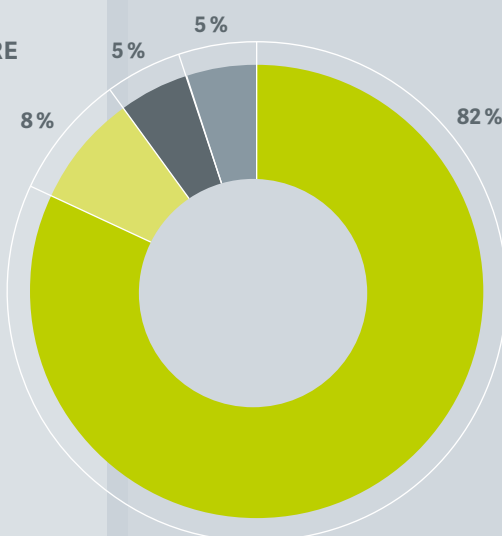
Figures in millions of euros

## Financing operations

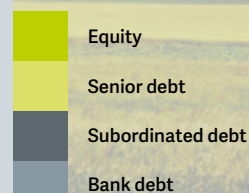
The accompanying chart shows the composition of the capital structure at the close of 2017.

Capital structure reached 12.8 billion euros, of which 82 percent corresponds to equity.

### CAPITAL STRUCTURE



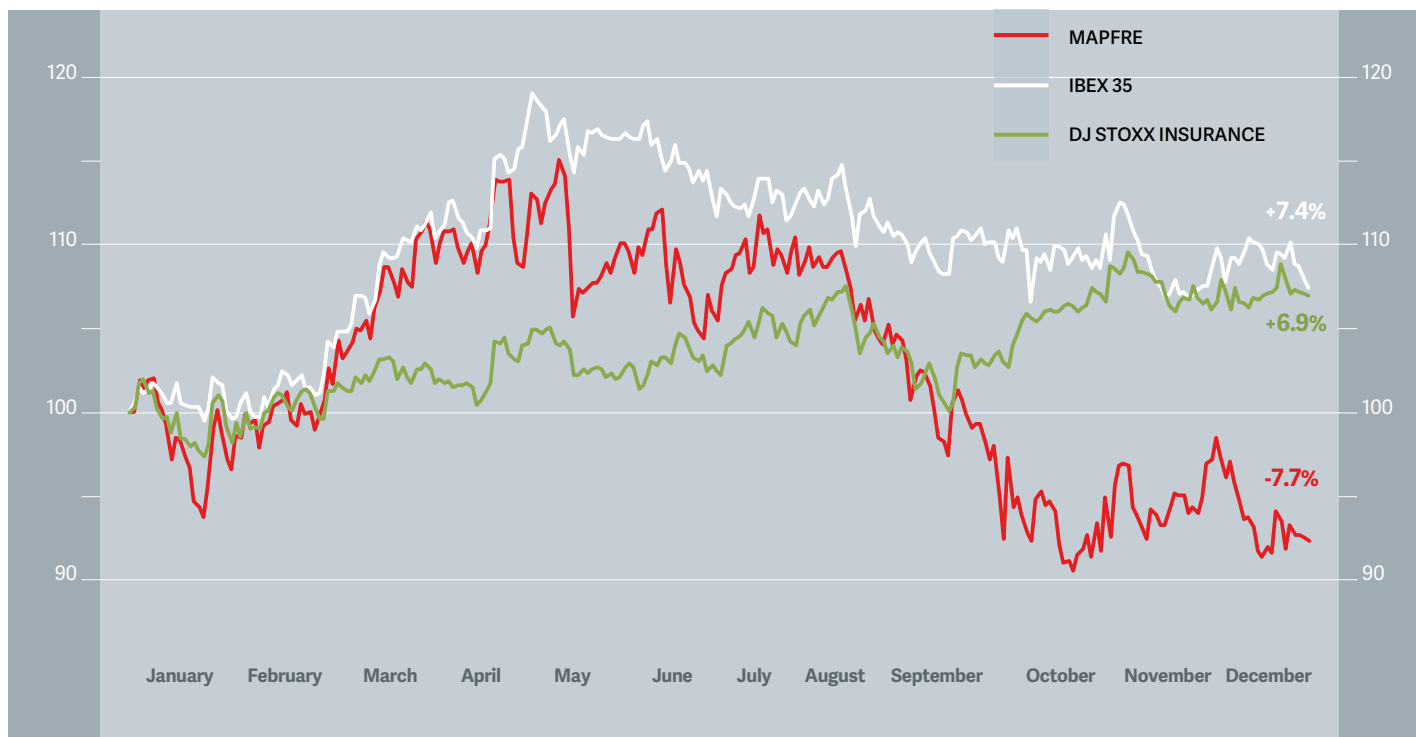
Total capital structure  
€12.8 billion



## The MAPFRE share

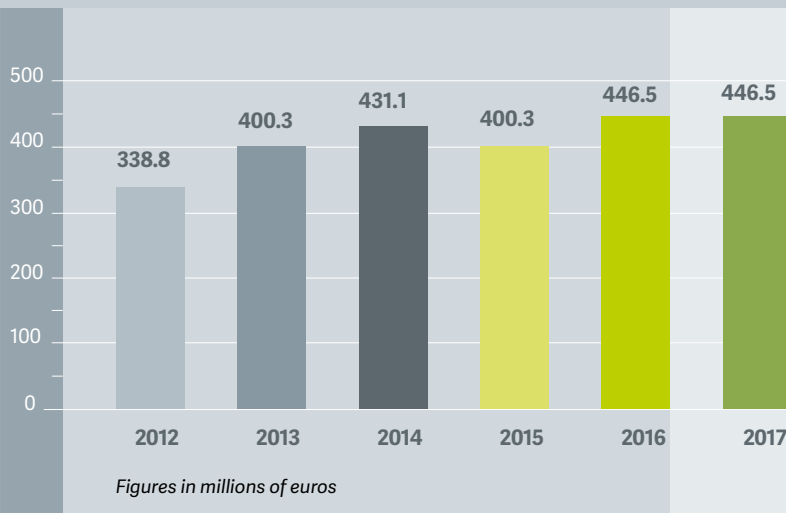
### SHARE PRICE MOVEMENT:

JANUARY 1, 2017 – DECEMBER 31, 2017.



### DIVIDEND AND PAYOUT

The final dividend for the 2017 financial year to be proposed in the Annual General Meeting is 0.085 euros per share. As such, the total dividend against 2017 results amounts to 0.145 euros gross per share, reflecting a payout ratio of 63.7 percent.



#### Dividends paid against results

Earnings per share (euros)	0.22	0.26	0.27	0.23	0.25	0.23
Dividend per share (euros)	0.11	0.13	0.14	0.13	0.145	0.145
Payout (%)	50.9%	50.6%	51.0%	56.5%	57.6%	63.7%



## 6.2. Productive capital



What is it?

