

ANNEX I

ANNUAL REPORT ON THE CORPORATE GOVERNANCE OF PUBLICLY TRADED COMPANIES

ISSUER'S IDENTITY DATA

END DATE OF THE REFERENCED FINANCIAL YEAR	12/31/2016
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Tax ID	A08055741
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COMPANY NAME

MAPFRE S.A.

REGISTERED OFFICE

MAJADAHONDA (MADRID), No. 52 CARRETERA DE POZUELO

**ANNUAL REPORT ON THE CORPORATE
GOVERNANCE OF PUBLICLY TRADED COMPANIES**

A OWNERSHIP STRUCTURE

A.1 Fill in the following table on the company's share capital:

Date of last modification	Share capital (€)	Number of shares	Number of voting rights
07/01//2011	307,955,327,30	3,079,553,273	3,079,553,273

Indicate if there are different kinds of shares with different rights associated to them:

Yes No

A.2 State the direct and indirect owners of substantial holdings, of their company as at the close of the financial year, excluding directors:

Name or company name of the shareholder	Number of direct voting rights	Number of indirect voting rights	% of total voting rights
FUNDACIÓN MAPFRE	0	2,085,756,952	67.73%

Name or company name of the indirect holder of the shares	Through: Name or company name of the direct holder of the shares	Number of voting rights
FUNDACIÓN MAPFRE	INSTITUTO TECNOLÓGICO DE SEGURIDAD MAPFRE, S.A.	652,755
FUNDACIÓN MAPFRE	CARTERA MAPFRE, S.L. SOCIEDAD UNIPERSONAL	2,081,803,920
FUNDACIÓN MAPFRE	FUNDACIÓN CANARIA MAPFRE GUANARTEME	3,300,277

State any significant modifications in the shareholding structure that have occurred during the financial year:

A.3 Complete the following table about the members of the Board of Directors of the company who have voting rights on company shares:

Name or company name of the director	Number of direct voting rights	Number of indirect voting rights	Percentage of total voting rights
MR. ANTONIO HUERTAS MEJÍAS	357,485	0	0.01%
MR. ESTEBAN TEJERA MONTALVO	23	0	0.00%
MR. ANTONIO NÚÑEZ TOVAR	305,330	0	0.01%
MR. IGNACIO BAEZA GÓMEZ	195,175	0	0.01%
MR. RAFAEL BECA BORREGO	0	457,807	0.01%
MS. ADRIANA CASADEMONT I RUHÍ	0	0	0.00%
MR. RAFAEL CASAS GUTIÉRREZ	82,231	0	0.00%
MR. JOSÉ ANTONIO COLOMER GUIU	0	2,698	0.00%
MR. GEORG DASCHNER	40,000	0	0.00%
MS. ANA ISABEL FERNÁNDEZ ÁLVAREZ	23	0	0.00%
MRS. MARÍA LETICIA DE FREITAS COSTA	0	0	0.00%
MR. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	69,977	23	0.00%
MR. ANDRÉS JIMÉNEZ HERRADÓN	23,452	0	0.00%
MR. RAFAEL MÁRQUEZ OSORIO	69,804	0	0.00%
MR. ANTONIO MIGUEL-ROMERO DE OLANO	30,325	2,242	0.00%
MS. CATALINA MIÑARRO BRUGAROLAS	1,510	10,000	0.00%
MR. ALFONSO REBUELTA BADIÁS	44,346	0	0.00%

Name or company name of the indirect holder of the shares	Through: Name or company name of the direct holder of the shares	Number of voting rights
MR. ANTONIO MIGUEL-ROMERO DE OLANO	OTHER SHAREHOLDERS OF THE COMPANY	2,242
MR. RAFAEL BECA BORREGO	OTHER SHAREHOLDERS OF THE COMPANY	457,807
MR. JOSÉ ANTONIO COLOMER GUIU	OTHER SHAREHOLDERS OF THE COMPANY	2,698
MR. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	OTHER SHAREHOLDERS OF THE COMPANY	23
MS. CATALINA MIÑARRO BRUGAROLAS	OTHER SHAREHOLDERS OF THE COMPANY	10,000

Total % of voting rights held by the Board of Directors	0.05%
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Fill in the following tables with the members of the company's Board of Directors with voting rights on company shares

A.4 Where applicable, list any family, commercial, contractual or corporate relationships between holders of significant shareholdings, insofar as the company is aware of them, unless they are of little relevance or due to ordinary commercial traffic and exchange:

A.5 Where applicable, list any family, commercial, contractual or corporate relationships between holders of significant shareholdings, and the company and/or its group, unless they are of little relevance or due to ordinary commercial traffic and exchange:

A.6 Indicate if any shareholder agreements have been disclosed to the company that affect it under art. 530 and 531 of the Spanish Corporate Enterprises Act. Where applicable, briefly describe them and list the shareholders bound by such agreement:

Yes No

Indicate whether the company knows the existence of concerted actions among its shareholders. If so, describe them briefly:

Yes No

If there has been any alteration or breakdown of said pacts or agreements or concerted actions during the financial year, indicate this expressly.

There has not been any modification or termination of arranged pacts, agreements or actions.

A.7 Indicate whether any person or organization exercises or may exercise control over the company pursuant to article 4 of the Stock Exchange Act. If so, identify them:

Yes No

Name or company name
FUNDACIÓN MAPFRE
Observations

A.8 Fill in the following tables regarding the company's treasury stock:

As at the closing date of the financial year:

Number of direct shares	Number of indirect shares (*)	total % of the share capital
30,500,000	0	0.99%

(*) Through:

List significant changes occurring during the financial year, pursuant to Royal Decree 1362/2007:

Explain significant changes

No significant changes have occurred in the financial year, as per Royal Decree 1362/2007.

A.9 Detail the terms and conditions of the current Annual General Meeting authorization to the Board of Directors to issue, buy back or transfer treasury stock.

The Board of Directors is currently authorized by the shareholders in General Meeting so that the Company can increase the share capital once or several times by up to a maximum of 153,977,663.65 Euros, equivalent to 50% of the share capital. The

duration of the authorization is five years calculated from the date of the resolution, passed on 9 March 2013.

The Board of Directors is currently authorized by the shareholders in General Meeting so that the Company can proceed, directly or through subsidiaries, to the derivative acquisition of treasury stock, subject to the following limits and requirements:

- a) Schemes: acquisition by sale, or by any other transaction inter vivos for good and valuable consideration, of shares free of any liens or encumbrances.
- b) Maximum number of shares to be acquired: shares whose face value, added to the face value of the shares already owned by the Company and its subsidiaries, does not exceed 10% of the share capital of MAPFRE, S.A.
- c) Minimum and maximum acquisition price: 90% and 110%, respectively, of their listed quotation on the acquisition date.
- d) Duration of the authorization: five years calculated from the date of the resolution, passed on 11 March 2016. Acquired shares may be used in part or in full as follows: (i) disposal or amortization, (ii) delivery to workers, employees or administrators of the Company or its group whenever there is a recognized right to do so directly or as a result of exercising call option rights held thereby as provided for in the last paragraph of article 146, section 1, letter a) of the Revised Text of the Spanish Corporations Act, and (iii) reinvestment plans involving dividends or similar instruments.

A.9.bis Estimated floating capital:

	%
Estimated floating capital	31.23

A.10 Indicate whether there is any restriction on the transferability of securities and/or any restriction on voting rights. In particular, are there any type of restrictions to the takeover of the company by means of share purchases on the market?

Yes No

A.11 Indicate whether the Annual General Meeting has approved measures to counteract a public acquisition bid, pursuant to Act 6/2007.

Yes No

If so, explain the measures approved and the terms and conditions under which the restrictions would become inefficient:

A.12 Indicate if the company has issued securities that are not traded in a regulated community market.

Yes No

If so, indicate the different kinds of shares and, for each kind of shares, the rights and obligations that confer.

B GENERAL MEETING

B.1 Indicate and, where applicable, give details, about whether there are any differences from the minimum standards established under the Capital Companies Act (LSC) with respect to the quorum and constitution of the Annual General Meeting.

Yes

No

B.2 Indicate, and where applicable give details, whether there are any differences from the minimum standards established under the Capital Companies Act (LSC) with respect to the adoption of corporate resolutions:

Yes

No

Describe any differences from the guidelines established under the SCA.

	Reinforced majority different from that established in art. 201.2 of the SCA for the cases cited in art. 194.1 of the SCA	Other cases of reinforced majority
% established by the company for adopting agreements	0.00%	50.01%

Describe the differences

Article 201 of the Spanish Corporate Enterprises Act establishes that in order to adopt the resolutions referred to in article 194, if capital present or represented exceeds 50 percent, the absolute majority vote will be sufficient to pass the resolution. However, when, at the first call to the meeting, shareholders present or represented at the meeting own more than 25 percent but less than 50 percent of subscribed capital carrying voting rights, the favorable vote by shareholders representing two-thirds of capital present or represented is required to pass the resolution.

At the second call, a minimum of 25 percent of capital is required.

Pursuant to the provisions of article 26 of the Corporate Bylaws, the amendment of the provisions of Title IV "Protection of the Company's General Interest" (articles 26 to 29) can only be amended by a resolution approved with the votes in favor of more than fifty percent of the share capital at the Extraordinary General Meeting specifically called for this purpose.

B.3 Indicate the rules applicable to amendment of the company's articles of association. In particular, indicate the majorities established for the amendment of the articles of association, as well as, where applicable, the rules established for protection of the shareholders rights in the amendment of the articles of association.

There are no particularities other than those established in the legislation in force for amendment of the Company's bylaws, except for the amendment of articles 26 to 29 (Title IV- Protection of the Company's General Interest). As stated in the previous paragraph B.2, a resolution adopted with the favorable vote of more than fifty percent of share capital at the Extraordinary General Meeting called for that purpose is necessary.

B.4 Give attendance data on the Annual General Meetings held during the financial year to which this report refers and those from the previous financial year:

Attendance data					
Date of general meeting	% physically present	% attending by proxy	% voting remotely		Total
			E-voting	Other	
13/03/2015	67.82%	8.27%	0.00	2.38%	78.47%
11/03/2016	68.66%	13.41	0.00	0.69%	82.76%

B.5 Indicate the number of shares, if any, that are required to be able to attend the Annual General Meeting and whether there are any restrictions on such attendance in the bylaws:

Yes No

Number of shares necessary to attend the Annual General Meeting	1,000
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B.6 Section repealed.

B.7 Indicate the address and method of access to the company's website, to the information on corporate governance and other information on Annual General Meetings that must be available to shareholders through the company's website.

Access is as follows: www.mapfre.com

"Shareholders and investors" section.

C GOVERNANCE STRUCTURE OF THE COMPANY

C.1 Board of Directors

C.1.1 Maximum and minimum number of directors established in the corporate bylaws:

Maximum number of Directors	20
Minimum number of Directors	5

C.1.2 Fill in the following table on the board members:

Name or company name of the director	Representative	Category of the director	Post on the Board	Date of first appointment	Date of last appointment	Procedure
MR. ANTONIO HUERTAS MEJÍAS		Executive	CHAIRMAN AND CEO	12/29/2006	03/14/2014	ANNUAL GENERAL MEETING RESOLUTION
MR. ESTEBAN TEJERA MONTALVO		Executive	1ST VICE CHAIRMAN	03/08/2008	03/11/2016	ANNUAL GENERAL MEETING RESOLUTION
MR. ANTONIO NÚÑEZ TOVAR		Executive	2ND VICE CHAIRMAN	03/05/2011	03/13/2015	ANNUAL GENERAL MEETING RESOLUTION
MR. IGNACIO BAEZA GÓMEZ		Executive	3RD VICE CHAIRMAN	03/08/2008	03/11/2016	ANNUAL GENERAL MEETING RESOLUTION
MR. RAFAEL BECA BORREGO		Independent	INDEPENDENT SUPERVISING DIRECTOR	12/29/2006	12/29/2014	ANNUAL GENERAL MEETING RESOLUTION
MS. ADRIANA		Independent	MEMBER	03/09/2013	03/09/2013	ANNUAL

CASADEMONT I RUHÍ						GENERAL MEETING RESOLUTION
MR. RAFAEL CASAS GUTIÉRREZ		Executive	MEMBER	03/09/2013	03/09/2013	ANNUAL GENERAL MEETING RESOLUTION
MR. JOSÉ ANTONIO COLOMER GUIU		Independent	MEMBER	02/09/2016	03/11/2016	ANNUAL GENERAL MEETING RESOLUTION
MR. GEORG DASCHNER		Independent	MEMBER	02/10/2015	03/13/2015	ANNUAL GENERAL MEETING RESOLUTION
MS. ANA ISABEL FERNÁNDEZ ÁLVAREZ		Independent	MEMBER	07/26/2016	07/26/2016	BOARD OF DIRECTORS RESOLUTION
MRS. MARÍA LETICIA DE FREITAS COSTA		Independent	MEMBER	07/23/2015	03/11/2016	ANNUAL GENERAL MEETING RESOLUTION
MR. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ		Nominee Director	MEMBER	04/17/1999	03/13/2015	ANNUAL GENERAL MEETING RESOLUTION
MR. ANDRÉS JIMÉNEZ HERRADÓN		Nominee Director	MEMBER	12/29/2006	03/14/2014	ANNUAL GENERAL MEETING RESOLUTION
MR. RAFAEL MÁRQUEZ OSORIO		Nominee Director	MEMBER	12/29/2006	12/29/2014	ANNUAL GENERAL MEETING RESOLUTION
MR. ANTONIO MIGUEL-ROMERO DE OLANO		Nominee Director	MEMBER	04/17/1999	03/13/2015	ANNUAL GENERAL MEETING RESOLUTION
MS. CATALINA MIÑARRO BRUGAROLAS		Independent	MEMBER	10/30/2013	03/14/2014	ANNUAL GENERAL MEETING RESOLUTION
MR. ALFONSO REBUELTA BADIÁS		Nominee Director	MEMBER	04/17/1999	03/13/2015	ANNUAL GENERAL MEETING RESOLUTION

Total number of directors	17
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Indicate which Directors have left their seat on the Board of Directors during the period subject to information:

Name or company name of the director	Category of the director on cessation	Termination date
MR. LUIS ITURBE SANZ DE MADRID	Independent	03/06/2016
MR. ALBERTO MANZANO MARTOS	Nominee Director	04/22/2016
MR. RAFAEL FONTOIRA SURIS	Independent	07/23/2016

C.1.3 Fill in the following tables on the board members and their different kinds of directorship:

EXECUTIVE DIRECTORS

Name or company name of the director	Post within company organization
MR. ANTONIO HUERTAS MEJÍAS	CHAIRMAN AND CEO
MR. ESTEBAN TEJERA MONTALVO	1ST VICE CHAIRMAN
MR. ANTONIO NÚÑEZ TOVAR	2ND VICE CHAIRMAN
MR. IGNACIO BAEZA GÓMEZ	3RD VICE CHAIRMAN
MR. RAFAEL CASAS GUTIÉRREZ	MEMBER

Total number of executive directors	5
% of total board	29.41%

PROPRIETARY EXTERNAL DIRECTORS

Name or company name of the director	Name or company name of the substantial shareholder represented or proposing his/her appointment
MR. ANDRÉS JIMÉNEZ HERRADÓN	CARTERA MAPFRE, S.L. SOCIEDAD UNIPERSONAL
MR. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	CARTERA MAPFRE, S.L. SOCIEDAD UNIPERSONAL
MR. ANTONIO MIGUEL-ROMERO DE OLANO	CARTERA MAPFRE, S.L. SOCIEDAD UNIPERSONAL
RAFAEL MARQUEZ OSORIO	CARTERA MAPFRE, S.L. SOCIEDAD UNIPERSONAL
MR. ALFONSO REBUELTA BADÍAS	CARTERA MAPFRE, S.L. SOCIEDAD UNIPERSONAL

%

Total number of nominee Directors	5
% of total board	29.41%

INDEPENDENT EXTERNAL DIRECTORS

Name or company name of the director:

MR. RAFAEL BECA BORREGO

Profile:

COMMERCIAL EXPERT. CHAIRMAN OF DIFFERENT REAL ESTATE AND AGRICULTURAL DEVELOPMENT COMPANIES.

Name or company name of the director:

MS. ADRIANA CASADEMONT I RUHÍ

Profile:

WITH A DEGREE IN BUSINESS FROM THE UNIVERSIDAD AUTÓNOMA DE BARCELONA (AUTONOMOUS UNIVERSITY OF BARCELONA), DIPLOMA IN COMMUNICATION AND PUBLIC

RELATIONS FROM THE UNIVERSITAT DE GIRONA (GIRONA UNIVERSITY) AND MASTER'S DEGREE IN STRATEGIC MARKETING FROM ESADE. OCCUPIES SEVERAL SENIOR EXECUTIVES OF REPRESENTATION AND MANAGEMENT IN AGRO-FOOD COMPANIES AND IN EDUCATIONAL INSTITUTIONS.

Name or company name of the director:

MR. JOSÉ ANTONIO COLOMER GUIU

Profile:

BUSINESS ADMINISTRATION DEGREE FROM THE SCHOOL OF BUSINESS MANAGEMENT AND ADMINISTRATION - BARCELONA). CHAIRPERSON OF THE BOARD OF DIRECTORS OF ADOPEM, S.A. AND MEMBER OF ITS AUDIT, RISK AND APPOINTMENTS AND REMUNERATION COMMITTEES.

