



**TEMPLATE ANNEX I
ANNUAL REPORT ON REMUNERATION OF DIRECTORS OF LISTED
ANONYMOUS COMPANIES**

IDENTIFICATION DATA OF THE ISSUER

YEAR END-DATE 31/12/2022

TAX ID (CIF): A-
80871031

Company name:

LÍNEA DIRECTA ASEGURADORA, S.A. COMPAÑÍA DE SEGUROS Y REASEGUROS

Registered office:

Tres Cantos (Madrid), Calle Isaac Newton, 7.

ANNUAL REPORT ON REMUNERATION OF DIRECTORS OF LISTED ANONYMOUS COMPANIES

A COMPANY REMUNERATION POLICY FOR THE CURRENT FINANCIAL YEAR

A.1.1 Explain the current policy of director remuneration applicable to the current year. To the extent that it is relevant, certain information may be included by reference to the remuneration policy approved by the general shareholders's meeting, provided that the incorporation is clear, specific and concrete.

The specific determinations for the current financial year must be described, both of the remuneration of the directors for their status as such and for the performance of executive functions, which would have been carried out by the board in accordance with the provisions of the contracts signed with the executive directors and with the remuneration policy approved by the general meeting.

In any case, at least the following aspects must be reported:

- a) Description of the procedures and bodies of the company involved in the determination, approval and application of the remuneration policy and its conditions.
- b) Indicate and, where appropriate, explain whether comparable companies have been taken into account in establishing the company's remuneration policy.
- c) Information on whether any external advisor has participated and, where appropriate, their identity.
- d) Procedures contemplated in the current director remuneration policy to apply temporary exceptions to the policy, conditions in which these exceptions can be used and components that may be subject to exception according to the policy.

Directors' Remuneration Policy in force for the current financial year

Remuneration policy for directors of Línea Directa Aseguradora, S.A. Compañía de Seguros y Reaseguros ("**Línea Directa**", the "**Company**" or the "**Entity**") in force for the year in progress is the policy approved by the General Shareholders' Meeting of 24 March 2022 (the "**Policy**" or the "**Remuneration Policy**") applicable as from its approval and for the following three years (i.e. 2023, 2024 and 2025).

As a general rule, the Policy regulates the following aspects:

- i. General principles on which the Policy is based.
- ii. Process of determining, reviewing and applying the Remuneration Policy.
- iii. Remuneration system for directors in their capacity as such.
- iv. Remuneration system of the CEO for her executive functions.
- v. Main terms and conditions of the contract of the executive director.

vi. Relationship of the Policy with the remuneration conditions of employees.

vii. Contribution of the Policy to the strategy, interests and long-term sustainability.

viii. Temporary exceptions.

ix. Validity.

Description of the procedures and bodies of the company involved in the determination, approval and application of the remuneration policy and its conditions.

In accordance with the Regulations of the Board of Directors, the Board is empowered to take decisions regarding directors' remuneration, within the statutory framework and, where applicable, the remuneration policy approved by the General Meeting.

Based on the maximum annual amount set and approved by the General Meeting as remuneration for directors in their capacity as such, the Board of Directors is responsible for individually setting the remuneration, frequency and method of payment of each director, at the proposal and following a report from the Appointments, Remuneration and Corporate Governance Committee (the "CNRGC"). In order to do this, it will take into account the positions held by each director in the board of directors itself, their membership of and attendance at the various committee meetings and any other objective circumstances deemed relevant.

The Board of Directors is also responsible for determining the individual remuneration of each director for the performance of the executive functions assigned to them, in accordance with the provisions of their contract and remuneration policy, at the proposal of and following a report by the CNRGC, as well as the approval of their contracts with the Company.

Furthermore, the CNRGC is responsible for monitoring the degree of implementation of remuneration policy in general during the financial year, and ensure its enforcement.

Information on whether any external advisor has participated and, where appropriate, their identity.

The prestigious firm J&A Garrigues has participated in determining the current directors' remuneration policy as an independent external advisor.

Indicate and, where appropriate, explain whether comparable companies have been taken into account in establishing the company's remuneration policy.

As for comparable companies, the data published by the regulator in its annual reports on the average remuneration of the directors of listed companies have been taken into account, taking into account in particular the data of the other two insurance companies listed on the Spanish market, as well as the average remuneration of directors of companies that are comparable by market capitalisation.

Procedures contemplated in the current director remuneration policy to apply temporary exceptions to the policy, conditions in which these exceptions can be used and components that may be subject to exception according to the policy.

The Línea Directa Board of Directors, following a proposal from the CNRGC, may approve the application of temporary exceptions to the Remuneration Policy which will, in any event, be limited

to exceptional situations in which the lack of implementation of the Policy is necessary to serve the long-term interests and sustainability of the Company as a whole or to ensure its viability.

Only the remuneration components set out in section 4 of the Remuneration Policy, relating to the remuneration system for executive directors, will be subject to exception, avoiding the allocation of guaranteed extraordinary remuneration.

In any event, the Company shall take into account the principles of paragraph 1 of the Policy and shall adequately inform in the corresponding Annual Report on Directors' Remuneration of the exceptional situation which has led the Board of Directors to approve the application of the temporary exception, as well as the component(s) subject to that exception.

- A.1.2 Relative importance of variable remuneration concepts with respect to fixed remuneration (remuneration mix) and what criteria and objectives have been taken into account in their determination and to ensure an adequate balance between the fixed and variable components of remuneration. In particular, indicate the actions taken by the company in relation to the remuneration system in order to reduce exposure to excessive risks and to align it with the long-term objectives, values and interests of the company, including, where appropriate, a reference to the measures envisaged to ensure that the remuneration policy takes into account the long-term results of the company, the measures taken in relation to those categories of staff whose professional activities have a material impact on the risk profile of the institution, and measures envisaged to avoid conflicts of interest.

Likewise, indicate whether the company has established any period of accrual or consolidation of certain variable remuneration concepts, in cash, shares or other financial instruments, a period of deferral in the payment of amounts or delivery of financial instruments already accrued and consolidated, or if any clause has been agreed to reduce the deferred remuneration not yet consolidated or that obliges the director to return the remuneration received, where such remuneration has been based on information whose inaccuracy has since been manifestly demonstrated.

Appropriate balance between fixed and variable components of remuneration

In accordance with the Director's Remuneration Policy, the remuneration accrued by the members of the Board of Directors in their role as such (for their supervisory functions and collective decision) shall consist of a fixed annual amount and allowances for attending each session of the Board of Directors and its committees. Therefore, directors in their capacity as such do not receive variable remuneration.

In addition to the remuneration referred to in the previous paragraph, the executive director shall be entitled to receive an annual remuneration for the exercise of her executive powers and in the context of the commercial administrative contract that associates her with the Entity, which has a fixed and a variable part depending on the fulfilment of previously established objectives, aligned with prudent risk management and adjusted to the long-term interests of the Entity. The executive director also has the right to participate in the long-term variable remuneration systems that the Company decides to implement at all times.

Therefore, the references to the remuneration mix in this report are made in relation to the remuneration of the executive director, whose remuneration system is composed of fixed and variable elements. The particular details of the short- and long-term incentive schemes in force in the current financial year are described in the following sections of this Report.

One of the principles underlying the Directors' Remuneration Policy is the appropriate ratio between the fixed and variable components, expressly establishing that, in order to avoid excessive risk-taking, variable remuneration in relation to fixed remuneration will not, as a general rule, acquire a significant proportion without there being a guaranteed variable remuneration. On that basis, in order to ensure an appropriate balance between the fixed and variable components of the remuneration of the executive director, the director's remuneration policy has been based on the remuneration system in general, which establishes a system whereby the fixed remuneration is sufficient and adequate to remunerate the functions performed without depending excessively on the variable components, since the latter are based on a completely flexible incentive policy, which includes the possibility of not paying any variable component. Along this line, the directors' remuneration policy establishes that an appropriate balance between fixed and variable remuneration shall be deemed to exist when the variable component does not exceed 100% of the fixed component of the total remuneration, or that provided for by the Supervisor at any given time. In this regard, Línea Directa will make its best efforts to maintain an adequate balance between the fixed and variable components of the total remuneration of the executive director.

Based on the foregoing, the relative importance of the executive director's variable remuneration means that, combined with annual variable remuneration and long-term variable remuneration, and depending on the personal performance of the executive director and the degree of fulfilment of the objectives set for accrual, there is a balance between the fixed and variable components of the remuneration, without this leading to a high dependency on the variable remuneration. Thus, the target annual variable remuneration of the executive director in the short term represents approximately 29% of the total annual remuneration (sum of the Fixed Remuneration and Target Annual Variable Remuneration).

When including the amount of the annualised Extraordinary Variable Remuneration Plan, the Target Annual Variable Remuneration would represent approximately 27% and the Annualised Extraordinary Variable Remuneration Plan 7% of the total annual Remuneration (sum of the Fixed Remuneration, the Target Annual Variable Remuneration and the Annualised Extraordinary Variable Remuneration Plan).

