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REPORT BY THE APPOINTMENTS, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE ON ITS OPERATION IN 2022

Through this report, the Línea Directa Appointments, Remuneration and Corporate Governance Committee is providing a summary of the composition, operation and main actions of the Committee during 2022, pursuant to the following

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1. Regulation

The internal regulations of the Appointments, Remuneration and Corporate Governance Committee of Línea Directa Aseguradora, S.A., Compañía de Seguros y Reaseguros (hereinafter, "**Línea Directa Aseguradora**" or the "**Company**") are included in the Articles of Association (Article 30) and in the Regulations of the Board of Directors (Article 34), in addition to the provisions of the Law.

The Articles of Association and the Regulations of the Board of Directors are registered in the Mercantile Registry of Madrid and are publicly accessible on the CNMV website and through the Company's website www.lineadirectaaseguradora.com

2. Composition

Article 34 of the Regulation of the Company's Board of Directors establishes that the Appointments, Remuneration and Corporate Governance Committee will consist of a minimum of three and a maximum of five non-executive directors appointed by the Board of Directors, who have the necessary knowledge, skills and experience to carry out their function. The same article establishes that the majority of the members of the Committee must be independent directors.

As regards its chair, pursuant to the Regulations, the Board of Directors will appoint the Chair of the Committee from among the independent directors who make it up.

At 31 December 2022, the composition of the Company's Appointments, Remuneration and Corporate Governance Committee was as follows:

Member	Position	Legal Category
John de Zulueta Greenebaum	Chairman	Independent External
Alfonso Botín-Sanz de Sautuola y Naveda	Member	Proprietary External
Rita Estévez Luaña	Member	Independent External

Non-director Secretary of the Committee: Pablo González-Schwitters Grimaldo

Pursuant to the Board Regulations, in 2022 all members of the Appointments, Remuneration and Corporate Governance Committee were external (non-executive) and a majority of them were independent.

The professional profiles of the Committee's members are available on the corporate website at <https://www.lineadirectaaseguradora.com/gobierno-corporativo/consejo-administración/perfil-profesional>.



Their appointments as members of the Company's Appointments, Remuneration and Corporate Governance Committee, as well as the position of Chairman, entered into force on 15 April 2021, following the Company's IPO and the registration of the prospectus by the CNMV.

3. Jurisdiction

Article 34.3 of the Regulations of the Board of Directors attributes the following functions to the Appointments, Remuneration and Corporate Governance Committee:

- i** Propose the appointment, confirmation, re-election and removal of independent directors and report on the remaining directors.
- ii** Submit proposals to the Board of Directors on the appointment of independent directors by co-optation or the resolution of the General Shareholders' Meeting, as well as proposals for the re-election or separation of these directors by the General Shareholders' Meeting.
- iii** Ensure that when vacancies occur, selection procedures are free from implicit biases that may act as an obstacle to the selection of candidates belonging to the less represented gender on the Board of Directors, ensuring that they are included among the potential candidates to be members of that body.
- iv** Propose the appointment, re-election and removal of the Chairmen and members of the Board Committees.
- v** Assess the balance of skills, capacity, knowledge, diversity and experience needed on the Board of Directors. To this effect, it will define the duties and abilities required by candidates to fill each vacancy and assess the time and dedication needed for them to carry out their roles effectively, verifying that non-executive directors have sufficient time available for the proper performance of their duties.
- vi** Assess on a regular basis, and at least once a year, the suitability of the Board of Directors as a whole and of its individual members, and inform the Board accordingly.
- vii** Establish a target for representation of the under-represented gender on the Board of Directors and draw up guidelines on how to reach that target.
- viii** Analyse on an annual basis the existence and updating of succession plans for the Chairman, and where applicable, the Vice-Chairman and the Chief Executive Officer, and to submit the outcome of that assessment to the Board of Directors so that the succession occurs in a planned and orderly manner.
- ix** Report on proposals for the appointment of the Company's other directors by co-optation or the resolution of the General Shareholders' Meeting, as well as those for the re-election or separation of these directors by the General Shareholders' Meeting.