Name or company name of the director:

MR. GEORG DASCHNER

Profile:

PROFESSIONAL CAREER IN MUNICH RE (1965-2014): CHAIRMAN OF MUNCHENER VENEZUELA (1983-1988), CHAIRMAN OF THE SPAIN AND PORTUGAL BRANCH (2000-2003), MEMBER OF THE MANAGEMENT BOARD OF THE MUNICH RE GROUP, IN CHARGE OF THE EUROPE AND LATIN AMERICA BUSINESS AREA (2003-2014).

Name or company name of the director:

MS. ANA ISABEL FERNÁNDEZ ÁLVAREZ

Profile:

DEGREE AND DOCTORATE IN ECONOMICS AND BUSINESS FROM THE UNIVERSITY OF OVIEDO. MEMBER OF THE ADVISORY COMMITTEE ON CORPORATE REPORTING FOR THE EUROPEAN SECURITIES AUTHORITY AND MEMBER OF THE BOARD OF TRUSTEES FOR THE PRINCESA DE ASTURIAS FOUNDATION AND THE BANCO DE SABADELL FOUNDATION. PROFESSOR OF FINANCIAL ECONOMICS AT THE UNIVERSITY OF OVIEDO AND PROFESSOR OF FINANCES AT CUNEF.

Name or company name of the director:

MRS. MARÍA LETICIA DE FREITAS COSTA

Profile:

DEGREE IN PRODUCT ENGINEERING AND MASTER'S DEGREE IN BUSINESS ADMINISTRATION (MBA). MANAGER OF THE INSPER CENTER FOR STRATEGIC RESEARCH AND PARTNER OF PRADA ASSESSORIA.

Name or company name of the director:

MS. CATALINA MIÑARRO BRUGAROLAS

Profile:

DEGREE IN LAW. STATE ATTORNEY ON LEAVE OF ABSENCE.

Total number of independent directors	7
total % of the board	41.18%

Indicate whether any Director classified as independent receives from the company, or from his Group, any amount or earning for a concept different from Director's remuneration, or maintains or has maintained, during last financial year, a business relationship with the company or with any company from his Group, whether on his behalf or as significant shareholder, Director or senior management member of a company that maintains or has maintained such relationship.

No director classified as an independent director receives, from the company or the group, any amount or benefit for a concept other than director's remuneration.

If so, a reasoned statement from the Board, on the reasons why it considers that such Director may perform his functions as an independent Director, will be included.

OTHER EXTERNAL DIRECTORS

Identify other external directors and explain in detail the reasons for which they cannot be considered nominee or independent directors, as well as their affiliations with the company, its management or its shareholders:

Indicate any changes that may have occurred during the period in the type of category for each director:

C.1.4 Fill in the following table with information relating to the number of female directors during the last 4 financial years, as well as the category of these female directors:

	% of the total of each type of Director				% of the total of each type of Director			
	2016	2015	2014	2013	2016	2015	2014	2013
Executive	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Nominee Director	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Independent	4	3	2	3	57.14%	42.86%	33.33%	42.86%
Other External	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Total:	4	3	2	3	23.53%	16.67%	11.11%	15.00%

C.1.5 Explain the measures that, where applicable, have been adopted in order to include in the Board of Directors a number of women that allows reaching a balanced presence of men and women.

Explanation of the measures

The Institutional, Corporate and Organizational Principles of the MAPFRE Group, approved by the Board of Directors of MAPFRE on June 24, 2015, expressly provide that the Board of Directors of MAPFRE shall develop a plan for filling vacancies to ensure the suitability of applicants thereto, based on their skills and professional and geographical origins, as well as a sufficient presence of members of both genders.

Similarly, it is established that the competent bodies of Group companies will ensure that, when vacancies arise, equal opportunities are guaranteed for candidates regardless of their gender, and they must seek to achieve an effective presence of directors of both genders.

Furthermore, the Directors Selection Policy expressly establishes that, during the selection process, any kind of implicit biases will always be avoided, which may involve discrimination and, in particular, biases that interfere with the selection of persons of either gender. It also includes the commitment to ensure that in the year 2020 the number of female directors shall represent at least thirty percent of the total of members of the Board of Directors.

C.1.6 Explain the measures that, where applicable, the Appointments Committee have agreed so that the procedure for filling Board vacancies has no implicit bias against women candidates, and the company makes a conscious effort to include women with the target profile among the candidates for Board seats

Explanation of the measures

The Appointments and Remuneration Committee must ensure that during the candidate selection process, any kind of implicit biases are always avoided, which may involve discrimination and, in particular, those biases that interfere with the selection of persons of either gender.

In the year 2015, the Appointments and Remuneration Committee approved a renewal plan for the Board of Directors where the steps are established to follow in the 2015-2020 period, to adapt the structure of the Board of Directors to the new legal requirements and recommendations contained in the Code of Good Governance of the Spanish National Securities and Exchange Commission (the "CNMV").

When, in spite of the measures that, where applicable, has been adopted, are few or no female Directors, explain the reasons that justify it.

Explanation of the reasons

The appointment of new Directors largely depends on the appearance of vacancies within the Board, which does not occur frequently. During 2016, a female independent director (Ms. Ana Isabel Fernández Álvarez) was appointed at the proposal of the MAPFRE Appointments and Remuneration Committee. Jointly with the appointments of the female independent directors Ms. Adriana Casademont i Ruhí, Ms. Catalina Miñarro Brugarolas and Ms. Maria Leticia de Freitas Costa in 2013 and 2015, appointed by proposal of the Appointments and Remuneration Committee, the number of women in the Board of Directors is now four.

C.1.6 bis Explain the conclusions of the appointments committee on the verification of compliance with the directors selection policy. And in particular, how this policy is promoting the objective that by 2020 the number of female directors represents at least 30 percent of the total of members of the Board of Directors.

Explanation of the conclusions

MAPFRE's Directors Selection Policy aims to ensure that the proposals for nomination and re-election of directors are based on a preliminary analysis of the Board of Directors needs and to promote diversity of knowledge, experiences and gender on same. It expressly sets out the commitment to ensure that in the year 2020 the number of female directors shall represent at least thirty percent of the total of members of the Board of Directors. In line with this commitment, Ms. Ana Isabel Fernández Álvarez was appointed as an independent director on July 26, 2016.

In addition, as indicated in the above section C.1.6, the Appointments and Remuneration Committee approved a renewal plan for the Board of Directors, in which specific measures are set to promote the objective that by 2020 the number of female directors represents at least 30 percent of the total of members of the Board of Directors.

The Appointments and Remuneration Committee considers that the Company adequately complied with the Directors Selection Policy during 2016. During the year, a new female director was appointed to the Board, increasing the percentage of female directors from 16.67% in 2015 to 23.53% in 2016.

C.1.7 Explain the method of representation in the Board of shareholders with significant shareholdings.

The shareholders with significant shareholdings (see section A.2 of this report) have nominee Directors appointed in the Company's Board of Directors. Details of the external nominee Directors are provided in the previous section C.1.3.

C.1.8 Explain, where applicable, the reasons why nominee directors have been appointed at the behest of shareholders whose shareholding is less than 3 percent of the capital:

Indicate whether formal petitions for a seat on the Board have been ignored from shareholders whose holding is equal to or higher than others at whose behest nominee Directors were appointed. Where applicable, explain why these petitions have been ignored:

Yes No

C.1.9 Indicate if any Director has stood down before the end of his/her term in office, if the Director has explained his/her reasons to the Board and through which channels, and if the Director sent a letter of explanation to the entire Board, explain below, at least the reasons that he/she gave:

C.1.10 Indicate, where applicable, any powers delegated to the managing director(s):

C.1.11 Identify, where applicable, any members of the board holding posts as directors or managers in other companies that form part of the listed company's group:

Name or company name of the director	Company name of the Group company	Position	Do they have executive duties?
MR. ESTEBAN TEJERA MONTALVO	MAPFRE ESPAÑA COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A.	MEMBER	NO
MR. ESTEBAN TEJERA MONTALVO	MAPFRE VIDA. S.A. DE SEGUROS Y REASEGUROS SOBRE LA VIDA	MEMBER	NO
MR. ESTEBAN TEJERA MONTALVO	MAPFRE INTERNACIONAL.S.A.	MEMBER	NO
MR. ESTEBAN TEJERA MONTALVO	MAPFRE RE COMPAÑÍA DE REASEGUROS, S.A.	CHAIRMAN	NO
MR. ANTONIO NÚÑEZ TOVAR	MAPFRE VIDA. S.A. DE SEGUROS Y REASEGUROS SOBRE LA VIDA	CHAIRMAN	NO
MR. ANTONIO NÚÑEZ TOVAR	MAPFRE INMUEBLES S.G.A., S.A.	JOINT AND SEVERAL ADMINISTRATOR	NO
MR. ANTONIO NÚÑEZ TOVAR	MAPFRE ESPAÑA, COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A	MEMBER	NO
MR. ANTONIO NÚÑEZ TOVAR	MAPFRE INTERNACIONAL. S.A.	1ST VICE CHAIRMAN	NO
MR. IGNACIO BAEZA GÓMEZ	MAPFRE ESPAÑA, COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A.	CHAIRMAN	YES
MR. IGNACIO BAEZA GÓMEZ	MAPFRE ASISTENCIA, COMPAÑÍA INTERNACIONAL DE SEGUROS Y	CHAIRMAN	NO
MR. RAFAEL BECA BORREGO	MAPFRE INTERNACIONAL. S.A.	2ND VICE CHAIRMAN	NO
MS. ADRIANA CASADEMONT I RUHÍ	MAPFRE ASISTENCIA, COMPAÑÍA INTERNACIONAL DE SEGUROS Y	MEMBER	NO
MR. RAFAEL CASAS GUTIÉRREZ	BB MAPFRE SH2 PARTICIPAÇÕES. S.A.	MEMBER	NO
MR. RAFAEL CASAS GUTIÉRREZ	MAPFRE BB SH1 PARTICIPAÇÕES. S.A.	MEMBER	NO
MR. RAFAEL CASAS GUTIÉRREZ	MAPFRE GLOBAL RISKS, COMPAÑÍA INTERNACIONAL DE SEGUROS Y	MEMBER	NO

MR. RAFAEL CASAS GUTIÉRREZ	MAPFRE INTERNACIONAL, S.A.	CHAIRMAN	YES
MR. JOSÉ ANTONIO COLOMER GUIU	MAPFRE ESPAÑA, COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A.	MEMBER	NO
MS. ANA ISABEL FERNÁNDEZ ÁLVAREZ	MAPFRE GLOBAL RISKS, COMPAÑÍA INTERNACIONAL DE SEGUROS Y	MEMBER	NO
MS. ANA ISABEL FERNÁNDEZ ÁLVAREZ	MAPFRE ASISTENCIA, COMPAÑÍA INTERNACIONAL DE SEGUROS Y REASEGUROS. S.A.	MEMBER	NO
MR. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	MAPFRE VIDA. S.A. DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA	2ND VICE CHAIRMAN	NO
MR. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	MAPFRE ESPAÑA, COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A.	2ND VICE CHAIRMAN	NO
MR. ANDRÉS JIMÉNEZ HERRADÓN	BB MAPFRE SH2 PARTICIPAÇÕES. S.A.	MEMBER	NO
MR. ANDRÉS JIMÉNEZ HERRADÓN	MAPFRE BB SH1 PARTICIPAÇÕES. S.A.	MEMBER	NO
MR. RAFAEL MÁRQUEZ OSORIO	MAPFRE INTERNACIONAL. S.A	MEMBER	NO
MR. ANTONIO MIGUEL- ROMERO DE OLANO	MAPFRE ESPAÑA, COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A.	MEMBER	NO
MR. ANTONIO MIGUEL-ROMERO DE OLANO	MAPFRE ASISTENCIA, COMPAÑÍA INTERNACIONAL DE SEGUROS Y REASEGUROS. S.A.	VICE CHAIRMAN	NO
MS. CATALINA MIÑARRO BRUGAROLAS	MAPFRE ESPAÑA, COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A.	MEMBER	NO
MR. ALFONSO REBUELTA BADIÁS	MAPFRE GLOBAL RISKS, COMPAÑÍA INTERNACIONAL DE SEGUROS Y	VICE CHAIRMAN	NO
MR. ALFONSO REBUELTA BADIÁS	MAPFRE INTERNACIONAL. S.A.	MEMBER	NO

C.1.12 List, where applicable, any directors of the company that sit on the Board of Directors of other companies publicly traded in Spain outside the group, of which the company has been informed:

Name or company name of the director	Company name of the Group company	Position
MS. CATALINA MIÑARRO BRUGAROLAS	ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A.	DIRECTOR

C.1.13 Indicate and, where applicable, explain whether the company has established rules on the number of boards on which its directors may sit:

Yes No

Explanation of the rules

According to article 4 of the MAPFRE Regulation of the Board of Directors, no director can simultaneously be a member of more than five Boards of Directors of companies that do not form part of the Group, except for personal or family companies.

C.1.14 Section repealed.

C.1.15 Indicate the overall remuneration of the Board of Directors:

Remuneration of the Board of Directors (thousands of Euros)	14,115
Amount corresponding to the rights accumulated by current directors regarding pensions (thousands of euros)	15,388
Amount corresponding to the rights accumulated by former directors regarding pensions (thousands of euros)	0

C.1.16 Identify the members of senior management that are not also executive directors, and indicate the total remuneration earned by them during the financial year:

Name or company name	Position
MR. ÁNGEL LUIS DÁVILA BERMEJO	SECRETARY GENERAL - GENERAL MANAGER OF LEGAL AFFAIRS
MR. JOSÉ LUIS JIMÉNEZ GUAJARDO-FAJARDO	GENERAL MANAGER OF INVESTMENT
MR. FRANCISCO JOSÉ MARCO ORENES	GENERAL MANAGER OF BUSINESS SUPPORT
MR. FERNANDO MATA VERDEJO	GENERAL MANAGER OF STRATEGY AND DEVELOPMENT
MR. JOSÉ MANUEL MURIES NAVARRO	GENERAL MANAGER OF INTERNAL AUDIT
MARÍA ELENA SANZ ISLA	GENERAL MANAGER OF HUMAN RESOURCES

Total remuneration of senior management (in thousands of euros)	8,219
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C.1.17 Indicate, where applicable, the identity of board members who also sit on Boards of Directors of companies of significant shareholders and/or companies in their group:

Name or company name of the director	Company name of the significant shareholder	Position
MR. ANTONIO HUERTAS MEJÍAS	CARTERA MAPFRE, S.L. SOCIEDAD UNIPERSONAL	CHAIRMAN AND CEO
MR. IGNACIO BAEZA GÓMEZ	CARTERA MAPFRE, S.L. SOCIEDAD UNIPERSONAL	MEMBER
MR. ANTONIO NÚÑEZ TOVAR	CARTERA MAPFRE, S.L. SOCIEDAD UNIPERSONAL	MEMBER
MR. ESTEBAN TEJERA MONTALVO	CARTERA MAPFRE, S.L. SOCIEDAD UNIPERSONAL	MEMBER

List, where applicable, the relevant affiliations other than those considered in the above paragraph, that link members of the Board of Directors to significant shareholders and/or companies in their Group:

C.1.18 Indicate whether during the financial year there has been any change in the Board of Directors Regulations.

Yes No

Description of modifications

On April 30, 2016, the Board of Directors resolved to modify article 10 governing the Audit Committee, in order to adapt the article to the new text of article 529.14 of the Spanish Corporate Enterprises Act, following the modification foreseen in Audit Law 22/2015 of July 20.

C.1.19 Indicate procedures for selection, appointment, re-election, evaluation and removal of Directors. List the competent bodies, the procedures to be followed and the criteria to be employed in each procedure.

Persons to whom the position of MAPFRE, S.A. director is offered, or of a subsidiary company, must first make an accurate and complete declaration of their relevant personal, family, professional and business circumstances, specifically indicating the following: (i) persons or companies that are, with respect to him/her, the condition of linked persons as provided for in current legislation; (ii) any circumstances that may imply a cause of incompatibility in accordance with the laws, the Corporate Bylaws or the Board of Directors Regulations, or a conflict of interest; (iii) any other professional obligations, in case they interfere with the commitment required for the position; (iv) any criminal proceedings in which he/she appears as a defendant or accused party; and (v) any other fact or situation affecting him/her and that may be relevant to his/her performance as a director. This declaration must be made on the form provided for such purposes by MAPFRE, and shall include an express acceptance of the regulations set out in the Corporate Bylaws and other internal regulations, as well as in current legislation.

Any person who holds the position of director must be of renowned prestige in his/her professional and business area, and hold all necessary professional qualifications or experience as provided by law for financial institutions or insurance companies subject to supervision by public authorities.

Specifically, people cannot be members of the Board of Directors if they hold significant shares in, or provide professional services to, competing businesses of the Company or of any company of the Group, or if they work as employees, managers, or administrators of them, unless they are granted express authorization from the Board of Directors.

- Proposals for the appointment or reappointment of independent directors must be preceded by a proposal from the Appointments and Remuneration Committee.

The proposed reappointment of such directors must include an assessment of the performance of their positions by directors during the previous mandate and, where appropriate, of the positions performed by candidates in the board, taking into account or assessing the amount and quality of the work done by them, and their commitment to the position.

- The formulation of proposals for appointment or reappointment by the Board of Directors must be preceded:

a) In the case of nominee directors, by a suitable proposal of the shareholder backing their appointment or reappointment.

b) In the case of executive directors, as well as the secretary, whether or not a director, by a suitable proposal from the Chairman of the Board.

Both types of proposals must also be preceded by the corresponding report from the Appointments and Remuneration Committee.