Actions taken to reduce exposure to excessive risks and adjust it to the long-term interests of the Company

The Policy's principles are to promote appropriate and effective risk management, so as not to encourage a level of risk-taking that exceeds the Company's risk tolerance limits, including sustainability risks, and to encourage in turn their alignment with the medium and long-term interests of the Company. In this regard, as will be detailed below, the parameters that serve to set the variable remuneration of the executive director are linked to the profitability, the improvement of management and the financial, commercial and quality results of Línea Directa, as well as the performance in compliance with the Sustainability Plan; they are predetermined, and they are quantifiable and measurable. They constitute essential tools for measuring the Company's value indicators, and will never suppose or will be generators of situations that give rise to an increase in the risk profile of the Entity. Therefore, they are fully aligned with the sustainable growth of the Company and its interests in the medium and long term. Likewise, it has been provided that if the minimum objectives set are not achieved, this variable remuneration will not accrue, which fully binds it to the interests of the company.

In this way, as indicated in the Remuneration Policy, its ultimate objective is to contribute to the development of the mission, vision and values of Línea Directa, constituting a tool that contributes to the achievement of the objectives of its business strategy.

Measures provided to avoid conflicts of interest.

The Remuneration Policy establishes that the director shall notify the Board of Directors, through its Chairman or Secretary, of any situation of conflict of interest, direct or indirect, in which they find themselves. Article 17 of the Rules and Regulations of the Board of Directors defines a conflict of interest as being situations when the interest of the Company or the companies in its Group and the personal interest of the director directly or indirectly clash.

Measures in relation to categories of personnel whose professional activities have a material impact on the institution's risk profile

To the extent that Línea Directa is an insurance company subject to the applicable regulations on remuneration for insurance and reinsurance entities, the Entity has defined those categories of personnel whose professional activities have a material impact on the Company's risk profile (the "**Identified Collective**"), with all the directors in their capacity as such, and the executive director, being among those identified professionals.

For these purposes, the remuneration of directors in their capacity as such consists solely of fixed elements (a fixed annual amount and allowances for attendance at each meeting of the Board of Directors and its committees), with no variable components.

In relation to the executive director, to the extent that her remuneration is composed, among others, of variable components, the Company applies different adjustments to it.

In relation to accrual periods, the annual variable remuneration only accrues after the effective verification of the level of compliance with the previously established objectives. Regarding the Extraordinary Variable Remuneration Plan in shares (the "**Extraordinary Variable Remuneration Plan in shares**" or the "**Plan**"), approved by the General Meeting on 18 March 2021, which grants the possibility of receiving a certain number of Línea Directa shares progressively over the three years following the date of listing of the Company, its accrual schedule, as well as the rest of its characteristics, is detailed in section A.1.6 of this Report.

As for deferral periods, in accordance with the Policy and regulations applicable to insurance companies, at least 40% of the variable remuneration will be paid on a deferred basis for a period of not less than 3 years. During the deferral period, deferred remuneration shall be received proportionately.

Finally, variable remuneration shall only be paid or consolidated if it is sustainable in accordance with the Línea Directa situation as a whole and if justified according to the results of the Entity. In this regard, the Directors' Remuneration Policy provides for the malus and clawback clauses:

Malus clauses: Deferred variable remuneration pending payment may be reduced by up to 100% if, during the consolidation period, one of the following circumstances occurs:

- A reformulation of annual accounts that does not result from a regulatory change and provided that, in accordance with said reformulation, the variable remuneration to be paid is less than that initially accrued, or no remuneration had been paid in accordance with the Línea Directa variable remuneration system. For these purposes, it will be understood that this circumstance has occurred when the external auditor of the Company introduces caveats in its report that reduce the results taken into consideration to determine the amount of the variable remuneration to be paid.

- Where a competent authority requires or recommends that the Entity restrict its dividend distribution policy.
- If the executive director has significantly contributed to obtaining poor financial results for the Entity or the business unit of which she is a part.
- The level of solvency or liquidity, or both, is or is expected to be below the limit set out in the Solvency II regulations.
- The executive director has caused serious harm to the Entity, with guilt or negligence being involved.
- The executive director has been sanctioned for a serious and intentional breach of any of the internal Línea Directa rules that may apply to her.
- When regulatory sanctions or judicial convictions occur, as well as non-compliance with the Entity's internal codes of conduct.

Clawback clauses: The variable remuneration already paid to the executive director (whether deferred or not) will be fully or partially clawed back by Línea Directa if, during the two years immediately after payment, it becomes apparent that the payment was fully or partially made on the basis of information whose falsehood or serious inaccuracy has been demonstrated a posteriori, or risks or other circumstances not foreseen or assumed by the Entity arise during the conditional period that have a negative material effect on the P&L accounts of any of the years in which it is applicable and, in any event, when, during that two-year period, any of the situations described in the cases of malus clauses take place that, had it occurred, would have resulted in the application of said malus clause.

A.1.3 Amount and nature of the fixed components that the directors, in their capacity as such, as expected to accrue during the year.

In accordance with the Directors' Remuneration Policy, the remuneration accrued by the members of the Board of Directors for their supervisory functions and collective decision shall consist of a fixed annual amount and allowances for attending each session of the Board of Directors and its committees.

Within the maximum amount decided at any time by the Annual General Meeting, the board of directors, following a proposal by the CNRGC, will issue a report which will determine the corresponding amount for each of the directors, the frequency and the payment method of their remuneration, in accordance with the Remuneration Policy, and may even determine that only some of them will receive remuneration.

In accordance with the Policy, the amounts provided for therein may be updated by the Board of Directors, provided that the total remuneration for the exercise of its supervisory and collective decision functions expressed in this section does not exceed the annual maximum limit provided for. According to the resolution of the Board of Directors, the maximum annual remuneration of all directors in their capacity as such shall not exceed 1,500,000 euros.

Within the above limits and conditions, the concepts of remuneration recognised to directors in their capacity for this year are as follows:

- Annual fixed amount:
 - o executive director: 90,000 euros.
 - o Chairman: 120,000 euros.
 - o Board member: 60,000 euros.
- Attendance allowances, to be paid for attending each meeting of the Board or its Committees:
 - o Board of Directors: 3,000 euros per meeting for the Chairman of the Board, 2,250 euros for the Executive Director and 1,500 euros per meeting for members.
 - o Committees: 2,000 euros per meeting for the Committee Chairman and 1,000 euros per meeting for each of the members.

A.1.4 Amount and nature of the fixed components that will be accrued during the year by the executive directors' for the performance of senior management functions.

Patricia Ayuela de Rueda is the only executive director of the Company as of the date of this report.

Subject to the provisions of the Policy, in accordance with market studies and analyses drawn up by external third parties and the average increases in the remuneration of the Línea Directa senior management, at the proposal of the CNRGC, the Board of Directors shall agree to update the fixed remuneration to establish compensation appropriate to the functions of the executive director, in such a way as to be competitive in the market and aligned with compensation for similar entities to Línea Directa.

The Board of Directors agreed, in line with the updating of the average remuneration of the workforce for 2023, to update the gross annual fixed remuneration for executive functions of the Chief Executive Officer (which amounted to 300,000 euros in 2022) by 4%, to be paid in twelve monthly payments, resulting in a new fixed annual remuneration for executive functions of 312,000 euros.

According to the Policy, this amount shall be understood to refer to the period of the full calendar year, so, if the executive director leaves the company on a date other than the end of the calendar year, they shall receive the amounts actually accrued, proportional to the time worked in the aforementioned year.

A.1.5 Amount and nature of any component of remuneration in kind that will be accrued in the year including, but not limited to, insurance premiums paid in favour of the director.

According to the provisions of the Directors' Remuneration Policy, the executive director shall have the right to and be given access to the corporate benefits arranged for the Entity's management team, as well as those included in the Collective Bargaining Agreement applicable to all Línea Directa employees or those that, in the future, may be in the collective rules or in

specific collective agreements at company level, such as health insurance, life insurance or the right to a vehicle, including vehicle expenses.

In this regard, the CEO will accrue the following remuneration in kind, (the social security systems detailed in section A.1.7 are not included here):

1. A life insurance policy, the renewal of which will be formalised in the first quarter of 2023, with the contribution of a premium expected to be similar to that of 2022, which amounted to 1,833 euros in 2022.

2. Health Insurance: The Company assumes the premium of a reimbursement medical insurance for the CEO and her family unit, which in 2023 amounted to 7,599 euros.

3. Rental vehicle plus the expenses derived from its use.

Finally, the Company maintains a liability insurance policy that covers contractual contingencies that the executive director may incur as a result of the activities included under her duties.

- A.1.6 Amount and nature of the variable components, differentiating between those established in the short and long term. Financial and non-financial parameters, including social, environmental and climate change parameters, selected to determine the variable remuneration in the current financial year, an explanation of the extent to which such parameters relate to the performance of both the director and the entity and its risk profile, and the methodology, time required and techniques envisaged to be able to determine, at the end of the financial year, the effective degree of compliance with the parameters used in the design of the variable remuneration, explaining the criteria and factors applied in terms of the time required and methods to verify that the performance conditions or any other type to which the accrual and the consolidation of each component of the variable remuneration were linked have been effectively met.

