

CORPORATE GOVERNANCE ANNUAL REPORT
OF THE PUBLICLY TRADED COMPANIES

ISSUER'S IDENTITY

END DATE FOR THE FINANCIAL YEAR BENCHMARK	31/12/2014
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Company Tax Registration number	A-08055741
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COMPANY NAME
MAPFRE, S.A.

REGISTERED OFFICE
Majadahonda (Madrid), Carretera de Pozuelo no. 52

STANDARD 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 (euros)	Number of shares	Number of voting rights
01-07-2011	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

Class	Number of shares	Denomination per unit	Unitary number of voting rights	Different rights

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	Indirect voting rights		% of total voting rights
		Direct holder of the shares	Number of voting rights	
FUNDACIÓN MAPFRE	0	CARTERA MAPFRE, S.L.U.	2.084.906.327	67,70
FUNDACIÓN MAPFRE	0	INSTITUTO TECNOLÓGICO DE SEGURIDAD	652.755	0,02

		MAPFRE, S.A.		
FUNDACIÓN MAPFRE	0	FUNDACIÓN CANARIA MAPFRE GUANARTEME	2.244.577	0,07

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

Name or company name of the shareholder	Operation date	Operation description

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 business name of the director	Number of direct voting rights	Indirect voting rights		% of total voting rights
		Direct holder of the shares	Number of voting rights	
MR. ANTONIO HUERTAS MEJÍAS	253,185	-	0	0.008
MR. ESTEBAN TEJERA MONTALVO	23	-	0	0.000
MR. FRANCISCO VALLEJO VALLEJO	155,000	-	0	0.005
MR. ANTONIO NÚÑEZ TOVAR	305,330	-	0	0.010
MR. IGNACIO BAEZA GÓMEZ	173,875	-	0	0.006
MS. ADRIANA CASADEMONT I RUHÍ	0	-	0	0.000
MR. ALBERTO MANZANO MARTOS	90,154	-	0	0.003
MR. ALFONSO REBUelta BADÍAS	44,346	-	0	0.001
MR. ANDRÉS JIMÉNEZ HERRADÓN	23,452	-	0	0.001
MR. ANTONIO MIGUEL-ROMERO	30,325	-	2,242	0.001

Name or business name of the director	Number of direct voting rights	Indirect voting rights		% of total voting rights
		Direct holder of the shares	Number of voting rights	
DE OLANO				
MS. CATALINA MIÑARO BRUGAROLAS	1,510	-	-	0.000
MR. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	13,604	-	23	0.000
MR. LUIS ITURBE SANZ DE MADRID	34,816	-	0	0.001
MR. MATÍAS SALVÁ BENNASAR	400,000	-	419,598	0.027
MR. RAFAEL BECA BORREGO	0	-	457,807	0.015
MR. RAFAEL CASAS GUTIÉRREZ	82,231	-	0	0.003
MR. RAFAEL FONTOIRA SURIS	23	-	0	0.000
MR. RAFAEL MÁRQUEZ OSORIO	69,804	-	0	0.002

total % of voting rights held by the Board of Directors	0.083
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A.4 Where applicable, list any family, trading, 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:

Name or company name of related person	Type of relationship	Brief description
-	-	-

A.5 Where applicable, list any family, trading, 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:

Name or company name of	Type of relationship	Brief description
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related person		
-	-	-

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

Yes No

Parties to the shareholders agreement	% of share capital affected	Brief description of the agreement
-	-	-

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

Yes No

Participants in concerted action	% of share capital affected	Brief description of the concerted action
-	-	-

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

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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

Remarks

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 share capital
0	0	0,000

(*) Through:

Name or company name of the direct holder of the shares	Number of direct shares
0	0
Total:	0

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

Communication date	Total of direct shares acquired	Total of indirect shares acquired	total % of share capital

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

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

- a) Categories: 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 percent of the share capital of MAPFRE, S.A.
- c) Minimum and maximum acquisition price: 90 percent and 110 percent, 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 March 9, 2013.

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

Yes No

Description of restrictions

A.11 Indicate whether the general meeting has approved measures to neutralize a public takeover 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 share, the rights and obligations conferred.

B GENERAL MEETING

B.1 Indicate and where applicable give details, whether there are any differences from the minimum standards established under the Spanish Corporations Act (LSC) with respect to the quorum and constitution of the general meeting.

Yes No

	% of quorum different from quorum in art. 193 of the LSC for general cases	% of quorum different from quorum in art. 194 of the LSC for the special cases cited in art. 194
Quorum required on first summons	-	-
Quorum required on second summons	-	-

Description of differences

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

Yes No

Describe any differences from the guidelines established under the LSC.

	Reinforced majority different from that established in art. 201.2 of the LSC for the cases cited in art. 194.1 of the LSC	Other cases of reinforced majority
% established by the company for the adoption of resolutions	0.00	50.01
Describe the differences		
Article 201 of Capital Companies Law establishes that, to adopt the agreements referred to in article 194, if the present or represented capital		

exceeds 50 percent, it will be enough for the agreement to be adopted by absolute majority. Nonetheless, a favorable vote will be required from two thirds of the capital present or represented at the assembly when, at a second meeting, there are shareholders representing 25 percent or more of the subscribed capital with a right to vote but not fifty percent.

At the second meeting, it will be enough for 25 percent of the aforementioned capital to attend.

Pursuant to the provisions of article 25 of the Corporate Bylaws, the amendment of the provisions of Title IV "Protection of the Company's General Interest" (articles 25 to 30) 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, will be notified 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 legislation in force for amendment of the company's articles of association, except for amendment of articles 25 to 30 (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.

At the same time, pursuant to the MAPFRE, S.A. Regulation on the Annual General Meeting and the MAPFRE Code of Good Governance, in the event of any amendment of the corporate bylaws, each article or substantially independent set of articles will be voted on separately.

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	% of shareholders present	% attending by proxy	% voting remotely		Total
			E-voting	Other	
03/09/2013	0.17	80.59	0.00	3.09	83.85
03/14/2014	0.14	76.23	0.00	3.48	79.85

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

Yes No

Number of shares necessary to attend the general meeting	1.500
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B.6 Indicate whether has been agreed that certain decisions involving a fundamental corporate change (“subsidiarization”, acquisition-sale of key operating assets, operations equivalent to the company’s liquidation...) must be subject to approval from the annual general meeting, even when not required under the Company Law.

Yes No

B.7 Indicate the address and mode of access to the company's website, to the information on corporate governance and other information on general meetings that must be available for shareholders through the Company's website.

Access is as follows: www.mapfre.com

MAPFRE Group/Shareholders and Investors Corporate Information

C COMPANY'S GOVERNANCE STRUCTURE

C.1 Board of Directors

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

Maximum number of directors	24
Minimum number of directors	5

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

Name or business name of the director	Representative	Post on the Board	Date of first appointment	Date of last appointment	Election procedure
MR. ANTONIO HUERTAS MEJÍAS		Chairman and CEO	12-29-2006	03-14-2014	General meeting
MR. ESTEBAN TEJERA MONTALVO		First Vice Chairman	03-08-2008	03-10-2012	General meeting
MR. FRANCISCO VALLEJO VALLEJO		Second Vice Chairman	12-29-2006	03-14-2014	General meeting
MR. ANTONIO NÚÑEZ TOVAR		Third Vice Chairman	03-05-2011	03-05-2011	General meeting
MR. IGNACIO BAEZA GÓMEZ		Fourth Vice Chairman	03-08-2008	03-10-2012	General meeting
MR. RAFAEL BECA BORREGO		Director	12-29-2006	12-29-2014	General meeting
MS. ADRIANA CASADEMONT I RUHÍ		Director	03-09-2013	03-09-2013	General meeting
MR. RAFAEL CASAS GUTIÉRREZ		Director	03-09-2013	03-09-2013	General meeting
MR. RAFAEL FONTOIRA SURIS		Director	12-29-2006	03-14-2014	General meeting

Name or business name of the director	Representative	Post on the Board	Date of first appointment	Date of last appointment	Election procedure
MR. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ		Director	04-17-1999	03-05-2011	General meeting
MR. LUIS ITURBE SANZ DE MADRID		Director	03-06-2004	03-10-2012	General meeting
MR. ANDRÉS JIMÉNEZ HERRADÓN		Director	12-29-2006	03-14-2014	General meeting
MR. ALBERTO MANZANO MARTOS		Director	05-28-1987	03-05-2011	General meeting
MR. RAFAEL MÁRQUEZ OSORIO		Director	12-29-2006	12-29-2014	General meeting
MR. ANTONIO MIGUEL-ROMERO DE OLANO		Director	04-17-1999	03-05-2011	General meeting
MS. CATALINA MIÑARRO BRUGAROLAS		Director	10-30-2013	03-14-2014	General Meeting
MR. ALFONSO REBUELTA BADÍAS		Director	04-17-1999	03-05-2011	General meeting
MR. MATÍAS SALVÁ BENNASAR		Director	12-29-2006	03-14-2014	General meeting

Total number of directors	18
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Indicate which directors have left their seat on the Board of Directors during the period subject to information:

Name or business name of the director	Office held by director upon leaving	Termination date
MS. MARÍA FRANCISCA MARTÍN TABERNEO	INDEPENDENT	04/24/2014
MR. ESTEBAN PEDRAYES LARRAURI	EXECUTIVE	06/18/2014

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

EXECUTIVE DIRECTORS

Name or business name of the director	Committee informing his/her appointment	Post within company organization
MR. ANTONIO HUERTAS MEJÍAS	APPOINTMENTS AND REMUNERATION COMMITTEE	Chairman and CEO
MR. ESTEBAN TEJERA MONTALVO	APPOINTMENTS AND REMUNERATION COMMITTEE	First Vice Chairman
MR. ANTONIO NÚÑEZ TOVAR	APPOINTMENTS AND REMUNERATION COMMITTEE	Third Vice Chairman
MR. IGNACIO BAEZA GÓMEZ	APPOINTMENTS AND REMUNERATION COMMITTEE	Fourth Vice Chairman
MR. RAFAEL CASAS GUTIÉRREZ	APPOINTMENTS AND REMUNERATION COMMITTEE	Board Member

Total number of executive directors	5
% of total board	27.78

EXTERNAL NOMINEE DIRECTORS

Name or business name of the director	Committee informing his/her appointment	Name or company name of the substantial shareholder represented or proposing his/her appointment
MR. FRANCISCO VALLEJO VALLEJO	APPOINTMENTS AND REMUNERATION COMMITTEE	CARTERA MAPFRE, S.L. SOLE CORPORATION
MR. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	APPOINTMENTS AND REMUNERATION COMMITTEE	CARTERA MAPFRE, S.L. SOLE CORPORATION
MR. ANDRÉS JIMÉNEZ HERRADÓN	APPOINTMENTS AND REMUNERATION	CARTERA MAPFRE, S.L. SOLE CORPORATION

Name or business name of the director	Committee informing his/her appointment	Name or company name of the substantial shareholder represented or proposing his/her appointment
	COMMITTEE	
MR. ALBERTO MANZANO MARTOS	APPOINTMENTS AND REMUNERATION COMMITTEE	CARTERA MAPFRE, S.L. SOLE CORPORATION
MR. RAFAEL MÁRQUEZ OSORIO	APPOINTMENTS AND REMUNERATION COMMITTEE	CARTERA MAPFRE, S.L. SOLE CORPORATION
MR. ANTONIO MIGUEL ROMERO DE OLANO	APPOINTMENTS AND REMUNERATION COMMITTEE	CARTERA MAPFRE, S.L. SOLE CORPORATION
MR. ALFONSO REBUelta BADÍAS	APPOINTMENTS AND REMUNERATION COMMITTEE	CARTERA MAPFRE, S.L. SOLE CORPORATION

Total number of nominee directors	7
% of total board	38.89

INDEPENDENT EXTERNAL DIRECTORS

Name or business name of the director	Profile
MR. RAFAEL BECA BORREGO	COMMERCIAL APPRAISER CHAIRMAN OF DIFFERENT REAL ESTATE AND AGRICULTURAL DEVELOPMENT COMPANIES.
MS. ADRIANA CASADEMONT I RUHÍ	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.
MR. RAFAEL FONTORIA SURIS	ARCHITECT. HEAD ARCHITECT OF THE GALICIAN REGIONAL GOVERNMENT FOR 30 YEARS. BOARD MEMBER OF THE HISTORIC AND ARTISTIC HERITAGE COMMITTEE.
LUIS ITURBE SANZ DE MADRID	DEGREE IN LAW. DIRECTOR OF THE MADRID STOCK EXCHANGE UNTIL 2003. SENIOR EXECUTIVE AT BBVA UNTIL 2002.
MS. CATALINA MIÑARRO	STATE ATTORNEY BEFORE THE NATIONAL

Name or business name of the director	Profile
BRUGAROLAS	COURT. DEGREE IN LAW.
MR. MATÍAS SALVÁ BENNASAR	LAWYER. HEAD OF THE LEGAL DEPARTMENT AND DELEGATE OF MUTUA BALEAR (MUTUAL COMPANY) AND LEGAL COUNSEL OF PREVISIÓN BALEAR (MUTUAL COMPANY) AND OF ITS FOUNDATION UNTIL DECEMBER 2009.