- The proposed reappointment of nominee and executive directors must be subject to a prior report issued by the Appointments and Remuneration Committee, which must include an assessment of the performance of their positions by directors during the previous mandate and, where appropriate, of the positions performed by candidates in the board, taking into account or assessing the amount and quality of the work done by them, and their commitment to the position.

- In any case, the proposals for appointment and reappointment of directors must be accompanied by an explanatory report of the board which assesses the responsibility, experience and merits of the candidate.

The Board of Directors will not propose to the General Meeting that any independent Director be removed from office before end of the term for which the Director has been elected, unless the Board of Directors considers, after a report from the Appointments and Remuneration Committee, that there are grounds for doing so. In particular, the removal proposal shall be deemed justified when the director has failed to comply with the duties inherent to the position, has not complied with any requirement set forth for independent directors, or has incurred in an insuperable conflict of interest according to the provisions of current legislation.

C.1.20 Explain how the annual assessment of the board has led to significant changes in its international organization and in the procedures that apply to its activities:

Description of modifications

In 2016, the Board of Directors engaged a well-respected independent expert to assist the Board in evaluating the performance of the Board, the Board committees and the Chairman. Based on the result of the annual self-assessment, the Board of Directors resolved to take the following measures for 2017:

- Increase the level of participation of all Board members in the meetings of the governing bodies, reducing the time spent on presentations and increasing the time allocated for debate and, to that end, issuing meeting documentation even more in advance of the meetings.
- Separate the strategic portion of the Board's meetings so that these issues can be addressed exclusively, with a less extensive agenda encouraging debate.
- Allow more time for analysis and debate of business matters, as well as for follow-up on the strategic plan and the necessary analysis of regulatory issues.
- Develop succession plans for the chairs of the Audit Committee and the Risks and Compliance Committee.
- Encourage development of the functions of the lead independent director and the Risks and Compliance Committee, which have been recently created in the Board.
- Through the new members joining the Board, strengthen the Board's overall knowledge and skill level regarding technology and digital transformation.
- Increase the Board's analysis of the relationships with shareholders, analysts, institutional investors and proxy advisors.
- Evaluate whether to bring in external experts as part of the training programs.

C.1.20.bis Describe the evaluation process and the evaluated areas undertaken by the Board of Directors assisted, where appropriate, by an external consultant with respect to diversity in its composition and responsibilities, operation and composition of its committees, performance of the Chairman of the Board and the chief executive of the company and the performance and contribution of each director.

In accordance with the provisions of the Regulations of the Board of Directors of MAPFRE, the Board undertakes an annual assessment of the quality of its work, the performance of the Chairman and CEO based on the report drawn up for this purpose by the Appointments and Remuneration Committee, and the operation of its Committees and Steering Committee; and it proposes, where appropriate, an action plan to correct the detected deficiencies.

In order to apply the best international practices at the Company, in 2016, the Board of Directors resolved to engage Spencer Stuart as external advisor for the self-assessment process.

The process entailed a questionnaire and personal interviews with Board members, including the Chairman, and took into account the best Spanish and international corporate governance practices. The process focused on the following issues: structure, composition and operation of the Board and of its Committees during 2016.

The findings report was presented to the Board on December 21, 2016. Based on the report, the Board undertook the evaluation of its composition and operation during 2016, as well as that of its Committees and Steering Committee.

In addition, the Board of Directors, following a report from the Appointments and Remuneration Committee, evaluated the performance of the Chairman and CEO of MAPFRE in 2016, concluding that it was very favorable in all aspects.

C.1.20.ter List, where appropriate, the business relationships maintained by the advisor or any company in the group with the company or any company in its group.

None

C.1.21 Indicate the circumstances under which directors are obliged to resign.

In accordance with the Bylaws, the Board of Directors Regulation and the MAPFRE Group's Institutional, Business and Organizational Principles, all members of the Board of Directors will formally resign their post at the age of 70. The Chairman and CEO, Vice Chairmen and directors who perform executive duties, and the secretary of the board must retire from office upon reaching 65 years of age or, on any earlier date according to the terms and conditions of their respective contract, submitting the corresponding resignations, but they may continue as members of the board without any executive duties for a maximum of five years in the same conditions as external nominee directors.

All directors must resign from their directorship on the Board of Directors and any office held, such as on the Committees and Steering Committee, and tender their formal resignation should the Board of Directors deem it pertinent, in the following cases:

- a) Whenever they are removed from the executive office associated with their appointment as members of these governing bodies.
- b) Should they become subject to any disqualification or prohibition laid down at law.
- c) If they are accused of (or a court issues an order for the opening of a trial for) allegedly committing any crime or are involved in disciplinary proceedings involving a serious or very serious fault at the instance of the supervisory authorities.

d) If they receive any serious warning from the Risk and Compliance Committee due to any infringement of their obligations as directors.

e) When they are affected by circumstances in which their remaining on any such management bodies might cause damage to the Company's credit or reputation, or place its interests at risk. When such events or circumstances are well-known or public, the Appointments and Remuneration Committee, by agreement of the majority of its members, may request the resignation of the affected director.

f) If the reasons (if any expressly exist) for which they were appointed cease to apply.

Resignation from these positions must be formally tendered in a letter addressed to all members of the Board of Directors.

Directors who, at the time of their appointment, do not hold any executive position or perform any executive duties in the Company, or in another Group company, will not be able to perform any executives duties unless they first resign their directorship, even though they may subsequently remain eligible for the position.

Nominee Directors must also tender their resignation when the shareholder that appointed them sells its shareholding.

When a shareholder reduces its shareholding, a proportionally equivalent number of Nominee Directors that it has appointed must resign.

MAPFRE's independent Directors must also tender their resignation when they have held office for twelve years in a row.

C.1.22 Section repealed.

C.1.23 Are reinforced majorities required, aside from legal majorities, for any type of resolution?

Yes No

If so, describe the differences.

C.1.24 Explain whether there are specific requirements, other than those regarding Directors, to be appointed Chairman of the Board.

Yes No

Requirements description

In accordance with the provisions of article 5 of the Regulations of the Board of Directors MAPFRE, the position of Chairman and CEO must go to an executive director who has the status of most senior management representative, and such a designation requires the favorable vote of two thirds of the members the Board of Directors.

C.1.25 Indicate whether the Chairman has a casting vote:

Yes No

Circumstances requiring a casting vote
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In general, the Chairman and CEO has a casting vote in the event of a tie.

C.1.26 Indicate whether the bylaws or the Board regulations establish any age limit for Directors:

Yes No

Age limit for Chairman: 65 years of age

Age limit for managing director: 65 years of age

Age limit for director: 70 years of age

C.1.27 Indicate if the bylaws or the board regulations establish any limit for independent directors' term of office, other than that established in the regulations:

Yes No

C.1.28 Indicate if the bylaws or the regulations of the Board of Directors establish specific regulations for delegating votes in the Board of Directors, how to do it, and in particular, the maximum number of delegations a director can have, as well as if any limit has been established regarding the categories in which it is possible to delegate, beyond the limits imposed by legislation. If so, describe such regulations briefly.

There are no specific regulations for delegating votes on the Board of Directors.

C.1.29 Indicate the number of meetings the Board of Directors has held during the financial year. Where applicable, indicate how many times the Board has met without the Chairman in attendance: In calculating this number, attendance shall mean proxies given with specific instructions.

Number of board meetings	9
Number of board meetings not attended by the Chairman	0

If the Chairman is an executive director, indicate the number of meetings held, unattended or without representation, by any executive directors and chaired by the coordinating director

Number of meetings	0
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Indicate the number of meetings the Board's different Committees have held during the financial year.

Committee	No. of Meetings
STEERING COMMITTEE	6
AUDIT COMMITTEE	6
APPOINTMENTS AND REMUNERATION COMMITTEE	6
RISK AND COMPLIANCE COMMITTEE	6

C.1.30 Indicate the number of meetings the Board of Directors has held during the financial year with the attendance of all its members. In calculating this number, attendance shall mean proxies given with specific instructions:

Number of meetings attended by all directors	5
% of attendances over total votes during the year	96.75%

C.1.31 Indicate whether the individual and consolidated annual accounts presented to the board for approval were certified beforehand:

Yes No

Where applicable, identify the person(s) who certified the individual and consolidated annual accounts to be drawn up by the board:

Name	Position
MR. ESTEBAN TEJERA MONTALVO	FIRST VICE CHAIRMAN
MR. JOSÉ MANUEL MURIES NAVARRO	GENERAL MANAGER OF INTERNAL AUDIT
MR. CARLOS BARAHONA TORRIJOS	ASSISTANT GENERAL MANAGER OF CONTROL AND FINANCIAL INFORMATION

C.1.32 Explain the mechanisms, if any, established by the Board of Directors to prevent the individual and consolidated accounts that it draws up from being presented to the Annual General Meeting with reservations on the audit report.

The company has never issued financial statements with a qualified auditor's report.

The Company has the Finance, General Counsel and Internal Audit Corporate Areas, which oversee all aspects of the annual accounts, as well as the MAPFRE Audit Committee, which is a delegate body that was created by the board for this purpose and with supervisory powers in 2000.

According to article 25 of the Regulation of the Board of Directors of MAPFRE, the Board of Directors must always draw up the annual accounts so that the external auditor has no reservations or provisos regarding them. Nonetheless, when the board considers that it must maintain its criteria, the Chairman of the Audit Committee will publicly explain the content and scope of the discrepancies that may have led to these reservations or provisos.

C.1.33 Is the Board Secretary a Director?

Yes No

If the secretary does not have the status of director, complete the following table:

Name or company name of the secretary	Representative
MR. ÁNGEL LUIS DÁVILA BERMEJO	

C.1.34 Section repealed.

C.1.35 Indicate what mechanisms the company has established, if any, to preserve the independence of the external auditors, the financial analysts, the investment banks and the ratings agencies.

In addition to abiding by statutory provisions, the Company has decided to voluntarily propose compliance with a number of general guidelines that clearly and precisely aim to achieve and uphold the necessary independence of the external auditors in such regard as is advocated by the MAPFRE Board of Directors Regulation that lays down the following criteria in respect of the relationship with external auditors:

The relationship of the Board of Directors with the Company's external auditor shall be maintained through the Audit Committee.

The Board of Directors shall refrain from hiring any auditing firms that receive or that will receive annual fees from the Group, in which amount for all concepts exceeds 5 percent of its total annual revenue; and it shall report, in the annual public documentation, the total fees that the Group paid the external auditor for the various services it provided.

Apart from the Audit Committee's powers and functions as specified in the bylaws and the Board of Directors Regulations, the Audit Committee will be informed at least once every six months of all services rendered by the external auditor and their

corresponding fees.

Every year, the Audit Committee will assess the Accounts Auditor, the scope of the audit and the external auditor's independence, considering whether the quality of the audit control measures is adequate and any services other than accounts audit services are compatible with the auditor's independence.

In accordance with the provisions of the Internal Code of Conduct regarding listed securities issued by MAPFRE, which sets out the procedures relating to the publication of relevant information, the financial analysts will not be provided with any relevant information that is not available to the public at large.

C.1.36 Indicate whether the company changed its external auditor during the financial year. If so, identify the incoming and outgoing auditors:

Yes No

If there were disagreements with the outgoing auditor, explain their grounds:

C.1.37 Indicate whether the audit firm does other work for the company and/or its Group other than the audit. If so, declare the amount of fees received for such work and the percentage of such fees in the total fees charged to the company and/or its Group:

Yes No

	Company	Group	Total
Amount for work other than audit (thousands of Euros)	376	1,060	1,436
Amount of work other than audit / total amount billed by the audit firm (in %)	43.54%	14.79%	17.89%

C.1.38 Indicate whether the audit report on the annual financial statements for the previous financial year contained reservations or qualifications. If so, indicate the reasons given by the Chairman of the Audit Committee to explain the content and scope of such reservations or qualifications.

Yes No

C.1.39 Indicate the number of financial years during which the current audit firm has been doing the audit of the financial statements for the company and/or its Group without interruption. Indicate the percentage of the number of financial years audited by the current auditing firm to the total number of financial years in which the annual financial statements have been audited:

	Company	Group
Number of financial years running	2	2
Number of financial years audited by current audit firm / number of financial years the company has been audited (in %)	8.00%	8.00%

C.1.40 Indicate and, where applicable, give details on the existence of a procedure for Directors to get external advisory services:

Yes No

Details of the procedure

According to the provisions of the Regulations of the Board of Directors of MAPFRE, and for the purpose of assisting the Directors in the exercise of their duties, the Directors may request that external advising be contracted, at the Company's cost, whenever special circumstances arise that so warrant. Any such engagement of experts must necessarily be related to specific problems of special import and complexity that arise during the exercise of the office as Director.

The request for advising must be addressed to the Chairman or the secretary of the Board of Directors and may be vetoed by the Board of Directors, if it is established that:

- a) That it is not necessary for the proper performance of the duties entrusted to the directors.
- b) That the cost is unreasonable, bearing in mind the significance of the problem and the company's assets and revenues.
- c) That the technical assistance sought may be adequately provided by experts and technicians already employed by the company or the group.

C.1.41 Indicate and, where applicable, give details on the existence of a procedure for Directors to get the information they need to prepare the meetings of the management bodies in sufficient time:

Yes No

Details of the procedure

The Chairman takes appropriate measures to ensure that the directors receive sufficient information on the matters on the agenda prior to the meeting. This aspect is subject to a specific analysis by the Board of Directors of the company in its annual self-evaluation session.

C.1.42 Indicate and, where applicable, give details on whether the company has established rules obliging directors to inform and, where applicable, to resign in those cases that may harm the company's credit and reputation:

Yes No

Explain the rules

The Directors must place their office(s) at the disposal of the Board of Directors, both as directors and any other position they might hold on any Committee or Steering Committees thereof, and formalize any resignation, should the Board deem it necessary, in the following cases:

- Whenever they are removed from the executive office associated with their appointment as a member of these governing bodies.
- Should they become subject to any disqualification or prohibition laid down at law.
- If they are accused of (or a court issues an order for the opening of a trial for) allegedly committing any crime or are involved in disciplinary proceedings involving a serious or very serious fault at the instance of the supervisory authorities.
- If they receive any serious warning from the Risk and Compliance Committee due to any infringement of their obligations as directors.
- When they are affected by circumstances that might harm the Company's credit or reputation or place its interests at risk were they to remain on these governing bodies. When such events or circumstances are well-known or public, the Appointments and Remuneration Committee, by agreement of the majority of its members, may request the resignation of the affected director.
- If the reasons (if any expressly exist) for which they were appointed cease to apply.

C.1.43 Indicate whether any member of the Board of Directors has informed the company of being sued or having any court proceedings opened against him or her for any of the offenses listed in article 213 of the Spanish Corporate Enterprises Act:

Yes No

Indicate whether the Board of Directors has analyzed the case. If so, explain the grounds for the decision reached as to whether or not the Director should remain on the Board or, where applicable, explain the actions carried out by the Board of Directors until the date of this report or that has planned to carry out.

C.1.44 List the significant resolutions adopted by the company and that take effect, are amended or conclude in the event of a change in control of the company on account of a public takeover bid, and its effects.

There are no significant resolutions adopted by the Company and that take effect, are amended or conclude in the event of a change in control of the Company on account of a public takeover bid.

C.1.45 Identify in aggregate and identify in detail, the resolutions between the company and its administration and management or employees who receive compensations, ring-fence or guarantee clauses, when these dismissed or who are unfairly dismissed, or when the relationship comes to an end on the occasion of a public takeover bid or other type of operations.

Number of beneficiaries: 0

Type of beneficiary:

[Description of type of beneficiaries]

Description of the resolution

The term of the contracts of the executive directors is related to their time as a director. Removal this position entails the lifting of the suspension of the relationship prior to the appointment as such. The executive directors must be exclusively engaged in their position, and there are no contractual conditions relating to post-contractual non-competition agreements and permanence.

The early termination of the previous relationship entails compensation under the terms established by the Workers' Statute in relation to unfair dismissal, except when there is good cause for dismissal. In the event of early termination by decision of the Company, it shall inform the director of his/her removal three (3) months prior to the date of termination.

Contracts that regulate prior relationship establish the termination of this relationship on January 1 of the year after which the director reaches the age of 60, unless annual extensions are implemented at the initiative of the Company until the date on which the executive reaches the age of 65, as a maximum.

There are no clauses relating to signing bonuses.

Indicate whether these contracts must be disclosed and/or approved by the company or Group governance bodies:

	Board of Directors	General Meeting
Body authorizing the clauses	Yes	No

	Yes	No
Is the General Meeting informed of the clauses?		X

C.2 Board of Directors' Committees

C.2.1 List all the Board of Directors' Committees, their members and the percentage of Executive, Nominee, Independent and other External Directors that compose them:

STEERING COMMITTEE

Name	Position	Category
MR. ANTONIO HUERTAS MEJÍAS	CHAIRMAN AND CEO	Executive
MR. ESTEBAN TEJERA MONTALVO	VICE CHAIRMAN	Executive
MR. ANTONIO NÚÑEZ TOVAR	VICE CHAIRMAN	Executive
MR. IGNACIO BAEZA GÓMEZ	BOARD MEMBER	Executive
MR. RAFAEL CASAS GUTIÉRREZ	BOARD MEMBER	Executive
MR. GEORG DASCHNER	BOARD MEMBER	Independent
MR. LUIS HERNANDO DE LARRAMENDI	BOARD MEMBER	Nominee Director
MR. RAFAEL MÁRQUEZ OSORIO	BOARD MEMBER	Nominee Director
MR. ANTONIO MIGUEL- ROMERO DE OLANO	BOARD MEMBER	Nominee Director
MS. CATALINA MIÑARRO BRUGAROLAS	BOARD MEMBER	Independent

% of Executive Directors	50.00%
% of Nominee Directors	30.00%
% of Independent Directors	20.00%
% of other external Directors	0.00%

Explain the duties attributed to this committee, describe its procedures and rules of organization and functioning and summarize its most important actions during the fiscal year.