Indicate the range in monetary terms of the different variable components depending on the degree of compliance with the objectives and parameters established, and if there is any maximum monetary amount in absolute terms.

As noted above, directors in their capacity as such do not receive remuneration based on variable components.

The executive director, on the other hand, is a beneficiary of remuneration plans linked to variable components in accordance with the provisions of the Remuneration Policy and her commercial contract.

In particular, with regard to the annual variable remuneration, 50% will be paid in cash and 50% in shares, depending on the fulfilment of predetermined objectives, linked to the degree in which strategic objectives established at any time by the Board of Directors are achieved.

In any case, the 50% of the Annual Variable Remuneration paid in shares will be paid if it is approved by the Línea Directa Annual General Meeting, under the terms laid down in Article 219 of the Spanish Corporate Enterprises Act. The shares will be delivered once the aforementioned approval has been given by the Annual General Meeting.

The system is based on the premise of a direct relationship between the Company's earnings and the variable-remuneration amount, based on how much the objectives are being fulfilled.

This annual variable remuneration will represent 40% of the executive director's fixed remuneration (assuming that 100% of the objectives are fulfilled).

In order to achieve the best results for the Company, variable remuneration will be paid out based on financial and business objectives, with a weighting of 70%, and non-financial objectives, with a weighting of 30%.

Each of the objectives will have a minimum threshold of achievement, below which the right to receive the variable remuneration will not apply. In addition, each of these objectives may be surpassed by up to 140%.

In particular, the metrics set by the CNRGC and the Board of Directors, following review by the CNRGC, for the 2023 annual variable remuneration of the executive director are as follows:

- Written premiums of the Company, with a weighting of 70% of the total amount awarded. At least 98% of target compliance must be achieved. The target achievement can range from 60% (in the case of 98% compliance with the target) to 140% (in the case of 102% compliance with the target).
- 2023-2025 Sustainability Plan: Compliance with 6 pre-determined "Level 1" actions of the Sustainability Plan, with a weight of 15% of the total amount awarded. With a degree of achievement that may range from 60% if 2 actions are fulfilled to 140% if all 6 actions are fulfilled.
- Compliance with the NSS ("Net Satisfaction Score") with a weighting of 15% of the total amount awarded, which may also be achieved at a level of between 60% and 140% depending on the result of the measure obtained.

The Board of Directors, as explained in section A.2 of this Report, has submitted to the General Meeting of the current financial year a proposed resolution to include a modulating indicator for the annual variable remuneration of the chief executive officer based on the results of the Línea Directa Group.

In this way, if the General Meeting approves the proposed resolution, the result of overall compliance with the 3 indicators detailed above will be adjusted following the modulator proposed in 2023 by the CNRGC, in particular the pre-set compliance scale of the Group's consolidated Profit Before Tax ("PBT"), which will modulate the financial and non-financial targets between 0.5, for a degree of compliance of 67.4% of the Group's consolidated PBT target in the annual accounts for 2023, and 1.5, in the event of over-compliance with the Group's PBT target in 2023; and 1.5 for an overachievement of the PBT target of 132.6%.

Therefore, if the minimum achievement of the PBT target were not reached, the achievement of each of the financial and non-financial objectives would be multiplied by 0.5.

Evaluation of compliance with the financial parameters will be measured against the annual accounts prepared by the Board of Directors. The degree of compliance with non-financial targets will be measured against the actual annual compliance with the NSS targets and actions included in the Sustainability Plan.

Therefore, the payment of the annual variable remuneration will be determined by the verification of the effective degree of compliance with the objectives set by the Company for the period considered. The settlement, if any, will generally take place in the first quarter of the following year (the delivery of shares being subject to the approval of the General Meeting). 40% of the variable remuneration will be paid on a deferred basis over a period of 3 years.

Additionally, the Executive Director participates in the Extraordinary Variable Remuneration Plan in shares, which was granted to her as a director of the Company on the date on which the shares of Línea Directa were listed on the market, and it was expressly agreed that these rights would be entirely maintained in her capacity as Chief Executive Officer.

The Plan is based on the delivery of a certain number of Línea Directa shares on the dates and under the conditions indicated below, linked to the Company acquiring the status of listed entity on 29 April 2021, which in turn links to the delivery to the successive anniversaries of said event during a 3-year period.

The main purpose of the Plan is to recognise the effort made by the management team during the Company's IPO, to retain the Company's managerial talent and to motivate the beneficiaries during the admission to trading of Línea Directa's shares, as well as to commit the first levels of management to the interests of the shareholders.

Beneficiaries of the Plan are the members of the Company's management team at the date of admission to the Company's listing, including the Company's CEO. Unless otherwise agreed, there will be no right to collect the Plan if employment or the commercial relationship is terminated during the term of the Plan, without prejudice to the maintenance of the shares already received, unless it must be returned under the clawback clause.

The total number of Línea Directa Aseguradora shares to be delivered to the CEO is 61,350 shares. This figure results from dividing 100,000 euros by the weighted average price of the shares of Línea Directa Aseguradora by the thirty (30) business days after the date of admission to trading of said shares. This weighted average share price was €1.63/share.

Subject to the terms of the Plan, 33 per cent of the Plan's shares will be delivered to the CEO in 2023. Delivery will take place during the five working days following 29 April 2023, which is the date of the second anniversary of the listing of Línea Directa's shares (29 April 2021).

The accrual and delivery dates of the Plan, as detailed in the Company's 2021 Annual Report on Directors' Remuneration, are as follows:

- The right to receive 33 percent of the shares will be enforceable on the date of the first anniversary of the admission to trading of Línea Directa shares (29 April 2022). The shares were delivered to the Chief Executive Officer in 2022, as detailed in section B.7.d) of this report.
- The right to receive 33 percent of the shares will be enforceable on the date of the second anniversary of the admission to trading of Línea Directa shares (29 April 2023). The shares will be delivered within five business days of the aforementioned date.
- The right to receive 34 percent of the shares will be enforceable on the date of the third anniversary of the admission to trading of the shares of Línea Directa (29 April 2024). The shares will be delivered within five business days of the aforementioned date.

This long-term variable remuneration in shares is also subject to the malus and clawback clauses, as well as the CEO's obligation to maintain the shares, who may not transfer ownership until a period of at least three years has elapsed.

The agenda and the proposed resolution submitted to the General Meeting of 30 March 2023 contain details of the indicators to which the Chief Executive Officer's participation in the long-term variable remuneration plan 2023-2025 is linked, which, once approved at the General

Meeting, will be further developed by the Board of Directors at the proposal of the Company's CNRGC.

These indicators proposed to the General Meeting, which will be measured from 1 January 2023 to 31 December 2025, are as follows:

- The Company's combined ratio, considering the average of the achievement during the Plan's period, which will be weighted by 50% when the incentive is calculated.
- Growth in Company premiums compared to that of the non-life sector during the Plan's period, which will be weighted by 40% when the Incentive is calculated.
- Degree of compliance with the Company's Level 1 Sustainability Plan (whose achievement will be audited by a prestigious external party), as well as inclusion in the Dow Jones Sustainability Index in 2025, which will be weighted by 10% when the incentive is calculated.

The incentive, if any, that the Chief Executive Officer will be entitled to receive will be determined after the end of the measurement period, based on the degree of target achievement. The incentive will be settled within sixty days following the preparation of the 2025 annual accounts ("Settlement Date") and the delivery of the Company's shares, as well as the payment of the cash amount, if any, arising from the Plan will be made in accordance with the following schedule:

- 60% of the amount of the incentive will be settled, in halves, in cash and in shares, on the Settlement Date.
- The remaining 40% of the Incentive will be settled, in halves, in cash and shares, on a deferred basis, by thirds, for a period of three years.

This long-term variable remuneration in shares is also subject to the malus and clawback clauses, as well as the Chief Executive Officer's obligation to maintain the shares, who may not transfer ownership until a period of at least three years has elapsed.

- A.1.7 Main features of long-term savings systems Among other information, the contingencies covered by the system will be indicated, whether it is contribution or defined benefit, the annual contribution that has to be made to the defined contribution systems, the benefit to which the beneficiaries are entitled in the case of defined benefit systems, the conditions of consolidation of the economic rights in favour of the directors and their compatibility with any type of payment or compensation due to termination or early termination, or derived from the termination of the contractual relationship, in the terms provided, between the company and the director.

It must indicate whether the accrual or consolidation of any of the long-term savings plans is linked to the achievement of certain objectives or parameters related to the short- and long-term performance of the director.

According to the Policy, the executive director maintains the rights recognised to her in a collective life insurance policy of the collective unit linked modality, underwritten by Línea Directa, which implements the entity's pension commitments. The rights derived from said insurance in favour of the executive director are not consolidated, with this consolidation being dependent on certain circumstances, including if she voluntarily leaves the company, unless expressly agreed otherwise, or a breach of the directors' non-competition and no-hire agreement.