Total number of independent directors	6
% of total board	33.33

Indicate whether any director classified as independent receives from the company, or from its group, any amount or earning for a concept different from director's remuneration, or maintains or has maintained, during the last financial year, a business relationship with the company or with any company from its group, whether on his or her own behalf or as a significant shareholder, director or top executive in a company that maintains or has maintained such a relationship.

If so, a reasoned statement from the Board on the reasons why it considers that this director may perform his or her duties as an independent director will be included.

Name or business name of the director	Relationship description	Reasoned statement
Ms. Adriana Casademont i Ruhí	Board Member of MAPFRE Cataluña Regional Advisory Committee	The remuneration earned for this concept has no relevance to commit its independence
Mr. Rafael Fontoira Suris	Chairman of MAPFRE Northwest Regional Advisory Committee	The remuneration earned for this concept has no relevance to commit its independence
Mr. Matías Salvá Bennasar	Chairman of MAPFRE Balears Regional Advisory Committee	The remuneration earned for this concept has no relevance to commit its independence

OTHER EXTERNAL DIRECTORS

Name or business name of the director	Committee reporting or proposing his appointment

Total number of other external directors	
% of total board	

Detail the reasons why they cannot be considered nominated or independent directors and their affiliations with the company or its management or its shareholders:

Name or business name of the director	Reasons	Company, executive or shareholder with whom there is a connection

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

Name or business name of the director	Date of change	Previous directorship	Current directorship

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 nature of these female directorships:

	Number of female directors				% of the total directors of each type			
	Financial year	Financial year	Financial year	Financial year	Financial year	Financial year	Financial year	Financial year
	t	t-1	t-2	t-3	t	t-1	t-2	t-3
Executive	-	-	-	-	-	-	-	-
Nominee	-	-	-	-	-	-	-	-
Independent	2	3	1	1	33.33%	42.86%	16.6%	16.6%
Other								
External	-	-	-	-	-	-	-	-
Total:	2	3	1	1	11.11%	15%	4.55%	4.55%

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 to reach a balanced presence of men and women.

Explanation of the measures
The Code of Good Governance and Regulations of the MAPFRE Board of Directors expressly state that when the Appointments and Remuneration Committee puts forward its proposals, it must ensure that it takes into consideration candidates of both sexes who meet the requirements for the vacancy, and that the selection procedure is not marred by implicit biases that may hinder the selection of people of sex or another.

- 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 it takes into consideration candidates of both sexes who meet the requirements for the vacancy.

When, in spite of the measures that have been adopted where applicable, there are few or no female directors, explain the reasons that justify this.

Explanation of the reasons
The appointment of new directors largely depends on the appearance of vacancies on the Board, which does not occur frequently. During the 2013 financial year, two independent directors (Ms. Adriana Casademont i Ruhí and Ms. Catalina Miñarro Brugarolas) were appointed, both proposed by the Appointments and Remuneration Committee. Likewise, Ms. Miñarro is a member of the Steering Committee and the Audit Committee and Ms. Casademont was appointed a member of the Appointments and Remuneration Committee in 2015.

- 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 to 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 the shareholder whose holding is less than 5 percent of the capital:

Name or company name of the shareholder	Justification

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

Name or company name of the shareholder	Explanation

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:

Name of director	Reason for termination
MS. MARÍA FRANCISCA MARTÍN TABERNERO	<p>She is resigning from office on the Board in compliance with the MAPFRE Code of Good Governance, because she has reached the maximum age set out in it.</p> <p>She explained verbally the grounds for her resignation to the Board of Directors at a plenary session and in a letter to the Chairman.</p>
MR. ESTEBAN PEDRAYES LARRAURI	<p>He is resigning from office on the Board in compliance with the MAPFRE Code of Good Governance, because he has stopped performing the executive duties he had been</p>

	<p>performing until now.</p> <p>He explained the grounds for his resignation in a letter to the Chairman.</p>
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C.1.10 Indicate, where applicable, any powers delegated to the managing director(s):

Name or business name of the director	Brief description

C.1.11 Identify 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 business name of the director	Business name of the Group company	Position
MR. ESTEBAN TEJERA MONTALVO	MAPFRE AMÉRICA, S.A.	DIRECTOR
MR. ESTEBAN TEJERA MONTALVO	MAPFRE FAMILIAR, S.A.	DIRECTOR
MR. ESTEBAN TEJERA MONTALVO	MAPFRE INTERNACIONAL, S.A.	DIRECTOR
MR. ESTEBAN TEJERA MONTALVO	MAPFRE VIDA, S.A.	DIRECTOR
MR. FRANCISCO VALLEJO VALLEJO	MAPFRE FAMILIAR, S.A.	SECOND VICE CHAIRMAN
MR. FRANCISCO VALLEJO VALLEJO	MAPFRE SEGUROS DE EMPRESAS	SECOND VICE CHAIRMAN
MR. FRANCISCO VALLEJO VALLEJO	MAPFRE INTERNACIONAL, S.A.	DIRECTOR
MR. FRANCISCO VALLEJO VALLEJO	MAPFRE VIDA, S.A.	DIRECTOR
MR. ANTONIO NUÑEZ TOVAR	CENTRO INTERNACIONAL DE FORMACIÓN DE DIRECTIVOS	JOINT ADMINISTRATOR
MR. ANTONIO NUÑEZ TOVAR	MAPFRE AMÉRICA, S.A.	FIRST VICE CHAIRMAN
MR. ANTONIO NUÑEZ TOVAR	MAPFRE FAMILIAR, S.A.	DIRECTOR
MR. ANTONIO NUÑEZ TOVAR	MAPFRE INMUEBLES, S.A.	JOINT ADMINISTRATOR
MR. IGNACIO BAEZA GÓMEZ	MAPFRE FAMILIAR, S.A.	CHAIRMAN

Name or business name of the director	Business name of the Group company	Position
MR. IGNACIO BAEZA GÓMEZ	MAPFRE INTERNACIONAL, S.A.	FIRST VICE CHAIRMAN
MR. IGNACIO BAEZA GÓMEZ	MAPFRE SEGUROS DE EMPRESAS, S.A.	CHAIRMAN
MR. IGNACIO BAEZA GÓMEZ	MAPFRE VIDA, S.A.	CHAIRMAN
MR. RAFAEL BECA BORREGO	MAPFRE AMÉRICA, S.A.	SECOND VICE CHAIRMAN
MS. ADRIANA CASADEMONT I RUHÍ	MAPFRE ASISTENCIA	DIRECTOR
MR. RAFAEL CASAS GUTIÉRREZ	MAPFRE AMÉRICA, S.A.	CHAIRMAN
MR. RAFAEL CASAS GUTIÉRREZ	MAPFRE INTERNACIONAL, S.A.	DIRECTOR
MR. RAFAEL CASAS GUTIÉRREZ	MAPFRE INVERSIÓN, S.V., S.A.	DIRECTOR
MR. RAFAEL CASAS GUTIÉRREZ	MAPFRE GLOBAL RISKS, S.A.	DIRECTOR
MR. RAFAEL CASAS GUTIÉRREZ	MAPFRE ASISTENCIA	DIRECTOR
MR. RAFAEL CASAS GUTIÉRREZ	BB MAPFRE SH2 PARTICIPAÇÕES, S.A.	DIRECTOR
MR. RAFAEL CASAS GUTIÉRREZ	MAPFRE BB SH1 PARTICIPAÇÕES, S.A.	DIRECTOR
MR. RAFAEL CASAS GUTIÉRREZ	MAPFRE RE, S.A.	DIRECTOR
MR. RAFAEL FONTOIRA SURIS	MAPFRE VIDA, S.A.	DIRECTOR
MR. RAFAEL FONTOIRA SURIS	MAPFRE SEGUROS DE EMPRESAS	DIRECTOR
MR. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	MAPFRE VIDA, S.A.	SECOND VICE CHAIRMAN
MR. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	MAPFRE INTERNACIONAL, S.A.	DIRECTOR
MR. LUIS ITURBE SANZ DE MADRID	MAPFRE INVERSIÓN, S.V., S.A.	DIRECTOR
MR. ANDRÉS JIMÉNEZ HERRADÓN	BB MAPFRE SH2 PARTICIPAÇÕES, S.A.	DIRECTOR
MR. ANDRÉS JIMÉNEZ HERRADÓN	MAPFRE BB SH1 PARTICIPAÇÕES, S.A.	DIRECTOR
MR. ANDRÉS JIMÉNEZ HERRADÓN	MAPFRE FAMILIAR, S.A.	DIRECTOR
MR. ANDRÉS JIMÉNEZ HERRADÓN	MAPFRE VIDA, S.A.	DIRECTOR
MR. ALBERTO MANZANO MARTOS	MAPFRE AMÉRICA, S.A.	DIRECTOR
MR. ALBERTO MANZANO MARTOS	MAPFRE FAMILIAR, S.A.	DIRECTOR

Name or business name of the director	Business name of the Group company	Position
MR. ALBERTO MANZANO MARTOS	MAPFRE INTERNACIONAL, S.A.	DIRECTOR
MR. RAFAEL MÁRQUEZ OSORIO	MAPFRE AMÉRICA, S.A.	DIRECTOR
MR. ANTONIO MIGUEL-ROMERO DE OLANO	MAPFRE ASISTENCIA, S.A.	VICE CHAIRMAN
MR. ANTONIO MIGUEL-ROMERO DE OLANO	MAPFRE GLOBAL RISKS, S.A.	DIRECTOR
MR. ANTONIO MIGUEL-ROMERO DE OLANO	MAPFRE SEGUROS DE EMPRESAS	DIRECTOR
MR. ANTONIO MIGUEL ROMERO DE OLANO	MAPFRE VIDA, S.A.	DIRECTOR
MRS. CATALINA MINARRO BRUGAROLAS	MAPFRE SEGUROS DE EMPRESAS, S.A.	DIRECTOR
MR. ALFONSO REBUELTA BADÍAS	MAPFRE AMÉRICA, S.A.	DIRECTOR
MR. ALFONSO REBUELTA BADÍAS	MAPFRE GLOBAL RISKS, S.A.	VICE CHAIRMAN
MR. ALFONSO REBUELTA BADÍAS	MAPFRE INTERNACIONAL, S.A.	DIRECTOR
MR. MATÍAS SALVÁ BENNASAR	MAPFRE FAMILIAR, S.A.	DIRECTOR
MR. MATÍAS SALVÁ BENNASAR	MAPFRE GLOBAL RISKS, S.A.	DIRECTOR
MR. MATÍAS SALVÁ BENNASAR	MAPFRE RE, S.A.	VICE CHAIRMAN
MR. MATÍAS SALVÁ BENNASAR	MAPFRE SEGUROS GERAIS	DIRECTOR

C.1.12 List, where applicable, any company directors 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 business name of the director	Business name of listed company	Position

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 the MAPFRE Code of Good Governance, no external director can sit at the same time on more than five Boards of Directors of the Group's Companies.