It is the delegate body of the Board of Directors, responsible for senior management and permanent oversight of the strategic and operational aspects of the Company's ordinary business affairs and those of its subsidiaries. It also makes any decisions necessary for proper operation. It has the general capacity of decision with express delegation in its favor of all powers that correspond to the Board of Directors, except for those that may not be delegated by legal imperative or, where applicable, by express provision in the Corporate Bylaws or in the Regulations of the Board of Directors of MAPFRE, S.A.

A maximum of 10 members, all members of the Board of Directors. Its Chairman, First and Second Vice Chairmen and secretary will automatically be members of the Board. Members must be appointed with a favorable vote from two-thirds of the members of the Board of Directors.

During the 2016, the Steering Committee was responsible for approving the nominations and removals of the Company and the Group, authorizing the transactions of subsidiary and investee companies, approving the salary remuneration for fiscal year 2015, approving the real estate transactions of the Group, being familiar with relationships with official bodies and the main contentious issues of the Group's companies and being familiar with the purchase of MAPFRE shares by members of governing and management bodies, among other things.

Indicate whether the composition of the Executive or Steering Committee reflects the participation of different directors on the board according to their category:

Yes No

If not, explain the composition of the Executive or Steering Committee

The Company has its own standard, establishing it as a delegate body of a pronounced executive nature with the presence of the executive directors, as well as the presence of three external nominee directors and two independent directors.

AUDIT COMMITTEE

Name	Position	Category
MR. JOSÉ ANTONIO COLOMER GUIU	CHAIRMAN	Independent
MS. ADRIANA CASADEMONT I RUHÍ	BOARD MEMBER	Independent
MR. ANDRÉS JIMÉNEZ HERRADÓN	BOARD MEMBER	Nominee Director
MR. ANTONIO MIGUEL-ROMERO DE OLANO	BOARD MEMBER	Nominee Director
MS. CATALINA MIÑARRO BRUGAROLAS	BOARD MEMBER	Independent

% of Nominee Directors	40.00%
% of Independent Directors	60.00%
% of other external Directors	0.00%

Explain the duties attributed to this committee, describe its procedures and rules of organization and functioning and summarize its most important actions during the fiscal year.

The Audit Committee has the following responsibilities:

- a) To apprise the Annual General Meeting of matters that are the responsibility of the Committee and, in particular, regarding the results of the audit, explaining how the committee has contributed to the integrity of the financial information and role that the Committee had in said process.
- b) Supervises the efficacy of internal controls at the company, internal audits and risk management systems, including fiscal systems, as well as discussing with the External Auditor any significant weaknesses identified in the internal control system in the course of audits.
- c) To supervise the process of drawing up and presenting the mandatory financial information, and present recommendations or proposals to the Board of Directors with a view to safeguarding its integrity.
- d) To bring before the Board of Directors, the proposals for the selection, appointment, re-election and substitution of the External Auditor, being accountable for the selection process as contemplated in the pertinent legislation in force, as well as the conditions of his/her hiring and regularly gather from him information regarding the audit plan and its execution.
- e) To establish appropriate relationships with the External Auditor in order to receive information concerning those issues which may jeopardize their independence, so that they may be examined by the Committee, and any other issues relating to the accounts auditing process, and where appropriate, authorizations for services other than those prohibited in the terms contemplated in the corresponding legislation currently in force for auditing accounts, for the regime of independence, as well as other communications envisaged in account audit legislation and auditing standards.
- f) To issue a yearly report, prior to the publication of the accounts audit report, expressing an opinion concerning whether the independence of the External Auditor has been compromised.
- g) To ensure that, as far as possible, the external auditor of the Group takes responsibility for auditing all the companies belonging to it.
- h) To ensure the independence and efficacy of the internal audit; to propose the selection, appointment, reappointment and removal of its most senior management, as well as its annual budget; to receive regular information on its activities; and to check that senior management takes the conclusions and recommendations of its reports into account.
- i) To inform the Board of Directors in advance on all matters provided in the law, the Corporate Bylaws and Board of Directors Regulations.
- j) To establish and supervise a mechanism that enables employees to communicate confidentially irregularities they notice within the Company that may be of potential importance, especially financial and accounting irregularities.

The Committee is made up of a minimum of three and a maximum of five members, all of which shall be non-executive, and the majority of which must be independent directors, one of which shall be designated based on his or her knowledge and experience in the area of accounting or auditing or both. Overall, the members of the Committee should have the pertinent technical knowledge in relation to the Company's sector of activity. Its Chairman shall be an Independent Director and they must be substituted in this position every four years, only to be reelected to the post one year after leaving that position. The Secretary of this Committee will be the Secretary to the Board of Directors. The Internal Audit General Manager of the Group shall attend the meetings as a guest.

During 2016, the Audit Committee was responsible for issuing an opinion on the Annual Accounts from fiscal year 2015, for supervising the efficacy of the Company's internal control, for the internal audit and the risk management systems of the

Company and the Group, for reporting on transactions with significant shareholders and senior management, for approving extra fees from the external auditor, for reporting on the relationship with the external auditor, for learning of appointments in the Internal Audit and for being familiar with the quarterly financial information to be presented to the Spanish National Securities and Exchange Commission, among other things.

Identify the director who is a member of the Audit Committee and who is designated based on his/her knowledge and experience in the area of accounting or auditing or both, and state the number of years that the Chairman of this Committee has held the position.

Name of the director with experience	MR. JOSÉ ANTONIO COLOMER GUIU
No. of years of the Chairman in the position	1

APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Position	Category
MS. CATALINA MIÑARRO BRUGAROLAS	CHAIRMAN	Independent
MS. ADRIANA CASADEMONT I RUHÍ	BOARD MEMBER	Independent
MR. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	BOARD MEMBER	Nominee Director
MR. ALFONSO REBUelta BADÍAS	BOARD MEMBER	Nominee Director
% of Nominee Directors		50.00%
% of Independent Directors		50.00%
% of other external Directors		0.00%

Explain the duties attributed to this committee, describe its procedures and rules of organization and functioning and summarize its most important actions during the fiscal year.

The Appointments and Remuneration Committee is the delegate body of the Board of Directors for the coordinated development of appointment and remuneration policy regarding the directors and senior management of the Group. It has the following responsibilities:

- a) Evaluate the balance of skills, knowledge and experience required on the Board, defining the duties and capabilities required of the candidates to fill each vacancy accordingly and deciding the time and dedication necessary for them to properly perform their duties.
- b) To establish a representation objective for the gender least represented on the Board of Directors and to draw up guidelines on how to achieve this objective.
- c) To bring before the Board of Directors the appointment proposals of Independent Directors for them to be designated by cooptation or for them to be subject to the decision of the Annual General Meeting, as well as proposals for reappointment or separation, and to report on cases related to proposals that affect the remaining Directors.
- d) To notify proposals for the appointment and termination of senior managers and their basic contractual conditions.
- e) To examine and organize the succession of the Chairman of the Board, and where appropriate, to make the corresponding proposals to the Board so that this succession is orderly, well-planned.
- f) To propose to the Board of Directors the remuneration policy of Directors and General Managers or anyone who performs senior management duties under the direct control of the Board, the Steering Committee or the Managing Directors, as well as individual remuneration and other conditions of the contracts of Executive Directors, ensuring their enforcement.
- g) To propose to the Board of Directors the candidates for the appointment of the FUNDACIÓN MAPFRE Trustees whose appointment is the responsibility of the Company.
- h) Authorize the appointment of External Directors of the remaining Group companies.

The Committee is made up of a minimum of three and a maximum of five members, all of which shall be non-executive, and at least two of which must be independent directors. The Chairman must be an Independent Director. The secretary of the Board of Directors will also be the secretary of the Committee.

During 2016, the Appointments and Remuneration Committee was responsible for reporting the appointments and removals of directors and executives, reporting on the Chairman's actions during fiscal year 2015, bringing to the Board of Directors the appointment proposal of Mr. José Antonio Colomer Guiu and Ms. Ana Isabel Fernández Álvarez to the position of independent

director, approving the salary remuneration of senior management positions for fiscal year 2016, authorizing the granting of pension agreements and incentives plans to senior management positions and approving the granting of management contracts, among other things.

RISK AND COMPLIANCE COMMITTEE

Name	Position	Category
MR. GEORG DASCHNER	CHAIRMAN	Independent
MR. JOSÉ ANTONIO COLOMER GUIU	BOARD MEMBER	Independent
MR. RAFAEL MÁRQUEZ OSORIO	BOARD MEMBER	Nominee Director
MR. ANTONIO MIGUEL-ROMERO DE OLANO	BOARD MEMBER	Nominee Director

% of Nominee Directors	50.00%
% of Independent Directors	50.00%
% of other external Directors	0.00%

Explain the duties attributed to this committee, describe its procedures and rules of organization and functioning and summarize its most important actions during the fiscal year.

It is the Board committee entrusted with supporting and advising the Board of Directors in defining and evaluating risk management policy, determining the risk appetite and risk strategy, and supervising the correct application of good governance rules and both external and internal regulations within the Company and Group. It has the following duties:

- a) To support and advise the Board of Directors in the definition and evaluation of the Group's risk policies and in the determination of susceptibility to risk and risk strategy.
- b) To assist the Board of Directors in overseeing the application of the risk strategy.
- c) To be familiar with and value the methods and tools for risk management, monitoring the models applied regarding results and validation.
- d) To verify the application of the established good governance regulations at all times.
- e) To supervise compliance with internal and external regulations, especially with internal codes of conduct, regulations and procedures for the prevention of money laundering and financing terrorism, as well as making proposals for their improvement.
- f) To supervise the adoption of actions and measures resulting from inspection reports or actions taken by administrative supervision and control authorities.

The Committee will be made up of a minimum of three and a maximum of five members, all of which shall be non-executive, and at least two of which must be independent directors. These Committees' Chairman shall be an Independent Director.

The Board of Directors will designate a secretary, a position that need not be filled by a director.

During 2016, the Risk and Compliance Committee was responsible for reviewing the policies approved by the Company in connection with Solvency II and determining risk propensity and the risk strategy, in addition to supervising the correct application of the code of good governance and external and internal regulations in the Company and the Group, among other things.

C.2.2 Fill in the following table with information related to the number of Directors that belong to the Board of Directors' Committees during the last 4 financial years:

	Number of Directors							
	2016		2015		2014		2013	
	Number	%	Number	%	Number	%	Number	%
STEERING COMMITTEE	1	10%	1	10.00%	1	11.11%	0	0.00%
AUDIT COMMITTEE	2	40%	1	25.00%	1	25.00%	2	40.00%
APPOINTMENTS AND REMUNERATION COMMITTEE	2	50%	1	25.00%	1	20.00%	0	0.00%

RISK AND COMPLIANCE COMMITTEE	0	0%	0	0.00%	0	0.00%	0	0.00%
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C.2.3 Section repealed

C.2.4 Section repealed.

C.2.5 Indicate, where applicable, the existence of regulations for the Board Committees, where they can be consulted and any amendments made to them during the financial year. Indicate whether an annual report on the activities of each Committee has been drawn up voluntarily.

Committee name

STEERING COMMITTEE

Brief description

The Steering Committee is regulated in the Bylaws and in the Board Regulations.

These are available on the Company's website, www.mapfre.com, in the public records of the "CNMV and in the Madrid Company Registry.

Committee name AUDIT

COMMITTEE

Brief description

Regulated in the Bylaws and in the Board Regulations.

These are available on the Company's website, www.mapfre.com, in the public records of the "CNMV and in the Madrid Company Registry.

In 2016, this Committee's regulations, as contained in the Corporate Bylaws and the Board Regulations, were modified in order to adapt its content to the Spanish Corporate Enterprises Act after its amendment by Audit Law 22/2015, of December 20, whereby it is modified to improve corporate governance.

In the year 2005, the Audit Committee began publishing an annual report on its activities, which is made available to shareholders at the Ordinary General Meeting.

Committee name

APPOINTMENTS AND REMUNERATION COMMITTEE

Brief description

Provided for in the Bylaws and regulated in the Board of Directors Regulations.

These are available on the Company's website, www.mapfre.com, in the public records of the "CNMV and in the Madrid Company Registry.

In 2008, the Company began publishing an annual report on its remuneration policy, which is put to a vote, on a consultative basis and as a separate point on the agenda, at the Ordinary General Meeting.

Committee name

RISK AND COMPLIANCE COMMITTEE

Brief description

Provided for in the Bylaws and regulated in the Board of Directors Regulations.

These are available on the Company's website, www.mapfre.com, in the public records of the "CNMV and in the Madrid Company Registry.

C.2.6 Section repealed.

D RELATED-PARTY TRANSACTIONS AND INTRA-GROUP TRANSACTIONS

D.1 Explain, where applicable, the procedure for approving related-party and intra-group transactions.

Procedure for reporting the approval of related-party transactions

MAPFRE has a policy for managing conflicts of interest and related-party transactions with significant shareholders and senior representative or management positions, which regulates the procedure to be followed in relation to related-party transactions.

The Board of Directors shall be familiar with the transactions conducted by the Company, directly and indirectly, with directors, with significant shareholders or shareholders represented on the Board of Directors, or with individuals associated with them, and these transactions shall require authorization by the Board of Directors, after receiving a report from the Audit Committee, unless they are transactions that are part of the normal or ordinary activities of the parties concerned, which are undertaken under normal market conditions and for amounts that are insignificant or irrelevant to the Company.

Significant shareholders, Directors and senior management must inform the secretary of the Board of Directors of MAPFRE in writing regarding any transaction that they or individuals associated with them (in this last case, whenever the affected person is aware of it) intend to conduct with MAPFRE or with any other company of its Group and which constitutes a related-party transaction subject to authorization by the Board of Directors.

The notification must include sufficient information on the aspects of the transaction to make it possible for MAPFRE to properly identify it.

D.2 List any significant transactions between the company or its group companies and the company's significant shareholders which are relevant due to their amount or subject matter:

Name or Company name of the significant shareholder	Name or company name of the Company or Group company	Nature of the relationship	Type of transaction	Amount (€ thousand)
CARTERA MAPFRE, S.L. SOCIEDAD UNIPERSONAL	MAPFRE S.A.	Corporate	Dividends and other profits distributed	272,101
CARTERA MAPFRE, S.L. SOCIEDAD UNIPERSONAL	MAPFRE S.A.	Contractual	Interest paid	1,137
FUNDACIÓN MAPFRE	MAPFRE ESPAÑA	Contractual	Purchase of property, plant and equipment	175,000
FUNDACIÓN MAPFRE	MAPFRE RE	Contractual	Sale of property, plant and equipment	41,500

D.3 List the transactions between the company or its group companies and the company's directors or executives which are relevant due to their amount or subject matter:

D.4 Report on the significant transactions in which the company has engaged with other companies belonging to the same group, as long as they are not eliminated in the process of drawing up the consolidated financial statements and are not part of the company's usual trade with respect to its purpose and conditions.

In any case, report any intra-group operation carried out with entities established in countries or territories which have the consideration of tax haven:

D.5 Indicate the amount of the transactions conducted with other related parties.

0 (€thousand).

D.6 List the mechanisms in place to detect, determine and resolve possible conflicts of interest between the company and/or its group, and its directors, executives and/or significant shareholders.

All Directors and managers must make a Prior Declaration at the time of their appointment with regard to these matters. Furthermore, they are required to update this Declaration on a regular basis, and whenever a potential situation of conflict arises.

Also, the Internal Code of Conduct and policy for managing conflicts of interest and related transactions with significant shareholders and senior representative or management positions regulates the special obligations relating to potential conflicts of interest.

The Board of Directors has the final decision on these issues. There is a special procedure for the approval of resolutions with regard to matters where there is a potential conflict of interest with a Director. The Director in question must refrain from attending or participating in these decisions.

D.7 Are more than one of the Group's companies listed in Spain as publicly traded companies?

Yes No

Identify listed subsidiaries in Spain:

Listed subsidiary company

FUNESPAÑA, S.A.

Type of activity they engage in, and any business dealings between them, as well as between the subsidiary and other Group companies;

Yes No

Define any business dealings between the parent company and the listed subsidiary, and between it and other Group companies.

The business dealings with FUNESPAÑA, S.A. and its group mainly involve the burial insurance processing services that this company and its subsidiary company All Funeral Services, S.A. provide to MAPFRE ESPAÑA, Compañía de Seguros y Reaseguros, S.A., a subsidiary company of MAPFRE, S.A.

Identify the mechanisms in place to resolve possible conflicts of interest between the listed subsidiary and other Group companies:

Mechanisms to resolve possible conflicts of interest

The Relational Framework between MAPFRE and FUNESPAÑA establish abstention duties for those executive positions in MAPFRE Group or FUNESPAÑA Group that form part of administration body of another Company of the other Group. In addition, the provisions relating to conflicts of interest established in the Internal Regulation on Conduct in respect of quoted securities issued by MAPFRE are applicable.

E RISK CONTROL AND MANAGEMENT SYSTEMS

E.1 Explain the scope of the company's risk management system, including taxation.

