



AUDIT COMMITTEE REPORT ON RELATED-PARTY TRANSACTIONS IN 2016

Article 529 of the Spanish Corporations Act establishes that the Board of Directors shall have the non-delegable power to approve, subject to a report of the Audit Committee, transactions with related parties, where such parties include directors and shareholders with significant shareholdings. Notwithstanding, transactions of a standard nature carried out at generally applicable prices are legally exempt from this obligation if the amount does not exceed 1% of the company's annual revenue.

This article also states that, in duly justified urgent circumstances, the above decisions may be taken by delegated bodies or individuals, where such decisions must be ratified in the first meeting of the Board of Directors held after the adoption of such a decision.

In accordance with the provisions of the law, Article 2 of the Regulation of the Board of Directors of MAPFRE, S.A. includes the following competences of the Board are non-delegable:

- Authorize –subject to a report from the Audit Committee– transactions the Company or Group companies may carry out with Directors or shareholders in a conflict of interest position, in accordance with the provisions of the applicable legislation.

By virtue of the provisions of Article 8 of the Regulation of the Board of Directors, Directors must abstain from attending and taking part in deliberations and votes on decisions that affect them personally and in situations of conflicts of interest, under the terms set out in the prevailing legislation.

Moreover, the Board of Directors of MAPFRE, S.A. approved on July 23, 2015 its Policy for Managing Conflicts of Interest and Transactions Related to

Significant Shareholders and Senior Representative and Management Roles, which describes the procedure to be followed with regard to such transactions.

With respect to related-party transactions with Senior Representative and Management Roles, in 2016 the Company and companies in its Group have carried out no transactions with the same or with persons related thereto that, under the prevailing legislation, should be authorized previously by the Board of Directors.

With respect to related-party transactions with shareholders, transactions that are significant because of their amount or because of their subject matter carried out by the Company or by companies in its Group with shareholders holding a significant stake or with parties related thereto are listed in the Annual Corporate Governance Report and in the 2016 financial statements.

The following transactions are listed, in relation to which the Audit Committee issued a favorable report prior to the Board of Directors meeting:

- Transfer by MAPFRE ESPAÑA and MAPFRE INMUEBLES of 65.7% (65.5% and 0.2%, respectively) of Torre MAPFRE (Barcelona) to FUNDACIÓN MAPFRE

In its meeting of November 7, 2016, the Committee analyzed the transfer by MAPFRE ESPAÑA and MAPFRE INMUEBLES of 65.7% (65.5% and 0.2%, respectively) of the property Torre MAPFRE (Barcelona) in the amount of 175.4 million euros (174.08 and 0.6 million, respectively).

The Committee, taking into account the market valuations issued by four independent entities (two at the request of the buying party and two at the request of the selling party) decided to report favorably on the transaction to the Board of Directors.

- Acquisition by MAPFRE RE from Fundación MAPFRE of the building at Paseo de Recoletos 25 (Madrid)

In the meeting of November 7, 2016, the Committee analyzed the acquisition by MAPFRE RE from the Fundación MAPFRE of the building at Paseo de Recoletos 25 (Madrid) for 41.5 million euros, of which MAPFRE RE was the lessee and which is its headquarters.

The Committee, taking into account the market valuations issued by two independent entities (one at the request of the buying party and one at the request of the selling party) decided to report favorably on the transaction to the Board of Directors.

Both the Regulation of the Board of Directors of MAPFRE, S.A. and the text of the Policy for Managing Conflicts of Interest and Transactions Related to Significant Shareholders and Senior Representative and Management Roles are available on the corporate website (www.mapfre.com/corporativo-es/accionistas-inversores/inversores/gobierno-corporativo/).

In accordance with recommendation 6 of the Good Governance Code of Listed Companies of the Spanish National Securities and Exchange Commission (the "CNMV"), the Audit Committee of MAPFRE, S.A. authorizes this report for issue on the corporate website prior to the General Shareholders' Meeting to be held on March 10, 2017.

Madrid, February 6, 2017
Committee Secretary

Ángel L. Dávila Bermejo