C.1.14 List the general strategies and policies in the company that the Board reserves for plenary approval:

	Yes	No
The investment and funding policy;	X	
The definition of how the companies Group are structured	X	
The corporate governance policy	X	
The corporate social responsibility policy	X	
The strategic or business plan and the annual management and budgetary targets	X	
Remuneration and performance assessment policy for top executives	X	
The policy for overseeing and managing risk, and the periodic monitoring of the internal information and oversight systems.	X	
The pay-out policy and the treasury-stock policy, especially their limits.	X	

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

Remuneration of the Board of Directors (thousands of euros)	12,313
Amount of the global remuneration corresponding to the rights accumulated by the directors regarding pensions (thousands of euros)	9,740
Global remuneration of the Board of Directors (thousands of euros)	22,053

C.1.16 Identify the members of the senior management that are not in turn executive directors, and indicate total remuneration accruing to them during the financial year:

Name or company name	Position (s)
MR. ÁNGEL LUIS DÁVILA BERMEJO	SECRETARY GENERAL - GENERAL MANAGER OF LEGAL AFFAIRS
MR. JOSÉ MANUEL INCHAUSTI PÉREZ	GENERAL MANAGER OF TECHNOLOGY AND PROCEDURES
MR. JOSÉ MANUEL MURIES NAVARRO	GENERAL MANAGER OF INTERNAL AUDIT
MR. MIGUEL ÁNGEL ALMAZÁN MANZANO	GENERAL MANAGER OF INVESTMENT
ALBERTO BERGES ROJO	DEPUTY GENERAL MANAGER OF BUSINESS AND CLIENTS

Total remuneration of senior management (in thousands of euros)	2,316
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C.1.17 Indicate, where applicable, the identity of Board members who also sit on Board of Directors form companies that hold significant shareholders and/or companies in their Group:

Name or business name of the director	Company name of the significant shareholder	Position
MR. ANTONIO HUERTAS MEJÍAS	CARTERA MAPFRE, S.L. SOLE CORPORATION	CHAIRMAN
MR. ESTEBAN TEJERA MONTALVO	CARTERA MAPFRE, S.L. SOLE CORPORATION	DIRECTOR
MR. ANTONIO NÚÑEZ TOVAR	CARTERA MAPFRE, S.L. SOLE CORPORATION	DIRECTOR
MR. IGNACIO BAEZA GÓMEZ	CARTERA MAPFRE, S.L. SOLE CORPORATION	DIRECTOR

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:

Name or business name of the affiliated director	Name or company name of the affiliated significant shareholder	Relationship description

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

Yes No

Description of modifications

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.

Anyone who is offered a directorship of MAPFRE, S.A. or of a subsidiary company must make a true and full Prior Declaration about his/her/its pertinent personal, family, professional and business details, relating in particular to any matter that may be a cause of incompatibility in accordance with the laws, corporate bylaws or provisions of the MAPFRE Code of Good Governance, or any situation of conflict of interest. This Declaration must be made on the form provided for such purposes by MAPFRE, and will include an express acceptance of the rules set out in the chapter of the Code that addresses director's rights and duties.

Anyone who holds office as director must have of a renowned prestige in his/her professional and business area, and hold all necessary professional qualifications or experience as provided at law for financial institutions or insurance companies subject to oversight by Public Authorities.

In particular, anyone who has a substantial shareholding in an organization belonging to a financial Group other than that to which the Company or any of its subsidiaries belong cannot be a member of the Board of Directors and whoever is a director, manager or employee of such organization or who renders services to or on behalf of the same cannot be a member of the Board of Directors either, unless they are appointed on a proposal made by the Board of Directors and

provided that on the whole such directors do not represent more than twenty percent of the total number of directors.

- Proposals for the appointment or re-election of Independent Directors must be preceded by a proposal from the Appointments and Remuneration Committee.

Proposals for the re-election of independent directors will be subject to a process that will necessarily include a report issued by the Appointments and Remuneration Committee, assessing the quality of the services provided and the dedication to office throughout the prior term of the director/s whose re-election is proposed.

- Proposals for the appointment or re-election of nominee directors must be preceded by an appropriate proposal from the shareholder backing their appointment or re-election, and a report from the Appointments and Remuneration Committee with respect to the suitability of the proposed candidate.

The Appointments and Remuneration Committee may also propose the appointment or of nominee directors at its own initiative when it deems that the Company will benefit from their being members of the Board.

- Proposals for the appointment or re-election of Executive Directors, and for the appointment or the Secretary, must be preceded by a suitable proposal from the Chairman of the Board of Directors - or the senior executive officer - and a report from the Appointments and Remuneration Committee.
- In the case of the re-election of a director who holds office on the Board, the said report will include an assessment of how said office has been discharged to enable the Board to express an opinion about the director continuing in office.

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, it will be deemed that there are grounds for doing so when:

- The director has failed to perform the duties inherent to the post, has failed to comply with one of the requirements set forth for independent directors in the Unified Code of the Spanish National

Securities and Exchange Commission (the “CNMV”), or has incurred an insuperable of conflict of interest according to the provisions of Title IV of the MAPFRE’s Code of Good Governance.

- Changes occur in the Company's shareholding structure that involve reducing the number of independent directors, in accordance with the criteria set forth in the MAPFRE’s Code of Good Governance.

C.1.20 Indicate if the Board of Directors has performed an evaluation of its activity during the financial year:

Yes No

Where applicable, explain how the self-evaluation has led to significant changes in its international organization and in the procedures that apply to its activities:

Description of modifications
The self-evaluation has not led to significant changes.

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

According to the provisions of the corporate Bylaws, and the Board Regulations, and the MAPFRE’s Code of Good Governance all members of the Board of Directors must retire on reaching the age of 70. The Chairman and the Vice Chairman who hold executive duties, the Managing Director and the Secretary to the Board must retire from such office on reaching 65 years of age or, on any earlier date according to the terms and conditions of their respective contract, but they may continue as director and member without any executive duties for a maximum of five years in the same conditions as external nominee directors.

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

- a) Whenever they cease to hold 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 by 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 Compliance Committee due to any infringement of their obligations as directors.**
- e) When they are affected by circumstances in which their remaining on these governing bodies might cause damage to the Company's credit or reputation, or place its interests at risk.**
- f) If the reasons (if any expressly exist) for which they were appointed cease to apply.**

The resignation from such offices must be formally tendered in a letter dated directed to the Chairman of the Board of the company in question, and send a copy to the Chairman of the MAPFRE Group.

Executive Directors who resign from their executive duties can continue to be members of the Board of Directors of the company in the same conditions as External Nominee Directors for a maximum of five years following resignation from those executive duties or following their appointment as director, if made subsequently.

Directors who, at the time of their appointment, do not hold any executive post 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 to the directorship.

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 Indicate whether the duties of chief executive officer in the company is played by the Chairman of the Board. If so, explain the measures taken to limit the risk of accumulating powers in a single person:

Yes No

Measures to limit risks
<p>It is considered that there is no measure of risk due to any excessive concentration of authority in view of the collegiate nature of decision-making that commences at the delegate body level; and the presence of senior executive officers on the Board of Directors.</p> <p>Furthermore, the Chairman of the Board does not have permanent delegation of powers in his favor, and this delegation falls to the Steering Committee, the governing body responsible for senior management and permanent oversight of the ordinary management of the company and its subsidiaries (see section C.2.4).</p> <p>Furthermore, the Board of Directors appointed a Supervising Director in 2015, who is especially authorized to, amongst other items, direct the evaluation of the Chairman of the Board (see next paragraph).</p>

Indicate and, where applicable, explain whether rules have been established to empower one of the independent directors to request a Board meeting be called or new business included on the agenda, to coordinate and give voice to the concerns of external directors and to direct the assessment by the Board of Directors.

Yes No

Explanation of the rules

C.1.23 Are reinforced majorities required, other than the legal majorities, for any type of resolution?

Yes No

If so, describe the differences.

Description of differences
The transfer of shares in subsidiary companies, if this involves the loss of status as majority shareholder or direct or indirect control over them, require bylaw the favorable vote of three quarters of the members of the Board of Directors.

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

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

Yes No

Circumstances requiring a casting vote
In general, the Chairman has a casting vote in the event of a tie. However, as indicated in Section C.1.23, the transfer of shares in subsidiary companies, if this involves the loss of status as majority shareholder or direct or indirect control over them, require bylaw the favorable vote of three quarters of the members of the Board of Directors.

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

Yes No

Age limit for chairman

Age limit for managing director Age limit for director

C.1.27 Indicate whether the bylaws or the Board regulations establish any limit for independent directors' term of office, different from that laid down in the regulations:

Yes No

Maximum number of financial years in office	-
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C.1.28 Indicate whether the bylaws or the Board regulations 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 has been established that it is compulsory to delegate in the same type of director. If so, describe such regulations briefly.

There are no specific regulations in fiscal year 2014 for the delegation of votes in the Board of Directors. Nonetheless, in accordance with what is established in article 529 quater. 2 of Capital Companies Law, non-executive directors may only delegate to another non-executive director.

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	7
Number of Board meetings not attended by the Chairman	0

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

Number of Executive or Steering Committee meetings	13
Number of Audit Committee meetings	9
Number of Appointments and Remuneration Committee meetings	4
Number of Compliance Committee meetings	2

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:

Attendance of directors	115
% of number of attendances to total votes during the financial year	100%

C.1.31 Indicate whether the individual and consolidated annual accounts presented to the Board for approval have been certified beforehand:

Yes No

Where applicable, identify the person(s) who has(have) certified the individual and consolidated annual accounts to be filed 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 files from being presented to the General Meeting with reservations on the audit report.

The company has never presented accounts with reservations on the audit report.

The company has Finance, Legal Affairs and Internal Audit Divisions that oversee all aspects of the annual accounts, and the MAPFRE Audit Committee, which is a delegate body that was delegated by the Board for this purpose and with supervisory powers in the financial year 2000.

According to the MAPFRE Code of Good Governance, the Board of Directors must always try to issue 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, it will publicly explain the content and scope of the discrepancies that have led to these reservations or provisos.

C.1.33 Is the Board Secretary a director?

Yes No

C.1.34 Explain the appointment and severance procedures for the Secretary of the Board, indicating whether his/her appointment and severance have been reported to the Appointments Committee and approved by the Board in a plenary meeting.

Appointment and termination procedure
In accordance with what is established in article 529 octies of Capital Companies Law, the Board of Directors is responsible for appointing and terminating the Secretary, following a report from the Appointments and Remuneration Committee.

	Yes	No
Does the Appointment Committee report his/her appointment?	x	
Does the Appointment Committee report his/her termination?	x	
Does the Board approve the appointment?	x	
Does the Board approve the termination?	x	

Does the Secretary of the Board have the special duty of ensuring good governance recommendations are followed?

Yes No

Remarks
There are no comments

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 Code of Good Governance that lays down the following criteria for the Boards of Directors in their relationship with external auditors:

The relationship of the Board of Directors with the Company's External Auditors will be maintained through the Audit Committee.

The Board of Directors will refrain from hiring any auditing firms that are paid or will be paid annual fees by the MAPFRE Group that, for all items, exceed 5 percent of their total revenues.

In the annual public documents, the Board of Directors will report the overall fees paid by the Company and its consolidated Group to the audit firm for any services rendered other than auditing services.

Apart from the Audit Committee's powers and duties 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 the Company which sets out the procedures relating to the publication of relevant information, financial analysts will not be provided with any information that is not available to the public at large.

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

Yes

No

Outgoing auditor	Incoming auditor

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

Yes

No

Explanation of the disagreements

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)	428.270	1.778.345	2.206.615
Amount of work other than audit/total amount billed by the audit firm (in %)	39,20	20,50	22,60

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

Yes

No

Explanation of the reasons

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C.1.39 Indicate the number of financial years during which the current audit firm has been doing the audit of the annual accounts 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 accounts have been audited:

	Company	Group
Number of financial years running	25	25

	Company	Group
Number of financial years audited by current audit firm/number of financial years the company has been audited (in %)	100	100

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
<p>According to the provisions of the MAPFRE Code of Good Governance, and for the purpose of assisting them in the exercise of their duties, external directors may, at the cost of the company, request the hire of legal, accounting, financial consultants or other experts. 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.</p> <p>The decision to engage an expert must be notified to the Chairman of the Company and it may be vetoed by the Board of Directors, provided such the following is shown:</p> <p>a) That it is not necessary for the reasonable exercise of the duties entrusted to the directors.</p> <p>b) That the cost is unreasonable bearing in mind the importance of the problem and the company's assets and revenues.</p> <p>c) That the technical assistance sought may be adequately provided by</p>

experts and technicians already employed by the Company.

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
All documents must in general be sent at least three full days in advance. This aspect is specifically analyzed by the Company Board of Directors at its annual self-assessment session, based on the report received from the Compliance Committee, which is also entrusted with monitoring the effectiveness of the procedure organized.

C.1.42 Indicate and, where applicable give details, whether the company has established rules obliging directors to inform and, where applicable, resign under circumstances that may undermine the company's credit and reputation:

Yes No

Explain the rules
Directors must place their office/s at the disposal of the Board of Directors, both as director and any office they hold on any Committee or Delegated Committees thereof, and formalize any resignation should the Board deem it necessary, in the following cases: - When they cease to hold executive office associated with their appointment as a member of these governing bodies. - Should they become subject to any disqualification or prohibition laid down by 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 Compliance Committee due to any infringement of their obligations as directors. - When they are affected by circumstances in which their remaining on any such governing bodies might cause damage to the Company's credit or reputation, or place its interests at risk. - 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 Corporations Act:

Yes No

Name of director	Criminal charge	Remarks

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.