Tangible assets or goods and services used by the company to pursue its activities.

Main stakeholders for whom this capital creates value

- > Clients and insured parties
- > Distributors (agents, delegates and brokers)
- > Providers
- > Society

What are we working on to create value?

Multichannel distribution and customer service  
Service centers for clients  
Digital Business  
Providers  
Quality

### Multichannel distribution and customer service

At the close of 2017, MAPFRE had more than 29.5 million direct insurance clients. In order to respond to the needs of all clients, MAPFRE has an extensive distribution network in place:

	IBERIA	LATAM	INTERNATIONAL
<b>OFFICES</b>			
Direct and Delegate	3,091	1,789	493
Bancassurance	2,436	5,051	-
<b>BROKERS</b>			
Agents	10,119	16,324	10,325
Delegates	2,666	4,294	102
Brokers	5,229	33,835	1,436

## Service centers for clients

In order to address client needs and guarantee the best possible service, the Group has the following service centers:

Service Centers	Number	Countries
Own appraisal centers	269	17
Automobile service centers	31	3
Automobile diagnosis units	16	6
Research and development centers	7	7
Own healthcare polyclinics	19	3
Clinics	9,590	17
Dental clinics	7	1
Corporate business management centers	46	7

## Digital business

MAPFRE has focused on the profitable growth of its operations and, specifically, digital business. As such, in 2016 MAPFRE committed itself to

increasing the volume of its digital business in 2018 by 50 percent compared to the end of 2015. MAPFRE's digital business has been basically structured into three models associated with the MAPFRE, VERTI and INSURE&GO brands.

To attain this ambitious business growth objective, the Group has developed several actions intended to improve its profitability.

### Digital business:

Growth of  
**37.4%**  
in 2017 vs. 2015

## Providers

MAPFRE works with more than 139,000 providers, making a distinction between service providers and specific providers.

	IBERIA		LATAM		INTERNATIONAL	
	No. of providers	Cost (€m)	No. of providers	Cost (€m)	No. of providers	Cost (€m)
<b>Services (Specific)</b>	65,165	1,474	29,012	601	28,918	569
<b>Support (General)</b>	3,710	495	7,296	323	5,465	248

## Quality

In 2017 the 4th and 5th NPS (Net Promoter Score) measurement waves were carried out, involving a representative sample of MAPFRE's portfolio. These waves each covered 23 countries and lines, covering almost 79 percent of the Group's total Non-Life premium volume.



## 6.3. Human capital

What is it?

Competences, knowledge, abilities and experience of the organization's people.

- > Employees
- > Clients
- > Society

Main stakeholders for whom this capital creates value



What are we working on to create value?

- Diversity management
- Talent management and mobility
- Learning and knowledge management
- Organization and new ways of working
- Remuneration and recognition
- Health and Well-being
- Digitization of processes (HR Analytics)



## Organizational distribution of employees

	Men	Women
Corporate Areas	881	665
IBERIA	4,648	4,932
LATAM	6,785	8,762
INTERNATIONAL	4,032	5,180
REINSURANCE	190	196
<b>Total</b>	<b>16,536</b>	<b>19,735</b>

## Total and average headcount MAPFRE Group

Total headcount	2017
Headcount at December	36,271
Average headcount	36,716

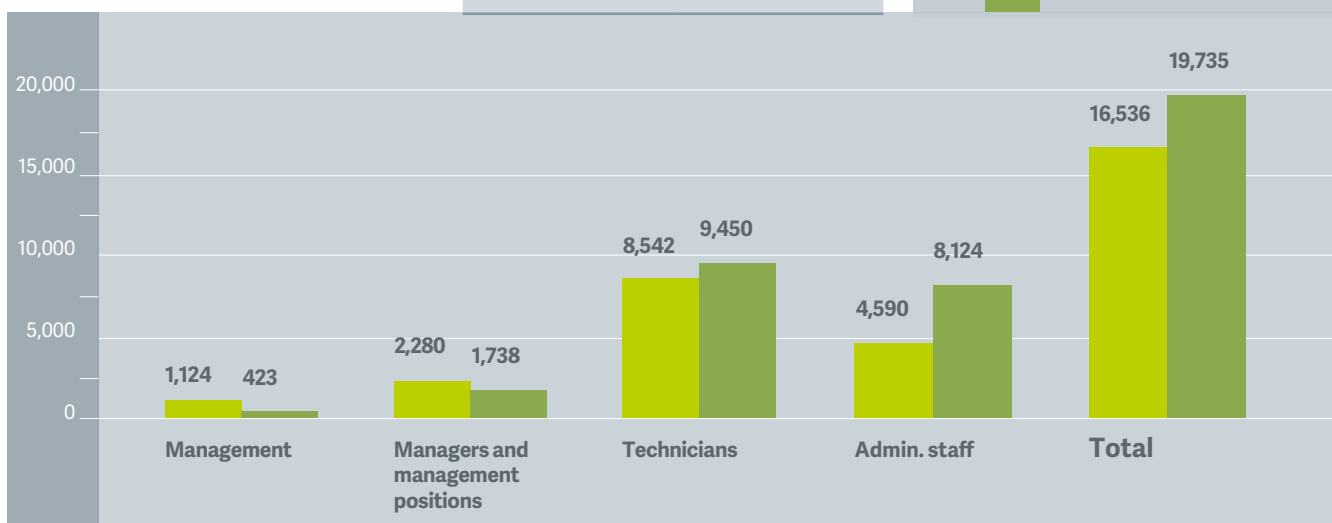
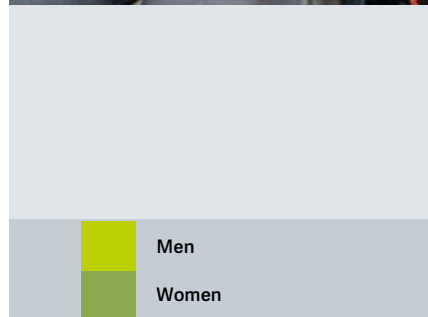


## Diversity management

### GENDER DIVERSITY

A global action framework has been defined to strengthen equality in all employee management processes.