It is a defined contribution system to which the Company contributes 30% of the executive director's fixed remuneration every year.

If the executive director continues to provide her services at the ordinary retirement age, the accumulated funds would be reduced by 1% on a monthly basis for each additional year of service, unless explicitly agreed otherwise.

In addition to total retirement, this System covers the contingencies of death for any cause, and situations of Total, Absolute or Great Permanent Disability, for any cause.

The cases of loss of rights over this System, unless expressly agreed and written otherwise are:

- In case of termination at the director's own will or by unilateral will of the company for justified reasons, she will not have any right derived from this pension system, and the designation of beneficiary provided for in the policy that covers the system will be null and void.
- In case of not complying with the agreements of non-competition and non-hiring of directors, she will not have any right derived from this pension system, and the designation of beneficiary provided for in the policy that covers the system will be null and void.

In these cases, Línea Directa may withdraw the total accumulated amount or balance by exercising the right to redemption, affecting the total accumulated fund that includes both the contribution made in the previous System, as well as the following contributions of the new System.

Except in the cases indicated, the irrevocable ownership of the economic rights will be recognised, and they will be maintained until any of the insured contingencies occur. The executive director shall not be entitled to make an early withdrawal of the funds accumulated up to that point.

- A.1.8 Any type of payment or compensation for termination or early termination or derived from the termination of the contractual relationship in the terms provided between the company and the director, be it the termination at the will of the company or the director, as well as any type of agreements, such as exclusivity, post-contractual non-concurrence and permanence or loyalty that entitle the director to any type of payment.

Miguel Ángel Merino González served as CEO of Línea Directa until February 17, 2022. As has been reported since last year's Report, in compensation for the termination by mutual agreement of the contractual relationship, Línea Directa will pay a total gross amount of 675,699 euros. 60% of this amount was settled in 2022, in an amount of 405.419,4 euros, leaving the remaining 40% deferred, being paid in third parties, in an amount of 90.093,2 euros in the years 2023, 2024 and 2025.

In 2023, Miguel Ángel Merino González will receive 50% of his annual fixed remuneration (194,301 euros) on the date of termination of his relationship as a post-contractual non-competition and non-hiring of directors agreement, once the 18-month period following the termination of the contract has elapsed.

The agreements relating to the contract of the current CEO are detailed in section A.1.9 below.

- A.1.9 Indicate the conditions that must be respected by the contracts of those who exercise senior management functions as executive directors. Among others, the duration, the limits to the amounts of compensation, the clauses of permanence, the terms of notice, and the payment as a substitute of the aforementioned period of notice will be reported, as well as any other clauses related to contracting premiums, indemnities or caps for early termination or termination of the

contractual relationship between the company and the executive director. Include, among others, the pacts or agreements of non-concurrence, exclusivity, permanence or loyalty and non-post-contractual competition, unless they have been explained in the previous section.

As already indicated in this report, as of this year, the only executive director of the Company is the CEO, Patricia Ayuela de Rueda.

According to the provisions of the Policy, the executive director's contract may be terminated by mutual agreement between the parties, at the request of the director or unilateral will of the Company.

The termination of the Executive Director's contract by unilateral will of the Company and in certain cases by the will of the Executive Director will entitle the director to receive compensation calculated in accordance with the rules provided for in the Workers' Statute. For these purposes, when calculating this compensation, the seniority of the Executive Director from 11 March 2003 until the date of termination as Executive Director, and the remuneration set out in section 4.1 (Fixed Remuneration) and 4.4 (Variable Remuneration) of the Policy that the Executive Director was receiving on the date that the employment relationship is terminated will be taken into account.

In any case, payments for termination of the contract may not exceed an amount equivalent to two years of the total annual remuneration of the Executive Director at the time of termination of the contract, and will not be paid until the Company has been able to verify that the Executive Director has complied with the criteria or conditions established for its payment. However, this does not prejudice the compensation to which the Executive Director is entitled for the termination of the employment relationship that is kept in abeyance.

Payments for contractual termination will be considered to include any payments the accrual of which or the obligation to pay which arises as a consequence of or on the occasion of the termination of the contractual relationship between the Executive Director and the Company, including amounts not previously vested of long-term savings schemes and amounts paid by virtue of the non-competition agreement.

It also provides for a post-contractual non-competition agreement whereby, once the contract has been terminated and for a period of 18 months after its termination for any reason, the Executive Director undertakes not to carry out work activities or provide professional services on her own or for others that concur with those of the Entity or entities of her Group, and (ii) not to actively promote herself or third parties or persons from hiring any director of the Entity or of other companies or entities of the Group. As compensation for those obligations, the Executive Director shall receive compensation equivalent to 50% of the total of the last annual fixed remuneration agreed for the current year, which shall be paid after the 18-month period has elapsed.

Additionally, the main contractual conditions foreseen for the executive director are the following:

- Duration: validity of the appointment as Executive Director with executive functions of Línea Directa.
- Obligation of confidentiality: a rigorous duty of confidentiality is established during the term of the relationship and also upon termination.

- Exclusivity: the Executive Director undertakes not to enter into other employment, commercial or civil contracts or contracts of any other nature with other persons, companies, bodies or entities herself or for related persons, regardless of whether or not they are family members, nor through legal persons or entities or organisms, nor to provide labour, commercial or civil services or of any other nature for any natural person, legal person or entity if they are engaged in activities that involve competition or competence with any of the activities to which Línea Directa or any other company of the Group is dedicated, unless prior and express written permission of the Board of Directors of the Company is given, which it will grant (or not) with total discretion, being in any case subject to the provisions of the Rules and Regulations of the Board of Directors.
- Permanent holding of shares: if part of the Executive Director's variable remuneration is paid in shares, the Executive Director may not transfer ownership until at least three years have elapsed.

This will not apply if, at the time of the transfer, the Executive Director has a net economic exposure to the variation in the share price for a market value equivalent to at least twice his annual fixed remuneration through the ownership of shares, options or other financial instruments.

This shall not apply to shares that the Executive Director needs to dispose of to meet the costs related to its acquisition or, after favourable appreciation of the CNRGC, to cover the costs of any unforeseen extraordinary situations.

- A.1.10 The nature and estimated amount of any other additional remuneration that will be accrued by the directors in the current year in consideration for services rendered other than those inherent to their position.

Additional remuneration for directors is not expected to be accrued in 2023 for services rendered other than those inherent to their position.

- A.1.11 Other remuneration concepts such as those derived, where appropriate, from the company granting advances, credits and guarantees and other remuneration to the director.

The company is not planning on granting advances, credits and guarantees and other remuneration to the director in 2023.

- A.1.12 The nature and estimated amount of any other additional remuneration provided for and not included in the preceding paragraphs, whether paid by the entity or another entity of the group, which shall be accrued by the directors in the current financial year.

No additional remuneration not included above is expected to accrue for the entity or another group entity in 2023.

- A.2 Explain any relevant changes to the remuneration policy applicable in the current financial year resulting from:

- a) A new policy or policy modification already approved by the Board.

- b) Relevant changes in the specific determinations of the remuneration policy in force established by the board for the current year with respect to those applied in the previous year.
- c) Proposals that the Board of Directors would have agreed to present to the general shareholders' meeting to which this annual report will be submitted and which are proposed to be applicable to the current year.

The Board of Directors agreed to submit to the General Meeting, to which this annual report will be submitted, a proposed resolution applicable to the current financial year, consisting of the inclusion of a modulating indicator for the annual variable remuneration of the CEO according to the P&L of the Línea Directa Group.

The purpose of the proposal is to increase the alignment of the CEO's remuneration with the strategic priorities of the Company and its shareholders as regards Línea Directa Group's P&L.

If the agreement is approved, the CEO's variable remuneration will be paid out based on financial and business objectives, with a weighting of 70%, and non-financial objectives, with a weighting of 30%, as provided for in the Company's current Remuneration Policy. Each of the objectives will have a minimum threshold of achievement, below which the right to receive the variable remuneration will not apply. In addition, each of these objectives may be surpassed by up to 140%.

Furthermore, the Board of Directors may include, at the substantiated proposal from the CNRGC, an indicator that modulates the degree of fulfilment of the financial and non-financial objectives established annually (the "modulator"), multiplying the degree of fulfilment of these objectives by between 0.5 and 1.5 depending on a fulfilment scale to be approved by the Board of Directors at the proposal of the CNRGC, with the Director Remuneration Policy being amended accordingly once the resolution is approved by the General Meeting.

A report on the matter has been made available to shareholders on the company website at the time of the General Meeting.

The implementation of this proposal for the annual variable remuneration of the CEO for 2023 is detailed in section A.1.6 of this Report.

- A.3 Identify the direct link to the document containing the company's current remuneration policy, which must be available on the company's website.