Yes No

Decision taken/action carried out	Reasoned explanation

C.1.44 List the significant resolutions adopted by the company and that take effect, are amended or concluded 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 concluded 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.

Contracts for Executive Directors establish the termination of all of their relations with MAPFRE, including suspended labor relations, on the first day of January of the year following the one in which the director reaches the age of 60, unless annual extensions are implemented at the request of the company until, as a maximum, the date on which the executive reaches the age of 65.

When the relationship between the director and Company is effectively terminated because the former has reached the age of 60, the Company is bound to pay the director an amount equivalent to the result gained by multiplying the sum of 750 constant euros from the year 2003 by the number of months remaining until the director reaches the age of 65.

There are no clauses relating to signing bonuses, conflicts of interest, exclusivity, permanence, or post-contractual competition.

As regards possible compensation due to termination at the Company's initiative, except when there is a cause to justify lawful dismissal, the Executive Director will be entitled to receive compensation equal to the amount set out in article 56.1.a) of the Workers' Statute. The notice period is three months.

There are no specific provisions in employment or senior management contracts in the event that the relationship comes to an end on the occasion of a public takeover bid.

Dedication to the role must be exclusive and it will be incompatible with any other paid activity. The provision of services to other companies in the MAPFRE Group or collaboration with the same or with other organizations with whom the former have collaborative relationships is considered to form part of their obligations, when required, with no additional payment

Number of beneficiaries	
Type of beneficiary	Description of resolution

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	X	

clauses		
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	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 their nominee and independent directors:

STEERING COMMITTEE

Name	Position	Type
MR. ANTONIO HUERTAS MEJÍAS	CHAIRMAN and CEO	EXECUTIVE
MR. ESTEBAN TEJERA MONTALVO	FIRST VICE CHAIRMAN	EXECUTIVE
MR. FRANCISCO VALLEJO VALLEJO	SECOND VICE CHAIRMAN	NOMINEE
MR. IGNACIO BAEZA GÓMEZ	BOARD MEMBER	EXECUTIVE
RAFAEL CASAS GUTIÉRREZ	BOARD MEMBER	EXECUTIVE
MR. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	BOARD MEMBER	NOMINEE
MR. RAFAEL MÁRQUEZ OSORIO	BOARD MEMBER	NOMINEE
MS. CATALINA MIÑARRO BRUGAROLAS	BOARD MEMBER	INDEPENDENT
MR. ANTONIO NÚÑEZ TOVAR	BOARD MEMBER	EXECUTIVE

% of Executive Directors	55.56
% of Nominee Directors	33.33
% of Independent Directors	11.11
% of other external directors	-

AUDIT COMMITTEE

Name	Position	Type
MR. LUIS ITURBE SANZ DE MADRID	CHAIRMAN	INDEPENDENT
ANDRÉS JIMÉNEZ HERRADÓN	BOARD MEMBER	NOMINEE
MS. CATALINA MIÑARRO BRUGAROLAS	BOARD MEMBER	INDEPENDENT

% of Executive Directors	-
% of Nominee Directors	33.33
% of Independent Directors	66.67
% of other external directors	-

APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Position	Type
MR. ANTONIO HUERTAS MEJÍAS	CHAIRMAN and CEO	EXECUTIVE
MR. ANTONIO NÚÑEZ TOVAR	FIRST VICE CHAIRMAN	EXECUTIVE
MR. FRANCISCO VALLEJO VALLEJO	SECOND VICE CHAIRMAN	NOMINEE
MR. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	BOARD MEMBER	NOMINEE
MR. LUIS ITURBE SANZ DE MADRID	BOARD MEMBER	INDEPENDENT
MR. ALFONSO REBUelta BADÍAS	BOARD MEMBER	NOMINEE
MR. MATÍAS SALVÁ BENASSAR	BOARD MEMBER	INDEPENDENT

% of Executive Directors	28.57
% of Nominee Directors	42.86
% of Independent Directors	28.57
% of other external directors	-

COMPLIANCE COMMITTEE

Name	Position	Type
MR. FRANCISCO VALLEJO VALLEJO	CHAIRMAN	NOMINEE
MR. RAFAEL BECA BORREGO	BOARD MEMBER	INDEPENDENT
MR. RAFAEL FONTOIRA SURIS	BOARD MEMBER	INDEPENDENT
MR. LUIS ITURBE SANZ DE MADRID	BOARD MEMBER	INDEPENDENT
MR. ANTONIO MIGUEL-ROMERO DE OLANO	BOARD MEMBER	NOMINEE

% of Executive Directors	-
% of Nominee Directors	40
% of Independent Directors	60
% of other external directors	-

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

	Number of female directors							
	Financial year t		Financial year t -1		Financial year t -2		Financial year t -3	
	Number	%	Number	%	Number	%	Number	%
Steering Committee	1	11.11%	-	-	-	-	-	-
Audit Committee	1	25%	2	40%	1	25%	1	20%
Appointments and remuneration committee	1	20%	-	-	-	-	-	-
Compliance Committee	-	-	-	-	-	-	-	-

C.2.3 Mark with a cross the duties assigned to the Auditing Committee:

	Yes	NO
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.	X	
To periodically review the systems of internal control and risk management to ensure the main risks are identified, managed and sufficiently well known.	X	
To ensure the independence and efficacy of the internal audit; to propose the selection, appointment, re-election and severance of the internal audit officer; to propose the budget for the internal audit service; to receive periodic information on its activities; and to check that the senior management takes the conclusions and recommendations of its reports into account.	X	
To establish and supervise a mechanism that enables employees to confidentially and, if this is deemed appropriate, anonymously communicate irregularities they notice within the Company that may be of potential importance, especially financial and accounting irregularities.	X	

To put to the Board the proposals for selection, appointment, re-election and substitution of the external auditor and the terms and conditions of engagement	X	
To receive regular information from the external auditor on the auditor's office plan and the outcome of its execution, and verifying that the senior management takes due note of its recommendations.	X	
To ensure the independence of the external auditor	X	

C.2.4 Give a description of the rules governing the organization and running of each of the Board Committees and the responsibilities attributed to each.

Committee name

STEERING COMMITTEE

Brief description

The Steering Committee is the delegate body of the Board of Directors, responsible for the senior management and permanent oversight of the strategic and operational aspects of the Company's and its subsidiaries ordinary business affairs. It also makes any decisions necessary to operate properly. It has a capacity of decision of general scope with express delegation in its favor of all faculties that correspond to the Board of Directors, except for those that are delegated by imperative law or, where applicable, by express establishment in the Corporate Bylaws or in the regulations of the Board.

The Committee will have a maximum of twelve members, all of whom are members of the Board of Directors. Its Chairman, First and Second Vice Chairman and Secretary will automatically be the people who hold such posts on the Board, which will appoint the members, up to a maximum of twelve members. It may also appoint a Vice Secretary, who will not be entitled to vote.

Committee name

AUDIT COMMITTEE

Brief description

The Audit Committee has a minimum of three and a maximum of seven members, who will be appointed by the Board of Directors in view of

the knowledge, skills and experience of its directors, especially with regard to accounting, audit and risk management issues. The Chairman will be an independent director, and the majority of the members will be non-executive directors. The Secretary of this Committee will be the Secretary to the Board of Directors. This Committee shall have the following responsibilities:

- a) To inform the General Meeting of the issues that arise in their area of responsibility.
- b) To supervise the efficiency of the internal control of the company, internal audit and risk management systems, as well as debate the significant weaknesses in the internal control system detected when carrying out audits with the accounts auditors and auditing companies.
- c) To supervise the process of drawing up and presenting the regulated financial information.
- d) To propose the appointment of accounts auditors and auditing companies to the Board of Directors for their submission to the Annual General Meeting, in accordance with the regulations which apply to the Company.
- e) To establish appropriate relationships with the accounts auditors and auditing companies 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 related to the accounts auditing process, as well as other communications provided for in the accounts auditing legislation and in the auditing regulations. Regardless, they must receive annual written confirmation from the accounts auditors and auditing companies of their independence from the company or companies directly or indirectly linked to it, as well as any information concerning the additional services of any type rendered to these companies by the said auditors or companies, or by the people or companies linked to them in accordance with the provisions of the accounts auditing legislation in force.
- f) To emit on an annual basis, prior to the publication of the accounts audit report, a report expressing an opinion concerning the independence of the accounts auditors and auditing companies. This report must in any case, contain an opinion about the provision of the additional services referred to above.

Committee name

APPOINTMENTS AND REMUNERATION COMMITTEE

Brief description

It is the delegate body of the Board of Directors, responsible for the coordinated development of the appointment and remuneration policy to be applied to MAPFRE Senior Representative and Management Executives, without prejudice to the authority that legal and statutorily correspond to the Company's representative and management bodies.

The Appointments and Remuneration Committee has a maximum of seven members, most of whom are non-executive Board members.

Committee name

COMPLIANCE COMMITTEE

Brief description

This is the delegate body of the Board of Directors for overseeing the correct application of the code of good governance that must rule in the Company.

These duties are performed without prejudice to any legal and bylaw powers attributed to the company's representation and management bodies.

The Committee monitors the application of the code of good governance in force from time to time and it may, if pertinent, propose any measures to improve the same and to update them, whenever necessary.

The Compliance Committee has four members, all of whom are non-executive Board members. Its Chairman will automatically be the second Vice Chairman of the Board of Directors.

The Committee may appoint a Minutes Secretary who will be elected from amongst the members of the General Management of the MAPFRE Legal Department.

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 corporate bylaws and in the Board Regulations.

They are available on the Company's website, www.mapfre.com, in the public records of the Spanish National Securities and Exchange Commission (the "CNMV"), and on the Madrid Company Registry.

Committee name

AUDIT COMMITTEE

Brief description

Regulated in the corporate bylaws and in the Board Regulations.

They are available on the Company's website, www.mapfre.com, in the public records of the Spanish National Securities and Exchange Commission (the "CNMV") and on the Madrid Company Registry.

In 2005 financial year, 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 corporate bylaws and regulated in the Board of Directors' Regulations.

They are available on the Company's website, www.mapfre.com, in the public records of the Spanish National Securities and Exchange Commission (the "CNMV") and on the Madrid Company Registry.

Since 2008, the company publishes an annual report on its remuneration policy, which is put to the vote, on a consultative basis

and as a separate point on the agenda, at the Ordinary General Meeting.

Committee name

COMPLIANCE COMMITTEE

Brief description

Provided for in the corporate bylaws and regulated in the Board of Directors' Regulations.

They are available on the Company's website, www.mapfre.com, in the public records of the Spanish National Securities and Exchange Commission (the "CNMV") and on the Madrid Company Registry.

C.2.6 Indicate whether the composition of the Executive or Steering Committee reflects the participation on the Board of different directors according to their condition:

Yes

No

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

The Steering Committee, is an executive governing body, and therefore consists mostly of executive and external nominee directors. During the 2014 financial year, an independent director, Ms. Catalina Miñarro Brugarolas, was appointed, proposed by the Appointments and Remuneration Committee.

D RELATED-PARTY OPERATIONS AND INTRA-GROUP OPERATIONS

D.1 Identify the competent body and explain, where applicable, the procedure for approval of related-party and intra-group operations.

Competent body for approving related-party operations
The Board of Directors

Procedure for approval of related-party operations.
The operations in which the company or its subsidiary companies engage with Directors, significant shareholders or shareholders represented on the Board or persons related to them, must be submitted beforehand for approval of the Board of Directors. In any case, the related-party operations are conducted at arm's length price.

Explain whether the approval of related-party operations has been delegated, indicating, where applicable, the body or persons to whom it has been delegated

D.2 List those operations between the Company or its Group companies and the Company's significant shareholders which are relevant due to their amount or because of their subject matter:

Name or Company name of the significant shareholder	Name or company name of the Company or Group's company	Nature of the relationship	Type of operation	Amounts (thousands of euros)
CARTERA MAPFRE, S.L.U.	MAPFRE, S.A.	Shareholder	Dividends and other profits distributed	292,025
FUNDACIÓN MAPFRE	MAPFRE FAMILIAR, S.A.	-	Other	2,758
FUNDACIÓN MAPFRE	MAPFRE VIDA, S.A.	-	Other	1,466
FUNDACIÓN MAPFRE	MAPFRE GLOBAL RISKS, S.A.	-	Other	465

FUNDACIÓN MAPFRE	MAPFRE SEGUROS DE EMPRESAS, S.A.	-	Other	898
FUNDACIÓN MAPFRE	MAPFRE RE, S.A.	-	Other	1,127
FUNDACIÓN MAPFRE	MAPFRE ASISTENCIA, S.A.	-	Other	405

D.3 List the operations between the Company or its Group companies and the Company's Directors or executives which are relevant due to their amount or because of their subject matter:

D.4 Report on the significant operations 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 their purpose and conditions.