The consolidated group of insurance companies has a Risk Management System (RMS) based on the integrated management of each

and every business process, and on the tailoring of the risk level to the established strategic objectives. The different types of risks have been grouped under four areas, or categories, as detailed below:

- Financial and Credit Risk: Includes interest rate, liquidity, exchange rate, market and credit risk.
- Insurance Activity Risk: this groups together, separately for Life and Non-Life, the risk of premium shortfalls, the risk of insufficient technical provisions, and re-insurance risk.
- Strategic and Corporate Governance Risks: This includes business ethics and corporate governance risks as well as risks related to the organizational structure, alliances, mergers and acquisitions derived from the regulatory environment, including those of a tax nature, and competition risks.
- Operational Risk: Includes the risk of loss arising from the inadequacy or dysfunction of internal processes, personnel or systems, or arising from external events.

Operational risks include compliance risk, which entails the risk of sanctions, material financial losses or loss of reputation as a result of failure to comply with laws and other regulations, rules, internal and external standards or administrative requirements. Compliance risks include the subcategory of tax risks, that is, the risk of conflicting interpretations of tax law and the determination of market prices in transactions between related companies.

Every six months, the governing bodies receive detailed information about the main risks to which the Group is exposed and the capital resources available to address them. This information is drawn up in line with:

- Current legal requirements
- A standard model of fixed factors
- Internal management models, in the companies that have them.

E.2 Identify the bodies of the company which are responsible for the preparation and implementation of the risk management system, including taxation.

The Regulations of the Board of Directors of MAPFRE sets out the duties and responsibilities of the MAPFRE Governing Bodies and its Committees and Steering Committee related to the risk management system.

The Board of Directors has the responsibility, which may not be delegated, to determine the general policies and strategies, and in particular the policy to identify, manage and control risks, including taxes, and monitor internal information and control systems.

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

The Audit Committee monitors the effectiveness of the Company's internal control, internal auditing and the risk management systems, including taxes.

The Risk and Compliance Committee is the delegate body of the Board of Directors to support and advise the Board of Directors in defining and evaluating the risk management policy and determining the susceptibility to risk and the risk strategy, in addition to overseeing the correct application of the good governance rules and external and internal regulations in the Company and in the Group.

In this sense, their duties in the framework of the risk management system are as follows:

- To support and advise the Board of Directors in the definition and evaluation of the risk policies of the Group and in the determination of the susceptibility to risk and the risk strategy.
- To assist the Board of Directors in overseeing the implementation of the risk strategy.

To be familiar with and value the methods and tools for risk management, undertaking follow-up on the models applied regarding results and validation.

E.3 List the main risks that might affect the achievement of the business objectives, including taxes.

1. Financial and credit risk

MAPFRE mitigates its exposure to this type of risk by means of a prudent investment policy characterized by a high proportion of top-quality fixed-income securities.

Four different types of portfolios are managed within the investment portfolio:

- Those that seek strict immunization from the obligations deriving from insurance contracts.
-

- Portfolios that cover unit-linked policies made up of assets whose risk is assumed by the policyholders.
- Those that look to exceed the guaranteed return and achieve the highest return for the policyholders with the prudential parameters, such as portfolios with profit sharing.
- Open-management portfolios where the active management is only conditioned by legal rules and by internal risk limits.

In the first case, immunized portfolios minimize interest rate risk, through matching adjustments and immunization techniques based on the matching of flows and duration.

Secondly, portfolios that cover the unit-linked policies are made up of financial instruments whose risk is assumed by the policyholders.

A certain degree of market risk is accepted in the remaining portfolios, as set out below:

- The management variable for interest rate risk is modified duration, which is conditioned by the limits established in the investment plan approved by the Board of Directors of MAPFRE S.A. for open-management portfolios, and the modified duration of liabilities in the event of long-term commitments to policyholders.
- The exposure to exchange rate risk is minimized in the case of insurance liabilities. For investment management reasons, the exposure to this type of risk may not exceed the fixed percentage established in the annual investment plan.
- Investments in shares are subject to a maximum limit of the investment portfolio.
- The risk limitations are established in easily-observable quantitative terms of variables. However, a risk analysis in probabilistic terms is carried out in accordance with past volatility and correlations.

With regard to credit risk, the policy is based on applying criteria of prudence in line with the issuer's solvency and seeking a high degree of geographical correspondence between the issuers of the assets and the commitments. The fixed-income and equity investments are subject to limits per issuer.

The credit risk management policy establishes limits according to the risk profile of the counterparty or of the investment instrument, as well as exposure limits related to the counterparty's rating. There is also a system for monitoring and reporting credit risk exposure. The Security Committee reviews the main exposures to insurance and reinsurance counterparties.

2. Insurance activity risk

The organization of MAPFRE, specializing in various business lines, requires them to be highly autonomous in the management of their business, in particular in the underwriting of risks and tariff fixing, as well as the indemnities or provision of services in the case of incident.

The adequacy of premiums is an element of particular importance and its determination is supported by specific software applications.

Claims processing and the adequacy of provisions are basic principles of insurance management. Technical provisions are estimated by the actuarial teams of the different companies and their amount is validated by an independent party that did not participate in the calculation. The prevalence of the personal injuries business at MAPFRE, with rapid liquidation of claims, and the relative insignificance of long-term risks insured, such as asbestos or professional liability, are elements mitigating the risk of insufficient technical provisions.

MAPFRE's presence in countries particularly prone to catastrophes (earthquakes, hurricanes, etc...) demands special treatment of this type of risk. Companies expose to this type of risks have specialized reports on catastrophe exposure, usually drawn up by independent experts, which estimate the extent of the losses in the event of a catastrophe occurring. Underwriting catastrophic risks is undertaken based on this information and economic capital available to the company that subscribes these. Where appropriate, the equity exposure to these type of risks is mitigated by taking out specific reinsurance coverage.

In this connection, it is important to highlight the contribution of MAPFRE RE, which provides the Group with its extensive experience in the catastrophe risk market. Every year this company determines the global catastrophic capacity that it assigns to each territory and establishes the maximum underwriting capacity per risk and event. It also has risk retrocession protection programs to cover deviations or increases in catastrophe claims in different territories.

[THE INFORMATION IN THIS SECTION CONTINUES IN SECTION H.1 OF THIS REPORT]

E.4 Identify whether the company has a level of tolerance to risk, including taxation.

In the appetite for risk document of the MAPFRE Group, approved by the Board of Directors of MAPFRE, S.A., the risk level is established that the Group would be ready to assume to attain its business objectives with no relevant deviations, even in adverse situations. That level, which defines limits and sub-limits per risk type, is set by the appetite for risk of the MAPFRE Group.

For other metrics that quantify the MAPFRE Group's aggregate risk, tolerance levels are established on the basis of a "traffic light" system (green, amber and red).

The purpose of MAPFRE Group's risk management is to maintain a level of capitalization to comply with its obligations according to an "AA" or equivalent rating.

Capital allocated to insurance and reinsurance subsidiaries is generally determined pursuant to an estimation based on the budgets for

the following financial year, and it is reviewed at least once a year, depending on the risks that emerge.

Certain companies require a level of capitalization that exceeds the one obtained by the aforementioned general rule, either because they operate in different countries with different legal requirements, or because they are subject to financial solvency requirements since they have a rating. In these cases, the MAPFRE Steering Committee sets the level of capitalization on an individual basis.

E.5 Indicate what risks have arisen during the financial year, including taxes.

During 2016, no risks materialized that had a significant effect on the MAPFRE Group's financial statements, as they were within the tolerance thresholds foreseen in the risk appetite.

With regard to insurance activities risk, in 2016 no large-impact catastrophic events occurred. The following medium-impact events occurred during the year: fire in Alberta (Canada), crop damage in Brazil, the Elvira storm in Northern Europe, and earthquakes in New Zealand and Ecuador.

In addition, the appreciation of the Brazilian real and, to a lesser extent, of the US dollar, offset the devaluation seen in the Mexican peso and the Turkish lira.

E.6 Explain the response and supervision plans for the Company's main risks, including taxation.

MAPFRE has adopted a three-lines-of-defense model for risk management which states that:

- a) Managers of the "first line of defense" assume risks and possess the controls.
- b) The "second line of defense" areas perform independent supervision of the risk management activities conducted by the first line of defense, within the framework of the policies and limits established by the Board of Directors.
- c) Internal Audit is the "third line of defense", contributing a guarantee independent from the efficiency and suitability of the Internal Control system and other Corporate Governance elements. .

Within this framework, the MAPFRE structure consists of areas which, in their respective fields of responsibility, independently supervise the risks accepted.

The defined Areas correspond to:

- The Actuarial Area, responsible for preparing mathematical, actuarial, statistical and financial calculations used to determine the rates and technical provisions and to model, in close collaboration with the Risk Management Area, the underwriting risk on which the insurance companies calculate their capital requirements, thus contributing to the projected technical result and desired solvency margins.
- The Compliance Area, which identifies, analyzes, evaluates and reports on legal risk exposure in connection with regulations being drafted, and exposure to compliance risk in respect of prevailing internal and external regulations.
- The Internal Control Area, which ensures that the Internal Control system works properly throughout MAPFRE and that the established procedures are followed.
- The Risk Management Area, which oversees supervision and control of the efficacy of the MAPFRE Group's management system, identifies and measures risks, calculates the capital adequacy level and monitors and reports on risk exposure.
- The Safety and Environment Area is responsible for preventing the appearance and mitigate the safety risk that may cause damage to the Group, disturbing, limiting or reducing its productive, financial or business capacity; as well as those that can difficult the fulfillment of its social and environmental commitments, its objectives and business strategy or the established in the existing current regulations.
- Internal Auditing Area which provides an independent evaluation of:
 - The suitability, sufficiency and efficacy of elements of the Internal Control System.
 - The Risk Management System,
 - The suitability and performance of the key functions included in the governance system set out in the Solvency II Directive.

The Group's Secretariat General is responsible for issuing instructions and monitoring compliance with the various regulations affecting the Company and the Group. Moreover, and through the Tax Affairs department, the General Counsel of the Group has information relative to the tax risks detected in each country.

The MAPFRE Group appetite for risk document establishes a measuring scale based on the distance of the risk level from its maximum limit. Each of the areas defined in the appetite for risk entails the corresponding notification, monitoring, control or mitigation measures.

F INTERNAL RISK CONTROL AND MANAGEMENT SYSTEMS IN RELATION TO THE FINANCIAL REPORTING PROCESS (ICFR)

Describe the mechanisms that comprise control systems and risk management in relation to your company's procedure for the issue of financial information (ICFR).

F.1 Control environment of the company

Report, indicating its main characteristics, at least:

F.1.1. Which bodies and/or functions are responsible for: (i) the existence and maintenance of an appropriate and effective ICFR; (ii) its implantation; and (iii) its supervision.

MAPFRE's internal control system is a set of ongoing processes which are the responsibility of the Board of Directors, senior managers and all other MAPFRE personnel, as set out in the Group's internal control policy approved by the Board of Directors in 2010, and updated on December 17, 2015 with entry into force on January 1, 2016.

The Regulation of the Board of Directors, which was amended and adopted on April 30, 2016, with effect as from July 17, 2016, adapting its content to Audit Law 22/2015 of July 20, which entered into force on June 17, 2016, sets out the duties and responsibilities of the Board of Directors, the Steering Committee and other Board Committees.

The Board of Directors delegates ordinary management to the Steering Committee and to Senior Management, and reserves the approval of risk control and management policies and approval of the periodic follow-up of both internal information and control systems and financial information to be published, owing to its status as a listed company.

Under the mandate of the Board of Directors, the Executive Committee exercises direct supervision over management of the Business Units and coordinates the various areas (except for internal audit) and units in the Group.

The Audit Committee, in its capacity as a delegate body of the Board of Directors, and in relation to the internal information and control systems, has, among others, the responsibilities of supervising the drawing up and presentation of the requisite financial information and presenting recommendations or proposals to the Board of Directors in order to safeguard the integrity of the information, and regularly reviewing the efficacy of internal control and the risk management systems, to ensure that the main risks are identified, managed and sufficiently well known.

The document titled "Internal Audit Policy and Charter," which was updated and approved by the Audit Committee and the Board of Directors on December 21, 2016, sets out the main Internal Control System supervisory activities, as well as those relating to the Solvency II Directive, conducted by the Audit Committee through the Corporate Internal Audit Area, which are listed in section 5.1 of this document.

F.1.2. Whether there are, particularly relative to the procedure for the preparation of financial information, the following items:

- Departments and/or mechanisms entrusted with: (i) the design and review of the organizational structure; (ii) the clear definition of lines of responsibility and authority, with an appropriate distribution of tasks and functions; and (iii) ensuring the existence of sufficient procedures for correct diffusion in the company.

The regulation on the Institutional, Business and Organizational Principles of the MAPFRE Group, approved by the Board of Directors of MAPFRE, S.A., at its meeting on June 24, 2015, is the minimum mandatory framework for all the companies making up MAPFRE and their respective governing bodies.

The Board of Directors reviews and authorizes the Group's organizational structure and approves the lines of responsibility and authority based on the organizational structure defined.

The distribution of duties and definition of scopes of activity/authority and of hierarchical levels are undertaken in line with the organizational structure manual approved by the Corporate Human Resources Area.

Positions organization defines and analyzes the work positions from a functional point of view, including the set of positions existing in MAPFRE.

The organizational structure corresponds to the formal representation of the Group's organization, as it is defined by the Management Bodies.

The concordance between the positions organization and structure is required, since it relates the duties, roles and

responsibilities among themselves for the appropriate running of business.

The Corporate Finance Area establishes the accounting policies and standards applicable to the Group and is responsible for the coordination between the various business units and global corporate areas in relation to the consolidated financial information preparation procedure.

- Code of conduct, approval body, degree of diffusion and instruction, principles and values included (indicating if there are specific mentions to the registry of operations and financial information preparation), body entrusted with analyzing defaults and proposing corrective measures and sanctions.

The Code of Ethics and Conduct approved by the Steering Committee (Delegate body of the Board of Directors) on January 28, 2016 replaces the previous version approved in 2009.

It aims to reflect corporate values and the basic principles that should guide the conduct of MAPFRE and its staff.

Communication campaigns were conducted to ensure that all employees were aware of the Code, and it is available to them on the intranet and the Group's website.

In 2011, the company launched the e-learning course on the Code of Ethics and Conduct, which applies to all the Group's employees. At December 31, 2016, 18,935 employees around the world had completed this course (approximately 50 percent of the workforce).

The Code sets out specific principles that are binding for all employees, regarding the processing of the Group's financial information so as to ensure its confidentiality, integrity and availability in accordance with the MAPFRE's information security policy. It also states that all employees are responsible for ensuring that the information provided is accurate, clear and truthful.

To guarantee application of the Code, as well as supervision and control of its compliance, the Ethics Committee is entrusted with ensuring its compliance and analyzing and resolving complaints lodged for its non-compliance. Any employee who has questions about the application of the Code, or who observes a situation that might involve a breach or violation of any of the principles and rules of ethics or conduct, must report it to the Ethics Committee, which acts within the scope of its advisory duties or resolves any complaints that may arise regarding breaches of the Code.

To notify the Ethics Committee of questions or complaints, the Questions and Complaints Channel can be directly accessed through the Group's internal portal. The operation of this channel is set out in the Code of Ethics and Conduct.

Every year, the Ethics Committee reports to the Steering Committee on the activities carried out during the financial year.

- Whistle blower channel that permits the communication of financial and accounting irregularities to the Audit Committee, in addition to possible breaches of the code of conduct and irregular activities in organization, indicating, as the case may be, that the information is confidential.

In addition to the Ethics Committee's Questions and Complaints Channel, reflected in the previous section, there is a Channel for Financial and Accounting Complaints, which allows Group employees to report any potentially significant financial and accounting irregularities they observe to the Audit Committee confidentially, via an electronic mailbox or written correspondence to a specific address.

The operating rules of the MAPFRE Group Channel for Financial and Accounting Complaints, approved by the Audit Committee in 2011 and updated in 2016, are published on the Group's intranet or internal portal.

The Audit Committee receives the complaints and reviews and resolves them by addressing each one as it deems appropriate. In order to perform its duties properly, it relies on assistance from the General Counsel and the Corporate Internal Audit Area.

In cases of complaints concerning the Group's subsidiary companies which have their own mandatory Whistle-blower Channel, the Audit Committee and the competent body of the subsidiary company liaise in handling and resolving any complaints received.

The parties involved in the channel have controls for restricting access to the information, and the confidentiality of the whistle blower's identity is assured through the collection of personal data provided in accordance with the requirements set by current data protection legislation.

The General Secretariat issues an annual report for the Audit Committee, outlining the activities conducted on the Whistle Blower Channel and the final result of the complaints made.

- Training schemes and periodic updating for personnel involved in the preparation and review of financial information, as well as evaluation of the ICFR, which covers, at least, accounting rules, audit, internal control and risk management.

MAPFRE has a Global Training Model that is the basis of the Corporate University. This university is organized into Schools of Knowledge, which encompass all of the training programs that are developed locally and globally.

Among The Technical Knowledge Schools, during 2016 progress has continued to be made in developing The School of Finance with the aim of providing all employees in all the financial areas with the necessary knowledge to guarantee efficient

financial and risk management, a key aspect of MAPFRE's growth. The training content of this school is based on the following pillars:

- Risk Management
- Management, Administration and Accounting Control
- Corporate Finance
- Investments

At global level, in 2016 the Group continued to develop the Global Risk Management in Insurance Companies (GREA) Program and Certification, designed in collaboration with the Instituto de Estudios Bursátiles (IEB). This program aims to provide participants with the concepts, methodology and quantitative instruments (as well as their practical application) needed for a thorough understanding of value and risk in insurance companies, as well as to prepare participants for successful implementation of Enterprise Risk Management (ERM) systems. Thirty-one employees from 11 countries, representing different regional areas, business units and corporate areas, have participated in this program, which ran from September 2015 to June 2016.