The direct link from the corporate website to the document containing the current Remuneration Policy is as follows:

<https://www.lineadirectaaseguradora.com/documents/652707/692730/pol%c3%adtica+de+remuneraciones+consejeros.pdf/19fae386-ab05-4b98-0da8-873b5ed7384c?t=1648549171801>

- A.4 Taking into account the information provided in section B.4, explain how the vote of shareholders at the general meeting to which the annual remuneration report for the previous year was put to the vote, in an advisory capacity, was taken into account.

The advisory vote on the annual remuneration report for 2021 was 97.53% in favour, demonstrating the majority of shareholders' support for the application of the Director Remuneration Policy to determine their remuneration for the year, and for the new Remuneration Policy approved by the General Meeting and explained in detail in the Report.

The Report and the Policy obtained strong support among shareholders by taking into consideration the recommendations on Board members' remuneration contained in the CNMV's Good Governance Code for Listed Companies, as well as the recommendations of the competent supervisory bodies of the securities and insurance markets.

B OVERALL SUMMARY OF HOW THE REMUNERATION POLICY WAS APPLIED DURING THE CLOSED FINANCIAL YEAR

- B.1.1 Explain the process that was followed to implement the remuneration policy and to determine the individual remuneration reflected in section C of the present report. This information shall include the role played by the remuneration committee, the decisions taken by the board of directors and, where appropriate, the identity and role of the external advisers whose services have been used in the process of applying the remuneration policy in the closed financial year.

The process that has been followed to determine the individual remuneration reflected in section C corresponds to the functions assigned in the Bylaws, the Rules and Regulations of the Board of Directors and the Remuneration Policy to the different corporate bodies in terms of remuneration.

In particular, the CNRGC, at its meetings in January and February 2023, reported favourably and proposed to the Board of Directors the following matters, which were approved:

- (i) The specific determination of the components of the fixed remuneration accrued in 2022 by the directors, in accordance with the amounts provided for in the Policy, and its update for 2023 on fixed remuneration for executive functions, also in accordance with the provisions of the Policy.
- (ii) The examination of the level of compliance with the parameters on which the accrual of the annual variable remuneration of the executive director is based, and the specific determination of said remuneration for 2022.
- (iii) The determination of the financial and non-financial parameters to which the variable remuneration of the executive director that accrues, where appropriate, in 2023 will be linked.
- (iv) The proposal for a long-term variable remuneration plan 2023-2025, which has been submitted to the General Meeting next March.

The Board of Directors unanimously reviewed and approved the reports and proposals of the CNRGC at its meetings in January and February 2023, and proposed to the General Meeting the resolution to approve the 2023-2025 Long-term Variable Remuneration Plan.

Taking into account that the variable remuneration to be received by the executive director is linked both to the ordinary financial results of the Company and to sustainability targets, the Committee had the collaboration of the Company's Human Resources and Sustainability Division and Financial Division, which provided the qualitative and quantitative elements needed for the

Committee to assess compliance with the parameters and develop the rest of its functions in this matter.

The Company had the collaboration of the external firm J&A Garrigues, which advised the Company in the application of the remuneration policy for the closed financial year.

- B.1.2 Explain any deviation from the procedure established for the application of the remuneration policy that occurred during the year.

There were no deviations from the procedure established for the implementation of the remuneration policy.

- B.1.3 Indicate whether any temporary exceptions to the remuneration policy have been applied and, if applied, explain the exceptional circumstances that led to the application of these exceptions, the specific components of the remuneration policy concerned and the reasons why the institution considers that those exceptions were necessary to serve the long-term interests and sustainability of the company as a whole or to ensure their viability. Also quantify the impact that the application of these exceptions has had on the remuneration of each director in the year.

No temporary exceptions have been applied to the remuneration policy.

- B.2 Explain the different actions taken by the company in relation to the remuneration system and how they have contributed to reducing the exposure to excessive risks and aligning it with the long-term objectives, values and interests of the company, including a reference to the measures that have been taken to ensure that the remuneration accrued has taken into account the long-term results of the company and reached an appropriate balance between the fixed and variable components of remuneration, what measures have been taken in relation to those categories of personnel whose professional activities have a material impact on the entity's risk profile, and what measures have been taken to avoid conflicts of interest, if any.

The actions taken by the Company in relation to the remuneration system are those that have been detailed so far in section A.1.2 of this Report, highlighting the strict application of the regulations that the Company has endowed internally in relation to the remuneration of directors since its IPO.

In particular, with regard to measures that contribute to reducing exposure to excessive risks and to adjusting the remuneration system of directors to the long-term values and interests of the Company, it should be noted that:

- Directors receive a fixed remuneration in their capacity as such, which is determined in the Remuneration Policy, and therefore approved by the shareholders. This fixed remuneration is considered appropriate for the remuneration of the director's own functions, taking into account, among other things, the responsibilities they perform in the interest of the company, the size of the Company, the characteristics of the insurance sector to which it belongs and the practice of comparable companies and the market.

- The executive director also receives a fixed remuneration for her executive functions that is also determined in the Remuneration Policy, and is consequently approved by the shareholders. This remuneration has also been set taking into account the functions that the executive director is called upon to perform for the benefit of corporate interests and also considering comparable companies in terms of size, sector and activity.
- As for the variable remuneration of the executive director, as has already been mentioned, the parameters set are linked to the profitability, the improvement of management and the financial, commercial and quality results, as well as compliance with Línea Directa's sustainability plan; they are predetermined, and they are quantifiable and measurable. They constitute fundamental tools for measuring the Company's value indicators, taking into account their solvency and positioning, and therefore, are fully aligned with the sustainable growth of the Company and its interests in the medium and long term.

At the same time, it has been expressly determined in the Policy that the parameters set will never imply or generate situations that give rise to an increase in the risk profile of the Entity.

- Meanwhile, in accordance with the provisions of the Rules and Regulations of the Board of Directors, the CNRGC assumes the function of assessing, informing and proposing for the approval of the Board the remuneration of the categories of personnel who develop professional activities that may have a relevant impact on the assumption of risks by the Company, that is, the Identified Collective, with the directors in their capacity as such, and the Executive Director, including the members of the Board among the identified professionals.
- In relation to the executive director, to the extent that her remuneration is composed, among others, of variable components, the Company applies different adjustments to it. Thus, in addition to the adequate setting of the objectives and parameters that determine the remuneration, other elements have been introduced in the remuneration system that prevent excessive risk-taking, such as the deferral of 40% of the variable remuneration accrued for 3 years, as well as the inclusion of malus and clawback clauses.
- Likewise, one of the principles of the Policy assumes the adequate proportion between the fixed and variable components, so that the variable remuneration in relation to the fixed remuneration will not acquire, as a general rule, a significant proportion, to avoid the excessive assumption of risks. Under no circumstances shall a guaranteed variable remuneration be deemed to exist. It is expressly provided that an appropriate balance between fixed and variable remuneration shall be deemed to exist when the variable component does not exceed 100% of the fixed component of the total remuneration, or that provided for by the Supervisor at any given time. The Company will do its utmost to ensure that the right balance is maintained.
- In addition, a long-term incentive plan has been proposed to the 2023 General Meeting for approval, the accrual of which depends on the achievement of financial and non-financial targets over a period of 3 years, whereby it is only possible to obtain such remuneration through management that generates sustainable results over time.

Likewise, the Remuneration Policy has provided that in those situations in which the interest of the Company or the companies integrated in its Group and the personal interest of the director collide, directly or indirectly, the director must notify the Board of Directors through its Chairman

or the Secretary. The management of conflicts of interest are set out in more detail in section A.1.2. of this Report.

B.3 Explain how the remuneration accrued and consolidated in the year complies with the provisions of the current remuneration policy and, in particular, how it contributes to the sustainable and long-term performance of the company.

Also report on the relationship between the remuneration obtained by the directors and the results or other performance measures, in the short and long term, of the entity, explaining, where appropriate, how variations in the performance of the company have been able to influence the variation in the remuneration of the directors, including those accrued whose payment had been deferred, and how they contribute to the company's short- and long-term outcomes.

The remuneration accrued strictly complies with the provisions of the current remuneration policy.

The amounts indicated in section C are the result of the amounts approved by the Board and set out in the Policy, as well as the parameters and targets determined in accordance with the Policy, and in no case has any remuneration been accrued or paid during the year for items not foreseen in the Policy or exceeded the maximum thresholds set by the General Shareholders' Meeting.

As also stated above, the objectives set for the accrual of the variable remuneration of the executive director are fully linked to the results and performance of the Company from a financial and non-financial standpoint, and therefore to its sustainable growth in the interest of shareholders and other stakeholders.