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- x** In accordance with the provisions of the General Shareholders' Meeting Regulations, report, where appropriate and through its Chairman, to the General Shareholders' Meeting, on the Committees' activities during the financial year, as well as on questions which shareholders may have raised, prior to it being held, on matters within the Committees' scope.
- xi** Report on the appointment and removal of directors or directors of subsidiaries or investees acting on behalf of or proposed by the Company.
- xii** Propose to the Board of Directors, on the basis of the specific needs of the new directors, the setting up of an induction programme which provides knowledge considered to be sufficient on the Company, its operation and its corporate governance rules. In addition, it will also ensure that training programmes to update the existing directors' knowledge are also established, when circumstances make this advisable
- xiii** Report to the Board of Directors on the candidates for appointment as Patrons of the LINEA DIRECTA FOUNDATION, which the Company is responsible for.
- xiv** Propose to the Board, for its approval, the directors' remuneration policy and their individual remuneration, as well as the corresponding annual report on directors' remuneration, which the Board shall put to the vote of the General Shareholders' Meeting, on an advisory basis.
- xv** Propose to the Board the individual remuneration of the executive directors and, where appropriate, the external directors, for the performance of duties other than those in their capacity as a director, and other terms and conditions of their contracts.
- xvi** Propose the remuneration policy of senior management, including general managers or those who perform their senior management duties with direct report to the Board, Executive Committees or CEOs, as well as individual remuneration and other basic terms and conditions of their contracts.
- xvii** The remuneration of identified staff who, while not members of senior management, carry out professional activities that could have a material impact on the Company's risk taking.
- xviii** Monitor the degree of implementation of remuneration policy in general during the financial year, and ensure its enforcement.
- xix** Report on the approval and substantial amendment of the Company's general system of executive remuneration and the basic conditions of their contracts. It is also part of its functions to oversee the remuneration system of the executives in charge of the internal audit function, and the risk management and internal control, regulatory compliance verification and actuarial functions.
- xx** Review the remuneration programmes on a regular basis, evaluating their adaptiveness and performance and ensuring that directors' remuneration conforms to standards of moderation and corresponds to the Company's earnings.



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xxi Ensure the transparency of remuneration and the inclusion in the notes to the financial statements and in all other annual reports that contain information on the remuneration of directors and senior managers, and, for such purposes, submit all applicable information to the Board.

xxii Report on incentive plans for executives or employees linked to the performance of the Company's share price or other variable indices and on the remuneration systems of the entity's management team based on group personal pension schemes or deferred remuneration systems where appropriate.

xxiii Supervise and review the Company's compliance system.

xxiv Ensure that potential conflicts of interest do not jeopardise the independence of any external advice provided to the Committee.

xxv Report on the Company's main corporate governance projects and regulations, prior to their approval by the Board of Directors.

xxvi Propose to the Board of Directors the approval of the Company's annual corporate governance report in the sections of its competence.

xxvii Oversee the Company's corporate governance with the aim of supervising compliance with the rules adopted by the Company and to guarantee the balance of power, the proper functioning of the Company's governing and management bodies, the independence of directors and the adaptation of the system to new rules and recommendations and to national and international best practices, ensuring that the corporate culture is aligned with the Company's mission and values.

xxviii Supervise and ensure that the conditions that ensure the effective independence of independent directors are maintained in substantive aspects such as the attitude, capacity for discussion and effective participation of independent directors.

xxix Ensure that the climate of the Board of Directors and the relationships between directors encourage debate and the freedom of expression of all Board members, and that the Board meetings discuss and resolve matters by giving them the weight and depth they require.

xxx Ensure that the annual meetings schedule of the Board of Directors and its Committees includes the most important issues for the Company.

xxxi Propose to the Board of Directors any practices that it considers contribute to the development of the Company's Corporate Governance and advise the Chairman of the Board of Directors on this matter.

xxxii Monitor the Company's sustainability strategy and practices, assess its degree of compliance and review its sustainability policies, ensuring that they are aimed at value creation.

xxxiii Oversee that the Company's social and environmental practices are in line with the policies set.



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xxxiv Review any matter within its remit that may be given to it by the Board of Directors, the Chairman, the Vice-Chairman or the CEO.

xxxv Any other functions attributed to it by the Regulations or by the Board of Directors.

4. Operation: Meetings and main actions in 2022

Pursuant to the provisions of Article 34.6 of the Board Regulations, the Appointments, Remuneration and Corporate Governance Committee shall meet each time the Board of Directors or its Chairman requests the issuance of a report or the adoption of proposals and whenever it is appropriate for the proper development of its functions. In any case, it will meet once a year to prepare information on the directors' remuneration that the Board of Directors has to approve and include in its annual public documentation.

In 2022, the Appointments, Remuneration and Corporate Governance Committee **met 9 times**, with an **attendance ratio of 100%**.

The individualised attendance data is as follows:

Director	Attendance at meetings
John de Zulueta Greenebaum	9/9
Alfonso Botín-Sanz de Sautuola y Naveda	9/9
Rita Estévez Luaña	9/9

The most significant actions carried out by the Appointments, Remuneration and Corporate Governance Committee in 2022 were as follows:

(i) Report on the CEO's appointment

At the meeting of February 2022, the Company's Appointments, Remuneration and Corporate Governance Committee was informed of the resignation of Miguel Ángel Merino as CEO and the beginning of the succession process for that position. The Committee assessed the knowledge, skills and specific competences, experience and merits, as well as aptitudes and good repute, of the candidates to the role of Company CEO.

Based on this assessment, the Committee reported favourably on the appointment of Patricia Ayuela de Rueda – former Director of Motor Insurance and Digital Transformation and member of the Management Committee – as Executive Director and CEO of the Company.

The Committee also analysed and reported favourably on the contractual conditions of Ms Ayuela as the new Company CEO, including the recommendations of the CNMV's Code of Good Governance.



