



REPORT PREPARED BY THE BOARD OF DIRECTORS OF LÍNEA DIRECTA ASEGURADORA, S.A. ON THE PROPOSED APPOINTMENT BY CO-OPTION OF MS. PATRICIA AYUELA DE RUEDA AS EXECUTIVE DIRECTOR.

REPORT AND PROPOSAL FOR THE RATIFICATION OF THE APPOINTMENT AND RE-ELECTION AS EXECUTIVE DIRECTOR OF MS. PATRICIA AYUELA DE RUEDA AT THE ANNUAL GENERAL SHAREHOLDERS' MEETING.

1. Object of the report

The Appointments, Remuneration and Corporate Governance Committee of Línea Directa Aseguradora, S.A., at its meeting on 15 February 2022, has unanimously agreed to submit a favourable report to the Board of Directors to assess the proposed appointment 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 Shareholders' 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 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 candidate proposed to perform the role of executive director (CEO) in the Company and the Group, is Patricia Ayuela de Rueda who has, since December 2015, held the position of Manager of Motor and Digital Transformation with the Company, so this is an internal candidate.

The Appointments, Remuneration and Corporate Governance Committee has verified that Patricia Ayuela de Rueda meets the requirements of good repute, suitability, solvency, skills, 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-CADE 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).

In this context, Patricia Ayuela de Rueda has extensive experience in the insurance sector, where she has spent most of a professional career that began at BBVA and continued at Banco Santander as Head of Development for E-Business and Mobile Business, managing information systems projects related to Internet banking.

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), when she became the Manager of Línea Directa's area of Motor and Digital Transformation.

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.

Consequently, the Board of Directors has verified that she has the appropriate knowledge and experience to perform the role, as well as meeting the suitability, and they consider that she adapts to the profile required to hold the position of executive director (CEO) in the Company.

The proposed appointment therefore respects 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.

The proposed appointment also helps further strengthen the diversity of gender, age and skills on the 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.

Before her appointment, Ms Ayuela de Rueda must sign a declaration that she is not subject to legal, regulatory or corporate standards that are incompatible for the performance of her position as an executive director of the Company.

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. Proposal of the Board of Directors for appointment by co-option. Proposal for ratification and re-election at the Annual General Shareholders' Meeting

Once the corresponding analysis has been completed and without prejudice to the necessary formal declaration by Patricia Ayuela de Rueda on the absence of any legal or regulatory incompatibilities in accordance with the corporate rules for performing the role of executive director, and in view of the favourable report formulated by the Appointments, Remuneration and Corporate Governance Committee, the Board of Directors approves the proposal for appointment by co-option of Patricia Ayuela de Rueda as executive director of Línea Directa Aseguradora, S. A. for the period of four years, as established in the Company's by-laws.

On the basis of the favourable report from the Appointments, Remuneration and Corporate Governance Committee, as well as the analysis in this document, the appointment is submitted for ratification at the next Annual General Meeting, convened on this same date, in accordance with the provisions of Article 529 *decies* of the Spanish Companies Act, in Article 23 of the Company's by-laws and in Articles 9 and 10 of the Regulations of the Board of Directors, and the proposal submitted to the Annual General Shareholders' Meeting for agreement is as follows:

"Sixth. Ratification of the appointment by co-option and re-election of Patricia Ayuela de Rueda as executive director of the Company.

Ratify the appointment by co-option of Patricia Ayuela de Rueda agreed by the Board of Directors at the meeting held on 17 February 2022, to fill the vacancy generated on the Board of Directors as a result of the resignation from the position of director of Miguel Ángel Merino González and re-elect her for the legal and statutory term of four years, prior favourable report from the Appointments, Remuneration and Corporate Governance Committee, as an executive director, with effect from the date of adoption of this agreement.

In compliance with the provisions of Sections 4 and 5 of Article 529 *decies* of the Spanish Companies Act approved by Royal Legislative Decree 1/2010, of 2 July, it is recorded that: (i) the Company's Board of Directors and Appointments, Remuneration and Corporate Governance Committee have proposed the ratification of the appointment and re-election of Patricia Ayuela de Rueda at their meetings dated 15 and 17 February 2022; (ii) the proposal for ratification and re-election was seconded by the mandatory report on the assessment of the suitability of Patricia Ayuela de Rueda that was formulated by the Board of Directors and the Appointments, Remuneration and Corporate Governance Committee on 15 and 17 February 2022, attaching this report to the respective minutes of the meetings of the Board of Directors and the Appointments, Remuneration and Corporate Governance Committee."

Tres Cantos, Madrid, 17 February 2022