In this regard, the following factors allow us to verify how the accrued remuneration of the directors is linked to the results and the Company's short- and long-term performance, and therefore its sustained growth to:

- Annual variable remuneration is linked, among other targets, to the profit before tax obtained by the Company in the year, and there are minimum thresholds which, if not met, mean that the corresponding part of the incentive does not accrue.
- Likewise, part of the annual variable remuneration is linked to non-financial parameters such as compliance with quality and sustainability indicators. In this way, its accrual depends on the effective compliance with the predetermined thresholds, and the part corresponding to the indicators not met is not generated.
- The variable remuneration of the Executive Director does not accrue until the level of achievement of the objectives is verified by the CNRGC and the Board of Directors, and is not paid until after the approval of the annual accounts. In order to proceed with the delivery of the corresponding shares, in compliance with the legal obligations established in mercantile regulations, the determination of the number of shares to be delivered to the CEO as part of the annual variable remuneration for 2022 is submitted for approval by the General Shareholders' Meeting of Línea Directa in 2023.

- There is an Extraordinary Variable Remuneration Plan in shares that links the Executive Director with the interests of the shareholders, when the payment is made in Línea Directa shares. The Executive Director must hold these shares for a period of 3 years.
- Adjustments are applied to the variable remuneration of the Executive Director, including the deferral for a period of three years and the possible application of malus and clawback clauses under certain assumptions linked, among others, to the Company's results.

B.4 Report of the result of the advisory vote of the general meeting to the annual report on remuneration of the previous year, indicating the number of abstentions and negative, blank and in favour votes that were cast:

	Number	% of total
Votes cast	845,128.157	77.70

	Number	% over issued
Negative votes	20,748,015	2.45
Votes in favour	824,233,347	97.53
Blank votes	0	0
Abstentions	146,795	0.02

Observations

B.5 Explain how the fixed components accrued and consolidated during the year by the directors in their capacity as such have been determined, their relative proportion for each director and how they have varied compared to the previous year:

In accordance with the Directors' Remuneration Policy, the remuneration accrued by the members of the Board of Directors for their supervisory functions and collective decision consist of a fixed annual amount and allowances for attending each session of the Board of Directors and its committees.

Within the maximum amount decided by the General Shareholders' Meeting, the Board of Directors at the proposal of the CNRGC, determined the amount that corresponds to each of the directors, the frequency and the form of payment of their remuneration, in accordance with the Remuneration Policy.

The remuneration items accrued by the directors in their capacity as such in the financial year ended 2022 remain unchanged compared to 2021, i.e:

- Annual fixed amount:
 - o Executive Director: 90,000 euros.

o Chairman: 120,000 euros.

o Board member: 60,000 euros.

- Attendance allowances, to be paid for attending each meeting of the Board or its Committees:
 - o Board of Directors: 3,000 euros per meeting for the Chairman of the Board, 2,250 euros for the Executive Director and 1,500 euros per meeting for members.
 - o Committees: 2,000 euros per meeting for the Committee Chairman and 1,000 euros per meeting for each of the members.

In no case has the maximum amount of the annual remuneration of all the directors in their capacity as such, set at 1,500,000 euros by the General Meeting, been exceeded.

B.6 Explain how the accrued and consolidated salaries for each of the executive directors for the performance of management functions have been determined during the closed year, and how they have varied compared to the previous year.

The only executive director and CEO of the Company as of the date of this Report is Patricia Ayuela de Rueda, who was appointed executive director and CEO on 17 February 2022.

In accordance with the provisions of the Remuneration Policy and his commercial contract, the annual gross Fixed Remuneration of Ms Ayuela, for her executive functions, amounts in 2022 to 300,000 euros, to be paid in twelve monthly payments.

Taking into account that her appointment took place on 17 February 2022, her fixed remuneration for executive functions in 2022 amounted to 261,666.68 euros.

B.7 Explain the nature and main characteristics of the variable components of the remuneration systems accrued and consolidated in the closed year.

In particular:

- a) Identify each of the remuneration plans that have determined the different variable remuneration accrued by each of the directors during the closed year, including information on their scope, their date of approval, date of implementation, conditions in their case of consolidation, periods of accrual and validity, criteria that have been used to evaluate performance and how this has impacted on setting the variable amount accrued, as well as the measurement criteria that have been used and the time necessary to be in a position to adequately measure all the stipulated conditions and criteria, explaining in detail the criteria and factors that have been applied in terms of the time required and methods used to verify that the performance conditions or conditions of any other type to which the accrual and consolidation of each component of the variable remuneration was linked have been effectively met.
- b) In the case of stock option plans or other financial instruments, the general characteristics of each plan shall include information on the conditions both for acquiring unconditional ownership

(consolidation) and for exercising such options or financial instruments, including the price and term of exercise.

- c) Each of the directors, and their category (executive directors, proprietary external directors, independent external directors or other external directors), who are beneficiaries of remuneration systems or plans that incorporate a variable remuneration.
- d) Where appropriate, mention the established periods of accrual, consolidation or deferral of the payment of consolidated amounts that have been applied and/or the retention/non-disposal periods of shares or other financial instruments, if any.

Explain the short-term variable components of remuneration systems

As noted above, directors in their capacity as such do not receive remuneration based on variable components.

The executive director is, however, a beneficiary of remuneration plans linked to variable components in accordance with the provisions of the Remuneration Policy and her commercial contract.

In particular, in respect of annual variable remuneration, according to the Policy, 50% will be paid in cash and 50% in shares, depending on the fulfilment of predetermined objectives, linked to how much strategic objectives established at any time by the Entity are achieved.

In any case, the 50% of the Annual Variable Remuneration paid in shares will be paid if it is approved by the Línea Directa Annual General Meeting, under the terms laid down in Article 219 of the Spanish Corporate Enterprises Act. The shares will be delivered once the aforementioned approval has been given by the Annual General Meeting.

The system is based on the premise of a direct relationship between the Company's earnings and the variable-remuneration amount, based on how much the objectives are being fulfilled.

This annual variable remuneration represents 40% of the CEO's fixed remuneration (assuming that 100% of the objectives are fulfilled).

In order to achieve the best results for the Company, variable remuneration will be paid out based on financial and business objectives, with a weighting of 70%, and non-financial objectives, with a weighting of 30%.

Each of the objectives has a minimum threshold of achievement, below which the right to receive the variable remuneration will not apply. In addition, each of these objectives may be surpassed by up to 140%.

In 2022, the objectives and level of compliance with the indicators were as follows:

- Consolidated PBT of the Group, with a weight of 40%: In order to meet this objective, at least 92% of the target set by the Company had to be achieved. In 2022, the minimum target has not been met.
- Premium issued Insurer (with a weight of 30%): The level of achievement of this target in 2022 was 80%.

- Compliance with the 2020-2022 Sustainability Plan (with a weighting of 15%): The level of achievement of this target in 2022 was 120%.
- Compliance with the NPS (quality indicator, with a weight of 15%): The level of achievement of this target in 2022 was 140%.

In 2022, the level of global compliance with the objectives was 63%, resulting in a total amount of 72.496 thousand euros. The payment of 50% of this amount in cash and 50% in a number equivalent to its value in shares, taking into account the deferral of 40% in a period of 3 years (13.34% the first year, 13.33% the second year and 13.33% the third year of deferral), gives rise to the following liquidations (the delivery of the number of shares will be conditioned to its prior approval by the Línea Directa General Shareholders' Meeting):

- In 2023, 21,749 euros in cash and 22,238 shares.
- In the following three years:
 - In cash: 4,835 euros in 2024, 4,832 euros in 2025 and 4,832 euros in 2026
 - In shares: A maximum of 4,944 shares in 2024, 4,941 shares in 2025 and 4,941 shares in 2026

*To determine the above number of shares of Línea Directa Aseguradora to be delivered, both deferred and non-deferred, a reference value of 0.978 euros/share has been taken into account; this is the average quoted price of the Línea Directa Aseguradora share at the close of business for the trading sessions between 1 January and 31 January 2023, both inclusive.

This amount is accrued once the annual financial statements have been closed and compliance with the financial and non-financial indicators has been verified, after verification by the CNRGC of compliance with the objectives and applicable conditions that have been detailed in this report, and their subsequent approval by the Board of Directors.

All variable remuneration accrued, both deferred and non-deferred, is subject to the "malus" and "clawback" clauses described above.

Miguel Ángel Merino González, former CEO, received in 2022 60% of the annual variable remuneration derived from the fulfillment of the 2021 objectives, as reported in the 2021 ARDR, leaving the remaining 40% deferred, which will be paid in three parts in the years 2023, 2024 and 2025. Thus, the amount in section C.1 corresponds to €13,063.60 accrued in 2022 (that is, one third of the deferred amount) to be paid in 2023.

Explain the long-term variable components of remuneration systems

With regard to the Extraordinary Variable Remuneration Plan for shares of which the executive director is a beneficiary, we refer to the terms detailed in section A.1.6 of this report. Under this Plan, in 2022 Patricia Ayuela received 20,246 shares of Línea Directa Aseguradora, representing a gross amount of 27,737 euros. As explained above, the CEO has been a beneficiary of the Plan

since its approval, in her capacity as a member of the Management Team, remaining as a beneficiary in her capacity as CEO.

In 2022 Miguel Ángel Merino received 20,245 shares, which represents a gross amount of 27,737 euros, as a beneficiary of the Extraordinary Plan in shares, described in section A.1.6 of this report.