To date, 61 employees have obtained certification through this program.

In 2016, MAPFRE organized several training programs in Spain on financial, risk and internal control issues, representing a total of 11,487 training hours for 7,899 participants.

In 2016, the Iberia Regional Area launched the financial training plan for the MAPFRE Network, taught by Escuela FEF. The agreement signed between MAPFRE and the European Financial Planning Association (EFPA) will allow a broad group of professionals from the commercial organization, throughout Spain, to access a high-level program training them as financial advisors and asset managers (PSGP). At the end of this course, participants have the option of taking the internationally-recognized European Financial Advisory (EFA) course. This training, taught by the FEF Financial Studies Foundation, adds great value to the MAPFRE Network, through cutting-edge, complete and practical knowledge that will significantly help sales efforts related with savings and investments, as well as with enhancing customer loyalty. During 2016, a total of 144 participants received 3,888 training hours through this activity.

In the area of e-learning, it is worth mentioning the course on "internal control rules," which all Group employees must attend. In 2016, 13,269 course registrations were made. In the last eight years, a total of 59,207 employees and brokers have enrolled in this course.

In 2015, a new e-learning course on the Regulatory Compliance Function was developed and incorporated into the eCampus platform. The purpose of this course is to share information on this function, its features, objectives and responsibilities and the importance of implementing the Compliance Function in organizations to minimize the risk of legal and regulatory non-compliance to which they are exposed. In 2016, more than 255 employees received 259 training hours through this course.

Internal Audit training also continued in 2016, aiming to provide all professionals in MAPFRE audit areas around the world with the knowledge necessary to perform internal audits and to share established management tools and best practices.

In 2016, a global training seminar was held for technology auditors. This seminar was held through video-conferences, without requiring auditors to appear in person, thereby making it easy for them to attend and avoiding travel costs.

With respect to business auditors, in December 2016, a training seminar was held for auditors in Spain and Portugal. A total of 73 employees participated in the event, which focused primarily on relevant aspects of Solvency II.

With regard to the elaboration of financial information, the General Counsel and the Corporate Finance Area issued memos containing instructions, including an update of applicable regulations. Moreover, the heads of the financial divisions have specific models and instructions for the drawing up of financial information, provided in the Consolidation Manual (which includes applicable accounting rules and policies) and the Accounting Models that are updated on an annual basis.

F.2 Financial information risk assessment

Report, at least:

F.2.1. What the main characteristics of the risk identification process are, including error or fraud risks, in relation to:

- If the process exists and is documented.

MAPFRE has a risk management system (RMS) that applies to Group companies, in accordance with the internal regulations of each of the risk categories considered.

The description of the RMS is included in Section E. Risk Control and Management Systems of this Corporate

Governance Report.

Regarding the risk control system, risk factors are identified for each of the processes that the Group considers fundamental, which are categorized into 23 risk types. Among the risk factors listed for each process, one is always included on the registration and accounting of financial information.

These risk factors are associated with the major figures of the main sections of financial statements. In this process of identifying the major figures, quantitative and qualitative factors (complexity of transactions, risk of fraud and other aspects) were considered.

The Group also performs updates and monitoring of its Risk Control System through specific questionnaires on controls and risk, setting corrective measures where necessary.

- Whether the procedure covers all financial information targets (existence and occurrence; integrity; assessment; presentation, breakdown and comparability; and rights and obligations), whether it is updated and how frequently.

The risks that cover the objectives of existence and occurrence, integrity, assessment, presentation, breakdown and comparability, and rights and obligations of financial information are identified through the process of preparing the quarterly questionnaire of internal controls on financial information.

The purpose of this procedure is to identify and verify that controls are effective during the preparation of financial information, provide documentary evidence of the controls carried out by the company during the cash, consolidation, accounting and tax processes and of the result of their application, and act as an internal communications channel for sharing relevant information regarding the issue of financial information.

As a result of organizational and business changes that have taken place within the Group in recent years, the procedure implemented in 2012 was reviewed in 2016. Through this procedure, the Administration and Finance areas of the main companies provide documentary evidence, under a simple, streamlined system, of the main activities carried out and the controls run during the process of preparing financial information at MAPFRE insurance companies during the quarterly and annual closes.

- The existence of a procedure for identification of the consolidation perimeter, bearing in mind, inter alia, the possible existence of complex corporate structures, instrumental companies or those with a special purpose.

The MAPFRE Consolidation Manual, prepared by the Corporate Finance Area, describes the process for identifying the scope of consolidation, which encompasses all the companies of the Group and is updated on a monthly basis.

The Consolidation Division provides the Consolidation Team Leader of each subgroup with the list of companies included in the scope of consolidation, along with the direct and indirect participation percentages and the consolidation method that applies. Any modification to the information provided shall be reported to the Consolidation Division, which will make a decision on the modification after analyzing the reasons given.

The functional structure and the tasks assigned to the process managers are reflected in the Consolidation Manual.

- Whether the procedure takes into account the effects of other risk typologies (operational, technological, financial, legal, reputational, environmental, etc.) insofar as they affect financial statements.

Risk control takes into account the different types of operational, technological, financial, legal, reputational and environmental risks, as well as the risks inherent in the insurance and reinsurance business.

In this process, each risk factor, where appropriate, is linked to the section of the financial statements that would be affected if the potential risk became a reality, the main sections being: premiums, provisions, financial returns, acquisition costs, administration expenses and benefit expenses.

Risk control is promoted in the Group, both in Spain and abroad, through the Riskm@p software application, which is developed internally by MAPFRE and which aids in the creation of company risk maps. These maps analyze the significance and probability of occurrence of different risks. The management model is based on a dynamic analysis by processes, in which the managers of each area or department identify and assess the potential risks that affect business and support processes, as well as key economic figures, among other aspects, by completing self-evaluation questionnaires.

- Which of the entity's governing bodies oversees the process.

The Audit Committee's powers with regard to the information and internal control systems include to periodically

review the control internal systems and the risk identification and management systems. The Internal Control System and Risk Management System is reviewed at least once a year.

With regard to the ICFR report, the External Audit reviews and analyzes its content and issues its own report on the consistency or impact of the information that pertains to it.

The ICFR report, along with the report prepared during the External Audit, is overseen by the Internal Audit Committee, once it is presented to the Board of Directors.

F.3 Control activities

Report, indicating its main characteristics of, if at least has:

F.3.1. Procedures for reviewing and authorizing financial information and the ICFR description (to be published in securities markets), indicating responsible personnel, as well as descriptive documentation on activity and control flows (including those related to fraud risk) of the different types of transactions that could have a material effect on the financial statements, including the procedure for accounting close and the specific review of relevant opinions, estimates, assessments and projections.

The financial reports on the annual accounts and biannual and quarterly information, prepared by the Corporate Finance Area, are submitted to the Audit Committee, and subsequently to the Board of Directors.

In the case of individual and consolidated annual accounts, the most senior management representative of the consolidated group, the Internal Audit General Manager and the executive responsible for preparing these accounts certify their accuracy and integrity to the Board of Directors.

The closing calendar, prepared by the General Management of Accounting Coordination, lists the main activities of the process of consolidating and preparing the annual and biannual accounts and the corresponding controls, providing deadlines for compliance.

The different Group companies report financial information through their assigned representatives, which the Corporate Finance Area consolidates to prepare the reports. During the consolidation process, controls are in place to detect any errors liable to significantly affect the financial statements;

Additionally, the Audit Committee supervises the following information:

- The management report and individual and consolidated annual accounts of MAPFRE S.A. and its dependent companies.
- The report on the limited review of intermediate, summarized, consolidated financial statements of MAPFRE S.A. corresponding to the intermediate period ending on June 30 of each financial year.
- The information that MAPFRE S.A. sends to the Spanish National Securities and Exchange Commission (the "CNMV") every quarter. This economic-financial information is reviewed first by the Corporate Internal Audit Area, which issues a report in which it emphasizes that the intermediate financial statements of MAPFRE S.A. were prepared by applying the same criteria as that applied to annual accounts and that these criteria are reasonable, objective and verifiable.
- The information prepared by MAPFRE S.A. for investors and analysts, which is reviewed and analyzed by the Audit Committee before publication.
- Solvency II Pillar 2 and Pillar 3 documents: ORSA, SFCR and RSR.

Further, as indicated in the previous section, each quarter the companies complete the questionnaire on internal controls of financial information. This questionnaire includes documented evidence of the activities and controls performed with regard to the main financial information processes.

In addition to the procedures indicated above, during the risk control process, internal control manuals and other descriptive documents are prepared that contain procedures and activities and the parties involved in them, identifying the associated risks and the controls for mitigating them, including those related to fraud risk and the accounting close process.

The Board of Directors bases its estimates and assumptions on hypotheses about the future and on uncertainties that basically refer to losses from impairment of certain assets; the calculation of provisions for risk and expenses; the actuarial calculation of retirement liabilities and commitments; the useful life of intangible assets and of tangible fixed asset items; and the fair value of certain non-listed assets.

The estimates and assumptions used are given in the instructions for close of accounts, are reviewed regularly, and are based on historical experience and on other factors that may be considered more reasonable from time to time. If the review leads to changes in estimates in a given period, their effect is applied during that period and, as the case may be, subsequent periods.

F.3.2. Internal control policies and procedures for information systems (inter alia, safe access, change control, operation thereof, operational continuity and segregation of duties) that concern the company's relevant procedures in relation to the preparation and publication of financial information.

The Corporate Safety and Environment Division, which reports to the Corporate Resources and Institutional Coordination Area, works directly with regulations related to information security.

In particular, the measures established are defined in a Documentary Information Safety System (SDSI) or Regulatory Corpus for the Safety of Information, organized by targets set in the Information Safety Plan (PSI) approved by the Management Committee in 2004.

The information systems are subject to three types of security procedures and controls: preventive, informative and reactive, resulting in the publication of standards, monitoring of systems and the review of any measures and controls in place.

Consequently, the Information Security Regulations establishes the following, among other issues: information systems must be tracked and monitored through inventory procedures to identify the resources and the information contained therein; verification of the identity of the people who use it; and the use of passwords in keeping with the password strength criteria laid down in the regulations, that contributes to maintain an appropriate segregation of duties.

Further to the obligations established in the Information Security Regulations, MAPFRE has a General Control Center (under the Forum of Incident Response and Security Teams, FIRST, international network), that monitors the Group's information systems activity. This body is entrusted with responding to potential security incidents.

Further, every year, the Corporate Security and Environment Division creates a security checks plan aimed at verifying the security controls in place and discovering any vulnerabilities in information systems.

Both the Corporate Security Policy and the rules and standards of these Information Security Regulations are published on the internal portal and the global intranet, to enable all employees to access them.

In addition, the Group has a Policy, a Governance Framework and a Business Continuity Methodology that define the framework and actions necessary to guarantee the correct functioning of operations vis-à-vis the occurrence of a high-impact incident, so that its damage will be minimal.

Every year, the Corporate Internal Audit Area verifies the proper operation of the Internal Control System of the main computer systems, whose scope is the general information technology (IT) controls, the IT control environment and the application controls.

F.3.3. Internal control policies and procedures addressed at supervising the management of activities subcontracted to third parties, as well as those aspects of evaluation, calculation or valuation entrusted to independent experts, which can have a material effect on financial statements.

All services subcontracted to third-parties materialize through specific contracts and the contracting units or areas undertake the direct supervision of the providers, except in the case of exceptional services (that are not recurring over time), which due to their reduced amount, duration and minor importance are processed through the system based on the provider's offer.

Suppliers are selected on the basis of objective criteria that assess factors such as quality, price, supplier infrastructure, market recognition and, in particular, membership of the groups of associates that collaborate with the Group's companies entities and their track record in terms of service quality.

Compliance with prevailing legislation in the various countries and implementation of safety and hygiene measures where warranted are prerequisites. Other highly rated attributes include response times, after-sales service, geographic reach and the added value they can contribute.

Currently, the Resources and Institutional Coordination Area is developing a Global Service Procurement and Contracting Plan, which includes different categories, including an external services category, which encompasses all services with any financial impact stemming from a required evaluation, calculation or assessment. The external services currently categorized include services related to auditing, advising and property appraisal work, among other things.

In implementing this Plan, in 2013 the Steering Committee approved the Purchasing Regulations which contains the principles and basic criteria for the procurement of goods and services of all the Group companies regardless of their geographical location and type of business. In addition, the Corporate Resources and Institutional Coordination Area has an internally-defined procurement procedure to support the Purchasing Regulations.

Providers are approved and contracted, in general, by the Purchasing Area, and once the contract is executed, it is the applicant who ensures that the service is delivered correctly and in accordance with current legislation.

Notwithstanding the aforementioned, in the cases of external services that are subcontracted for value estimation and require specific technical expertise (corporate transactions, asset and portfolio valuation, etc.), the areas will contract and oversee the service directly, as they have personnel qualified to assess the capacity and qualifications of the provider and the conclusions reflected in the reports issued.

Currently, the main providers that are contracted recurrently are approved, with the aim of having all recurrent providers or providers with special relevance for the MAPFRE Group approved.

F.4 Information and Communication

Report, indicating its main characteristics of, if at least has:

F.4.1.A specific duty entrusted with defining, keeping accounting policies up-to-date (accounting policies area or department) and resolving doubts or disputes deriving from their interpretation, maintaining continuous communication with those responsible for activities in the organization, as well as an updated manual of accounting policies that is communicated to the units through which the company operates.

The Accounting Coordination General Management, which reports to the Global Finance Corporate Area, is entrusted with updating accounting policies and applicable rules that concern the Group's financial information, and for resolving consultations and disputes deriving from their interpretation.

At the same time, it maintains a close and fluid relationship with the financial divisions of the different companies and with the Global Corporate Areas, to which it communicates formally established accounting procedures and rules.

The Group's subsidiaries receive the information about the applicable procedures and regulations through the parent companies of the Subgroups, which receive the instructions directly from the General Subdivision for Accounting Coordination.

The General Subdivision for Accounting Coordination updates the individual and consolidated annual accounts models applicable to the various Group companies, which include accounting policies and breakdowns of information to be presented. The Economic Control and Information General Management of the Corporate Finance Area defines instructions on accounting policies and breakdowns for preparation of the Group's consolidated information using the consolidation manual.

At least once a year, and during the last quarter of the financial year, the Model Annual Financial Statements and the Consolidation Manual are reviewed and any changes are reported to the parties involved. However, whenever there are changes that affect periods of time of less than one year, these changes are reported immediately.

F.4.2. Mechanisms for the capture and preparation of financial information with homogeneous formats, for application and use by all units of the company or the Group, that support the main financial statements and notes, as well as information provided on the ICFR.

Since March 2010, the MAPFRE Group companies financial information is managed using the corporate consolidation application, a tool that represents a centralized database (common and single data repository). This application has been programmed to automatically execute the consolidation entries and process controls, which guarantees that the criteria set out in the Consolidation Manual are applied homogeneously to all the automatic entries and minimizes the likelihood of errors.

Within the procedure for preparation of financial information, the consolidation certificates represent the medium for communication of the information necessary in the consolidation procedure or in the preparation of consolidated financial statements. The certificates are reviewed and updated at least one a year.

Based on the information contained in the consolidation certificates and using the accounts model approved by the General Subdivision for Accounting Coordination, the General Subdivision of Control and Economic Information prepares the annual accounts and all other financial statements.

The Accounting Coordination Area is responsible for preparing the ICFR-related report. To do so, it identifies those areas involved in the financial information preparation process, to which it transmits instructions to complete this report and from which it requests, at least annually, the update of the support documentation that backs up the actions performed.

F.5 Supervision of the system's operation

Report, indicating its main characteristics, at least:

F.5.1. The supervision activities of the ICFR conducted by the Audit Committee and whether the company has an internal audit duties that includes the competencies of support to the Committee in its supervision of the internal control system, including the ICFR. At the same time, the scope of evaluation of the ICFR made during the financial year and the procedure whereby the person responsible for executing the evaluation communicates its results will be reported, whether the company has a plan for action that describes possible corrective measures, and whether its impact on financial information has been taken into account.

MAPFRE S.A. has an Internal Audit Global Corporate Area composed since 2014 of five Internal Audit Departments located in Spain (Iberia Insurance; LATAM Insurance; International Insurance; Reinsurance, Assistance and Global Risks; and Information Technologies) a Continuous Internal Audit Unit in Spain and 16 internal audit units abroad, which are fully independent and review and evaluate the suitability and correct functioning of all company procedures, as well as the Internal Control System.

In accordance with the Internal Audit Policy and Charter, approved in 2016, as from January 2017 the Internal Audit Service for Reinsurance, Asistencia and Global Risks will be divided into two areas: the Reinsurance side and the Asistencia and Global Risk side. Accordingly, the Corporate Internal Audit Area will have six internal audit services instead of five.

The structure of MAPFRE's Corporate Internal Audit Area depends functionally on the Board of Directors of MAPFRE S.A. through the Audit Committee (Delegate Body of the Board) and of its Chairman in particular.

The directors of the auditing services and units depend (functionally and hierarchically) on the General Manager of Internal Auditing.