In any case, report on any intra-group operations with entities established in countries or territories considered tax havens:

D.5 Indicate the amount of the operations performed with other related parties.

0 (in thousands of euros).

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

Likewise, MAPFRE's Code of Good Governance and the Internal Code of Conduct regulate the special obligations within the scope of potential conflicts of interest.

The final decision on these matters is reserved to the Board of Directors, subject to examination by the Company's Appointments and Remuneration Committee. There is a special procedure in place for the adoption of resolutions with regard to matters where there is a potential conflict of interest with a Director. The Director in question must abstain from being present 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 the listed subsidiary companies in Spain:

Subsidiary companies listed
FUNESPAÑA, S.A.

Indicate whether they have publicly and precisely defined the areas of activity they engage in and any business dealings between them, as well as between the listed controlled company and other Group companies.

Yes No

Define any business dealings between the parent company and the listed subsidiary company, and between the latter 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 FAMILIAR, 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 company and other Group companies:

Mechanisms to resolve possible conflicts of interest
The Framework of Relationships between MAPFRE and FUNESPAÑA establishes abstention duties for those senior executives in the MAPFRE Group or the FUNESPAÑA Group who are part of the administration body of another Company of the other Group. Moreover, the provisions relating to conflicts of interest set out in the Internal Code of Conduct for listed securities issued by MAPFRE apply.

E RISK CONTROL AND MANAGEMENT SYSTEMS

E.1 Explain the scope of the Company's Risk Management System.

The consolidated group of insurance companies has a Risk Management System (RMS) based on the integrated management of each and every one of the business processes, 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:

- Operational Risk: This covers twenty-three types of risks grouped into the following areas: actuarial, legal, technology, staff, collaborators, procedures, reporting, fraud, market and material assets.
- Financial and Credit Risk: Includes interest rate, liquidity, exchange rate, market and credit risk.
- Insurance Activity Risk: Groups together, separately for Life and Non-Life, the risk of premium shortfalls, sufficiency of technical provisions and reinsurance.
- Strategic and Corporate Governance Risk: Includes the business ethics and corporate governance risks, as well as risks related to organizational structure, alliances, mergers and acquisitions, regulatory (including tax) issues and, lastly, competition.

On a quarterly basis, the Governing Bodies receive information regarding the quantification of the main risks to which the Group is exposed and the capital resources available to deal with them. This quantification is performed in accordance with:

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

E.2 Identify the company bodies responsible for the preparation and execution of the Risk Management System.

The Regulations of the Board of Directors of MAPFRE set out the duties and responsibilities of MAPFRE's Governing Bodies and its Committee and Delegate Committees related to the Risk Management System.

In addition, MAPFRE's Solvency II Steering Committee defines, structures and coordinates the key duties of the different companies with regard to risk

management.

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

1. Financial and Credit Risk

MAPFRE mitigates its exposure to this type of risk by means of a prudent investment policy, with a high proportion of investment-grade fixed-income securities.

There are three different types of portfolios within the investment portfolio management:

- Those that seek strict immunization of the obligations deriving from the insurance contracts. This group includes the portfolios that cover unit-link policies consisting of assets whose risk is borne by the policyholders.
- Those that look to exceed the guaranteed return and achieve the highest return for the policyholders within the prudential parameters, such as profit sharing portfolios.
- The free-management portfolios, which have an active management that is only conditioned by legal rules and internal risk limitations.

Within the first group, the immunized portfolios minimize the interest rate risk, while the portfolios that cover the unit-link policies include the financial instruments whose risk is borne by the policyholders. A certain degree of market risk is accepted in the other portfolios, as set out below:

- The management variable for interest rate risk is the modified duration, which is conditional on the limits established in the Investment Plan approved by the Board of Directors of MAPFRE, S.A. for the free- management companies, and by the modified duration of liabilities in the event of long-term commitments existing with the policyholders.
- Exposure to exchange rate risk is minimized in the case of insurance liabilities. Exposure to this type of risk may not exceed a fixed percentage established in the annual Investment Plan, for investment management reasons only.
- Investments in shares are subject to an investment portfolio ceiling.

- The risk limitations are established in quantitative terms measured based on easily-observable variables. However, a probabilistic risk analysis is also conducted based on past volatilities and correlations.

With regard to credit risk, the MAPFRE 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. Investments in fixed-income securities and variable annuities are subject to limits by issuer.

2. Insurance Activity Risk

MAPFRE, specialized in different types of business, requires a high degree of autonomy in the management of its business, in particular in the underwriting of risks and price fixing, and the indemnities or provision of services in the case of incidents.

Premium adequacy is a particularly important element, and its determination is supported by specific computer applications.

Treatment of claim-related benefits, as well the adequacy of provisions, are basic principles of insurance activity. Technical provisions are estimated by the actuarial teams of the different companies and in certain cases are also reviewed by independent experts. The preponderance of the personal injuries business at MAPFRE, with fast settlement of claims, as well as the minor significance of insured long-tail risks, such as asbestos or professional liability, are factors that mitigate this kind of risk.

MAPFRE's presence in countries highly prone to disasters (earthquakes, hurricanes, etc.) calls for special treatment of these types of risk. The companies that are exposed to these kind of risks rely on 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. The underwriting of catastrophe risks is based on this information and on the economic capital available to the company that underwrites them. Equity exposure to this kind of risk is mitigated by taking out specific reinsurance cover.

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, it determines the global catastrophic capacity that it assigns to each territory, and establishes the maximum underwriting capacities by risk and event. It is also protected by risk retrocession programs to cover deviations or increases in the catastrophe claims ratio in the different regions.

In relation to reinsurance risk, MAPFRE's policy is to assign business to reinsurers with proven financial capacity (generally with a minimum 'A' credit rating by Standard & Poor's, and exceptionally with other reinsurers following an internal analysis that proves the availability of a solvency margin equivalent to the aforementioned rating or by providing suitable guarantees).

3. Operational Risk

Operational and business process risks are identified and assessed using Riskm@p, a proprietary software application developed by MAPFRE which draws up risk maps for entities, analyzing the significance and probability of occurrence of the different risks.

Riskm@p is also the corporate tool used for handling the control activities (process manuals, inventory of controls associated with risks and evaluation of their effectiveness) and the corrective measures established to mitigate or reduce the risks and/or improve the control environment.

The operational risk management model consists of a process-based dynamic analysis of the company, which enables the managers of each area or department to identify and assess the potential risks affecting the following business and support processes: Product Development, Underwriting, Claims / Benefits, Administrative Management, Commercial Activities, Human Resources, Committees, Coinsurance / Reinsurance, Technical Provisions, Investments, IT Systems, and Customer Service.

4. Strategic and Corporate Governance Risk

Ethical principles applied to business management have been a permanent feature at MAPFRE and are a part of its by-laws and of its day-to-day activities. In order to regulate this business culture and update the legal requirements regarding governance and transparent management, in 2008 the Management Bodies of MAPFRE approved a revised version of the Code of Good Governance, in force since 1999. The strict application of the principles of Good Corporate Governance is considered at MAPFRE to be the most effective way to mitigate this kind of risk.

E.4 Identify whether the company has a level of risk tolerance.

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

Allocated capital is generally determined pursuant to an estimation based on the budgets for the following financial year and is reviewed regularly

throughout the year according to the development of risks.

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 materialized during the financial year.

The main financial risks that materialized during the financial year were as follows:

- The appreciation of the euro, mainly against the U.S. dollar and the Turkish lira, which has reduced the growth rates of premiums and the consolidated profits.
- The impairment of the value of the stake in SOCIETÀ CATTOLICA DI ASSICURAZIONE, for 64.5 million euros before taxes.

With regard to insurance activity risk, the following should be mentioned in the 2014 financial year:

- The Iquique earthquake in Chile.
- The “Odile” hurricane in Mexico.
- The impact of bad weather in the United States.

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

With regard to risk management, MAPFRE has adopted a three-lines-of-defense model whereby:

- a) The managers of the first line of defense accept the risks and exercise the controls.
- b) The Internal Control System and the 'second line of defense' areas conduct an independent supervision of the risk management activities performed by the first line of defense, within the framework of the policies and limits established by the Board of Directors.

- c) As a third line of defense, Internal Audit provides an independent guarantee of the adequacy and effectiveness of the Internal Control System and of other elements of the Corporate Governance System.

MAPFRE has a structure consisting of Areas with activities, within their respective fields of competence, regarding the independent supervision of the risks assumed.

The areas defined for this purpose are:

- The Actuarial Area is responsible for preparing mathematical, actuarial, statistical and financial calculations that enable the determination of the rates, the technical provisions and the modeling of risk on which the calculation of the capital requirements in the insurance entities is based, in close collaboration with the Risk Management Area, and that contribute to the achievement of the intended technical result and of the desired solvency margins.
- The Compliance Area, which identifies, measures, monitors and reports on the exposure of the activities performed by the group to compliance risk.
- The Internal Control Area is responsible for ensuring that the Internal Control System works appropriately in MAPFRE's environment and that the procedures established are complied with. With regard to operational risk, it is responsible for defining the strategies, processes and information procedures required to identify, measure, monitor, manage and continuously report on the risks to which the group's companies are or may be exposed either individually or together.
- The Risk Management Area, which is responsible for:
 - Supervising and controlling the effectiveness of the MAPFRE Group's Risk Management System.
 - Identifying and measuring risks.
 - Calculating the solvency margin.
 - Monitoring and reporting on the exposure to risks.
- The Security and Environment Area is responsible for preventing and mitigating security risks that may cause damage to the Group, disrupting, limiting or reducing its productive, financial or business capacity, as well as those that may hinder the fulfillment of the social and environmental commitments, the business objectives and strategy or the provisions of current regulations.
- The Internal Audit Area provides an independent evaluation of:

- The suitability, sufficiency and effectiveness of the internal control system elements.
- The Risk Management System.
- The suitability and performance of the key duties set out in the Governance System provided for in the Solvency II Directive.

The aforementioned structure meets the requirements relating to the governance of the Risk Management System established by the Solvency II Directive.

The Group's General Secretary's Office is the body responsible for issuing instructions and ensuring compliance with the various regulations affecting the company and the Group.

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

Describe the mechanisms that make up the risk control and management systems in relation to your company's financial reporting process (ICFR).

F.1 Company's control environment

Report, indicating the main characteristics of at least:

F.1.1. Which bodies and/or duties are responsible for: (i) the existence and maintenance of an appropriate and effective ICFR process, (ii) its implementation 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 Management and all other MAPFRE personnel, as set out in the Group's Internal Control Policy approved by the Board of Directors in 2010.

The Board of Directors delegates ordinary management to the Steering Committee and to Senior Management, and reserves the right to approve the risk control and management policies and to approve both the regular monitoring of the internal information and control systems and the financial information it is required to disclose 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.

Meanwhile 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 powers to supervise the drawing up and the integrity of the financial information relating to the Company and the Group, reviewing compliance with applicable regulations, the appropriate delimitation of the consolidation perimeters, and the proper application of accounting criteria; and to regularly review the internal control and risk management systems to ensure that the main risks are identified, managed and sufficiently well known.

The Internal Audit Charter, which was updated and approved by the Audit Committee and the Board of Directors in 2013, sets out the main Internal Control System supervisory activities conducted by the Audit Committee

through the Global Internal Audit Corporate Area, which are listed in section 5.1 of this document.

F.1.2. Whether the following elements exist, particularly in relation to the procedure for drawing up the financial information:

- **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 duties, and (iii) the existence of sufficient procedures for proper dissemination in the company.**

The Code of Good Governance establishes the corporate and business structures of the Group, both operational and functional, for supervision and coordination, as well as the senior executive and managerial officers.

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 activity/authority scopes are performed in line with the "Structure and job organizational model" drawn up by the Administration and Organization Division and approved by the Human Resources Division, and which applies to all the Group's companies.

The organization of positions defines and analyzes the jobs 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 defined by the Management Bodies.

The concordance between the position organization and the structure is necessary, since it relates the duties, roles and responsibilities with each other for the appropriate running of the business.

