



**REPORT PREPARED BY THE APPOINTMENTS, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE OF LINEA DIRECTA ASEGURADORA, S.A. IN RELATION TO THE PROPOSED APPOINTMENT BY CO-OPTION OF PATRICIA AYUELA DE RUEDA AS EXECUTIVE DIRECTOR.**

**WHERE APPROPRIATE, REPORT BY THIS COMMITTEE ON THE PROPOSED RATIFICATION OF THE APPOINTMENT AND RE-ELECTION AS EXECUTIVE DIRECTOR OF PATRICIA AYUELA DE RUEDA AT THE ANNUAL GENERAL SHAREHOLDERS' MEETING.**

## **1. Object of the report**

This report is prepared by the Appointments, Remuneration and Corporate Governance Committee of Línea Directa Aseguradora, S.A. (the "Company") to assess the proposal of the Board of Directors for the appointment by co-optation of Patricia Ayuela de Rueda in order to fill the existing vacancy on the Board of Directors, produced as a result of the resignation presented by Miguel Ángel Merino González from the position of executive director.

In accordance with the provisions of Articles 529 decies and 529 quidecies of the Spanish Companies Act, and Articles 9 and 10 of the Regulations of the Board of Directors, the proposals for the appointment or re-election of directors submitted by the Board of Directors for the consideration of the Annual General Meeting and the appointment decisions adopted by that body by virtue of the co-option powers legally attributed to it must be preceded by the corresponding proposal (in the case of independent directors) or report (in the case of other directors) from the Appointments, Remuneration and Corporate Governance Committee.

The procedure for appointing the CEO is regulated in Article 27 of the Regulations of the Board of Directors, which establishes that the permanent delegation of powers of the Board of Directors and the appointment of the director or directors who will occupy the position of CEO will require a vote in favour by two thirds of the directors in order to be valid.

The purpose of this document is also to comply with Article 10.1 of the Regulation of the Board of Directors of Línea Directa, the Company's Suitability and Good Repute Policy, and Article 42 of Directive 2009/138/EC of the European Parliament and of the Council, of 25 November 2009, on the life insurance, the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) and the rules for its implementation, under which insurance companies must ensure that the people who effectively run them or perform other key functions, including members of the Company's Management and Board of Directors, meet the following requirements:

- a) their professional qualifications, knowledge and experience are adequate to enable sound and prudent management (fit); and
- b) they are of good repute and integrity (proper).

To prepare this report, the Appointments, Remuneration and Corporate Governance Committee has followed the procedure established in the corporate rules (including the Policy on the Selection of Directors) for the appointment of the Company's directors and has analysed the corporate criteria, which define the profile and requirements that are considered appropriate for performing the role of director.



## **2. Justification of the candidate proposal.**

The Appointments, Remuneration and Corporate Governance Committee has verified that Patricia Ayuela de Rueda meets the requirements of good repute, suitability, solvency, competence, experience, qualification, training, availability and commitment to her function, and that she does not, directly or indirectly, incur any of the causes of incompatibility, prohibition, conflict or opposition of interests with the Company purpose provided for in provisions of a general nature or in the Company's Corporate Governance System.

As for her academic training, she is an Industrial Engineer from the Universidad Pontificia Comillas ICAH-ICADE and completed an Executive MBA at IESE Universidad de Navarra. She also has a background in Digital Strategy at Harvard Business School, in Corporate Finance at Wharton Business School and in Global Strategy and Corporate Governance at Ross School of Business (University of Michigan).

Patricia Ayuela de Rueda, has extensive experience in the insurance sector, where she has spent most of a professional career that began at BBVA, managing projects involving Internet banking services from 1998 to 2000. She joined Banco Santander in 2000 as Head of Development for E-Business and Mobile Business to manage information systems projects related to Internet banking and mobile telephony, and she was the marketing workgroup leader at the Mobey Forum.

In 2003, she joined Línea Directa Aseguradora, where she assumed the following responsibilities: Customer Loyalty Manager (2003-2007), Head of Corporate Project Management and Strategy (2007-2008), Quality Manager (2008-2009) and Head of the Home business line (2009-2015). She is currently the Manager of Línea Directa's area of Motor and Digital Transformation.

With regard to positions in other entities, Ms. Ayuela was a director at Bankinter Consumer Finance, a subsidiary of the Bankinter Group, from 27 November 2015 to December 2021. She therefore respects the prohibition established in Article 14.3 of the Regulations of the Board of Directors, which prevents executive directors from holding a seat as a director on more than one (1) board of directors of other companies, except for positions as a director in the Company's subsidiaries or investees, where this limitation does not apply.

Her experience, over recent years, in different areas of the Company's business has provided her with heightened professional development. Her leadership in strategic scenarios and in the analysis of their impacts on the business helps generate new strategies and business opportunities in collaboration with the rest of the Management Committee, and she has participated very actively in the strategic design of the Company's plans in recent years.

The proposed appointment of Ms. Ayuela helps to further strengthen gender diversity (the representation of women on the Board would rise from 43% to 57%), as well as diversity of age and skills on the Company's Board. It also demonstrates Línea Directa's commitment to compliance with best good governance practices and its full confidence in the Company's top management to hold the Company's top executive positions.



### **3. Category**

In view of the fact that Patricia Ayuela de Rueda is currently the Manager of Línea Directa's area of Motor and Digital Transformation and that, after her appointment as a director, she is expected to hold the position of CEO of the Company, Ms Ayuela must be assigned to the category of executive director, in accordance with the provisions of Article 529 *duodecies* of the Spanish Companies Act.

### **4. Favourable report**

Consequently, the Appointments, Remuneration and Corporate Governance Committee reports favourably to the Board, having verified that she has the appropriate knowledge and experience for the performance of the position, as well as the suitability requirements that are required in such a condition, on the Board's proposal to appoint Patricia Ayuela de Rueda as executive director by co-option, considering her profile suitable to fill the vacancy caused by the resignation of the executive director and CEO of the Board of Directors, Miguel Ángel Merino González, after analysing applicable legal and corporate regulations.

Taking into account that, if the Board of Directors agrees the appointment of Patricia Ayuela de Rueda as executive director by co-option on 17 February 2022, it would also propose her ratification and re-election at the Annual General Shareholders' Meeting that is scheduled to be convened at the same meeting, the Appointments, Remuneration and Corporate Governance Committee, based on the analysis and provisions of this document, reports favourably on the proposal.

Therefore, in compliance with the provisions of Article 529 *decies* and *quindecies* of the Spanish Companies Act, the Appointments, Remuneration and Corporate Governance Committee prepares and formulates this report so that, where appropriate, it may accompany the Board of Directors' report and proposal to ratify the appointment and re-election of Patricia Ayuela de Rueda as a member of the Company's Board of Directors, with the status of executive, for the statutory period of four years, for submission for ratification and re-election at the next Annual General Shareholders' Meeting.

Tres Cantos, Madrid, 15 February 2022