- B.8 Indicate whether malus or clawback clauses have been applied to certain variable components when the payment of unconsolidated amounts has been deferred in the first case or, in the second case, consolidated and paid, taking into account data whose inaccuracy has been manifestly demonstrated. Describe the amounts reduced or refunded by the application of the malus or clawback clauses, why they have been executed and the years to which they correspond.

In the closed year, no refund of amounts were reduced or returned since none of the circumstances provided for in the malus and clawback clauses occurred.

- B.9 Explain the main characteristics of long-term savings schemes whose equivalent annual amount or cost is shown in the tables in Section C, including retirement and any other survivor's benefit, which are financed, in whole or in part, by the company, whether endowed internally or externally, indicating the type of plan, whether it is a contribution or a defined benefit, the contingencies it covers, the conditions of consolidation of the economic rights in favour of the directors and their compatibility with any type of compensation for early termination or termination of the contractual relationship between the company and the director.

According to the Policy, the executive director maintains the rights recognised to her in a collective life insurance policy of the collective unit linked modality, underwritten by Línea Directa, which implements the entity's pension commitments.

It is a defined contribution system. According to the Policy, in 2022 the annual contribution is 30% of the fixed remuneration of the executive director.

This Social Security System aims to improve retirement benefits, in any of its modalities (ordinary or early) provided that it is total retirement.

From the moment the legal retirement age is reached, even when retirement is not taken, successive contributions to this System will no longer be made. If the CEO continues to provide his services at the ordinary retirement age, the accumulated funds would be reduced by 1% on a monthly basis for each additional year of service.

In addition to total retirement, this System covers the contingencies of death for any cause, and situations of Total, Absolute or Great Permanent Disability, for any cause.

The rights derived from the aforementioned insurance in favour of the Executive Director are not consolidated since there are certain circumstances identified as cases of loss of rights over this System, unless expressly agreed and written otherwise:

- In case of termination of the CEO, as well as voluntary withdrawal.
- In case of not complying with the agreements of non-competition and non-hiring of directors, she will not have any right derived from this pension system, and the designation of beneficiary provided for in the policy that covers the system will be null and void.

Except in the cases indicated, the executive director's irrevocable ownership of economic rights, and they will be maintained until any of the insured contingencies occur. The executive director shall not be entitled to withdraw the funds accumulated up to that point in advance.

- B.10 Explain, where appropriate, the indemnities or any other type of payment derived from early termination, be it termination at the will of the company or the director, or the termination of the contract, in the terms provided therein, accrued and/or received by the directors during the closed year.

As detailed in section A.1.8, Miguel Ángel Merino González held the position of CEO until February 17, 2022. In compensation for the mutually agreed termination of the contractual relationship, Línea Directa will pay a total gross amount of 675,699 euros, as reported in the 2021 ARDR. In 2022, 60% was settled, giving rise to the amount indicated in section C.1 of this report (405,419 euros), leaving the remaining 40% deferred over the following 3 years.

- B.11 Indicate whether there have been significant changes in the contracts of those who exercise senior management functions as executive directors and, where appropriate, explain them. Also, explain the main conditions of the new contracts signed with executive directors during the year, unless they have been explained in section A.1.

In the year ended 2022, there have been no significant changes in the contract of the executive director.

- B.12 Please explain any additional remuneration accrued by the directors as consideration for the services rendered other than those inherent in their position.

There is no additional remuneration.

- B.13 Explain any remuneration resulting from the granting of advances, credits and guarantees, indicating the interest rate, its essential characteristics and the amounts that may be repaid, as well as the obligations assumed on their behalf by way of guarantee.

No advances, credits or guarantees have been granted.

- B.14 Detail the remuneration in kind accrued by the directors during the year, briefly explaining the nature of the different salary components.

In the year ended, the Executive Director accrued the following remuneration in kind (the social security systems described in section B.9 are not included):

1. Life Insurance with the contribution of a premium of 1,833 euros in 2022.
2. Health Insurance: The company assumes the premium of a reimbursement medical insurance for the CEO and her family unit. Amount of 6,332 euros in 2022.
3. Rental vehicle (8,165 euros in 2022) plus the expenses derived from its use (1,098 euros in 2022 corresponding to fuel).

Finally, the Company has liability insurance that covers contractual contingencies that the Executive Officer may incur as a result of the activities included within his functions.

In terms of fixed remuneration, in 2022 Miguel Ángel Merino González received 13,082 euros, which corresponds to the proportional part of the remuneration in kind and the social benefits provided for in his contract and in the Remuneration Policy in force until the holding of the 2022 General Shareholders' Meeting, from 1 January 2022 to 17 February 2022.

- B.15 Explain the remuneration accrued by the director by virtue of payments made by the listed company to a third entity in which the director provides services, when such payments are intended to remunerate the latter's services in the company.

The indicated assumption did not occur.

- B.16 Explain and detail the amounts accrued in the year in relation to any other remuneration concept other than the above, whatever its nature or the group entity that pays it, including all benefits in any of their forms, such as when it is considered a related transaction or, especially, when it significantly affects the faithful image of the total remuneration accrued by the director, explaining the amount granted or outstanding, the nature of the consideration received and the reasons why it would have been considered, if any, that it does not constitute remuneration to the director for their status as such or in consideration for the performance of their executive functions, and whether or not it has been considered appropriate to be included among the amounts accrued in the "other items" section of section C.

The indicated assumption did not occur

C DETAILS OF THE INDIVIDUAL REMUNERATION CORRESPONDING TO EACH OF THE DIRECTORS

Name	Type	Accrual period year t
ALFONSO BOTÍN-SANZ DE SAUTUOLA Y NAVEDA	Chairman	From 01/01/2022 to 31/12/2022
MIGUEL ÁNGEL MERINO GONZÁLEZ	Executive director	From 01/01/2022 to 17/02/2022
PATRICIA AYUELA DE RUEDA	Executive Director	From 17/02/2022 to 31/12/2022
ANA MARÍA PLAZA ARREGUI	Independent director	From 01/01/2022 to 31/12/2022
ELENA OTERO-NOVAS MIRANDA	Independent director	From 01/01/2022 to 31/12/2022
RITA ESTÉVEZ LUAÑA	Independent director	From 01/01/2022 to 31/12/2022
JOHN DE ZULUETA GREENEBAUM	Independent director	From 01/01/2022 to 31/12/2022
FERNANDO MASAVEU HERRERO	Proprietary director	From 01/01/2022 to 31/12/2022

C.1 Complete the following tables regarding the individualised remuneration of each of the directors (including the remuneration for the exercise of executive functions) accrued during the year.

a) Remuneration of the company covered by this report:

i) Remuneration accrued in cash (in thousands of €)

Name	Fixed remuneration	Per diems/allowances	Remuneration for membership of board	Salary	Short-term variable remuneration	Long-term variable remuneration	Indemnity	Other	Total 2022	Total 2021
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			committees							
ALFONSO BOTÍN	120	38	16	0	0	0	0	0	174	194
MIGUEL ÁNGEL MERINO (until 17/02)	12	7	0	58	13	0	405	13	508	532
PATRICIA AYUELA (from 17/02)	79	20	0	261	22	0	0	18	400	-
ANA MARIA PLAZA	60	18	18	0	0	0	0	0	96	82
ELENA OTERO-NOVAS	60	17	8	0	0	0	0	0	85	63
RITA ESTÉVEZ	60	18	9	0	0	0	0	0	87	60
JOHN DE ZULUETA	60	18	18	0	0	0	0	0	96	87
FERNANDO MASAVEU	60	16	0	0	0	0	0	0	76	55
TOTAL	511	152	69	319	35	0	405	31	1,522	1,073

Observations
<p>Clarifications:</p> <ul style="list-style-type: none"> - Salary of Miguel Ángel Merino: The amount of 58 thousand includes his remuneration for executive functions from January 1 to February 17, 2022 (date of departure from the Company) plus the amount corresponding to the settlement of assets and rights derived from his provision of services. - Short-term Variable Remuneration of Miguel Ángel Merino: As reported in the 2021 ARDR, in relation to the variable remuneration targets set for 2021, the level of achievement was 70%, resulting in a total amount of 98,000 euros. However, 40% of this amount is subject to a deferral for a period of 3 years. Thus, in 2021 the amount of €58,000 was accrued (which was paid in 2022), the remaining amount being divided equally over the following three years. Therefore, in 2022, €13,000 (i.e. one third of the deferred amount) has been accrued and will be paid in 2023.