The Financial 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 drawing up of the consolidated financial information.

- **Code of conduct, approval body, degree of dissemination and instruction, principles and values included (indicating whether there are specific mentions to the registration of operations and drawing up of financial information), body entrusted with analyzing non-compliance and proposing corrective measures and sanctions.**

The Code of Ethics and Conduct was approved in 2009 by the Steering Committee (delegate body of the Board of Directors). It is inspired by the institutional and business principles contained in the Code of Good Governance and is intended to reflect corporate values and the basic principles that should guide the conduct of MAPFRE and its staff.

In 2009 and 2010, communication campaigns were conducted to ensure that all employees were aware of the Code, and since then it is available to them on the intranet or internal portal.

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 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 the application of the Code, as well as supervision and control of compliance therewith, the Ethics Committee was set up as the body entrusted with ensuring compliance and analyzing and resolving complaints lodged for 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.

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

The e-learning course on the Code of Ethics and Conduct was launched in 2011 to ensure its endorsement. It applies to all the Group's employees. Until December 31, 2014, this course has been completed by 14,214 employees around the world and there is a three-year plan for all the other Group's employees to enroll.

- **Whistle-blower channel to enable 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 the**

organization, indicating, as the case may be, whether the information is confidential.

The Whistle-blower Channel for Financial and Accounting Complaints enables Group employees to report any potentially significant financial and accounting irregularities they observe to the Audit Committee, via an electronic mailbox or written correspondence to a specific address.

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

The Audit Committee receives the complaints and resolves them by treating each one as it deems appropriate. In order to perform its duties properly, it relies on assistance from the General Secretary's Office and the Internal Audit Division.

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 guaranteed through the collection of personal data provided in accordance with the requirements set out by current data protection legislation.

Every year, the General Secretary's Office issues a report for the Audit Committee, outlining the Whistle-blower Channel's activities and the final result of the complaints made.

- **Training programs and regular updating for personnel involved in the drawing up and review of financial information, as well as evaluation of the ICFR, covering, at least, accounting rules, audit, internal control and risk management.**

MAPFRE's training programs are available in a single space, the Corporate University, whose aim is to share knowledge and train its more 37,000 employees worldwide. This University has been designed to promote a new learning environment at global level. The University is organized into several physical campuses and a single virtual campus, MAPFRE eCampus, enabling local and global implementation of different training initiatives.

The University comprises different Schools of Knowledge.

The School of Finance was launched in 2014 with 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. This school's training contents are based on the following pillars:

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

In 2014, MAPFRE organized several training programs in Spain on financial, risk and internal control issues representing a total of 37,600 hours for 4,486 people.

As regards this training, at global level, the "Operational Risk Conferences" were organized in 2014. They were aimed at heads of risk management and managers of Riskm@p, MAPFRE's operational risk tool, and were attended by 38 employees from 20 countries. The goals of these conferences have been:

- To go more deeply into the basic aspects of the assessment of operational and process risks and the effectiveness of the internal controls performed by the employees of the various entities. These actions were conducted in 2014 after the training sessions.
- To share the practices and tools used by the various MAPFRE entities in the risk management processes.
- To provide information on the methodological changes and functionalities of the Riskm@p tool.

Worth mentioning in e-learning is the course on "Internal control rules" that all Group employees must follow, and which in 2014 was attended by 4,207 people who received 4,207 hours of training. In the last six years, a total of 34,792 employees and brokers have completed this course and received 34,792 hours of training.

The School of Audit was also launched in 2014. It aims to provide all professionals in MAPFRE's audit areas around the world with the necessary knowledge to perform internal audit tasks, and to share the management tools developed and best practices.

"Financial-insurance management for internal auditors" and "Risk management for internal auditors" are two major blocks of training contents offered by the School of Audit.

A training seminar for internal auditors was organized in 2014. 60 MAPFRE employees took part in Spain and Portugal. These sessions addressed issues related to financial information and internal control, among others.

In addition, a specific training seminar was organized in June for the Group's Information Technology (IT) auditors. Twenty-three employees from nine countries (Argentina, Brazil, Colombia, El Salvador, Spain, Mexico, Peru, Puerto Rico and the U.S.) took part. These sessions discussed the internal control of IT and the methodology used in audit work, and improvements to the methodology were proposed.

With regard to the drawing up of financial information, the General Secretary's Office and the Financial Area have issued circulars containing instructions, which include 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. The main characteristics of the risk identification process, including error or fraud risks, in relation to:

- Whether the process exists and is documented.**

MAPFRE has a Risk Management System (RMS) based on the integrated management of the business and support processes, 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:

Type of Risk	Description	Process	How often updated
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Financial Risk	Includes the following risks: <ul style="list-style-type: none"> ✓ Interest rate ✓ Liquidity ✓ Exchange rate ✓ Market ✓ Credit 	Quantification of the risk	Quarterly
Insurance Activity Risk	This groups the following risks separately for Life and Non-Life: <ul style="list-style-type: none"> ✓ Sufficiency of premiums ✓ Sufficiency of technical provisions ✓ Reinsurance 		
Operational and business process risks	Includes the risks arising out of faulty or inadequate systems, people, internal processes or external events. These have been grouped into 10 risk areas (Actuarial, Legal, Technology, Staff, Collaborators, Procedures, Information, Fraud, Market and Material Assets.)	Evaluation and control (encompassing risk assessment, identification of internal controls, assessment of the degree of effectiveness of the controls and establishment of corrective measures).	Identification: continuous Assessment: biennial
Strategic and Corporate Governance Risk	Includes the following risks: <ul style="list-style-type: none"> ✓ Business ethics and good corporate governance ✓ Organizational structure ✓ Alliances, mergers and acquisitions ✓ Derived from the regulatory environment ✓ Competition 	Identification, mitigation and assessment of impact	Continuous

The RMS in place in MAPFRE applies to the Group's entities in accordance with the internal regulations issued for each of the above risk categories.

- **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.**

Any risks liable to affect the reliability of the financial information are identified during the assessment and control of the operational and business process risks, as these include the objectives of existence and occurrence, integrity, assessment, presentation, breakdown and comparability, and rights and obligations.

Each risk is linked, where appropriate, to the section of the financial statements that would be impacted if the potential risk materialized, the main sections being: premiums, provisions, financial returns, acquisition expenses, administration expenses and benefit expenses.

All the Group companies, both in Spain and abroad, manage the operational and business process risks through the Riskm@p computer application,

developed in-house by MAPFRE. 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 the business and support processes, as well as the key economic figures, by completing risk assessment questionnaires.

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

The MAPFRE Consolidation Manual drawn up by the Financial Area describes the process for identifying the consolidation perimeter, and is updated on a monthly basis.

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

As described in section 2.1 above, the MAPFRE Risk Management System takes into account the types of operational, technological, financial, legal, reputational and environmental risk, as well as the risk inherent in the insurance and reinsurance business.

Specifically, for the "Operational and Business Process Risk" category, it states that it includes the risks arising out of faulty or inadequate systems, people, internal processes or external events. These risks have been grouped into the actuarial, legal, technology, staff, collaborators, procedures, information, fraud, market, and material assets areas..

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

The Audit Committee's responsibilities with regard to the information and internal control systems include, among others, the regular review of the internal control systems and the risk identification and management systems. The Internal Control System and Risk Management System are reviewed at least once a year.

F.3 Control activities

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

F.3.1. Procedures for review and authorization of financial information and description of the ICFR, to be published in securities markets, indicating those responsible, 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 close of accounts and the specific review of opinions, estimates, assessments and relevant projections.

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

In the case of the individual and consolidated annual accounts, both the Financial Area and the Internal Audit General Manager certify their accuracy and integrity to the Board of Directors.

The closing calendar drawn up by the Directorate-General for Accounting Coordination details the main activities in the process for consolidation and preparation of the annual and biannual accounts and its controls, and sets deadlines for compliance.

The different Group entities report, through the assigned officers, the financial information that the Financial Area consolidates in order to prepare the reports. During the consolidation process, controls are in place to detect any errors liable to materially affect the financial statements.

Moreover, during the risk control process, manuals and other descriptive documents are drawn up that set out the procedures, activities and parties involved in them, identifying the associated risks and the controls for mitigating them, including those related to fraud and the accounting close process.

The Board of Directors bases its opinions and estimates on hypotheses about the future and on uncertainties that basically refer to losses from impairment of certain assets; the calculation of provisions for risks and expenses; the useful life of

intangible assets and of tangible fixed asset items; and the fair value of certain non-listed assets.

The estimates and hypotheses used are included in the accounting close instructions, are reviewed regularly, and are based on historical experience and on other factors that may be considered more reasonable at any given time. If the review leads to changes in estimates in a given period, their effect is applied during that period and, where appropriate, in subsequent periods.

A procedure based on a quarterly questionnaire has been implemented which, through a flexible and simple system, provides written evidence of the controls executed in the process for drawing up the financial information, which all MAPFRE insurance companies perform at the time of the quarterly and annual closes.

F.3.2. Internal control policies and procedures for information systems (among others, safe access, change control, operation thereof, operational continuity and segregation of duties) supporting the entity's relevant procedures in relation to the drawing up and publication of financial information.

The Directorate-General for Security and the Environment, which reports to the Resources and Institutional Coordination Area, acts directly on the regulations related to information security.

In particular, the measures established are defined in an Information Security Document System (SDSI) or Regulatory Body of Information Security, organized according to the goals set in the Information Security Plan (PSI) approved by the Management Committee in 2004.

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

Consequently, the Regulatory Body of Information Security establishes the following aspects, among others: keeping control of the information systems through inventory procedures to identify the resources and 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 regulatory body, that contributes to maintain an appropriate segregation of duties.

In turn, and as a result of the obligations set out in the Regulatory Body of Information Security, there is a General Control Center that monitors the activity in the Group's information systems and is responsible for responding to any possible security incidents that may arise.

Also, every year the Corporate Security and Environment Area draws up a security checks plan aimed at verifying the security controls in place and discovering any vulnerabilities in the information systems.

Both the policy and the rules and standards of this Regulatory Body of Information Security are published on the internal portal 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 proper operation of the procedures in the event of the occurrence of a high-impact incident, so as to minimize the damage caused.

Every year, the Global Internal Audit Corporate 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 intended for supervising the management of activities subcontracted to third parties, as well as those evaluation, calculation or assessment aspects entrusted to independent experts, which may have a material effect on the financial statements.

All services subcontracted to third parties are subject to specific contracts, and providers are supervised directly by the contracting Units or Areas.

Providers are selected on the basis of objective criteria that assess factors such as quality, price, provider infrastructure, market recognition and membership of the group of collaborators of one of the Group's entities, and their track record in terms of service quality.

Compliance with current legislation in the various countries and implementation of security measures where applicable are essential prerequisites for selection. Other highly rated attributes include response times, after-sales service, geographic reach and the added value they can contribute.

The Resources and Institutional Coordination Area is currently developing a Global Purchases and Service Procurement plan that includes, among others, those that are identified with a possible financial impact.

In the development of such Plan, the Steering Committee held on June 27, 2013 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 2013, the assessment and classification questionnaire for all providers, both new and existing, was launched in Spain in order to have it completed gradually and allow for an assessment of each provider.

Also, throughout 2014, a form was prepared for evaluation of the questionnaire, which makes it possible to evaluate the suitability or not to include the provider in the potential providers database, as well as to assign to which contracting categories that provider is valid.

The incorporation of the assessment and classification questionnaire is being carried out on the technological platform of SAP-SRM and SAP-SLC contracting management within the module enabled for this.

A plan to enable the "Provider Portal" is also under development by the Resources and Institutional Coordination Area, which allows the exchange of documents for the purchasing processes (tenders and orders), as well as to enable the providers themselves to complete the assessment and classification questionnaire electronically through the same platform. Both the evaluation questionnaire and the provider portal will be ready from January 2015.

Furthermore, specific documentation was also prepared so that the providers clearly know the criteria of relationship and have maximum transparency in their operations.

The gradual implementation of this plan in the whole Group is taking place as planned.

F.4 Information and Communication

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

F.4.1. A specific function entrusted with defining, updating accounting policies (accounting policies area or department) and resolving doubts or disputes deriving from their interpretation, keeping a fluid communication with those responsible for operations in the organization, as well as an updated manual of accounting rules that is communicated to the units through which the company operates.

The Accounting Coordination Area, which reports to the Global Finance Corporate Area, is entrusted with updating accounting policies and rules applicable 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 entities 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 Accounting Coordination Area.