% WOMEN IN MANAGEMENT/LEADERSHIP JOB POSITIONS AT THE GROUP	
2017	2016
38.8%	38.6%
2018 Objective: Women holding 40 percent of Group management and leadership job positions	



## FUNCTIONAL DIVERSITY

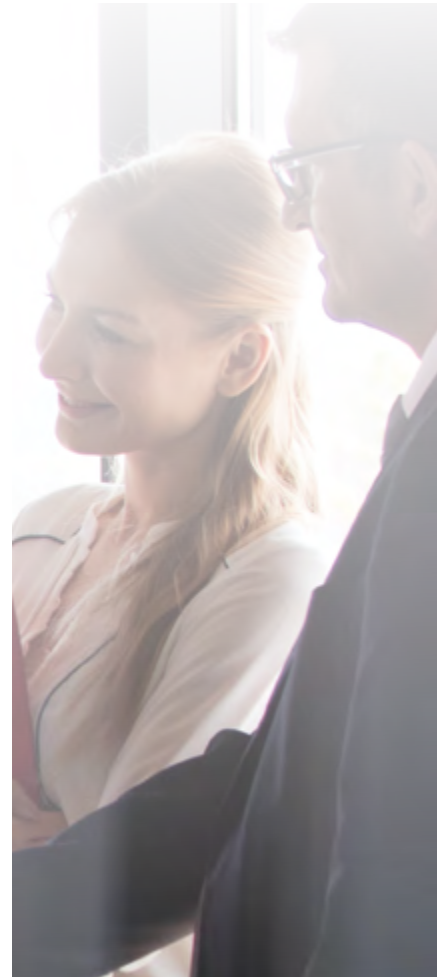
At the end of the year, 768 employees with different capacities formed part of the Group's workforce, which is 48.3 percent more than in 2016.

PEOPLE WITH DISABILITIES IN THE WORKFORCE	
2017	2016
2.1%	1.4%
2018 Objective: People with disabilities comprising 2 percent of the workforce	

## CULTURAL DIVERSITY

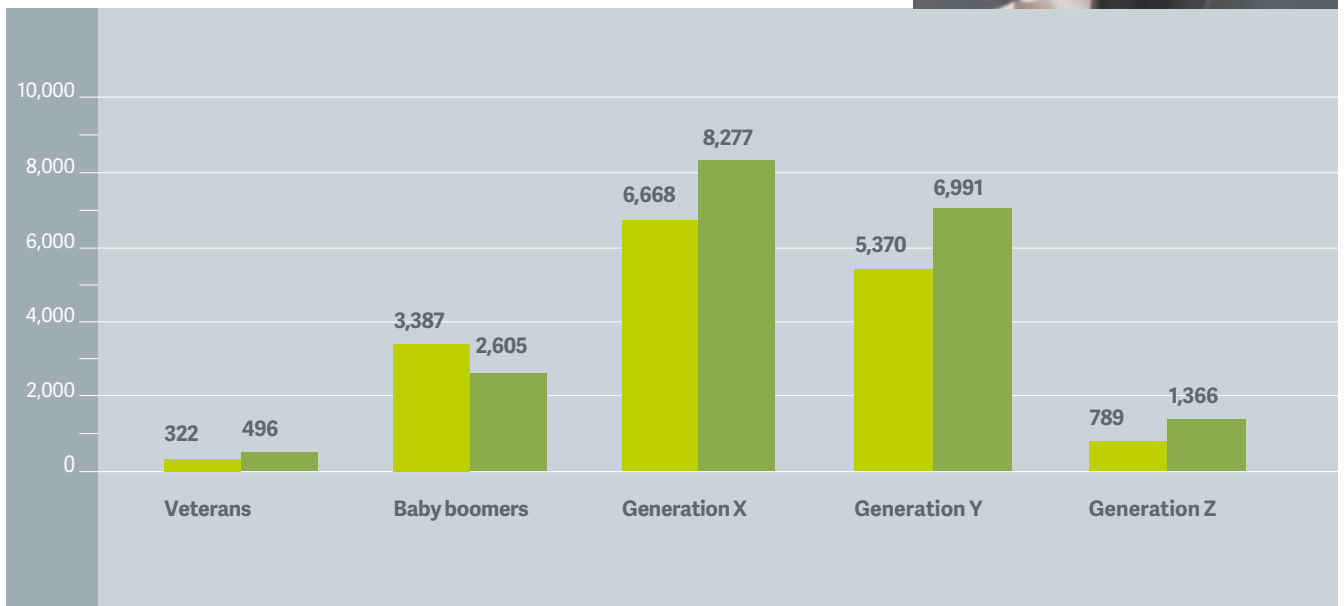
MAPFRE employs 36,271 professionals of 81 nationalities, (1,170 employees in the Corporate areas of 17 nationalities).

As regards senior management and executives who work in Group companies, 82.4 percent are natives of the countries in which they work.



## GENERATIONAL DIVERSITY

Several generations work together at MAPFRE, as shown in the accompanying graph:



## Talent management and mobility

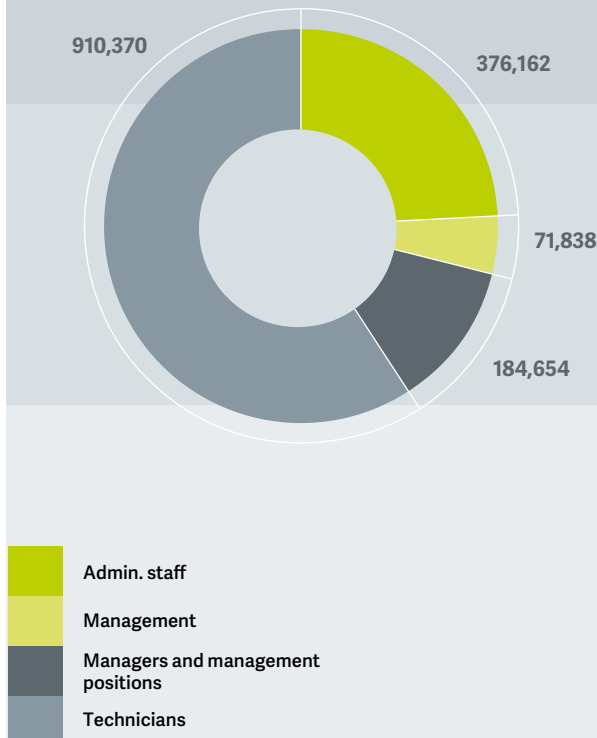
Within this project framework, 59 global strategic profiles have been identified, 4,217 employees with potential have been identified and selected, and a global database - the MAPFRE Global Talent Network - has been created to manage these employees.

In 2017, of the 5,210 published vacancies, 1,836 were filled through internal mobility. Geographic mobility (international careers, global mobility or temporary transfers) allowed 23 countries to work with professionals from another 22 countries. Currently, 273 managers and employees are working outside their country of origin.

## Learning and knowledge management

Over the course of the year training was provided to 100 percent of the workforce, via 1,543,024 hours of training, which represents an average of 43 hours per employee.