The Audit Committee supervises the financial information shown in the previous Section F.3.1 of this report, and also approves the Internal Audit Plan and performs a periodic follow-up of it.

The Audit Plan outlines the supervisory work that the Corporate Internal Audit Area will carry out during the next three financial years, the content and scope being established in terms of risk identified, requests received and own experience. The Plan is managed uniformly from a single, Group-wide technological platform that allows the information to be processed according to levels of access according to the established responsibilities.

The MAPFRE Group Internal Audit Policy and Charter establishes that the Corporate Internal Audit Area has, inter alia, the following duties:

- ✓ To supervise the suitability and efficacy of the Internal Control System and other elements of the Governance System, which is centered on:
 - Evaluate the suitability, sufficiency and efficacy of elements of the Internal Control System.
 - Evaluate the Risk Management System (RMS), based on the end-to-end management of each and every business process, adapting the risk level to MAPFRE's established strategic objectives, through the review, at a minimum, of the risk quantification and qualification processes foreseen in Solvency II. The Own Risk and Solvency Assessment (ORSA) to be carried out by each insurance company or group of insurance undertakings must be one of the main aspects of the work to be carried out.
 - Evaluate the suitability and performance of the key duties set out in the governance system provided for in the Solvency II Directive.
 - Contribute to good corporate governance through the verification of compliance with the rules established by the MAPFRE Group's Institutional, Corporate and Organizational Principles and the Solvency II Directive.
- ✓ Evaluate the reliability and integrity of accounting and individual and consolidated information and other economic information prepared by MAPFRE S.A., its Dependent Companies, Business Units, Territorial Areas, Regional Areas and Corporate Areas, as well as the validity, sufficiency and application of accounting and legal principles and rules.

The evaluation and assessment of the MAPFRE Internal Control System conducted by the Internal Audit Corporate Area follows a pre-established methodology based on variables such as the revision of the IT internal control, the assessment of audits conducted in the year and compliance with recommendations, which is first approved by the Audit Committee. The result of this review is reflected in an annual report on the effectiveness of Internal Control procedures. Whenever appropriate, individual recommendations are made to the company with a view to improve the Internal Control System. Subsequently, the Audit Committee monitors their compliance.

Every year, the Audit Committee holds a meeting on internal control, at which the evaluations and recommendations

issued by the Corporate Internal Audit Area on the Internal Control System (which includes the ICFR) are analyzed, along with the Internal Control Reports approved by the Boards of Directors of the various Group companies.

The Corporate Internal Audit Area checks the operation of the internal control system of the main IT systems as indicated in section 3.2 above.

The Corporate Internal Audit Area also analyzes the work conducted over the year by internal audit and its impact on the financial statements.

The external auditor, as part of the audit procedures performed to validate the annual financial statements, issues a memorandum of recommendations in its interim visit that is submitted to the Audit Committee.

F.5.2. If there is a procedure for discussion whereby the account auditor (pursuant to the provisions of the NTAs), the internal audit and other experts, can communicate to senior management and to the Audit Committee or company Directors significant weaknesses in internal control identified during procedures to review the annual accounts or others that may have been commissioned. Furthermore, indicate if there is an action plan that endeavors to correct or mitigate the weaknesses observed.

The previous section F.5.1 indicates the procedure used by auditing to communicate the evaluation of aspects relating to internal control.

Communication with the external auditor is very frequent and fluid in the MAPFRE Group. Both at the beginning, during and at completion of work to review the company's annual accounts by the external auditors, planning, follow-up and coordination meetings are held, which are attended by external auditors, internal auditors, the Secretariat General, the General Subdivision for Accounting Coordination, and those responsible for the accounting, administration and other areas concerned. At the same time, at completion of work a meeting is held with the General Manager of Internal Audit to publicize the results and conclusions detected. Action plans are available to correct or mitigate weaknesses observed, which incorporate the responses prepared by the Division to the recommendations put forward by the external auditors; these plans are submitted to the Audit Committee. The external auditor attends the Audit Committee when it discusses issues regarding the audit of the annual and half-yearly accounts, their preliminary review, as well as whenever required on account of other issues.

F.6 Other relevant information

There is no other relevant information about the ICFR that has not been included in this report.

F.7 External auditor report

Indicate:

F.7.1. Whether the ICFR information sent to the markets has been reviewed by the external auditor. If so, the entity should attach the relevant report hereto. Otherwise, state the reasons.

The ICFR information has been reviewed by the external auditor, whose report is attached as an annex.

G DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the extent to which the company follows the recommendations of the Good Governance Code for listed companies.

In the event that any recommendation is not followed or is partially followed, a detailed explanation of the reasons should be included, so that shareholders, investors and the market in general, have enough information to value the conduct of the Company. No general explanations will be

accepted.

1. That the bylaws of listed companies should not place a maximum limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by purchasing their shares on the market.

Complies

Explain

2. When a dominant and a subsidiary company are publicly traded, the two should provide detailed disclosure on:

- a) The type of activity they engage in, and any business dealings between them, as well as between the subsidiary and other companies of the Group.
- b) The mechanisms in place to resolve possible conflicts of interest.

Complies

Complies in part

Explain

Not applicable

3. That during the Ordinary General Meeting, in addition to broadcasting the Annual Corporate Governance Report, the Chairman of the Board must inform the shareholders verbally, in sufficient detail, on the most relevant aspects of the corporate governance of the company and, in particular:

- a) On the changes that have occurred since the last Ordinary General Meeting.
- b) On the specific reasons why the company does not follow any of the recommendations of the Corporate Governance Code and, if applicable, on the alternative rules that it applies on these matters.

Complies

Complies in part

Explain

4. That the company shall define and promote a new policy on communication and contact with shareholders, institutional investors and proxy advisors that is fully respectful of the rules against market abuse and treating all the equal treatment of shareholders in the same position.

And that the company shall make this policy public through its website, including information relating to the way in which it has been put into practice and identifying the interlocutors or those responsible for this happening.

Complies

Complies in part

Explain

5. That at the Annual General Meeting, the Board of Directors shall not put forward a proposal for delegating powers, to issue duties or convertible values excluding the right of first refusal, for more than 20 percent of the capital at the time of delegation.

And that when the Board of Directors approves any issuance of shares or convertible bonds, excluding the right of first refusal, the company shall publish the reports on this exclusion, referred to by corporate legislation, on its website immediately.

Complies

Complies in part

Explain

6. That the listed companies that develop the reports cited below, whether this is mandatory or voluntary, shall publish them on their website with sufficient notice before the Ordinary General Meeting is held, though its distribution is not mandatory:

- a) Report on the independence of the auditor.
- b) Report on the operating of Auditing and Appointments and Remuneration Committees.
- c) Report of the Audit Committee on related operations.
- d) Report on the corporate social responsibility policy.

Complies Complies in part Explain

7. That the company shall broadcast the Annual General Meetings live on its website.

Complies Explain

8. That the Audit Committee shall ensure that the Board of Directors avoids presenting accounts to the Annual General Meeting without limitations nor reservations in the auditing report. When this is not possible, both the Chairman of the Audit Committee and the auditors must clearly explain the content and scope of these limitations or reservations.

Complies Complies in part Explain

9. That on its website, the company shall make publically and permanently available the requirements and procedures that it will accept to support the ownership of shares, the right to attend the Annual General Meeting and voting or proxy voting.

And that these requirements and procedures will promote attendance and the exercising of rights of the shareholders and must be applied in a non-discriminatory manner.

Complies Complies in part Explain

10. That when, prior to the Annual General Meeting, any entitled shareholder has exercised the right to complete the agenda or present new proposals for resolution, the company:

- a) Shall immediately broadcast these new and additional proposals for resolution.
- b) Shall publicize the model attendance card or proxy form or distance vote with the necessary modifications so that they can vote on the new points in the agenda and proposed alternatives for resolution in the same terms as those proposed by the Board of Directors.
- c) Shall submit all of those points and proposed alternatives to voting and apply the same voting rules as those set by the Board of Directors, including, in particular, the presumptions or inferences on how to vote.
- d) Following the Annual General Meeting, it shall communicate the breakdown of the vote on those additional points or proposed alternatives.

Complies Complies in part Explain Not applicable

11. That if the company plans to pay for attendance premiums for the Annual General Meeting, it shall establish a general policy on those premiums previously and this policy must be established.

Complies Complies in part Explain Not applicable

12. That the Board of Directors shall perform its duties with a unified purpose and independent judgment, it treat all shareholders in the same position equally and be guided by corporate interest, understood as a profitable business that is sustainable in the long term and that promotes the continuation and maximization of the economic value of the company.

And that, in the pursuit of corporate interest, in addition to compliance with the laws and regulations and a behavior based on good faith, ethics and in compliance with the commonly accepted uses and good practices, shall seek to reconcile, as appropriate, corporate interest with the legitimate interests of its employees, providers, its clients and those of the other stakeholders that can be affected, as well as the impact of the companies activities on the community as a whole and the environment.

Complies

Complies in part

Explain

13. That the Board of Directors shall be of the required size, enabling efficient and participatory functioning, meaning it is advisable for it to have between five and 15 members.

Complies

Explain

The large number of companies belonging to the MAPFRE Group and its multinational nature, with a presence on all five continents, together with its economic and corporate relevance, justifies the number of Board members, which is appropriate for an effective and participatory operation.

However, in the last four years the size of the Board of Directors has been reduced by 15 percent, from 20 to 17 members. As from January 1, 2017, the number of Board members stands at 15.

14. That the Board of Directors shall approve a directors section policy that:

a) Is specific and reasonable.

b) Ensures that the appointment or reappointment proposals are based on a prior analysis of the needs of the Board of Directors.

c) Promotes diversity of knowledge, experience and gender.

That the results of the prior analysis of the needs of the Board of Directors shall be gathered in the explanatory report of the Appointments Committee that is published when the Annual General Meeting is called, to which the ratification, appointment or reappointment of each director is submitted.

And that the director selection policy shall promote the objective for the number of directors in year 2020 to represent at least 30 percent of the total members of the Board of Directors.

The Appointments Committee shall verify the compliance with the director selection policy annually and shall inform on this in the Annual Corporate Governance Report.

Complies

Complies in part

Explain

15. That the nominee and independent directors shall constitute a large majority of the Board of Directors, and the number of executive Directors should be the minimum required to deal with the complexity of the corporate group and reflect the percentage of shares held in the company by the executive directors.

Complies

Complies in part

Explain

16. That the percentage of nominee directors of the total number of non-executive directors should not be greater than the ratio between the company capital represented by these directors and the rest of the capital.

This criterion can be relaxed:

- a) In large cap companies where there are few equity stakes that are legally considered as significant.
- b) In companies with a plurality of shareholders represented on the Board of Directors who are not related.

Complies

Explain

17. That independent directors should account for at least half of the total number of directors.

That, however, when the company is not high cap, or when, even though it is, it has one or several shareholders acting in unison controlling more than 30 percent of the share capital, the number of independent directors should represent at least a third of all directors.

Complies

Explain

18. That companies shall publish the following director particulars on their website and keep them updated permanently:

- a) Professional experience and background.
- b) Other boards to which they belong, whether or not listed companies, as well as other paid activities performed, whatever their nature.
- c) An indication as to whether the directorship is executive, indicating shareholder-nominated or independent; in the case of nominee directors, stating the shareholder they represent or to whom they are affiliated.
- d) The date of his/her first and subsequent appointments as a company director, as well as later reappointments.
- e) Company shares, and share options, of those which are held.

Complies

Complies in part

Explain

19. That the Annual Corporate Governance Report, following verification from the Appointments Committee, shall disclose the reasons for the appointment of nominee directors at the behest of shareholders controlling less than three percent of capital; and it should explain any rejection of a formal request for a Board place from shareholders whose equity stake is equal to or greater than that of others appointed for a nominee directorship.

Complies

Complies in part

Explain

Not applicable

20. That nominee directors must resign when the shareholders they represent transfer their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to nominee Directors, the number of such nominee Directors should be reduced accordingly.

Complies

Complies in part

Explain

Not applicable

21. That the Board of Directors must not propose the separation of independent directors before the expiry of their term in office pursuant to the bylaws, except where due cause is found by the Board of Directors, based on a report from the Appointments Committee. In particular, it must be understood that there is just cause when the director takes on new positions or contracts new debentures that prevents him/her from devoting necessary time to the performance of the duties of a director, fails to comply with the work inherent to his/her position or is involved in any of the circumstances that cause the loss of his/her independent status, in accordance with that established in applicable legislation.

The separation of independent directors can also be proposed as a result of public takeover bid, merger or similar corporate actions that causes change in the capital structure of the company, when these changes in the structure of the Board of Directors are supported by the proportionality criteria, indicated in recommendation 16.

Complies

Explain

22. That companies shall establish rules obliging directors to inform the Board of Directors of any circumstance that might undermine the organization's name or reputation, tendering their resignation as the case may be, with particular mention of any criminal charges brought against them and the progress of any subsequent proceedings.

And that if a director is indicted or tried for any of the crimes stated in corporate law, the Board of Directors should examine the matter as soon as possible and, in view of the particular circumstances, decide whether or not he/she should be called on to resign. And that the Board of Directions should also disclose all of this in the Annual Corporate Governance Report.

Complies

Complies in part

Explain

23. That the directors should clearly express their opposition when they consider that a resolution submitted to the Board of Directors may go against the corporate interest. And that, in particular, independent directors and other directors unaffected by the potential conflict of interest should challenge any decision that could go against the interests of shareholders lacking representation in the Board of Directors.

And that when the Board of Directors adopts important or reiterated resolutions on issues about which a director has expressed serious reservations, it must draw the pertinent conclusions. If chosen to resign, the reasons for this must be set out in the letter referred to in the following recommendation.

This recommendation should also apply to the secretary of the Board of Directors, even if the secretary is not a director.

Complies

Complies in part

Explain

Not applicable

24. That if leaving office before the end of his/her term, whether due to resignation or other reasons, the director should explain the reasons in a letter sent to all members of the Board of Directors. And that, whether or not such resignation is filed as a significant event, the reasons for leaving must be explained in the Annual Corporate Governance Report.

Complies

Complies in part

Explain

Not applicable

25. That the Appointments Committee must ensure that the non-executive directors have sufficient time available to perform their duties correctly.

And that the board regulations establish the maximum number of company directorships that can form part of their directors.

Complies

Complies in part

Explain

26. That the Board of Directors should meet with the necessary frequency to perform its duties properly, and at least eight times a year, following the schedule of dates and matters set at the beginning of the financial year, to which each director may propose the addition of other items individually.

Complies

Complies in part

Explain

27. That directors should keep their absences to a bare minimum. Absences should be quantified in the Annual Corporate Governance Report. And that when they have to be absent, they should delegate their representation with instructions.

Complies

Complies in part

Explain

28. That when directors or the company secretary express concerns about a proposal or, in the case of directors, about the company's performance, and such concerns are not resolved in the Board of Directors, the person expressing them may request they be recorded in the minutes.

Complies

Complies in part

Explain

Not applicable

29. That the company must establish the appropriate channels for the directors to obtain precise advice for the completion of their duties, including, if the circumstances demand, external advising at the company's expense.

Complies

Complies in part

Explain

30. That, independently of the knowledge demanded of the directors to perform their duties, companies also offer refresher programs, when the circumstances so advise.

Complies

Explain

Not applicable

31. That the agenda of the sessions must clearly indicate those points about which the Board of Directors must make a decision or an resolution that enables the directors to study or previously obtain the information required for this to take place.

When, in exceptional circumstances, as a matter of urgency, the director wishes to submit decisions or resolutions that are not part of the agenda to the Board of Directors, prior and express consent must be obtained from the directors present, which must be duly recorded in the minutes.

Complies

Complies in part

Explain

32. That the directors must be informed periodically on the movements of the shareholders and the opinions that the significant shareholders, investors and ratings agencies have on the company and its group.

Complies

Complies in part

Explain

33. That the Chairman, responsible for the efficient operating of the Board of Directors, as well as performing the legal and bylaw duties that are attributed to it, must prepare and submit a schedule of dates and matters to discuss to the Board of Directors, organize and coordinate the periodic evaluation of the board, as well as, where applicable, the chief executive of the company, he/she will be responsible for managing the Board and the efficiency of its performance, ensure that enough time is devoted to discussing strategic matters, and consent to and review the refresher programs for each director, when the circumstances so advise.

Complies

Complies in part

Explain

34. That when there is a director supervisor, the bylaws or regulations of the Board of Directors, as well as the powers that are legally entitled, he/she is assigned the following: to chair the Board of Directors in the absence of the Chairman and Vice Chairmen, if applicable, voice the concerns of the non-executive directors, maintain contact with investors and shareholders to be aware of their points of view in order to form an opinion on their concerns, particularly in relation to the corporate governance of the company, and coordinate the succession plan of the president.

Complies

Complies in part

Explain

Not applicable

The Company complies with the entire recommendation, except with respect to assigning the lead director with the power to chair the Board of Directors in the absence of the Chairman, to maintain contact with investors and shareholders, and to coordinate the succession of the Chairman. The Regulations of the Board of Directors assigns the Coordinator Director the powers to request the Board of Directors to be convened, or the inclusion of new points in the agenda from a Board meeting already convened, coordinate and bring together the non-executive directors and, if required, direct the periodical evaluation of the Chairman of the Board of Directors.

In accordance with the Board of Directors Regulations, in the absence of the Chairman and Vice Chairmen, the oldest director is called upon to chair the meeting. Nevertheless, as from January 1, 2017, the lead director is also the Second Vice-Chairman of the Board and, accordingly, is entrusted with chairing meetings in the absence of the Chairman and the First Vice-Chairman.