The Accounting Coordination Area 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 Control and Economic Information Area within the Finance Area defines instructions on 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 Annual Accounts and the Consolidation Manual Models 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 has been 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 Accounting Coordination Area, the Control and Economic Information Area prepares the consolidated 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 process of preparation of the financial information, to which it transmits instructions to complete this report and from which it requests, at least annually, the update of the support documentation that support the actions performed.

F.5 Supervision of the system's operation

Report, indicating its main characteristics of, 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 responsibility 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 in 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 15 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.

The MAPFRE, S.A. Internal Audit Global Corporate Area reports directly to the Board of Directors of MAPFRE, S.A. through the Audit Committee (The Board's Delegate Body) and the Group's Executive Chairman.

The Directors of the Auditing Services and Units report to the General Manager of Internal Audit.

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. Previously, this economic-financial information is reviewed by the Internal Audit Division, which issues a report in which it is emphasized that MAPFRE, S.A.'s intermediate financial statements were prepared applying the same criteria applied to the annual accounts and that these 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.

In addition, the Audit Committee approves the annual Internal Audit Plan and conducts a periodic follow-up thereof.

The Audit Plan outlines the supervisory work that the Internal Audit Global Corporate Area will carry out during the financial year. The content and scope of

which is 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 Internal Audit Charter provides that the Internal Audit Area has, inter alia, the following duties:

- ✓ Evaluation of 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 Global Corporate Areas, as well as the validity, sufficiency and application of accounting and legal principles and rules.

- ✓ To supervise the suitability and efficacy of the Internal Control System and other elements of the Governance System, which is centered on:
 - Evaluation of the suitability, sufficiency and efficacy of elements of the Internal Control System.

 - Evaluation of the Risk Management System (SGR) based on integrated management of each and every one of the business procedures and on suitability of the risk level for the strategic targets of the MAPFRE GROUP.

 - Evaluation of the suitability and performance of governance duties included in the Governance System provided in Solvency Directive II.

 - Contribution toward good corporate governance by verification of compliance with the rules established in the MAPFRE Code of Good Governance.

The evaluation and assessment of the MAPFRE Internal Control System conducted by the Internal Audit Division 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 monograph meeting on internal control, at which the evaluations and recommendations issued by the 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 Internal Audit Area checks the operation of the Internal Control System of the main IT systems as indicated in section 3.2 above.

Additionally, the Internal Audit Division analyzes the work conducted over the year by internal audit and its impact on the consolidated financial statements, obtaining a high level of correlation.

The external auditor, as part of the audit procedures performed to validate the annual accounts, 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 accounts 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, it will report if it has an action plan that endeavors to correct or mitigate the weaknesses observed.

Communication with the external auditor is very frequent and fluid in the MAPFRE GROUP. This is the case 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 Accounting Coordination Area, and those responsible for the accounting, administration and other areas concerned. Likewise, at completion of work a meeting is held with the Internal Audit General Manager 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's report

Report of:

F.7.1. Whether the ICFR information sent to the markets has been reviewed by the external auditor. If so, the company should attach the relevant report as an annex. Otherwise, it must 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 Unified Code on corporate governance.

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. 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 means of share purchases on the market.

See sections: A.10, B.1, B.2, C.1.23 and C.1.24.

Complies Explain

2. When a parent company and a subsidiary 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 Group companies;
b) The mechanisms in place to resolve possible conflicts of interest.

See sections: D.4 and D.7

Complies Complies in part Explain Not applicable

3. Even when not expressly required under company law, any operations involving a structural corporate change should be submitted to the annual general meeting for approval or ratification. In particular:

- a) The transformation of listed companies into holding companies through the process of subsidiarization, subsidiaries, reallocating core activities to subsidiaries that were previously carried out by the holding company, even though the holding company retains full control of the subsidiaries;
b) Any acquisition or disposal of key operating assets that would effectively alter the company's corporate purpose;
c) Operations that effectively entail the company's liquidation.

See section: B.6

Complies Complies in part Explain

4. Detailed proposals of the resolutions to be adopted at the General Meeting, including the information stated in Recommendation 27, should be made available at the same time as publication of the call to meeting.

Complies Explain

5. **Separate votes should be taken at the General Meeting on materially separate items, so shareholders can express their preferences in each case. This rule shall apply in particular to:**

- a) **The appointment or ratification of Directors, with separate voting on each candidate;**
- b) **Amendments to the bylaws, with votes taken on all articles or groups of articles that are materially different.**

Complies

Complies in part

Explain

6. **Companies should allow split votes, so financial intermediaries acting as nominees on behalf of different clients can issue their votes according to instructions.**

Complies

Explain

7. **The Board should perform its duties with unity of purpose and independent judgment, according all shareholders the same treatment. It should be guided at all times by the company's best interests and, as such, strive to maximize its value over time.**

It should likewise ensure that the company abides by the laws and regulations in its dealings with stakeholders; fulfills its obligations and contracts in good faith; respects the customs and good practices of the sectors and territories where it does business; and upholds any additional social responsibility principles it has subscribed to voluntarily.

Complies

Complies in part

Explain

8. **The Board should see its core mission as approving the company's strategy and authorizing the organizational resources to carry it forward, and ensuring that management meets the objectives set while pursuing the company's interests and corporate purpose. As such, the Board in full should reserve the right to approve:**

- a) **The company's general strategies and policies, and in particular:**
 - i) **The strategic or business plan and the annual management and budgetary targets;**
 - ii) **The investment and funding policy;**
 - iii) **The definition of how the companies Group are structured;**
 - iv) **The corporate governance policy;**
 - v) **The corporate social responsibility policy;**
 - vi) **Remuneration and performance assessment policy for top executives;**
 - vii) **The policy for overseeing and managing risk, and the periodic monitoring of the internal information and oversight systems.**
 - viii) **The pay-out policy and the treasury-stock policy, especially their limits.**

See sections: C.1.14, C.1.16 and E.2

- b) The following decisions:
- i) At the proposal of the Chief Executive, the appointment and possible severance of top executives, and their compensation clauses.
 - ii) Directors' remuneration and any additional remuneration to executive Directors for executive duties and other terms and conditions that their contracts must include.
 - iii) The financial information that the company, as a publicly traded company, must disclose periodically.
 - iv) Investments and/or operations of any kind, whose high value or special characteristics make them strategic, unless the General Meeting is charged with approving them;
 - v) The creation or acquisition of shares in a special-purpose company or companies domiciled in countries or territories considered tax havens, and any other transactions or operations of an analogous nature whose complexity could undermine the Group's transparency.
- c) Operations between the company and its Directors, its significant shareholders and/or shareholders represented on the Board, and/or parties related to them ("related-party operations").

However, Board authorization need not be required for related-party operations that simultaneously meet the following three conditions:

- 1st They are carried out under arms' length contracts with standard terms and conditions, applicable en masse to a large number of clients;
- 2nd They go through at market rates set in general by the supplier or provider of the goods or services;
- 3rd They are worth less than one percent of the company's annual revenues.

Related-party operations should only be approved by the Board on the basis of a favorable prior report from the Auditing Committee or any other Committee entrusted with such a report; and the Directors involved should neither exercise nor delegate their votes, and should withdraw from the meeting room while the Board deliberates and votes.

The above responsibilities should not be delegated with the exception of those mentioned in b) and c), which may be delegated to the Steering Committee in urgent cases and later ratified by the full Board.

See sections: D.1 and D.6

Complies **Complies in part** **Explain**

9. In the interests of maximum effectiveness and participation, the Board should ideally comprise no fewer than five and no more than 15 members.

See section: C.1.2

Complies **Explain**

The large number of companies belonging to the MAPFRE Group and its multinational nature, with a presence on five continents, along with its economic and corporate relevance justifies the number of members of the Board, 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 25 percent, from 24 to 18 members.

10. External, shareholder-nominated and independent Directors should occupy an ample majority of Board places, while the number of executive Directors should be the minimum required to deal with the complexity of the corporate Group and reflect the ownership interests they control.

See sections: A.3 and C.1.3

Complies **Explain**

11. Amongst external Directors, the ratio between the number of nominee Directors and independent Directors should reflect the percentage of shares held by the company that the nominee Director represents and the remaining share capital.

This strict proportionality can be relaxed so the percentage of nominee Directors is greater than would strictly correspond to the total percentage of capital they represent:

1st In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings, despite the considerable sums actually invested in absolute terms.

2nd In companies with a plurality of shareholders represented on the Board but not otherwise related to each other.

See sections: A.2, A.3 and C.1.3 ,

Complies **Explain**

12. Independent Directors should account for at least one third of the total number of seats.

See section: C.1.3

Complies **Explain**

13. The Board should explain the type of each directorship to the annual general meeting that must appoint the Director or ratify their appointment. This should be confirmed or reviewed each year in the Annual Corporate Governance Report, after verification by the Appointments and Remuneration Committee. Said report should also disclose the reasons for the appointment of nominee Directors at the behest of shareholders controlling less than five 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 applying successfully for a nominee directorship.

See sections: C.1.3 and C.1.8

Complies **Explain**

14. If there are few or no female Directors, the Appointment Committee should explain the reasons and the initiatives adopted to correct the situation:

- a) The procedure for filling Board vacancies has no implicit bias against women candidates;
- b) The company makes a conscious effort to include women with the target profile among the candidates for Board seats.

See sections: C.1.2, C.1.4, C.1.5, C.1.6, C.2.2 and C.2.4

Complies **Complies in part** **Explain** **Not applicable**

15. The Chairman, who is responsible for the efficient running of the Board, should at all times ensure that the Directors receive sufficient prior information for the meetings; encourage Directors to debate and participate actively in the meetings, safeguarding their freedom to take their own stance and express their own opinion. He/she should organize and coordinate periodic assessment of the Board with the Chairs of the relevant Committees and with the Bank's Managing Director or Chief Executive, when this is not also the Chairman.

See sections: C.1.19 and C.1.41

Complies **Complies in part** **Explain**

16. When a company's Chairman is also its Chief Executive, an independent Director should be empowered to request a Board meeting be called or new business included on the agenda; to coordinate and give voice to the concerns of external Directors; and to lead the Board's evaluation of the Chairman.

See section: C.1.22

Complies **Complies in part** **Explain** **Not applicable**

Pursuant to article 18 of the company by-laws, any Director may request the inclusion of a point on the agenda and so any one of them has the power to make his/her concerns known to the Board of Directors.

A Board meeting may be requested by three Directors, irrespective of their type of directorship.

Pursuant to the MAPFRE Code of Good Governance, every year the Board shall evaluate the performance of the Chairman, and where appropriate, the most senior management representative, should these not be the same person, on the basis of the report drawn up for this purpose by the Appointments and Remuneration Committee. The external Vice Chairman of the company is responsible for overseeing the evaluation of the Chairman by the Board of Directors.

However, the Board of Directors, at its meeting held on January 22, 2015, agreed to appoint the Independent Director Mr. Rafael Beca Borrego Coordinator Director of the Board of Directors, who is particularly empowered to request the Board of

Directors be convened or the inclusion of new items on the agenda, coordinate and bring together the Non-executive Directors and direct, as required, the periodical evaluation of the Chairman of the Board.

17. The Board Secretary should take care to ensure that the Board's actions:
- a) Adhere to the spirit and letter of laws and their implementing regulations, including those issued by regulators;
 - b) Comply with the corporate bylaws and the Regulations of the Meeting, of the Board or others that the company has;
 - c) Are informed by those good governance recommendations of the Unified Code that the company has subscribed to.

In order to safeguard the independence, impartiality and professionalism of the company Secretary, his or her appointment and removal should be proposed by the Appointment Committee and approved by a full Board meeting; the relevant appointment and removal procedures must be spelled out in the Board's regulations.

See section: C.1.34

Complies **Complies in part** **Explain**

18. The Board should meet with the necessary frequency to properly perform its duties, in accordance with a calendar and agendas set at the beginning of the financial year, to which each Director may propose the addition of other items.

See section: C.1.29

Complies **Complies in part** **Explain**

19. Directors should keep their absences to the bare minimum. Absences should be quantified in the Annual Corporate Governance Report. When Directors have no choice but to delegate their vote, they should do so with instructions.

See sections: C.1.28, C.1.29 and C.1.30

Complies **Complies in part** **Explain**

20. When Directors or the company Secretary express concerns about some proposal or, in the case of Directors, about the company's performance, and such concerns are not resolved at the Board meeting, the person expressing them may request they be recorded in the minutes.