Training hours by job position





## Organization and new ways of working

Work is underway on implementing flexible schedules, technological mobility and process-based and objectives-based work. The following results were obtained in 2017:

Work-life balance measures	No. of employees benefitting
Flexible work schedule	12,198
Part-time work arrangements	1,321
Reduced workday	3,062
Remote working	473
Paid and unpaid leave	14,664
Parental leave	749
Maternity leave	432
Sabbaticals for study/family purposes	346
Employee reintegration program following a protracted leave of absence	134

## Remuneration and recognition

MAPFRE has a Remuneration Policy in place that seeks to establish appropriate pay levels in line with each function and job position and professional performance. The assignment and settlement of annual variable remuneration is facilitated via the **Objectives-based Management** model.

## Well-Being and health

MAPFRE has a Healthy Company model in place, and in 2017, 447 related activities were carried out in 24 countries.

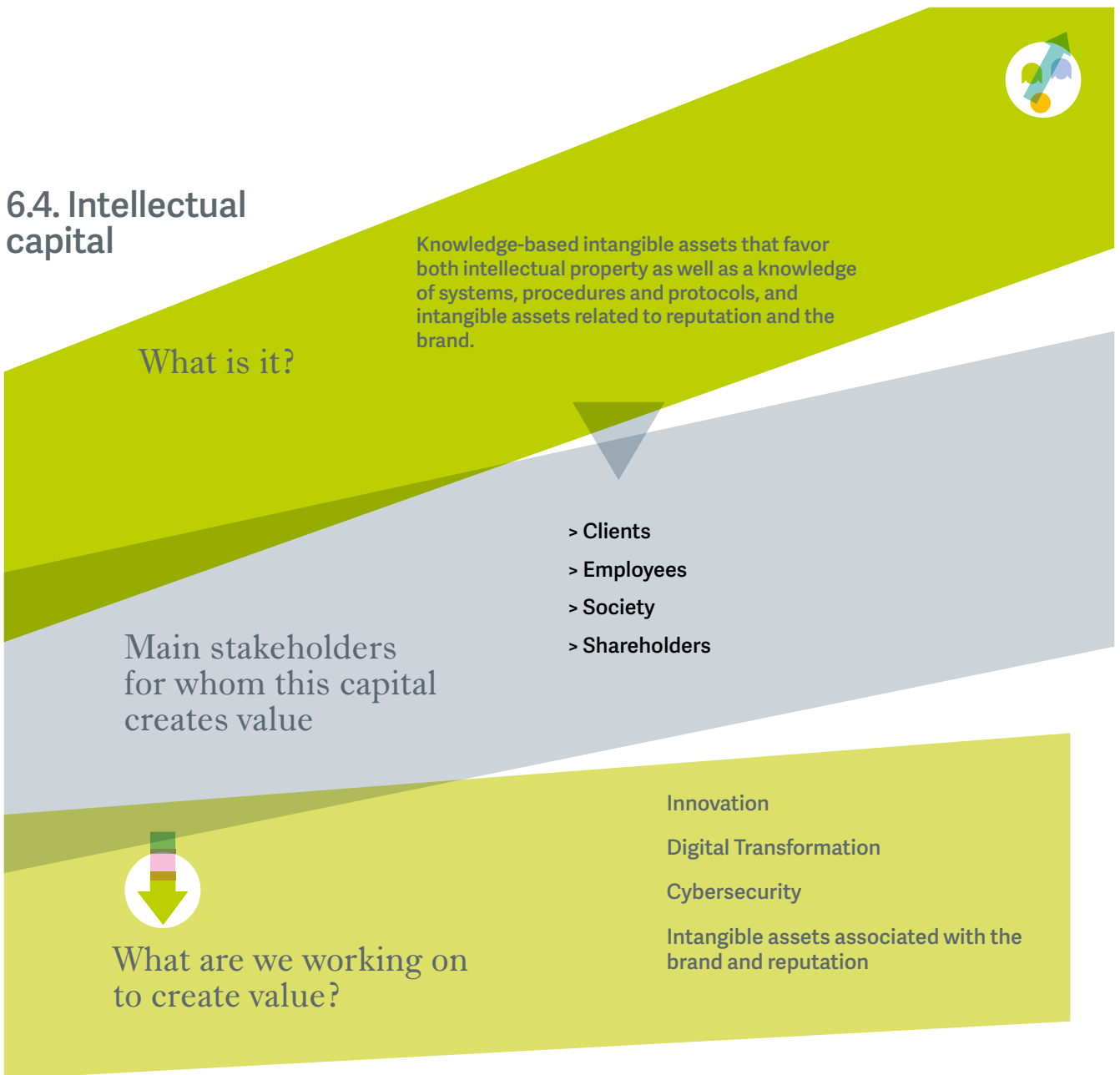
Between June 5 and 9, MAPFRE Week: Health Objective was celebrated, an international initiative aimed at promoting healthy lifestyle habits and encouraging employee participation in events, involving more than 33,000 Group employees (93.9 percent of the workforce).

## Process digitalization (HR analytics)

In 2017, the first predictive model for identifying those job positions and employees with the highest probability of unwanted turnover was put in place, with related actions to address each situation.

Talent, learning, selection and mobility processes are carried out using a global cloud-based technology tool, with globally defined processes that are implemented equally in every country. This encourages mobility and global and collaborative work.

## 6.4. Intellectual capital



### Innovation

The pillars of MAPFRE's Innovation Model are as follows:

**1. The Innovation Community**, which in 2017 reached a total of 19 innovation and development offices (OID), at which there are approximately 40 part-time employees and more than 250 Innoagents.

At the end of 2017 the innovation portfolio at MAPFRE at global level consisted of more than 70 innovation projects which, due to their geographic scope and potential impact on the organization, are divided into 58 local, 4 global and 8 corporate categories.

**2. Think Tanks**, which are dedicated to exploring and analyzing new trends and their direct impact on the business.

**3. The Startup Relationship Model**, which covers interaction with the entrepreneur and startup ecosystem.



## Digital transformation

During the year MAPFRE made significant advances in its digital transformation process, launching more than 200 projects. This effort has allowed significant achievements to be attained with respect to the digitalization of client relationships, (considering a client to be a consumer, distributor, provider and internal client), as well as operations.

## Cybersecurity

Within the context of technological disruption that has the ability to affect almost every aspect of society, MAPFRE understands that cybersecurity is a key issue, and the company has developed its strategy in this respect along the following lines:

- > **Highly specialized and accredited personnel: MAPFRE has a total of 62 certified employees covering 154 individual certifications in cybersecurity.**
- > **Specific monitoring, detection and protection technologies covering security incidents have been integrated into the corporate technology platform.**
- > **Tools, methodologies and specialists devoted to continuously reviewing and evaluating the level of cybersecurity in the company's information systems.**

## Intangible assets associated with the brand and reputation

MAPFRE has been recognized as the most authentic and reliable insurance brand by Spaniards in the study "Authentic Brands", prepared by the global agency Cohn & Wolfe.

MAPFRE has also been recognized by the BrandZ Spain ranking, "The Top 30 Most Valuable Spanish Brands".