- Compensation of Miguel Ángel Merino: The concept "Compensation" included in the table refers to the amount of 405,000 that corresponds to 60% of the non-deferred amount of the compensation for termination by mutual agreement that was reported in the 2021 ARDR and of which detail has been provided in section B.10 of this Report. The payment of the remaining amount is deferred equally over the years 2023, 2024 and 2025.
- Salary of Patricia Ayuela: The amount of 261,000 includes her remuneration for executive functions from 02/17/2022 (date of appointment) to 12/31/2022.
- Short-term variable remuneration of Patricia Ayuela: The amount included in the table corresponds to the cash amount accrued in 2022 (which is credited in 2023) and not deferred in the following three financial years 2024, 2025 and 2026.
- The 2021 amounts included remuneration received since the Company's IPO on 29 April 2021.
- The total amount of 1,522 thousand of total remuneration includes the remuneration received by the former CEO and the current CEO for their executive functions, as shown in the table. In this way, in no case is the maximum limit of 1.5 million euros set in the Remuneration Policy for the remuneration of the members of the Board in their capacity as such exceeded, which in 2022 amounted to 732 thousand euros.

ii) Table of movements of share-based remuneration systems and gross profit of consolidated shares or financial instruments

Name	Name of the Plan	Financial instruments at the beginning of 2022		Financial instruments granted in 2022		Financial instruments consolidated in the financial year				Instruments matured and not exercised	Financial instruments at the end of 2022	
		No. instruments	No. equivalent shares	No. instruments	No. equivalent shares	No. instruments	No. equivalent / consolidated shares	Price of the consolidated shares	Gross Profit of consolidated shares or financial instruments (thousands of euros)	No. instruments	No. instruments	No. equivalent shares
MIGUEL ÁNGEL MERINO	2021-2023 Extraordinary Variable Remuneration Plan in shares	61,350	61,350			20,246	20,246	1.37	28 (thousands of euros)		41,104	41,104
PATRICIA AYUELA	2021-2023 Extraordinary Variable Remuneration Plan in shares	61,350	61,350			20,246	20,246	1.37	28 (thousands of euros)		41,104	41,104
PATRICIA AYUELA	Annual variable remuneration	37,064	37,064			0	0				37,064	37,064

	in shares (2022)											
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Observations	
-	2021-2023 Extraordinary Variable Remuneration Plan in shares: The figure 61,350 is the maximum number of shares to be delivered to beneficiaries under the Extraordinary Variable Remuneration Plan in shares over the 3-year term of the Plan. The accrual dates, as explained in section A.1.6 of this Report, coincide with the anniversaries of the Company's IPO for the three-year period indicated. The CEO was a beneficiary of the Plan since its approval, in her capacity as a member of the Management Team, and remains a beneficiary in her capacity as CEO.
-	Annual variable remuneration in shares: The 37,064 shares is the maximum number of shares which, according to the resolution proposed to the General Meeting, Ms Ayuela may receive for her annual variable remuneration for 2022. The delivery of the corresponding number of shares will be made, if applicable, after approval by the 2023 General Shareholders' Meeting. The delivery of 40% of the shares will be deferred over the following 3 financial years, as explained throughout this Report.
-	All amounts are gross.

iii) Long-term savings systems

	Remuneration for consolidation of rights to savings systems
MIGUEL ÁNGEL MERINO	0
PATRICIA AYUELA	0

Contribution by the company for the year (thousands of euros)	Amount of funds accumulated (thousands of euros)

MIGUEL ÁNGEL MERINO	Savings systems with consolidated economic rights		Savings systems with non- consolidated economic rights					
	2022	2021	2022	2021	2022		2021	
					Systems with consolidated economic rights	Systems with non- consolidated economic rights	Systems with consolidated economic rights	Systems with non- consolidated economic rights
MIGUEL ÁNGEL MERINO	-	-	20	155	-	1,757	-	1,899
PATRICIA AYUELA	-	-	84	-	-	804	-	-

Observations
<u>As explained in section B.9, there are cases of loss of rights, which is why they are not consolidated.</u>

iv) Details of other concepts (thousands of euros)

Name	Item	Remuneration amount (in thousands of euros)
MIGUEL ÁNGEL MERINO	Life insurance	10
	Health insurance	1
	Renting vehicle	2
	Fuel	0
	TOTAL	13

Name or company name of director	Item	Remuneration amount (in thousands of euros)
PATRICIA AYUELA	Life insurance	2
	Health insurance	6
	Renting vehicle	8
	Fuel	1

	Other TOTAL	1 18
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Observations

b) Remuneration to the directors of the listed company for their membership of the administrative bodies of its subsidiaries:

i) Remuneration accrued in cash (in thousands of euros) **NOT APPLICABLE**

Name	Fixed remuneration	Per diems/allowances	Remuneration for membership of board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Indemnity	Other	Total year t	Total year t-1
Director 1										
Director 2										

Observations

ii) Table of movements of share-based remuneration systems and gross profit of consolidated shares or financial instruments **NOT APPLICABLE**

Name	Name of the Plan	Financial instruments at the beginning of financial year t	Financial instruments granted in year t	Financial instruments consolidated in the financial year	Instruments matured and not exercised	Financial instruments at the end of financial year t

		No. instruments	No. equivalent shares	No. instruments	No. equivalent shares	No. instruments	No. equivalent / consolidated shares	Price of the consolidated shares	Gross Profit of consolidated shares or financial instruments (thousands of euros)	No. instruments	No. instruments	No. equivalent shares
Director 1	Plan 1											
	Plan 2											

Observations

iii) Long-term savings systems **NOT APPLICABLE**

	Remuneration for consolidation of rights to savings systems
Director 1	

Name	Contribution by the company for the year (thousands of euros)				Amount of funds accumulated (thousands of euros)			
	Savings systems with consolidated economic rights		Savings systems with non-consolidated economic rights		Year t		Year t-1	
	Year t	Year t-1	Year t	t-1	Systems with consolidated economic rights	Systems with non-consolidated economic rights	Systems with consolidated economic rights	Systems with non-consolidated economic rights
	Director 1							

Observations

iv) Details of other concepts **NOT APPLICABLE**

Name	Item	Remuneration amount
Director 1		

Observations

c) Summary of remuneration (in thousands of euros):

The sums corresponding to all the remuneration concepts included in this report that have been accrued by the director, in thousands of euros, must be included in the summary.

Name	Remuneration accrued in the Company					Remuneration accrued in group companies					Total year t company + group
	Total cash remuneration	Gross profit of consolidated shares or financial instruments	Remuneration for savings systems	Remuneration for other concepts	Total 2022 company	Total cash remuneration	Gross profit of consolidated shares or financial instruments	Remuneration for savings systems	Remuneration for other concepts	Total year t group	

ALFONSO BOTÍN	174	0	0	0	174						174
MIGUEL ÁNGEL MERINO (until 17/02)	508	28	0	0	536						536
PATRICIA AYUELA (from 17/02)	400	28	0	0	428						428
ANA MARIA PLAZA	96	0	0	0	96						96
ELENA OTERO-NOVAS	85	0	0	0	85						85
RITA ESTÉVEZ	87	0	0	0	87						87
JOHN DE ZULUETA	96	0	0	0	96						96
FERNANDO MASAVEU	76	0	0	0	76						76
TOTAL	1,522	56	0	0	1,578						1,578

C.2 Indicate the change in the last 5 years of the amount and percentage variation of the remuneration accrued by each of the directors of the listed company who have been directors during the year, of the consolidated results of the company and of the average remuneration on an equivalent full-time basis of the employees of the company and its subsidiaries that are not directors of the listed company.

	Total amounts accrued and % annual variation								
	2022	% change 22/21	2021	% variation t-1/t-2	Year t-2	% variation t-2/t-3	Year t-3	% variation t-3/t-4	Year t-4
Executive directors									

MIGUEL ÁNGEL MERINO	536	-5.13%	565						
PATRICIA AYUELA	428	-	-						
External Directors									
ALFONSO BOTÍN	174	-10.31%	194						
ANA MARIA PLAZA	96	17.07%	82						
ELENA OTERO-NOVAS	85	34.92%	63						
RITA ESTÉVEZ	87	45%	60						
JOHN DE ZULUETA	96	10.34%	87						
FERNANDO MASAVEU	76	38.18%	55						
Consolidated results of the company	78,758	-45.75%	145,180						
Average employee remuneration	46	6.98%	43						

Observations

The information for 2021 includes the amounts accrued in the 8 months from the IPO of the Company on 29 April 2021 until 31 December 2021. In contrast, the information for 2022 includes the amounts accrued in the 12 months of the financial year.

No increases in the remuneration of the members of the Board in their capacity as such have been approved since the IPO of the Company, as detailed throughout the Report.

The calculation of the "Average employee remuneration" figure in the table includes the listed company's employees in the denominator. If employees of subsidiaries are also included, the corresponding amount for 2021 is 37,000 and for 2022 is 40,000.

D FURTHER INFORMATION OF INTEREST

If there is any relevant aspect regarding the remuneration of directors that could not be included in the rest of the sections of this report, but that needs to be included in order to collect more complete and reasoned information on the structure and remuneration practices of the company in relation to its directors, briefly describe them.

This annual remuneration report was approved by the company's board of directors at its meeting on 23 February 2023.

Indicate whether any directors voted against or abstained in connection with the approval of this Report.

Yes

No

Name or company name of the members of the Board of Directors who did not vote in favour of the approval of this report	Reasons (against, abstention, non-attendance)	Explain the reasons