Complies **Complies in part** **Explain** **Not applicable**

21. The Board in full should evaluate the following points on a yearly basis:
- a) The quality and efficiency of the Board's operation;
 - b) Based on the report submitted by the Appointments Committee, how well the company Chairman and Chief Executive have carried out their duties;

c) The performance of its Committees on the basis of the reports furnished by such Committees.

See sections: C.1.19 and C.1.20

Complies **Complies in part** **Explain**

22. All Directors should be able to exercise their right to receive any additional information they require on matters within the Board's responsibility. Unless the bylaws or Board regulations indicate otherwise, such requests should be addressed to the Board's Chairman or Secretary.

See section: C.1.41

Complies **Explain**

23. All Directors should be entitled to call on the company for the advice and guidance they need to perform their duties. The company should provide suitable channels for the exercise of this right. Under special circumstances it could include external assistance at the company's expense.

See section: C.1.40

Complies **Explain**

24. Companies should organize induction programs for new Directors to acquaint them rapidly with the workings of the company and its corporate governance rules. Directors should also be offered refresher programs when circumstances so advise.

Complies **Explain**

25. Companies should require their Directors to devote sufficient time and effort to perform their duties effectively, and, as such:

- a) The Directors must inform the Appointments and Remuneration Committee of their other professional obligations, in case these interfere with the dedication required to perform their duties.
- b) Companies should lay down rules about the number of directorships their Board members can hold.

See sections: C.1.12, C.1.13 and C.1.17

Complies **Complies in part** **Explain**

26. The proposal for the appointment or renewal of Directors which the Board submits to the Annual General Meeting, as well as provisional appointments by co-option, should be approved by the Board:

- a) At the proposal of the Appointments Committee for independent Directors;
- b) On the basis of a report by the Appointments Committee for all other Directors.

See section: C.1.3

Complies **Complies in part** **Explain**

27. Companies should publish the following Director particulars on their website and keep them permanently updated:
- a) Professional experience and background;
 - b) Other Board of Directors held in other companies, listed or otherwise;
 - c) An indication as to whether the directorship is executive, 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 their first and subsequent appointments as a company Director, and;
 - e) Shares and/or share options held in the company.

Complies

Complies in part

Explain

28. Nominee Directors must resign when the shareholders they represent dispose of 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.

See sections: A.2, A.3 and C.1.2

Complies

Complies in part

Explain

29. The Board of Directors must not propose the removal of independent Directors before the expiry of their term in office pursuant to the bylaws, except where due cause is found by the Board, based on a report from the Appointments Committee. In particular, due cause will be presumed when a Director is in breach of his or her fiduciary duties or comes under one of the disqualifying grounds lead to lose his or her independent condition, pursuant to the provisions of the Order ECC/461/2013.

The removal of independent Directors may also be proposed when a public takeover bid, merger or similar corporate operations produces changes in the company's capital structure, in order to meet the proportionality criterion set out in Recommendation 11.

See sections: C.1.2, C.1.9, C.1.19 and C.1.27

Complies

Explain

30. Companies should establish rules obliging Directors to inform the Board 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.

If a Director is indicted or tried for any of the crimes stated in article 213 of the Spanish Corporations Act, the Board should examine the matter as soon as possible and, in view of the particular circumstances, decide whether or not he or she should be called on to resign. The Board should also disclose all such determinations in the Annual Corporate Governance Report.

See sections: C.1.42, C.1.43

Complies

Complies in part

Explain

31. The Directors should clearly express their opposition when they consider that a resolution submitted to the Board may not be in the company's best interest. In particular, independents and other Directors unaffected by the conflict of interest should challenge any decision that could go against the interests of shareholders lacking Board representation.

When the Board adopts material or reiterated resolutions on issues about which a Director has expressed serious reservations, said Director must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next Recommendation.

This Recommendation should also apply to the Board Secretary, even if the Secretary is not a Director.

Complies

Complies in part

Explain

Not applicable

32. If leaving office before the end of its term, the Director should explain the reasons in a letter sent to all Board members. Whether or not such resignation is filed as a significant event, the reasons for leaving must be explained in the Annual Corporate Governance Report.

See section: C.1.9 and C.1.21

Complies

Complies in part

Explain

Not applicable

Ms. Martin Tabernero stepped down as she had reached the age limit set in the MAPFRE Board of Directors Regulations. She explained her reason for stepping down verbally to the plenary Board meeting and subsequently sent her letter of resignation to the Chairman of the Board of Directors.

Mr. Pedrayes Larrauri sent a letter to the Chairman of the Board communicating his resignation as a Director, for having ended his executive duties which he had been performing, in accordance with the provisions of the Regulations of the MAPFRE Board of Directors.

33. Remuneration comprising the delivery of shares in the company or other companies in the Group, share options or other share-indexed instruments, payments indexed to the company's performance or membership of pension schemes should be confined to executive Directors.

The delivery of shares is excluded from this limitation when Directors are obliged to retain them until the end of their term of office.

Complies

Complies in part

Explain

Not applicable

34. External Director's remuneration should sufficiently compensate them for the dedication, qualifications and responsibilities that the post entails; but should not be so high as to compromise their independence.

Complies Complies in part Not applicable

35. 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 Not applicable

36. In the case of variable awards, remuneration policies should include limits and technical safeguards to ensure they 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.

Complies Complies in part Not applicable

37. When the company has an Executive or Steering Committee, (hereinafter, "Steering Committee") the breakdown of its members by Director category should be similar to that of the Board itself. The Secretary of the Board should also act as Secretary to the Steering Committee.

See sections: C.2.1 and C.2.6

Complies Complies in part Explain Not applicable

The company has its own criterion, configuring it as a delegate body with a pronounced executive nature, with the presence of the senior managers of the main bodies of the Group, as well as the presence of three external nominee Directors and one independent Director.

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

38. The Board should be kept fully informed of the business transacted and resolutions adopted by the Steering Committee. To this end, all Board members should receive a copy of the Steering Committee's minutes.

Complies Explain Not applicable

39. In addition to the Audit Committee that is mandatory under the Stock Exchange Act, the Board of Directors should form a Committee, or two separate Committees, for Appointments and remuneration.

The rules governing the composition and operation of the Auditing Committee and the Appointments and Remuneration Committee(s) should be set forth in the Board regulations, and include the following:

- a) 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 responsible for overseeing and evaluating their work, which should be reported to the first full Board meeting following each meeting;

- b) These Committees should be formed exclusively of external Directors and have a minimum of three members. Executive Directors or top executives may also attend meetings at the Committees' express invitation.
- c) The Chairman of these Committees should be an independent Director.
- d) External advisors may be used, when it is considered necessary to perform of their duties.
- e) Meeting proceedings should be minuted and a copy sent to all Board Members.

See sections: C.2.1 and C.2.4

Complies **Complies in part** **Explain**

The whole recommendation is complied with except for sections b) and c) regarding the Appointments and Remuneration Committee. The Committee has two Executive Directors out of a total of seven members and its Chairman is currently the Chairman of the Board of Directors. It is considered that the large majority of external Directors guarantees the independence of the Committee.

It is also considered appropriate that the Committee is chaired by the Group's most senior management representative to ensure proper coordination between the Committee and the management team. However, the MAPFRE Code of Good Governance lays down rules, according to which executive members must refrain from participating in any proceedings and decision-making concerning issues that affect them personally.

Nevertheless, at its meeting held on January 22, 2015, the Board of Directors agreed to designate a new composition of the Appointments and Remuneration Committee consisting exclusively of external Directors, two of whom are independent. The Chairman is one of the independent Directors.

40. The job of supervising compliance with internal codes of conduct and corporate governance rules should be entrusted to the Auditing Committee, the Appointments Committee or, as the case may be, separate compliance or corporate governance Committees.

See sections: C.2.3 and C.2.4

Complies **Explain**

41. 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.

Complies **Explain**

42. Listed companies should have an internal audit function, under the supervision of the Audit Committee, to ensure the proper operation of internal reporting and control systems.

See section: C.2.4

Complies **Explain**

43. The head of internal audit should 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**

44. The oversight and risk management policy should specify at least:

- a) **The different types of risk (operational, technological, financial, legal, reputational, etc.) the company is exposed to, with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risk;**
- 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 control and reporting systems that will be used to control and manage said risks, including contingent liabilities and off-balance-sheet risks.**

See section: E

Complies **Complies in part** **Explain**

45. The Audit Committee's role should be:

1st With respect to internal control and reporting systems:

- a) **That the main risks identified as result of the efficacy supervision of the company's and Internal Audit's internal control are managed and sufficiently well known.**
- b) **To ensure the independence and efficacy of the internal audit; to propose the selection, appointment, re-election and severance of the internal audit officer; to propose the budget for the internal audit service; 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 appropriate, anonymously communicate irregularities they notice within the company that may be of potential importance, especially financial and accounting irregularities.**

2nd With respect to the external auditor:

- a) To receive regular information from the external auditor on the auditor's office plan and the outcome of its execution, *and* verifying that the senior management takes due note of its recommendations.
- b) To ensure the independence of the external auditor, to which end:
 - i) The company should notify 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 the same.
 - ii) Should the external auditor resign, to examine the circumstances leading to the resignation.

See sections: C.1.36, C.2.3, C.2.4 and E.2

Complies **Complies in part** **Explain**

46. The Auditing Committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of another senior officer.

Complies **Explain**

47. The Audit Committee should prepare information on the following points from Recommendation 8 for input to Board decision-making:

- a) The financial information that the company, as a publicly traded company, must disclose periodically. The Committee should ensure that interim statements are drawn up under the same accounting principles as the annual statements and, to this end, may ask the external auditor to conduct a limited review;
- b) The creation or acquisition of shares in a special-purpose company or companies domiciled in countries or territories considered tax havens, and any other transactions or operations of an analogous nature whose complexity could undermine the Group's transparency.
- c) Related-party operations, except where their scrutiny has been entrusted to some other supervision and control Committee.

See sections: C.2.3 and C.2.4

Complies **Complies in part** **Explain**

48. The Board of Directors shall try to avoid the accounts it has filed being presented to the General Meeting with reservations and qualifications in the audit report. When this is not possible, both the Chairman of the Audit Committee and the auditors must clearly explain the content and scope of discrepancies to the markets and shareholders.

See section: C.1.38

Complies **Complies in part** **Explain**

49. The majority of Appointments Committee members – or Appointments and Remuneration Committee members as the case may be – should be independent Directors.

See section: C.2.1

Complies **Explain** **Not applicable**

The company has its own criterion with regard to the proper make-up of the Appointments and Remuneration Committee (which may be seen in detail in section B.2.1. of this report and recommendation 39). Additionally, the number of independent Directors who are currently Committee members (two out of seven) is directly proportional to the total number of independent Directors on the Board (6 out of 18).

The new composition of the Appointments and Remuneration Committee approved by the Board of Directors at its meeting held on January 22, 2015 meets the requirements of Article 529n of the Spanish Corporations Act which requires this Committee to be made up solely of external directors with at least two of them having to be independent.

50. The Appointments Committee should have the following duties in addition to those stated in earlier recommendations:

- a) To evaluate the balance of skills, knowledge and experience required on the Board, define the duties and capabilities required of the candidates to fill each vacancy accordingly, and decide the time and dedication necessary for them to properly perform their duties.
- b) To examine or organize, in the manner it deems suitable, the succession of the Chairman and/or Chief Executive and put corresponding proposals to the Board for an orderly, well-planned succession.
- c) To report on the top executive Appointments and removals that the Chief Executive proposes to the Board.
- d) To report to the Board on the gender diversity issues discussed in Recommendation 14 of this Code.

See section: C.2.4

Complies **Complies in part** **Explain** **Not applicable**

51. The Appointments and Remuneration Committee shall consult with the company Chairman and the Chief Executive with respect to matters related to executive Directors.

Any Board member may suggest directorship candidates to the Appointment Committee for its consideration.

Complies **Complies in part** **Explain** **Not applicable**

52. The Remuneration Committee should have the following duties in addition to those stated in earlier Recommendations:

- a) Propose to the Board of Directors:
- i) The policy for Directors' and top executives' remuneration;
 - ii) The individual remuneration and other contractual conditions of executive Directors.
 - iii) The core conditions for top executive contracts.
- b) Oversee compliance with the remuneration policy set by the company.

See section: C.2.4

Complies **Complies in part** **Explain** **Not applicable**

53. 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 **Explain** **Not applicable**

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.

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

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

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 February 10, 2015.

Indicate whether any Board members voted against the report or abstained.

Yes

No

Name or company name of the Director, which has not voted in favor of the approval of this report	Reasons (against, abstention, non-attendance)	Explain the reasons
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