In 2017, MAPFRE was once again among the top 10 companies in Spain with the best reputation, and it enjoys the best reputation in the insurance industry. In Mexico and Argentina, MAPFRE is among the top 50 companies with the best reputation. MAPFRE in Spain holds 11th position in the Merco Talent ranking, and once again leads the insurance sector, while in Peru it is one of the 100 best-rated companies.

MAPFRE was also recognized as a Best Workplace in 9 countries, (Ecuador, El Salvador, Spain, Guatemala, Honduras, Mexico, Panama, Peru and Dominican Republic), in addition to general recognition in Latin America. Puerto Rico and Dominican Republic were also awarded Best Workplace recognition in the Central America and Caribbean ranking.



MAPFRE  
has rolled out  
more than  
**200**  
digital projects





## 6.5. Social and relational capital

Trust-based relationships with stakeholders; contribution to the development and well-being of the community.

What is it?

> All stakeholders, particularly employees, clients, providers, distributors, shareholders and society in general.

Main stakeholders for whom this capital creates value



What are we working on to create value?

Management of the relationship with stakeholders

- > Stakeholders
- > Relationship channels
- > Other channels: presence on social networks

International commitments relating to sustainability that MAPFRE has signed up to

- > United Nations Sustainable Development Goals (SDG) and Human Rights Objectives.

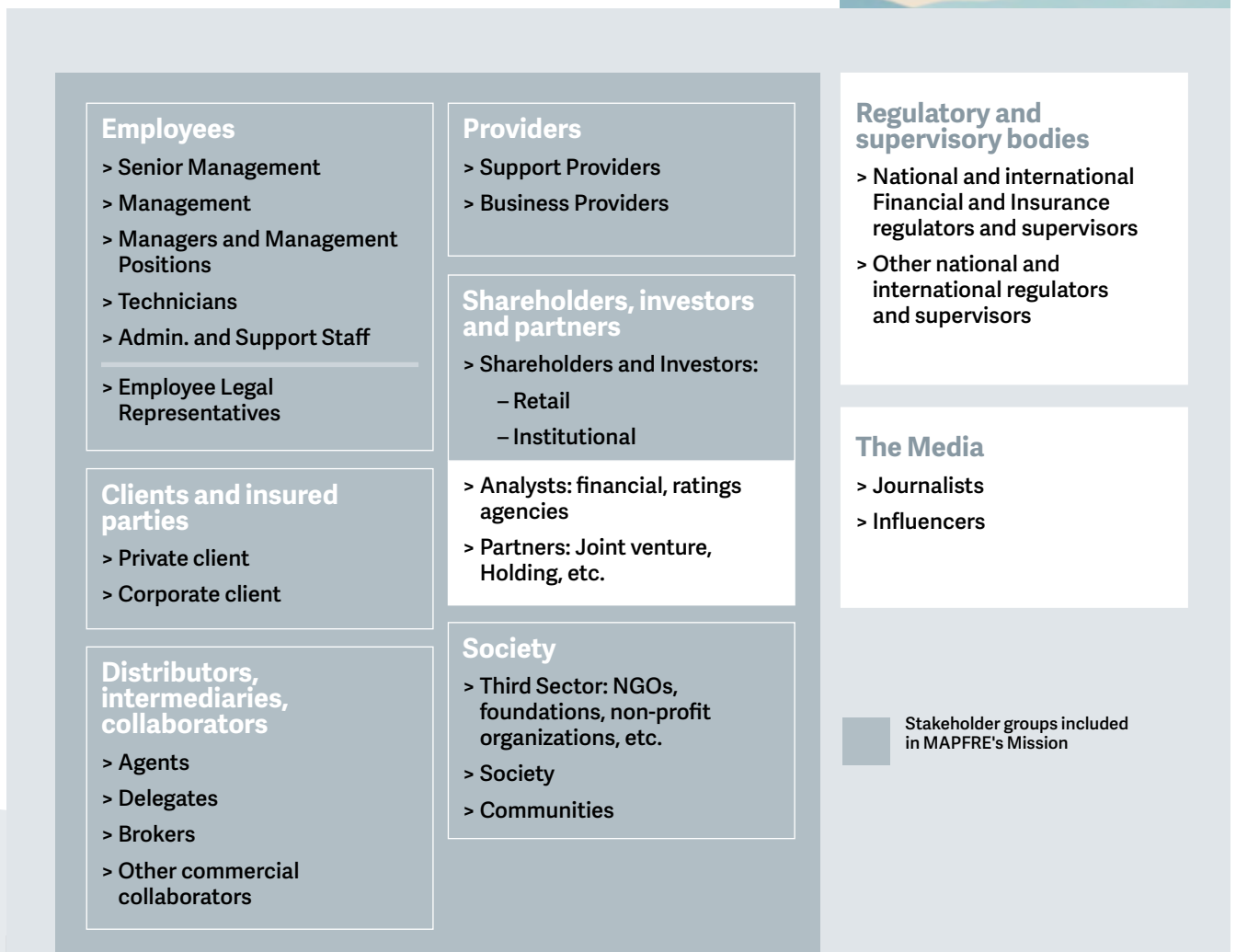
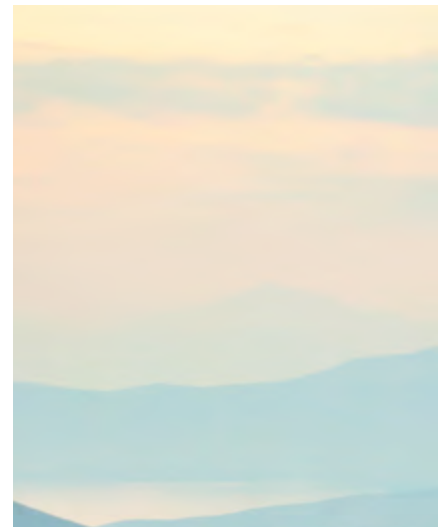
Social Footprint: social value, shared value



## Management of stakeholder relationships

The accompanying stakeholder graphic illustrates basic references to groups and subgroups that MAPFRE interacts with, which may change, based on the changes arising in the environment.

Management of relationships with stakeholders involves multiple factors, including having adequate relationship channels available.



## MAPFRE's international sustainability-related commitments

**United Nations Global Compact:** This commitment entails MAPFRE integrating within its management the 10 principles of action related to human rights, as recognized in the International Bill of Human Rights, labor rights, the environment and the fight against corruption.



**United Nations Environment Program Finance Initiative (UNEPFI):** This initiative develops and fosters links between the environment, sustainability and financial performance, identifying and promoting the adoption of the best environmental and sustainability practices at all levels of a financial institution's operations.



**Principles for Sustainable Insurance (PSI):** A set of specific principles for the insurance industry, geared to managing and monitoring risks and opportunities associated with environmental, social and governance (ESG) issues.