With respect to relationships with shareholders and investors, article 21 of the Board of Directors Regulations establishes that the Board of Directors is responsible for establishing and supervising appropriate communications and relations mechanisms with shareholders and investors, establishing the pertinent communications channels in the Policy for Communication with Shareholders, Institutional Investors and Proxy Advisors. The Company considers that this configuration ensures better and more efficient coordination of the Company's relationships with its investors and shareholders.

Finally, the Board of Directors' Regulations assign the Appointments and Remuneration Committee the power to examine and organize the succession of the Chairman of the Board, as established in article 529n of the Capital Companies Act.

35. That the secretary of the Board of Directors should in particular ensure that Board of Directors has the recommendations on good governance at hand during its actions and decisions applicable to the company, these are contained in this Good Governance Code.

Complies

Explain

36. That the Board of Directors should evaluate and adopt an action plan in full once a year, if applicable, that corrects the weaknesses detected, in relation to:

a) The quality and efficiency of the operating of the Board of Directors.

b) The operating and composition of its committees.

- c) The diversity in the composition and responsibilities of the Board of Directors.
- d) The performance of the Chairman of the Board of Directors and the chief executive of the company.
- e) The performance and contribution of each director, paying special attention to those responsible for the different board committees.

The various committees are evaluated on the basis of the report that they present to the Board of Directors, and for the latter, on the report presented to the Appointments Committee.

Every three years, the Board of Directors will be assisted by an external advisor to perform the evaluation, the independence of whom will be verified by the Appointments Committee.

The business relationships maintained by the advisor or any company in its group with the company or any company in its group must be displayed in the Annual Corporate Governance Report.

The process and the areas evaluated must be described in the Annual Corporate Governance Report.

Complies Complies in part Explain

37. That when the company has an Executive Committee, the breakdown of its members by director category should be similar to that of the Board of Directors itself. The secretary of the Board should also act as secretary to the Executive Committee.

Complies Complies in part Explain Not applicable

The Company considers that it is essential that the majority of executive directors form part of the Steering Committee, in that it is a delegate body of a pronounced executive nature. Nevertheless, three nominee directors and two independent directors also form part of the Committee, so that all types of directors are duly represented thereon. As from January 1, 2017, the number of executive directors on the Steering Committee has been reduced from five to three. Accordingly, the proportion of nominee and independent directors has risen considerably, irrespective of the fact that non-executive members represent a broad majority on the Board.

In addition, according to the Corporate Bylaws and the Board of Directors Regulations, the Secretary of the Board will automatically be the Secretary of the Steering Committee.

38. That the Board of Directors should be kept fully informed of the matters discussed and resolutions adopted by the Executive Committee. To this end, all members of the Board of Directors should receive a copy of the Executive Committee's minutes.

Complies Complies in part Explain Not applicable

39. That all members of the Audit Committee, particularly its Chairman, should be appointed with regard to their knowledge and background in accounting, auditing and risk management. The majority of these members should be independent directors.

Complies Complies in part Explain

40. That under the supervision of the Audit Committee, there should be a unit that assumes the internal auditing function that ensures the proper performance of the information and internal control systems, and functionally operates under the non-executive director of the board or the Audit Committee.

Complies Complies in part Explain

41. That the manager of the unit that assumes the internal auditing function must present an annual work program to the Audit Committee; report to it directly on any incidents arising during its implementation; and submit an activities report at the end of each financial year.

Complies

Complies in part

Explain

Not applicable

42. That, in addition to the provisions of the law, the following duties must correspond to the Audit Committee:

1. In relation to the information and internal control systems:

- a) To supervise the process of drawing up the financial information and its integrity for the company and its group, reviewing compliance with regulatory requirements, suitable scope of the consolidation perimeter and the correct application of accounting principles.
- b) To ensure the independence of the unit that assumes the internal auditing function; to propose the selection, appointment, reappointment and removal of the internal audit officer; to propose the budget for the internal audit service; to approve the guidance and its work plans, ensuring that its activity primarily focuses on risks relevant to the company, to receive periodic information on its activities; and to check that the senior management takes the conclusions and recommendations of its reports into account.
- c) To establish and supervise a mechanism that enables employees to confidentially and, if this is deemed possible and appropriate, communicate irregularities they notice anonymously within the company that may be of potential importance, especially financial and accounting irregularities.

2. With respect to the external auditor:

- a) Should the external auditor resign, to examine the circumstances leading to the resignation.
- b) Ensure that the remuneration of the external auditor for his/her work does not compromise his/her quality nor independence.
- c) Oversee that the company notifies any change of auditor to the CNMV as a significant event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for these.
- d) Ensure that the external auditor maintains an annual plenary meeting of the Board of Directors to inform them on the work performed and on the development of the accounting situation and risks of the company.
- e) Ensure that the company and the external auditor respect prevailing standards on the provision of services other than auditing, the limits on concentration of the auditor's business and, in general, other standards established to guarantee auditors' independence.

Complies

Complies in part

Explain

43. That the Audit Committee can call to meet with any company employee or executive, even ordering their appearance without the presence of another executive.

Complies

Complies in part

Explain

44. That the Audit Committee must be informed on the corporate and structural modification actions that the company plans to perform for its analysis and report before the Board of Directors on its economic conditions and its accounting impact, particularly, in this case, on the proposed exchange ratio.

Complies Complies in part Explain Not applicable

45. That the oversight and risk management policy should specify at least:

- a) The different types of risk, financial and non-financial (among other functional, technological, legal, social, environmental, political and reputational) faced by the company, including, among the financial and economic risks, the contingent liabilities and other off-balance-sheet risks.
- b) The risk level that the company considers acceptable.
- c) The measures established to mitigate the impact of the risks identified, should they materialize.
- d) The internal oversight and reporting systems that will be used to control and manage said risks, including contingent liabilities and off-balance-sheet risks.

Complies Complies in part Explain

46. That under the direct supervision of the Audit Committee, or, in this case, a specialized committee of the Board of Directors, there should be an internal control function and management of risks performed by a unit or department within the company that is expressly assigned the following duties:

- a) To ensure the proper functioning of the risk control and management systems and, in particular, that they properly identify, manage and quantify all significant risks that affect the company.
- b) To actively participate in the development of the risk strategy and the important decisions on its management.
- c) Ensure that the risk control and management systems mitigate the risks properly in the policy framework defined by the Board of Directors.

Complies Complies in part Explain

47. That the members of the Appointments and Remuneration Committee - or the Appointments Committee and Remuneration Committee -, if separate, must be appointed, ensuring that they have the knowledge, skills and experience appropriate for the duties that they are called to fulfill. The majority of these members should be independent directors.

Complies Complies in part Explain

48. That the large cap companies have a separate Appointments Committee and Remuneration Committee.

Complies Explain Not applicable

The company considers the issues regarding appointments and remuneration to be closely related, it is therefore seen as appropriate for them to be analyzed by the same committee.

49. That the Appointments and Remuneration Committee shall consult with the Chairman of the Board of Directors and the Chief Executive, particularly with respect to matters relating to executive directors.

And that any Board member may request directorship candidates for the Appointments Committee to take into consideration if seen as suitable.

Complies Complies in part Explain

50. That the Remuneration Committee shall perform its duties independently and, in addition to the duties assigned by law, the following correspond:

- a) To propose the basic conditions for the contracts of the top executives to the Board of Directors.
- b) To check compliance with the remuneration policy set by the company.
- c) To periodically review the remuneration policy applicable to directors and top executives, included in the remuneration systems with shares and their application, as well as to guarantee that their individual remuneration is proportional to that paid to the rest of the directors and top executives of the company.
- d) Ensure that possible conflicts of interest do not harm the independence of the external advising given to the committee.
- e) To verify the information on remuneration of directors and top executives contained in the different corporate documents, included in the annual report on the remuneration of directors.

Complies Complies in part Explain

51. That the Remuneration Committee shall consult with the company Chairman and the Chief Executive, especially with respect to matters related to executive directors and top executives.

Complies Complies in part Explain

52. That the rules governing the composition and operation of the Supervision and Control Committee contained in the regulations of the Board of Directors and shall be consistent with those applicable to legally obliged committees in accordance with the previous recommendations, including:

- a) That they are formed exclusively of non-executive directors, with a majority of independent directors.
- b) That their Chairmen should be independent directors.
- c) That the Board of Directors should appoint the members of such Committees in view of the knowledge, skills and experience of its directors and the terms of reference of each committee; discuss their proposals and reports; and be held accountable in the first plenary Board of Directors meeting, following its meetings, on its activity and respond to the work performed.
- d) That the committees may engage external advising, when it is considered necessary for performing their duties.
- e) That the minutes shall be taken from their meetings that are made available to all directors.

Complies Complies in part Explain Not applicable

53. That the supervision of compliance with the rules of corporate governance, the internal codes of

conduct and the social corporate responsibility policy shall be attributed to one, or distributed among several committees of the Board of Directors that can be the Audit Committee, the Appointments Committee, the Corporate Social Responsibility Committee, if applicable, or a specialized committee that the Board of Directors, in the performance of its powers for self-organization, decides to create for the purpose, for those which are specifically attributed the following minimum duties:

- a) The supervision of the compliance with internal codes of conduct and rules of corporate governance of the company.
- b) The supervision of the communication strategy and relationship with shareholders and investors, including the small and medium shareholders.
- c) The periodic development of the suitability of the corporate governance system of the company, with the purpose of it fulfilling its mission or promoting corporate interest and bearing in mind, as applicable, the legitimate interests of the remaining stakeholders.
- d) The revision of the corporate responsibility policy of the company, ensuring that it is aimed at the creation of value.
- e) The follow-up of the strategy and practices of corporate social responsibility and the evaluation of their level of compliance.
- f) The supervision and evaluation of the relational processes with other stakeholders.
- g) The evaluation of everything relating to the non-financial risks of the company - including operational, technological, legal, social, environmental, political and reputational.
- h) The coordination of the report process of non-financial information and on diversity, in accordance with the applicable regulations and international reference standards.

Complies

Complies in part

Explain

Duties a), c) and g) expressly correspond to the Risk and Compliance Committee.

As indicated in recommendation 34, the Board of Directors itself is responsible for establishing and supervising appropriate mechanisms for communication and relationship with the shareholders and investors.

With respect to the responsibilities on corporate social responsibility matters, the company has a Corporate Committee for Social Responsibility, a standing internal body with executive functions and in charge of, among other duties, approving the Social Responsibility Strategy, proposing specific actions, objectives and deadlines. In accordance with the Corporate Social Responsibility Policy, this committee reports annually to the MAPFRE, S.A. Board of Directors and/or the relevant Board committee, in respect of compliance with the Corporate Social Responsibility Policy and strategy.

54. That the corporate social responsibility policy shall include the principles and commitments that the company assumes voluntarily in its relationship with other stakeholders and, at minimum, identify:

- a) The objectives of the corporate social responsibility policy and development of support instruments.
- b) The corporate strategy related to sustainability, the environment and social issues.
- c) Specific practices on matters relating to: shareholders, employees, clients, providers, social issues, the environment, diversity, fiscal responsibility, compliance with human rights and the prevention of illegal conduct.
- d) The follow-up methods or systems for the results of the application of specific practices indicated in the above letter, the associated risks and their management.
- e) The mechanisms for non-financial risk supervision, ethics, corporate conduct.
- f) Channels for communication, participation and dialog with stakeholders.
- g) Responsible communication practices that prevent information manipulation and protect honor and integrity.

Complies Complies in part Explain

55. That the company inform on matters relating to corporate social responsibility in a separate document or a management report, using one of the internationally excepted methods to do this.

Complies Complies in part Explain

56. That the remuneration of directors shall be as necessary to attract and retain directors from the desired profile and reward the commitment, qualification and responsibility demanded by the position, but not so high that the independence of criteria for non-executive directors is compromised.

Complies Explain

57. That the executive directors shall be confined to the variable remuneration relating to the performance of the company and the individual, as well as remuneration through the delivery of shares, options or rights on shares and instruments referenced to the value of the share and the long term saving systems as well as pension plans, retirement systems or other social protection systems.

The delivery of shares can be considered as the remuneration to non-executive directors when it is conditional that they are held until they cease to be directors. This does not apply to the shares that a director needs to transfer, if necessary, to meet the costs related to their acquisition.

Complies Complies in part Explain

58. That in the case of variable remuneration, the remuneration policies shall give the limits and specific technical safeguards to ensure that the remuneration reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, atypical or exceptional transactions or circumstances of this kind.

And, in particular, the variable components of the remuneration:

- a) They are linked to performance criteria that are predetermined and measurable, and these criteria should consider the risk taken for obtaining a result.
- b) Promote the sustainability of the company and include non-financial criteria that are suitable for creating long term value, such as compliance with the internal rules and procedures of the company and its policies for risk control and management.
- c) They are set on the basis of a balance between compliance with short, medium and long term objectives, which allows remuneration for continued performance over a period sufficient to appreciate the contribution to the creation of sustainable value, so the elements of measurement of that performance are not based solely on specific, occasional or extraordinary events.

Complies Complies in part Explain Not applicable

59. That the payment of a significant portion of the variable components of remuneration is deferred for a minimum period that is sufficient to verify that the previously established performance conditions have been complied with.

Complies X Complies in part Explain Not applicable

60. Deductions should be made to remuneration linked to company earnings, for any qualifications stated in the external auditor's report that reduce such earnings.

Complies Complies in part Explain Not applicable

61. That a significant percentage of the variable remuneration of the executive directors is related to the delivery of shares or financial instruments referenced to its value.

Complies X Complies in part Explain Not applicable

62. That once shares, or options or rights to corresponding shares, are allocated to the remuneration system, directors cannot transfer ownership of a number of shares equivalent to twice their fixed annual remuneration, or exercise the options or rights until after a period of at least three years from their allocation.

This does not apply to the shares that a director needs to transfer, if necessary, to meet the costs related to their acquisition.

Complies X Complies in part Explain Not applicable

63. That the contractual agreements include a clause that allows the company to demand re-payment of variable components of remuneration when payment has not been adjusted to the performance conditions or when awarded on the basis of data which is subsequently shown to be incorrect.

Complies X Complies in part Explain Not applicable

64. That the payments for contract termination do not exceed a fixed amount equivalent to two years' total annual remuneration, and will not be paid until the company has shown that the director has met the pre-established performance criteria.

Complies Complies in part Explain Not applicable

For external directors, there is no compensation for leaving the position.

Regarding executive directors, leaving this position means lifting the suspension of the relationship prior to the appointment as executive director.

The early termination of the previous relationship (prior, in all cases, to approval of the Code of Good Governance for listed companies), except when there is good cause for dismissal, implies compensation under the terms established by the workers' statute in relation to unfair dismissal.

H OTHER USEFUL INFORMATION

1. If there is any relevant aspect regarding corporate governance in the company or in the Group companies that has not been covered in the remaining sections of this report, but that should be included in order to provide more complete and explanatory information about the structure and governance practices of the company or its group, please provide a brief explanation here.
2. This section may also include any other relevant information, clarification or detail related to previous sections of the report so long as they are relevant and not repetitive.

Specifically, indicate whether the company is subject to corporate governance legislation of any country other than Spain and, if so, include the compulsory information to be provided when different from that required by this report.

3. The company may also indicate if has voluntarily adhered to other Codes of ethical principles or best practices, international, sectoral or of other scope. If so, the code in question and the adherence date will be indicated.

CONTINUATION OF SECTION E.3

MAPFRE's policy with respect to reinsurance risk is to cede business to reinsurers with proven financial capacity (generally with a minimum BBB credit rating. Business is ceded to other reinsurers on an exceptional basis after an internal analysis demonstrating the possession of a solvency margin equivalent to the aforementioned classification or if adequate guarantees are provided).

3. Operational risks

The risk control model is based on a dynamic processes analysis of each company, in which the managers of each area or department assess the potential risks that affect activities and the effectiveness of the controls related to each process. To perform this control, risk self-evaluation questionnaires are used, along with internal control manuals, inventory controls associated with risks, assessment of their effectiveness and management of the corrective measures in place to mitigate or reduce the risks and/or improve the control environment.

With respect to tax risks, the performance of the Group in the field of taxation has always been dominated by compliance with current tax legislation in the territories in which it operates, which constitutes a practical application of the institutional principle of ethically and socially responsible taxation.

The tax risks of the Group in each jurisdiction are handled internally by the Administration and Tax Affairs departments, always subcontracting the required tax consulting services with the leading companies in the sector.

As regards the valuation of transactions between Group companies, significant in terms of global projects, technology and reinsurance, an annual review and documentation of individual transactions is conducted in cooperation with an independent expert firm.

4. Strategic and Corporate Governance Risk

MAPFRE has always applied ethical principles to its business management and indeed these principles form part of its bylaws and day-to-day activities. In order to streamline this business culture and update the legal governance and management transparency requirements, on June 24, 2015 the Board of Directors of MAPFRE S.A. approved the "MAPFRE Group Institutional, Business and Organizational Principles", the minimum mandatory framework for all the companies making up MAPFRE and their respective governing bodies. The strict application of these principles is considered the most efficient way to mitigate this type of risk.

The company adheres to (since July 22, 2010) and complies with the content of the Code of Good Taxation Practices approved and sponsored by the Forum for Large Companies and the Spanish Tax Agency.

This annual report on corporate governance was approved by the Company's Board of Directors at its meeting on 02/07/2017.

Indicate whether any directors voted against the report or abstained.

Yes

No