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(ii) Remuneration of directors

At its meeting in February 2022, the Company's Appointments, Remuneration and Corporate Governance Committee reported favourably on the Directors' Remuneration Policy applicable to Board members from its approval by the 2022 General Meeting and during the following three years (2023, 2024 and 2025), for submission to the Board of Directors and proposal for approval by the General Meeting. This Policy addresses issues such as the principles and components of remuneration for directors in their capacity as such and for their executive functions, as well as the maximum amount of remuneration that the Company can pay to all its directors in their capacity as such, the new developments introduced in the Spanish Corporate Enterprises Act by Law 5/2021 and the recommendations on remuneration in the CNMV's Code of Good Governance.

(iii) Appointment of members of the Management Committee

The Committee has reviewed the conditions for recruiting new members of the Management Committee or new hires who are direct reports of the CEO, and has issued the corresponding reports of aptitude and good repute.

(iv) Remuneration of the Management Committee and the identified group

The Appointments, Remuneration and Corporate Governance Committee monitored the remuneration structure applicable to these groups, assessing compliance with the objectives set in relation to variable remuneration accrued in 2022.

(v) As regards the workforce

The Committee has been informed about very relevant aspects concerning the Company's staff, such as the monitoring of their general remuneration structure, the review of a specific flexible remuneration plan for shares during the months of November and December 2022, or the results of the 2022 working environment survey.

(vi) Corporate governance

In 2022, the Committee reviewed the Company's Corporate Governance Policy in order to update the internal structure as per the organisational and strategic changes proposed by the CEO.

The Committee has also adjusted the Director Selection Policy to expressly include consideration of other types of diversity in the Board's composition, including race or ethnicity, nationality or cultural origin. It has also set a minimum gender diversity target of at least 40% of female members, without prejudice to the fact that this percentage is currently exceeded, at 57%.

In 2022, the Committee has reviewed and updated the directors' competency matrix, after the arrival of a new executive director and in the new economic and geopolitical context, with a new strategic proposal from the Company.



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In 2022, the Committee has launched a Training Programme for directors, in line with the recommendations in the CNMV's Code of Good Governance. In particular, it has coordinated the setting up of sessions on corporate governance, data protection and cybersecurity, delivered by external advisors and experts, and has planned the training sessions for 2023.

The Committee has also reviewed the Sustainable Product Governance Policy, and proposed its approval to the Board, in order to include sustainability principles not only in product marketing, but also in product design, approval, distribution, control and monitoring.

At the start of 2023, the Committee reported favourably on the 2022 annual corporate governance and the 2022 directors' remuneration reports to be made available to shareholders at the next General Shareholders' Meeting.

(vii) Sustainability

In 2022, the Committee has monitored fulfilment of the target set out in the 2020-2022 Sustainability Plan and analysed the targets and indicators of the new 2023-2025 Sustainability Plan, and proposed its approval to the Board.

The Committee monitored the preparation of the 2022 Non-Financial Information Statement, including the review of issues such as the international reporting standard to be used or the method for calculating the main indicators.

In 2022, the Committee members have been informed of the progress in the study and application of the indicators required by the Dow Jones Sustainability Index, in order to progressively incorporate its best practices and join the index in the future.

Consequently, in 2022, the Committee has reviewed policies such as Environmental Management and Climate Change Policy in order to adhere to the United Nations Global Compact and become a member of the Task Force on Climate-related Financial Disclosure (TCFD), the Talent Policy to incorporate sustainability principles, and the Sustainable Investment Policy.

(viii) Assessment of the Board and the Committee

The Committee has prepared the relevant reports required by Law and in the Code of Good Governance as regards the assessment of its performance and that of the Board. The procedure and results are described in point 6 of this Report.

(ix) Proxy advisors

The Committee has followed up on the meetings held by the Company, with the voting advisors, with a view to explaining the Company's corporate governance system and identifying its recommendations and expectations to this end.

(x) Línea Directa Foundation

The Committee informed the Board of Directors of the candidates for appointment to the Foundation's Trustees.



(xi) Reporting to the Board

The Committee has promptly informed the Board of Directors, through its Chairman, of the main matters addressed and has submitted the matters within its jurisdiction for approval.

5. Conclusions of the annual assessment

The Appointments, Remuneration and Corporate Governance Committee's self-assessment process was carried out during the months of December and January 2022-2023 and was based on the completion, by all its members, of a questionnaire that covered the general areas set out in Recommendation 36 of the Code of Good Governance. Specifically, the following matters have been analysed:

- i. Composition, size and structure.
- ii. Organisation and documentation of meetings.
- iii. Dynamics of meetings and internal climate.
- iv. Implementation of the Committee's functions.
- v. Performance of the Committee Chairwoman.
- vi. Additional comments.

In general terms, the Committee's operation has been considered very positive. Its main strengths are: the planning of the annual agenda, the structure and clarity of the agenda, the duration of the meetings and the depth of the discussions, (with 100% attendance), as well as the performance of its Chairman.

6. Drafting and publication of this report

The Appointments, Remuneration and Corporate Governance Committee drafts this report at its meeting of 21 February 2023 and submits it for the approval of the Board of Directors, which agrees to publish it on the corporate website in advance of the Ordinary General Meeting, pursuant to Recommendation 6 of the Code of Good Governance.