Within this framework, MAPFRE has undertaken the general commitment of the insurance industry to support the United Nations Plan of Action on Disaster Risk Reduction for Resilience.



**Paris Pledge for Action:** The commitment to achieve a safe and stable climate in which the rise in temperature is limited to below 2 degrees centigrade. Signatories also undertake to adopt immediate measures to reduce their greenhouse gas emissions to a safe level.

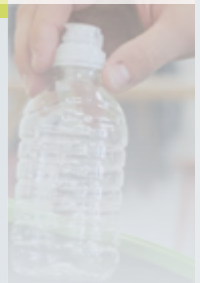


**Principles for Responsible Investment (PRI) of the United Nations:** this initiative aims to understand the impact that environmental, social and governance aspects have on investments, and advise signatories on how best to incorporate same into their decision-making. The Group has decided to progressively these principles with its investment policy.



Additionally,

- > MAPFRE has been included in the FTSE4Good index since 2006 on a continuous basis.
- > For the second year running, MAPFRE was included on the CDP's Climate A-List initiative as a result of having achieved the highest rating (A) for performance in mitigation and adaptation to climate change, and the transparency of the information it reported with respect to this initiative.
- > MAPFRE is also a signatory to the CDP's Carbon Disclosure, Water Disclosure and Carbon Action Programs.



## UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS 2030 AND HUMAN RIGHTS

### Human rights

MAPFRE's commitment to internationally recognized human rights, as defined in the United Nations Universal Declaration of Human Rights, is set forth in its Institutional, Business and Organizational Principles, its Code of Ethics and its Corporate Social Responsibility Policy.

Under the MAPFRE Group's Sustainability Plan, in 2016, a self-assessment impact was started, using the Guide to implementing the

UN Guiding Principles on Business and Human Rights, drawn up by the Global Compact Spanish Network. An online course on human rights was rolled out. It was designed by the Global Compact Spanish Network and aimed at employees and providers.

### MAPFRE's position with regard to the United Nations Sustainable Development Goals 2030

MAPFRE has an impact on the development of the countries in which it operates, and it is therefore committed to the social footprint it leaves behind as a company pursuing business opportunities. Contributing to the United Nations Development

Agenda 2030 forms part of the road map through which MAPFRE will harness the efforts of all employees to achieve the sustainable development goals (SDG) proposed under this initiative.

A map of MAPFRE's position with regard to the SDGs was defined to identify the goals to which it can make the greatest contribution.

## Corporate map of MAPFRE Sustainable Development Goals (SDG)



### From the business and as an investor



### As a corporate citizen

#### EMPLOYMENT, TRAINING, PROFESSIONAL DEVELOPMENT, HEALTH AND WELL-BEING



#### VOLUNTEERING AND SOCIETAL ACTION



This commitment is complemented by the multinational programs and activities carried out by Fundación MAPFRE to contribute to improving quality of life and advancing social progress

## MAPFRE's social footprint

### AS A CORPORATE CITIZEN

#### Employment, training, professional development, health and well-being



#### Employment

36,271  
direct employees

> More than 84,000 agents, delegates, brokers and more than 139,000 providers

#### A healthy and safe company

> More than 262 health campaigns and a 24-hour blood drive

> 74.8 percent of the workforce is represented on joint management/employee health and safety committees

#### Diversity

> Women hold 38.8 percent of management/leadership job positions, and there are 54 women in senior management positions or on Boards of Directors

> Women make up 26.7 percent of the Board of Directors of MAPFRE S.A.

> 768 employees with some type of disability in 31 countries

> Global disability program rolled out in 28 countries

> More than 580,000 euros donated to workplace inclusion programs and numerous contracts signed with special needs employment centers

> Fundación MAPFRE supports workplace inclusion programs

> 81 nationalities work together in MAPFRE

> International mobility is encouraged

> MAPFRE has employees from across the generations: X, Y, Z, Baby Boomers and veterans

> Trainee program to foster young talent

#### Work/life balance measures

> More than 32,000 employees benefit from some type of work/life balance measure, such as flexible schedule, part-time and reduced work schedules, remote working, paid and unpaid leave, sabbaticals, reintegration of employees after prolonged absences, etc.

#### Training and internships

> 20.8 million euros invested in training

> Corporate University

> More than 400 agreements signed with universities and educational institutions to facilitate in-company internships

> 1,200 people in 31 countries completed internships



## Volunteering and societal action



More than  
**6,700**  
volunteers

More than  
**93,000**  
direct  
beneficiaries

- > Joint corporate volunteering program with Fundación MAPFRE
- > More than 1,200 on-site and environment-related activities organized





## MAPFRE's social footprint

### FROM THE BUSINESS AND AS AN INVESTOR



#### Economic impact

More than  
**26**  
billion euros  
disbursed in benefits  
and services, payments  
to providers, taxes  
and social insurance  
contributions, etc.

#### Investments

- > More than 39 billion euros in third-party funds under management invested in assets
- > More than 44 billion euros in financial and other investments
- > ESG products: Good Governance Fund

#### Innovation

- > Startup observatory
- > Exploration of new startup models
- > 76 insurance products and services launched on the market
- > Portfolio includes 18 products and services aimed at low-income groups

#### Climate change

- > 11 portfolio environment-related products and services, and more than 20,000 policies issued with environment-related coverage
- > Highway assistance providers with electric vehicles and charging packs for our insureds' electric vehicles
- > Electric car charging station installed at MAPFRE Group headquarters
- > Measurement and control of Group's carbon footprint
- > Training and awareness-raising programs for employees



## 6.6. Natural capital

What is it?

Appropriate management of natural resources and contribution to climate change mitigation and biodiversity preservation.



Main stakeholders for whom this capital creates value

> All stakeholders: employees, clients, providers, distributors, shareholders and society in general



What are we working on to create value?

Environment Strategy Model  
Climate Change Management  
Biodiversity Preservation



## Environmental strategy model

MAPFRE has an Environment Policy in place in all companies, principally through the Integrated Corporate Environmental, Energy and Carbon Footprint Management System (SIGMAYE). This system has been designed in line with the ISO 14001, ISO 50001 and ISO 14064 standards.

	2017	2016	2015
Employees under environmental management certification (ISO 14001)	11,369	10,620	9,644
Employees under energy management certification (ISO 50001)	4,885	4,233	4,305
Employees under carbon footprint verification (ISO 14064)	12,701	12,720	11,089

11,369  
employees  
work under  
environmental  
management  
certification  
(ISO 14001)



Just under  
**60%**  
of premium volume  
is managed using the  
Integrated Corporate  
Environmental,  
Energy and Carbon  
Footprint  
Management System  
(SIGMAYE)

## Climate change management

MAPFRE's Strategic Plan for Climate Change and Energy Efficiency up to 2020 establishes that the Group will reduce CO<sub>2</sub> emissions produced by 20 percent compared to 2013 levels, (a reduction of 14,710,519 kWh and 9,924 tons of CO<sub>2</sub> against the 2013 baseline). This goal was achieved three years ahead of schedule. As a result, the company has committed to more ambitious objectives in the medium- and long-term, with a time horizon of 2050, when it aims to reach CO<sub>2</sub> neutrality.

Reductions of  
**14,710,519 kWh** and  
**9,924 tons of CO<sub>2</sub>**  
**2013-2020**  
**objective achieved three**  
**years ahead of schedule**

	2017	2016	2015	2014	2013
TnCO <sub>2</sub> emissions	27,640	28,244	39,852	44,128	49,649
Emissions reduced vs. baseline	22,189	21,405	9,797	5,521	Baseline (BL)

MAPFRE determines, quantifies and evaluates the carbon footprint generated by its activities.

Tm CO <sub>2</sub> <sub>eq</sub>	2017	2016	2015
Scope 1	13,271.93	13,445.24	14,042.93
Scope 2	15,495.87	19,267.39	26,903.41
Scope 3	11,171.06	10,566.80	12,493.90
<b>Total Tm CO<sub>2</sub> emissions/employee</b>	<b>1.17</b>	<b>1.28</b>	<b>1.53</b>

## Biodiversity preservation

MAPFRE is a signatory to the Spanish Companies and Biodiversity Initiative. In 2017, the Company published the results for 2013-2015, along with the other members of the initiative. It also continued its efforts to protect an endangered species and preserve its habitat, in this case, the turtle and the Mediterranean Sea.

This choice also reinforced the Group's support of ocean protection, specifically the insurance initiative aimed at eliminating illegal fishing, led by the OCEANA NGO, with the support of the United Nations.

Through its initiatives, the Group therefore continues to honor its commitment to preserving natural capital. Its preservation is a common interest for humanity, given its importance for life on the planet, social well-being and economic development.

7

# Supplementary information



This Integrated Report was prepared in line with the Exhaustive option of the GRI Standards and the recommendations of the information framework published by the International Integrated Reporting Council (IIRC).

Furthermore, the report responds to the reporting requirements established by Directive 2014/95/EU on the disclosure of non-financial and diversity information, as well as the respective transpositions in Spain (Royal Decree-Law 18/2017) and in Italy (Legislative Decree 254/16 NFI).

Non-financial information has been validated externally by KPMG Asesores S.L.

### Materiality

The Integrated Report includes all relevant information in the field of sustainability, as it relates to MAPFRE and the clients, distributors, employees and providers who participated in the

study of same, which identified sustainability-related general interest topics. The accompanying table shows these issues, arranged in descending order of relevance and stakeholder perception on a scale of 1 to 10:





# Proposed resolutions

## Resolutions proposed for the Annual General Meeting of MAPFRE S.A. to be held on March 9, 2018.

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1. To approve the individual and consolidated Annual Accounts for the financial year 2017.

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2. To approve the final results for 2017 proposed by the Board of Directors and consequently distribute a total dividend of 0.145 euros pre-tax, per share. Part of this dividend, to the amount of 0.06 euros pre-tax per share, was anticipated by agreement adopted by the Board of Directors on October 20, 2017. The remaining amount up to the agreed total (that is, 0.085 euros pre-tax per share), will be paid on the date determined by the Board of Directors within the period from May 1 to June 30, 2018. The amount corresponding to the treasury stock shares will be applied in proportion to the remaining shares.

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3. To approve the management of the Board of Directors in 2017.

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4. To reelect for a further four years the director Antonio Huertas Mejías, as an executive board member.

This proposal was approved in a report from the Appointments and Remuneration Committee and shall be deemed approved, if applicable, notwithstanding compliance with bylaws and standards of good governance.

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5. To reelect for a further four years the Director Catalina Miñarro Brugarolas, as an independent board member.

6. To ratify the appointment of board member Maria Pilar Perales Viscasillas, appointed by the Board of Directors on December 21, 2017, with effect from January 1, 2018, via the co-option procedure, and reelect her for a period of four years, as an independent director.

Said proposals have been brought before the Board of Directors, through the Appointments and Remuneration Committee and shall be deemed approved, if applicable, notwithstanding compliance with bylaws and standards of good governance.

7. To amend Article 17 of the Corporate Bylaws, effective as of January 1, 2019, which shall be worded as follows:  
"Article 17

*The post of Director is remunerated.*

*Remuneration of Board Directors for their role as such shall consist of a fixed amount for their membership on the Board of Directors and, where applicable, for membership on the Steering Committee and sub-steering committees, which may be higher for people who occupy positions on the Board itself or who chair the Steering Committees or sub-committees. In addition, members of the Steering Committee shall receive an allowance for attending meetings. This remuneration may be supplemented with other non-monetary compensation (life or medical insurance, discounts on products sold by companies within the MAPFRE Group) that have been established for company staff in general.*

*The maximum value of the annual remuneration of the Directors for their position as Directors shall be fixed by the Annual General Meeting and distributed by the Board of Directors at its discretion, taking into account the criteria indicated in the paragraph above.*

*Directors who perform executive functions within the company or its Group are excluded from the remuneration system established in the previous paragraphs, and shall have the right to receive remuneration solely for providing said executive functions. This remuneration shall be decided by the Board of Directors and all the corresponding items shall be detailed in the contract between the company and the executive directors, which must be approved by the Board of Directors.*

*The remuneration of Directors with executive functions may include the delivery of shares, share option rights or other share value-referenced amounts, subject to the requirements set forth in current legislation at the time.*

*Regardless of the remuneration established in the previous paragraphs, the Directors will be compensated for their travel expenses, travel time and other expenses they incur to attend the meetings of the company or for the performance of their functions.*

*In all cases, the remuneration of Directors will comply with the Compensation Policy for Directors approved by the Annual General Meeting and legally established terms and conditions."*

8. To amend Article 2 of the Regulations for the Annual General Meeting which will be worded as follows:

"Article 2. Annual General Meeting

*The Annual General Meeting is the ultimate governing body of the company. Shareholders, including those absent or in disagreement, are bound by its resolutions*

*in compliance with the Law and the Bylaws.*

*The Annual General Meeting is authorized to decide on any matter regarding the company. Specifically, it is the competent body to decide on the following matters:*

*a) To approve the individual and consolidated annual accounts, apply the result and approve social management.*

*b) To appoint and remove Board of Director members, the External Auditor and, when applicable, the Liquidators, as well as exercise the social responsibility measures regarding the same.*

*c) To amend the Bylaws and the Annual General Meeting Regulations.*

*d) To increase and reduce share capital, withdraw or restrict preferred subscription rights, transform, merge, remove or globally assign assets and liabilities and move the registered offices abroad.*

*e) To issue debentures or other debt securities that can be converted into shares or attribute participation in earnings to their holders, to delegate to the Board of Directors the authority to perform these issues and to exclude or restrict preferred subscription rights, always in compliance with the terms and requirements established by Law.*

*f) To acquire, dispose of or provide essential assets to another company, essential assets being understood as a transaction amount that exceeds twenty-five percent of the total assets in the most recently approved balance sheet.*

*g) To dissolve the company, approve the final liquidation of the balance sheet and those transactions resulting in the effective liquidation of the company.*

*h) To approve the Compensation Policy for Board of Directors members, as established by current legislation.*

*i) Any other matters required by Law or the Bylaws."*

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9. To delegate the necessary authority to the Board of Directors to issue bonds, debentures or any other type of fixed income securities convertible into shares (hereinafter, the "Securities") according to the following terms:

> The Securities must consist of bonds or debentures that can be converted into newly issued shares or that can be swapped for company shares in circulation, as well as warrants or other instruments that directly or indirectly confer subscription rights or acquisition of company shares, whether newly issued or in circulation.

> The Board of Directors shall have the broadest powers to issue Securities and establish the characteristics and conditions of each issue, which specifically include but are not limited to the following:

- To establish the nominal value, type of issue, share premium and price, issue currency, form of representation, interest rate and cancellation.
- To draw up anti-dilution and subordination clauses, grant guarantees, whether real or personal, to comply with issue-related obligations and contract grants of guarantees with third parties.
- To set up a bondholders' syndicate, establish its internal regulations and appoint a commissioner of same; to establish that the issuer reserves the right to decide at any time between

converting or swapping securities by delivering newly issued shares, shares in circulation or a combination of both.

- To request the admission or listing of the Securities on all types of markets, whether organized or not, domestic or foreign.

- To exclude, whether totally or partially, the preferred subscription right in the terms set forth in Article 506 of the Recast Text of the Companies Act. This authority is restricted to exclusions of preferred subscription rights agreed to by the Board or by other delegations or by the Annual General Meeting that jointly exceed 20 percent of the company's current share capital.

- To increase share capital in the amount necessary to cover the requests for conversion and/or the exercise of share subscription rights, provided that these extensions and any others agreed on under the authorization granted by the Annual General Meeting do not exceed half of the total share capital; and to amend the article of the Bylaws governing the amount of share capital.

> The following criteria shall be applied to decide on the bases and methods for conversions or swaps: the conversion or swap ratio shall be fixed; fixed income securities shall be valued at their nominal amount and shares shall be valued at the fixed swap rate decided by the Board of Directors or at a rate that depends on the list price on the Stock Market of the company's shares on the date(s) or period(s) used as reference and decided on in the same agreement reached by the Board. In any event, the share price shall not be less than the higher of the following: (i) the mathematical average of closing price of company shares

on the Continuous Market during the period established by the Board of Directors, which cannot be more than three months or less than fifteen days before the date the Board of Directors meeting is held to approve the issue of Securities; (ii) the closing price of shares in the same Continuous Market on the day before the date the Board of Directors meeting is held to approve the issue of Securities, making use of its delegation.

The Board of Directors shall have the broadest powers to draw up the bases and methods applied to conversion and swap within the limits established in the paragraph above.

> Issuance may take place all at once or over several times at any time within a maximum period of five years from the date this agreement is reached.

> The maximum issuance amount agreed to under the authority of this delegation will be TWO BILLION EUROS, or its equivalent in another currency.

Likewise, the Board of Directors is authorized to add all necessary aspects to this agreement as required for it to become valid and be executed.

This authorization signifies the repeal of the authorization granted on March 9, 2013.

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10. To authorize the Board of Directors to increase the share capital one or more times according to the terms and limits established in Articles 297.1.b) and 506 of the Recast Text of the Companies Act during a period of five years following the date of this agreement and to a maximum of 153,977,663.65 euros, equivalent to 50 percent of the share capital.

Share capital increases under this authorization shall take place by issuing and circulating new shares with or without a vote and with or without share premiums. In all matters not set forth in this agreement, the Board of Directors shall be authorized to establish the terms and conditions of share capital increases and share characteristics, as well as to freely offer new shares not subscribed to in the period or periods during which preferred subscription rights can be exercised. In the event of incomplete subscription, the Board of Directors shall also be authorized to increase the share capital only in the amount of formulated subscriptions and to amend the wording of the article in the Bylaws regarding share capital.

As regards the increases to share capital carried out under this authorization, the Board of Directors is authorized to exclude, either totally or partially, the preferred subscription right, pursuant to the provisions of Article 506 of the Recast Text of the Companies Act. This authority is restricted to exclusions of preferred subscription rights agreed to by the Board or by other delegations or by the Annual General Meeting that jointly exceed 20 percent of the company's current share capital.

When applicable, the company shall request admission to trading in official or non-official secondary markets, whether organized or not, of the shares issued under this authorization. The Board of Directors shall be authorized to carry out the processes and necessary measures for the admission to official listing before the competent authorities of the various stock markets involved.

Likewise, the Board of Directors is authorized to add all necessary aspects

to this agreement as required for it to become valid and be executed.

This authorization signifies the repeal of the authorization granted on March 9, 2013.

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**11.** To approve, in accordance with the provisions of Article 529.19 of the Companies Act, the Directors' Compensation Policy for the period 2019-2021, presented to the shareholders at the Annual General Meeting.

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**12.** To endorse the Annual Report on Remuneration of Directors 2017 submitted for consultation to the Annual General Meeting with the favorable report from the Appointments and Remuneration Committee.

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**13.** To extend the appointment of the KPMG Auditores, S.L. firm as the company's accounts auditor, both for Individual Annual Accounts and for Consolidated Accounts, for an initial three-year period, i.e. for financial years 2018, 2019, and 2020, although this appointment may be revoked at the Annual General Meeting before the end of said period should there be grounds to do so.

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**14.** To authorize the Board of Directors, as established by Article 249.2 of the Recast Text of the Companies Act, to delegate the authority granted it by the Annual General Meeting with regard to previous agreements in favor of the Steering Committee, with explicit authority to replace each and every member of the Board of Directors.

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**15.** To delegate the broadest powers to the Chairman and CEO and the Secretary of the Board of Directors so that either one of them indistinctly may appear and proceed with the execution and formalization in public deed of the present agreements by means of the issuing of the pertinent public and private documents as required for their inclusion in the Mercantile Register. They shall be granted express authority to make any modifications, clarifications, rectifications and corrections that are deemed necessary or required to adapt the agreements to the requirements of the Registrar and thus obtain full registration thereof, or the partial registration provided for in Article 63 of the Regulation of the Mercantile Register.

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**16.** To authorize the Board of Directors to clarify and interpret the previous agreements.







Integrated report 2017

